

BEFORE 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: THE CLAREMONT HOTEL
44 TUNNEL ROAD
BERKELEY, CALIFORNIA

DATE: MAY 21, 2015
9 A.M.

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

BRS FILE NO.: 97547

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION	PAGE NO.
REPORTS & DISCUSSION ITEMS	
1. CALL TO ORDER.	4
2. PLEDGE OF ALLEGIANCE.	4
3. ROLL CALL.	7
4. CHAIRMAN'S REPORT.	9
5. PRESIDENT'S REPORT.	13
ACTION ITEMS	
6. CONSIDERATION OF RULE OF ORDER AUTHORIZING A CONSENT CALENDAR.	49
PROPOSED CONSENT CALENDAR ITEMS 7-9	51
7. CONSIDERATION OF APPOINTMENT OF NEW SCIENTIFIC MEMBERS TO THE GRANTS WORKING GROUP.	
8. CONSIDERATION OF AMENDMENT TO GWG BYLAWS.	
9. CONSIDERATION OF MINUTES FROM THE JANUARY AND MARCH ICOC BOARD MEETINGS.	
ACTION ITEMS	
10. CONSIDERATION OF CIRM BUDGET FOR FISCAL YEAR 2015-2016.	52
11. CONSIDERATION OF AMENDMENT TO INTERIM GRANTS ADMINISTRATION POLICY FOR CLINICAL STAGE PROGRAMS (PA 15-01, 15-02 AND 15-03) TO PERMIT AWARDEE TO ELECT TO TREAT ITS AWARD AS A LOAN.	67
12. CONSIDERATION OF CONCEPT PLAN FOR CIRM CONFERENCE GRANT PROGRAM.	76

BARRISTERS' REPORTING SERVICE

INDEX (CONT'D.)

13. CONSIDERATION OF AMENDMENT TO CIRM ORGANIZATION CHART.	89
14. RESOLUTION HONORING PATIENT ADVOCATE POSTPONED JOAN SAMUELSON.	
15. CONSIDERATION OF APPLICATIONS SUBMITTED IN RESPONSE TO PA 15-01 (LATE STAGE PRE-CLINICAL PROJECTS) AND 15-02 (CLINICAL STAGE PROJECTS).	91
CLOSED SESSION	NONE
16. DISCUSSION OF CONFIDENTIAL INTELLECTUAL PROPERTY OR WORK PRODUCT, PREPUBLICATION DATA, FINANCIAL INFORMATION, CONFIDENTIAL SCIENTIFIC RESEARCH OR DATA, AND OTHER PROPRIETARY INFORMATION RELATING TO APPLICATIONS FOR PA 15-01 (LATE STAGE PRE-CLINICAL PROJECTS) AND 15-02 (CLINICAL STAGE PROJECTS) (HEALTH & SAFETY CODE 125290.30(F) (3) (B) AND (C)).	
DISCUSSION ITEMS	
17. PRESENTATION BY MOSS ADAMS REGARDING PERFORMANCE AUDIT.	134
18. DISCUSSION OF CIRM STRATEGIC PLAN.	120
19. PUBLIC COMMENT.	NONE

BARRISTERS' REPORTING SERVICE

1 BERKELEY, CALIFORNIA; THURSDAY, MAY 21, 2015

2 9 A.M.

3
4 CHAIRMAN THOMAS: THOSE OF YOU ON THE
5 PHONE, WE'RE JUST WAITING FOR EVERYBODY TO SETTLE
6 DOWN HERE. WE'LL START IN ONE SECOND.

7 OKAY. LIVE FROM THE BEAUTIFUL CLAREMONT
8 HOTEL IN BERKELEY, CALIFORNIA. IT IS THE MAY
9 MEETING OF THE ICOC. WELCOME, EVERYBODY. IN CASE
10 YOU ARE WONDERING, YES, I AM STILL WAITING FOR THE
11 DODGERS TO SCORE A RUN AGAINST THE GIANTS THIS WEEK.
12 I'VE HAD NUMEROUS PEOPLE COME UP TO ME THIS MORNING
13 WITH THE UTMOST SINCERITY AND TELL ME HOW MUCH THEY
14 FEEL SORRY THAT THE DODGERS HAVE BEEN UNABLE TO
15 GENERATE ANY OFFENSE, BUT THANK YOU ALL FOR YOUR
16 GREAT CONCERN. REALLY APPRECIATE IT.

17 DR. WINTROUB: HOW ABOUT THE WARRIORS?

18 CHAIRMAN THOMAS: THE WARRIORS. I'M
19 ACTUALLY ROOTING FOR THE WARRIORS, SO NOBODY BOTHERS
20 TO SAY ANYTHING TO ME UNDER THOSE CIRCUMSTANCES.

21 DR. WINTROUB: SORRY ABOUT THE DODGERS.

22 CHAIRMAN THOMAS: THANK YOU, BRUCE. I
23 APPRECIATE THAT. AL, DON'T EVEN GO THERE.

24 OKAY. SO COULD WE START, PLEASE, BY MARIA
25 ADMINISTERING THE PLEDGE OF ALLEGIANCE.

BARRISTERS' REPORTING SERVICE

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(THE PLEDGE OF ALLEGIANCE.)

CHAIRMAN THOMAS: WE HAVE THE GREAT PRIVILEGE TO WELCOME TWO NEW BOARD MEMBERS OR PERHAPS I SHOULD SAY ONE NEW BOARD MEMBER AND ONE HIGHLY SEASONED VETERAN BOARD MEMBER ON HIS SECOND STINT. I'M GOING TO ASK THE TWO NEW MEMBERS TO GIVE A BIT OF BACKGROUND ABOUT THEMSELVES, AND THEN WE WILL PROCEED TO SWEAR THEM IN AS MEMBERS OF THE BOARD.

FIRST, DR. ADRIANA PADILLA, COULD YOU PLEASE INTRODUCE YOURSELF TO THE BOARD.

DR. PADILLA: YES. MY NAME IS ADRIANA PADILLA. I AM A FAMILY PHYSICIAN FROM FRESNO, CALIFORNIA. I'M VERY PLEASED TO BE INVITED TO BE ON THIS BOARD. WHEN I WAS DOING A LITTLE BIT OF RESEARCH TO FIND OUT MORE ABOUT CIRM, IT WAS REALLY TOUCHING FOR ME TO LEARN ABOUT SOME OF THE EXCITING WORK THAT HAS BEEN DONE ALREADY AND THE POSSIBILITIES THAT CAN BE POSITIVE FOR PATIENTS, ESPECIALLY THE PATIENTS THAT I SERVE.

I WORK WITH A LOT OF LATINO PATIENTS IN MY COMMUNITY, AND THEY STRUGGLE WITH A LOT OF HEALTHCARE ISSUES. THEY USUALLY ARE NOT WILLING TO PARTICIPATE IN RESEARCH ENDEAVORS. I THINK BEING ON THIS BOARD MIGHT ASSIST ME TO HELP MY PATIENTS TO

BARRISTERS' REPORTING SERVICE

1 BETTER UNDERSTAND THE IMPORTANCE OF RESEARCH AND
2 PARTICIPATION IN THE PROCESS TO HELP THEIR HEALTH
3 ISSUES.

4 I REPRESENT PATIENTS WITH CLINICAL
5 DIABETES TYPE 2. I SEE A LOT OF CLINICAL DIABETES
6 TYPE 2, AND IT IS A BIG CHALLENGE. AND SO I AM
7 PLEASED TO BE INVITED TO BE ON THIS BOARD AND HOPE
8 TO LEARN A LOT FROM THIS ORGANIZATION. AND IF
9 THERE'S ANY OTHER QUESTIONS, I'D BE HAPPY TO ANSWER
10 THEM.

11 CHAIRMAN THOMAS: THANK YOU, DR. PADILLA.

12 DR. PRICE, WOULD YOU LIKE TO SAY A FEW
13 WORDS GIVEN THAT YOU'VE ACTUALLY BEEN INVOLVED WITH
14 CIRM LONGER THAN ALMOST ANYBODY HERE?

15 DR. PRICE: NO, JEFF SHEEHY.

16 CHAIRMAN THOMAS: AS A NEW OLD MEMBER OF
17 THE BOARD.

18 DR. PRICE: I'M BOB PRICE. I'M THE
19 ASSOCIATE VICE CHANCELLOR FOR RESEARCH AT UC
20 BERKELEY. AND I SERVED ON THE BOARD FROM PRETTY
21 MUCH ITS VERY BEGINNING TO ABOUT A YEAR AGO, MAYBE A
22 YEAR AND A QUARTER, AND NOW I'M BACK AGAIN.

23 MY FIELD OF STUDY IS POLITICAL SCIENCE.
24 AND SINCE I TAKE THE TERM "SCIENCE," "POLITICAL
25 SCIENCE," AS A RATHER LOOSE TERM -- IN FACT, ASIDE

BARRISTERS' REPORTING SERVICE

1 FROM SOME OF THE PATIENT ADVOCATES, I THINK, IF
2 THINGS ARE STILL THE SAME WITH REGARD TO THE REST OF
3 THE BOARD, I'M PROBABLY THE ONLY NONSCIENTIST ON THE
4 ICOC WITH THE EXCEPTION OF SOME OF THE PATIENT
5 ADVOCATES, OF COURSE. BUT POLITICS IS MY FIELD. SO
6 I CONSIDER WHAT I DO HERE DATA COLLECTION.

7 ONCE I STEP OFF THE BOARD, YOU CAN LOOK
8 FORWARD TO MY EXPOSE, BUT I UNDERSTAND A LOT OF
9 THINGS HAVE CHANGED SINCE I DEPARTED A YEAR AND A
10 QUARTER AGO. SO THAT WILL BE PART OF THE DATA AS
11 WELL. I LOOK FORWARD TO WORKING WITH YOU GUYS.

12 CHAIRMAN THOMAS: THANK YOU. AND IF THE
13 TWO OF YOU COULD COME UP HERE, WE'RE GOING TO
14 ADMINISTER THE OATH OF OFFICE.

15 (NEW MEMBERS WERE THEN ADMINISTERED
16 THE OATH OF OFFICE.)

17 (APPLAUSE.)

18 CHAIRMAN THOMAS: BY THE WAY, THEY ADDED A
19 PROVISION IN HERE ABOUT ROOTING FOR THE DODGERS.

20 OKAY. NOW WITH THAT, MARIA, WILL YOU
21 PLEASE CALL THE ROLL.

22 MS. BONNEVILLE: LINDA BOXER.

23 DR. BOXER: PRESENT.

24 MS. BONNEVILLE: DAVID BRENNER. KEN
25 BURTIS.

BARRISTERS' REPORTING SERVICE

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DR. BURTIS: PRESENT.
MS. BONNEVILLE: ANNE-MARIE DULIEGE.
DR. DULIEGE: PRESENT.
MS. BONNEVILLE: ELIZABETH FINI.
DR. FINI: PRESENT.
MS. BONNEVILLE: MICHAEL FRIEDMAN. JUDY
GASSON.
DR. GASSON: HERE.
MS. BONNEVILLE: DAVID HIGGINS.
DR. HIGGINS: PRESENT.
MS. BONNEVILLE: STEPHEN JUELSGAARD.
SHERRY LANSING. KATHY LAPORTE.
DR. LAPORTE: PRESENT.
MS. BONNEVILLE: JACOB LEVIN.
DR. LEVIN: HERE.
MS. BONNEVILLE: BERT LUBIN. LEON FINE.
DR. FINE: HERE.
MS. BONNEVILLE: LAUREN MILLER. ADRIANA
PADILLA.
DR. PADILLA: YES.
MS. BONNEVILLE: JOE PANETTA.
MR. PANETTA: HERE.
MS. BONNEVILLE: ROBERT PRICE.
DR. PRICE: HERE.
MS. BONNEVILLE: FRANCISCO PRIETO.

BARRISTERS' REPORTING SERVICE

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DR. PRIETO: HERE.

MS. BONNEVILLE: ROBERT QUINT. AL
ROWLETT.

MR. ROWLETT: PRESENT.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OSWALD STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: HERE.

MS. BONNEVILLE: KRISTINA VUORI. DONNA
WESTON. DIANE WINOKUR. BRUCE WINTROUB.

DR. WINTROUB: HERE.

CHAIRMAN THOMAS: THANK YOU, MARIA. OKAY.
WE'LL GO NOW TO THE CHAIR'S REPORT.

I THOUGHT IT MIGHT BE INTERESTING. I HAD
A NUMBER OF MEETINGS AND/OR ATTENDED A NUMBER OF
THINGS SINCE OUR LAST BOARD MEETING THAT I THOUGHT
I'D REVIEW BRIEFLY WITH YOU TO CHAT A BIT ABOUT THE
THEMES THAT HAVE ARISEN FROM THESE MEETINGS.

SO IN NO PARTICULAR ORDER, GOLDMAN SACHS
HAD A ONE-DAY SYMPOSIUM FOR THEIR INSTITUTIONAL
CLIENT SERVICES, WHICH IS ALL OF THEIR FOUNDATIONS

BARRISTERS' REPORTING SERVICE

1 AND HIGH NET WORTH INDIVIDUALS IN NEW YORK.

2 HAD LUNCH, NO. 2, WITH THE CEO, FRIEND OF
3 MINE, OF THE CLINTON GLOBAL INITIATIVE. HAD DINNER
4 WITH THE CEO OF AMGEN. I DID A PANEL AT THE MILKEN
5 GLOBAL CONFERENCE. RANDY AND I WENT TO A DINNER
6 SALON HOSTED BY GE HEALTHCARE.

7 AND LASTLY, THERE WAS A FOUR-DAY
8 CONFERENCE IN SAN DIEGO PUT ON BY CAVENDISH GLOBAL
9 WHICH CENTERED ENTIRELY AROUND HEALTHCARE ISSUES.

10 SOME INTERESTING THEMES, I THINK, TO
11 REPORT. NO. 1, CONTINUED FASCINATION WITH CIRM AND
12 WHAT WE'VE BEEN ABLE TO DO, PARTICULARLY FROM THOSE
13 WHO ARE OUTSIDE THE STATE OF CALIFORNIA. WE
14 CONTINUE TO BE HELD UP AS THE GREAT HOPE, THE GREAT
15 HOPE FOR REGENERATIVE MEDICINE RESEARCH. AND PEOPLE
16 NEVER TIRE OF HEARING THE STORY, THEY NEVER TIRE OF
17 WHAT WE'RE DOING, THEY NEVER TIRE OF THE POTENTIAL
18 FOR EVERYTHING THAT WE ARE ABOUT.

19 NO. 2, A GREAT INTEREST IN THE BURGEONING
20 FIELD OF PRECISION MEDICINE. SAM HAWGOOD DID A
21 PANEL AT THE MILKEN CONFERENCE AND I DID AS WELL ON
22 THIS TOPIC. AND THE REASON WHY IT WAS OF PARTICULAR
23 RELEVANCE IS THE PRESIDENT, AS YOU KNOW, HAS
24 BUDGETED A FAIR AMOUNT IN THE FIELD OF PRECISION
25 MEDICINE TO TRY TO JUMP START IT AS A MATTER OF

BARRISTERS' REPORTING SERVICE

1 FEDERAL PRIORITY. GOVERNOR BROWN HAS, IN ADDITION,
2 HAD AN INITIATIVE THAT HE HAS PUT FORTH WHICH
3 CENTERS AROUND -- DR. WINTROUB KNOWS WELL -- UCSF.
4 WE'RE HAVING DISCUSSIONS THAT ARE GOING TO BE COMING
5 UP SHORTLY ABOUT HOW CIRM CAN INTERFACE WITH UCSF
6 AND THROUGH OUR GENOMICS INITIATIVE AND TO ADVANCE
7 THIS NOTION OF HOW PRECISION MEDICINE CAN CONTINUE
8 TO BE BROUGHT INTO PLAY.

9 ON THE SUBJECT OF GENOMICS, THAT'S
10 SOMETHING THAT'S GETTING GREAT INTEREST. ONE OF THE
11 MOST, I THOUGHT, INTERESTING SESSIONS DOWN AT THE
12 CAVENDISH MEETING WAS CRAIG VENTER, WHO MANY OF YOU
13 HAVE HEARD SPEAK, A TALK ABOUT HIS CONTINUING
14 EFFORTS IN THE GENOMICS FIELD, SPECIFICALLY BOTH AT
15 THE VENTER INSTITUTE, WHICH IS A NONPROFIT, AND A
16 COMPANY THAT HE STARTED CALLED HUMAN LONGEVITY,
17 INC. WHERE THEY ARE LOOKING NOT TO INCREASE LIFE
18 SPAN, BUT TO USE GENOMICS THROUGH THE MAPPING OF AT
19 LEAST A MILLION DIFFERENT HUMAN GENOMES TO BETTER
20 INFORM PHYSICIANS ABOUT WHAT MEDICAL TREATMENT
21 SHOULD BE TAILORED FOR SPECIFIC PATIENTS.

22 AND AS YOU KNOW, WE HAVE A SIGNIFICANT
23 GENOMICS PROGRAM THAT WE FUNDED THAT IS IN THE
24 MIDDLE OF INITIATING, GEARING UP, AND HAS A BUNCH OF
25 VERY INTERESTING PROJECTS THAT WE HOPE TO SEE SOME

BARRISTERS' REPORTING SERVICE

1 GREAT RESULTS FROM.

2 ANOTHER THING THAT'S QUITE INTERESTING, I
3 THOUGHT, WAS THE INTEREST OF HIGH NET WORTH
4 INDIVIDUALS IN MEDICAL RESEARCH. THERE HAVE BEEN A
5 NUMBER OF PIECES IN THE PRESS ON THIS OVER THE LAST
6 COUPLE OF YEARS INCREASINGLY AS THERE HAVE BEEN
7 DROP-OFFS IN FUNDING ON THE FEDERAL LEVEL. HIGH NET
8 WORTH FOLK HAVE STEPPED SOMEWHAT INTO THE BREECH AND
9 HAVE FUNDED A LOT OF TARGETED MEDICAL RESEARCH
10 COVERING A WHOLE RANGE OF CONDITIONS. AND THEY WERE
11 VERY PREVALENT AT BOTH THE GOLDMAN SACHS EVENT AND
12 AT THE CAVENDISH EVENT. LOTS OF FAMILY OFFICES WHO
13 WEREN'T FULLY AWARE OF EVERYTHING THAT'S BEING DONE
14 IN MEDICAL RESEARCH, AND THERE WAS A REAL ATTEMPT TO
15 HELP EDUCATE THEM. AND I HAD LOTS OF CONVERSATIONS
16 ON SIDE BARS WITH PEOPLE WHO ARE TRYING TO FIGURE
17 OUT HOW THEY CAN HELP. OF COURSE, I HAD A NUMBER OF
18 SUGGESTIONS ON THAT FRONT AS PERTAINS TO OUR
19 PARTICULAR NEEDS.

20 THE OTHER THING I WANTED TO MENTION WAS,
21 WE'VE TALKED ABOUT THIS ON A NUMBER OF OCCASIONS,
22 THE SLOWLY INCREASING INTEREST SHOWN BY INDUSTRY IN
23 THE FIELD OF REGENERATIVE MEDICINE. AS YOU KNOW,
24 SOME OF OUR PROJECTS HAVE FUNDING THAT IS LEVERAGING
25 OFF CIRM FUNDING TO HELP IN THE PROJECT AT ISSUE. I

BARRISTERS' REPORTING SERVICE

1 THOUGHT THIS GE MEETING WAS QUITE INSTRUCTIVE.
2 THEY, AS YOU KNOW, ARE NOT FUNDING RESEARCH PER SE.
3 THEY'RE ALL ABOUT PLATFORM TECHNOLOGIES AND WHAT
4 THEY CAN DO TO FACILITATE THE ONGOING PROGRESS IN
5 THE FIELD. AND THEY SPENT AN ENTIRE DINNER WITH
6 ABOUT 20 EXPERTS FROM THE STEM CELL WORLD AND ABOUT
7 15 OF THE GE FOLK EXPLORING THE CHALLENGES THAT FACE
8 THE FIELD AND TALKING ABOUT POTENTIAL SOLUTIONS AND
9 HOW THEY CAN GET MORE INVOLVED AS THEY'VE MADE A
10 CORPORATE DECISION THAT THEY ARE REALLY WANTING TO
11 BE DEDICATED TO THE FIELD. SO THAT WAS INTERESTING
12 AS WELL.

13 SO WHEN YOU SORT OF LUMP ALL THIS
14 TOGETHER, I THINK WE CONTINUE TO GENERATE INCREASING
15 INTEREST CERTAINLY IN THE REGENERATIVE MEDICINE
16 SPACE. THERE'S A GREAT FASCINATION WITH IT. THERE
17 IS INCREASING INDUSTRY INTEREST AS WELL AS
18 PHILANTHROPIC. SO ALL IN ALL, I THINK AN
19 INTERESTING SET OF MEETINGS THAT I JUST WANTED TO
20 SHARE WITH YOU.

21 WITH THAT, LET ME TURN IT OVER TO DR.
22 MILLS FOR THE PRESIDENT'S REPORT.

23 DR. MILLS: THANK YOU VERY MUCH, CHAIRMAN
24 THOMAS AND THE BOARD, FOR THE OPPORTUNITY TO SPEAK
25 WITH YOU TODAY. GOT A LOT OF THINGS TO COVER, A LOT

BARRISTERS' REPORTING SERVICE

1 OF FUN THINGS. I HOPE THAT WE HAVE A GOOD
2 DISCUSSION TODAY, SO LET'S GET INTO IT.

3 SO ON THE AGENDA TODAY FOR THE PRESIDENT'S
4 REPORT, OBVIOUSLY WE'LL START OUT WITH A REVIEW OF
5 OUR MISSION, AS WE ALWAYS DO. I WANT TO TAKE YOU
6 THROUGH THE THIRD QUARTER FISCAL YEAR '15, WHICH IS
7 THE QUARTER WE JUST ENDED AT THE END OF MARCH, FOR
8 THE FINANCIAL UPDATE AND GIVE YOU AN OVERVIEW OF HOW
9 CIRM IS DOING FROM A FINANCIAL STANDPOINT. THEN
10 TAKE YOU THROUGH A COUPLE OF THINGS.

11 ONE IS, AS YOU GUYS KNOW, IN JANUARY OF
12 THIS YEAR, WE LAUNCHED CIRM 2.0 AT THE CLINICAL
13 STAGE. I WANT TO GIVE YOU JUST ANOTHER UPDATE ON
14 HOW THAT'S GOING AND TAKE YOU THROUGH THE
15 SUBMISSIONS WE RECEIVED SO FAR AND HOW THOSE ARE
16 MOVING THROUGH THE PIPELINE. THEN I WANT TO PREVIEW
17 TWO THINGS THAT ARE COMING UP, AND WE'LL BE
18 PRESENTING CONCEPT PLANS AT THE JULY MEETING OF THE
19 BOARD.

20 FIRST IS CIRM 2.0 FOR EARLIER STAGE
21 AWARDS. SO THESE ARE THE DISCOVERY AND
22 TRANSLATIONAL STAGE AWARDS. AND GIVE YOU AN IDEA OF
23 OUR THINKING ON THERE AND REALLY THE THINGS WE'RE
24 TARGETING TO GO AFTER. I THINK WE MADE SOME REALLY
25 EXCITING PROGRESS THERE, AND I'LL TALK A LITTLE BIT

BARRISTERS' REPORTING SERVICE

1 ABOUT THAT.

2 THE SECOND THING I WANT TO PREVIEW IS THE
3 REIMAGINATION THAT WE'VE DONE ON OUR EDUCATION
4 INITIATIVE THAT WAS REQUESTED BY THE BOARD IN THE
5 OCTOBER MEETING, WHICH IS BRIDGES AND THEN WHAT USED
6 TO BE CALLED THE CREATIVITY PROGRAM.

7 AND THEN LASTLY, JUST A LITTLE BIT MORE OF
8 A FORWARD-LOOKING SLIDE SHOWING WHAT'S COMING UP FOR
9 THE REMAINDER OF THE YEAR.

10 SO, AS ALWAYS, IT'S IMPORTANT TO KEEP IN
11 MIND THAT THE REASON WE'RE HERE IS FOR PATIENTS.
12 OUR MISSION IS TO ACCELERATE STEM CELL TREATMENTS TO
13 PATIENTS WITH UNMET MEDICAL NEEDS. I WAS PLEASED BY
14 THE SURVEY THAT WE SENT TO THE BOARD. YOU
15 UNANIMOUSLY AGREE THAT THAT IS OUR MISSION AS WELL.
16 SO THAT'S SOMETHING ALWAYS TO KEEP KIND IN THE FRONT
17 OF MIND.

18 MOVE QUICKLY NOW INTO THE FINANCIAL UPDATE
19 FOR THE THIRD QUARTER OF FISCAL YEAR 2015. RECALL,
20 AND I DO THIS FOR SIMPLICITY SO I CAN KEEP IT
21 STRAIGHT, BUT RECALL BASICALLY CIRM'S BUDGET EXISTS
22 BASICALLY IN TWO BUCKETS, WHAT WE INTERNALLY CALL
23 THE BIG BUCKET AND THE LITTLE BUCKET. THE BIG
24 BUCKET ORIGINALLY CONTAINED APPROXIMATELY \$2.75
25 BILLION OF FUNDS, AND OUT OF THAT BUCKET COMES OUR

BARRISTERS' REPORTING SERVICE

1 AWARD MONEY. SO WHEN THE BOARD APPROVES AN AWARD,
2 IT COMES OUT OF THE BIG BUCKET.

3 WE ALSO HAVE A SMALL BUCKET, THE LITTLE
4 BUCKET. THE LITTLE BUCKET IS FOR THE ADMINISTRATIVE
5 WORK AT CIRM. SO HOW THE TEAM ACTUALLY ACCOMPLISHES
6 MAKING THE AWARDS, ADMINISTERING THE AWARDS, AND
7 OVERSEEING THE AWARDS. THAT IS A MUCH SMALLER
8 AMOUNT OF MONEY. THAT'S \$180 MILLION.

9 TWO KEY POINTS ABOUT THESE BUCKETS. ONE
10 IS THEY DON'T COMMINGLE. SO THE BIG BUCKET'S MONEY
11 IS THE BIG BUCKET'S MONEY, AND THE LITTLE BUCKET
12 MONEY IS IN THE LITTLE BUCKET, AND WE CAN'T PULL OUT
13 OF ONE TO FEED INTO THE OTHER.

14 THE SECOND IS WHEN EITHER ONE OF THESE
15 BUCKETS GOES TO ZERO, THEN CIRM IS ESSENTIALLY OVER
16 WITH REGARDS TO ITS MISSION.

17 SO HOW ARE WE DOING WITH REGARDS TO THESE
18 TWO BUCKETS? SO WITH THE ADMINISTRATION BUCKET,
19 AGAIN, IT STARTED WITH \$180 MILLION. WE HAVE SPENT
20 \$98 MILLION OF THAT. WE HAVE \$82 MILLION LEFT. AT
21 OUR CURRENT SPEND RATE, THAT GIVES US AN ADDITIONAL
22 FIVE YEARS OF RUNWAY. SO WE'RE IN PRETTY GOOD SHAPE
23 WITH REGARDS TO OUR ADMINISTRATIVE BUCKET.

24 THE AWARD BUCKET IS ALSO ACTUALLY, I
25 THINK, SURPRISINGLY ROBUST. SO WE HAVE AWARDED OR

BARRISTERS' REPORTING SERVICE

1 SPENT, AND I'LL TALK A LITTLE BIT MORE IN A SECOND,
2 \$1.9 BILLION OF THE 2.75 THAT WERE IN THERE, WHICH
3 LEAVES US APPROXIMATELY 800 MILLION COMPLETELY FREE.

4 NOW, ONE THING TO KNOW ABOUT THE MONEY
5 THAT'S BEEN AWARDED IS NOT ALL OF THE MONEY WE AWARD
6 IS SPENT. SOMETIMES PROGRAMS FAIL. AND WHEN
7 PROGRAMS FAIL, WE CANCEL THE PROGRAM AND RECLAIM
8 WHATEVER MONEY WAS UNUSED, AND THAT GOES BACK INTO
9 THE UNCOMMITTED FUND. SO OUT OF THAT 800 MILLION --
10 WELL, OUT OF THE 1.95 BILLION, WE ACTUALLY EXPECT TO
11 RECLAIM ADDITIONAL FUNDS. SO FOR PLANNING PURPOSES
12 WE USED THE HISTORIC RUN RATE OF \$190 MILLION IN NEW
13 AWARDS BEING MADE. THAT'S HISTORICALLY. IF YOU
14 LOOK OVER OUR HISTORY, ABOUT \$190 MILLION A YEAR WE
15 ISSUE IN NEW AWARDS, BUT WE TEND TO NET ABOUT 170
16 MILLION. EVERY YEAR ABOUT \$20 MILLION COMES BACK TO
17 US IN TERMS OF CANCELLATIONS. SO THE NET COMMITMENT
18 RATE IS OUT OF THAT \$800 MILLION LEFT IN THE AWARD
19 BUCKET IS \$170 MILLION A YEAR, WHICH AT THAT RATE
20 LASTS US INTO FISCAL YEAR 2020. SO, AGAIN, GOOD
21 NEWS THERE IS WE HAVE PLENTY OF RUNWAY AHEAD OF US
22 TO MAKE SOME SERIOUS IMPACTS HERE.

23 I WILL POINT OUT AGAIN OUR GOAL IS NOT TO
24 SEE HOW LONG WE CAN MAKE CIRM LAST. OUR GOAL IS TO
25 HAVE AS BIG AN IMPACT AS WE CAN ACCORDING TO OUR

BARRISTERS' REPORTING SERVICE

1 MISSION, BUT JUST GIVES YOU AN IDEA OF SORT OF THE
2 FINANCIAL LAYOUT. NOW, KEEP IN MIND, REMEMBER THAT
3 \$170 MILLION IS OUR TARGET NET SPEND A YEAR. JUST
4 KEEP THAT FIGURE IN MIND AS I SHOW YOU SOME OTHER
5 STUFF.

6 SO DIGGING INTO THAT BIG BUCKET AND HOW
7 THAT BIG BUCKET WORKS, IT ACTUALLY HAS THREE
8 COMPONENTS TO IT. NOT TO MAKE THIS OVERLY COMPLEX,
9 BUT OUT OF THAT 2.75 MILLION, YOU CAN THINK OF IT IN
10 SORT OF THREE WAYS. THERE'S AN UNCOMMITTED AMOUNT
11 OF MONEY. THAT'S THAT APPROXIMATELY \$800 MILLION
12 THAT I WAS TALKING ABOUT. THERE'S MONEY THAT WE'VE
13 AWARDED BUT HASN'T BEEN SPENT YET. SO, AGAIN, JUST
14 BECAUSE WE MAKE AN AWARD DOESN'T MEAN -- IF WE MAKE
15 A \$20 MILLION AWARD TO SOMEBODY, WE DON'T WRITE THEM
16 A \$20 MILLION CHECK AND SAY HOPE IT GOES WELL. WE
17 PAY THAT MONEY OUT OVER TIME, BUT WE ACCOUNT FOR IT
18 OUT OF THE UNCOMMITTED BUCKET IMMEDIATELY AND
19 COMPLETELY.

20 SO WE HAVE \$455 MILLION IN THAT AWARDED
21 BUCKET, AND THEN SPENT MONEY IS MONEY THAT THEY'VE
22 ACTUALLY SPENT. AND THE ONLY WAY SPENT MONEY COMES
23 BACK TO US IS IF THERE'S A CANCELLATION AND THERE'S
24 ACTUALLY REPAYMENT REQUIRED DUE TO THAT
25 CANCELLATION, WHICH DOES HAPPEN.

BARRISTERS' REPORTING SERVICE

1 SO IN THE THIRD QUARTER OF THIS YEAR, WE
2 COMMITTED IN NEW AWARDS \$56 MILLION. WE HAD
3 CANCELLATIONS OF \$2 MILLION AND ACTUALLY REPAYMENT
4 OF ANOTHER MILLION. SO YOU CAN SEE OUT OF THAT OUR
5 NET NEW COMMITMENT FOR THE THIRD QUARTER WAS
6 ACTUALLY \$53 MILLION.

7 NOW, WHAT I'M GOING TO SHOW YOU NOW IS
8 THIS IS FOR THE YEAR TO DATE, SAME THINGS. AND THE
9 ONLY THING TO REALLY FOCUS ON HERE ARE THE TWO
10 THINGS IN ORANGE IS WE'VE HAD NEW AWARDS OF \$107
11 MILLION, BUT WE'VE HAD AWARD REDUCTIONS OR
12 CANCELLATIONS OF 27 MILLION AND ACTUALLY THE
13 REPAYMENT OF ONE MILLION, WHICH PUTS OUR NET
14 COMMITMENTS YEAR TO DATE AT ONLY 79 MILLION, AND
15 WE'RE THREE-QUARTERS OF THE WAY THROUGH THE YEAR.
16 IF WE FUND EVERYTHING THAT'S BEFORE US TODAY AND
17 EVERYTHING THAT'S GOING TO THE GWG NEXT WEEK, WHICH
18 WILL COME UP AT NEXT MONTH'S SUBCOMMITTEE MEETING,
19 THAT NUMBER WOULD ONLY GO TO 117 IF ALL OF THAT WENT
20 THROUGH.

21 SO THE REASON I POINT THAT OUT IS THE
22 PLANNED NET COMMITMENT RATE WAS 170, AND THE HIGHEST
23 WE COULD DO THIS YEAR WOULD BE ABOUT 117. SO WE ARE
24 RIGHT NOW SIGNIFICANTLY BELOW THAT RATE.

25 THERE'S NOT A LOT OF COMMENTARY AROUND

BARRISTERS' REPORTING SERVICE

1 THAT. THAT'S ACTUALLY JUST SOMETHING TO KNOW. WITH
2 THE CIRM 2.0 CLINICAL AND THE OTHER THINGS COMING
3 UP, I THINK THE OPPORTUNITY FOR THAT SPEND RATE TO
4 COME UP IS CERTAINLY THERE. AS WE INTRODUCE THE
5 CLINICAL AND THE TRANSLATIONAL PHASES, I'M CERTAIN
6 THAT RATE WILL COME UP, BUT IT'S JUST IMPORTANT TO
7 KIND OF KEEP IN MIND FOR RIGHT NOW THE 2020 NUMBER
8 ASSUMES 170 MILLION NET RATE, AND WE'RE OPERATING
9 JUST A LITTLE OVER A HUNDRED MILLION ON THAT RIGHT
10 NOW.

11 ANY QUESTIONS ABOUT THE FINANCIAL?

12 SO LET'S NOW GET INTO FUN STUFF AND TALK A
13 LITTLE BIT ABOUT HOW CIRM 2.0 WITH CLINICAL IS
14 DOING. SO, AGAIN, JUST WE HAVE SOME NEW BOARD
15 MEMBERS AND RETURNING BOARD MEMBERS, AND FOR
16 EVERYONE ELSE WHO MIGHT BE NEW TO THIS, CIRM
17 BASICALLY FUNDS FIVE TYPES OF INITIATIVES:
18 INFRASTRUCTURE AND EDUCATION, AND THEN WE FUND THE
19 DEVELOPMENT OF NEW STEM CELL THERAPIES IN THREE
20 MAJOR CATEGORIES OR STAGES OF DEVELOPMENT:
21 DISCOVERY, TRANSLATIONAL, AND CLINICAL.

22 AS WE KNOW, WHEN WE STARTED WITH CIRM 2.0,
23 WE STARTED WITH CLINICAL FOR A COUPLE OF REASONS.
24 BASICALLY ONE IS IT WAS THE SMALLER NUMBER OF
25 APPLICATIONS, SO IT WOULD BE THE EASIEST TO

BARRISTERS' REPORTING SERVICE

1 IMPLEMENT AND TRY NEW THINGS ON. SECONDLY, IT HAD
2 THE HIGHEST PRICE TAG ASSOCIATED WITH IT. SO IF WE
3 WERE GOING TO HAVE AN IMPACT, WE'D HAVE THE BIGGEST
4 FINANCIAL IMPACT THERE. SO THAT'S WHAT I'M GOING TO
5 TALK TO FIRST. HOW THE IMPLEMENTATION OF THE
6 CLINICAL PHASE OF CIRM 2.0 IS GOING, AND THEN WHAT
7 I'M GOING TO TALK ABOUT LATER ON IN THE PRESENTATION
8 IS OUR THOUGHTS AROUND DISCOVERY AND TRANSLATION AND
9 WHAT WE'RE THINKING ABOUT THAT, AND THEN THE
10 REVAMPED BRIDGES AND CREATIVITY PROGRAM IN
11 EDUCATION. ALL GOOD STUFF, I HOPE.

12 SO JUST INSIDE THE CLINICAL FRAMEWORK, WE
13 CURRENTLY HAVE THREE CLINICAL STAGE PROGRAMS THAT
14 ARE OPEN, THEY'VE BEEN OPEN SINCE JANUARY 1ST, PA
15 15-01, PA 15-02, PA 15-03. IF YOU HAVEN'T FORGOTTEN
16 YOUR DECODER RINGS TODAY, THOSE ARE FOR IND-ENABLING
17 ACTIVITIES IS THE 01, CLINICAL TRIALS IS 02, AND
18 THEN ACCELERATING ACTIVITIES. WE TOOK THAT
19 ACCELERATED DEVELOPMENT PATHWAY CONCEPT AND WE
20 ACTUALLY PUT IT INTO A STANDING PROGRAM
21 ANNOUNCEMENT. THAT'S WHAT 15-03 IS. THOSE ARE
22 PEOPLE THAT HAVE EXISTING CLINICAL STAGE AWARDS THAT
23 COME TO US FOR WAYS TO MAKE THEIR PROGRAMS GO FASTER
24 OR BETTER.

25 SO SINCE WE'VE OPENED THIS PROGRAM, THIS

BARRISTERS' REPORTING SERVICE

1 GIVES YOU AN IDEA OF THE APPLICATIONS THAT WE HAVE
2 GOTTEN IN. WE RECEIVED TWO IN JANUARY, TWO MORE IN
3 FEBRUARY, THREE IN MARCH, AND NOW FIVE IN APRIL. SO
4 WE'VE HAD A TOTAL OF 12 APPLICATIONS SO FAR FOR A
5 TOTAL OF \$111 MILLION. DEMAND, AS YOU CAN SEE FROM
6 THE GRAPH, IS GROWING RIGHT NOW. I WILL TELL YOU I
7 DON'T THINK THAT IS SUSTAINABLE. I THINK THAT'S
8 MORE BACKLOG THAT'S COMING THROUGH. WHEN WE
9 CONCEIVED THE PROGRAM, OUR ASSUMPTION WAS THERE
10 WOULD BE ONE TO TWO APPLICATIONS A MONTH, NOT FIVE A
11 MONTH. IF THE STEADY STATE FOR THIS PROGRAM IS FIVE
12 A MONTH, WE'RE GOING TO HAVE TO RETHINK THINGS.
13 WE'RE PROBABLY GOING TO HAVE TO GET GIL SOME
14 MEDICATION, BUT FOR RIGHT NOW WE CAN MAKE OUR WAY
15 THROUGH IT.

16 INTERESTINGLY, IF YOU LOOK AT THE KINDS OF
17 APPLICATIONS THAT WE'RE GETTING IN IN THIS PROGRAM,
18 KEEP IN MIND PRIOR TO THIS PROGRAM OPENING, I THINK
19 WE HAD EIGHT THINGS IN THE CLINIC AND ALL WERE PHASE
20 I WITH THE EXCEPTION OF ONE PHASE II. OUT OF THE
21 EIGHT CLINICAL TRIAL APPLICATIONS THAT WE'VE
22 RECEIVED, TWO WERE FOR PHASE I, ONE WAS FOR PHASE
23 II, AND FIVE WERE FOR PHASE III. SO WE'RE GETTING A
24 MORE MATURE PORTFOLIO OF CLINICAL STAGE PROGRAMS
25 COMING BEFORE US FOR ADJUDICATION.

BARRISTERS' REPORTING SERVICE

1 THE LAST THING I'LL POINT OUT HERE IS IF
2 YOU LOOK AT THE TWO BLUE BARS IN MARCH AND APRIL,
3 THOSE REPRESENT APPLICATIONS FOR ACCELERATING
4 ACTIVITIES. AND SO WE'RE STARTING TO SEE REQUESTS
5 FOR ACCELERATING ACTIVITIES COME IN. AGAIN, THOSE
6 ARE FOR THINGS WHERE WE'VE MADE PREVIOUS AWARDS AND
7 SOMETHING IS GOING ON IN THEIR PROGRAM WHERE THEY
8 SEE AN OPPORTUNITY, AT LEAST THAT'S THE CONCEPT OF
9 THE IDEA, THEY SEE AN OPPORTUNITY WHERE IF WE WERE
10 TO PARTICIPATE, THEY COULD ACTUALLY ACCELERATE THEIR
11 ACTIVITIES. SO JUST GIVES YOU AN OVERVIEW OF HOW
12 THE PROGRAM'S WORKING SO FAR.

13 THIS IS ACTUALLY A BREAKDOWN OF EVERY
14 APPLICATION AND EVERY TYPE OF APPLICATION WE'VE
15 RECEIVED. I'M NOT GOING TO GO INTO GREAT DETAIL ON
16 IT. YOU CAN SEE ACROSS THE BOTTOM IS BASICALLY HOW
17 WELL WE'RE DOING WITH REGARDS TO WITHIN TARGET OR
18 NOT. SO WE'VE HAD 12 APPLICATIONS. WE HAVE
19 SCREENED WITHIN THE SEVEN-DAY WINDOW ALL 12 OF
20 THOSE, SO WE'RE GOOD THERE, 12 OUT OF 12. WE'VE
21 ACCOMPLISHED BUDGET REVIEW ON THE FOUR THAT HAVE MET
22 THE 21-DAY CRITERIA SO FAR, AND WE'VE SENT THOSE TO
23 THE GWG FOR REVIEW.

24 WE HAVE ONLY DONE TWO GWG REVIEWS THUS
25 FAR, AND WE HAD OUR FIRST HICCUP AT THE FIRST

BARRISTERS' REPORTING SERVICE

1 TELEPHONIC MEETING. IT WAS THE FIRST TIME TRYING IT
2 OUT, SO THAT DECISION ENDED UP BEING DELAYED BY ONE
3 MONTH, WHICH WAS THEN COMPLETED IN THE FEBRUARY
4 MEETING. SO WE'RE ONE FOR TWO THERE. AND THEN
5 CIRM'S RECOMMENDATIONS ARE TWO FOR TWO.

6 SO THE BOTTOM LINE IS THINGS ARE MOVING
7 THROUGH AND THINGS ARE GETTING WEEDED OUT. SO JUST
8 GIVE YOU AN EXAMPLE. IF YOU LOOK AT MARCH, IN MARCH
9 WE HAD TWO CLINICAL STAGE APPLICATIONS AND ONE
10 ADD-ON APPLICATION COME IN, AND THE ADD-ON
11 APPLICATION FAILED OUT IN SCREENING. THAT'S WHAT
12 THE F IS UNDER THE SEVEN-DAY SCREENING. SIMILARLY,
13 IF YOU LOOK IN APRIL, WE HAD A 15-01 FAIL, AND WE
14 HAD A CLINICAL TRIAL OF 15-02 FAIL, WHICH IS
15 CURRENTLY BEING APPEALED. WE HAVE AN APPEALS
16 PROCESS FOR THAT.

17 SO, IN GENERAL, KIND OF KEY TAKEAWAYS
18 HERE, ONE IS IT'S BEING WELL UTILIZED, FOR SURE.
19 THE DEMAND IS SPIKING. WE DON'T THINK INTERNALLY
20 THAT DEMAND SPIKE IS SUSTAINABLE, BUT IT IS A
21 REALITY RIGHT NOW FOR US. WITH THAT SAID, IT HAS
22 BEEN MANAGEABLE SO FAR FROM AN OPERATIONAL
23 STANDPOINT. IT'S NOT BEEN PARTICULARLY PLEASANT,
24 BUT IT HAS BEEN MANAGEABLE ASSUMING STEADY STATE IS
25 SOMEWHERE BELOW FIVE.

BARRISTERS' REPORTING SERVICE

1 THERE'S NO QUESTION WE'RE SIGNIFICANTLY
2 REDUCING EVALUATION TIMES AND TIME FROM APPLICATION
3 TO FUNDING DECISIONS. WE ARE ATTRACTING LATER STAGE
4 PROGRAMS THAN CURRENTLY EXIST OUR CIRM PORTFOLIO,
5 WHICH IS AN INTERESTING THING AND ACTUALLY ONE FOR A
6 TOPIC OF CONVERSATION FOR US AS WE THINK ABOUT
7 STRATEGIC PLANNING GOING FORWARD. CLEARLY THIS HAS
8 NOT BEEN WITHOUT ITS CHALLENGES, WITHOUT ITS
9 HICCUPS, WITHOUT ITS PROBLEMS. WE DID HAVE A REVIEW
10 WHERE WE BASICALLY HAD A FAILED REVIEW, AND WE'VE
11 HAD SOME OTHER THINGS WHICH WE'VE HAD TO WORK
12 AROUND. WITH ALL THAT SAID, I THINK WE ARE MANAGING
13 OKAY.

14 AND AS WE SAID BEFORE, WE COMPLETELY
15 ANTICIPATED THERE WOULD BE ISSUES WITH IT, AND WE
16 ALSO COMMITTED THAT WE WOULD WORK THROUGH THEM. AND
17 SO FAR THE TEAM IS DOING A GREAT JOB OF THAT.

18 A THEN LASTLY, KEEPING IN MIND THIS IS
19 ONLY THE FIRST PART OF CIRM 2.0, THIS IS THE
20 CLINICAL PART, AND WE HAVE THE REMAINDER OF THE
21 CONTINUUM COMING, WHICH I'LL TALK ABOUT NEXT.

22 BEFORE I DO THAT AND I LEAVE THE CLINICAL
23 STAGE, ANY QUESTIONS ON THIS YET?

24 OKAY. SO LET'S MOVE NOW INTO DISCOVERY
25 AND TRANSLATIONAL. THIS IS, I THINK, IF YOU ARE A

BARRISTERS' REPORTING SERVICE

1 NERD LIKE ME, I THINK THIS IS PRETTY COOL. THERE'S
2 A LOT OF NEAT THINGS GOING ON HERE, AND REALLY
3 TRYING TO THINK ABOUT HOW WE CAN BEST ACHIEVE THE
4 OBJECTIVE OF DISCOVERY AND TRANSLATION IN A WAY
5 WHICH DOVETAILS IN SEAMLESSLY WITH CIRM'S OVERALL
6 MISSION. SO THE OBJECTIVE OF DOING DISCOVERY AND
7 TRANSLATIONAL RESEARCH IS TO PROMOTE THE DISCOVERY
8 OF PROMISING NEW STEM CELL TECHNOLOGIES AND DRIVE
9 THE RAPID TRANSLATION TOWARDS IMPROVING PATIENT
10 CARE. SO IT'S NOT ENOUGH FOR US TO JUST DISCOVER
11 SOMETHING THAT'S EARLY. WE WANT A DISCOVERY THAT'S
12 EARLY TO GO INTO TRANSLATION SO WE CAN ULTIMATELY
13 IMPACT PATIENT CARE. THAT'S WHY CIRM EXISTS.
14 THAT'S WHY THIS PROGRAM SHOULD EXIST.

15 SO WE'VE REALLY BEEN REALLY WIDE OPEN IN
16 OUR THINKING. EVERY IDEA IS BEING CONSIDERED ON HOW
17 TO DO THIS, INCLUDING A LOT OF INTERESTING
18 OUTSIDE-OF-THE-BOX CONCEPTS. SO OUR KEY
19 CHARACTERISTICS HERE BASICALLY IS OUR FOUR-POINT
20 TEST. THE THINGS THAT WE'RE DOING IN THIS PROGRAM
21 AND THE THINGS THAT WE THINK ABOUT IMPROVEMENTS TO
22 THE PROGRAM OUGHT TO ACCELERATE IT, THEY OUGHT TO
23 INCREASE THE LIKELIHOOD OF SUCCESS, WE SHOULD BE
24 ADDRESSING UNMET MEDICAL NEEDS, ALTHOUGH I'LL TELL
25 YOU THIS IS PROBABLY A LESS SIGNIFICANT FACTOR IN

BARRISTERS' REPORTING SERVICE

1 VERY, VERY EARLY STAGE BECAUSE IT'S REALLY DIFFICULT
2 TO ULTIMATELY TELL WHERE THESE TECHNOLOGIES GO.

3 AND THEN LASTLY, WE'RE LOOKING FOR THE
4 MOST EFFICIENT WAYS TO DO THINGS BECAUSE AT THE END
5 OF THE DAY, WE'RE A STATE AGENCY AND WE'RE
6 RESPONSIBLE TO THE TAXPAYERS OF CALIFORNIA.

7 SO THIS IS WHERE WE STARTED FROM.
8 BASICALLY WHAT WE'VE DONE IS WE'VE IDENTIFIED FOUR
9 THINGS THAT IF WE FIXED WE THINK DISCOVERY AND
10 TRANSLATION WILL BE NOT A LITTLE BETTER, IT WILL BE
11 GENERATIONALLY BETTER. I WANT TO EXPLAIN THESE FOUR
12 THINGS. THIS IS A REAL LEARNING PROCESS, AT LEAST
13 FOR ME INTERNALLY, AND I THINK FOR OTHER PEOPLE AS
14 WE WENT THROUGH AND WE REALLY EVALUATED WHAT WE HAVE
15 AT CIRM RIGHT NOW, AND SAID, WOW, OKAY. SO WE MIGHT
16 BE ABLE TO IMPROVE THIS.

17 SO THE FIRST THING IS WE NEED A CONTINUOUS
18 PREDICTABLE PATH FROM DISCOVERY TO CLINICAL. SO IF
19 WE HAVE A DISCOVERY PROGRAM, THE PURPOSE OF THAT
20 DISCOVERY PROGRAM OUGHT TO BE TO DELIVER SOMETHING
21 DOWNSTREAM TO WHERE IT ULTIMATELY IMPACTS PATIENTS.
22 THAT KIND OF MAKES SENSE.

23 SO I'M GOING TO USE CHOO-CHOO TRAIN
24 ANALOGIES THROUGHOUT THIS PART OF THE PRESENTATION.
25 SO IN THIS CASE WE WOULD THINK THAT THERE SHOULD BE

BARRISTERS' REPORTING SERVICE

1 TRAIN TRACK THAT STARTS FROM OUR DISCOVERY AND GOES
2 TO CLINICAL, AND THAT TRAIN TRACK SHOULD BE
3 CONTINUOUS, THERE SHOULDN'T BE BREAKS IN IT, WE
4 SHOULDN'T JUST HAVE THE TRAIN END SOMEWHERE, AND IT
5 SHOULD BE PREDICTABLE. A TRAIN IS NOT A LOT OF USE
6 IF YOU DON'T KNOW WHEN THE TRAIN IS GOING TO LEAVE
7 THE STATION. AND SO ADDING PREDICTABILITY TO THAT,
8 WE THINK, IS A REALLY SIGNIFICANT PART.

9 THE REALITY, THOUGH, OF WHAT WE HAVE TODAY
10 IS NOT THAT. I'M GOING TO SHOW YOU THIS NEXT
11 EXAMPLE HERE. IT'S REALLY KIND OF INTERESTING.
12 RECALL THAT THE WAY OUR CURRENT SYSTEM WORKS, RFA'S
13 POP UP AND GO AWAY ON A RATHER UNSCHEDULED BASIS
14 HISTORICALLY. THEY COME AND THEY GO. WHEN WE
15 DECIDE WE WANT TO ISSUE A NEW, LET'S SAY, EARLY
16 STAGE OR DISCOVERY OR BASIC BIOLOGY, WE ISSUE ONE,
17 AND THEN WE MIGHT NOT COME BACK TO THAT FOR 18
18 MONTHS, AND WE MIGHT DECIDE IT'S TIME AND WE ISSUE
19 ANOTHER ONE. INSTEAD OF THE TRAIN TRACK LOOKING THE
20 WAY I SHOWED YOU, IT REALLY LOOKS MORE LIKE THIS,
21 AND THAT'S A REAL DIFFICULT THING TO DO IF YOU'RE IN
22 DISCOVERY AND YOU WANT TO TAKE SOMETHING TO CLINICAL
23 AND YOU HAVE TO SORT OF GUESS WHEN THE PIECE OF
24 TRAIN TRACK THAT YOU NEED IS GOING TO POP UP.

25 THE SECOND THING IS THAT TRAIN TRACK IS

BARRISTERS' REPORTING SERVICE

1 DISCONTINUOUS EVEN WHEN YOU LAY IT OUT. LET'S JUST
2 SAY WE POPPED THEM ALL UP AT THE SAME TIME, WE JUST
3 OPENED EVERYTHING WE HAD, IT'S STILL NOT A
4 CONTINUOUS PATH. AND SO THAT'S SOMETHING WE CLEARLY
5 NEED TO DO. WE NEED TO HAVE THE TRACK ALWAYS BE
6 OPEN OR AT LEAST WE KNOW WHEN THE TRAINS ARE GOING
7 TO RUN ON IT, AND THE TRACK NEEDS TO GO THE ENTIRE
8 WAY FROM BEGINNING TO END.

9 THE SECOND THING WE LOOKED AT WAS
10 PROGRESSION NEEDS TO BE POSSIBLE, EXPECTED, AND
11 INCENTIVIZED. AND WHAT I MEAN BY THAT -- SO THIS IS
12 SOMETHING WE WENT BACK AND WE LOOKED AT. WHEN WE
13 HAD GRANTS THAT WE PUT OUT, PROPOSALS THAT WE PUT
14 OUT WHERE WE DID NOT PUT INTO THE RFA AN INTENT TO
15 HAVE THAT PROGRAM PROGRESS, PROGRESSION HAPPENED
16 SPONTANEOUSLY ONLY 5 PERCENT OF THE TIME. WHEN
17 WE'RE NOT SAYING WE WANT THIS THING TO GO FROM A TO
18 B, IT DOESN'T REALLY GO FROM A TO B NATURALLY VERY
19 WELL AT ALL. PART OF THAT IS WE DON'T HAVE TRAIN
20 TRACK THERE. PART OF IT IS WE'RE NOT ASKING THEM TO
21 GO ANYWHERE.

22 INTERESTINGLY, WHEN YOU GET A PIECE WHERE
23 YOU HAVE A TRAIN TRACK AVAILABLE FROM, LET'S SAY, IN
24 THIS CASE B TO C, AND WHERE IT IS AN INTENT OF THE
25 RFA THAT THE PROGRAM BE FUNDED TO PROGRESS, THAT 5

BARRISTERS' REPORTING SERVICE

1 PERCENT NUMBER JUMPS UP TO 30 PERCENT, WHICH IS
2 FAIRLY REMARKABLE. AND WE HAVE A SCIENCE OFFICER,
3 SENIOR SCIENCE OFFICER, AT CIRM WHO SUMMED THIS UP,
4 I THINK, JUST PERFECTLY. SHE SAID IF YOU WANT A
5 BIKE DON'T ASK FOR A TOY. AND SO HERE IS A REALLY
6 CLEAR EXAMPLE OF NOT ONLY DO WE NEED TO HAVE
7 CONTINUOUS TRAIN TRACK, BUT WE NEED TO PUT INTENT
8 INTO THE RFA THAT SAYS WE WANT YOU TO BE CREATING
9 SOMETHING, AND WE WANT YOU TO BE THINKING FORWARD
10 LOOKING ON WHERE IT'S GOING TO GO. MAYBE YOU DON'T
11 TAKE IT THERE, BUT HOW IS IT GOING TO MOVE
12 ULTIMATELY DOWNSTREAM? WE WANT YOU TO BE THINKING
13 ABOUT THAT AT THE TIME YOU APPLY BECAUSE IF YOU DO,
14 WE KNOW IT HAS A MUCH BETTER CHANCE OF GOING TO THE
15 NEXT STATION. THAT'S THING TWO WE LEARNED.

16 THING THREE IS WE DON'T HAVE GREAT
17 MECHANISMS RIGHT NOW OF COMING UP WITH GOOD IDEAS
18 FOR QUESTIONS TO ASK. SO WE DON'T REALLY HAVE A
19 GREAT MECHANISM. IF, LET'S SAY, WE HAVE A PROGRAM
20 THAT'S IN CLINICAL OR NEARING CLINICAL AND THEY HAVE
21 A PROBLEM, WE DON'T HAVE A MECHANISM RIGHT NOW FOR
22 THAT PROBLEM TO COME BACK TO US AND FOR US TO HAVE
23 THAT BE ISSUED AS A QUESTION FOR SOMEONE IN EARLY
24 STAGE TO BE ABLE TO ANSWER.

25 SIMILARLY, WE DON'T HAVE A GREAT MECHANISM

BARRISTERS' REPORTING SERVICE

1 FOR A GREAT NEW IDEA OUTSIDE THAT CIRM'S JUST NOT
2 AWARE OF. BY THE WAY, WE SHOULDN'T THINK IT'S
3 POSSIBLE FOR CIRM TO BE AWARE OF EVERY GREAT NEW
4 IDEA. WE DON'T HAVE A MECHANISM FOR A GREAT NEW
5 IDEA TO COME IN AND BE PART OF A QUESTION. SO THAT
6 IS SOMETHING WE NEED TO CLEARLY FIX. OPPORTUNITIES
7 MUST BE RESPONSIVE TO NEW DEVELOPMENTS AND TO
8 DOWNSTREAM NEEDS. SO WE'RE FIXING THAT.

9 AND THEN, LASTLY, THIS IS KIND OF
10 INTERESTING. OUR SORT OF UNDERLYING ASSUMPTION IS
11 EVERYTHING WE DO IN DISCOVERY ULTIMATELY BECOMES
12 WHAT WE CALL A DRUG, MEANING WE'RE DEVELOPING SOME
13 KIND OF STEM CELL OR STEM CELL-LIKE THERAPY THAT'S
14 GOING TO GET PUT INTO A PATIENT. BUT IN DISCOVERY
15 WE ACTUALLY FUND MULTIPLE KINDS OF TECHNOLOGIES. WE
16 FUND DEVICES FOR SAMPLE DELIVERY OR MONITORING, WE
17 FUND DIAGNOSTICS FOR TESTING AND EVALUATING THINGS,
18 AND WE FUND TOOLS. THINGS LIKE HIGH THROUGHPUT DRUG
19 SCREENING HAVE A SIGNIFICANT IMPACT ON THE FIELD OF
20 MEDICINE, BUT WE DON'T HAVE TRANSLATIONAL OR WHAT WE
21 CALL OUTFLOW PATHWAYS. WE DON'T HAVE WAYS OF HAVING
22 THOSE CONCEPTS GO FROM DISCOVERY WHERE WE START TO
23 FUND THEM TO ALL THE DIFFERENT DESTINATIONS THAT
24 THEY CAN POSSIBLY GO.

25 SO THE LAST THING WE'RE GOING TO NEED TO

BARRISTERS' REPORTING SERVICE

1 DO IS WE'RE GOING TO NEED TO MAKE SURE THAT WE HAVE
2 DEVELOPMENT AND TRANSLATIONAL PATHWAYS THAT GO FROM
3 EARLY DISCOVERY TO ALL THE UNIQUE DESTINATIONS, AND
4 THERE ARE THE FOUR UNIQUE DESTINATIONS THAT THEY
5 COULD GO, SO WE CAN MAKE SURE THAT NOT ONLY ARE WE
6 FUNDING THINGS EARLY THAT'S EXCITING, BUT WE'RE
7 ACTUALLY GETTING THEM ULTIMATELY TO WHERE THE
8 PATIENTS ARE.

9 THOSE, IN JUST SUMMARY, ARE THE FOUR
10 THINGS WE NEED TO DO. WE NEED TO HAVE TRACK THAT'S
11 CONTINUOUS TRAINS AND WE NEED TO MAKE SURE THE
12 TRAINS RUN ON TIME. WE NEED TO HAVE PREDICTABLE
13 PROGRESSION. WE CALL THIS BATON PASSING. WE WANT
14 THE CARGO ON THE TRAIN TO PROCEED DOWN THE TRACK.
15 AND WE NEED TO BE REALLY CREATIVE ON HOW WE'RE GOING
16 TO DO THAT. WE NEED TO BE RESPONSIVE TO NEW
17 DEVELOPMENTS AND DOWNSTREAM BOTTLENECKS. AND THEN
18 LASTLY, WE NEED TO HAVE MULTIPLE DEVELOPMENT
19 PATHWAYS SO WE BASICALLY SERVE ALL OF THE
20 DESTINATIONS WE WANT TO SERVE.

21 SORRY FOR ALL THE CHOO-CHOO TRAIN
22 ANALOGIES. THAT IS BASICALLY THE ANSWER TO THOSE
23 FOUR QUESTIONS IS WHAT'S COMING BACK AS THE CONCEPT
24 PLAN IN JULY. ANY QUESTIONS ABOUT DISCOVERY AND
25 TRANSLATION?

BARRISTERS' REPORTING SERVICE

1 DR. DULIEGE: THANK YOU SO MUCH FOR THIS
2 SUMMARY. I THINK YOU'VE OUTLINED THE CHALLENGES
3 RIGHT SPOT ON. WILL YOU IN JULY COME BACK WITH
4 SPECIFICALLY WHAT YOU'RE GOING TO DO TO ACTUALLY
5 MEET ALL THESE GOALS THAT YOU HAVE HIGHLIGHTED?

6 DR. MILLS: CORRECT. SO WE'RE COMING BACK
7 IN JULY WITH A CONCEPT PLAN, WHICH IS AS SPECIFIC AS
8 WE CAN BE TO THE BOARD, ABOUT WHAT WE'RE GOING TO
9 DO. SO, YES, IT WILL BE ALL THE IDEAS ON HOW WE'RE
10 GOING TO ACHIEVE THIS. I'LL GIVE YOU A HINT. IT
11 LOOKS A LOT LIKE THIS WITH A PREDICTABLE SCHEDULE OF
12 WHEN THEY RUN. BUT THERE WILL BE A FULL FORMAL
13 CONCEPT PLAN IN JULY.

14 ANY OTHER QUESTIONS?

15 OKAY. THIS NEXT ONE I REALLY LOVE IF YOU
16 DIDN'T THINK I LOVED THAT ONE. THIS IS CREATIVITY
17 AND BRIDGES. SO RECALL IN THE OCTOBER BOARD
18 MEETING, WE CAME TO THE BOARD AND ASKED THE BOARD TO
19 EXTEND FOR ONE YEAR THE CREATIVITY AND THE BRIDGES
20 EDUCATIONAL PROGRAM. SO THESE ARE THE PROGRAMS:
21 CREATIVITY FOR HIGH SCHOOL AGE STUDENTS, TRYING TO
22 GET THEM INVOLVED IN THE FIELD OF STEM CELL
23 RESEARCH. AND BRIDGES IS FOR THE UNDERGRADUATE AND
24 MASTER'S LEVEL PROGRAMS, AND THESE ARE FOR
25 FACILITIES THAT DIDN'T RECEIVE A MAJOR FACILITY

BARRISTERS' REPORTING SERVICE

1 AWARD FROM CIRM. AND SO THESE ARE VERY OFTEN
2 FOUR-YEAR COLLEGES OR THE CAL STATES INSIDE
3 CALIFORNIA.

4 WE CAME BACK IN OCTOBER AND WE SAID -- IT
5 WAS A QUESTION THAT BOARD RAISED -- ARE THESE
6 PROGRAMS VIABLE? SHOULD WE HAVE THEM? EARLIER AND
7 I THINK BEFORE MY TIME, THERE WAS A REQUEST FOR A
8 THREE-YEAR EXTENSION OF THESE PROGRAMS WHICH WAS
9 DENIED BY THE BOARD. WE CAME BACK IN OCTOBER AND
10 SAID THESE TWO PROGRAMS WE THINK HAVE MERIT, BUT WE
11 ALSO THINK WE COULD MAKE THEM BETTER. AND WE ASKED
12 FOR A ONE-YEAR EXTENSION FOR THE PROGRAM WHILE WE
13 GOT IT RETOOLED. SO WE'VE BEEN DOING THAT
14 RETOOLING, AND THIS WILL BE COMING BACK TO THE BOARD
15 AGAIN IN A FORMAL CONCEPT PLAN IN JULY. JUST A
16 PREVIEW ON WHAT WE'RE DOING WITH REGARDS TO
17 CREATIVITY AND BRIDGES. HERE'S WHAT THIS LOOKS
18 LIKE.

19 SO THE CREATIVITY PROGRAM, AGAIN, THIS IS
20 THE HIGH SCHOOL PROGRAM, SO THE OBJECTIVE HERE IS TO
21 INSPIRE, EDUCATE, AND MOTIVATE HIGH SCHOOL STUDENTS
22 TO BECOME INVOLVED IN CIRM'S MISSION OF ACCELERATING
23 STEM CELL TREATMENTS TO PATIENTS WITH UNMET MEDICAL
24 NEEDS. WE'RE GOING TO BE CHANGING THIS CREATIVITY
25 TERM OVER TO SPARK. IT STANDS FOR SUMMER PROGRAM

BARRISTERS' REPORTING SERVICE

1 FOR ADVANCING REGENERATIVE MEDICINE KNOWLEDGE.

2 BASICALLY THERE'S A LOT ABOUT THIS PROGRAM
3 THAT WE LIKE. FIRST IS IT'S REALLY GREAT,
4 SUPERVISED, HANDS-ON RESEARCH FOCUSED ON HUMAN
5 DISEASE AND REGENERATIVE MEDICINE. SECOND, NOT ONLY
6 DO THEY DO THE RESEARCH, BUT THERE'S A PRESENTATION
7 DAY, A POSTER DAY WHERE THEY COME AND THEY GIVE
8 PRESENTATIONS ON THE RESEARCH THAT THEY DID. IF YOU
9 HAVEN'T HAD A CHANCE TO SEE IT, IT'S A BLAST. THEY
10 LOVE COMING AND TALKING ABOUT THEIR PROGRAMS.

11 LASTLY, THIS PROGRAM, AS DOES THE BRIDGES
12 PROGRAM, SIGNIFICANTLY BROADENS ENROLLMENT AND
13 PARTICIPATION FROM UNDERREPRESENTED POPULATIONS. SO
14 ALL OF THAT WE LOVE AND ALL OF THAT WE WANT TO KEEP.

15 SIMILARLY, SO BRIDGES IS THE UNDERGRADUATE
16 AND MASTER'S COUNTERPART TO THE CREATIVITY OR SPARK
17 PROGRAM. THE PURPOSE HERE IS TO PREPARE
18 CALIFORNIA'S UNDERGRADUATE AND MASTER LEVEL STUDENTS
19 FOR HIGHLY PRODUCTIVE CAREERS IN STEM CELL RESEARCH
20 AND DEVELOPMENT. HERE, A LOT OF GREAT THINGS ABOUT
21 THIS PROGRAM. WHAT ARE WE KEEPING? HANDS-ON
22 RESEARCH INTERNSHIP. TWO, THESE ARE USUALLY
23 ONE-YEAR LONG PROGRAMS. WE GIVE THEM A SPECIFIC
24 COURSE IN TRAINING THEM SPECIFICALLY ON TECHNIQUES
25 UTILIZED IN STEM CELL RESEARCH. WE ENHANCE THEIR

BARRISTERS' REPORTING SERVICE

1 EDUCATIONAL EXPERIENCE BY GIVING THEM DIFFERENT
2 ACADEMIC COURSES SPECIFICALLY RELATED TO STEM CELLS.
3 AND THEN, AGAIN, THIS IS ANOTHER AREA WHERE WE'RE
4 CLEARLY BROADENING PARTICIPATION FROM
5 UNDERREPRESENTED AREAS. WE LOVE ALL OF THAT. WE'RE
6 KEEPING ALL THAT.

7 SO WHAT ARE WE DOING? HOW ARE WE MAKING
8 THIS PROGRAM BETTER? BASICALLY WHAT WE'RE TRYING TO
9 DO IS ADD CONTEXT AND HAVE THIS PROGRAM BETTER
10 ALIGNED WITH OUR MISSION AND FOUR-POINT TEST. RIGHT
11 NOW IF YOU LOOK AT THIS, WHAT WE OFFER THESE PEOPLE
12 IS REALLY A FIRST CLASS RESEARCH EXPERIENCE, WHETHER
13 IT BE IN THE UNDERGRADUATE LEVEL OR AT THE HIGH
14 SCHOOL LEVEL. FOR THEIR AGE CLEARLY THE PRODUCT
15 WE'RE PRODUCING FROM A RESEARCH STANDPOINT IS VERY
16 GOOD. WHAT WE'RE ADDING NOW IS CONTEXT. AND SO
17 WE'RE ADDING A COMMUNITY OUTREACH PROGRAM, AND THIS
18 IS GETTING THEM INVOLVED IN HOW REGENERATIVE
19 MEDICINE ACTUALLY PLAYS AN IMPACT IN HEALTHCARE
20 TODAY. SO THIS MIGHT BE SOMETHING LIKE WORKING ON A
21 BONE MARROW TYPING DRIVE. THIS IS PARTICULARLY
22 IMPORTANT BECAUSE THESE ARE STUDENTS THAT COME FROM
23 UNDERREPRESENTED COMMUNITIES IN REGENERATIVE
24 MEDICINE. THOSE ARE ALSO UNDERREPRESENTED
25 COMMUNITIES IN THINGS LIKE THE BONE MARROW REGISTRY

BARRISTERS' REPORTING SERVICE

1 AND THE LIKE. SO GETTING THEM OUT THERE AND HAVING
2 THEM HAVE A DIRECT IMPACT, EDUCATING THEIR COMMUNITY
3 ABOUT HOW THEY CAN ACTUALLY HELP AND GET INVOLVED.

4 REGULATORY TRAINING IS ESSENTIAL. IF
5 THERE IS AN UNMET MEDICAL NEED RIGHT NOW THAT EXISTS
6 AT CIRM, IT'S AN UNDERSTANDING OF THE REGULATORY
7 PROCESS BY THE ACADEMIC COMMUNITY. AND SO ACTUALLY
8 HAVING AN INTRODUCTION AT THE HIGH SCHOOL LEVEL IN
9 MORE OF A SEMINAR FORMAT, BUT ACTUALLY FORMAL
10 TRAINING IN THE UNDERGRADUATE AND MASTER'S LEVEL IN
11 REALLY UNDERSTANDING NOT JUST STEM CELL RESEARCH,
12 BUT ACTUALLY HOW THAT STEM CELL RESEARCH MAKES IT TO
13 PATIENTS THROUGH THE FDA AND THE REGULATORY PROCESS.

14 WE'RE REQUIRING DIRECT PATIENT
15 INTERACTION. WE WANT THEM TO UNDERSTAND THE
16 POPULATIONS THAT THEY ARE TREATING.

17 LASTLY, AND THIS IS FOR THE BRIDGES
18 STUDENTS ONLY, DYNAMIC CAREER COUNSELING. SO NOT
19 JUST A ONE-TIME SIT-DOWN, BUT A SIT-DOWN AT THE
20 BEGINNING, THE MIDDLE, AND THE END OF THE PROGRAM AS
21 THEY EVOLVE AND THEIR INTERESTS EVOLVE SO THEY END
22 UP GETTING TO WHERE THEY WANT TO BE. SO, FOR
23 EXAMPLE, IF THEY WANT TO LEAVE THAT AND GO INTO A
24 CAREER IN LABORATORY MEDICINE RIGHT AWAY, THEN THEY
25 CAN DO THAT. IF THEY WANT TO INSTEAD PURSUE

BARRISTERS' REPORTING SERVICE

1 ADDITIONAL EDUCATION, WE WANT TO MAKE SURE THAT THEY
2 GET THE COUNSELING TO DO THAT.

3 BASICALLY WE'RE TAKING WHAT WE THINK ARE A
4 GOOD PROGRAM AND WE'RE ADDING SOME CONTEXT AROUND IT
5 AND WE HOPE WE'RE MAKING WHAT WE THINK WILL BE A
6 GREAT PROGRAM.

7 ANY QUESTIONS ABOUT THIS?

8 DR. WINTROUB: HOW ARE YOU SPECIFICALLY
9 ACCESSING THE UNDERREPRESENTED POPULATIONS? THIS IS
10 NOT JUST A PROBLEM FOR THIS PROGRAM. THIS IS A
11 GENERAL PROBLEM IN SCIENCE. I'M JUST CURIOUS ABOUT
12 WHAT OUR METHODS ARE.

13 DR. MILLS: REALLY THE METHODS, IT WAS
14 SOMETHING DR. YAFFE AND I WERE TALKING ABOUT IN THE
15 PAST COUPLE OF DAYS. THE INSTITUTIONS THAT THESE
16 PROGRAMS ARE AVAILABLE TO, AS A STARTING POPULATION,
17 ARE MORE DIVERSE; AND, THEREFORE, THE POPULATION
18 THAT WE'RE PULLING INTO THIS PROGRAM HISTORICALLY
19 HAS BEEN MORE DIVERSE. IT'S NOT MUCH MORE THAN
20 THAT. BECAUSE THERE IS NO UC AVAILABLE, BECAUSE
21 SCRIPPS IS NOT AVAILABLE, ALL THE MAJOR RESEARCH
22 INSTITUTIONS HAVE BEEN TAKEN OUT OF THE POOL.
23 WHAT'S LEFT IS ONE THAT HAS, NATURALLY SPEAKING, A
24 MORE DIVERSE POPULATION. SO THAT'S HOW THAT GETS
25 ADDRESSED.

BARRISTERS' REPORTING SERVICE

1 DR. JUELSGAARD: HOW DO YOU MEASURE
2 MEETING YOUR OBJECTIVES IN BOTH OF THESE PROGRAMS?

3 DR. MILLS: SO WE'VE DONE A REASONABLE JOB
4 HISTORICALLY, BUT I'LL TELL YOU IT WAS
5 RETROSPECTIVE. SO THAT ALWAYS HAS ITS ABILITIES OF
6 LOOKING AT PLACEMENT OF THESE INDIVIDUALS. IN THIS
7 PROGRAM GOING FORWARD, THERE WILL BE PROSPECTIVE
8 MONITORING OF IT WHERE IT'S NOT GOING TO BE, OH, WE
9 WANT TO CALL BACK UP AND WHATEVER HAPPENED TO THAT
10 GUY IN YOUR LAB, BUT IT WILL ACTUALLY BE A
11 REQUIREMENT OF THE PROGRAM THAT WE HAVE REPORTING
12 ONWHERE THEY GO ULTIMATELY. IT'S ANECDOTAL, BUT I
13 CAN TELL YOU, HAVING GONE AROUND, ONE OF THE THINGS
14 THAT WE'RE DOING FOR D AND T AND DISCOVERY IS GOING
15 AROUND AND MEETING WITH THE MAJOR RESEARCH CENTERS
16 WHO, FROM A LARGE STANDPOINT, ARE THE CONSUMER OF
17 THESE, THEY LOVE THE PROGRAM. I MEAN IT'S RARE THAT
18 YOU HEAR AN ACADEMIC INSTITUTION TALK ABOUT OTHER
19 ACADEMIC INSTITUTIONS AS PROUDLY AS THEY TALK ABOUT
20 THE STUDENTS THAT COME FROM THESE. IT'S ANECDOTAL,
21 BUT IT'S PRETTY CONSISTENT IN ITS FEEDBACK. SO WE
22 LIKE THAT.

23 TO DIRECTLY ANSWER YOUR QUESTION, GOING
24 FORWARD WE WILL HAVE PROSPECTIVE MEASUREMENTS OF
25 WHAT THE OUTCOMES OF THESE INDIVIDUALS ARE.

BARRISTERS' REPORTING SERVICE

1 DR. HIGGINS: DOES THIS REQUIRE
2 SIGNIFICANT BUDGET INCREASE, EITHER MONIES
3 INTERNALLY OR EXTERNALLY?

4 DR. MILLS: NO. SO THESE TWO PROGRAMS ARE
5 CURRENTLY FUNDED RIGHT NOW AND INCLUDED IN THE AWARD
6 TOTAL THAT YOU'VE SEEN THIS YEAR AND HAVE A BURDEN,
7 AN ANNUAL BURDEN, OF ABOUT \$9 MILLION.

8 DR. STEWARD: RANDY, I SORT OF HESITATE TO
9 MAKE THIS POINT NOW, BUT IT COMES UP BECAUSE THIS IS
10 REALLY AN EDUCATIONAL THING THAT'S TARGETING SORT OF
11 THE ENTRY LEVEL PEOPLE. AND THE POINT IS I HAVE A
12 FRIEND WHO HAPPENS TO HAVE A SPINAL CORD INJURY, AND
13 SHE REACTS VERY VIOLENTLY WHEN SOMEBODY CALLS HER A
14 PATIENT. SHE SAYS, "I'M NOT A PATIENT. I'M A
15 PERSON WITH A SPINAL CORD INJURY." I'D JUST LIKE TO
16 FLAG THAT FOR YOU GOING FORWARD, ESPECIALLY FOR THE
17 PEOPLE WORKING ON SPARKS AND BRIDGES, THAT THIS WORD
18 "PATIENT" IS ONE THAT IT WOULD BE GOOD TO FIND A
19 SUBSTITUTE FOR.

20 DR. MILLS: FAIR ENOUGH.

21 DR. STEWARD: JUST TO SAY.

22 MR. TORRES: WHENEVER AN AWARD IS GRANTED,
23 I SEND A COPY OF THAT AWARD TO THE MEMBER OF THE
24 LEGISLATURE WHOSE DISTRICT THAT MAY BE IN. MEMBER
25 OF CONGRESS, REPUBLICAN OR DEMOCRAT, ASSEMBLYMEMBER,

BARRISTERS' REPORTING SERVICE

1 SENATOR, GET SOME RESPONSE, INTEREST TO VISIT THE
2 SITE. BUT WHEN I SEND THEM THE PROJECTS OF BRIDGES
3 AND CREATIVITY, THEY MAKE A CONCERTED EFFORT TO MEET
4 WITH SOME OF THESE STUDENTS, AND IT'S A REMARKABLE
5 EXCHANGE.

6 I'VE BEEN TO MANY OF THESE CREATIVITY
7 MEETINGS WHERE I'VE MET YOUNG PEOPLE WHO ARE GOING
8 TO A HIGH SCHOOL THAT WAS NAMED AFTER ONE OF MY
9 MENTORS IN EAST LOS ANGELES. THE FIRST LATINO
10 DOCTOR THAT OPENED UP AN OFFICE THERE IN EAST LA,
11 THE BRAVO HIGH SCHOOL. AND FOR ME TO SHARE PERSONAL
12 STORIES OF DR. BRAVO WITH THESE STUDENTS WAS JUST AN
13 INCREDIBLE EXPERIENCE.

14 WHAT WE'RE DOING NOT ONLY IS REPRESENTING
15 THE DIVERSITY OF CALIFORNIA, BUT THE LEGISLATURE AND
16 OUR CURRENT TREASURER, JOHN CHIANG, IS A BIG
17 SUPPORTER OF BOTH THESE PROGRAMS BECAUSE HE BELIEVES
18 IN WHAT THEY'RE DOING. AND HE'S VISITED SOME OF
19 THEM AS WELL. SO I JUST WANT TO SAY AGAIN TO YOU
20 AND OUR STAFF THESE TWO PROGRAMS ARE GOING TO BE THE
21 FUTURE FOR CALIFORNIA.

22 DR. MILLS: THEY'RE PRETTY COOL.

23 DR. LUBIN: SO, RANDY, I AGREE WITH THE
24 IMPORTANCE OF THESE PROGRAMS. AS YOU KNOW AND SOME
25 OF THE OTHERS KNOW, WE'VE HAD ACTUALLY FOR 40 YEARS

BARRISTERS' REPORTING SERVICE

1 NOW WHAT THE NIH CALLED SHORT-TERM MINORITY
2 INTERNSHIP PROGRAMS. WE JUST GOT ANOTHER FIVE-YEAR
3 RENEWAL. IT WAS ORIGINALLY CALLED MINORITY. NOW
4 IT'S SOCIOECONOMICALLY CHALLENGED, SO IT'S BETTER.

5 BUT WHAT WE'VE DONE, WHICH I WOULD
6 ENCOURAGE YOU TO THINK ABOUT, IS THAT SINCE THIS IS
7 SUCH A ROBUST ENVIRONMENT IN THE BAY AREA WITH UCSF,
8 WITH STANFORD, WITH BERKELEY, WITH LAWRENCE BERKELEY
9 LAB IS THAT WE DON'T MAKE A CRITERIA BASED UPON THE
10 GRADES OF THE STUDENTS BECAUSE IF YOU DO THAT,
11 YOU'RE GOING TO ELIMINATE A LOT OF PEOPLE WHO THIS
12 WOULD BE THEIR ONLY CHANCE TO GET INTO SCIENCE. SO
13 WE REALLY LOOK AT THE LETTERS OF RECOMMENDATION, THE
14 LETTERS FROM THE STUDENTS, AND WE HAVE REALLY DONE
15 EXCEPTIONALLY WELL WITH THAT GOAL IN MIND BECAUSE
16 THE STRAIGHT A STUDENTS HAVE OPPORTUNITIES AT THESE
17 OTHER PLACES I MENTIONED. AND I THINK IF YOU REALLY
18 WANT TO GET PEOPLE THAT ARE UNDERREPRESENTED,
19 OFTENTIMES THEY'RE SUPPORTING THEIR FAMILIES. SO
20 THEIR GRADES MAY BE REALLY AFFECTED BY ALL THE OTHER
21 RESPONSIBILITIES THEY HAVE. BUT GIVING THEM AN
22 OPPORTUNITY TO DO THIS GIVES THEM ENCOURAGEMENT AND
23 FEELINGS ABOUT THEIR OWN LIVES ABOUT WHAT THEY CAN
24 DO.

25 I THINK IF OUR GOAL IS TO DO THAT, WE

BARRISTERS' REPORTING SERVICE

1 SHOULD REALLY LOOK AT HOW THE CRITERIA ARE DEVELOPED
2 FOR ACCEPTING A STUDENT INTO THE PROGRAM.

3 DR. PADILLA: HOW DO YOU ENSURE THAT THIS
4 PROGRAM IS ADVERTISED OR OPEN TO ALL AREAS OF
5 CALIFORNIA?

6 DR. MILLS: SO IT'S NOT. HERE'S THE WAY
7 THE PROGRAM WORKS JUST SO PEOPLE UNDERSTAND IT. WE
8 ISSUE AN RFA TO WHERE INSTITUTIONS CAN APPLY,
9 COMPETE, AND WIN AWARDS, AND THEN IT'S UP FOR THE
10 INDIVIDUAL INSTITUTIONS TO APPLY. WE DID NOT PICK
11 STUDENTS. WE DO NOT PUT STUDENTS IN. BASICALLY
12 WHAT WE DO IS WE LAY OUT REQUIREMENTS FOR IF YOU
13 WANT OUR FUNDING, YOU HAVE TO DEVELOP YOUR OWN
14 PROGRAM THAT HAS THIS KIND OF CURRICULUM AND THAT
15 PRODUCES THIS KIND OF PRODUCT. IT'S UP FOR THE
16 ACTUAL INSTITUTIONS TO, ONE, APPLY; AND THEN, TWO,
17 THEY DO THEIR ADVERTISING, OUTREACH, SELECTION, AND
18 THE LIKE.

19 DR. PADILLA: I WOULD HAVE TO SAY THAT
20 IT'S MAYBE A CHALLENGE IN SOME CENTERS OF CALIFORNIA
21 OR SOME AREAS OF CALIFORNIA THAT DON'T HAVE LARGE
22 ACADEMIC CENTERS OR RESEARCH COMPANIES THAT CAN TAKE
23 THIS ON AS A PROJECT. SO HOW DO YOU --

24 DR. MILLS: WE'VE HAD THIS FOR A WHILE.
25 NONE OF THESE ARE AT PLACES WITH LARGE INSTITUTIONS.

BARRISTERS' REPORTING SERVICE

1 THIS IS NOT THE PROGRAM FOR THE UCLA'S AND THE
2 STANFORDS OF THE WORLD. THEY'RE ACTUALLY
3 SPECIFICALLY EXCLUDED FROM THIS. SO THEY'RE NOT
4 COMPETING AGAINST THOSE KIND OF INSTITUTIONS.
5 THEY'RE ACTUALLY COMPETING AGAINST THEIR PEER GROUP,
6 THE FOUR-YEAR OUT OF CAL STATE OR THE LIKE.

7 DR. YAFFE: THAT'S CORRECT. THE OTHER
8 THING I MIGHT MENTION IS WE PROVIDE FUNDS WITHIN
9 THESE PROGRAMS FOR STUDENTS TO VISIT AND CARRY OUT
10 RESEARCH INTERNSHIPS AT THE MAJOR UNIVERSITIES AND
11 RESEARCH CENTERS. SO, FOR EXAMPLE, WE'VE HAD A
12 PROGRAM AT HUMBOLDT STATE, PROBABLY THE FURTHEST
13 LOCATION AWAY FROM THE CENTERS OF RESEARCH IN
14 CALIFORNIA, AND THOSE STUDENTS COME TO THE BAY AREA,
15 THEY WORK AT STANFORD AND BERKELEY AND UCSF AND THEY
16 GO TO DAVIS AND THEY DO THEIR RESEARCH THERE. WE
17 PROVIDE FUNDS WITHIN THE PROGRAM FOR THEIR LIVING
18 NEARBY AND FOR THEIR TRAVEL.

19 WE HAVEN'T REPRESENTED THE ENTIRE STATE.
20 WE REPRESENT MUCH OF THE STATE. WE'D LIKE TO SEE
21 SOME APPLICANTS FROM SAN JOAQUIN VALLEY BECAUSE
22 THAT'S AN AREA THAT HAS NOT SEEN AS MUCH IMPACT. WE
23 HAVE HAD SACRAMENTO STATE. WE'VE HAD A NUMBER OF
24 OTHER STATE UNIVERSITIES AND COMMUNITY COLLEGES
25 INVOLVED IN THIS PROGRAM.

BARRISTERS' REPORTING SERVICE

1 BUT AS PRESIDENT MILLS SAID, WE NEED THOSE
2 PEOPLE TO APPLY. SO PEOPLE SHOULD GO OUT TO THEIR
3 COMMUNITIES AND TALK TO COLLEGES AND TELL THEM PUT
4 IN AN APPLICATION BECAUSE WE WANT TO SEE THAT EVEN
5 BROADENED.

6 MR. TORRES: WE SAW UNDERREPRESENTATION
7 REDUCED TODAY BY HAVING OUR FIRST MEMBER FROM
8 CENTRAL CALIFORNIA ON OUR BOARD, AND I THINK SHE'S
9 GOING TO PROVIDE A GREAT VOICE FOR US.

10 DR. MILLS: EXCELLENT. SO THINGS TO COME.
11 JUST GOING FORWARD, WE HAVE A BUSY, BUSY JULY COMING
12 UP. YOU CAN TELL FROM THE PREVIEWS THAT WE'VE HAD.

13 SO WE HAVE CONCEPT PLANS FOR CREATIVITY
14 AND BRIDGES WHICH WILL BE COMING TO YOU FOR
15 CONSIDERATION. WE HAVE THE CIRM 2.0 DISCOVERY AND
16 TRANSLATIONAL STAGE PROGRAMS WHICH WILL BE COMING
17 FOR CONSIDERATION. WE HAVE WHAT WILL BE THE FIRST
18 PASS OF OUR STRATEGIC PLAN. I'LL TALK MORE ABOUT
19 THAT, BUT YOU WILL HAVE A COPY OF A STRATEGIC PLAN
20 THAT WE'LL GET FEEDBACK FROM. AND THEN WE'LL ALSO
21 BE AT THAT POINT PROVIDING A FORMAL UPDATE TO OUR
22 PERFORMANCE AUDIT.

23 FOR THE REMAINDER OF 2015, IT'S EQUALLY
24 BUSY. SO WE HAVE TO INITIATE WHAT WE'RE CALLING
25 CIRM 2.0 CORE. AND CORE IS OUR INTERNAL TERM THAT

BARRISTERS' REPORTING SERVICE

1 WE'RE USING TO BASICALLY SAY EVERYTHING THAT WE
2 DIDN'T CLEAN UP THROUGH EDUCATION, TRANSLATIONAL,
3 DISCOVERY, CLINICAL, ALL THOSE OTHER THINGS WE'VE
4 DONE IN 2.0, WE NEED TO CLEAN ALL THAT STUFF UP, AND
5 WE NEED TO GET IT UP TO SPEED AND MAKE IT STATE OF
6 THE ART. OUR INTERNAL PRACTICE, OF THE THINGS THAT
7 WERE COVERED IN THE PERFORMANCE AUDIT, WE JUST NEED
8 TO GET OUR HANDS AROUND ALL OF THE REMAINING STUFF
9 AND GET THE ENTIRETY OF CIRM UP TO, LET'S CALL IT,
10 2.0 STANDARDS.

11 WE HAVE A RELOCATION COMING WHICH WE HAVE
12 TO PULL OFF SUCCESSFULLY. WE'RE GOING TO BE
13 SUBMITTING AN ALPHA CLINICS CONCEPT PLAN FOR WHAT
14 WE'RE NOW CALLING AN ACCELERATING CENTER. THIS IS A
15 MODIFICATION. IT WAS BASICALLY A SHARPENING OF WHAT
16 WAS ORIGINALLY PROPOSED AS THE COORDINATING CENTER
17 TO THE ALPHA CLINICS. WE'VE NOW GOT THOSE ALPHA
18 CLINICS OUT THERE. WE'VE GOTTEN THEM UP AND
19 OPERATIONAL. MARIA BONNEVILLE IS DOING A GREAT JOB
20 OF THAT. GETTING A LOT OF FEEDBACK. AND NOW WE
21 KNOW EXACTLY WHAT THEY NEED TO BE SUCCESSFUL, AND SO
22 NOW WE CAN GO BUILD THEM THE PERFECT TOOL, WHICH IS
23 THIS ACCELERATING CENTER, SO THEY CAN BE SUCCESSFUL.

24 LASTLY, WE HAVE TO OPERATIONALIZE ALL THIS
25 NEW STUFF. SO DISCOVERY PROGRAM, TRANSLATIONAL

BARRISTERS' REPORTING SERVICE

1 PROGRAM, CREATIVITY AND BRIDGES PROGRAM ON TOP OF
2 RUNNING THAT CLINICAL MACHINE WHICH RUNS 24 HOURS A
3 DAY NOW AT CIRM. SO WE HAVE A REALLY, REALLY BUSY
4 2015; BUT FROM MY STANDPOINT, IT'S BEEN REALLY
5 EXCITING.

6 ANY OTHER QUESTIONS?

7 MR. SHEEHY: THANK YOU FOR THE
8 PRESENTATION. I JUST WONDERED, AND I KNOW IT'S
9 PREMATURE, BUT JUST A LITTLE BIT MORE ON THE ALPHA
10 CLINICS ACCELERATING CONCEPT PLAN, WHAT YOU'RE KIND
11 OF ANTICIPATING. IS THIS MORE ALPHA CLINICS?

12 DR. MILLS: NO. NO. SO THE ACCELERATING
13 CENTER IS THERE WAS A COORDINATING CENTER BEFORE
14 THAT WAS GOING TO DO JUST ABOUT EVERYTHING UNDER THE
15 SUN, IT SEEMED. WHAT WE'RE DOING NOW IS WE'RE
16 FOCUSING THAT DOWN BASICALLY TO THREE SPECIFIC
17 THINGS THAT THE ALPHA CLINICS ARE SAYING IF WE COULD
18 HAVE HELP WITH SOMETHING, THIS IS WHAT IT WOULD BE.
19 IT BASICALLY CENTERS AROUND THINGS LIKE REGULATORY
20 HELP, FILING IND'S, CLINICAL OPS, DATA MANAGEMENT,
21 AND GIVING THEM ACCESS TO SOMETHING THAT CAN
22 ACTUALLY HELP THEM TAKE THEIR TRIALS FROM CONCEPT
23 STAGE AND ACTUALLY OPERATIONALIZE THEM AND GET THE
24 PATIENTS TREATED, AND, MORE IMPORTANTLY, GET THE
25 TRIAL CONDUCTED AND MONITORED AND THE DATA ANALYZED

BARRISTERS' REPORTING SERVICE

1 IN A MANNER WHICH WILL BE HELPFUL FOR US GOING
2 FORWARD.

3 MR. SHEEHY: SO IS THERE A PLAN? AS ALL
4 THESE PIECES ARE GOING TO GET ASSEMBLED, EXISTING
5 ALPHA CLINICS AND THE ACCELERATING CENTER, AND WE
6 KIND GET A TEMPLATE TO PERHAPS COME BACK AND LOOK AT
7 HAVING ADDITIONAL OPPORTUNITIES FOR ALPHA CLINICS
8 AROUND THE STATE?

9 DR. MILLS: AS WE SAID WHEN WE DID THE
10 FIRST ALPHA CLINICS PASS OF IT WAS WE WILL GET THE
11 THREE UP THAT GOT FUNDING SCORES, WE'LL GET THE
12 ACCELERATING CENTER IN PLACE, WE WILL EVALUATE IT
13 AND SEE IF IT ACTUALLY IS PRODUCING THE WAY WE HOPE
14 IT CAN IN A MANAGEABLE SCALE; AND THEN IF WE LIKE
15 IT, PRODUCE IT, REPRODUCE IT. THAT'S THE GOAL.

16 MR. ROWLETT: I WOULD BE VERY INTERESTED
17 IN LOOKING AT THE CONCEPT PLAN, MAYBE OUR NEWEST
18 BOARD MEMBER, FOR SPARKS AND BRIDGES, AS
19 APPROPRIATE, BECAUSE I'M INTERESTED IN HOW EFFECTIVE
20 WE ARE AT ADDRESSING SOME OF THE CONCERNS THAT WERE
21 RAISED RELATED TO REPRESENTATION AND HOW WE ENGAGE
22 UNDERREPRESENTED GROUPS, UNDERREPRESENTED CITIZENS
23 IN PARTICIPATION IN THOSE PROGRAMS.

24 AS APPROPRIATE, IT WOULD REALLY BE NICE TO
25 TAKE A LOOK AT THAT AGAIN PRIOR TO PRESENTING IT TO

BARRISTERS' REPORTING SERVICE

1 THE BOARD.

2 DR. MILLS: ABSOLUTELY. MAKE SURE WE DO
3 THAT. ANYTHING ELSE? THANK YOU VERY MUCH.

4 CHAIRMAN THOMAS: THANK YOU VERY MUCH,
5 RANDY. OBVIOUSLY HAVE LOT OF GREAT STUFF GOING ON
6 AND LOT OF GREAT STUFF TO COME. AND CONTINUED
7 CONGRATULATIONS ON ALL OF THIS FINE WORK TO YOU AND
8 TO ALL THE MEMBERS OF THE TEAM.

9 WE'RE GOING TO NOW TAKE A BRIEF BREAK FOR
10 BETH.

11 (A RECESS WAS TAKEN.)

12 CHAIRMAN THOMAS: EVERYBODY TAKE YOUR
13 SEATS PLEASE. WE'D LIKE TO RESUME.

14 OKAY. WE'RE GOING TO GO ON TO ITEM 6,
15 CONSIDERATION OF RULE OF ORDER AUTHORIZING A CONSENT
16 CALENDAR. MR. TOCHER.

17 MR. TOCHER: ALL RIGHT. GOOD MORNING,
18 CHAIRMAN AND MEMBERS. WITH THIS ITEM, THE LEGAL
19 TEAM WOULD LIKE TO INTRODUCE A RADICAL NEW CONCEPT
20 TO THE BOARD'S MEETINGS. FOR THOSE OF YOU THAT MAY
21 SERVE ON OTHER BOARDS, YOU KNOW THAT A CONSENT
22 CALENDAR IS A TOOL THAT ALLOWS BOARDS TO EFFICIENTLY
23 DISPENSE WITH ROUTINE AND NONCONTROVERSIAL ITEMS ON
24 THE AGENDA. THAT IS TO SAY THAT INSTEAD OF HANDLING
25 SUCH ITEMS ONE AT A TIME WHERE THERE IS A SEPARATE

BARRISTERS' REPORTING SERVICE

1 STAFF PRESENTATION FOR EACH ITEM, DISCUSSION, AND A
2 VOTE, SUCH ITEMS ARE COLLECTED UNDER ONE ITEM, THE
3 CONSENT CALENDAR, AND ARE THE SUBJECT OF JUST ONE
4 MOTION THAT ADOPTS ALL OF THE ITEMS ALL AT ONCE.

5 THIS IS DONE, HOWEVER, WITHOUT A
6 PRESENTATION AND WITHOUT DISCUSSION OF INDIVIDUAL
7 ITEMS. AND BECAUSE OF THIS, PRIOR TO ADOPTING THE
8 CONSENT CALENDAR ITEMS, CHAIRMAN THOMAS WILL ASK IF
9 ANY MEMBER WOULD LIKE TO REMOVE AN ITEM FOR
10 DISCUSSION LATER ON IN THE BOARD MEETING. NO MOTION
11 IS NECESSARY FOR ANY MEMBER TO REMOVE AN ITEM, JUST
12 SIMPLY INDICATE THAT THEY WOULD LIKE TO DO SO.

13 TO INITIATE THE USE OF A CONSENT CALENDAR,
14 WE MUST ADOPT THE RULE THAT IS IDENTIFIED ON PAGE 2
15 OF THE MEMO IN YOUR -- WE DON'T HAVE BINDERS
16 ANYMORE. IT'S ITEM 6 AND IT'S ON PAGE 2. WE FOLLOW
17 ROBERT'S RULES OF ORDER; AND, ACCORDINGLY, WE WOULD
18 NEED A MOTION TO ADOPT THAT RULE IN ORDER TO PROCEED
19 WITH THE CONSENT CALENDAR.

20 IF THERE ARE ANY QUESTIONS.

21 MR. TORRES: I SO MOVE.

22 DR. BURTIS: SECOND.

23 CHAIRMAN THOMAS: MOVED BY SENATOR TORRES,
24 SECONDED BY DR. BURTIS. ALL THOSE IN FAVOR PLEASE
25 SAY AYE. OPPOSED? MARIA, PLEASE CALL THE ROLL ON

BARRISTERS' REPORTING SERVICE

1 THE PHONE.

2 MS. BONNEVILLE: JACOB LEVIN.

3 DR. LEVIN: AYE.

4 MS. BONNEVILLE: JOE PANETTA.

5 MR. PANETTA: AYE.

6 CHAIRMAN THOMAS: OKAY. THANK YOU. THAT
7 MOTION PASSES. SO WE HAVE NOW BEFORE US THE --
8 THANK YOU, MR. TOCHER. WE HAVE BEFORE US THE
9 CONSENT CALENDAR ITEMS 7 THROUGH 9, WHICH ARE
10 VARIOUSLY CONSIDERATION OF APPOINTMENT OF NEW
11 SCIENTIFIC MEMBERS TO THE GRANTS WORKING GROUP,
12 CONSIDERATION OF AMENDMENTS TO THE GWG BYLAWS, AND
13 CONSIDERATION OF MINUTES FROM JANUARY AND MARCH ICOC
14 BOARD MEETINGS.

15 ANYBODY WANT TO HAVE ANY OF THOSE ITEMS
16 TAKEN OFF THE CONSENT CALENDAR FOR INDIVIDUAL
17 CONSIDERATION? SEEING NONE, DO I HAVE A MOTION TO
18 PASS THE CONSENT CALENDAR?

19 MR. TORRES: MOVE IT.

20 MR. ROWLETT: SECOND.

21 CHAIRMAN THOMAS: ALL THOSE IN FAVOR
22 PLEASE SAY AYE. OPPOSED?

23 MS. BONNEVILLE: LEON FINE. JACOB LEVIN.

24 DR. LEVIN: AYE.

25 MS. BONNEVILLE: JOE PANETTA.

BARRISTERS' REPORTING SERVICE

1 MR. PANETTA: AYE.

2 CHAIRMAN THOMAS: THANK YOU. NEXT WE HAVE
3 ITEM NO. 10, CONSIDERATION OF THE CIRM BUDGET FOR
4 FISCAL YEAR '15-'16. WE'LL TURN FIRST FOR SOME
5 SUMMARY COMMENTS TO MR. JUELSGAARD FOLLOWED BY MS.
6 SILVA-MARTIN TO PRESENT THE BUDGET. MR. JUELSGAARD.

7 DR. JUELSGAARD: THANK YOU, CHAIRMAN
8 THOMAS. SO THE FINANCE SUBCOMMITTEE MET A COUPLE OF
9 WEEKS AGO TO DISCUSS THE PROPOSED BUDGET FOR THE
10 COMING FISCAL YEAR. AND LET ME JUST SAY THAT I
11 THINK SIGNIFICANT STRIDES HAVE BEEN MADE IN TERMS OF
12 REALLY BUDGET PRESENTATION OF BOTH PROVIDING, AS
13 THEY SAY, SOME MEAT ON THE BONES. AND I THINK I CAN
14 SPEAK FOR MY CO-CHAIRMAN, DONNA WESTON. WE WERE
15 BOTH VERY PLEASED WITH WHERE WE ARE IN TERMS OF
16 REALLY TRYING TO UNDERSTAND THE BUDGET, BOTH
17 RETROSPECTIVELY WHAT WE'VE SPENT IN THE PRIOR YEAR
18 OR THIS PAST FISCAL YEAR AND WHAT WE WANT TO BUDGET
19 FOR THE COMING FISCAL YEAR BOTH IN AN OVERALL SENSE
20 AND A MORE DIRECTED SENSE.

21 AND SO WE REVIEWED THE BUDGET AND WERE
22 SUPPORTIVE OF IT. SO I WANT TO ESPECIALLY THANK
23 CHILA FOR ALL THE EFFORT THAT SHE'S PUT IN IN
24 DEVELOPING IT. I THINK SHE'S DONE A TREMENDOUS JOB.
25 AND I WANT TO THANK PRESIDENT MILLS FOR HIS

BARRISTERS' REPORTING SERVICE

1 OVERSIGHT OF THE BUDGET AS WELL AND FOR HELPING
2 PEOPLE THINK THROUGH HOW TO BEST TRY AND SPEND THE
3 MONEY THAT WE'RE GOING TO BE SPENDING IN THE COMING
4 YEAR.

5 SO WITH THAT, CHILA, I'LL TURN IT OVER TO
6 YOU.

7 MS. SILVA-MARTIN: THANK YOU. GOOD
8 MORNING, MR. CHAIR, MEMBERS OF THE BOARD. THANK YOU
9 FOR THE OPPORTUNITY TO PRESENT THE '15-'16 BUDGET.
10 BEFORE I ACTUALLY PRESENT THE BUDGET, THOUGH, I
11 WOULD LIKE TO PROVIDE YOU WITH A BRIEF FINANCIAL
12 UPDATE.

13 SO OVERALL WE'VE HAD NO MAJOR CHANGES
14 SINCE THE LAST TIME I REPORTED. OUR GRANT
15 DISBURSEMENTS ARE ON TRACK. WE CONTINUE TO MAINTAIN
16 A VERY HEALTHY CASH RESERVE. WE HAVE ABOUT \$41
17 MILLION AS OF APRIL. WE ARE SCHEDULED TO RECEIVE
18 ANOTHER \$15 MILLION OF COMMERCIAL PAPER IN THE NEXT
19 COUPLE OF DAYS.

20 LAST WEEK AMY LEWIS AND I ATTENDED A
21 TRAINING SPONSORED BY THE DEPARTMENT OF FINANCE AND
22 THE STATE TREASURER'S OFFICE FOR SECURING ADDITIONAL
23 FUNDS. AND THEY REALLY EXPLAINED TO US THAT
24 DEPENDING ON THE NEEDS OF THE DEPARTMENT AND REALLY
25 THE STATE'S CURRENT DEBT, THAT'S HOW THEY MAKE THE

BARRISTERS' REPORTING SERVICE

1 DETERMINATION OF WHETHER THEY'RE GOING TO FUND YOU
2 WITH MORE BOND FUNDS OR COMMERCIAL PAPER.

3 SO AT PRESENT THE STATE TREASURER'S OFFICE
4 HAS INDICATED TO US THAT THEY WILL CONTINUE FUNDING
5 US WITH COMMERCIAL PAPER TO MEET ALL OF OUR CASH
6 NEEDS. AND THIS REALLY PROVIDES FUNDS ON A SHORT
7 NOTICE AND REALLY PROVIDES THE STATE WITH A LOWER
8 COST.

9 SO MOVING ON TO THE '15-'16 BUDGET. SO
10 THE PRESENTATION FOR THE BUDGET WILL COVER OUR
11 FORECAST AND OUR EXPECTED FINANCIAL RESULTS FOR THE
12 '14-'15 FISCAL YEAR AND THE MAJOR DRIVERS THAT ARE
13 IMPACTING THOSE RESULTS. THEN WE'LL LOOK AT THE
14 PROPOSED '15-'16 BUDGET, AND WE'LL COVER THE GOALS
15 THAT THAT BUDGET REQUEST SUPPORTS, THE MAJOR DRIVERS
16 THAT ARE IMPACTING THE BUDGET REQUEST, AND THEN THE
17 RISKS THAT MAY IMPACT THE FINAL RESULTS OF THE
18 '15-'16 BUDGET.

19 SO FIRST, I'D LIKE TO BRIEFLY LOOK AT OUR
20 EXPECTED RESULTS FOR THE CURRENT FISCAL YEAR AS WELL
21 AS WHAT'S CAUSING THOSE NUMBERS BECAUSE IT REALLY
22 HELPS TO PUT IN CONTEXT THE '15-'16 BUDGET REQUEST.

23 SO HERE'S LOOKING AT THE '14-'15 BUDGET
24 NUMBERS. SO THIS CHART PROVIDES A HIGH LEVEL
25 OVERVIEW OF OUR '14-'15 BUDGET AT THE CATEGORICAL

BARRISTERS' REPORTING SERVICE

1 LEVEL. SO THE FIRST COLUMN REPRESENTS OUR BUDGET
2 THAT WAS ESTABLISHED FOR THIS FISCAL YEAR. SO IT'S
3 JUST UNDER \$17.3 MILLION.

4 THE SECOND COLUMN REPRESENTS WHERE WE
5 EXPECT TO BE ON JUNE 30TH. AS YOU CAN SEE, THAT'S
6 ABOUT JUST UNDER \$16 MILLION, WHICH RESULTS IN THE
7 VARIANCE IN THE LAST COLUMN OF AN UNDERRUN OF \$1.3
8 MILLION OR \$1.4 MILLION.

9 SO WHAT'S CAUSING THAT UNDERRUN OR THAT
10 VARIANCE? THERE ARE REALLY THREE FACTORS THAT ARE
11 DRIVING THE VARIANCE. AND YOU CAN SEE FROM THIS PIE
12 CHART, EMPLOYEE EXPENSES IS THE LARGEST AND THEN OUR
13 MEETING EXPENSES AND THEN TRAVEL.

14 SO I'D JUST LIKE TO SPEND A FEW MINUTES
15 GOING OVER THOSE VARIANCES. SO WHAT'S CAUSING OUR
16 EMPLOYEE EXPENSES WE'RE FORECASTING TO BE UNDER
17 \$815,000? THERE ARE REALLY TWO FACTORS CAUSING THIS
18 VARIANCE. AS YOU MAY RECALL, WE'VE IMPLEMENTED A
19 REORGANIZATION WHICH RESULTED IN THE ELIMINATION OF
20 VACANT BUDGETED POSITIONS. SO THESE POSITIONS WERE
21 BUDGETED IN '14-'15, BUT THEY BECAME VACANT AND WE
22 DETERMINED WE DIDN'T NEED THEM. WE ALSO ESTABLISHED
23 AS PART OF THE REORGANIZATION NEW POSITIONS TO
24 SUPPORT REORGANIZATION. SO THE SALARIES AND
25 BENEFITS THAT WERE ASSOCIATED WITH THE ELIMINATION

BARRISTERS' REPORTING SERVICE

1 OF THE VACANT POSITIONS AS WELL AS THE TIMING
2 ASSOCIATED WITH FILLING THE NEW POSITIONS IS WHAT'S
3 DRIVING THE VARIANCE OF \$815,000 FOR EMPLOYEE
4 EXPENSES.

5 I DO WANT TO POINT OUT, HOWEVER, THAT WE
6 ARE ACTIVELY RECRUITING FOR THE VACANT POSITIONS,
7 AND WE DO ANTICIPATE THAT WE WILL HAVE THEM FILLED
8 ON OR BEFORE JULY 1, WHICH IS THE START OF THE
9 '15-'16 FISCAL YEAR.

10 ANOTHER AREA WHERE WE'VE SEEN SOME
11 UNDERRUN, FAIRLY SIGNIFICANT UNDERRUN, IS IN OUR
12 MEETINGS AND WORKSHOPS. SO, AGAIN, DUE IN LARGE
13 PART TO THE REORGANIZATION, WHICH YOU MAY RECALL
14 BEGAN WITH THE CLINICAL PROGRAMS, SEVERAL OF THE
15 MEETINGS WE HAD BUDGETED AND REVIEWS THAT WE HAD
16 BUDGETED WERE NOT ACTUALLY HELD. SO FOR THE '14-'15
17 FISCAL YEAR, FOR EXAMPLE, WE HAD BUDGETED EIGHT
18 CLINICAL ADVISORY PANEL MEETINGS, BUT WE ONLY HELD
19 TWO.

20 SIMILARLY, WE HAD A COUPLE OF BUDGETED
21 GRANT REVIEW MEETINGS THAT WERE ELIMINATED FROM THE
22 REVIEW PLAN. SO THAT IMPACT IS ABOUT \$414,000.

23 AND THE LAST MAJOR DRIVER IS AN UNDERRUN
24 IN THE TRAVEL CATEGORY. SO WHY ARE WE UNDERRUNNING
25 THE TRAVEL? WELL, AGAIN, LARGELY IN PART TO THOSE

BARRISTERS' REPORTING SERVICE

1 VACANT POSITIONS AND THE ESTABLISHMENT OF NEW
2 POSITIONS. THOSE POSITIONS WERE SLATED TO DO
3 TRAVEL, AND BECAUSE THEY WERE NOT FILLED, THAT
4 TRAVEL DID NOT TAKE PLACE.

5 ALSO, SEVERAL OF OUR CIRM TEAM MEMBERS
6 WERE REDIRECTED TO ASSIST WITH THE CIRM 2.0
7 REORGANIZATION, AND AS A RESULT TRAVEL THAT THEY MAY
8 HAVE TAKEN ALSO DID NOT MATERIALIZE. SO WE'RE
9 EXPECTING AN UNDERRUN THERE OF ABOUT \$124,000.

10 SO NOW THAT WE'VE LOOKED BRIEFLY AT THE
11 '14-'15 BUDGET AND THE DRIVERS THAT ARE IMPACTING
12 THE FINAL RESULTS, NEXT I'D LIKE TO PRESENT THE
13 '15-'16 BUDGET.

14 SO FIRST, WHAT DO WE EXPECT TO ACCOMPLISH
15 DURING THE '15-'16 FISCAL YEAR? AND DR. MILLS GAVE
16 US A PRESENTATION OF ALL THAT WE PLAN TO ACCOMPLISH
17 DURING THE FISCAL YEAR, AND I'M JUST GOING TO
18 BRIEFLY GO OVER THEM AGAIN.

19 WE IMPLEMENTED A REORGANIZATION, AND WE
20 REALIGNED OUR POSITIONS, SO NOW WE NEED TO FILL
21 THOSE KEY POSITIONS SO WE CAN IMPLEMENT OUR PROGRAM.
22 WE WANT TO INCREASE THE CAPACITY AND EFFICIENCY OF
23 CIRM'S CLINICAL PROGRAM TO ENABLE US TO REVIEW 36
24 PROGRAMS EACH YEAR.

25 AS DR. MILLS INDICATED EARLIER IN HIS

BARRISTERS' REPORTING SERVICE

1 PRESENTATION, WE ARE REVAMPING OUR DISCOVERY AND
2 TRANSLATIONAL PROGRAMS AS WELL AS OUR CREATIVITY AND
3 BRIDGES EDUCATIONAL PROGRAMS, AND WE PLAN TO LAUNCH
4 THOSE DURING THE '15-'16 FISCAL YEAR.

5 HE ALSO TALKED ABOUT LAUNCHING THE
6 ACCELERATING CENTER, AND WE PLAN TO DO THAT DURING
7 THE '15-'16 FISCAL YEAR. HE TALKED ABOUT CIRM 2.0
8 CORE AND BRINGING OUR OPERATIONAL ACTIVITIES ALL
9 INTO ALIGNMENT WITH THE MAKEOVER, AND SO WE'LL BE
10 DOING THAT DURING THE FISCAL YEAR. AND, OF COURSE,
11 IN DOING THAT, WE'RE GOING TO WANT TO INVEST IN OUR
12 TEAM BY PROVIDING THEM WITH TRAINING AND DEVELOPMENT
13 OPPORTUNITIES.

14 AND LAST, BUT CERTAINLY NOT LEAST, WE PLAN
15 TO COMPLETE OUR RELOCATION WITHOUT ANY SERVICE
16 INTERRUPTIONS.

17 SO NOW LOOKING AT THE BUDGET AT A HIGH
18 LEVEL, SO THIS CHART CONTAINS -- THE FIRST COLUMN
19 REPRESENTS OUR CURRENT YEAR BUDGET, THE '14-'15
20 BUDGET, WHICH I INDICATED WAS JUST UNDER \$17.3
21 MILLION. AND THEN THE SECOND COLUMN, AGAIN, IS THE
22 EXPECTED FINAL RESULTS FOR THE '14-'15 FISCAL YEAR,
23 WHICH IS JUST UNDER \$16 MILLION, AND THEN OUR
24 PROPOSED BUDGET, WHICH IS \$18.7 MILLION.

25 SO OVERALL OUR '15-'16 BUDGET REQUEST IS

BARRISTERS' REPORTING SERVICE

1 ABOUT \$2.7 MILLION MORE THAN WHERE WE EXPECT TO END
2 THE FISCAL YEAR IN '14-'15. SO WHAT IS DRIVING THIS
3 INCREASE?

4 WELL, THERE ARE REALLY THREE VARIABLES
5 THAT ACCOUNT FOR 93 PERCENT OF THE INCREASE. AGAIN,
6 THEY'RE EMPLOYEE EXPENSES, FACILITIES, AND THEN IN
7 OUR MEETING COSTS. SO I'LL TALK A LITTLE BIT MORE
8 ABOUT THESE IN MORE DETAIL.

9 SO FOR THE EMPLOYEE EXPENSES, THERE REALLY
10 ARE TWO REASONS WHY WE'RE SEEING AN INCREASE OF
11 ABOUT \$1.4 MILLION IN WHAT WE PROJECT FOR THIS YEAR.
12 FIRST OF ALL, AS I MENTIONED EARLIER IN THE
13 PRESENTATION, WE HAD POSITIONS THAT WERE VACANT, BUT
14 BUDGETED THROUGHOUT THE FISCAL YEAR. WE REORGANIZED
15 AND WE'VE ESTABLISHED NEW POSITIONS AND WE ARE
16 ACTIVELY RECRUITING TO FILL THOSE POSITIONS. AND SO
17 THAT'S GOING TO CAUSE AN OVERALL INCREASE OF ABOUT
18 \$815,000, WHICH IS THE MONEY THAT WE DIDN'T SPEND
19 THIS YEAR.

20 SECOND, AS A STATE AGENCY, WE'RE MANDATED
21 TO PARTICIPATE AND PAY FOR EMPLOYER CONTRIBUTIONS
22 SUCH AS RETIREMENT, HEALTH, AND OTHER BENEFITS, BUT
23 WE HAVE NO CONTROL OVER WHAT IS PAID, AND WE EXPECT
24 THAT INCREASE TO BE ABOUT 10 PERCENT THIS YEAR OR
25 ABOUT \$330,000.

BARRISTERS' REPORTING SERVICE

1 FACILITIES, AS YOU KNOW, CIRM HAS BEEN
2 VERY FORTUNATE AND HAS ENJOYED A VERY UNIQUE BENEFIT
3 DURING ITS FIRST 11 YEARS OF EXISTENCE. WE HAVE NOT
4 PAID ANY FACILITIES. AND SO WE'VE HAD SAVINGS OF
5 CONSERVATIVELY ANYWHERE BETWEEN 12 AND \$13 MILLION
6 TO POSSIBLY UP TO \$16 MILLION. BUT LIKE THE SAYING
7 GOES, ALL GOOD THINGS MUST COME TO AN END. SO TOO
8 WILL OUR FREE RENT. SO WE WILL BE RELOCATING OUR
9 SPACE DURING THE FIRST PART OF THE '15-'16 FISCAL
10 YEAR. AND WE'RE GOING TO INCUR ONE-TIME MOVING
11 COSTS, AND WE ESTIMATE THOSE TO BE AT ABOUT
12 \$420,000. AND THEN WE'RE GOING TO BE INCURRING
13 REOCCURRING RENT COSTS. AND FOR THE '15-'16 YEAR,
14 WE'RE ESTIMATING THAT TO BE ABOUT 431,000, FOR A
15 TOTAL INCREASE OF ABOUT \$851,000.

16 THE LAST MAJOR DRIVER IS OUR REVIEW
17 ACTIVITY.

18 MR. TORRES: HOW MUCH DID WE SAVE DURING
19 THOSE TEN YEARS?

20 MS. SILVA-MARTIN: CONSERVATIVELY 12 TO 13
21 MILLION, BUT I THINK IT'S ABOUT 15, 16 WHEN YOU
22 FACTOR IN THE RENT, OPERATIONAL COSTS, ALL THOSE
23 THINGS. SO, YES, WE'VE HAD SOMETHING THAT'S UNIQUE
24 TO THIS AGENCY. I'VE NEVER SEEN IT IN MY 40 YEARS
25 IN ANY OTHER STATE AGENCY. SO THAT'S REALLY

BARRISTERS' REPORTING SERVICE

1 FANTASTIC.

2 FINALLY, WITH THE IMPLEMENTATION OF CIRM
3 2.0 THROUGHOUT ALL PHASES OF THE DEVELOPMENT CYCLE,
4 WE EXPECT A SIGNIFICANT INCREASE IN OUR REVIEW
5 ACTIVITIES. WE ARE ANTICIPATING THAT THAT COST IS
6 GOING TO BE \$365,000 FOR THE '15-'16 FISCAL YEAR.

7 SO THOSE ARE THE MAJOR DRIVERS FOR THE
8 '15-'16 BUDGET; HOWEVER, LIKE WITH EVERYTHING, THERE
9 ARE SOME FACTORS THAT WE CANNOT COMPLETELY CONTROL
10 THAT MAY RESULT IN RISKS AND COULD HAVE A MAJOR
11 IMPACT ON OUR ABILITY TO FULLY REACH OUR '15-'16
12 FINANCIAL RESULTS. SO I'D TO JUST BRIEFLY COVER
13 THOSE RISKS.

14 BECAUSE WE'VE IMPLEMENTED NEW PROGRAMS,
15 NEW PROCESSES IN OUR CLINICAL PROGRAMS, AND WE
16 EXPECT TO DO THE SAME IN OUR OTHER PROGRAMS, IT'S
17 REALLY DIFFICULT TO ANTICIPATE WHAT THOSE
18 APPLICATION VOLUMES ARE GOING TO BE. SO THE
19 PROCESSES ARE DIFFERENT, OUR APPLICATION LEVELS MAY
20 COME IN DIFFERENTLY THAN WHAT WE'VE ANTICIPATED; AND
21 IF WE RECEIVE AN UNUSUALLY HIGH NUMBER OF
22 APPLICATIONS, OUR REVIEW COSTS MAY BE HIGHER THAN
23 WHAT WE BUDGETED.

24 TALKED ABOUT OUR FACILITY COSTS AND WE'RE
25 GOING TO BE RELOCATING. SO WE ARE CURRENTLY WORKING

BARRISTERS' REPORTING SERVICE

1 ON ALL PHASES OF THE RELOCATION. HOWEVER, WE HAVE
2 NOT QUITE FINALIZED OUR LEASE AND WE'RE STILL
3 NEGOTIATING THE ONE-TIME COST ASSOCIATED WITH THAT
4 MOVE. SO IF ANY OF THESE MOVE COSTS COME IN HIGHER
5 THAN WHAT'S BEEN BUDGETED, WE MAY HAVE A MATERIAL
6 IMPACT TO THE '15-'16 BUDGET.

7 WE DO RUN A RISK IN FILLING OUR POSITIONS.
8 SO WE COULD FIND THAT WE HAVE CHALLENGES IN FILLING
9 OUR POSITIONS. ALTHOUGH WE ARE ACTIVELY RECRUITING
10 AND INTERVIEWING TO FILL THOSE POSITIONS, IF WE'RE
11 UNABLE TO ATTRACT QUALIFIED CANDIDATES OR WE
12 EXPERIENCE HIGHER THAN NORMAL TURNOVERS, OUR
13 SPENDING RELATED TO EMPLOYEE EXPENSES MAY COME IN
14 UNDER BUDGET DURING THE '15-'16 FISCAL YEAR.

15 AND LAST, I TALKED ABOUT THE STATE-IMPOSED
16 CONTRIBUTIONS. SO AS I SAID, WE DON'T ESTABLISH
17 THOSE COSTS OR THE RATES, NOR ARE WE ABLE TO
18 NEGOTIATE THEM. ALL OF THOSE ARE ESTABLISHED BY
19 VARIOUS STATE CONTROL AGENCIES. AND THE AMOUNT THAT
20 WE'VE INCLUDED IN THE '15-'16 BUDGET IS BASED ON THE
21 LATEST DATA THAT WE HAVE FROM THOSE CONTROL
22 AGENCIES, BUT THEY ARE SUBJECT TO ADJUSTMENT IN THE
23 FALL. AND IN THE LAST FEW YEARS, WE HAVE SEEN
24 INCREASES IN THE FALL. AND IF THOSE INCREASES ARE
25 SIGNIFICANT, IT MAY HAVE A MATERIAL IMPACT TO THE

BARRISTERS' REPORTING SERVICE

1 BUDGET.

2 SO THIS REPRESENTS THE BUDGET AT A VERY
3 HIGH LEVEL. WE'VE IDENTIFIED THE GOALS THAT BUDGET
4 SUPPORTS, THE MAJOR DRIVERS BEHIND THE BUDGET, AND
5 THE POTENTIAL RISKS IN MEETING THAT BUDGET FULLY IN
6 THE '15-'16 FISCAL YEAR.

7 THE FINANCE SUBCOMMITTEE REVIEWED AND
8 VOTED TO RECOMMEND APPROVAL OF THIS BUDGET AT THEIR
9 MAY 5TH MEETING. SO WE REQUEST YOUR APPROVAL OF THE
10 '15-'16 BUDGET. THIS DOES CONCLUDE THE
11 PRESENTATION, BUT I DID WANT TO POINT OUT THAT IN
12 YOUR PACKAGE YOU RECEIVED AN APPENDIX THAT INCLUDES
13 THE DETAILED BUDGETS FOR EACH OF OUR COST CENTERS.
14 BUT I DO WANT TO REMIND EVERYONE THAT AS YOU LOOK AT
15 THOSE COST CENTER BUDGETS, THAT WHEN WE STARTED THE
16 '14-'15 FISCAL YEAR, WE WERE UNDER AN OLD
17 ORGANIZATIONAL STRUCTURE, AND THAT BUDGET WAS
18 ESTABLISHED UNDER THAT OLD ORGANIZATIONAL STRUCTURE,
19 AND WE ACTUALLY CAPTURED EXPENDITURES FOR THE FIRST
20 SIX MONTHS OF THE YEAR UNDER THAT STRUCTURE.

21 IN JANUARY WE MOVED TO THE NEW STRUCTURE,
22 AND WE STARTED CAPTURING DATA UNDER THAT STRUCTURE.
23 FOR THIS PRESENTATION WE MERGED THE DATA FROM THE
24 VARIOUS COST CENTERS SO THAT WE COULD ALLOW A
25 PRESENTATION AGAINST THE '15-'16 FISCAL YEAR. SO

BARRISTERS' REPORTING SERVICE

1 THE NUMBERS THAT ARE IN THESE DOCUMENTS ARE OUR BEST
2 ESTIMATION OF WHAT THOSE NUMBERS SHOULD BE.

3 ARE THERE ANY QUESTIONS?

4 MS. LAPORTE: JUST ONE QUESTION. WHAT ARE
5 THE VARIABLE COSTS ASSOCIATED WITH REVIEWING
6 APPLICATIONS? YOU MENTIONED THAT AS A RISK FACTOR.

7 MS. SILVA-MARTIN: SO THE VARIABLE COSTS
8 WITH REVIEWING APPLICATIONS, IF WE HAD MORE
9 APPLICATIONS TO REVIEW THAN WE HAD ANTICIPATED, WE
10 WOULD HAVE TO BRING IN OTHER REVIEWERS AND WE MAY
11 HAVE TO HOLD -- AND THOSE COSTS WOULD INCREASE. SO
12 WE BUDGET FOR THE NUMBER OF REVIEWS; AND IF WE HAVE
13 MORE REVIEWS THAN ANTICIPATED, THEN WE MAY HAVE TO
14 HAVE MORE REVIEWERS ON, AND WE'D HAVE TO PAY THOSE
15 COSTS ASSOCIATED WITH THAT.

16 DR. MILLS: SO THE WAY IT WAS PLANNED
17 RIGHT NOW FOR THE CLINICAL PROGRAMS, FOR EXAMPLE,
18 WAS AROUND TWO TO THREE APPLICATIONS PER MONTH TO
19 THE REVIEW, WHICH PERMITS REASONABLE TELEPHONIC
20 REVIEW, FOR WHICH WE PAY OUR REVIEWERS A STIPEND.

21 THERE'S REALLY TWO COSTS THAT ARE DRIVEN
22 THERE. ONE IS FOR REVIEWS BEYOND THAT, WE NEED TO
23 GO TO MULTIPLE DAYS AND HAVE MULTIPLE PANELS, AND
24 ALL OF THOSE PANELS THEN REQUIRE BEING SEATED AND
25 FUNDED. AND THEN THE ACTUAL NUMBER OF REVIEWS

BARRISTERS' REPORTING SERVICE

1 THEMSELVES, WE PAY ACTUAL REVIEWING REVIEWERS MORE
2 THAN WE PAY ADJUDICATING REVIEWERS. SO THAT'S
3 ANOTHER ISSUE.

4 AND THEN LASTLY, NOT ALL OF OUR MEETINGS
5 ARE TELEPHONIC. AND SO IF WE HAVE MUCH, MUCH HIGHER
6 APPLICATION VOLUME, THAT'S AN ISSUE.

7 ANOTHER SIGNIFICANT VARIABLE COST IS ON
8 THE SCREENING SIDE OF THINGS. WE HAVE EXTERNAL
9 BUDGET REVIEW, WHICH IS A PER APPLICATION COST, AND
10 SOME OTHER SCREENING ACTIVITIES, CONTRACTING AND THE
11 LIKE, WHICH ARE PER APPLICATION COSTS.

12 CHAIRMAN THOMAS: MR. JUELSGAARD.

13 DR. JUELSGAARD: I APOLOGIZE. I WAS OUT
14 OF THE ROOM WHEN THIS FIRST FACTOR WAS DISCUSSED,
15 BUT IT MAY HAVE ALREADY BEEN ADDRESSED. BUT
16 RELOCATION AND RENT, PERHAPS THE QUESTION IS BETTER
17 DIRECTED TO SENATOR TORRES, HOW ARE WE DOING IN
18 TERMS OF COMING UP WITH A RELOCATION SITE AND SORT
19 OF MOVING THAT FORWARD?

20 MR. TORRES: WE'RE STILL IN THE MIX AND
21 WE'RE STILL NEGOTIATING.

22 MR. JUELSGAARD: DO YOU HAVE AN
23 ANTICIPATED DATE BY WHICH --

24 MR. TORRES: WE HAVE TO BE OUT BY OCTOBER
25 31ST.

BARRISTERS' REPORTING SERVICE

1 DR. JUELSGAARD: I UNDERSTAND. DO YOU
2 HAVE IN YOUR OWN MIND A DATE BY WHICH WE HAVE TO
3 HAVE A PLACE?

4 DR. MILLS: I WOULD EXPECT BY THE NEXT
5 BOARD MEETING WE WILL HAVE IT NAILED DOWN.

6 MR. TORRES: I'D BE HAPPY TO TALK TO YOU
7 MORE ABOUT IT.

8 DR. JUELSGAARD: HAPPY TO HEAR FROM YOU.

9 CHAIRMAN THOMAS: OTHER QUESTIONS FOR
10 CHILA? HEARING NONE, JAMES, IS THIS A VOICE VOTE?

11 FIRST OF ALL, I'D LIKE TO ECHO MR.
12 JUELSGAARD'S COMMENTS, CHILA. I THINK THIS IS AN
13 OUTSTANDING PRESENTATION HERE. WE'VE ALWAYS HAD
14 OUTSTANDING PRESENTATIONS. THIS IS AN EVEN MORE
15 OUTSTANDING PRESENTATION.

16 MS. SILVA-MARTIN: THANK YOU. IT'S REALLY
17 AN EFFORT OF THE CIRM TEAM. IT WAS REALLY A TEAM
18 EFFORT. I DON'T WANT TO TAKE ALL THE CREDIT BECAUSE
19 EVERYBODY WORKED REALLY HARD TO MAKE SURE THAT THE
20 NUMBERS WERE ACCURATE AND SUPPORTED THE
21 REORGANIZATION. WITH RANDY AS OUR LEADER, WE WERE
22 ABLE TO PULL THAT OFF. SO THANK YOU.

23 CHAIRMAN THOMAS: OKAY. SO ALL THOSE IN
24 FAVOR OF THE -- WE NEED A MOTION. SENATOR TORRES,
25 ARE YOU MOVING ON THIS ONE?

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: YES.

2 CHAIRMAN THOMAS: MOVED BY SENATOR TORRES.

3 DR. JUELSGAARD: SECOND.

4 CHAIRMAN THOMAS: SECONDED BY MR.

5 JUELSGAARD. ALL THOSE IN FAVOR PLEASE SAY AYE.

6 OPPOSED?

7 MS. BONNEVILLE: LEON FINE. JACOB LEVIN.

8 DR. LEVIN: AYE.

9 MS. BONNEVILLE: JOE PANETTA.

10 MR. PANETTA: AYE.

11 CHAIRMAN THOMAS: IT'S UNANIMOUS. THANK

12 YOU VERY MUCH.

13 NEXT ITEM, NO. 11, CONSIDERATION OF
14 AMENDMENT TO INTERIM GRANTS ADMINISTRATION POLICY
15 FOR CLINICAL STAGE PROGRAMS TO PERMIT AWARDEE TO
16 ELECT TO TREAT ITS AWARD AS A LOAN. YOU'RE
17 FAMILIAR, WE'VE HAD THE LAP, LOAN ADMINISTRATIVE
18 POLICY. WE NOW BRING YOU THE LEP, OR LOAN ELECTION
19 POLICY. FOR THAT, WE WILL HEAR FROM MR. HARRISON.

20 MR. HARRISON: GOOD MORNING. SO AS PART
21 OF CIRM 2.0, AS YOU KNOW, WE TOOK A CLOSE LOOK AT
22 THE GRANTS ADMINISTRATION POLICY, AND THE BOARD
23 APPROVED SOME SIGNIFICANT REVISIONS TO THE POLICY IN
24 AN EFFORT TO STREAMLINE IT, MAKE IT MORE RESPONSIVE
25 TO OUR NEEDS AND THE NEEDS OF OUR AWARDEES.

BARRISTERS' REPORTING SERVICE

1 THE NEXT STEP IN THAT PROCESS WAS TO TAKE
2 A LOOK AT THE LOAN ADMINISTRATION POLICY OR, AS WE
3 FONDLY CALLED IT, THE LAP. AS J.T. MENTIONED, TODAY
4 WE'RE COMING FORWARD WITH THE LEP, THE LOAN ELECTION
5 POLICY. THE INTELLECTUAL PROPERTY AND INDUSTRY
6 SUBCOMMITTEE MET EARLIER THIS WEEK TO CONSIDER OUR
7 PROPOSAL.

8 THIS IS A POLICY THAT WOULD COVER
9 APPLICATIONS SUBMITTED FOR THE CLINICAL STAGE
10 PROGRAMS THAT RANDY MENTIONED EARLIER, PROGRAM
11 ANNOUNCEMENTS 15-01, 15-02, AND 15-03. AFTER
12 DISCUSSING THE POLICY, THE IP AND INDUSTRY
13 SUBCOMMITTEE UNANIMOUSLY RECOMMENDED IT FOR
14 APPROVAL.

15 LET ME GIVE YOU SOME BACKGROUND REGARDING
16 THE LOAN PROGRAM. PROP 71 AUTHORIZES CIRM TO MAKE
17 BOTH GRANTS AND LOANS. ONE OF THE UNIQUE FEATURES
18 OF LOANS IS THAT THE PROCEEDS OF LOANS, INTEREST AND
19 PRINCIPAL, ARE RETURNED TO CIRM AND ARE TO BE USED
20 EXCLUSIVELY FOR ISSUING NEW RESEARCH AWARDS.

21 CIRM ADOPTED A LOAN PROGRAM BACK IN 2009
22 AND AT THE TIME ANTICIPATED THAT THE AGENCY WOULD
23 ULTIMATELY HAVE A PORTFOLIO OF APPROXIMATELY \$500
24 MILLION WORTH OF LOANS. WE DEVELOPED A DETAILED
25 POLICY, THE LOAN ADMINISTRATION POLICY, AND WE SET

BARRISTERS' REPORTING SERVICE

1 THE PROGRAM UP, AND THE DEMAND THAT WE RECEIVED IN
2 RESPONSE WAS SIGNIFICANTLY MORE LIMITED THAN WE HAD
3 ANTICIPATED. POTENTIAL APPLICANTS EXPRESSED
4 NUMEROUS CONCERNS REGARDING THE PROGRAM WITH RESPECT
5 TO ISSUES LIKE WARRANT COVERAGE, INTEREST, THE TERM,
6 THE TYPE OF A LOAN, THE TERMS OF FORGIVENESS. AND
7 IN RESPONSE TO THOSE CONCERNS, WE CAME BACK TO THE
8 BOARD ON MULTIPLE OCCASIONS, AND THE BOARD ADOPTED
9 AMENDMENTS TO THE LOAN ADMINISTRATION POLICY.

10 ULTIMATELY, HOWEVER, THESE AMENDMENTS DID
11 NOT ADDRESS ALL OF THOSE CONCERNS. FOR EXAMPLE, ONE
12 PROVISION OF THE EXISTING LOAN ADMINISTRATION POLICY
13 PROVIDES THAT EVEN IF A LOAN IS FORGIVEN, CIRM HAS
14 SPRINGING RIGHTS IF THE PROJECT IS EVER RESTARTED,
15 WHICH EFFECTIVELY MEANS THAT AN AWARDEE HAS TO
16 CONTINUE TO CARRY EVEN A FORGIVEN LOAN ON ITS BOOKS
17 OUT INTO PERPETUITY, WHICH IS A PROBLEM FROM AN
18 ACCOUNTING PERSPECTIVE.

19 ULTIMATELY CIRM HAS ISSUED FIVE LOANS TO
20 DATE, AND I'D LIKE TO JUST BRIEFLY SHOW YOU THOSE
21 LOANS. IN SHORT, OF THESE FIVE LOANS, TWO ARE STILL
22 OUTSTANDING, TWO HAVE BEEN FORGIVEN, AND ONE HAS
23 BEEN REPAYED. YOU MAY RECALL THAT WE MADE A LOAN TO
24 GERON WHICH DECIDED TO DISCONTINUE ITS STEM CELL
25 RESEARCH ARM FOR BUSINESS REASONS AND AT THAT POINT

BARRISTERS' REPORTING SERVICE

1 IN TIME REPAID THE LOAN TO CIRM.

2 SO IN RETHINKING THE LOAN PROGRAM, WE WERE
3 COGNIZANT OF THE GOALS OF CIRM 2.0 TO TRY TO BE MORE
4 EFFICIENT, MORE RESPONSIVE, AND, OF COURSE, TO
5 ACCELERATE THE DELIVERY OF STEM CELL THERAPIES TO
6 PATIENTS WITH UNMET MEDICAL NEEDS. AFTER THINKING
7 THROUGH THIS PROGRAM, GOING THROUGH REPEATED DRAFTS
8 TO TRY TO STREAMLINE THE PROGRAM, IN DISCUSSIONS
9 WITH RANDY, HE CAME UP WITH AN IDEA TO REALLY
10 STREAMLINE IT. SO LET ME DESCRIBE THAT TO YOU.

11 THE IDEA WOULD BE TO PERMIT RECIPIENTS OF
12 THESE CLINICAL STAGE PROJECT AWARDS TO ELECT TO
13 TREAT THEIR AWARDS AS A LOAN WITHIN THE EARLIER OF
14 SEVEN YEARS FROM THE EFFECTIVE DATE OF THE AWARD OR
15 THE SUBMISSION OF AN APPLICATION FOR MARKETING
16 AUTHORIZATION TO THE FDA. WE WOULD REQUIRE AN
17 AWARDEE WHO MAKES THIS ELECTION TO REPAY THE LOAN
18 BALANCE WITHIN TEN DAYS OF MAKING THE ELECTION
19 UNLESS THE PARTIES AGREED TO DIFFERENT TERMS. AND
20 WE COULD SET A RATE OF REPAYMENT WHICH WOULD
21 ESCALATE BASED ON THE DATE OF REPAYMENT. IN OTHER
22 WORDS, IF THE LOAN WERE REPAID AT YEAR THREE, THE
23 RATE OF REPAYMENT WOULD BE SIGNIFICANTLY LOWER THAN
24 IF REPAYMENT OCCURRED IN YEAR SEVEN.

25 IMPORTANTLY, THE LOAN ELECTION WOULD

BARRISTERS' REPORTING SERVICE

1 BECOME FINAL ONLY AFTER THE AWARDEE HAD SATISFIED
2 ALL THE TERMS OF THE ELECTION. AND THE ACCESS,
3 PRICING, AND MARCH-IN RIGHT REGULATIONS THAT
4 CURRENTLY APPLY TO OUR LOAN RECIPIENTS WOULD
5 CONTINUE TO APPLY TO AN AWARDEE THAT ELECTS THE LOAN
6 OPTION.

7 DR. PRICE: COULD YOU EXPLAIN TO US WHY
8 WOULD SOMEBODY WHO'D GOTTEN AN AWARD, A GRANT OF
9 MONEY, WANT TO TURN THAT INTO A LOAN?

10 MR. HARRISON: SO UNDER CIRM'S GRANT
11 POLICIES, WE HAVE INTELLECTUAL PROPERTY PROVISIONS
12 THAT IMPOSE A REVENUE SHARING PROVISION ON GRANTEES.
13 SO AN AWARDEE MIGHT MAKE THE DECISION THAT, FOR
14 ECONOMIC REASONS, IT DESIRED TO TREAT ITS AWARD AS A
15 LOAN RATHER THAN AS A GRANT. AS A PRACTICAL MATTER,
16 IN THAT SEVEN-YEAR PERIOD, WE WOULD THINK OF THE
17 AWARD AS AN AWARD, NOT YET GRANT OR LOAN. THE
18 AWARDEE WOULD HAVE THE OPTION OF MAKING THAT
19 DECISION WITHIN THE EARLIER OF SEVEN YEARS OR THE
20 SUBMISSION OF AN APPLICATION. IF THE AWARDEE DIDN'T
21 ACT IN THAT PERIOD OF TIME, THE AWARD WOULD BE
22 TREATED LIKE A GRANT SUBJECT TO THE REVENUE SHARING
23 PROVISIONS OF OUR REGULATIONS.

24 WE THINK THAT THIS OPTION WOULD ADVANCE
25 CIRM'S MISSION TO ACCELERATE THE DELIVERY OF STEM

BARRISTERS' REPORTING SERVICE

1 CELL THERAPIES TO PATIENTS WITH UNMET MEDICAL NEEDS
2 IN THREE WAYS. FIRST, IT'S DESIGNED TO ENCOURAGE
3 INDUSTRY INVOLVEMENT IN THE COMMERCIALIZATION OF
4 CIRM-FUNDED INVENTIONS BY OFFERING AN ALTERNATIVE TO
5 OUR TRADITIONAL GRANT AND LOAN PROGRAMS. IT WOULD
6 CREATE AN INCENTIVE FOR AWARDEES TO REPAY CIRM
7 EARLIER GIVEN THE ESCALATING RATE OF RETURN SO THAT
8 WE WOULD HAVE THE OPPORTUNITY TO USE THE PROCEEDS TO
9 MAKE NEW RESEARCH AWARDS.

10 AND THEN, THIRD, IT WOULD INCREASE
11 EFFICIENCY BY ELIMINATING THE COMPLEXITY OF THE
12 EXISTING PROGRAM, THE BURDEN OF SEPARATELY
13 NEGOTIATING LOAN AGREEMENTS WITH EACH LOAN
14 RECIPIENT, AND THEN THE COSTS ASSOCIATED WITH
15 ENFORCING A SEPARATE LOAN POLICY.

16 AND WITH THAT, WE WOULD RECOMMEND YOUR
17 APPROVAL OF A LOAN ELECTION POLICY AS DESCRIBED IN
18 THE ATTACHMENT TO THE MEMO FOR THIS ITEM. AND WE
19 WOULD ASK THAT THE BOARD DELEGATE RESPONSIBILITY TO
20 THE INTELLECTUAL PROPERTY AND INDUSTRY SUBCOMMITTEE
21 TO SET THE RATE OF RETURN ON AN INTERIM BASIS.
22 BECAUSE THIS POLICY WOULD BE INCLUDED IN THE INTERIM
23 GRANTS ADMINISTRATION POLICY, IT WILL ULTIMATELY
24 COME BACK TO THE BOARD FOR FINAL APPROVAL. I'D BE
25 HAPPY TO ANSWER ANY QUESTIONS.

BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: SO JUST TO BE CLEAR, THIS
2 WOULD THEN BE THE ONLY LOAN POSSIBILITY FROM CIRM,
3 OR WOULD THERE STILL BE ALSO ANOTHER LOAN PROGRAM?

4 MR. HARRISON: NO. FOR THE CLINICAL STAGE
5 PROJECTS, THAT IS, FOR APPLICANTS FOR 15-01, 15-02,
6 AND 15-03, THIS WOULD BE THE ONLY LOAN OPTION. SO
7 THIS WOULD EFFECTIVELY OVERRIDE THE LOAN
8 ADMINISTRATION POLICY WITH RESPECT TO THE CLINICAL
9 STAGE PROGRAM.

10 DR. STEWARD: IF I COULD, A SECOND
11 QUESTION. IS THIS FOR THE TOTAL AMOUNT OF THE AWARD
12 INCLUDING DIRECT AND INDIRECT?

13 MR. HARRISON: YES.

14 CHAIRMAN THOMAS: OTHER QUESTIONS FROM
15 MEMBERS OF THE BOARD?

16 MR. ROWLETT: CLARIFICATION. IF I'M
17 GRANTED AN AWARD AND I DECIDE TO REQUEST THAT THAT
18 AWARD BE TRANSFERRED INTO A LOAN, DOES THAT IMPLY
19 THAT CIRM WILL SAY YES BECAUSE I APPLIED?

20 MR. HARRISON: YES. IN OTHER WORDS, THIS
21 IS AN ELECTION THAT'S AT THE OPTION OF THE AWARDEE.
22 SO ASSUMING THAT THE AWARDEE REPAYS CIRM WITHIN TEN
23 DAYS OF MAKING THAT ELECTION AND HAS SATISFIED THE
24 TERMS OF THE POLICY, THEN CIRM WOULD AT THAT POINT
25 IN TIME TREAT THAT AWARD AS A LOAN. THE LOAN WOULD

BARRISTERS' REPORTING SERVICE

1 BE EXTINGUISHED BECAUSE IT WOULD HAVE BEEN REPAID.
2 THE LOAN RECIPIENT WOULD HAVE CONTINUING OBLIGATIONS
3 UNDER CIRM'S ACCESS AND PRICING REGULATIONS WHICH
4 ARE PART OF OUR INTELLECTUAL PROPERTY POLICY.

5 DR. STEWARD: ONE MORE QUESTION. WOULD
6 THIS BE RETROACTIVE OR ONLY FOR NEW AWARDS GOING
7 FORWARD?

8 MR. HARRISON: NO. THIS WOULD APPLY
9 PROSPECTIVELY ONLY.

10 MS. LAPORTE: THIS IS MORE OF AN
11 OBSERVATION. IT SEEMS VERY INDUSTRY FRIENDLY. AND
12 SO IF THAT'S THE GOAL, I THINK IT'S ACHIEVING IT.
13 IT FEELS LIKE IT PROBABLY DOESN'T CAPTURE SORT OF
14 RISK RETURN ON CAPITAL SO MUCH, SO THAT IT SEEMS TO
15 BE GOING IN THE DIRECTION OF TRYING TO BE SUPER
16 INDUSTRY FRIENDLY.

17 DR. MILLS: I'D JUST SAY SORT OF TWO
18 THINGS. ONE IS WE HAVEN'T ESTABLISHED THE RATE YET,
19 SO WE DON'T KNOW. OBVIOUSLY WE CAN HAVE THAT RATE
20 BE ESCALATING SUCH THAT -- AND THE IDEA IS TO HAVE
21 IT BE A REAL DECISION TO MAKE ON WHETHER OR NOT YOU
22 REALLY WANT TO UNENTANGLE IT OR NOT.

23 THE SECOND THING IS WE'RE REALLY NOT HERE
24 FOR THE PURPOSES OF RETURN. SO IF WE CAN ENGAGE THE
25 PEOPLE WE NEED TO ENGAGE, WHICH WE'VE NOT BEEN. 91

BARRISTERS' REPORTING SERVICE

1 PERCENT OF OUR FUNDING SO FAR HAS GONE BACK TO
2 ACADEMIA. ONLY 9 PERCENT HAS GONE TO INDUSTRY. SO
3 IF WE CAN ENGAGE THE PEOPLE WE NEED TO CARRY THE
4 BALL OVER THE LAST STAGE, AND THAT'S MORE OF AN
5 INVESTMENT THAN ANYTHING, BUT WE'RE TALKING ABOUT
6 GETTING ALL OF OUR MONEY BACK AND THEN SOME IN A
7 MUCH SHORTER PERIOD OF TIME THAN ANY OTHER PROGRAM
8 WE'VE HAD. SO I THINK IT MIGHT BE A WIN-WIN, BUT I
9 DON'T THINK IT'S UNILATERALLY FRIENDLY.

10 MS. LAPORTE: THAT'S GREAT.

11 CHAIRMAN THOMAS: OTHER QUESTIONS?

12 MR. ROWLETT: AGAIN, MY COMMENT, THE
13 UNDERLYING PREMISE, THAT THE ICOC DOESN'T EXIST TO
14 ADVANCE RETURNS, WE'RE HERE TO HELP INSPIRE CURES
15 FOR AWFUL DISEASES FOR THE CITIZENS THAT WE'RE
16 PRIVILEGED TO REPRESENT. SO THEREIN LIES THE SORT
17 OF WHY I ASKED THAT QUESTION. AND I GET THAT OUT OF
18 THE WAY, THEN I UNDERSTAND WHY I AGREE WITH KATHY'S
19 COMMENT, THAT IT DOES FEEL INDUSTRY FRIENDLY, BUT
20 WE'LL WAIT AND SEE WHAT THE RATE OF RETURN IS WHEN
21 YOU ESTABLISH THAT.

22 CHAIRMAN THOMAS: OKAY. SEEING NO FURTHER
23 QUESTIONS, DO WE HAVE ANY COMMENTS FROM -- WE NEED A
24 MOTION FIRST. DO WE HAVE A MOTION TO APPROVE?

25 MR. TORRES: MOVE.

BARRISTERS' REPORTING SERVICE

1 MR. ROWLETT: SECOND.

2 CHAIRMAN THOMAS: MOVED BY SENATOR TORRES,
3 SECONDED BY MR. ROWLETT. DO WE HAVE ANY COMMENTS
4 FROM MEMBERS OF THE PUBLIC ON THIS MATTER? HEARING
5 NONE, JAMES, THIS IS A VOICE VOTE. ALL THOSE IN
6 FAVOR PLEASE SAY AYE. OPPOSED? ON THE PHONE?

7 MS. BONNEVILLE: JOE PANETTA.

8 MR. PANETTA: AYE.

9 MS. BONNEVILLE: LEON FINE. JACOB LEVIN.

10 DR. LEVIN: AYE.

11 CHAIRMAN THOMAS: OKAY. MOTION PASSES.

12 ON TO ITEM 12, CONSIDERATION OF CONCEPT PLAN FOR
13 CIRM CONFERENCE GRANT PROGRAM. DR. THAKAR WILL
14 PRESENT.

15 DR. THAKAR: CHAIRMAN THOMAS, MEMBERS OF
16 THE ICOC, MY NAME IS RAHUL THAKAR. ON BEHALF OF THE
17 CIRM TEAM, I BRING TO YOU FOR CONSIDERATION A
18 CONCEPT PROPOSAL FOR AN UPDATED CONFERENCE GRANT
19 PROGRAM UNDER CIRM 2.0.

20 CURRENTLY THERE IS A CONFERENCE GRANT
21 PROGRAM, AND ITS INTENT IS TO PROMOTE HIGH QUALITY
22 SCIENTIFIC CONFERENCES THAT SUPPORT AND ENHANCE
23 CIRM'S SCIENTIFIC MISSION. THERE ARE ALSO TWO
24 CATEGORIES OF FUNDING. THE FIRST ONE, CATEGORY 1,
25 IT'S AN OPEN CALL FOR CONFERENCES. HERE THE

BARRISTERS' REPORTING SERVICE

1 APPLICANT, WHEN AWARDED THE GRANT, BECOMES A
2 GRANTEE, AND HE OR SHE IS RESPONSIBLE FOR PLANNING,
3 DIRECTING, AND EXECUTING THE MEETING.

4 CATEGORY 2 IS SOMETHING THAT YOU CAN THINK
5 OF AS A CIRM-INITIATED CONFERENCE. HERE CIRM ITSELF
6 WOULD COME UP WITH AN IDEA FOR WHAT A MEETING OR A
7 CONFERENCE SHOULD BE AND PUT A CALL OUT, AND A
8 GRANTEE WOULD ASSUME RESPONSIBILITY FOR PLANNING,
9 DIRECTING, AND EXECUTING THE MEETING, BUT CIRM
10 ITSELF WOULD OVERSEE ITS PROGRESS AND OFFER INPUT
11 REGARDING THE CONTENT OF THAT MEETING.

12 ORIGINALLY THE ICOC HAS ALLOCATED \$300,000
13 PER FISCAL YEAR AND DELEGATED AUTHORITY TO REVIEW
14 AND FUNDING DECISIONS TO THE CIRM PRESIDENT. AND
15 SINCE 2008, WHEN THIS PROGRAM WAS APPROVED AND MOVED
16 FORWARD, WE'VE HAD 81 CONFERENCES THAT HAVE BEEN
17 SUPPORTED BY A TOTAL OF \$1.65 MILLION.

18 SO JUST SOME EXTRA DATA FOR YOU. ON A
19 YEARLY BASIS, THAT'S ROUGHLY 11 TO 12 AWARDS A YEAR,
20 AND THE FUNDS EXPENDED PER YEAR OUT OF THAT \$300,000
21 IS ROUGHLY 236,000 PER YEAR, AND THE AVERAGE FUND
22 PER AWARD IS A LITTLE OVER \$20,000, \$20,370.

23 THIS BAR GRAPH BASICALLY INDICATES PER
24 FISCAL YEAR THE AMOUNT OF MONEY TOTAL THAT WAS
25 FUNDED TO THE NUMBER OF PROGRAMS WHICH IS INDICATED

BARRISTERS' REPORTING SERVICE

1 ABOVE THE BAR. AS YOU CAN SEE, THE PROGRAM GOT TO
2 ROUGHLY A STEADY STATE IN FISCAL YEAR 2010-2011.
3 AND THE ONLY THING THAT I'D LIKE TO POINT OUT TO YOU
4 IS FOR FISCAL YEAR 2013-14, THERE'S AN ASTERISK BY
5 THE 20 AWARDS. WHAT THAT ASTERISK INDICATES IS THAT
6 WE WENT OVER BUDGET, BUT THAT WAS WHEN FORMER
7 PRESIDENT TROUNSON CAME BEFORE YOU AND REQUESTED AN
8 ADDITIONAL \$50,000 TO FUND THE BIO MEETING THAT YEAR
9 IN SAN DIEGO. OTHER THAN THAT, WE'VE BEEN UNDER
10 BUDGET EACH YEAR.

11 WHY DO WE WANT TO CHANGE? AS PRESIDENT
12 MILLS HAS TOLD US MANY TIMES, WE'RE IN A NEW ERA.
13 IT'S CIRM 2.0. AND THIS IS AN OPPORTUNITY TO TAKE
14 THIS PROGRAM WHICH IS OTHERWISE DOING PRETTY WELL
15 AND TUNE IT UP AND ALIGN IT WITH WHAT WE'RE DOING
16 WITH CIRM 2.0. AND MORE IMPORTANTLY, TO MAKE THIS
17 PROGRAM MORE MISSION DRIVEN. AND, AGAIN, OUR
18 MISSION IS TO ACCELERATE STEM CELL TREATMENTS TO
19 PATIENTS WITH UNMET MEDICAL NEEDS WITH EFFICIENCY AS
20 POSSIBLE.

21 IN THE PAST CIRM HAS UNDERUTILIZED
22 CATEGORY 2. THE 81 AWARDS THAT I'VE SHOWED YOU FOR
23 THE LIFETIME OF THIS PROGRAM, ALL 81 COME UNDER
24 CATEGORY 1. AND CATEGORY 1, JUST TO REMIND YOU,
25 THAT IS THE GRANTEE-DRIVEN, THE APPLICANT-INITIATED

BARRISTERS' REPORTING SERVICE

1 CONFERENCES. THESE ARE ESSENTIALLY AN OPEN CALL.
2 CIRM HASN'T HAD THE OPPORTUNITY TO EFFECTIVELY
3 UTILIZE CATEGORY 2, AND I'LL GET TO WHY IN A MOMENT.
4 AND FINALLY, THIS IS AN OPPORTUNITY TO CONSOLIDATE
5 THE VARIOUS SCIENTIFIC MEETINGS, THE CONFERENCES,
6 AND THINGS THAT ARE INTEGRAL TO HOW CIRM OPERATES
7 AND HOW WE UPKEEP OUR SCIENTIFIC KNOWLEDGE AS WELL
8 AS DISSEMINATE KNOWLEDGE FOR OURSELVES AS WELL AS
9 THE REGENERATIVE MEDICINE FIELD. AND FINALLY, IT
10 IMPROVES OUR ABILITY TO MAINTAIN AND IMPROVE OUR
11 OVERSIGHT OF HOW WE'RE USING THIS FUNDING.

12 SO THE CONCEPT PROPOSAL CHANGES ARE AS
13 FOLLOWS. BASICALLY IT WILL BE TO CONTINUE TO FOSTER
14 AND PROMOTE HIGH QUALITY SCIENTIFIC CONFERENCES, BUT
15 IT WILL BE VERY CLEAR TO THE APPLICANT THAT THESE
16 MEETINGS, THESE CONFERENCES, MUST BE DIRECTLY
17 RELEVANT TO CIRM'S MISSION.

18 WE REQUEST THE ICOC TO ALLOCATE \$2 MILLION
19 BIANNUALLY. SO INITIALLY THAT WOULD BE FOR FISCAL
20 YEARS 2015-16 AND 2016-17. AND, AGAIN, I'LL GET TO
21 SHORTLY THE LINE ITEMS THAT WILL COMPRISE THIS 2
22 MILLION.

23 THERE'S ANOTHER CHANGE BEING REQUESTED,
24 AND THAT'S THE TWO CATEGORIES. I WILL NOW REFER TO
25 THE CATEGORIES AS MECHANISMS.

BARRISTERS' REPORTING SERVICE

1 MECHANISM 1 WILL CONTINUE TO BE THE OPEN
2 CALL, THE GRANTEE DRIVEN, THE IDEAS THAT BASICALLY
3 COME TO CIRM OF WHAT A CONFERENCE SHOULD BE, BUT THE
4 ELIGIBILITY REQUIREMENTS WILL BE ALIGNED TO CIRM'S
5 MISSION STATEMENT. THE INTERESTING THING IS IN THE
6 ORIGINAL CONFERENCE PROGRAM, THE PROGRAM
7 ANNOUNCEMENT, WE STATE THAT THESE MEETINGS SHOULD
8 FOLLOW CIRM'S SCIENTIFIC MISSION, BUT WE DON'T
9 EXPLICITLY STATE ANYWHERE WHAT EXACTLY OUR MISSION
10 WAS AT THAT POINT IN TIME. WE HAVE A VERY CLEAR
11 IDEA OF WHAT THAT MISSION IS TODAY, AND WE SHOULD
12 ALIGN THIS PROGRAM WITH WHAT THAT MISSION IS.

13 CATEGORY 2, WHICH WILL NOW BE MECHANISM 2,
14 WE WILL CHANGE THE ELIGIBILITY REQUIREMENTS WHICH
15 MAINLY CONSIST OF REMOVING A CO-FUNDING REQUIREMENT
16 FOR CIRM-INITIATED MEETINGS/CONFERENCES. DOING SO
17 WILL INCREASE THE UTILITY FOR CIRM 2.0.

18 AND THEN, FINALLY, THERE HAVE BEEN
19 CONCERNS VOICED, AND IT'S SOMETHING THAT I THINK
20 WE'RE VERY SENSITIVE TO. AND WE WANT TO STANDARDIZE
21 THE ATTENDANCE POLICY, NOT ONLY FOR CIRM STAFF,
22 SCIENTIFIC STAFF, CIRM STAFF IN GENERAL, BUT THE
23 ENTIRE CIRM TEAM, AND THAT'S THE CIRM PATIENT
24 ADVOCATES AND THE CIRM ICOC MEMBERS. IF WE DO FUND
25 ONE OF THESE MEETINGS, WE, IF POSSIBLE, SHOULD HAVE

BARRISTERS' REPORTING SERVICE

1 A REPRESENTATIVE AT THE MEETING TO REPORT HOW THIS
2 MEETING IS AFFECTING CIRM AND HOW IT'S ALIGNING WITH
3 OUR MISSION. AND THE NEW CONCEPT TAKES THAT INTO
4 ACCOUNT AND MAKES IT VERY CLEAR THAT THIS IS THE
5 CASE.

6 THE GENERAL ELIGIBILITY REQUIREMENTS ARE
7 AS FOLLOWS. AGAIN, THERE MUST BE AN ESTABLISHED
8 RELEVANCE TO CIRM'S MISSION. THESE MEETINGS MUST BE
9 HELD IN CALIFORNIA. THE PROGRAM DIRECTORS IN CHARGE
10 OF THESE MEETINGS MUST BE SUITABLY QUALIFIED TO RUN
11 THIS MEETING. AND THEN FINALLY, MECHANISM 1, THE
12 OPEN CALL, THE GRANTEE-DRIVEN MEETINGS, THOSE
13 MEETINGS/CONFERENCES SHOULD SHOW CO-FUNDING.

14 MORE DETAILS ON THE REQUESTED FUNDING
15 ALLOCATION. AGAIN, \$2 MILLION BIANNUALLY, SO FOR
16 TWO FISCAL YEARS. NO INDIRECT COSTS ARE PERMITTED
17 IN THIS PROGRAM. EXAMPLES OF PERMITTED USE OF FUNDS
18 WOULD BE THE RENTAL OF CONFERENCE SPACE, A
19 CONFERENCE ROOM, A CONFERENCE HALL, AV EQUIPMENT,
20 INTERNET CONNECTIVITY, TRANSPORTATION AND LODGING
21 FOR SPEAKERS TO AND FROM THE MEETING, AND THEN
22 SUPPLIES NEEDED TO EXECUTE THE MEETING ITSELF OR
23 CONFERENCE SERVICES.

24 NONPERMITTED USES OF FUNDS ARE AS FOLLOWS:
25 PURCHASE OF ANY EQUIPMENT, VISAS AND PASSPORTS FOR

BARRISTERS' REPORTING SERVICE

1 ATTENDEES, ENTERTAINMENT, ALCOHOLIC BEVERAGES. FOOD
2 AND MEALS ARE NOT PERMITTED UNLESS THE FOOD OR THE
3 MEAL IS SPECIFICALLY FOR TRAVEL FOR A SPEAKER COMING
4 TO OR FROM THE MEETING.

5 AND THEN FINALLY, THIS MONEY, THESE FUNDS
6 CANNOT BE USED FOR ORGANIZATION DUES, SALARY SUPPORT
7 FOR THE ORGANIZERS, HONORARIA FOR SPEAKERS, OR CASH
8 AWARDS FOR THE ATTENDEES.

9 MORE DETAILS ON THE EXACT AWARD AMOUNTS.
10 MECHANISM 1, AGAIN, THE OPEN CALL FOR THE
11 CONFERENCES, IT WILL BE THE LESSER OF \$50,000 OR 50
12 PERCENT OF THE OVERALL BUDGET. PREVIOUS EXAMPLES OF
13 MECHANISM 1 MEETINGS ARE AS FOLLOWS: THE STEM CELL
14 MEETING ON THE MESA, THE RACHMIEL LEVINE AND
15 DIABETES OBESITY SYMPOSIUM, CELL THERAPIES IN TRAUMA
16 AND CRITICAL CARE, AND THE KEYSTONE MEETINGS, GORDON
17 CONFERENCES/MEETINGS AS SUCH THAT WE HAVE
18 PARTICIPATED IN.

19 MECHANISM 2, THE CIRM-INITIATED
20 CONFERENCES, THE BUDGETS FOR THESE MEETINGS WILL BE
21 SET BY THE CIRM PRESIDENT, PRESIDENT MILLS, AND THE
22 PROPOSED EXAMPLES TO GO UNDER THIS MECHANISM ARE THE
23 STAKEHOLDER MEETING, WHICH IS THE TERM BEING USED
24 FOR THE NEW GRANTEE MEETING, THE BRIDGES AND
25 CREATIVITY MEETINGS, THE CLINICAL NETWORK ANNUAL

BARRISTERS' REPORTING SERVICE

1 SYMPOSIUM, WHICH IS OUR ALPHA CLINIC ANNUAL MEETING,
2 AND THEN THERAPEUTIC AREA-FOCUSED WORKSHOPS. SO
3 THINGS IN THE PAST SUCH AS OUR PARKINSON'S WORKSHOP,
4 OUR TISSUE ENGINEERING WORKSHOP, COMING UP OUR
5 HEMATOPOIETIC STEM CELL MEETING, AND IN THE PAST A
6 PREVIOUS HSC MEETING.

7 HERE ARE THE BUDGET ITEMS THAT WILL
8 COMPRISE THE \$2 MILLION OVER THE TWO FISCAL YEARS.
9 ON MY MOST LEFT, THAT IS THE CATEGORY, I GUESS, THE
10 CONFERENCE ITSELF OR THE OPPORTUNITY. THE NEXT
11 COLUMN IS THE MECHANISM OR WHICH CATEGORY FUNDING IT
12 WILL UTILIZE, HOW MANY MEETINGS OVER THE TWO FISCAL
13 YEARS WE'LL HAVE, AND THEN THE ESTIMATED BUDGETED
14 FUNDS.

15 AND SO JUST TO WALK THROUGH THIS, THE
16 FIRST LINE ITEM IS THE EIGHT ROUNDS OF OPEN CALL
17 FUNDING. SO THAT'S THE MECHANISM 1, THE
18 APPLICANT-DRIVEN MEETINGS THAT COME INTO CIRM.
19 MECHANISM 1, SO THAT'S \$600,000. SO YOU CAN THINK
20 OF THAT AS 300,000 ROUGHLY PER FISCAL YEAR FOR TWO
21 FISCAL YEARS, WE HAVE 600,000.

22 THE STAKEHOLDERS MEETING, THAT IS THE
23 GRANTEE MEETING, WE WILL HAVE ONE OVER THE NEXT TWO
24 FISCAL YEARS, AND THAT'S \$500,000.

25 THE CLINICAL NETWORK ANNUAL SYMPOSIUM,

BARRISTERS' REPORTING SERVICE

1 THERE WILL BE TWO, ONE EACH FISCAL YEAR, AND THAT
2 WILL BE A TOTAL OF \$200,000.

3 THE CIRM BRIDGES MEETING, THERE SHOULD BE
4 TWO OVER THE NEXT TWO FISCAL YEARS. IT WILL BE
5 ROUGHLY \$300,000.

6 AND THE CIRM CREATIVITY MEETING, AGAIN,
7 TWO MEETINGS OVER THE NEXT TWO FISCAL YEARS, THAT
8 WILL BE \$80,000.

9 AND THEN FINALLY, CIRM CONFERENCES,
10 WORKSHOPS, LIKE THE ONES I MENTIONED EARLIER, IT'S
11 NOT EXACTLY CLEAR HOW MANY THERE WILL BE, BUT ON
12 AVERAGE THESE MEETINGS RUN BETWEEN 30,000 TO
13 \$40,000. IF YOU LOOK AT THE THREE THERAPEUTIC AREAS
14 CIRM HAS, BLOOD AND CANCER, NEURO-OCULAR AND ORGAN
15 SYSTEMS, PLUS IF YOU COUNT ANY SORT OF BUSINESS
16 DEVELOPMENT AND SCIENCE OFFICE SORT OF MEETING, AS
17 WELL AS DISCOVERY AND TRANSLATION, THAT'S ROUGHLY
18 FIVE AREAS. AND IF YOU ESTIMATE OVER THE COURSE OF
19 TWO YEARS AND YOU USE HIGH END, \$40,000, IT'S SAFE
20 TO SAY THAT IT COULD RUN UP AS MUCH AS \$320,000.
21 IT'S ALSO VERY POSSIBLE THAT WE WILL NOT USE THE
22 ENTIRE AMOUNT THERE.

23 AT THIS TIME I'D LOVE TO ANSWER ANY
24 QUESTIONS THAT ANY OF YOU MAY HAVE.

25 DR. JUELSGAARD: SO VERY EARLY IN THE

BARRISTERS' REPORTING SERVICE

1 PRESENTATION YOU NOTED THAT OVER THE PAST SEVEN
2 YEARS WE'VE SPENT 1.65 MILLION ON 81 CONFERENCES.
3 SO THE LAST SLIDE YOU SHOWED JUST BEFORE THIS ONE,
4 WAS THE 1.65 DEDICATED TO THOSE SORTS OF MEETINGS?
5 IS THIS AN APPLES TO APPLES COMPARISON? YOU'RE
6 ASKING FOR TWO MILLION FOR TWO YEARS.

7 DR. THAKAR: IT IS NOT. IT WOULD BE
8 APPLES, ORANGES, AND MAYBE SOME CRANBERRIES. THE
9 EVEN COMPARISON FOR YOU WOULD BE THE LINE ITEM 1,
10 THE MECHANISM 1, FUNDING, THE EIGHT ROUNDS OF OPEN
11 CALL FUNDING. THE 81 THAT WE'VE FUNDED IN THE PAST
12 FOR 1.65 MILLION OVER SEVEN FISCAL YEARS, THAT WOULD
13 BE ROUGHLY THE 600,000 OVER TWO FISCAL YEARS. IF
14 YOU PERMIT, FOR SEVEN FISCAL YEARS WE'VE ALLOCATED
15 ROUGHLY 350,000 PER FISCAL YEAR, SO THAT'S 2.1
16 MILLION. OUT OF THAT 2.1 MILLION, WE'VE EXPENDED A
17 LITTLE UNDER 1.65 MILLION.

18 DR. JUELSGAARD: THE 1.65 IS GOING TO
19 WHICH?

20 DR. THAKAR: LINE ITEM 1, EIGHT ROUNDS OF
21 OPEN CALL FUNDING.

22 DR. LEVIN: I'M WONDERING WHY FOOD IS NOT
23 AN ALLOWABLE COST. IN MY OPINION, WITHOUT FOOD,
24 IT'S NOT EVEN A MEETING. IT SHOULD MAYBE HAVE A
25 DIFFERENT NAME.

BARRISTERS' REPORTING SERVICE

1 DR. THAKAR: IT'S A VALID POINT, SIR. MY
2 UNDERSTANDING IS THAT OUR GRANTS ADMINISTRATION
3 POLICY DOES NOT PERMIT THAT.

4 DR. PRICE: IS THERE ANY STATE RULE
5 AGAINST IT? WE JUST ADOPTED THIS ABSURD --

6 DR. THAKAR: IT'S CONSISTENT WITH NIH
7 RULES.

8 DR. PRICE: I SEE.

9 DR. JUELSGAARD: TO GO BACK TO MY
10 QUESTION, SO OVER THE LAST SEVEN YEARS, HOW MUCH
11 MONEY HAVE WE SPENT ON WHAT WE CALL NOW MECHANISM 2?

12 DR. THAKAR: UNDER THE CONFERENCE GRANT
13 PROGRAM, WE HAVE NOT EXPENDED MONEY. WE HAVE
14 NOT -- WE'VE ONLY UTILIZED THE FIRST MECHANISM.

15 DR. JUELSGAARD: SO WHY ARE WE NOW
16 SUGGESTING THAT WE NEED TO ADOPT A SECOND MECHANISM?

17 DR. THAKAR: IT'S EFFECTIVELY SHIFTING
18 EVERYTHING UNDER THIS PROGRAM SO THAT WE MAY USE
19 RESEARCH FUNDS IN ORDER TO PUT THESE MEETINGS
20 TOGETHER.

21 MR. JUELSGAARD: AS OPPOSED TO
22 NONRESEARCH, THE BUDGET WE JUST ADOPTED?

23 DR. THAKAR: YES, SIR.

24 DR. PRICE: SO BY SHIFTING IT IS WHY YOU
25 ELIMINATED FOOD AS A COST; IS THAT RIGHT? IF IT WAS

BARRISTERS' REPORTING SERVICE

1 ADMINISTRATIVE, YOU COULD SPEND MONEY ON FOOD; IS
2 THAT RIGHT?

3 DR. THAKAR: I BELIEVE THAT IS CORRECT.

4 DR. MILLS: WE NEVER DID IT.

5 DR. PRICE: YOU COULD ACTUALLY JOINT FUND
6 IT IF YOU WANTED TO, RIGHT?

7 DR. MILLS: COULD JOINT FUND IT AND HAVE
8 FOOD.

9 DR. PRICE: IF YOU WANT TO ATTEND, YOU
10 NEED FOOD.

11 DR. STEWARD: JUST A QUESTION. THE PRESET
12 CAP IS CURRENTLY 50,000 OR YOU'RE PROPOSING 50,000?

13 DR. THAKAR: NO. IT IS CURRENTLY FOR
14 MECHANISM 1, THE OPEN CALL, IT IS \$50,000 OR 50
15 PERCENT OF THE OVERALL BUDGET, WHICHEVER AMOUNT IS
16 LESS, THE LESSER OF THE TWO. THERE IS SOMETHING
17 WRITTEN IN, SHOULD THERE BE SOMETHING EXCEPTIONAL,
18 THE PRESIDENT CAN COME BEFORE THE ICOC AND REQUEST
19 THAT WE GO ABOVE EITHER THE 50 PERCENT OR THE
20 50,000.

21 DR. STEWARD: IF MY MATH IS RIGHT, THE
22 AVERAGE COST OF THE 81 GRANTS IS SOMEWHERE AROUND
23 20,000?

24 DR. THAKAR: \$20,370 ROUGHLY.

25 DR. STEWARD: THAT'S GOOD. I GUESS MY

BARRISTERS' REPORTING SERVICE

1 QUESTION IS DO YOU ANTICIPATE STAYING WITH WHAT HAS
2 BEEN THE AVERAGE MORE OR LESS, OR DOES THAT CAP
3 REPRESENT KIND OF WHERE YOU EXPECT TO SEE THE
4 PROPOSALS?

5 DR. THAKAR: I DON'T ANTICIPATE -- I'VE
6 DIRECTLY WORKED ON THIS PROGRAM SINCE APRIL OF LAST
7 YEAR, AND I DON'T ANTICIPATE ANY CHANGES. THERE MAY
8 BE AT LEAST AN INITIAL ADJUSTMENT BY APPLICANTS IN
9 TERMS OF HOW THEY DERIVE THEIR JUSTIFICATION TO MEET
10 THE ELIGIBILITY. AND REALLY THE KEY DIFFERENCE IN
11 THE ELIGIBILITY IS ALIGNING THIS WITH CIRM 2.0. SO
12 THAT JUST REQUIRES APPLICANTS ADEQUATELY JUSTIFYING
13 THIS MEETING OF WHAT THEY OFFER CIRM UNDER CIRM 2.0.

14 CHAIRMAN THOMAS: OTHER QUESTIONS OR
15 COMMENTS FROM MEMBERS OF THE BOARD? DO WE HEAR A
16 MOTION TO APPROVE THIS ITEM?

17 MR. SHEEHY: SO MOVED.

18 DR. PRIETO: SO MOVE.

19 CHAIRMAN THOMAS: MOVED BY DR. PRIETO,
20 SECONDED BY MR. SHEEHY.

21 COMMENTS FROM MEMBERS OF THE PUBLIC?
22 HEARING NONE, JAMES, ROLL CALL OR VOICE? ALL THOSE
23 IN FAVOR PLEASE SAY AYE. OPPOSED? THOSE ON THE
24 PHONE?

25 MS. BONNEVILLE: JOE PANETTA.

BARRISTERS' REPORTING SERVICE

1 MR. PANETTA: AYE.

2 MS. BONNEVILLE: LEON FINE.

3 DR. FINE: AYE.

4 MS. BONNEVILLE: JACOB LEVIN.

5 DR. LEVIN: AYE.

6 CHAIRMAN THOMAS: MOTION PASSES. THANK
7 YOU, DR. THAKAR.

8 DR. THAKAR: THANK YOU VERY MUCH.

9 CHAIRMAN THOMAS: NEXT, ITEM 13,
10 CONSIDERATION OF THE AMENDMENT OF THE CIRM
11 ORGANIZATIONAL CHART. DR. MILLS.

12 DR. MILLS: THANK YOU. AS YOU MAY RECALL,
13 IN DECEMBER WE PUT FORTH A PROPOSAL TO THE BOARD TO
14 CHANGE THE ORGANIZATIONAL STRUCTURE OF CIRM, AND WE
15 DID THAT. SINCE THAT TIME WE HAVE GONE THROUGH SOME
16 ITERATIONS AND REVIEWS OF TALENT ACQUISITION INTO
17 THE ORGANIZATION AND HOW THAT ORGANIZATION WOULD
18 BEST BE STRUCTURED.

19 AT THE TIME OF THE PREVIOUS CHART, WHAT
20 WAS CONTEMPLATED WAS THAT FOR THE THERAPEUTICS AREA,
21 WHICH HANDLES ALL OF OUR CLINICAL STAGE WORK, THAT
22 WHAT WE WOULD HAVE IS THREE DIRECT REPORTS TO ME AS
23 THE PRESIDENT OF THE ORGANIZATION, ONE FOR DIRECTOR
24 OF ORGAN SYSTEMS, ONE FOR BLOOD AND CANCER
25 PORTFOLIO, AND ONE FOR THE NEURO-OCULAR PORTFOLIO.

BARRISTERS' REPORTING SERVICE

1 AFTER REFLECTION BOTH IN TERMS OF
2 MANAGEMENT WORKLOAD, NUMBER OF DIRECT REPORTS, AS
3 WAS BROUGHT UP BY THE BOARD, IN ADDITION TO
4 CHALLENGES IN ACQUIRING AND IMPORTING THE CORRECT
5 SKILL SET, WHAT WE THINK IT WOULD PROBABLY BE BETTER
6 TO DO WOULD BE TO UPGRADE THE POSITION DIRECTLY
7 REPORTING TO ME AND CONSOLIDATE THE THREE
8 THERAPEUTIC AREAS, KEEPING THEM DISTINCT THERAPEUTIC
9 AREAS, BUT CONSOLIDATE THEM UNDER ONE HEAD OF
10 THERAPEUTICS. AND THAT'S WHAT WE PROPOSE HERE
11 TODAY.

12 CHAIRMAN THOMAS: ANY QUESTIONS FROM
13 MEMBERS OF THE BOARD?

14 DR. DULIEGE: I THINK IT'S OBVIOUSLY A
15 VERY TRADITIONAL ORG CHART AND REALLY THAT IS VERY
16 LOGICAL.

17 MY QUESTION IS WHAT WERE THE CHALLENGES
18 THAT YOU FACED TO IDENTIFY HEADS OF EACH OF THE
19 THERAPEUTIC UNITS? AND WHAT ARE YOU GOING --

20 DR. MILLS: SO LOOKING FOR A VERY, VERY
21 BROAD SKILL SET, IT'S DIFFICULT TO FIND SOMEBODY
22 WITH THAT ENTIRE SPECTRUM OF SKILL SET THAT WE'RE
23 LOOKING FOR THAT WOULD OVERSEE BASICALLY A
24 SUBPORTFOLIO VERSUS THE ENTIRE PORTFOLIO. SO WE
25 BASICALLY COULDN'T ATTRACT THE KIND OF CANDIDATE WE

BARRISTERS' REPORTING SERVICE

1 WOULD WANT FOR EACH OF THE THREE, AND WE THINK WE
2 CAN HAVE ONE PERSON MANAGE ALL OF THAT WITH THE
3 RIGHT SKILL SET.

4 CHAIRMAN THOMAS: OKAY. ANY OTHER
5 QUESTIONS, COMMENTS? DO I HEAR A MOTION TO APPROVE?

6 MR. TORRES: MOVE IT.

7 MR. ROWLETT: SECOND.

8 CHAIRMAN THOMAS: MOVED BY SENATOR TORRES,
9 SECONDED ROBUSTLY BY MR. ROWLETT. ANY COMMENTS FROM
10 MEMBERS OF THE PUBLIC? HEARING NONE, ALL THOSE IN
11 FAVOR PLEASE SAY AYE. OPPOSED? THOSE ON THE PHONE?

12 MS. BONNEVILLE: JOE PANETTA.

13 MR. PANETTA: AYE.

14 MS. BONNEVILLE: LEON FINE.

15 DR. FINE: AYE.

16 MS. BONNEVILLE: JACOB LEVIN.

17 DR. LEVIN: AYE.

18 CHAIRMAN THOMAS: MOTION CARRIES.

19 WE WERE GOING TO HAVE A PRESENTATION AND
20 RESOLUTION FOR A VERY ACTIVE FORMER BOARD MEMBER,
21 JOAN SAMUELSON, WHICH MR. SHEEHY WAS GOING TO DO.
22 JOAN COULD NOT MAKE IT TODAY, SO WE'RE GOING TO
23 POSTPONE THAT UNTIL THE JULY BOARD MEETING.

24 ITEM 15, CONSIDERATION OF APPLICATIONS
25 SUBMITTED IN RESPONSE TO PA 15-01 AND 15-02. DR.

BARRISTERS' REPORTING SERVICE

1 SAMBRANO.

2 DR. SAMBRANO: THANK YOU VERY MUCH. SO
3 WHAT WE'RE BRINGING TO YOU TODAY IS ESSENTIALLY A
4 FIRST SET OF RECOMMENDATIONS FROM THE GRANTS WORKING
5 GROUP PERTAINING TO OUR CLINICAL PROGRAM THAT DR.
6 MILLS REFERENCED EARLIER. AND YOU WILL RECOGNIZE
7 THIS SLIDE THAT JUST SHOWS THE THREE DIFFERENT
8 PROGRAM ANNOUNCEMENTS THAT ARE AVAILABLE SINCE
9 JANUARY THAT SUPPORT LATE STAGE PRECLINICAL PROJECTS
10 THROUGH CLINICAL TRIALS.

11 SO TODAY WE HAVE ONE APPLICATION
12 RESPONDING TO PA 15-01. IT'S A LATE STAGE
13 PRECLINICAL PROJECT, AND ANOTHER ONE RESPONDING TO
14 PA 15-02, WHICH IS A PHASE III CLINICAL TRIAL.

15 WITH THE LAUNCHING OF CIRM 2.0 AND A NEW
16 REVIEW PROCESS, WE ALSO BROUGHT IN A NEW SCORING
17 SYSTEM. THIS IS SOMETHING THAT YOU HAVE SEEN BEFORE
18 AND APPROVED AS PART OF THE GRANTS WORKING GROUP
19 BYLAWS. I'LL JUST REMIND YOU BECAUSE THIS IS
20 SOMETHING THAT WAS INTRODUCED TO THE GRANTS WORKING
21 GROUP FOR THEM TO UTILIZE IN THEIR ASSESSING THE
22 MERIT OF THE APPLICATIONS. SO THE SCORING SCHEME IS
23 PRETTY STRAIGHTFORWARD. IT'S A ONE, TWO, OR A
24 THREE.

25 A SCORE OF ONE MEANS THAT THE APPLICATION

BARRISTERS' REPORTING SERVICE

1 IS OF EXCEPTIONAL MERIT AND WARRANTS FUNDING. A
2 SCORE OF TWO MEANS THE APPLICATION NEEDS
3 IMPROVEMENT, DOES NOT WARRANT FUNDING AT THIS TIME,
4 BUT IT COULD BE RESUBMITTED TO ADDRESS AREAS FOR
5 IMPROVEMENT. AND A SCORE OF THREE MEANS THAT THE
6 APPLICATION IS SUFFICIENTLY FLAWED SUCH THAT IT DOES
7 NOT WARRANT FUNDING, AND THE SAME PROJECT SHOULD NOT
8 BE RESUBMITTED TO CIRM.

9 ALL APPLICATIONS ARE SCORED BY THE
10 SCIENTIFIC MEMBERS OF THE WORKING GROUP WHO HAVE NO
11 CONFLICT WITH THE APPLICATION.

12 SO WE WILL TAKE THESE ONE AT A TIME. THE
13 FIRST APPLICATION THAT WE WILL CONSIDER IS A
14 PRECLINICAL STUDY FOR RETINITIS PIGMENTOSA. THE
15 SUMMARY OF THE APPLICATION AND THE REVIEW, AMY TELLS
16 ME, IS IN YOUR BOOKS OR IN YOUR INFORMATION PROVIDED
17 TO YOU. THIS IS A THERAPY THAT UTILIZES HUMAN
18 NEUROPROGENITOR CELLS WITH THE GOAL TO STABILIZE THE
19 DISEASE PROGRESSION AND MAINTAIN THE VISUAL
20 INTEGRITY IN PATIENTS WITH RETINITIS PIGMENTOSA
21 WHICH CAN BE QUITE VARIABLE AND HAS MANY ORIGINS IN
22 TERMS OF GENETIC CAUSES.

23 THE MAJOR ACTIVITIES THAT ARE PREPARED ARE
24 TO PRODUCE SUFFICIENT NEUROPROGENITOR CELLS FOR THE
25 PRECLINICAL STUDIES AND TO INITIATE, AFTER THE AWARD

BARRISTERS' REPORTING SERVICE

1 COMPLETION OF PHASE I-II CLINICAL TRIAL, TO COMPLETE
2 ALL THE IND-ENABLING PRECLINICAL STUDIES NEEDED TO
3 UNDERSTAND THE APPROPRIATE DOSING, THE SCALE-UP,
4 TOXICITY, AND TUMORGENICITY OF THESE CELLS, AND TO
5 OBTAIN FDA REGULATORY APPROVAL TO COMMENCE WITH A
6 CLINICAL TRIAL UTILIZING THESE CELLS IN RETINITIS
7 PIGMENTOSA SUBJECTS.

8 THE FUNDS THAT WERE REQUESTED IS \$4.9
9 MILLION. THE APPLICATION IN OUR NEW PROCESS GOES
10 THROUGH SEVERAL STAGES OF REVIEW. AFTER ELIGIBILITY
11 IT GOES THROUGH A BUDGET REVIEW THAT IS OFTEN DONE
12 THROUGH A CRO THAT HAS EXPERTISE IN LOOKING AT THE
13 COSTS THAT ARE CLAIMED AND ENSURING THAT THEY ARE
14 REASONABLE AND COMPARABLE TO CURRENT MARKET RATES.
15 WE ALSO DO AN INTERNAL BUDGET REVIEW. IN THIS CASE
16 IT WAS AN INTERNAL BUDGET REVIEW THAT WE DID GIVEN
17 THAT THE COSTS ARE UNDER FIVE MILLION. AND IT
18 PASSED, SO THE COSTS THAT WERE CLAIMED ARE
19 REASONABLE.

20 THEN ONCE THAT HAPPENS, IT GOES TO THE
21 GRANTS WORKING GROUP FOR THE SCIENTIFIC REVIEW.
22 WITH THE SCIENTIFIC REVIEW, THE GRANTS WORKING GROUP
23 UNANIMOUSLY SCORED THIS A ONE. SO ALL 15 SCORING
24 SCIENTIFIC MEMBERS GAVE A SCORE OF ONE. NO MEMBER
25 SCORED IT A TWO OR A THREE.

BARRISTERS' REPORTING SERVICE

1 THE CIRM TEAM ALSO LOOKS AT AND CONSIDERS
2 THE CONCERNS AND RECOMMENDATIONS OF THE WORKING
3 GROUP AND PROVIDES, WHERE APPROPRIATE, ITS OWN
4 RECOMMENDATIONS. IN THIS CASE WE CONCUR WITH THE
5 GRANTS WORKING GROUP RECOMMENDATION AND SUGGEST
6 APPROVAL OF AN AWARD AMOUNT OF 4.9 MILLION.

7 SO I'LL PASS IT ON TO MR. SHEEHY FOR THE
8 PROGRAMMATIC ASSESSMENT OF THIS APPLICATION.

9 MR. SHEEHY: THANK YOU, DR. SAMBRANO. I
10 THINK IT'S EXCITING THAT THIS WILL BE THE FIRST
11 APPLICATION THAT WE'LL CONSIDER UNDER CIRM 2.0. AND
12 IT'S DEFINITELY MADE A VERY INTERESTING CHANGE IN
13 HOW WE CONDUCT OURSELVES; AND THE ABILITY TO COME
14 BACK, I THINK, IS REALLY A GREAT OPTION. THIS
15 APPLICATION THAT WASN'T FELT NECESSARY.

16 SO I GUESS THE WAY I WOULD START WITH THIS
17 IS IS THERE A MOTION TO ACCEPT BOTH THE WORKING
18 GROUP AND THE CIRM TEAM RECOMMENDATION TO FUND THIS?

19 DR. PRIETO: SO MOVED.

20 MR. SHEEHY: AND DO I HAVE A SECOND?

21 MS. LAPORTE: SECOND.

22 MR. SHEEHY: IS THERE ANY DISCUSSION?
23 DOES ANYONE WANT MORE DETAIL ABOUT EITHER THE
24 APPLICATION OR THE COMMENTS FROM THE REVIEWERS?

25 DR. DULIEGE: JUST A COMMENT AND A QUICK

BARRISTERS' REPORTING SERVICE

1 QUESTION. FIRST OF ALL, IT'S QUITE REMARKABLE THAT
2 THIS GRANT GOT SCORED BY ALL MEMBERS OF THE GRANTS
3 WORKING GROUP TO ONE. I DON'T KNOW THAT WE HAVE
4 THAT OFTEN SUCH A TOPNOTCH RESULT, SO IT'S GOING TO
5 BE, I GUESS, FAIRLY EASY TO VOTE.

6 MY QUESTION IS THIS IS PURELY PRE-IND WORK
7 THAT DOESN'T INCLUDE THE COST OF THE PHASE I TRIAL?

8 DR. SAMBRANO: CORRECT.

9 DR. DULIEGE: SO DO WE KNOW THAT THE
10 APPLICANT LATER ON WILL HAVE THE CAPABILITIES TO
11 ALSO CONDUCT A PHASE I TRIAL? OR WHAT WILL BE THE
12 NEXT STEP AFTER THAT, HOPING THAT THIS STEP WILL
13 YIELD POSITIVE RESULTS?

14 DR. SAMBRANO: RIGHT. ONE OF THE FIRST
15 THINGS THAT'S GOING TO HAPPEN IF THIS IS FUNDED IS
16 THAT WE'RE GOING TO FORM A PARTNERSHIP WITH THEM TO
17 ENSURE THAT THEY GET TO THAT IND. THE AWARD ALLOWS
18 FOR THEM TO INITIATE STARTING ACTIVITIES FOR A
19 CLINICAL TRIAL, WHICH WE HOPE THEY MAY BE ABLE TO
20 DO, AND DURING THAT TIME THEN DEVELOP AN APPLICATION
21 FOR A 15-02. IF THEY'RE SUCCESSFUL, OUR GOAL WOULD
22 BE TO ENCOURAGE THEM AND GUIDE THEM TOWARDS AN
23 APPLICATION WHERE THEY CAN THEN CONDUCT THEIR PHASE
24 I CLINICAL TRIAL. IN DOING SO, IT MAY REQUIRE
25 BRINGING ADDITIONAL TEAM MEMBERS INTO THAT AS

BARRISTERS' REPORTING SERVICE

1 NEEDED.

2 DR. DULIEGE: THANK YOU.

3 MR. SHEEHY: ANY OTHER DISCUSSION BY THE
4 COMMITTEE OR QUESTIONS? IS THERE ANY PUBLIC COMMENT
5 ON THIS MOTION? THEN I THINK WE ARE READY FOR ROLL
6 CALL.

7 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

8 DR. DULIEGE: YES.

9 MS. BONNEVILLE: DAVID HIGGINS.

10 DR. HIGGINS: YES.

11 MS. BONNEVILLE: STEVE JUELSGAARD.

12 MR. JUELSGAARD: YES.

13 MS. BONNEVILLE: SHERRY LANSING. KATHY
14 LAPORTE.

15 MS. LAPORTE: YES.

16 MS. BONNEVILLE: LAUREN MILLER. ADRIANA
17 PADILLA.

18 DR. PADILLA: YES.

19 MS. BONNEVILLE: JOE PANETTA.

20 MR. PANETTA: YES.

21 MS. BONNEVILLE: FRANCISCO PRIETO.

22 DR. PRIETO: AYE.

23 MS. BONNEVILLE: ROBERT QUINT.

24 DR. QUINT: YES.

25 MS. BONNEVILLE: AL ROWLETT.

BARRISTERS' REPORTING SERVICE

1 MR. ROWLETT: YES.

2 MS. BONNEVILLE: JEFF SHEEHY.

3 MR. SHEEHY: YES.

4 MS. BONNEVILLE: OS STEWARD.

5 DR. STEWARD: YES.

6 MS. BONNEVILLE: JONATHAN THOMAS.

7 CHAIRMAN THOMAS: YES.

8 MS. BONNEVILLE: ART TORRES.

9 MR. TORRES: AYE.

10 MS. BONNEVILLE: DIANE WINOKUR.

11 MR. HARRISON: MOTION CARRIES WITH 13 YES
12 VOTES.

13 MR. SHEEHY: SO I THINK THE NEXT STEP, DR.
14 SAMBRANO, IS TO LEAD US THROUGH A DISCUSSION OF THE
15 OTHER GRANT UNDER CONSIDERATION TODAY.

16 DR. SAMBRANO: YES. THANK YOU. SO THE
17 SECOND APPLICATION IS FOR A PHASE III CLINICAL TRIAL
18 FOR METASTATIC MELANOMA. THIS USES A STRATEGY
19 UTILIZING TUMOR STEM CELL-TARGETED IMMUNOTHERAPY
20 WITH DENDRITIC CELLS. AND THEIR GOAL IS TO
21 DEMONSTRATE EFFICACY OF THIS THERAPY IN PATIENTS
22 WITH METASTATIC MELANOMA.

23 THE HIGHLIGHT OF THE MAJOR ACTIVITIES, THE
24 MAIN ONE OBVIOUSLY BEING THE COMPLETION OF A PHASE
25 III PIVOTAL TRIAL THAT WOULD BE CONDUCTED UNDER A

BARRISTERS' REPORTING SERVICE

1 SPECIAL PROTOCOLS ASSESSMENT AGREEMENT WITH THE FDA
2 TO MANUFACTURE THE TUMOR CELL-TARGETED IMMUNOTHERAPY
3 ITSELF FOR THE TRIAL AND TO, OF COURSE, ASSESS THE
4 CLINICAL SAFETY AND EFFICACY OF THE CANDIDATE. THE
5 FUNDS REQUESTED ARE \$17.7.

6 IN TERMS OF THE REVIEW, THIS APPLICATION
7 WAS ASSESSED BY AN EXTERNAL CRO IN TERMS OF THE
8 BUDGET, COSTS WERE REASONABLE, AND IT RECEIVED A
9 PASS. IN THE SCIENTIFIC ASSESSMENT, THE GRANTS
10 WORKING GROUP SCORE IS A ONE. SO IT RECEIVED A
11 PLURALITY OF VOTES, MEANING THE SCORE THAT RECEIVED
12 THE GREATEST NUMBER FROM THE GRANTS WORKING GROUP
13 WAS THAT OF A ONE. SO THERE WERE SIX MEMBERS WHO
14 SCORED IT A ONE, THREE MEMBERS THAT SCORED IT A TWO,
15 AND FIVE MEMBERS THAT SCORED IT A THREE.

16 CIRM HAS ALSO CONSIDERED SOME OF THE
17 CONCERNS THAT THE GRANTS WORKING GROUP REVIEWERS
18 BROUGHT UP DURING THEIR DISCUSSION, AND WE ALSO
19 CONCUR WITH THE GRANTS WORKING GROUP RECOMMENDATION
20 AND SUGGEST AN AWARD AMOUNT OF 17.7 MILLION.

21 MR. SHEEHY: SO, AGAIN, I THINK I'LL START
22 WITH A MOTION, IF THERE IS ONE, OR WE CAN GO
23 STRAIGHT INTO DISCUSSION.

24 MR. TORRES: MOVE IT.

25 MR. SHEEHY: SO WE GOT A MOTION TO MOVE IT

BARRISTERS' REPORTING SERVICE

1 FROM SENATOR TORRES.

2 DR. PRIETO: SECOND.

3 MR. SHEEHY: AND A SECOND FROM DR. PRIETO.
4 NOW WE HAVE QUESTIONS.

5 DR. DULIEGE: ACTUALLY THIS ONE, QUITE
6 OPPOSITE TO THE GRANT WE JUST REVIEWED, HAS A BROAD
7 ARRAY OF SCORES GOING, INTERESTING, FROM MAYBE HALF
8 OF THE MEMBERS WHO VOTED FOR A VERY GOOD APPLICATION
9 AND THE OTHER HALF, ROUGHLY A LITTLE LESS, WHO FELT
10 THAT THE APPLICATION SHOULD NOT RECEIVE FUNDING,
11 WHICH IS FAIRLY UNUSUAL TO HAVE THAT SPAN. SO CAN
12 YOU TELL US A LITTLE BIT MORE ABOUT THE CHALLENGES
13 THERE SO IT'S FELT TO BE INADEQUATE?

14 DR. SAMBRANO: SO IT'S NOT NECESSARILY
15 UNUSUAL THAT THERE ARE DIFFERENCES WITHIN THE
16 OPINION OF THE GRANTS WORKING GROUP MEMBER, BUT
17 CERTAINLY THERE WERE SUFFICIENT HERE THAT YOU HAVE A
18 DICHOTOMY. YOU HAVE SOME THAT REALLY LIKED IT, SOME
19 THAT REALLY HAD RESERVATIONS. I THINK WHAT DROVE
20 THE SCORE, AS IS STATED IN THE SUMMARY, IS THE PHASE
21 II CLINICAL DATA. THAT WAS VERY COMPELLING IN TERMS
22 OF DEMONSTRATING THAT THEY HAVE THE POTENTIAL TO
23 SHOW EFFICACY IN WHAT WOULD BE THE NEXT TRIAL.

24 SO CERTAINLY THOUGHT, GIVEN THE UNMET
25 MEDICAL NEED AND THE DEMONSTRATION OF THIS DATA,

BARRISTERS' REPORTING SERVICE

1 THAT IT WOULD BE PRUDENT TO CONTINUE WITH THE
2 DEVELOPMENT.

3 BUT THERE WERE ALSO CONCERNS. SOME OF THE
4 CONCERNS RELATED TO THE MECHANISM OF ACTION, AND
5 SOME OF THE STUDIES PROPOSED RELATED TO DETERMINING
6 WHAT THE PRECISE MECHANISM OF ACTION WOULD BE. THEY
7 FELT THAT SOME OF THOSE STUDIES WERE NOT
8 SUFFICIENTLY ADEQUATE TO ADDRESS THAT AND THOUGHT
9 THAT TO BE A WEAKNESS AND ALSO A CONCERN ABOUT
10 ENROLLING THE TRIAL ITSELF. GIVEN THE NUMBER OF
11 PATIENTS AND THE POSSIBILITY OF OTHER TRIALS THAT
12 MAY BE GOING ON IN THE SAME ARENA COMPETING FOR
13 PATIENTS, IT MAY BE A CHALLENGE.

14 ALTHOUGH THAT IS AN AREA WHERE CERTAINLY A
15 PARTNERSHIP WITH CIRM, THAT IS SOMETHING THAT WE
16 WOULD ADDRESS WITH THEM IN TERMS OF TRYING TO FIND
17 WAYS TO HELP THEM IDENTIFY PATIENTS. ONE OF THE
18 RECOMMENDATIONS THAT'S INCLUDED IN THE SUMMARY IS
19 INCREASING THE NUMBER OF CLINICAL SITES TO ENSURE
20 THAT THAT DOES NOT BECOME A PROBLEM.

21 SO THOSE ARE KIND OF THE MAJOR AREAS IN
22 WHICH THEY DIFFERED IN THEIR OVERALL ASSESSMENT OF
23 THIS APPLICATION.

24 MR. SHEEHY: DO WE HAVE ADDITIONAL?

25 DR. FINE: CAN I JUST RAISE A QUESTION?

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: MAYBE DR. FINE, MR.
2 JUELSGAARD, AND THEN DR. PRIETO IN THAT ORDER. DR.
3 FINE.

4 DR. FINE: DO I HAVE A CONFLICT?

5 MR. SHEEHY: I BELIEVE YOU HAVE A CONFLICT
6 ON THIS ONE. SO WE'LL GO TO --

7 DR. JUELSGAARD: DR. SAMBRANO, THE ALPHA
8 STEM CELL CLINICS THAT WE HAVE NOW APPROVED AND
9 PROVIDED FUNDING FOR, ARE THEY PLAYING A ROLE AT ALL
10 IN THIS PROPOSAL?

11 DR. SAMBRANO: NOT SPECIFICALLY, BUT IT IS
12 SOMETHING CERTAINLY THAT IF AN OPPORTUNITY IS
13 AVAILABLE TO THEM WHERE WE CAN JOIN THIS PROJECT
14 WITH THE ALPHA CLINIC, WE CAN CERTAINLY DO THAT.

15 DR. JUELSGAARD: DO WE RECOMMEND THAT? DO
16 WE SUGGEST THAT? HOW DOES THAT WORK? I THOUGHT ONE
17 OF THE REASONS WE DEVELOPED THESE OR DECIDED TO GO
18 FORWARD WITH THESE CLINICS WAS REALLY TO SUPPORT
19 STEM CELL THERAPY DEVELOPMENTS AND REALLY TRY TO
20 PROGRESS THEM AT A MORE ACCELERATED PACE.

21 DR. MILLS: WE DO, BUT KEEP IN MIND THE
22 ALPHA CLINICS THAT WE LAUNCHED IN THEIR INITIAL
23 YEARS LAUNCHED WITH PROGRAMS AT CAPACITY. SO THEY
24 HAD TO BE -- BASICALLY THE INN HAD TO BE FULL IN
25 ORDER FOR THEM TO EVEN APPLY. SO RIGHT AS THEY'RE

BARRISTERS' REPORTING SERVICE

1 LAUNCHING RIGHT NOW, THEIR DANCE CARD IS FULL. DOES
2 THAT MAKE SENSE?

3 DR. JUELSGAARD: WELL, I HEAR THAT, BUT ON
4 THE OTHER HAND, WE'RE TALKING ABOUT A PHASE III
5 CLINICAL TRIAL. SO SOMEBODY'S GOT TO BE CONVINCED
6 THAT WE'VE GOT ENOUGH DATA OUT OF PHASE II, WE'VE
7 GOT A PROOF OF CONCEPT GOING ON, AND THIS IS REALLY
8 GETTING TO THE FINISH LINE. AND SO IF YOU'RE
9 TALKING ABOUT ENROLLING ADDITIONAL CENTERS TO
10 PARTICIPATE IN CLINICAL TRIALS, AND I DON'T KNOW IF
11 THOSE ARE IN CALIFORNIA, OUTSIDE OF CALIFORNIA, OR
12 WHERE WE'RE TALKING ABOUT, BUT, HENCE, BACK TO MY
13 QUESTION ABOUT THE ALPHA CLINICS AND THEIR ROLE IN
14 ALL OF THIS.

15 DR. SAMBRANO: I THINK IF IT'S POSSIBLE
16 FOR THE ALPHA CLINICS TO ASSIST WITH THAT, I THINK
17 WE WOULD CERTAINLY UTILIZE THAT RESOURCE, BUT I
18 DON'T THINK WE HAVE TO LIMIT OURSELVES NECESSARILY
19 TO THE ALPHA CLINICS. I THINK THE GOAL IS TO FIND
20 ADDITIONAL SITES WHICH COULD BE WITHIN CALIFORNIA OR
21 OUTSIDE OF CALIFORNIA.

22 DR. PRIETO: SINCE I WAS ON THIS
23 DISCUSSION, I THOUGHT I'D JUST ADD A LITTLE BIT TO
24 EXPLAIN, I THINK, WHAT SOME OF THE SPREAD OF SCORES
25 REPRESENTS. AND I THINK SOME OF IT IS SORT OF

BARRISTERS' REPORTING SERVICE

1 TECHNICAL. IS THIS STUDY ADEQUATELY WELL DESIGNED?
2 CAN THEY DO WHAT THEY SAY THEY'RE SETTING OUT TO DO?
3 IS IT BIG ENOUGH? BUT THERE'S ALSO THE QUESTION
4 THAT WE'VE FACED ON A LOT OF APPLICATIONS IN THE
5 PAST ABOUT THE BELIEF OR LACK OF BELIEF IN THE
6 HYPOTHESIS OF CANCER STEM CELLS AND WHETHER THEY ARE
7 THE MECHANISM OR A MECHANISM FOR METASTASIS.

8 SO IF YOU DON'T BUY INTO THAT, AND I THINK
9 CLEARLY THERE'S SOME REVIEWERS, WE HAD A LOT OF
10 REVIEWERS OVER TIME WHO DON'T, THEN YOU ARE GOING TO
11 SCORE THAT LOWER.

12 MR. HARRISON: DR. FINE, I JUST WANTED TO
13 CLARIFY. YOU DO NOT HAVE A CONFLICT. PLEASE GO
14 AHEAD WITH YOUR QUESTION.

15 MR. SHEEHY: DR. FINE AND DR. DULIEGE.
16 DR. FINE, YOU DON'T HAVE A CONFLICT, SO --

17 DR. FINE: IT OCCURRED TO ME IN LOOKING AT
18 THE SCORES THAT A SIMPLE WAY OF INTERPRETING THIS IS
19 THAT SIX PEOPLE CONSIDERED IT TO BE EXCEPTIONAL, BUT
20 EIGHT PEOPLE CONSIDERED IT TO BE EITHER SUFFICIENTLY
21 FLAWED OR THAT IT NEEDED SUBSTANTIAL IMPROVEMENT.
22 AND SO THE BALANCE, LOOKING AT IT JUST BY THE SHEAR
23 NUMBERS, IS THAT THE OPINION FOR CONCERN IS GREATER
24 THAN THE OPINION FOR SUPPORT.

25 MR. SHEEHY: I SUPPOSE, BUT YOU COULD ALSO

BARRISTERS' REPORTING SERVICE

1 LOOK AT THAT NINE PEOPLE THOUGHT IT HAD MERIT. IT'S
2 WHETHER YOU'RE AN OPTIMIST OR A PESSIMIST. IS THE
3 GLASS HALF FULL OR HALF EMPTY?

4 DR. DULIEGE: MAYBE, AGAIN, A FEW
5 ADDITIONAL COMMENTS. MAYBE FOR THE GENERAL PUBLIC,
6 IT'S NOT OBVIOUS REALLY WHAT PART OF THE STEM CELL
7 THERAPY IS INVOLVED HERE. AND THE TECHNOLOGY IS TO
8 HARVEST THE MELANOMA CELLS, SPECIFICALLY THE STEM
9 CELLS IN THIS CANCER, THEN LOAD THEM ONTO A
10 PATIENT'S CELL AS WELL, WHICH IS CALLED THE
11 DENDRITIC CELLS, BUT ESSENTIALLY IT'S A CELL THAT
12 PRESENTS THE ANTIGEN TO THE REST OF THE IMMUNE
13 SYSTEM, INFUSE THOSE CELLS IN THE PATIENT, AND THESE
14 CELLS, PARTICULARLY THE STEM CELLS, ARE GOING TO
15 STIMULATE THE IMMUNE SYSTEM. WE CALL THEM THE
16 NATURAL KILLER CELLS TO THEN KILL THE STEM CELLS OF
17 THE PATIENT. SO IT'S FROM STEM CELLS TO STEM CELLS.
18 THAT'S THE LINK TO WHAT WE'RE DOING TODAY. MAY NOT
19 HAVE BEEN SO OBVIOUS FOR OTHERS.

20 I DON'T THINK WE HAVE ENOUGH INFORMATION
21 AT THIS POINT TO ADD TO THE JUDGMENT OF THE WORKING
22 GROUP. FOR INSTANCE, HAS THE TRIAL ALREADY STARTED?
23 WHAT'S THE OVERALL SIZE OF THE TRIAL? WHAT WERE THE
24 CONVINCING PHASE II DATA THAT LED PEOPLE TO BELIEVE
25 THAT IT WOULD BE GOOD TIMING TO DO A LEAP OF FAITH

BARRISTERS' REPORTING SERVICE

1 AND MOVE ON TO A VERY EXPENSIVE, VERY RISKY PHASE II
2 TRIAL. IF YOU COULD ADD A LITTLE BIT MORE TO THAT.

3 DR. SAMBRANO: OKAY. I CAN TRY. SO I
4 THINK THOSE ELEMENTS WERE CONSIDERED. SO THE
5 APPLICATION WAS REVIEWED JUST A LITTLE OVER A MONTH
6 AGO. SO WE TRY TO BRING THE LATEST INFORMATION THAT
7 WE CAN TO IT. I BELIEVE THIS TRIAL HAS INITIATED.
8 IS THAT CORRECT? YES. SO IT IS ENROLLING. AND
9 THAT WAS SOMETHING THAT WAS BROUGHT INTO THE
10 DISCUSSION.

11 THE CONSIDERATION OF THE NUMBER OF SITES
12 AND ENROLLMENT WAS ALSO CONSIDERED. SO ALL OF THIS
13 IS BROUGHT INTO THE REVIEW. IS THERE ANYTHING ELSE
14 I CAN ADD?

15 DR. MILLS: THE OTHER THING TO ADD TO
16 THAT, GIL, NOT ONLY WAS THAT BROUGHT INTO THE
17 REVIEW, I THINK ONE OF THE IMPORTANT THINGS TO
18 UNDERSTAND ABOUT THIS APPLICATION IS IT ALSO COMES
19 WITH AN SPA FROM FDA, WHICH IS A SPECIAL PROTOCOL
20 ASSESSMENT, WHICH MEANS NOT ONLY HAS OUR GWG
21 CONCURRED WITH THE DESIGN OF THE PROTOCOLS
22 ACCEPTABLE FOR WHAT IT'S INTENDED TO DO, BUT THE
23 FOOD AND DRUG ADMINISTRATION HAS AS WELL WITH
24 REGARDS TO ITS SIZE, POWER, AND THE LIKE.

25 WITH REGARDS TO THE COMPELLING DATA, WHICH

BARRISTERS' REPORTING SERVICE

1 I THINK CENTERS, WAS CLEARLY, BY THE WAY, PIVOTAL IN
2 THE GWG'S RECOMMENDATION. IT WAS FOR A
3 STATISTICALLY SIGNIFICANT INCREASE IN OVERALL
4 SURVIVAL IN A PHASE II TRIAL AGAINST A CONTROL GROUP
5 WAS VERY IMPRESSIVE. I WILL TELL YOU AS A
6 FOLLOW-UP, BEFORE THE CIRM TEAM MADE OUR
7 RECOMMENDATION, BECAUSE THAT TRIAL WAS SO PIVOTAL TO
8 THE GWG'S DETERMINATION, WE ACTUALLY WENT AND DID
9 FURTHER ANALYSIS OF THE PHASE II TRIAL WHICH THE
10 DECISION WAS BASED ON. AND BASED ON OUR REVIEW, I
11 CAN'T GET INTO THE CONFIDENTIAL DETAILS, BUT BASED
12 ON OUR REVIEW, OUR RECOMMENDATION IS TO CONCUR WITH
13 THE GWG'S DECISION.

14 DR. JUELSGAARD: SO, DR. SAMBRANO, YOU
15 SAID THAT THE PHASE III TRIAL IS ALREADY UNDER WAY,
16 WHICH RAISES FOR ME AT LEAST A FUNDAMENTAL QUESTION
17 OF FUNDING. SO I WOULD THINK, AT LEAST BASED ON
18 SOME EXPERIENCE, THAT BEFORE A COMPANY ENGAGES IN A
19 PHASE III CLINICAL TRIAL, THEY WOULD HAVE THOUGHT
20 ABOUT THE RESOURCES AVAILABLE TO THEM TO COMPLETE
21 THE TRIAL AND TO GET FDA APPROVAL, MEANING THAT THEY
22 ALREADY HAVE THOSE RESOURCES AVAILABLE.

23 SO WE'RE NOW TALKING ABOUT GIVING THEM
24 CLOSE TO \$20 MILLION. DO THEY NEED OUR MONEY TO BE
25 ABLE TO COMPLETE THE TRIAL? DO WE KNOW?

BARRISTERS' REPORTING SERVICE

1 DR. SAMBRANO: THAT IS SOMETHING THAT IS
2 CONSIDERED AS WELL. SO PART OF THE PHASE III TRIAL
3 REQUIREMENT COMING INTO CIRM IS AT LEAST A
4 50-PERCENT MATCH. SO THEY NEED TO ALREADY HAVE --

5 DR. JUELSGAARD: I UNDERSTAND THAT. I
6 UNDERSTAND, BUT ASSUME WE VOTED THIS DOWN RIGHT NOW,
7 ARE THEY BASICALLY INCAPABLE OF COMPLETING THE PHASE
8 III TRIAL? DO WE KNOW? I JUST FIND IT SURPRISING
9 THAT YOU WOULD ENGAGE IN A PHASE III TRIAL WITHOUT
10 HAVING IDENTIFIED AHEAD OF TIME THE FINANCIAL
11 RESOURCES RIGHT THEN AND THERE THAT YOU HAVE TO
12 CARRY THAT OUT. THAT'S TAKING A HUGE RISK IF YOU
13 HAVEN'T IN MY MIND.

14 ANYWAY, IT'S JUST A CURIOSITY BECAUSE IF
15 WE RUN INTO THIS SITUATION WHERE COMPANIES DO HAVE
16 THE MONEY TO DO THE TRIALS, BUT COME LOOKING TO US
17 FOR A GRANT, IS THAT SOMETHING WE SHOULD
18 COUNTEANCE? PERHAPS WE SHOULD. I DON'T KNOW. I'M
19 JUST CURIOUS ABOUT THAT.

20 THE OTHER QUESTION, WHICH IS VERY
21 DIFFERENT FROM THAT ONE, SO WE APPROVE THIS, BUT NOW
22 WE REALLY GET TO SEE IT WORKING IN REALITY, AND
23 THAT'S THE SCORING SYSTEM. SO, AT LEAST FOR MY
24 SAKE, IF YOU COULD REMIND ME HOW THE SCORING SYSTEM
25 WORKS. SO I UNDERSTAND IF WE'VE GOT EIGHT PEOPLE

BARRISTERS' REPORTING SERVICE

1 GIVING IT A ONE, EIGHT OR MORE, GREAT, WONDERFUL;
2 BUT WHEN WE'VE GOT LESS THAN THAT, HOW DOES THE
3 SCORING WORK AGAIN BECAUSE I JUST DON'T REMEMBER AND
4 THIS REALLY PUTS IT INTO FOCUS?

5 DR. SAMBRANO: THAT'S FINE. SO THE WAY
6 THE SCORING WORKS IS FOR A RECOMMENDATION AS A ONE
7 OR A TWO, YOU HAVE TO HAVE A PLURALITY OF THE
8 MEMBERS VOTING FOR THAT SCORE. SO IN THIS CASE THE
9 PLURALITY OF SIX RAISED IT TO A SCORE OVERALL OF ONE
10 BY THE GRANTS WORKING GROUP. A MAJORITY IS REQUIRED
11 FOR A SCORE OF THREE, SO FOR IT TO CARRY A SCORE OF
12 3 AS A RECOMMENDATION FROM THE GRANTS WORKING GROUP.
13 THE REASON FOR THAT IS THAT THE SCORE OF THREE MEANS
14 IT CAN'T COME BACK. SO IT'S A TERMINAL DECISION IN
15 TERMS OF THAT.

16 THE IDEA BEHIND HAVING A PLURALITY AMONG
17 THESE THREE WAS TO ALSO PROVIDE AN OPPORTUNITY FOR
18 THE BOARD TO ENGAGE IN A DISCUSSION IN A
19 PROGRAMMATIC REVIEW TO SEE THE DIFFERENCES IN
20 OPINIONS FROM THE REVIEWERS AND BRING INTO THAT A
21 PROGRAMMATIC PERSPECTIVE ON WHETHER THIS IS
22 SOMETHING THAT SHOULD OR SHOULD NOT BE FUNDED.

23 SO WE COULD CONSIDER MODIFYING IT IF THE
24 SYSTEM DOES NOT SEEM TO WORK. I THINK THIS IS A
25 GOOD EXAMPLE OF WHAT WE MAY GET UTILIZING THE

BARRISTERS' REPORTING SERVICE

1 PLURALITY OF SCORES FOR THE ONE OR TWO. WE COULD
2 ADOPT A CHANGE THAT WOULD REQUIRE A MAJORITY, BUT AT
3 LEAST IN THIS CASE, I THINK THIS IS WHAT WE GET; BUT
4 WE CERTAINLY WANT TO HAVE YOUR INPUT ON WHETHER YOU
5 THINK THIS IS SUFFICIENT TO FUND.

6 MR. SHEEHY: SO MAYBE WE'RE AT A POINT --

7 DR. DULIEGE: I WANT TO EMPHASIZE FOR
8 EVERYBODY WHAT YOU JUST SAID, RANDY, BECAUSE I'M NOT
9 TOO SURE THAT EVERYONE KNOWS THAT NUANCE. YOU
10 MENTIONED THAT THE PROTOCOL HAD BEEN ACCEPTED UNDER
11 AN SPA BY THE FDA, WHICH IS VERY IMPORTANT BECAUSE
12 WHAT THAT SAYS IS THAT IF THIS TRIAL IS SUCCESSFUL,
13 AT LEAST THE FDA HAS BLESSED THE DESIGN OF THE TRIAL
14 AHEAD OF TIME AND ESSENTIALLY STATED THAT, PENDING
15 SEVERAL OTHER REQUIREMENTS, THIS COULD LEAD TO AN
16 APPROVAL OF A PROJECT. IT'S REALLY VERY IMPORTANT
17 AND SPEAKS HIGHLY TO THE QUALITY OF THE SCIENCE AND
18 THE DESIGN OF THE TRIAL.

19 IT'S IMPORTANT ALSO TO KNOW THAT THIS IS
20 THE FIELD, THE FIELD OF METASTATIC MELANOMA, THAT IS
21 EVOLVING EXTREMELY RAPIDLY THESE DAYS, ACTUALLY TO
22 THE BETTER, WHICH IS GREAT, IN THE FIELD OF
23 IMMUNOTHERAPY, WHICH IS GREAT, BUT WHICH WILL POSE
24 TREMENDOUS CHALLENGES TO HAVE A QUALITY
25 INTERPRETATION OF THE TRIAL RESULTS. BUT THERE'S

BARRISTERS' REPORTING SERVICE

1 PART OF SCIENCE, AND THERE'S NOTHING WE CAN DO
2 AGAINST THAT, BUT SIMPLY HAVE A SAMPLE SIZE THAT IS
3 LARGE ENOUGH SO THAT WE HAVE VALID DATA.

4 BUT I JUST WANT TO COME BACK TO THIS
5 REALLY UNUSUAL SITUATION. IF WE WERE TO VOTE NO,
6 WHAT WOULD HAPPEN? THE TRIAL WOULD CONTINUE AND THE
7 SPONSOR WOULD HAVE TO LOOK FOR FUNDS SOMEWHERE ELSE?
8 THIS IS A VERY UNUSUAL SITUATION, I THINK, THAT WE
9 HAVE HAD.

10 DR. MILLS: I THINK IT'S IMPORTANT. WE
11 CAN'T SPEAK FOR WHAT THE COMPANY WOULD DO.

12 MR. SHEEHY: I THINK I'D LIKE TO ADDRESS
13 THAT POINT BECAUSE I DON'T REALLY SEE THAT IN MY
14 MIND AS A PROGRAMMATIC CONSIDERATION PERSONALLY.
15 PEOPLE HAVE COME TO US. WE HAVE FIVE TRIALS COMING
16 UP, FIVE APPLICATIONS IN PHASE III. IT SEEMS LIKE
17 WE'VE ALREADY MADE THE DECISION WE'RE GOING TO FUND
18 PHASE III TRIALS. OTHERWISE, WE SHOULD JUST SAY
19 WE'RE NOT GOING TO FUND THEM AND ASSUME THAT PEOPLE
20 HAVE THE FUNDING TO DO SO. SO YOU'RE KIND OF ASKING
21 AN EXISTENTIAL QUESTION. YOU COULD ASK THAT ABOUT
22 ANY PHASE III TRIAL THAT COMES HERE. CLEARLY THEY
23 THOUGHT ABOUT THIS, THEY HAD THE FUNDING.

24 SO FOR ME, AT LEAST PERSONALLY, THE
25 QUESTION BECOMES DO THEY HAVE GOOD DATA? AND

BARRISTERS' REPORTING SERVICE

1 CLEARLY THEY HAVE GOOD DATA. THEY FINISHED PHASE
2 II. IS THERE AN UNMET NEED? ARE THERE PATIENTS WHO
3 NEED THIS? AND THAT'S TRUE. FOR ME PERSONALLY, I
4 WAS VERY ENTHUSIASTIC ABOUT THE FACT THAT THIS IS A
5 VERY LOW TOXICITY TREATMENT. SO IF THE PHASE II
6 RESULTS HOLD UP, YOU CAN PUT THIS WITH SOME OF THE
7 OTHER NEW PRODUCTS THAT ARE COMING, AND IT COULD BE
8 A VERY IMPORTANT PART OF COMBINATION THERAPY.

9 AND THEN AT THE END OF THE DAY, OUR MONEY
10 ISN'T FREE. SO THERE'S ROYALTY ATTACHMENTS OR
11 THERE'S A LOAN PAYBACK THAT'S INVOLVED. SO THEY'RE
12 SUCCESSFUL, THEY COME BACK AND PAY US BACK WITH SOME
13 DENOMINATOR AS WE'RE GOING TO HAVE IN A LOAN, THAT'S
14 A GREAT OUTCOME. SO I GUESS IT'S HARD FOR ME TO GET
15 KIND OF STUCK ON THIS QUESTION ABOUT -- MAYBE WE
16 NEED TO REVISIT THAT, BUT DO WE GET STUCK ON THE
17 QUESTION OF WHETHER OR NOT WE SHOULD BE FUNDING
18 PHASE III TRIALS? AND REALLY DOES THIS SERVE OUR
19 MISSION OF GETTING THERAPIES TO PATIENTS THAT WILL
20 IMPROVE THEIR OUTCOMES?

21 CHAIRMAN THOMAS: I'D LIKE TO JUST BUILD
22 UPON WHAT YOU SAID, MR. SHEEHY. AS YOU KNOW,
23 OBVIOUSLY WE FUND THINGS THROUGHOUT THE RESEARCH
24 SPECTRUM. AND THE EARLIER THEY ARE, THE MORE
25 SPECULATIVE THEY ARE. THIS IS THE FIRST PHASE III

BARRISTERS' REPORTING SERVICE

1 THAT'S COME TO THE BOARD UNDER CIRM 2.0; AND IF IT
2 WERE TO PASS THE BOARD, IT HAS BY FAR, BY VIRTUE OF
3 BEING A PHASE III, THE GREATEST CHANCE OF SUCCESS
4 FOR THE PEOPLE OF CALIFORNIA OF ANYTHING WE'VE
5 FUNDED BECAUSE IT'S THE FURTHEST ALONG. AND I THINK
6 THAT -- AND THAT SORT OF UNDERLIES THE WHOLE CONCEPT
7 OF CONSIDERING PHASE IIIS AS PART OF CIRM 2.0.

8 AND I AGREE THAT THE DATA HERE WAS VERY
9 COMPELLING. AND GIVEN THAT AND GIVEN THE HIGHER
10 LIKELIHOOD OF SUCCESS, I PERSONALLY WILL VOTE TO
11 ACCEPT THIS.

12 MS. LAPORTE: JUST FACTUALLY SPEAKING,
13 THIS IS A LITTLE COMPANY. I DON'T KNOW THIS COMPANY
14 AT ALL. JUST FROM THEIR PUBLIC FILINGS, IT'S A
15 SMALL COMPANY. THEY'LL NEED TO RAISE MORE MONEY.
16 THEY'VE GOT, LOOKS LIKE, ABOUT A QUARTER'S WORTH OF
17 CASH. BUT THE FACT THAT WE'RE DEBATING THIS TODAY
18 IS WELL KNOWN ON THE INTERNET, AND SO PRESUMABLY OUR
19 SUPPORT WILL HELP THEM RAISE THE CASH. SO IT'S THAT
20 TYPE OF SITUATION.

21 MR. SHEEHY: DO WE HAVE ADDITIONAL BOARD
22 COMMENT?

23 MS. LAPORTE: NOT IF WE VOTE IT DOWN.

24 MR. SHEEHY: WELL, WE HAVE A MOTION ON THE
25 FLOOR. DO WE HAVE ANY COMMENTS FROM PEOPLE ON THE

BARRISTERS' REPORTING SERVICE

1 PHONE? COULD WE GET PUBLIC COMMENT. FOR THE
2 INDIVIDUAL WHO'S GOING TO MAKE PUBLIC COMMENT, IT'S
3 HELPFUL IF YOU CAN GIVE US YOUR NAME AND ANY OTHER
4 IDENTIFYING INFORMATION.

5 MR. BEEGUN: ABSOLUTELY. THANK YOU. GOOD
6 MORNING TO EVERYBODY. I WAS ASKED TO BE HERE, BUT I
7 WANTED TO BE HERE. MY NAME IS NORM BEEGUN. I'M
8 SORRY. I NEVER THOUGHT THIS WAS GOING TO HAPPEN. I
9 AM A RESIDENT OF LOS ANGELES -- I FEEL LIKE I'M
10 ACCEPTING AN AWARD. NEXT -- I KNOW I'M SUPPOSED TO
11 BE FAST, SO I APOLOGIZE. THIS JUNE I TURN 70, WHICH
12 IS AN IMPORTANT BIRTHDATE FOR ME BECAUSE IN 2002 AT
13 AGE 56 I WAS DIAGNOSED WITH STAGE FOUR METASTATIC
14 MELANOMA. AND AS A CLINICAL TRIAL PARTICIPANT, I
15 RECEIVED NEOSTEM'S THERAPY.

16 I WAS FIRST DIAGNOSED WITH A MELANOMA
17 TUMOR IN MY LUNG. WITHIN A YEAR ANOTHER TUMOR WAS
18 DISCOVERED IN MY SMALL BOWEL, AND SIX MONTHS LATER,
19 AT A RAPID SPEED, THERE WAS A METASTASIS IN MY
20 LIVER. AFTER THE TUMOR WAS REMOVED FROM MY LIVER, I
21 BEGAN RECEIVING NEOSTEM'S THERAPY. I'VE BEEN
22 DISEASE FREE FOR 11 YEARS.

23 FROM THE DATA RESULTING FROM IT, I KNOW
24 THE PHASE II TRIALS -- I KNOW THAT 72 PERCENT --
25 THERE'S A SURVIVAL RATE AFTER TWO YEARS OF 72

BARRISTERS' REPORTING SERVICE

1 PERCENT. AFTER FIVE YEARS IT WAS 50 PERCENT.
2 BECAUSE ONE OF THE THINGS YOU DO WHEN YOU HAVE
3 CANCER, YOU GO ON THE INTERNET A LOT. AND I KNOW
4 THAT NO OTHER THERAPY HAS HAD TWO-YEAR SURVIVAL
5 RATES OF 50 PERCENT. AND THE HIGHEST SURVIVAL RATE
6 WAS REPORTED AT 20 PERCENT.

7 IN THE UNITED STATES THERE ARE ABOUT
8 100,000 DEATHS FROM MELANOMA. MELANOMA MAY NOT
9 AFFECT AS MANY AS SOME OTHER DISEASES, BUT FOR MANY,
10 AND ESPECIALLY PEOPLE I'VE COUNSELED, IT'S
11 ESPECIALLY DEADLY. AS ONE WOULD EXPECT, CALIFORNIA,
12 CALIFORNIA SUN HAS GREATEST NUMBER OF CASES OF
13 MELANOMA AND THE HIGHEST NUMBER OF DEATHS FROM THE
14 MALIGNANCY OF IT OF ANY STATE.

15 IN LIGHT OF THE SERIOUSNESS OF THIS
16 DISEASE AND THE PREVALENCE OF MELANOMAS IN
17 CALIFORNIA AND THE PROMISE OF THE NEOSTEM APPROACH,
18 I SUPPORT THE DECISION BY THE GRANT WORKING GROUP TO
19 RECOMMEND THE GRANT FOR FUNDING. THERE IS A
20 COMPELLING MEDICAL NEED TO DO SO. I'M REALLY
21 GRATEFUL FOR THE ATTENTION GIVEN TO THIS TERRIBLE
22 DISEASE BY CIRM TODAY. I LOOK FORWARD TO THE DAY
23 WHEN THIS APPROACH IS CONSIDERED STANDARD CARE
24 TREATMENT AND HOPEFULLY CURE FOR THIS DEADLY
25 DISEASE. AND I THANK YOU ALL AND THE STATE OF

BARRISTERS' REPORTING SERVICE

1 CALIFORNIA.

2 MR. TORRES: AND YOUR SON PLAYED CAL
3 FOOTBALL.

4 MR. BEEGUN: HE DID. HE DID, YES, UNDER
5 THE GOOD YEARS.

6 MR. SHEEHY: THANK YOU. DO WE HAVE
7 ADDITIONAL PUBLIC COMMENT? PLEASE.

8 DR. MAZZO: GOOD MORNING, EVERYONE. MY
9 NAME IS DAVID MAZZO, AND I'M ACTUALLY THE CHIEF
10 EXECUTIVE OFFICER AT NEOSTEM. JUST WANTED TO THANK
11 BOTH THE WORKING GROUP AND THE BOARD AND THE CIRM
12 MANAGEMENT TEAM FOR THE TIME AND THE EFFORT THEY'VE
13 PUT INTO THE REVIEW OF THIS GRANT. THIS PROGRAM IS
14 EXTREMELY IMPORTANT, NOT ONLY TO NEOSTEM, BUT WE
15 BELIEVE TO MELANOMA PATIENTS THROUGHOUT THE COUNTRY
16 AND ESPECIALLY HERE IN CALIFORNIA. WE DO MOST OF
17 OUR PROCESSING WORK IN IRVINE AND IN MOUNTAIN VIEW,
18 AND WE ARE LOOKING FORWARD TO CONTINUING THIS TRIAL.

19 CLEARLY THE REPRESENTATION OF OUR COMPANY,
20 AT LEAST FROM ITS FINANCIAL PERSPECTIVE, WAS
21 RELATIVELY ACCURATE. WE ARE A DEVELOPMENT STAGE
22 COMPANY. WE'RE CONSTANTLY LOOKING FOR FUNDS. AND
23 THE RECEIPT OF THIS GRANT FROM THIS AUSPICIOUS BOARD
24 WOULD ACTUALLY GO A LONG WAY TO HELPING US ADVANCE
25 THIS TRIAL. I THANK YOU AGAIN FOR YOUR

BARRISTERS' REPORTING SERVICE

1 CONSIDERATION, AND I LOOK FORWARD, I HOPE, TO A
2 POSITIVE OUTCOME. THANK YOU.

3 MR. SHEEHY: EXCUSE ME. MR. JUELSGAARD
4 HAS A QUESTION FOR YOU IF YOU DON'T MIND TAKING A
5 QUESTION.

6 DR. JUELSGAARD: MY QUESTION IS ABOUT PLAN
7 B WITH REGARD TO FINANCIAL WHEREWITHAL TO COMPLETE
8 THIS TRIAL. SO WHEN YOU COME HERE, YOU CAN'T ASSUME
9 AN OUTCOME. YOU HAVE TO ASSUME THAT IT COULD BE
10 DECIDED NOT TO FUND YOU AS WELL AS FUND YOU. SO DO
11 YOU A HAVE PLAN B IF YOU DON'T GET FUNDING? I'M
12 JUST REALLY CURIOUS. YOU'VE GOT, ACCORDING TO THE
13 RECENT SEC FILINGS, YOU HAVE A LITTLE OVER 19
14 MILLION IN TERMS OF CASH OR CASH EQUIVALENTS. SO I
15 DON'T KNOW IF THAT'S ENOUGH TO DO THIS TRIAL OR NOT.
16 IT DOESN'T SEEM SO BASED ON MY EXPERIENCE. BUT YOU
17 HAVE OTHER AVENUES FOR RAISING THE MONEY?

18 DR. MAZZO: YOU'RE ABSOLUTELY RIGHT. YOU
19 DON'T RUN A COMPANY BASED ON HOPE AND ASPIRATION.
20 YOU HAVE TO PLAN FOR REALITY. IN THIS PARTICULAR
21 CASE, OUR PLAN, I WOULDN'T CALL IT A PLAN B. THE
22 ALTERNATIVE SOURCE OF FUNDING REALLY COMES FROM TWO
23 POTENTIAL PLACES. WE ARE A PUBLIC COMPANY, SO AS
24 SUCH WE COULD ALWAYS TRY TO ACCESS THE CAPITAL
25 MARKETS FOR ADDITIONAL MONEY. AND WE ALSO HAVE

BARRISTERS' REPORTING SERVICE

1 RECENTLY PUT IN PLACE A \$30 MILLION EQUITY CREDIT
2 LINE, WHICH WE WOULD HAVE TO USE IF WE WEREN'T ABLE
3 TO USE THIS GRANT.

4 SO CLEARLY THE GRANT WOULD BE A
5 SUBSTANTIAL HELP TO US AND WOULD HELP US FURTHER
6 THIS PROGRAM; BUT, LIKE MOST DEVELOPMENT STAGE
7 COMPANIES, WE ALWAYS LOOK FOR OTHER MEANS OF CAPITAL
8 ACQUISITION IN THE EVENT THINGS DON'T WORK OUT THE
9 WAY YOU PLAN.

10 DR. JUELSGAARD: THANK YOU FOR YOUR
11 HONESTY.

12 MR. SHEEHY: IS THERE ANY OTHER PUBLIC
13 COMMENT? THEN HEARING NONE, I THINK WE'RE READY TO
14 CALL THE ROLL. AND THE MOTION IS TO APPROVE.

15 MS. BONNEVILLE: ANNE-MARIE DULIEGE.

16 DR. DULIEGE: YES.

17 MS. BONNEVILLE: DAVID HIGGINS.

18 DR. HIGGINS: YES.

19 MS. BONNEVILLE: STEVE JUELSGAARD.

20 MR. JUELSGAARD: YES.

21 MS. BONNEVILLE: KATHY LAPORTE.

22 MS. LAPORTE: YES.

23 MS. BONNEVILLE: ADRIANA PADILLA.

24 DR. PADILLA: YES.

25 MS. BONNEVILLE: JOE PANETTA. FRANCISCO

BARRISTERS' REPORTING SERVICE

1 PRIETO.

2 DR. PRIETO: AYE.

3 MS. BONNEVILLE: ROBERT QUINT.

4 DR. QUINT: YES.

5 MS. BONNEVILLE: AL ROWLETT.

6 MR. ROWLETT: YES.

7 MS. BONNEVILLE: JEFF SHEEHY.

8 MR. SHEEHY: YES.

9 MS. BONNEVILLE: JONATHAN THOMAS.

10 CHAIRMAN THOMAS: YES.

11 MS. BONNEVILLE: ART TORRES.

12 MR. TORRES: AYE.

13 MR. HARRISON: MOTION CARRIES WITH 11 YES

14 VOTES.

15 MR. SHEEHY: THANK YOU. I'LL PASS IT BACK
16 TO THE CHAIR. I JUST WANT TO COMMENT THAT I THINK
17 CIRM 2.0 IS A VAST IMPROVEMENT OVER THE LAST
18 VESTIGES WE EXPERIENCED OF THE PRIOR PROCESS LAST
19 TIME WE MET.

20 CHAIRMAN THOMAS: THANK YOU, MR. SHEEHY.
21 MARIA, WE ARE ACTUALLY GOING TO -- MARK, I APOLOGIZE
22 FOR THIS -- WE ARE GOING TO TAKE AN ITEM OUT OF
23 ORDER HERE. I JUST WANT TO MAKE SURE EVERYBODY GETS
24 THE BENEFIT OF THE DISCUSSION. SO WE ARE GOING TO
25 PROCEED NEXT TO THE DISCUSSION OF CIRM'S STRATEGIC

BARRISTERS' REPORTING SERVICE

1 PLAN; HOWEVER, LUNCH IS OUT THERE. SO LET'S TAKE A
2 FEW-MINUTE BREAK. EVERYBODY GET THEIR LUNCH IN THE
3 BACK PLEASE AND RETURN TO YOUR SEATS AND WE WILL
4 RECONVENE IN A FEW MINUTES. THANK YOU.

5 (A RECESS WAS TAKEN.)

6 CHAIRMAN THOMAS: WE WILL NOW BE RESUMING
7 WITH A DISCUSSION OF THE ITEM ON THE STRATEGIC PLAN
8 TO BE LED BY DR. MILLS. WITHOUT FURTHER ADO, DR.
9 MILLS.

10 DR. MILLS: THANK YOU, CHAIRMAN THOMAS.
11 I'LL DO THIS RELATIVELY QUICKLY. ONE, BECAUSE IT'S
12 STILL RELATIVELY EARLY IN THE STRATEGIC PLAN
13 PLANNING PROCESS, BUT I WANTED TO LET YOU KNOW WHAT
14 WAS GOING ON. TWO, BECAUSE I HAVE A 2:50 FLIGHT OUT
15 OF SAN FRANCISCO. LET'S MOVE ON WITH IT.

16 SO WE HAVE DECIDED AT CIRM IT'S TIME TO
17 TAKE A LOOK AT THE STRATEGIC PLAN THAT WE HAVE IN
18 PLACE, AND ACTUALLY WE'VE DONE THAT AND DECIDED IT'S
19 TIME THAT WE THINK ABOUT BRAND-NEW IDEAS AND GO
20 THROUGH THE FORMAL STRATEGIC PLANNING PROCESS TO
21 COME UP WITH A NEW STRATEGIC PLAN AND ONE THAT, I
22 THINK, HAS MORE FOCUS AND IS MORE WELL ALIGNED WITH
23 OUR MISSION.

24 SO STRATEGIC PLANNING JUST AS AN OVERVIEW,
25 WHY DO IT? AND THERE'S REALLY THREE MAIN REASONS

BARRISTERS' REPORTING SERVICE

1 WHY TO DO STRATEGIC PLANNING. FIRST IS SITUATIONAL
2 AWARENESS. IT IS A UNIQUE OPPORTUNITY TO REEVALUATE
3 EVERYTHING, REALLY LIKE PUT EVERYTHING ON THE TABLE.
4 THAT IS NOT A GOOD THING TO DO AS AN ORGANIZATION
5 CONTINUOUSLY, SO YOU DON'T WANT TO DO IT ALL THE
6 TIME BECAUSE YOU KIND OF GET NOWHERE. BUT EVERY
7 ONCE IN A WHILE, IT'S A GOOD THING TO LOOK AROUND
8 AND REALLY REEVALUATE EVERYTHING, REEVALUTE WHERE
9 YOU'RE TRYING TO GO, YOUR DIRECTION, YOUR GOALS,
10 EVEN YOUR MISSION AND CONSIDER OUTSIDE-OF-THE-BOX,
11 CRAZIEST OF IDEAS, IF NECESSARY, TO SEE IF YOU CAN
12 COME UP WITH SOMETHING NEW AND REVOLUTIONARY AND
13 ULTIMATELY REALLY GREAT, WHICH IS WHAT WE'RE TRYING
14 TO DO. SO THAT'S ONE REASON.

15 THE SECOND REASON IS THE PRODUCT OF
16 STRATEGIC PLANNING, IF DONE CORRECTLY, SHOULD
17 PROVIDE SIGNIFICANT ORGANIZATIONAL CLARITY. THERE
18 SHOULD BE A CRYSTAL CLEAR VISION THAT COMES OUT OF
19 THIS THAT HELPS US SET PRIORITIES, ESTABLISH
20 DIRECTION, AND, MOST IMPORTANTLY, DIRECTION THAT IS
21 ACTIONABLE, AND PROBABLY THE MOST IMPORTANT THING
22 OUT OF THAT IS CREATES ALIGNMENT.

23 THE BOARD, THE MANAGEMENT OF CIRM, THE
24 CIRM TEAM ALL UNDERSTANDS WHAT WE'RE TRYING TO DO
25 AND OUR STRATEGY THAT WE HAVE PICKED AND HOPEFULLY

BARRISTERS' REPORTING SERVICE

1 HAVE DEVELOPED CONVICTION AROUND TO ATTACK.

2 THE LAST THING IS IT SETS MEASURABLE
3 GOALS, AND THAT ALLOWS US TO DO TWO THINGS. ONE IS
4 TRACK PROGRESS AND, TWO, LET'S US KNOW WHETHER OR
5 NOT WE NEED TO TAKE ANY COURSE CORRECTION ACTIVITY
6 THAT MIGHT BE NECESSARY. SO THAT'S SORT OF THE WHY
7 TO GO THROUGH THIS.

8 A FEW THOUGHTS ABOUT THIS, AND I'M GOING
9 TO KEEP THIS SESSION RELATIVELY BRIEF TODAY, BUT A
10 FEW THOUGHTS ABOUT THIS THAT ARE KIND OF A
11 HODGEPODGE OF THINGS THAT I'VE BEEN TALKING ABOUT AS
12 WE GO THROUGH THE PROCESS, BUT I THINK ARE REAL FOR
13 US AND WE HAVE TO KEEP IN MIND.

14 FIRST IS ALMOST ANYTHING IS OPEN FOR
15 CONSIDERATION IN THIS. AND WE HAVE BEEN GOING
16 AROUND AND SEEKING INPUT FROM EXTERNAL PARTIES.
17 WE'VE MAKING IT AROUND TO THE MAJOR RESEARCH
18 INSTITUTIONS. ONE OF THE REASONS I'M GETTING ON A
19 PLANE IN JUST A FEW MINUTES IS HEADING TO SAN DIEGO
20 AND MEETING WITH THEM. AND WE'RE MOVING AROUND THE
21 STATE. IF WE HAVEN'T GOTTEN TO YOUR AREA, WE'RE
22 GETTING TO YOUR AREA. AND WE ARE LISTENING TO EVERY
23 IDEA AND INCLUDING SOME CRAZY IDEAS. SO ALMOST
24 EVERYTHING IS ON THE TABLE FOR CONSIDERATION EXCEPT
25 CHANGE JUST TO SAY THAT WE'VE CHANGED SOMETHING.

BARRISTERS' REPORTING SERVICE

1 I'M NOT UP FOR JUST CHANGING THINGS 'CUZ.

2 SECONDLY, STRATEGIC PLANNING IS NOT A
3 TRANSCRIPT OF A WHITEBOARD FROM A BRAINSTORMING
4 SESSION. YOU CANNOT JUST GO AROUND AND LISTEN TO
5 EVERYBODY'S IDEAS, COLLECT THEM ALL, AND SAY WE
6 FIGURED OUT A GRAND WAY TO MAKE EVERYONE HAPPY.
7 WE'RE GOING TO PUT A STRATEGIC PLAN TOGETHER THAT
8 INCORPORATES EVERY SINGLE IDEA WE'VE HEARD. FOCUS
9 IS REALLY ESSENTIAL IN THIS PROCESS, AND THAT'S
10 GOING TO REQUIRE, AS WE GO THROUGH SOME DELIBERATION
11 AND DEBATE, PERHAPS EVEN SOME FIGHTING, FOR US TO
12 COME TO A POINT WHERE WE HAVE CONVICTION AROUND A
13 PLAN.

14 ANOTHER THING WHICH IS UNUSUAL FOR US IS
15 WE'RE GOING THROUGH THE PROCESS OF AND HAVE ALREADY
16 MADE SOME VERY SIGNIFICANT CHANGES TO THE
17 ORGANIZATION AND ARE ABOUT TO IMPLEMENT SOME MORE
18 SIGNIFICANT CHANGES WHICH WE BELIEVE ARE POSITIVE
19 AND WILL HAVE POSITIVE EFFECTS. AND THAT'S JUST
20 SOMETHING TO KEEP IN MIND. WE CAN'T REALLY USE A
21 LOT OF HISTORICAL DATA TO DETERMINE HOW WELL THE
22 CURRENT PROCESS IS THAT WE'RE USING. WE'RE UNUSUAL
23 IN THAT WE'VE MADE SOME PRETTY SIGNIFICANT CHANGES.

24 AND THEN, LASTLY, ARE TIME EFFECTS THAT
25 ARE UNIQUE ABOUT CIRM. WHETHER WE LIKE IT OR NOT,

BARRISTERS' REPORTING SERVICE

1 WE HAVE A LIMITED AMOUNT OF FUNDING WHICH PUTS A
2 LITTLE BIT AMOUNT OF TIME ON US. INTERESTINGLY, THE
3 WAY I THINK ABOUT THIS IS WE BOTH HAVE LIMITED TIME
4 AND WE HAVE ENOUGH TIME. WHAT I MEAN BY THAT IS WE
5 HAVE FIVE YEARS. IT'S NOT FOREVER, BUT RIGHT NOW
6 THE WAY IT LOOKS IS WE HAVE ABOUT FIVE YEARS. SO
7 THE METAPHOR THAT I HAVE IN MY MIND ABOUT THIS, IT'S
8 THE SECOND HALF OF THE GAME, BUT IT'S NOT THE
9 TWO-MINUTE DRILL OF THE GAME. AND SO WE NEED TO
10 MAKE SURE THAT WE ACT AND BEHAVE AND PLAN
11 STRATEGICALLY IN A MANNER THAT'S, I THINK,
12 APPROPRIATE WITH THAT ANALYSIS. SO THAT'S JUST THE
13 THOUGHTS GOING IN.

14 BASICALLY THERE ARE 50,000 WAYS OF DOING
15 STRATEGIC PLANNING OUT THERE, AND THERE ARE REALLY
16 COMPLEX WAYS WITH ARROWS THAT CONNECT A WHOLE LOT OF
17 BOXES IN ALL KINDS OF DIFFERENT DIRECTIONS. BUT
18 BROKEN DOWN, STRATEGIC PLANNING, AND HAVING DONE
19 THIS MANY, MANY TIMES, YOU CAN DEFINE IT INTO THREE
20 ACTIVITIES. ONE IS REALLY UNDERSTAND WHERE YOU ARE
21 NOW. TWO, REALLY UNDERSTAND WHERE IT IS YOU WANT TO
22 GO. AND THEN, THREE, COME UP WITH THE BEST WAY ON
23 HOW TO GET THERE. THAT'S REALLY IT. SO THAT'S WHAT
24 WE'RE IN THE PROCESS OF.

25 ONE OF THE THINGS THAT WE SENT OUT TO THE

BARRISTERS' REPORTING SERVICE

1 BOARD IS A BOARD QUESTION CENTERED AROUND OUR
2 MISSION BECAUSE CONFIRMING THE ULTIMATE MISSION OF
3 WHAT WE'RE TRYING TO ACCOMPLISH IS REALLY IMPORTANT.
4 IT DOESN'T SET IN PLACE A CRYSTALLIZED VISION, BUT
5 AT LEAST HELPS HAVE A STARTING PLACE ON WHAT IT IS
6 WE'RE TRYING TO ACCOMPLISH.

7 ANOTHER THING THAT'S VERY IMPORTANT IN THE
8 WHERE WE ARE NOW CATEGORY IS CALLED BRUTALLY
9 CONFRONTING THE FACTS, NOT SUGAR COATING ANYTHING,
10 NOT BURYING OUR HEAD IN THE SAND, OR SAYING WE DON'T
11 WANT TO LOOK AT IT BECAUSE SOME OF THAT STUFF MIGHT
12 BE UNPLEASANT. IF YOU REALLY WANT TO MAKE PROGRESS
13 ON WHERE YOU GO FORWARD, YOU HAVE TO REALLY, REALLY
14 UNDERSTAND THE FACTS OF WHERE YOU ARE NOW EVEN IF
15 SOME OF THOSE ARE UNPLEASANT.

16 AND OBVIOUSLY EVALUATING ENVIRONMENTAL.
17 THIS IS WHY WE'RE GOING AROUND AND WE'RE TALKING TO
18 SO MANY PEOPLE, SO MANY DIFFERENT KINDS OF
19 STAKEHOLDERS.

20 THEN YOU GET INTO WHERE YOU WANT TO GO AND
21 BRAINSTORMING IDEAS AND BENCHMARKING, BUT THE WHOLE
22 POINT OF THIS IS TO CREATE A VISION OF GREAT, NOT
23 JUST GOOD, NOT JUST OKAY, BUT REALLY WHAT'S THE BEST
24 UNIQUE VISION FOR CIRM THAT WE CAN SAY IF WE DID
25 THAT, WE WOULD BE REALLY, REALLY PROUD.

BARRISTERS' REPORTING SERVICE

1 AND THEN THE LAST PART IS HOW YOU GET
2 THERE. AND A LOT OF THAT STRATEGY AND FIGURING OUT
3 THE DIFFERENT STRATEGIES, NOT GETTING INTO TOO MUCH
4 DETAIL IN STRATEGIC PLANS ON OPERATIONAL ASPECTS OF
5 IT, BUT THINKING ABOUT THE STRATEGIES THAT WE'RE
6 GOING TO EMPLOY IN ORDER TO ACCOMPLISH OUR GOALS,
7 ESTABLISHING MILESTONES SO WE CAN MAKE SURE WE'RE
8 PROGRESSING ALONG THE WAY, AND THEN OBVIOUSLY
9 CREATING A PLAN THAT EMBODIES ALL OF THIS.

10 SO THAT'S THE HIGH LEVEL PROCESS THAT
11 WE'RE GOING THROUGH. THIS REQUIRES BASICALLY FOUR
12 THINGS. ONE IS IT REQUIRES INPUT. AND SO, AGAIN,
13 WE ARE MEETING WITH AS MANY STAKEHOLDERS AS WE
14 POSSIBLY CAN. WE'RE GOING TO DO SOME OTHER OUTREACH
15 TO MEMBERS OF THE GENERAL PUBLIC. BUT WE ARE IN AN
16 ACTIVE PROCESS OF SEEKING INPUT FROM MANY, MANY
17 DIFFERENT STAKEHOLDERS AND EXTERNAL ADVISERS AS
18 WELL.

19 FORMULATION THEN BECOMES MORE OF AN
20 INTERNAL PROCESS WHERE WE TAKE EVERYTHING WE'VE SEEN
21 AND WE'VE HEARD AND WE START FORMULATING THE PLAN.
22 THEN THE NEXT ASPECT IS DELIBERATION, AND THIS WILL
23 START WITH REGARDS TO THE BOARD AT OUR JULY MEETING.
24 WE WILL DELIVER TO YOU IN JULY A VERSION OF A
25 STRATEGIC PLAN, AND IT WILL BE IMPORTANT THAT WE

BARRISTERS' REPORTING SERVICE

1 CONSIDER VERY CAREFULLY THE ELEMENTS OF THAT. IT IS
2 NOT TO BE -- I WOULD SAY THIS IS PROBABLY NOT A
3 CONSENT CALENDAR ITEM -- THAT WOULD BE UNFORTUNATE.
4 IT'S OUR FIRST CONSENT CALENDAR JOKE, BY THE WAY --
5 BUT WILL REQUIRE A LOT OF DEBATE AND CONSIDERATION,
6 SERIOUS CONSIDERATION, FOR THE BOARD.

7 ULTIMATELY AND THE PURPOSE OF ALL OF THAT
8 IS TO BUILD CONVICTION AROUND IT AND FEEL LIKE THE
9 STRATEGIC PLAN WE HAVE AND, MORE IMPORTANTLY, THE
10 STRATEGIC VISION THAT WE HAVE IS WHAT WE WANT AND
11 THAT WE FEEL GOOD ABOUT IT BECAUSE THAT CONVICTION
12 IS THE THING THAT ULTIMATELY HELPS US MAKE THE HARD
13 DECISIONS. SO IT'S REALLY, REALLY EASY TO SAY YES
14 TO STUFF. IT'S REALLY, REALLY HARD TO SAY NO. AND
15 IT'S ONLY WHEN YOU HAVE A VERY STRONG VISION AND YOU
16 REALLY WANT THAT VISION THAT YOU HAVE THE ABILITY
17 AND THE GUTS TO SAY NO TO THINGS.

18 AND SO THAT'S WHAT WE'RE GOING THROUGH
19 RIGHT NOW. AS I SAID, IN JULY WE WILL BE COMING
20 BACK TO YOU WITH A FIRST PASS OF THIS PLAN.

21 WE SENT OUT A SURVEY, AND SO NOT TO LEAVE
22 YOU GUYS HANGING, BUT ALSO NOT TO -- DON'T
23 OVEREMPHASIZE THIS. THIS IS ONLY ONE PIECE OF A LOT
24 OF DATA THAT WE'RE COLLECTING. BUT I THOUGHT I
25 WOULD SHOW YOU THE RESULTS OF THE SURVEY SO YOU GUYS

BARRISTERS' REPORTING SERVICE

1 COULD AT LEAST SEE ON SOME HIGH LEVEL TOPICS WHERE
2 THE BOARD STANDS ON THIS.

3 THE BOARD SURVEY WE SENT OUT, ACTUALLY YOU
4 CAN BREAK THE QUESTIONS. HERE'S THE KEY. YOU CAN
5 BREAK THE QUESTIONS INTO THOSE THREE DISTINCT AREAS.
6 WHERE ARE WE NOW WAS CONFIRMING THE CIRM'S MISSION.
7 IS CIRM FOCUSED? AND WHAT ARE THE CURRENT
8 IMPEDIMENTS TO SUCCESS? WHERE DO WE WANT TO GO?
9 SINGLE MOST IMPORTANT GOAL IN THE NEXT FIVE YEARS,
10 WHAT METRICS DEFINE SUCCESS? AND WHAT CAN CIRM
11 BECOME GREAT AT? AND THEN, LASTLY, HOW DO WE GET
12 THERE? THAT'S THE IDEA OF FUNDING PROJECTS THAT
13 COULD BE FUNDED ELSEWHERE OR NOT DOING THAT. WHAT
14 STAGE OF DEVELOPMENT, IF ANY, SHOULD WE FOCUS ON?
15 ATTRIBUTES THAT ARE IMPORTANT TO SUCCESS INTERNALLY
16 FOR THE COMPANY CULTURALLY, RISK TOLERANCE, AND
17 THERAPEUTIC AREA FOCUS WERE THE FIVE QUESTIONS WE
18 ASKED ON THAT CATEGORY.

19 SO LET'S GET INTO IT. WHERE ARE WE NOW
20 CATEGORY, GOOD NEWS. WE HAVE PERFECT ALIGNMENT.
21 TWENTY-THREE OUT OF THE 23 RESPONDENTS TO THIS
22 BELIEVED THAT OUR MISSION IS TO ACCELERATE STEM CELL
23 THERAPIES TO PATIENTS WITH UNMET MEDICAL NEEDS. SO
24 THAT'S GOOD NEWS.

25 WITH REGARDS TO FOCUS, 91 PERCENT THOUGHT

BARRISTERS' REPORTING SERVICE

1 THAT CIRM WAS FOCUSED ENOUGH TO ACHIEVE OUR MISSION.

2 AND THEN WITH REGARDS TO THE BIGGEST
3 IMPEDIMENTS, THE THREE MOST IMPORTANT IMPEDIMENTS TO
4 SUCCESS, WE HAD A TIE FOR THREE, BUT POOR TRACK
5 RECORD OF SUCCESS WITH ABOUT 70 PERCENT RESPONDING
6 TO THAT, INSUFFICIENT FUNDING, AND IRONICALLY LACK
7 OF FOCUS, AND NOT ENOUGH INDUSTRY INVOLVEMENT OR
8 INTEREST TIED FOR THIRD.

9 WITH REGARDS TO CIRM DURATION, IN THE
10 DEVELOPMENT OF THE STRATEGIC PLAN, SHOULD CIRM
11 ASSUME THAT THE AGENCY WILL EITHER RECEIVE
12 ADDITIONAL FUNDING OR SUNSET. OVERWHELMINGLY THE
13 BOARD THOUGHT THAT WE SHOULD CONTEMPLATE A CIRM THAT
14 WILL LIVE ON BEYOND OUR CURRENT FUNDING, 78 PERCENT
15 TO 22 PERCENT.

16 WHERE DO WE WANT TO GO? THE MOST
17 IMPORTANT GOAL THAT WAS STATED WAS TO BRING AS MANY
18 CANDIDATES INTO PRECLINICAL RESEARCH AS POSSIBLE,
19 FOLLOWED BY CONDUCTING AS MANY CLINICAL TRIALS AS
20 POSSIBLE, GETTING A THERAPY APPROVED, AND THEN
21 THERE'S A BIG DROP-OFF TO, ACTUALLY ONE RESPONDENT,
22 TO INVEST IN BASIC RESEARCH.

23 WITH REGARDS TO METRICS FOR SUCCESS, THE
24 THREE MOST -- WHAT THREE METRICS WOULD YOU USE TO
25 DEFINE SUCCESS IN ACHIEVING THE CIRM MISSION?

BARRISTERS' REPORTING SERVICE

1 NUMBER OF THERAPIES APPROVED WAS RIGHT UP THERE WITH
2 NUMBER OF DEMONSTRATED THERAPIES WHERE WE
3 DEMONSTRATED PROOF OF CONCEPT IN HUMANS, WITH ALMOST
4 EVERYONE AGREEING THAT THOSE TWO WERE THE SINGLE
5 MOST IMPORTANT. BEYOND THAT WERE A NUMBER OF
6 CLINICAL TRIALS COMPLETED, NUMBER OF IND OR IDE'S
7 FILED, AND NUMBER OF PATIENTS TREATED.

8 AND LASTLY, HOW DO WE GET THERE? SO
9 SHOULD CIRM FUND, AND THIS IS AN INTERESTING TOPIC
10 FOR TODAY, SHOULD CIRM FUND PROGRAMS THAT CAN BE
11 FUNDED FROM OTHER SOURCES? BOTH, AGAIN, USING THE
12 AGGREGATION OF YES PRINCIPLE, IF YOU AGGREGATE THE
13 TWO FORMS OF YES, THE ANSWER TO THIS QUESTION
14 OVERWHELMINGLY IS YES. WITH THAT SAID, IT WAS
15 SOMETHING ALONG THE LINES OF ABOUT 70 PERCENT OF THE
16 RESPONDENTS AND AN OVERWHELMING MAJORITY SAID YES,
17 BUT ONLY WHEN IT ACCELERATES THE PROGRAM.

18 FOCUSING ON THE DEVELOPMENT STAGE, OUR
19 MISSION OF ACCELERATING STEM CELL THERAPIES TO
20 PATIENTS WITH UNMET MEDICAL NEEDS IS BEST SERVED BY,
21 YOU THOUGHT THIS WAS, AGAIN, OVERWHELMING, BY
22 SUPPORTING THE CONTINUUM OF RESEARCH FROM BASIC TO
23 CLINICAL AND NOT FOCUSING ON ANY SPECIFIC EITHER
24 EARLY OR LATE STAGE PROGRAM, BUT CONTINUING TO FUND
25 THE CONTINUUM.

BARRISTERS' REPORTING SERVICE

1 WITH REGARDS TO ATTRIBUTES FOR SUCCESS, IN
2 ADDITION TO UPHOLDING THE HIGHEST ETHICAL STANDARDS
3 AND BEING GOOD STEWARDS OF THE TAXPAYERS' MONEY,
4 WHICH SINGLE ATTRIBUTE DO YOU BELIEVE WOULD HAVE THE
5 BIGGEST IMPACT ON CIRM'S MISSION? HERE IT WAS A
6 MAJORITY OR ACTUALLY RIGHT UP AGAINST A MAJORITY,
7 ABOUT 50 PERCENT, WAS AN ALL-IN COMMITMENT TO THE
8 CIRM MISSION WITH A SENSE OF URGENCY A REASONABLE
9 SECOND, AND THEN A FAIRLY BIG DROP-OFF BETWEEN
10 WILLINGNESS TO TAKE RISK AND ENTREPRENEURIAL
11 ENVIRONMENT.

12 WITH REGARDS TO RISK TOLERANCE, WHAT DO
13 YOU THINK CIRM'S RISK TOLERANCE SHOULD BE ON A SCALE
14 OF ONE TO FIVE WHERE FIVE IN THIS SCALE IS HIGHLY
15 TOLERANT TO RISK AND ONE IS VERY RISK AVERSE? IT
16 SEEMS LIKE WE HAVE A PRETTY SOLID AGREEMENT THAT
17 CIRM SHOULD BE ON THE RISKIER END OF THIS SCALE WITH
18 FOUR RECEIVING THE MOST VOTES, BUT FOUR AND FIVE
19 TOGETHER HAVING AN OVERWHELMING MAJORITY.

20 AND THEN LASTLY, WITH REGARDS TO FOCUS,
21 AND THIS IS ANOTHER AREA THAT I THINK WE'RE GOING TO
22 NEED TO DISCUSS GOING FORWARD, SHOULD CIRM FOCUS ON,
23 AND THERE WAS MORE TO THE ANSWERS TO THIS THAN I
24 COULD FIT IN THE BOX, BUT BASICALLY IT COMES DOWN TO
25 SHOULD CIRM FOCUS ON STEM CELL-DEPENDENT THERAPIES

BARRISTERS' REPORTING SERVICE

1 OR MEETING UNMET MEDICAL NEEDS REGARDLESS OF
2 THERAPEUTIC APPROACH, MEANING FOCUSING ON THOSE
3 THINGS THAT DON'T NECESSARILY REQUIRE A STEM CELLS
4 COMPONENT OF IT, SMALL MOLECULES, AND THE LIKE.
5 HERE THE RESULTS SEEMED TO BE UNAMBIGUOUS WITH 78
6 PERCENT OF THE RESPONDENTS SAYING THAT WE SHOULD BE
7 FOCUSING ON THOSE THERAPIES WHERE STEM CELLS ARE A
8 NECESSARY COMPONENT OF THE PROGRAM.

9 SO THAT'S JUST SORT OF SOME FOOD FOR
10 THOUGHT. WE'VE GOT A LOT WORK TO DO INTERNALLY AT
11 CIRM GETTING READY FOR THE NEXT BOARD MEETING. I
12 DON'T KNOW IF THERE ARE ANY QUESTIONS AT THIS POINT,
13 BUT FROM OUR STANDPOINT, YOU CAN LOOK FOR MORE TO
14 COME HERE.

15 CHAIRMAN THOMAS: RANDY, WAS THERE ANY
16 PARTICULAR SET OF RESPONSES THAT SURPRISED YOU?

17 DR. MILLS: I WAS SURPRISED -- ONE OF
18 THEM, THE ONE THAT PROBABLY SURPRISED ME THE MOST
19 WAS HOW MUCH CONVICTION THERE WAS OR SEEMED TO BE BY
20 THE BOARD AROUND CIRM BEING FOCUSED ENOUGH. AND IT
21 SURPRISED ME PARTICULARLY IN CONTEXT WITH SOME OF
22 THE OTHER ANSWERS WHICH SEEMED TO SUGGEST WE SHOULD
23 IN SOME WAYS GET A LITTLE BIT MORE FOCUSED, BUT 91
24 PERCENT OF THE RESPONDENTS THOUGHT WE WERE FOCUSED
25 AS IT IS RIGHT NOW ENOUGH.

BARRISTERS' REPORTING SERVICE

1 WE HAVE A PRETTY BROAD VIEW OF THE WORLD
2 RIGHT NOW. I ACTUALLY COULDN'T IMAGINE OPENING THE
3 PORTFOLIO MORE. SO THAT WAS THE ONE I THOUGHT THAT
4 WAS A LITTLE -- I WAS JUST SURPRISED WITH HOW STRONG
5 THE CONSENSUS WAS.

6 DR. STEWARD: THIS IS ACTUALLY A QUESTION
7 FOR JAMES. SO A LOT OF THE SPECIFIC THINGS THAT WE
8 DO ARE ACTUALLY DETERMINED BY PROP 71. AND MY
9 QUESTION IS, IN LOOKING FORWARD, IS THERE A TIME AT
10 WHICH SOME OF THE PROVISIONS IN PROP 71 THAT GUIDE
11 OUR SPECIFIC ACTIONS ARE NO LONGER IN EFFECT? WHEN
12 DOES THAT ACTUALLY OCCUR? NEVER?

13 MR. HARRISON: NEVER.

14 DR. STEWARD: EVEN IF WE DON'T GET
15 FUNDING?

16 MR. HARRISON: THE CURRENT FUNDING WILL
17 COME TO AN END AT SOME POINT IN TIME. THE
18 CONSTITUTIONAL AMENDMENT THAT ADDED CIRM TO STATE
19 GOVERNMENT AND THE STATUTORY PROVISIONS WILL REMAIN
20 IN EFFECT.

21 DR. PRICE: JAMES, OF COURSE, I WOULD
22 IMAGINE THAT IF, IN FACT, WE RAN OUT OF ALL THAT
23 STATE MONEY, WE CAN RECONSTITUTE OURSELVES UNDER A
24 SLIGHTLY DIFFERENT NAME AND WE WOULD BE FREE OF THE
25 STATE CONSTRAINTS, NO?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: I SUPPOSE IT'S POSSIBLE A
2 NONPROFIT ORGANIZATION COULD BE ESTABLISHED OR EVEN
3 A COMPANY TO TAKE ON CIRM'S ROLE, SURE.

4 DR. MILLS: THANK YOU, GUYS.

5 CHAIRMAN THOMAS: THANK YOU, RANDY. OKAY.
6 NOW, MARK, YOU ARE ON. WE'RE UP TO NOW THE
7 PRESENTATION BY MOSS-ADAMS REGARDING OUR PERFORMANCE
8 AUDIT. AS YOU RECALL, WE ARE MANDATED BY SB 1064 TO
9 CONDUCT A PERFORMANCE AUDIT -- MR. HARRISON, HAVE I
10 GOT THIS RIGHT? -- EVERY THREE YEARS. IT HARDLY
11 SEEMS LIKE THREE YEARS HAVE PASSED SINCE THE LAST
12 ONE, BUT TIME FLIES, AS WE KNOW. SO HERE WE ARE
13 WITH THE SECOND SUCH PERFORMANCE AUDIT. AND HERE,
14 AS BEFORE, WE HAVE MARK STERANKA REPRESENTING
15 MOSS-ADAMS WHO'S GOING TO PRESENT US WITH THEIR
16 REPORT.

17 MR. STERANKA: SO WHAT IS IT? IT'S
18 AFTERNOON. I WAS GOING TO SAY IS IT MORNING OR
19 AFTERNOON. GOOD MORNING, MR. CHAIRMAN, MR. VICE
20 CHAIRMAN, OTHER MEMBERS OF THE BOARD. IT'S A
21 PLEASURE TO BE HERE. MARK STERANKA WITH MOSS-ADAMS
22 AND KIM COOK ALSO WITH MOSS-ADAMS. WE HAVE A BRIEF
23 PRESENTATION FOR YOU. WE'RE GOING TO MAKE SURE THAT
24 RANDY MAKES HIS FLIGHT AND OURS, WHICH IS GOING TO
25 BE SHORTLY AFTER HIS.

BARRISTERS' REPORTING SERVICE

1 YES, WE WERE HERE THREE YEARS AGO. IT
2 DOESN'T FEEL LIKE IT WAS THREE YEARS AGO. IT WAS A
3 PLEASURE TO BE ABLE TO WORK AT THAT TIME AND IT HAS
4 BEEN AGAIN. I BELIEVE I MADE THE COMMENT THREE
5 YEARS AGO WITH AN ORGANIZATION LIKE CIRM WITH REALLY
6 SO MANY SMART PEOPLE, WE HAVE TO BE ON OUR TOES WHEN
7 WE'RE HERE. SO HOPEFULLY WE'RE UP TO THE CHALLENGE
8 AGAIN.

9 FIRST, QUICK THANK YOUS TO J.T. AND ART
10 AND RANDY FOR ACCESS TO THE BOARD. WE HAD A NUMBER
11 OF BOARD INTERVIEWS WHICH WERE VERY INSIGHTFUL AND
12 TO YOUR MANAGEMENT TEAM, TO MARIA AND TO JAMES AND
13 TO ALEX FOR HELPING US DO OUR THING AND COORDINATING
14 THINGS AND GIVE US ACCESS TO THE INFORMATION AND TO
15 THE FOLKS IS GREATLY APPRECIATED.

16 AND FOR THE RECORD, NO AFFILIATION WITH
17 THE DODGERS OR THE GIANTS. AND I'M DISAPPOINTED
18 THAT WE'RE NOT AN ACTION ITEM BECAUSE I CAN'T GET A
19 "MOVE IT" FROM ART. JUST SHOWING I WAS PAYING
20 ATTENTION WHILE WE WERE HERE.

21 VERY BRIEFLY, SO WHAT WERE WE DOING? WE
22 WERE REALLY DOING TWO THINGS AS WE WERE DOING THE
23 SAME TWO THINGS THREE YEARS AGO. WE'RE LOOKING AT
24 COMPLIANCE OF HOW CIRM OPERATES RELATIVE TO ITS
25 REQUIREMENTS AND WE'RE LOOKING AT PERFORMANCE, THE

BARRISTERS' REPORTING SERVICE

1 ECONOMY, THE EFFICIENCY, AND THE EFFECTIVENESS OF
2 HOW CIRM OPERATES ORGANIZATIONALLY, NOT THE SCIENCE,
3 NOT HOW YOU DO YOUR SCIENCE, NOT CIRM 2.0, WHICH
4 WE'LL COMMENT ON, BUT HOW YOU OPERATE
5 ORGANIZATIONALLY AND OPERATIONALLY.

6 WHEN YOU THINK OF COMPLIANCE, THAT REALLY
7 IS TARGETED AT HOW YOU DO YOUR GRANTS, YOUR LOANS,
8 YOUR CONTRACTS, AND DEAL WITH INTELLECTUAL PROPERTY.
9 AND IN TERMS OF PERFORMANCE, ALSO LOOKING AT HOW
10 THOSE FUNCTIONS OPERATE IN TERMS OF YOUR SYSTEMS AND
11 PROCESS TO SOME EXTENT, AND THEN CERTAINLY LOOKING
12 AT THE OTHER ELEMENTS OF YOUR ORGANIZATION OR WHAT
13 WE CALL THE SUPPORTING FUNCTIONS, WHICH ARE ALL THE
14 OTHER ELEMENTS, YOUR ADMIN, YOUR EXECUTIVE
15 LEADERSHIP, FINANCE, HR, I.T., LEGAL.

16 AND OUR PROCESS, VERY STRAIGHTFORWARD. WE
17 TALKED TO A BUNCH OF PEOPLE, WE LOOK AT A BUNCH OF
18 DOCUMENTS, WE OBSERVE PROCESSES, WENT TO A BOARD
19 MEETING, WENT TO A GRANTS WORKING GROUP MEETING
20 UNDER THE NEW PROCESS 2.0, TALKED TO MANY MORE THAN
21 25 PEOPLE. I THINK NINE MEMBERS OF THE BOARD JUST
22 IN AND OF ITSELF. AND THOSE INTERVIEWS ARE ALL
23 WHERE WE GET A CHANCE TO REALLY GET THE INSIGHTS
24 FROM THE INDIVIDUALS. WHAT'S WORKING WELL AND WHAT
25 CAN BE DONE EVEN BETTER?

BARRISTERS' REPORTING SERVICE

1 AND THEN, FINALLY, IN TERMS OF PROCESS
2 WHERE WE'RE DEALING WITH COMPLIANCE, WE'RE SAMPLING
3 ACTUAL DOCUMENTS, LOOKING AT TRANSACTIONS, AND
4 TESTING AND SEEING ARE THEY BEING PERFORMED IN
5 COMPLIANCE WITH YOUR POLICIES AND PROCEDURES.

6 SO WE ALWAYS LIKE TO START, BEFORE WE GET
7 INTO FINDING AND RECOMMENDATIONS, WE'RE GOING TO
8 FOCUS ON RECOMMENDATIONS, SOME OBSERVATIONS IN THE
9 FORM OF COMMENDATIONS. AND OUR WORK IS INDEPENDENT
10 AND OBJECTIVE, BUT THAT DOESN'T MEAN WE CAN'T BE
11 IMPRESSED WITH THINGS THAT OUR CLIENTS DO. AND
12 THERE ARE CERTAINLY THINGS THAT WE'RE IMPRESSED WITH
13 WITH CIRM.

14 FIRST AND FOREMOST, WE DO A LOT OF THIS
15 FOR A LOT OF CLIENTS. AND THE LEVEL OF TRANSPARENCY
16 AND ACCOUNTABILITY THAT CIRM EXHIBITS IS AMAZING.
17 THE AMOUNT OF COMMITMENT TO NOT ONLY MAKING CHANGE
18 TO GET BETTER, LIKE CIRM 2.0, BUT JUST RESPONDING TO
19 THE THINGS THAT WE HAD TO SAY THREE YEARS AGO, WE
20 USUALLY HAVE TO CAJOLE OUR CLIENTS TO IMPLEMENT
21 THINGS. IN FACT, THEY USUALLY ASK US WHAT DO WE
22 NEED TO DO TO PUSH THINGS FORWARD. YOU SAW IN
23 RANDY'S, THE PRESIDENT'S MESSAGE AT THE BEGINNING OF
24 THE MEETING, THAT THE RESPONSE TO THE AUDIT PLAN IS
25 ALREADY COMING TO YOU IN JULY. YOU DIDN'T HAVE TO

BARRISTERS' REPORTING SERVICE

1 ASK. WE DIDN'T HAVE TO SUGGEST. THAT'S ALREADY
2 HAPPENING. MAY SEEM LIKE A LITTLE THING, BUT IN OUR
3 EXPERIENCE IT'S NOT THAT LITTLE OF A THING.

4 THREE ITEMS HERE IN COMMENDATIONS. GRANTS
5 MANAGEMENT SYSTEM, YOU MADE A TON OF PROGRESS ON
6 YOUR GRANTS MANAGEMENT SYSTEM OR GMS IN THE LAST
7 THREE YEARS. IT'S IMPROVED THE FUNCTIONALITY.
8 YOU'VE IMPROVED AUTOMATION. YOU'VE IMPROVED
9 INTEGRATION WITH YOUR WEBSITE. IT'S BEEN FANTASTIC.
10 AND CERTAINLY THAT WAS STUFF WE COVERED IN OUR LAST
11 REPORT. NOT TAKING ANY CREDIT FOR IT. WE'RE JUST
12 IMPRESSED THAT CLEARLY A COMMITMENT TO TECHNOLOGY
13 AND HOW YOU USE TECHNOLOGY TO SUPPORT WHAT YOU DO
14 WAS MADE.

15 THE GRANTS PROCESS IMPROVEMENTS, SO CIRM
16 2.0. EXTREMELY IMPRESSED WITH WHAT YOU'VE DONE
17 THERE, THE AMOUNT OF CHANGE YOU'VE IMPLEMENTED,
18 SHORTENING REVIEW PROCESSES, OPEN ENROLLMENT
19 PROCESS, THE ORGANIZATIONAL CHANGES THAT YOU'VE
20 MADE, FANTASTIC. IN AN ORGANIZATIONAL CULTURE, SO
21 ONE OF OUR FINDINGS AND RECOMMENDATIONS THREE YEARS
22 AGO WAS CIRM IS THIS REALLY UNIQUE ORGANIZATION.
23 YOU'VE BEEN RAMPING UP AND THEN YOU GOT TO THINK
24 ABOUT RAMPING DOWN. NOT THAT THAT HAS CHANGED, BUT
25 THAT WAS SOMETHING THAT WE HAD CONCERN FOR YOU AS AN

BARRISTERS' REPORTING SERVICE

1 ORGANIZATION AND HOW THAT IMPACTS YOUR PEOPLE, YOUR
2 TEAM AROUND HERE, AND WHAT CHALLENGES THAT PRESENTS
3 BECAUSE THAT'S A VERY UNUSUAL SITUATION.

4 SO I'D SAY WE CAME INTO THIS THINKING,
5 OKAY, WE'RE THREE YEARS DOWN THE ROAD. WE'LL
6 PROBABLY GET THE SAME FEELING FROM THE ORGANIZATION
7 AS WE DID THEN. AND WE REALLY COULDN'T HAVE BEEN
8 MORE WRONG. FROM OUR KICKOFF MEETING, IT WAS
9 OBVIOUS THAT THE CULTURE, WHICH IS A STRONG WORD,
10 HAD SORT OF CHANGED, THAT IT HAD SETTLED DOWN. THE
11 UNEASE ABOUT THINKING ABOUT THE POTENTIAL OF WINDING
12 DOWN WHAT YOUR FUTURE IS GOING TO LOOK LIKE WAS MUCH
13 LESS PREVALENT THAN IT WAS THREE YEARS AGO, WHICH
14 SEEMS VERY ODD AND ALMOST CERTAINLY UNEXPECTED. I
15 WAS GOING TO SAY UNNATURAL, BUT REFRESHING. AND SO
16 WE FELT THAT, AS I SAID, FROM THE KICKOFF MEETING
17 THROUGH OUR INTERVIEWS AND WORK. AND I THINK THAT
18 HAS TO DO WITH THINGS THAT YOU HAVE BEEN DOING.

19 YOU DO HAVE A NEW PRESIDENT. YOU DO HAVE,
20 I MIGHT DARE SAY, A MORE INTEGRATED, SEAMLESS
21 RELATIONSHIP BETWEEN THE CHAIRMAN'S OFFICE AND THE
22 PRESIDENT'S OFFICE. THINGS ARE JUST MORE STABLE,
23 WHICH IS SURPRISING THREE YEARS LATER. SO THAT'S A
24 COMMENDATION FOR WHATEVER IT'S WORTH.

25 OKAY. SO LAST TWO SLIDES, AND THIS IS

BARRISTERS' REPORTING SERVICE

1 KIND OF THE MEAT OF IT. KIM IS GOING TO WALK
2 THROUGH THE FIRST SIX RECOMMENDATIONS. WE'RE JUST
3 GOING TO TRY TO CONVEY THESE KIND OF IN LAYMAN'S
4 TERMS, GIVE YOU SOME CONTEXT TO IT. PLEASE FEEL
5 FREE TO ASK QUESTIONS AS WE'RE GOING THROUGH.
6 CERTAINLY DON'T NEED TO WAIT TILL THE END. AND THEN
7 I'LL DO THE LAST SIX.

8 MS. COOK: SO THE FIRST SIX
9 RECOMMENDATIONS REALLY RELATE TO THE CORE FUNCTIONS
10 THAT WE LOOKED AT. AND THE FIRST TWO ARE RELATED TO
11 THE GRANTS REVIEW PROCESS.

12 IN DOING OUR WORK FOR THE GRANTS REVIEW
13 PROCESS, WE DO SELECT SAMPLES OF TRANSACTIONS TO
14 LOOK AT. WE'RE LOOKING AT COMPLIANCE AND INTERNAL
15 CONTROLS. ONE OF THE RECOMMENDATIONS WE HAD RELATED
16 TO THE FINANCIAL INTEREST DISCLOSURE FORMS. AND SO
17 FOR SOME OF THE REVIEWERS THAT REVIEWED CERTAIN
18 APPLICATIONS OR PREAPPLICATIONS, WE NOTED THAT THESE
19 FORMS WERE NOT COLLECTED. I WANT TO EMPHASIZE THAT
20 ALL OF THE CONFLICT OF INTEREST FORMS WERE COLLECTED
21 FOR THESE. AND SO WE WOULD RECOMMEND THAT THERE'S
22 POLICIES AND PROCEDURES IN PLACE TO MAKE SURE THAT
23 THESE GET COLLECTED AND REVIEWED BEFORE THE REVIEW
24 PROCESS TAKES PLACE.

25 AND WE COMPLETED THIS AS OF JUNE 30, 2014,

BARRISTERS' REPORTING SERVICE

1 WAS OUR SAMPLES, AND EFFECTIVE IN JULY CIRM HAS
2 ACTUALLY REALLY ADDRESSED THIS BECAUSE IT'S
3 INTEGRATED AS PART OF THE GRANTS MANAGEMENT SYSTEM.
4 SO NOW THAT IT'S INTEGRATED, IT WILL BE IMPOSSIBLE
5 FOR PEOPLE TO COMPLETE THE REVIEW PROCESS WITHOUT
6 COMPLETING THESE FORMS. SO THAT'S GOOD NEWS.

7 THE SECOND PART, NO. 2, IS ALSO RELATED TO
8 THE GRANTS REVIEW PROCESS AND FINANCIAL INTEREST
9 DISCLOSURE FORMS. AND WHAT WE'RE RECOMMENDING HERE
10 IS THERE'S NOT A SET WAY THAT THESE FORMS ARE
11 REVIEWED AND THAT THERE'S DOCUMENTATION THAT THE
12 REVIEW TOOK PLACE. AND SO WE WOULD RECOMMEND THAT
13 THAT'S MORE FORMALIZED AND THAT MAYBE IT'S EVEN
14 INTEGRATED WITHIN THE GRANTS MANAGEMENT SYSTEM WHERE
15 THERE'S A FIELD THAT CAN BE MARKED TO SHOW THAT THE
16 CIRM EMPLOYEES DID REVIEW THE FORM TO MAKE SURE THAT
17 THERE WERE NO ADDITIONAL CONFLICTS.

18 FOR RECOMMENDATIONS 3 AND 4, THIS RELATES
19 TO THE GRANTS MANAGEMENT PROCESS. THE FIRST ONE
20 RELATES TO PROGRESS REPORTS. AND THIS IS A
21 RECURRING -- KIND OF A RECURRING RECOMMENDATION FROM
22 WHEN WE COMPLETED THIS PROJECT THREE YEARS AGO. AND
23 WE NOTED THAT THE PROGRESS REPORTS, THEY TAKE QUITE
24 A WHILE TO GET THROUGH THE REVIEW PROCESS, BUT
25 THERE'S BEEN SIGNIFICANT IMPROVEMENT SINCE WE DID

BARRISTERS' REPORTING SERVICE

1 THIS THREE YEARS AGO. WHEN I LOOKED BACK ON OUR
2 REPORT THEN, IT SOMETIMES TOOK FOUR OR FIVE MONTHS
3 FOR THE SCIENCE OFFICERS TO REVIEW THOSE REPORTS.
4 ON AVERAGE FOR THE SAMPLE WE LOOKED AT THIS YEAR, IT
5 WAS ABOUT 12 WEEKS OR THREE MONTHS. SO THAT'S
6 DEFINITELY GONE DOWN, BUT THERE'S STILL ROOM FOR
7 IMPROVEMENT AS CIRM STRIVES TO MEET THEIR GOAL OF
8 HAVING EACH OF THESE REPORTS REVIEWED IN A TIME
9 FRAME OF EIGHT TO TEN WEEKS.

10 AND A GOOD WAY TO MAKE SURE THAT THIS
11 REVIEW IS TAKING PLACE IS BETTER MONITORING OF
12 REALLY HOW LONG IT IS TAKING FOR THESE REPORTS TO BE
13 REVIEWED AND FOLLOWING UP WHEN IT IS TAKING LONGER
14 TO FIGURE OUT WHAT IS MAKING IT TAKE A LONGER TIME
15 THAN EIGHT TO TEN WEEKS TO GET REVIEWED.

16 FOR RECOMMENDATION NO. 4, THROUGHOUT OUR
17 SAMPLING AND TESTING OF THE GRANTS MANAGEMENT
18 PROCESS, WE LOOKED AT MULTIPLE DIFFERENT STEPS OF
19 THE PROCESS, SUCH AS LOOKING AT THE GRANT AWARDS,
20 THE APPROVAL OF THOSE AWARDS, THE REVIEW PROCESS,
21 THE PAYMENT PROCESS, THE FINANCIAL AND PROGRESS
22 REPORT PROCESS. WE DID HAVE TWO EXCEPTIONS DURING
23 OUR TESTING.

24 AND SO ONE OF THE EXCEPTIONS RELATED TO
25 PAYMENTS. THERE WAS A GRANT THAT HAD A LATE

BARRISTERS' REPORTING SERVICE

1 PROGRESS REPORT. AND IF IT'S LATE PAST A CERTAIN
2 PERIOD, THEN THAT GRANTEE'S PAYMENT SHOULD BE PUT ON
3 HOLD. AND IN THIS CASE THAT DIDN'T OCCUR, WHICH WAS
4 NOT IN ACCORDANCE WITH THE GRANTS ADMINISTRATION
5 POLICY.

6 AND THEN OUR OTHER EXCEPTION RELATED TO A
7 GRANT THAT WAS CLOSED; HOWEVER, THE FINAL PROGRESS
8 REPORT HAD NEVER BEEN RECEIVED. SO THERE'S THE
9 CHANCE THAT THAT WOULD NEVER BE RECEIVED BECAUSE IT
10 REALLY WASN'T ON ANYONE'S RADAR.

11 FOR THESE TWO EXCEPTIONS, WE JUST
12 RECOMMEND THAT THERE'S PROCEDURES IN PLACE TO MAKE
13 SURE THAT DOESN'T OCCUR. ONE OF THOSE HAS ALREADY
14 BEEN IMPLEMENTED. AND NOW WITH THE GRANTS PAYMENTS,
15 IT'S MORE INTEGRATED WITHIN THE GRANTS MANAGEMENT
16 SYSTEM, AND SO IT'S EASIER TO MAKE SURE THAT THOSE
17 PAYMENTS GET TURNED OFF IF REPORTS ARE LATE, SO CIRM
18 IS ALREADY WORKING TOWARDS THESE RECOMMENDATIONS.

19 RECOMMENDATIONS 5 AND 6 RELATE TO
20 INTELLECTUAL PROPERTY. THE FIRST ONE RELATES TO THE
21 ANNUAL UTILIZATION REPORTS. AND WHAT WE SAW HERE IS
22 THE GRANTEES ARE EXTREMELY LATE OFTENTIMES IN
23 SUBMITTING THESE REPORTS. AND SO CIRM DOES HAVE A
24 PROCESS TO MAKE SURE THAT THEY'RE FOLLOWING UP ON
25 THEM, BUT IT'S A VERY MANUAL PROCESS. BECAUSE OF

BARRISTERS' REPORTING SERVICE

1 THAT, IT'S NOT ALWAYS STEADILY BEING DONE AS THEY
2 HAVE PLANNED. AND SO WE THINK THERE COULD BE SOME
3 ENHANCEMENTS TO THE GRANTS MANAGEMENT SYSTEM WHERE
4 SOME OF THIS IS MORE AUTOMATED ON MAKING SURE THAT
5 GRANTEES ARE REMINDED OF THESE ANNUAL UTILIZATION
6 REPORT REQUIREMENTS AND HOW LATE THEY ARE.

7 WE ALSO SAW WHEN WE WERE TESTING PROGRESS
8 AND FINANCIAL REPORTS THAT GRANTEES WERE PENALIZED
9 BY HAVING PAYMENTS PUT ON HOLD IF THEIR REPORTS WERE
10 A CERTAIN AMOUNT OF TIME OVERDUE, AND SO THAT WOULD
11 BE PART OF THE RECOMMENDATION TO THAT. MAYBE THAT
12 WOULD HELP MOTIVATE GRANTEES TO GET THESE REPORTS IN
13 MORE TIMELY.

14 AND FOR RECOMMENDATION NO. 6, THIS ALSO
15 RELATES TO IP, AND WHAT WE NOTED HERE WAS AS CIRM
16 MOVES FORWARD AND THERE'S MORE LATE STAGE PROJECTS,
17 THAT THERE'S THE OPPORTUNITY FOR MORE INFORMATION TO
18 BE COLLECTED IN THE GRANTS MANAGEMENT SYSTEM. IT'S
19 STILL COLLECTED NOW, BUT MORE NOT BROKEN OUT INTO
20 SPECIFIC FIELDS. AND UNDER THE POLICY, YOU GUYS ARE
21 REQUIRED TO COLLECT THIS INFORMATION, SO IT WOULD BE
22 GOOD IF THERE ARE SPECIFIC FIELDS TO MAKE SURE IT
23 GETS COLLECTED RELATED TO CLINICAL TESTING, PIVOTAL
24 STUDIES, AND APPLICATION FOR MARKETING APPROVAL. SO
25 THAT WAS AN AREA WHERE WE THOUGHT, AS YOU MOVE

BARRISTERS' REPORTING SERVICE

1 FORWARD, IT WOULD BECOME MORE IMPORTANT TO BE HAVING
2 THE DETAILS OF THAT INFORMATION TRACKED SEPARATELY.

3 AND I'LL HAND IT BACK TO MARK.

4 MR. SHEEHY: SO I HAD A QUESTION ON THE
5 CONFLICT OF INTEREST ISSUES. I SAW LIKE THERE WERE
6 PROCESS KIND OF IMPLEMENTATION ISSUES, BUT THAT
7 OVERALL -- BECAUSE IT WAS REPORTED THAT YOU HAD
8 DISCOVERED SERIOUS PROBLEMS DEALING WITH CONFLICTS
9 OF INTEREST. IS THAT A WILD EXAGGERATION?

10 MS. COOK: THAT WAS NOT THE WORDING IN OUR
11 REPORT.

12 MR. SHEEHY: SO THAT'S ACTUALLY A
13 MISSTATEMENT. WHAT IT SEEMS LIKE IS THAT WE COULD
14 REFINE THOSE PROCESSES BETTER SO WE CAN CAPTURE IT
15 BETTER IN REAL-TIME AND ENSURE IT'S ALL BEING DONE
16 IN AN EASY, MANAGEABLE WAY, BUT THERE WERE NO
17 SERIOUS PROBLEMS.

18 MS. COOK: RIGHT. BECAUSE EACH REVIEWER
19 DID FILL OUT A CONFLICT OF INTEREST FORM. I THINK
20 IT WOULD BE A BIGGER ISSUE IF THERE WAS NEITHER THE
21 CONFLICT OF INTEREST FORM OR THE FINANCIAL INTEREST
22 DISCLOSURE FORM COMPLETED. POLICIES REQUIRE BOTH,
23 BUT IN ALL CASES THE CONFLICT OF INTEREST FORM WAS
24 COMPLETED AND REVIEWED PRIOR TO THAT REVIEWER
25 LOOKING AT AN APPLICATION OR A PREAPPLICATION.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: AND THEN THE IP ISSUES ARE
2 REALLY ABOUT TRACKING. WE'RE STILL TRYING TO GET
3 OUR HEADS AROUND --

4 MS. COOK: TRACKING AND THEN MONITORING.
5 IT'S A LITTLE BIT OUT OF YOUR CONTROL WHEN A GRANTEE
6 SUBMITS THEIR ANNUAL UTILIZATION REPORT, BUT
7 CONTINUING THE PROCESS AND MAKE SURE YOU'RE
8 FOLLOWING UP CONSISTENTLY ON THOSE LATE REPORTS.

9 MR. SHEEHY: AGAIN, IT'S A PROCESS
10 REFINEMENT AND NOT A SEVERE DEFICIENCY THAT WE'RE
11 TALKING ABOUT HERE.

12 MS. COOK: EXACTLY. AND CIRM WAS VERY
13 AWARE THAT THESE REPORTS GET TURNED IN LATE BY
14 GRANTEES, AND THEY DO FOLLOW UP ON THEM.

15 MR. SHEEHY: I HATE TO BE QUESTIONING ON
16 THE BASIS OF WHAT SEEMS LIKE NOT VERY GOOD REPORTING
17 ON YOUR REPORT. THANK YOU. IT'S BEEN VERY HELPFUL.

18 MR. STERANKA: NOT THAT I HAVE ANY IDEA
19 WHAT YOU MIGHT BE REFERRING TO, WE CAN SAFELY SAY
20 THERE'S NOTHING THAT WE FOUND OF ANY CONCERN. THIS
21 ORGANIZATION HAS SO MANY STEPS AND ACCOUNTABILITY
22 THAT YOU HAVE TO TOE THE LINE TO, AND I THINK YOU DO
23 A PHENOMENAL JOB. OUR JOB IS TO PICK AND POKE. AND
24 WE PICKED AND POKED, AND THIS IS LITTLE STUFF.

25 ONE THING I WAS GOING TO SAY AT THE

BARRISTERS' REPORTING SERVICE

1 BEGINNING WAS YOU MIGHT NOTICE THERE ARE 12
2 RECOMMENDATIONS, WHICH MEANT THERE WERE 12 FINDINGS.
3 ALTHOUGH WE ALWAYS TELL OUR CLIENTS IT'S NOT THE
4 NUMBER THAT COUNTS. A FEW DOESN'T MEAN THAT IT'S
5 GOOD. A LOT DOESN'T MEAN THAT IT'S BAD. BUT YOU
6 CAN CONCLUDE WHATEVER YOU WANT FROM THIS. LAST TIME
7 YOU HAD 24 AND THIS TIME YOU HAVE 12, SO WHATEVER
8 CONCLUSION YOU WANT TO DRAW.

9 KIM COVERED THE COMPLIANCE ELEMENTS, AND
10 I'M KIND OF COVERING THE PERFORMANCE COMPONENTS.

11 SO FIRST ONE IS ABOUT PERFORMANCE
12 MEASURES. RANDY ALREADY TOUCHED ON THIS AS PART OF
13 THE STRATEGIC PLANNING PROCESS. YOU OBVIOUSLY TRACK
14 A LOT OF INFORMATION FROM A SCIENTIFIC BASIS. AND
15 IN THE REPORT YOU WILL SEE THIS IS REALLY FOCUSING
16 ON THE NONSCIENTIFIC PORTION AGAINST SOMETHING THAT
17 RANDY HAS ALREADY FRONT OF MIND FOR HIM, SO THIS
18 ISN'T A NEW CONCEPT. WE GAVE SOME SUGGESTIONS FOR
19 SOME TYPES OF PERFORMANCE MEASURES YOU CAN LOOK AT,
20 BUT THIS IS ABOUT, AGAIN, HOW THE ORGANIZATION AS A
21 WHOLE IS WORKING, HOW HR IS PERFORMING, HOW LEGAL IS
22 PERFORMING, HOW I.T. IS, AND JUST BEING HOLISTIC IN
23 THAT BECAUSE EVEN YOU GO BACK TO THE BEGINNING OF
24 THE PRESIDENT'S REPORT, YOUR TWO BUCKETS, THE BIG
25 BUCKET AND A LITTLE BUCKET. IN A WAY WE'RE REALLY

BARRISTERS' REPORTING SERVICE

1 TALKING ABOUT THE LITTLE BUCKET, BUT YOU'RE ALWAYS
2 TRYING TO BE THE BEST STEWARDS OF PUBLIC DOLLARS AS
3 YOU CAN. JUST HAVING AN EYE ON PERFORMANCE RELATIVE
4 TO THAT ASPECT OF YOUR ORGANIZATION IS WHAT THIS IS
5 ALL ABOUT. ALL GOOD STUFF. YOU'RE HEADING IN THAT
6 DIRECTION. I'D SAY IT'S ALL GOOD.

7 NO. 8, CONTINUE PROACTIVELY TO FOCUS ON
8 EMPLOYEE ENGAGEMENT. SO YOU JUST HEARD US SAY,
9 GEEZ, MORALE'S -- NEVER WOULD HAVE -- THREE YEARS
10 AGO IT WASN'T BAD, BUT YOU HEARD ME SAY EARLIER THAT
11 IT WAS BETTER AND WE WERE IN A WAY SURPRISED. SO
12 WHY ARE WE TALKING ABOUT EMPLOYEE ENGAGEMENT?

13 WE TALK ABOUT EMPLOYEE ENGAGEMENT BECAUSE
14 IT'S ONE OF THE BIGGEST DRIVERS IN HOW MUCH AN
15 ORGANIZATION CAN GET DONE. IT'S THE BIGGEST DRIVER
16 OF THE HEALTH OF AN ORGANIZATION. SO THIS IS A VERY
17 OBVIOUSLY MISSION-DRIVEN ORGANIZATION. YOUR
18 EMPLOYEES ARE VERY MISSION DRIVEN. SO ENGAGEMENT IS
19 ABOUT THEIR ENGAGEMENT IN THE ORGANIZATION ITSELF,
20 NOT WHAT IT'S DOING, BUT IN EACH OTHER AND WHAT'S
21 HAPPENING.

22 PART OF BRINGING THIS UP IS YOU'VE GONE
23 THROUGH A LOT OF CHANGE, A LOT OF GOOD CHANGE IN A
24 SHORT PERIOD OF TIME. AND THAT'S WHEN EMPLOYEES
25 EITHER GET VERY ENGAGED BECAUSE THEY'RE PART OF

BARRISTERS' REPORTING SERVICE

1 DEFINING AND IMPLEMENTING THE CHANGE, OR THEY TEND
2 TO GET DISENGAGED IF THEY'RE NOT PART OF THAT INNER
3 CIRCLE AND THEY DON'T REALY FEEL LIKE THEY KNOW
4 EVERYTHING ABOUT WHAT'S HAPPENING.

5 YOUR STRATEGIC PLANNING PROCESS IS A GREAT
6 OPPORTUNITY TO INCREASE THAT ENGAGEMENT. AND YOU
7 JUST WANT TO MAKE SURE THAT THAT PLANNING PROCESS
8 TOUCHES EVERYONE IN THE ORGANIZATION IN SOME WAY,
9 SHAPE, OR FORM, AND I MEAN EVERY EMPLOYEE. THEY
10 SHOULD ALL FEEL A PART OF THAT. ENGAGEMENT HERE IS
11 JUST TAKING OPPORTUNITIES TO GET EACH EMPLOYEE AS
12 ENGAGED AS MUCH AS YOU CAN. MORE COMMUNICATION,
13 TEAM BUILDING EXERCISES. REALLY THE BOTTOM LINE IS
14 JUST MORE AND MORE COMMUNICATION ABOUT WHAT'S GOING
15 ON IN THE ORGANIZATION, ESPECIALLY WHEN YOU'RE
16 CHANGING, IN THAT IT DOESN'T JUST -- I'M NOT SAYING
17 THIS IS THE CASE -- IT DOESN'T JUST RESIDE AT A
18 BOARD, IT DOESN'T JUST RESIDE AT A SENIOR MANAGEMENT
19 TEAM. IT SHOULD RESIDE AT ALL LEVELS OF AN
20 ORGANIZATION. SO IT'S JUST AN OPPORTUNITY HERE.

21 NO. 9, SEPARATE, BUT SLIGHTLY RELATED TO
22 IT, PERFORMANCE EVALUATIONS. SO THIS COMMENT SHOWS
23 THAT YOUR ORGANIZATION IS HUMAN BECAUSE WE CAN SAY
24 THIS ABOUT MOST ORGANIZATIONS, PROBABLY INCLUDING
25 OURSELVES. YOU HAVE A VERY SOLID PERFORMANCE

BARRISTERS' REPORTING SERVICE

1 EVALUATION PROCESS. THIS IS JUST ABOUT MAKING SURE
2 YOU'RE COMMITTED TO IT ALWAYS BEING TIMELY BECAUSE
3 THAT'S ONE WAY HOW YOU REALLY SHOW EMPLOYEES THAT
4 YOU RESPECT THEM. THIS ISN'T A SHAME ON YOU THING.
5 ALL ORGANIZATIONS HAVE SOME CHALLENGES WITH THIS
6 BECAUSE WE'RE ALL VERY BUSY. SO IT'S JUST KEEP AN
7 EYE ON DOING THAT IN A TIMELY FASHION.

8 TRENDS AND WEB APPLICATION. SO I TALKED
9 ABOUT YOUR GRANTS MANAGEMENT SYSTEM. YOU'VE MADE
10 GREAT STRIDES. YOU'VE MADE GREAT STRIDES FROM A
11 TECHNOLOGY PERSPECTIVE OVER THE PAST THREE YEARS.
12 THAT WAS ONE OF THE AREAS THAT WE REALLY FELT YOU
13 HAD NOT AS AN ORGANIZATION INVESTED THE WAY THAT YOU
14 SHOULD HAVE BECAUSE TECHNOLOGY -- YOU'RE MANAGING SO
15 MUCH INFORMATION THAT REALLY YOU NEED TO BE USING
16 TECHNOLOGY TO THE GREATEST EXTENT YOU CAN, AND
17 YOU'VE REALLY MADE THAT TRANSITION. ALL THIS IS
18 JUST SAYING IS YOU HAVE KIND OF THE BEST OF THE BEST
19 FROM THE SCIENTIFIC PERSPECTIVE IN YOUR
20 ORGANIZATION, AND YOU WANT TO ABLE TO KEEP THE BEST
21 OF THE BEST FROM A TECHNOLOGY. SO YOU ALWAYS NEED
22 TO BE LOOKING AT WHAT'S THE NEXT TECHNOLOGY THAT YOU
23 NEED TO BE DEVELOPING IN SO THAT WE CAN ATTRACT THE
24 BEST TECHNOLOGY FOLKS, WE CAN RETAIN THEM, AND HAVE
25 THE BEST SYSTEM. SO YOU'RE ON THE RIGHT TRACK.

BARRISTERS' REPORTING SERVICE

1 IT'S JUST A LOOKING FORWARD COMMENT.

2 NEXT ONE, NO. 11, IS ABOUT YOUR GRANTS
3 MANAGEMENT SYSTEM. YOU'RE 80 OR 90 PERCENT OF THE
4 WAY THERE, NOT THAT YOU'RE EVER DONE, BUT YOU'VE
5 COVERED THE BULK OF THE FUNCTIONALITY, THE
6 INTEGRATION, THE AUTOMATION THAT YOU COULD. NOW
7 IT'S JUST TWEAKING. IT'S LITTLE SPOTS HERE AND
8 THERE WE CAN USE THE SYSTEM TO DO A FEW MORE THINGS,
9 BRING A FEW MORE FORMS THAT ARE PAPER ONLINE,
10 INTEGRATE DOCUMENT MANAGEMENT. IMPORTANT THINGS,
11 BUT LITTLE THINGS. YOU'RE, AGAIN, 80, 90 PERCENT OF
12 THE WAY THERE.

13 AND THEN FINALLY, NO. 12 IS WE WERE JUST
14 ASKED TO LOOK BACK THREE YEARS AND HOW HAS THE
15 ORGANIZATION DONE IN TERMS OF IMPLEMENTING THE 24
16 FINDINGS AND RECOMMENDATIONS FROM THREE YEARS AGO.
17 AND SO BY OUR ASSESSMENT, THERE'S BEEN VAST ACTIVITY
18 ON ALL 24. SEVENTEEN ARE COMPLETED. OF THE SEVEN
19 THAT AREN'T, THEY EITHER HAVE CONTINUING ACTIVITIES,
20 THEY'RE MORE LONGER TERM IN NATURE, OR THEY'RE SORT
21 OF JUST ONGOING AND REALLY NEVER NECESSARILY GOING
22 TO BE DONE. BUT TREMENDOUS PROGRESS, AGAIN, IN
23 TOTAL RELATIVE TO THE LAST PERFORMANCE AUDIT AND
24 JUST AS AN ORGANIZATION AS A WHOLE, RELATIVE OR
25 IRRELEVANT TO THE PERFORMANCE AUDIT, YOU'VE MADE A

BARRISTERS' REPORTING SERVICE

1 TON OF CHANGE AND IMPROVEMENT. AND THE WHOLE
2 DISCUSSION TODAY ALMOST EVERY TOPIC WAS HOW CAN WE
3 CONTINUE TO IMPROVE, WHICH IS REALLY REWARDING TO
4 HEAR. I DON'T KNOW IF I'D PUT -- RANDY SAID FOR
5 GEEKS LIKE HIM ON THE SCIENCE. I DON'T KNOW IF I'M
6 A GEEK ON THE PROCESS AND STUFF, BUT IT IS NICE TO
7 HEAR ORGANIZATIONS THAT ARE OPEN TO CHANGE, LOOKING
8 FOR WAYS TO IMPROVE, NOT AFRAID TO DO THAT, GEEZ, IF
9 WE SAY WE HAVE TO IMPROVE, WE CAN IMPROVE, THAT
10 MEANS WE WEREN'T GOOD IN THE PAST, RIGHT. THAT'S
11 NEVER THE CASE. SO THAT WAS REFRESHING TO HEAR AND
12 NOTHING NEW.

13 WITH THAT, THAT CONCLUDES THE
14 PRESENTATION. WE'D LOVE TO ENTERTAIN ANY COMMENTS,
15 QUESTIONS.

16 MR. SHEEHY: I WAS JUST CURIOUS BECAUSE
17 YOU GUYS WORK WITH A LOT OF GOVERNMENT AGENCIES.
18 ROUGHLY LOOKING AT CIRM VERSUS OTHER AGENCIES ON
19 THOSE KEY METRICS LIKE ACCOUNTABILITY AND
20 TRANSPARENCY AND THE TEAM MOTIVATION AND THE
21 COHESIVENESS OF OUR TEAM, ARE WE IN THE MIDDLE, ARE
22 WE TOWARDS THE TOP, ARE WE AT THE VERY TOP IN TERMS
23 OF PERFORMANCE IN THOSE TYPES OF METRICS?

24 MR. STERANKA: I THINK I WOULD SAY -- I
25 TEND TO THINK OF THINGS ON A BELL CURVE, AND I'D SAY

BARRISTERS' REPORTING SERVICE

1 YOU'RE PROBABLY IN THE TOP QUARTILE, WHICH IS GOOD.

2 CHAIRMAN THOMAS: OTHER QUESTIONS OR
3 COMMENTS?

4 MR. STERANKA: COME ON. SOMETHING.

5 DR. JUELSGAARD: YOU'VE LISTED 12
6 RECOMMENDATIONS, WHICH OBVIOUSLY THERE'S A LARGE
7 NUMBER. SO IF YOU HAD TO HAVE A TOP THREE OUT OF
8 THOSE TOP 12, WHAT WOULD BE THE ONES TO FOCUS ON?

9 MR. STERANKA: OH, BOY. NOW YOU'RE GOING
10 TO MAKE ME THINK HERE. ONE OF THE TOP THREE WOULD
11 BE YOUR PERFORMANCE METRICS, BUT I THINK YOU'RE
12 HEADING IN THAT DIRECTION ANYWAY. THE COMPLIANCE
13 ELEMENTS, THOSE ARE TWEAKS AT BEST. I DON'T KNOW IF
14 ANYTHING THERE RISES TO A PRIORITY.

15 I THINK I'D HONESTLY SAY, EVEN THOUGH I
16 DON'T THINK -- THIS ISN'T A BIG DEAL, SO I'M KIND OF
17 MAKING MORE OF IT -- IS THE EMPLOYEE ENGAGEMENT. I
18 WISH I HAD PUT A SLIDE IN HERE. THIS ISN'T A PITCH.
19 THIS IS A CONTEXT. A LOT OF OUR CONSULTING IS
20 AROUND WHAT WE CALL FOUR ATTRIBUTES OF HIGH
21 PERFORMING ORGANIZATIONS OF WHICH I WOULD CONSIDER
22 CIRM ONE. AND THOSE FOUR ELEMENTS ARE HAVING A
23 STRATEGIC PLAN, A MEANINGFUL ONE, HAVING PERFORMANCE
24 METRICS IN PLACE THAT ARE TIED TO YOUR STRATEGIC
25 PLAN, CULTIVATING AND COMPENSATING YOUR EMPLOYEES IN

BARRISTERS' REPORTING SERVICE

1 ACCORDANCE WITH THE PERFORMANCE THAT YOU NEED FROM
2 THEM WHICH IS ALIGNED WITH YOUR STRATEGIC PLAN, AND
3 NO. 4 IS HAVING A COMMUNICATIONS STRATEGY THAT TIES
4 THOSE OTHER THREE THINGS TOGETHER. SO THOSE FOUR
5 ELEMENTS SHOULD BE IN ALIGNMENT.

6 IN ORGANIZATIONS WHO DO THOSE FOUR SIMPLE
7 THINGS, WHICH THERE ARE VERY FEW WHO DO DO THOSE
8 FOUR THINGS WELL, ARE HIGH PERFORMING ORGANIZATIONS.
9 AND SO HERE I WOULD SAY ENGAGEMENT, EVEN THOUGH --
10 IF YOU DID AN ENGAGEMENT SURVEY, WHICH WE DO AS A
11 FIRM, IT'S A BIG DEAL FOR US, I'M SURE YOUR
12 ENGAGEMENT LEVEL WOULD BE HIGH JUST LIKE OURS IS,
13 BUT IT ALWAYS CAN BE HIGHER. I THINK THAT THERE'S
14 AN OPPORTUNITY HERE TO DO THAT ESPECIALLY WHEN
15 YOU'RE GOING THROUGH A LOT OF CHANGE, WHICH YOU HAVE
16 BEEN. THAT'S REALLY WHEN YOU JUST WANT TO RATCHET
17 THAT UP. I'M GIVING YOU TWO.

18 MR. TORRES: I THINK IT'S IMPORTANT FOR
19 THE ESPECIALLY NEW BOARD MEMBERS TO REALIZE THAT
20 THIS AUDIT WAS OUR REQUESTED NEGOTIATIONS WITH THE
21 LEGISLATURE UNDER THE AUSPICES OF SENATE BILL 1064
22 FROM SENATOR ALQUIST, OF WHICH JAMES HARRISON AND
23 SCOTT TOCHER AND I PARTICIPATED IN THOSE
24 NEGOTIATIONS, WHICH WEREN'T PLEASANT BECAUSE IT
25 DEALT WITH A LOT OF OTHER ISSUES OTHER THAN THIS

BARRISTERS' REPORTING SERVICE

1 PERFORMANCE AUDIT. BUT THIS IS A MUTUALLY AGREED
2 UPON LEGISLATIVE MANDATE THAT WE AGREED TO DO
3 BECAUSE WE FELT IT WAS IMPORTANT TO DO. AND I THINK
4 THAT'S AN IMPORTANT POINT TO MAKE, THAT WE ALWAYS
5 TAKE THE INITIATIVE HERE TO MAKE SURE THAT WE'RE,
6 NOT ONLY IN COMPLIANCE, BUT THAT WE'RE DOING BEST
7 PRACTICES FOR AN ORGANIZATION AND A STATE AGENCY.

8 MR. STERANKA: ABSOLUTELY. AND CIRM 2.0
9 IS A GREAT EXAMPLE OF YOU DIDN'T NEED A PERFORMANCE
10 AUDIT TO SAY HOW DO WE UP LEVEL OUR ORGANIZATION IN
11 TERMS OF OUR MISSION.

12 I WOULD MENTION JUST TWO OTHER THINGS,
13 SORT OF THINGS THAT CAME TO MIND AS I WAS LISTENING
14 TO THE MEETING. THE FACT THAT YOU START EVERY
15 MEETING WITH YOUR MISSION STATEMENT IS GREAT. IT
16 SEEMS LIKE A LITTLE THING, BUT IT'S NOT A LITTLE
17 THING.

18 THE FACT THAT EACH MEMBER OF YOUR TEAM WHO
19 CAME UP HERE HAD CIRM 2.0 ON THEIR MATERIALS. WE
20 DON'T BECAUSE WE'RE NOT PART OF THE TEAM, BUT LITTLE
21 THINGS LIKE THAT ACTUALLY, SO IN A WAY I'M GOING TO
22 CONTRADICT MYSELF, THOSE ARE EXAMPLES OF HOW YOU
23 GAIN EMPLOYEE ENGAGEMENT. REALLY INTEGRATE AND
24 INDOCTRINATE WHAT YOU'RE ALL ABOUT INTO EVERYTHING
25 THAT YOU DO.

BARRISTERS' REPORTING SERVICE

1 KIND OF MEANT TO MENTION THOSE EARLIER.
2 THOSE ARE SMALL BUT IMPORTANT THINGS. PROBABLY GOT
3 AS MANY QUESTIONS AS I'M GOING TO GET OUT OF YOU,
4 HUH?

5 CHAIRMAN THOMAS: OKAY.

6 MR. TORRES: DID YOU SURVEY THE EMPLOYEES
7 AS TO HOW LONG EACH OF THEIR TENURES HAS BEEN WITH
8 US?

9 MR. STERANKA: WE DID NOT.

10 MR. TORRES: BECAUSE I SEE A LOT OF FACES
11 I'VE SEEN SINCE I STARTED HERE IN '09. I THINK
12 THAT'S A GREAT SIGN.

13 MR. STERANKA: IT IS A GREAT SIGN. I WAS
14 GOING TO SAY I'M SURE IT'S ON AVERAGE PRETTY LONG
15 FOR A SHORT-LIVED ORGANIZATION.

16 CHAIRMAN THOMAS: OKAY. IF THERE ARE NO
17 OTHER REMARKS OR QUESTIONS, THANK YOU TO THE TWO OF
18 YOU FOR YOUR WORK. WE APPRECIATE IT AND TAKE ALL OF
19 YOUR RECOMMENDATIONS, AS WE HAVE IN THE PAST, TO
20 HEART AND WILL PROCEED ALONG GETTING ALL OF THEM
21 IMPLEMENTED WITH ALL DUE HASTE. SO WE APPRECIATE
22 YOUR WORK AND THANK YOU FOR COMING TO THE MEETING.

23 MR. STERANKA: THANKS FOR HAVING ME. IT
24 WAS A PLEASURE.

25 CHAIRMAN THOMAS: I BELIEVE THAT COMPLETES

BARRISTERS' REPORTING SERVICE

1 OUR BUSINESS. SO UNLESS ANYBODY HAS ANY OTHER
2 BUSINESS TO THROW ON THE TABLE, WE STAND ADJOURNED
3 UNTIL OUR BOARD MEETING IN JULY. THANKS, EVERYBODY.

4 (THE MEETING WAS THEN CONCLUDED AT
5 01:11 P.M.)

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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 PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

THE CLAREMONT HOTEL
44 TUNNEL ROAD
BERKELEY, CALIFORNIA
ON
MAY 21, 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.

BETH C. DRAIN, CSR 7152
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