

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

LOCATION: THE LUXE HOTEL SUNSET BOULEVARD  
11461 SUNSET BOULEVARD  
LOS ANGELES, CALIFORNIA

DATE: TUESDAY, MAY 3, 2011  
3:30 P.M.

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

BRS FILE NO.: 88080

## BARRISTERS' REPORTING SERVICE

### I N D E X

ITEM DESCRIPTION	PAGE NO.
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. UPDATE ON CONTRACTS AND INTERAGENCY AGREEMENTS.	4
4. UPDATE ON GRANTS MANAGEMENT SYSTEM.	6
5. CONSIDERATION OF AMENDMENT TO AGREEMENT WITH KUTIR CORPORATION.	11
6. CONSIDERATION OF AMENDMENTS TO THE INTERNAL GOVERNANCE POLICY AND ORGANIZATION CHART.	13
7. CONSIDERATION OF PROPOSAL TO FUND ANY SALARY AMOUNT FOR THE NEW CHAIR IN EXCESS OF \$150,000 FROM PRE-EXISTING DONOR FUNDS.	31
CLOSED SESSION	22
OPEN SESSION	
9. PUBLIC COMMENT.	NONE
10. ADJOURNMENT.	53

**BARRISTERS' REPORTING SERVICE**

1           LOS ANGELES, CALIFORNIA; TUESDAY, MAY 3, 2011

2   3:46 P.M.

3  
4                               CHAIRPERSON LANSING:     DESPITE THE  
5 EXTRAORDINARY TRAFFIC AND THE ROADBLOCKS TO GET  
6 HERE, WHICH DEFY HUMAN COMPREHENSION, I'D LIKE TO  
7 WELCOME EVERYONE TO THIS MEETING OF THE GOVERNANCE  
8 SUBCOMMITTEE OF THE ICOC. WE'RE ACTUALLY ALL HERE  
9 TOGETHER IN L.A. FOR THIS IN-PERSON MEETING. SO I  
10 REALLY DO WANT TO THANK YOU ALL FOR COMING.

11                               WE HAVE A NUMBER OF IMPORTANT ITEMS TO  
12 COVER, AND WE ONLY HAVE ONE HOUR, AND WE'RE GOING TO  
13 SAY THAT THE ONE HOUR STARTS AT 3:45 EVEN THOUGH WE  
14 WERE SUPPOSED TO START AT 3:30, BUT I'VE BEEN  
15 ASSURED THAT WE HAVE THE EXTRA TIME TO START OUR  
16 REGULAR MEETING. BUT I STILL ASK ALL OF US TO MOVE  
17 THROUGH THESE ITEMS AS EFFICIENTLY AS WE CAN. SO,  
18 MELISSA, WILL YOU CALL THE ROLL.

19                               MS. KING:   BOB KLEIN.

20                               CHAIRMAN KLEIN:  HERE.

21                               MS. KING:   SHERRY LANSING.

22                               CHAIRPERSON LANSING:  HERE.

23                               MS. KING:   TED LOVE.   PHIL PIZZO.   CLAIRE  
24 POMEROY.

25                               DR. POMEROY:  HERE.

**BARRISTERS' REPORTING SERVICE**

1 MS. KING: DUANE ROTH.

2 MR. ROTH: HERE.

3 MS. KING: DAVID SERRANO-SEWELL. JEFF  
4 SHEEHY.

5 MR. SHEEHY: HERE.

6 MS. KING: OSWALD STEWARD.

7 DR. STEWARD: HERE.

8 MS. KING: ART TORRES.

9 MR. TORRES: HERE.

10 CHAIRPERSON LANSING: THANK YOU, MELISSA.  
11 WE'RE GOING TO GO ON TO AGENDA ITEM NO. 3, WHICH IS  
12 AN UPDATE ON THE CONTRACTS AND INTERAGENCY  
13 AGREEMENTS. AND I'D LIKE TO ASK CYNTHIA SCHAFFER TO  
14 PRESENT THIS ITEM.

15 MS. SCHAFFER: HI. I'M CYNTHIA SCHAFFER  
16 AND THE CONTRACTS ADMINISTRATOR AT CIRM, AND I WANT  
17 TO PRESENT THIS SUMMARY. THE CIRM POLICY ON  
18 CONTRACTING, WHICH WAS REVISED LAST YEAR, CALLS FOR  
19 CIRM STAFF TO SUBMIT A REPORT TO THE GOVERNANCE  
20 SUBCOMMITTEE TWO TIMES A YEAR LISTING AGREEMENTS AND  
21 AMENDMENTS EXECUTED IN THE REPORTING PERIOD FOR  
22 AMOUNTS ABOVE \$20,000.

23 THIS ITEM IS A SUMMARY FOR THE FIRST THREE  
24 QUARTERS OF CIRM'S 2010-2011 FISCAL YEAR FROM JULY  
25 1, 2010, THROUGH MARCH 31, 2011. BECAUSE OF THE

## BARRISTERS' REPORTING SERVICE

1 AMENDMENTS TO THE CONTRACTING POLICY, WE'VE  
2 REORGANIZED THE FORMATTING HERE AND TRIED TO BE  
3 REALLY CLEAR THAT WE'RE LOOKING AT ONE-YEAR CONTRACT  
4 PERIODS. THERE WERE STILL A COUPLE OF SPECIAL  
5 ENTRIES WHERE THE CONTRACT PERIOD RUNS FARTHER OUT  
6 INTO THE FUTURE. THOSE ARE NOTED WITH AN ASTERISK  
7 TO INDICATE WHY THE AMOUNT AVAILABLE HASN'T BEEN  
8 BROKEN OUT SPECIFICALLY JUST FOR THE FISCAL YEAR  
9 '10-'11 BECAUSE THEY GO FORWARD IN TIME AND WEREN'T  
10 EASILY DIVISIBLE INTO JUST THE FISCAL YEAR.

11 IF THERE ARE ANY QUESTIONS I COULD ANSWER  
12 ON THIS REPORT.

13 CHAIRPERSON LANSING: ARE THERE ANY  
14 QUESTIONS FROM THE SUBCOMMITTEE? DO WE HAVE ANY  
15 PUBLIC COMMENTS? THANK YOU, THEN. THAT CONCLUDES  
16 THIS ITEM, CYNTHIA? THANK YOU VERY MUCH.

17 I'D NOW LIKE TO MOVE TO AGENDA ITEM NO. 4,  
18 WHICH IS AN UPDATE ON THE GRANTS MANAGEMENT SYSTEM.  
19 AND FOR THAT, I'D LIKE TO ASK JOHN ROBSON TO PRESENT  
20 TO THE SUBCOMMITTEE.

21 MS. KING: JUST SO THE SUBCOMMITTEE  
22 MEMBERS KNOW, THE SLIDES THAT DR. ROBSON WILL BE  
23 PRESENTING ARE ON THE SCREEN. YOU ALSO HAVE A HARD  
24 COPY OF THEM IN FRONT OF YOU.

25 CHAIRPERSON LANSING: THANK YOU, MELISSA.

## BARRISTERS' REPORTING SERVICE

1 DR. ROBSON: THANK YOU. I HAVE REPORTED  
2 TO YOU ON OUR GRANTS MANAGEMENT SYSTEM PERIODICALLY.  
3 I THINK LAST TIME WAS LAST AUGUST. AT THAT TIME WAS  
4 SOON AFTER WE HAD MADE A DECISION NOT TO USE A  
5 COMMERCIAL VENDOR AND TO BUILD OUR OWN SYSTEM. WE  
6 HAD JUST HIRED AN I.T. DIRECTOR OR ADVISOR, AND WE  
7 WERE REALLY GETTING STARTED WITH THE PROJECT. SO I  
8 THOUGHT IT WAS APPROPRIATE TO COME BACK TO YOU TODAY  
9 AND GIVE YOU AN UPDATE AS TO WHERE WE ARE, WHAT'S  
10 HAPPENED IN THE LAST NINE MONTHS.

11 YOU'VE SEEN THESE -- THE NEXT TWO SLIDES  
12 YOU'VE SEEN BEFORE. ACTUALLY ALL OF THE FIGURES I'M  
13 GOING TO SHOW YOU YOU'VE SEEN BEFORE. AMY LEWIS  
14 MADE A PRESENTATION ABOUT THE GRANTS MANAGEMENT  
15 SYSTEM AND USED THESE, LENT THEM TO ME.

16 BUT THIS IS SORT OF A SUMMARY OF WHERE WE  
17 WERE IN 2010 WHEN WE GOT STARTED WITH THIS PROJECT.  
18 AND IT'S JUST SORT OF A FLOW DIAGRAM SHOWING HOW  
19 INFORMATION COMES INTO THE SYSTEM. WE HAVE A MASTER  
20 DATABASE, AND THEN IT GOES OUT TO -- MICROEDGE GIFTS  
21 IS ACTUALLY A DATABASE THAT WE PURCHASED THAT WE  
22 COULD USE FOR THE POSTAWARD PROCESS TO KEEP TRACK OF  
23 OUR DATA AND TO PROVIDE ANALYSIS AS WE NEEDED TO  
24 ABOUT OUR PORTFOLIO. IT'S A COMMERCIAL PRODUCT. IT  
25 HAS SOME LIMITATIONS, BUT IT HAS SERVED US VERY WELL

## BARRISTERS' REPORTING SERVICE

1 SO FAR.

2 IN THIS DIAGRAM EVERY PLACE YOU SEE A STAR  
3 IS A PLACE WHERE A HUMAN BEING ACTUALLY HAD TO TOUCH  
4 THE INFORMATION AND MAKE A TRANSFER OF INFORMATION  
5 FROM ONE STEP TO THE NEXT. SO THESE ARE ALL QUITE  
6 TIME CONSUMING. IT PROVIDES THE OPPORTUNITY TO MAKE  
7 ERRORS AND SO FORTH. WHAT WE WERE TRYING TO MOVE TO  
8 IS SHOWN IN THE NEXT SLIDE. THIS IS WHERE WE'RE  
9 HEADED. IT'S A MUCH SIMPLER SYSTEM WITH A SINGLE  
10 MASTER DATABASE SYSTEM THAT CAN TRANSFER INFORMATION  
11 AUTOMATICALLY EITHER TO THE CIRM WEBSITE, WHICH WE  
12 THINK IS VERY IMPORTANT FOR KEEPING THE WEBSITE UP  
13 TO DATE, AND ALSO THEN CAN BE USED AS WE NEED FOR  
14 FINANCIAL FORECASTING, STRATEGIC PLANNING, PORTFOLIO  
15 ANALYSIS, WHATEVER WE THINK IS NECESSARY, WHATEVER  
16 INFORMATION THE BOARD IS LOOKING FOR.

17 JUST TO SUMMARIZE WHERE WE ARE, THIS SLIDE  
18 KIND OF GIVES AN IDEA. YOU'VE SEEN THIS. THIS IS  
19 SORT OF A VERBAL DESCRIPTION OF THE GRANT-MAKING  
20 PROCESS THAT WE GO THROUGH. WHERE WE HAVE MADE THE  
21 MOST PROGRESS IN THE LAST YEAR IS IN THE PREREVIEW  
22 PART AND IN THE TRACKING THE PROGRESS, THE TWO BOXES  
23 THAT HAVE THE STARS NEXT TO THEM. THE STARS ARE  
24 WHERE WE'VE REALLY BUILT OUT NEW SYSTEMS.

25 NOW, THIS LOOKS LIKE A SMALL PART OF THE

## BARRISTERS' REPORTING SERVICE

1 PROCESS. ACTUALLY THIS IS A VERY LARGE PART OF THE  
2 WHOLE PROCESS BECAUSE THIS IS WHERE THE GRANTEES  
3 ACTUALLY INTERFACE WITH THE SYSTEM, WHERE THEY'RE  
4 PROVIDING DATA TO US. SO IN THE PREREVIEW THE PARTS  
5 THAT WE HAVE NOW BUILT OUT AND WE ARE USING ARE THE  
6 RECEIPT OF THE LETTERS OF INTENT, PREAPPLICATIONS,  
7 AND FROM NOW ON APPLICATIONS. NOW, THIS DOESN'T  
8 MEAN -- THESE PROJECTS ARE ALL COMPLETE. WHAT IT  
9 MEANS IS WE HAVE BUILT OUT AN EXAMPLE FOR A  
10 PREAPPLICATION REVIEW, FOR A LETTER OF INTENT, AND  
11 FOR AN APPLICATION. BUT THEY'RE SORT OF THE  
12 SIMPLEST FORM. SO THE APPLICATION THAT WE NOW ARE  
13 DOING ONLINE IS THE ONE FOR THE DISEASE TEAM  
14 PLANNING. THAT'S A RELATIVELY SIMPLE ONE, HAS A  
15 VERY SIMPLE BUDGET.

16 AS WE GO FORWARD OVER THE NEXT 12 MONTHS,  
17 FROM NOW ON ALL APPLICATIONS FROM START TO FINISH  
18 WILL BE USED IN THE SYSTEM. SO WE WILL BUILD MORE  
19 COMPLICATED COMPONENTS FOR THE APPLICATION PROCESS  
20 AS WE'RE GOING FORWARD OVER THE NEXT 12 MONTHS. BUT  
21 FROM NOW ON THE APPLICATIONS AS THEY COME IN WILL BE  
22 DONE ONLINE. THE SAME THING IS TRUE FOR TRACKING.  
23 WE'RE NOW DOING THE PROGRESS REPORTS ARE BEING DONE  
24 ONLINE, AND THEN WE'RE GETTING UPDATES ON  
25 PUBLICATION DISCLOSURES AND INTENTS OF



## BARRISTERS' REPORTING SERVICE

1 COMMERCIALIZATION. ANY KIND OF PROGRESS IN THAT  
2 DIRECTION THAT CANDIDATES ARE REQUIRED TO PROVIDE TO  
3 US, WE'RE NOW DOING THOSE THINGS ONLINE.

4 THE AREAS THAT ARE INDICATED BY THE  
5 TRIANGLES THERE ARE AREAS WHERE WE HAVEN'T  
6 COMPLETELY CONVERTED TO OUR NEW SYSTEM, BUT WE'RE  
7 STORING THE DATA IN THE SYSTEM HAVING TO DO WITH THE  
8 REVIEW PROCESS AND SO FORTH. SO WE'VE MADE QUITE A  
9 BIT OF PROGRESS, I THINK, IN THE LAST NINE MONTHS,  
10 REALLY A LOT OF PROGRESS. GETTING THE FIRST  
11 APPLICATION ONLINE WAS A REALLY BIG DEAL THING FOR  
12 US.

13 AND WE WILL CONTINUE TO BUILD THE SYSTEM  
14 OUT IN THE NEXT 12 MONTHS. WE HAVE FOUR MASTER  
15 PROGRAMMERS WHO ARE WORKING ON THIS PROJECT. WITH  
16 THOSE FOUR PROGRAMMERS, AND ASSUMING WE DON'T HAVE  
17 ANY NEW PROCESSES OR NEW PROGRAMS THAT COME INTO THE  
18 SYSTEM THAT WE DON'T KNOW ABOUT YET, WE EXPECT TO  
19 HAVE OUR BASIC SYSTEM COMPLETE BY JUNE OF NEXT YEAR.  
20 THE FULL THING WOULD BE COMPLETE AT THAT POINT. IF  
21 THERE'S SOME CHANGES -- IN FACT, WE DID LOSE ONE OF  
22 OUR PROGRAMMERS RECENTLY, SO WE'RE IN THE PROCESS OF  
23 BRINGING A NEW ONE IN. SO THERE COULD BE SOME  
24 DELAYS IF THOSE THINGS HAPPEN, BUT THAT'S WHERE WE  
25 THINK WE ARE RIGHT NOW AND WHERE WE'RE HEADED.

## BARRISTERS' REPORTING SERVICE

1 I CAN ANSWER ANY QUESTIONS YOU HAVE OR  
2 JUST MOVE ON.

3 CHAIRPERSON LANSING: DO WE HAVE ANY  
4 QUESTIONS FROM THE SUBCOMMITTEE? DO WE HAVE ANY  
5 PUBLIC COMMENT?

6 DR. TROUNSON: SHERRY, I JUST WANT TO  
7 RECOGNIZE AMY LEWIS AND HER TEAM WHO PUT INCREDIBLE  
8 AMOUNT OF ENERGY AND TIME INTO THIS. AND IT'S  
9 REALLY IMPORTANT TO GET IT UP ONLINE AND TO HAVE IT  
10 FUNCTION ONLINE FOR THE GRANTEES. WE SAW WHAT  
11 HAPPENED IN AUSTRALIA WHERE A SYSTEM STOPPED  
12 FUNCTIONING FOR A GRANT ROUND, AND FOR TWO MONTHS  
13 THE WHOLE THING COLLAPSED AND IT WAS TOTAL CHAOS IN  
14 THE WHOLE OF AUSTRALIA FOR THE NH AND MRC GRANTS.

15 SO I THINK TO GET THIS IN PLACE WHERE IT'S  
16 NOW FUNCTIONING, THE FEEDBACK FROM THE SCIENTISTS IS  
17 EXTREMELY POSITIVE. THEY FEEL VERY COMFORTABLE IN  
18 THIS PROCESS. WE DON'T HAVE THE KIND OF CRAZY  
19 DELIVERY TIMES THAT WE USED TO HAVE. IN THE  
20 SO-CALLED OLD DAYS, THEY USED TO RUSH TO THE DOOR  
21 AND IN FIVE MINUTES -- BEYOND FIVE MINUTES, EVEN IF  
22 THE DELIVERY VAN WAS LATE, IT WAS AN ISSUE WHICH HAD  
23 TO BE DEALT WITH AS AN ISSUE. NOW IT GETS DONE  
24 ONLINE AND IT GETS DONE EASILY.

25 DR. ROBSON: I WOULD ADD IN THE DOCUMENTS

## BARRISTERS' REPORTING SERVICE

1 MENTIONED THERE THAT WE'RE BUILDING THIS AS  
2 COMPONENTS, AND THEN WE RELEASE THEM WHEN THEY'RE  
3 READY. AND AS WE'VE BEEN DOING THIS, WE'VE GOTTEN  
4 VERY POSITIVE FEEDBACK FROM THE GRANTEES. THEY  
5 REALLY LIKE THIS. IT'S MADE LIFE EASIER FOR THEM AS  
6 WELL.

7 CHAIRMAN KLEIN: SO, DR. TROUNSON, IN  
8 MENTIONING AMY LEWIS AND HER STAFF, AMY GAVE BIRTH  
9 AT THE END OF LAST WEEK TO A BABY GIRL. AND I THINK  
10 IT WOULD DEFINITELY CHEER HER SPIRITS, WHICH  
11 HOPEFULLY ARE EBULLIENT ALREADY, IF YOU WILL JUST  
12 SEND HER A NOTE THAT SHE WAS COMMENDED IN THIS  
13 MEETING FOR THE DEDICATION OF HER STAFF AND HER  
14 LEADERSHIP ON THIS PLAN THAT'S BEING PRESENTED.

15 CHAIRPERSON LANSING: THANK YOU. ANY  
16 OTHER PUBLIC COMMENTS? THEN I BELIEVE THAT  
17 CONCLUDES THIS ITEM. SO THANK YOU AGAIN VERY MUCH,  
18 JOHN.

19 MOVING ON TO AGENDA NO. 5, WHICH IS  
20 CONSIDERATION OF THE AMENDMENT TO THE AGREEMENT WITH  
21 KUTIR CORPORATION. AND, CYNTHIA, AGAIN, WOULD YOU  
22 PRESENT THIS?

23 MS. SCHAFFER: IN JUNE CIRM RELEASED A  
24 REQUEST FOR PROPOSAL FOR SYSTEMS ANALYSIS AND  
25 SOFTWARE DEVELOPMENT SERVICES, RECEIVED A NUMBER OF

## BARRISTERS' REPORTING SERVICE

1       RESPONSES. WE AWARDED A CONTRACT TO KUTIR  
2       CORPORATION TO PROVIDE US WITH ONE SOFTWARE  
3       DEVELOPER. AND THEN IN NOVEMBER WE REQUESTED TO ADD  
4       A SECOND SOFTWARE DEVELOPER TO THE KUTIR AGREEMENT.

5               WE ARE NOW SEEKING AN ADDITIONAL 45,000 TO  
6       THIS CONTRACT TO INCREASE THE TOTAL TO 290,000 OVER  
7       THIS FISCAL YEAR TO FINISH OUT THE YEAR WITH THE TWO  
8       DEVELOPERS ON THE KUTIR CONTRACT.

9               CHAIRPERSON LANSING: ALL RIGHT. ARE  
10       THERE ANY QUESTIONS FROM THE SUBCOMMITTEE? I DON'T  
11       THINK WE NEED PUBLIC COMMENT ON THIS. SO CAN I HAVE  
12       A MOTION TO APPROVE THIS?

13              MR. TORRES: SO MOVED.

14              DR. POMEROY: SECOND.

15              CHAIRMAN KLEIN: DO WE HAVE A QUORUM?

16              MS. KING: WE DO.

17              CHAIRPERSON LANSING: NOW I WOULD LIKE  
18       PUBLIC COMMENT. WE NEED TO HAVE A VOICE VOTE. ALL  
19       IN FAVOR.

20                        (CHORUS OF AYES.)

21              CHAIRPERSON LANSING: ANY OPPOSED? GREAT.  
22       THEN THAT AMENDMENT CARRIES.

23              NOW AGENDA ITEM 6, WHICH JAMES HARRISON  
24       WILL LEAD US THROUGH, WHICH IS CONSIDERATION OF  
25       AMENDMENTS TO THE INTERNAL GOVERNANCE POLICY.

## BARRISTERS' REPORTING SERVICE

1 JAMES.

2 MR. HARRISON: THANK YOU, SHERRY. YOU  
3 WILL FIND A PROPOSED REORGANIZATION PLAN BEHIND TAB  
4 6 OF YOUR MATERIALS. CONSISTENT WITH THE BOARD'S  
5 EVALUATION OF THE PRESIDENT, THE CHAIR AND THE  
6 PRESIDENT HAVE SPENT THE LAST SIX MONTHS OR SO  
7 MEETING TO DISCUSS PROPOSED CHANGES TO CIRM'S  
8 ORGANIZATIONAL STRUCTURE, INCLUDING THE CREATION OF  
9 A NEW POSITION OF CHIEF FINANCIAL OFFICER OR  
10 DIRECTOR OF FINANCE, AND A NEW POSITION OF PUBLIC  
11 COMMUNICATIONS DIRECTOR.

12 INITIALLY WE HAD PLANNED TO PRESENT THESE  
13 PROPOSED CHANGES TO YOU AS CHANGES TO THE INTERNAL  
14 GOVERNANCE POLICY, BUT WE RECOGNIZED THAT TRYING TO  
15 PUT ALL OF THESE CHANGES IN FRONT OF YOU AT ONCE  
16 WITH STRIKEOUT LANGUAGE IN THE INTERNAL GOVERNANCE  
17 POLICY MIGHT CREATE SOME CONFUSION. SO INSTEAD WE  
18 THOUGHT IT WOULD BE CLEANER TO PRESENT THE CONCEPTS  
19 TO YOU FIRST; AND THEN, BASED UPON YOUR  
20 RECOMMENDATION AND THE BOARD'S ACTION, WE WILL  
21 INCORPORATE THE CHANGES YOU DIRECT US TO MAKE INTO  
22 THE INTERNAL GOVERNANCE POLICY AND BRING THAT  
23 DOCUMENT BACK TO YOU FOR YOUR CONSIDERATION AND THEN  
24 ULTIMATELY TO THE BOARD FOR ITS APPROVAL.

25 TURNING TO THE REORGANIZATION PROPOSAL

## BARRISTERS' REPORTING SERVICE

1 ITSELF, AS ALL OF YOU KNOW, THE CHAIR AND THE  
2 PRESIDENT EACH HAVE STATUTORY RESPONSIBILITIES IN  
3 THE AREA OF FINANCE. AND GENERALLY SPEAKING, THE  
4 CHAIR HAS STATUTORY RESPONSIBILITY FOR EXTERNAL  
5 FINANCE, INCLUDING BOND FINANCING, CASH FLOW, AND  
6 MAXIMIZING FINANCIAL LEVERAGE OPPORTUNITIES, WHILE  
7 THE PRESIDENT, GENERALLY SPEAKING, HAS STATUTORY  
8 RESPONSIBILITY FOR CIRM'S INTERNAL FINANCES,  
9 PREPARING AND PRESENTING CIRM'S BUDGET, AND PLANNING  
10 AND IMPLEMENTING CIRM'S COST CONTROL PROGRAMS.

11 CURRENTLY, AS ALL OF YOU KNOW, WE HAVE A  
12 VACANT FINANCE POSITION WITHIN THE OFFICE OF THE  
13 CHAIR THAT HAS BEEN VACANT FOR SOME TIME. AND IN  
14 ADDITION, JOHN ROBSON, OUR CURRENT VP FOR  
15 OPERATIONS, HAS ANNOUNCED HE WILL BE LEAVING CIRM.  
16 BOTH OF THESE POSITIONS UNDER THE PROPOSED  
17 REORGANIZATION PLAN WOULD BE ELIMINATED, AND INSTEAD  
18 WE WOULD CREATE A NEW POSITION OF CHIEF FINANCIAL  
19 OFFICER TO CARRY OUT THESE RESPONSIBILITIES.

20 THIS INDIVIDUAL WOULD REPORT JOINTLY TO  
21 THE CHAIRMAN AND THE PRESIDENT AND WOULD SUPPORT THE  
22 CHAIRMAN AND THE PRESIDENT IN CARRYING OUT THE  
23 FUNCTIONS ASSIGNED TO THEM IN PROP 71 AS FURTHER  
24 DELINEATED IN THE DOCUMENT YOU HAVE IN FRONT OF YOU.

25 THE OTHER SIGNIFICANT CHANGE THAT WE WOULD

## BARRISTERS' REPORTING SERVICE

1 PROPOSE DEALS WITH COMMUNICATIONS. THE CHAIR AND  
2 THE PRESIDENT HAVE RECOGNIZED THAT THEY EACH HAVE A  
3 ROLE WITH RESPECT TO COMMUNICATIONS, WITH THE CHAIR  
4 FOCUSED ON PUBLIC COMMUNICATIONS AND THE PRESIDENT  
5 FOCUSED ON SCIENTIFIC COMMUNICATIONS.

6 TO IMPLEMENT THIS, WE PROPOSE TO ESTABLISH  
7 A NEW POSITION OF PUBLIC COMMUNICATIONS THAT WOULD  
8 REPORT TO THE CHAIR AND THE STATUTORY VICE CHAIR.  
9 AND SCIENCE REPORTING AND EDUCATION WOULD CONTINUE  
10 TO BE HANDLED THROUGH STAFF REPORTING TO THE  
11 PRESIDENT, AND THE CHAIR AND THE PRESIDENT WOULD BE  
12 RESPONSIBLE FOR JOINTLY REPORTING TO THE  
13 COMMUNICATIONS SUBCOMMITTEE WHICH THE BOARD  
14 ESTABLISHED ABOUT A YEAR AGO NOW.

15 FINALLY, THE PROPOSAL INCLUDES A CHANGE  
16 WITH RESPECT TO EMPLOYMENT DECISIONS IN THE OFFICE  
17 OF THE CHAIR. CURRENTLY STAFF IN THE OFFICE OF THE  
18 CHAIR REPORT TO THE CHAIR AND VICE CHAIR FOR WORK  
19 ASSIGNMENTS, BUT THE PRESIDENT IS RESPONSIBLE FOR  
20 EMPLOYMENT AND COMPENSATION DECISIONS. BY VESTING  
21 THE CHAIR AND THE VICE CHAIR WITH AUTHORITY  
22 REGARDING BOTH WORK ASSIGNMENTS AS WELL AS  
23 EMPLOYMENT DECISIONS, WE WOULD ALIGN RESPONSIBILITY  
24 AND ACCOUNTABILITY FOR THESE EMPLOYEES IN A SINGLE  
25 PERSON.

## BARRISTERS' REPORTING SERVICE

1            THAT'S A BRIEF SUMMARY OF THE PROPOSED  
2            CHANGES. I'D BE HAPPY TO ANSWER ANY QUESTIONS YOU  
3            HAVE.

4            CHAIRPERSON LANSING: ANY QUESTIONS FROM  
5            THE SUBCOMMITTEE?

6            DR. POMEROY: MY QUESTION'S REALLY ABOUT  
7            THE TIMING OF THIS. WE'RE ABOUT TO HIRE A NEW  
8            CHAIR, AND OBVIOUSLY THE BEST ORGANIZATION WILL BE  
9            DEPENDENT UPON THAT PERSON'S CHARACTERISTICS AND  
10           SKILL SETS AND DESIRES. AND SO IT SEEMS A LITTLE  
11           OFF TO ME TO DO THIS ONE MONTH BEFORE OR A COUPLE OF  
12           MONTHS BEFORE WE WOULD BE HIRING A NEW CHAIR. AND I  
13           THINK THAT IT'S VERY POSSIBLE THAT THERE WILL BE  
14           SOME DESIRE FOR A REDISTRIBUTION OF RESPONSIBILITIES  
15           WHEN WE FIND OUT THE SKILL SET OF THE NEW PERSON.  
16           SO I GUESS I DON'T REALLY UNDERSTAND WHY THERE'S A  
17           SENSE OF URGENCY AT THIS POINT.

18           CHAIRPERSON LANSING: I'LL GO LAST. JEFF  
19           AND THEN ART AND THEN I'LL RESPOND TO THAT.

20           MR. SHEEHY: YOU KNOW, WHAT I'D LIKE TO  
21           REQUEST IS THAT WE GO INTO CLOSED SESSION FOR  
22           PERSONNEL BECAUSE THAT'S WHERE I THINK THIS  
23           DISCUSSION NEEDS TO START.

24           MR. TORRES: I WOULD CONCUR WITH JEFF  
25           BECAUSE THIS IS NOTHING NEW. WE'VE BEEN HEARING



## BARRISTERS' REPORTING SERVICE

1 ABOUT THIS SINCE DECEMBER.

2 MR. SHEEHY: YEAH. I REALLY THINK WE  
3 SHOULD GO INTO CLOSED SESSION IF WE'RE GOING TO  
4 DISCUSS -- THIS IS NOT --

5 CHAIRPERSON LANSING: I WOULD THEN LIKE TO  
6 GO ON THE RECORD JUST TO SAY WHAT I HAVE TO SAY, AND  
7 WE CAN TAKE A VOTE IF WE WANT TO GO INTO CLOSED  
8 SESSION. THE REASON THAT I THINK THIS IS A GOOD  
9 IDEA IS THAT, AND I THINK ACTUALLY WE PREFACED ALL  
10 OF THIS BY SAYING THAT WHEN WE KNEW WHO THE NEW  
11 CHAIR WAS, DEPENDING ON HIS OR HER SKILL SET,  
12 WORKING WITH THE PRESIDENT, WE WOULD BE FLEXIBLE AND  
13 ADOPT THIS -- ADAPT THIS SITUATION. BUT I THINK  
14 THAT WE HAVE BEEN WORKING ON THIS FOR A LONG TIME,  
15 AND WE HAVE BEEN SAYING THIS IS WHAT WE THOUGHT. WE  
16 ALL HAD MANY MEETINGS AND CAME TO THESE CONCLUSIONS.

17 I THINK WHAT WE'RE REALLY JUST TRYING TO  
18 DO IS MAKE IT CLEAR THAT THIS IS WHAT WE'RE  
19 GENERALLY THINKING OF TO THE PEOPLE THAT MIGHT BE  
20 INTERESTED IN THE JOB OR THE PEOPLE THAT ARE  
21 EXPLORING THE JOB OR EVEN TO THE CONSTITUTIONAL  
22 OFFICERS. I THINK THE MINUTE WE KNOW WHO HE OR SHE  
23 IS -- THERE WAS ACTUALLY A PARAGRAPH PRECEDING THIS  
24 THAT JUST SAID THIS IS WHERE WE ARE TODAY. WE  
25 MAINTAIN THE RIGHT TO BE FLEXIBLE WHEN WE KNOW WHO

## BARRISTERS' REPORTING SERVICE

1 THE PERSON IS, AND IT'S ALL DEPENDENT ON THE WORKING  
2 RELATIONSHIP WITH THE PRESIDENT AND IT WILL ADAPT AS  
3 ACCORDINGLY.

4 BUT I THINK THERE'S -- PEOPLE ARE ASKING  
5 QUESTIONS, AND WE SORT OF WANT TO BE ABLE TO SAY  
6 THIS IS WHAT WE THOUGHT OF, BUT YOUR SKILL SET WILL  
7 MAKE US BE MORE FLEXIBLE OR YOU FIT PERFECTLY INTO  
8 THIS SKILL SET. SO DUANE.

9 MR. ROTH: I HAVE TO SAY I'M EXACTLY WHERE  
10 CLAIRE WAS. I READ THIS AND THOUGHT AFTER A COUPLE  
11 OF YEARS OF TRYING TO FIGURE THIS OUT, WHY SIX MORE  
12 WEEKS UNTIL WE FIND OUT WHO THAT CHAIR IS AND THEN  
13 HAVE A DISCUSSION WOULDN'T BE MORE APPROPRIATE. I'M  
14 NOT SAYING I'M OPPOSED TO WHAT'S IN HERE. I THINK  
15 IT'S ALREADY LAID OUT. AND I WOULD VERY MUCH  
16 RECOMMEND THAT WE DELAY THIS UNTIL WE HAVE A NEW  
17 CHAIR IN SIX WEEKS AND THEN CONSIDER EVERYTHING  
18 ABOUT THAT PERSON'S SKILL SET. LET THEM GIVE US  
19 SOME OPINION ON THIS AND THEN MAKE A FINAL  
20 DETERMINATION.

21 CHAIRPERSON LANSING: OBVIOUSLY WE'RE  
22 GOING TO DEFER TO THE MAJORITY. BOB.

23 CHAIRMAN KLEIN: I THINK THAT, AS IT SAYS  
24 IN THE INTRODUCTION, SHERRY, THAT YOU REFERENCED, IT  
25 IS QUITE APPROPRIATE TO TAKE INTO ACCOUNT WHEN WE

## BARRISTERS' REPORTING SERVICE

1 HAVE A NEW CHAIR HOW THAT PARTICULAR SKILL SET  
2 RELATES TO THESE RESPONSIBILITIES. BUT IT'S  
3 IMPORTANT, I THINK, TO BE ABLE TO COMMUNICATE IN A  
4 FORMAL WAY WHERE WE ARE AS A STARTING POINT. WHAT  
5 WE'VE GONE THROUGH, THE YEAR'S WORTH OF EVALUATION  
6 OF THE CHAIR, EVALUATION OF THE PRESIDENT. WE HAD A  
7 NUMBER OF DISCUSSIONS TO TRY AND GET TO THIS POINT  
8 TO WHERE THE BOARD FELT THAT WE LAID OUT CERTAIN  
9 PRINCIPLES. I HAD NUMEROUS MEETINGS WITH THE  
10 PRESIDENT.

11 THE OUTCOME WILL NEVER BE TRULY IDEALIZED  
12 UNTIL, AS CLAIRE SAYS, DR. POMEROY SAYS, WE HAVE THE  
13 ABILITY TO REALLY GET SOME EXPERIENCE BETWEEN THE  
14 PRESIDENT AND THE CHAIR WORKING TOGETHER. IT'S NOT  
15 THAT THE CHAIR IS GOING SHOW UP ON THE 22D AND ON  
16 THE 23D THEY'RE GOING TO KNOW HOW THEY INTERACT.  
17 THEY'RE GOING TO NEED THREE OR FOUR MONTHS OR SO OF  
18 INTERACTION TO BE ABLE TO IDEALIZE AND REFINE THESE.  
19 BUT WHAT ARE YOU GOING TO DO FOR THE INTERIM? THEY  
20 HAVE AN OPERATING POSITION FOR YOUR INTERIM. YOU  
21 CAN'T HAVE A VACUUM.

22 SO THIS CREATES AN OPERATING POSITION FOR  
23 THE INTERIM WHILE THEY GAIN EXPERIENCE OF WORKING  
24 WITH EACH OTHER AND CAN COME BACK. WHEN THEY COME  
25 BACK, I WOULD GUESS THE BOARD WILL WANT TO HAVE AN

## BARRISTERS' REPORTING SERVICE

1 EXECUTIVE SESSION AND MEET WITH THEM AND DISCUSS --  
2 CHAIRPERSON LANSING: HOW THEY WANT TO  
3 MODIFY WHAT WE -- WE HAD ORIGINALLY AGREED TO THIS.  
4 I THINK ALL THAT BOB AND I, AND, AGAIN, WE CAN TAKE  
5 A VOTE. IF NOBODY WANTS TO DO THIS, WE'RE NOT GOING  
6 TO DO THIS. BUT I THINK AT LEAST WHAT, BOB, YOU'RE  
7 OUTLINING MY THINKING, WAS JUST AS A STARTING POINT.  
8 IT'S A FLEXIBLE AGREEMENT. IT'S WHAT WE HAD THOUGHT  
9 OF BEFORE WE KNEW WHO THE INDIVIDUAL WAS, WHAT WE'VE  
10 BEEN THINKING OF FOR QUITE A LONG TIME. THEN THE  
11 TWO INDIVIDUALS, MEANING THE PRESIDENT AND THE  
12 CHAIR, GET TOGETHER AND WORK IT OUT AND COME BACK TO  
13 US AND SAY THIS IS HOW WE WANT TO DO IT AND ADJUST  
14 TO IT. I'M JUST AFRAID IF WE DON'T HAVE SOMETHING,  
15 THAT WE COULD HAVE CHAOS.

16 MR. SHEEHY: I HAVE TO SAY IT'S REALLY NOT  
17 FAIR FROM MY PERSPECTIVE TO CONTINUE THIS DISCUSSION  
18 IN OPEN SESSION.

19 DR. POMEROY: DO WE HAVE A MOTION? MAKE A  
20 MOTION TO GO INTO CLOSED SESSION.

21 MR. SHEEHY: SHOULD I MAKE MY COMMENTS  
22 THAT ARE INAPPROPRIATE IN PUBLIC SESSION --

23 DR. POMEROY: MAKE A MOTION.

24 MR. SHEEHY: -- BECAUSE THIS IS PART OF A  
25 WHOLE PROCESS THAT ORIGINATED IN CLOSED SESSION AS A

## BARRISTERS' REPORTING SERVICE

1 PERSONNEL ISSUE. AND I THINK IT'S VERY UNFAIR TO  
2 KIND OF JUST DIVORCE THAT ASPECT OF IT FROM THIS  
3 PRESENT DISCUSSION AND TO EITHER PUT ME -- I DON'T  
4 THINK --

5 DR. POMEROY: SINCE JEFF ISN'T MAKING A  
6 MOTION, MAY I MAKE A MOTION TO GO INTO CLOSED  
7 SESSION?

8 CHAIRMAN KLEIN: I'LL SECOND THE MOTION.

9 CHAIRPERSON LANSING: ALL IN FAVOR. SO  
10 WE'RE GOING TO CONTINUE THIS DISCUSSION IN CLOSED  
11 SESSION. DOES THAT MEAN I HAVE TO ASK FOR PUBLIC  
12 COMMENT AS WELL?

13 CHAIRMAN KLEIN: NO.

14 MS. KING: YOU DON'T HAVE TO BECAUSE  
15 THERE'S NOT A MOTION ON THE TABLE.

16 CHAIRPERSON LANSING: OKAY. NOW LET'S GO  
17 TO AGENDA ITEM 7. WE'LL GO INTO CLOSED SESSION  
18 AFTER AGENDA ITEM 7?

19 MS. KING: I THINK NOW.

20 CHAIRPERSON LANSING: LET'S GO INTO CLOSED  
21 SESSION NOW, AND WE'LL COME BACK FOR AGENDA ITEM 7.

22 MR. HARRISON: FOR THE RECORD, THE  
23 SUBCOMMITTEE WILL BE CONVENING IN CLOSED SESSION  
24 PURSUANT TO GOVERNMENT CODE SECTION 11126 AND HEALTH  
25 AND SAFETY CODE SECTION 125290.30(F)(3)(D) TO

## BARRISTERS' REPORTING SERVICE

1 DISCUSS PERSONNEL.

2 (THE COMMITTEE THEN WENT INTO CLOSED  
3 SESSION, NOT REPORTED NOR HEREIN TRANSCRIBED.)

4 CHAIRPERSON LANSING: WE'RE OFFICIALLY  
5 BACK FROM OUR PRIVATE SESSION. SO, JAMES, YOU'VE  
6 GIVEN US THE ITEM. AND I WOULD LIKE TO GO BACK TO A  
7 MOTION TO APPROVE. DO I HAVE A MOTION TO APPROVE  
8 THIS ITEM?

9 MR. TORRES: SO MOVED.

10 CHAIRMAN KLEIN: DO I HAVE A SECOND?

11 CHAIRMAN KLEIN: SECOND.

12 CHAIRPERSON LANSING: OKAY. NOW, DO I  
13 HAVE ANY PUBLIC COMMENTS?

14 MR. HARRISON: JUST TO BE CLEAR, THE  
15 MOTION, AS I UNDERSTAND IT, IS TO RECOMMEND BOARD  
16 APPROVAL OF THIS CONCEPT AND REQUEST STAFF TO COME  
17 BACK TO THE GOVERNANCE SUBCOMMITTEE AND THE BOARD  
18 WITH THE ACTUAL CHANGES IN THE INTERNAL GOVERNANCE  
19 POLICY.

20 CHAIRPERSON LANSING: THAT IS CORRECT. SO  
21 DO I HAVE ANY PUBLIC COMMENTS? THEN I SHOULD CALL  
22 FOR A VOICE VOTE OR ROLL CALL.

23 MS. KING: YOU CAN DO A VOICE VOTE SINCE  
24 WE'RE HERE, BUT YOU MAY WANT TO DO A ROLL CALL.  
25 THAT'S UP TO YOU.

## BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: CLAIRE HAS A COMMENT  
2 BEFORE THE VOTE.

3 DR. POMEROY: SO BECAUSE I'M CONCERNED  
4 ABOUT HIRING PEOPLE WITHOUT KNOWING WHO THE NEW  
5 CHAIR IS, I'D LIKE TO MAKE A FRIENDLY AMENDMENT THAT  
6 WE ADOPT THIS, BUT THAT NO HIRING TAKE PLACE UNTIL  
7 THE NEW CHAIR IS IN PLACE.

8 CHAIRPERSON LANSING: CAN I HAVE SOME  
9 DISCUSSION AMONG THE COMMITTEE MEMBERS?

10 CHAIRMAN KLEIN: THAT WOULD CERTAINLY -- I  
11 WANT TO MAKE IT VERY CLEAR MY VIEW, AND I'VE TALKED  
12 TO SENATOR TORRES, WHO CAN ALSO SPEAK TO HIS VIEW,  
13 IS THAT NO HIRING SHOULD TAKE PLACE UNTIL THERE IS A  
14 NEW CHAIR. SO I'M VERY SUPPORTIVE OF THE INTENT OF  
15 THIS POSITION. AND I WOULD COMMIT THAT THAT IS  
16 EXACTLY -- I WOULD BE BOUND BY THAT INTENT.

17 CHAIRPERSON LANSING: ART, DO YOU WANT TO  
18 COMMENT?

19 SO WHAT WE ARE DOING THEN IS WE ARE  
20 APPROVING THE ITEM DISCUSSION. AND BECAUSE OF THE  
21 FACT THAT WE WILL HAVE A NEW CHAIR WITHIN SIX WEEKS,  
22 BOTH THE TWO PEOPLE WHO HAVE THE CHAIR AND THE VICE  
23 CHAIR WHO HAVE THE ABILITY, ART, DO YOU NEED TO --  
24 DUANE, DO YOU ALSO NEED TO AGREE?

25 MR. ROTH: NO, I DON'T.

## BARRISTERS' REPORTING SERVICE

1           CHAIRPERSON LANSING:  -- HAVE THE ABILITY  
2 TO HIRE HAVE SAID THAT THEY THINK IT WOULD BE  
3 INAPPROPRIATE TO HIRE ANYONE TILL WE KNEW WHO THE  
4 NEW CHAIR WAS.  WE CAN CERTAINLY POST THE POSITION  
5 AND CERTAINLY LET PEOPLE KNOW THAT IT'S OUT THERE.  
6 SO DO I HAVE ANY OTHER COMMENTS?

7           DR. POMEROY:  SHERRY, JUST ONE.  I WANT TO  
8 THANK BOB AND ART FOR AGREEING TO THIS.  AND I JUST  
9 WANT TO MAKE IT CLEAR TO EVERYBODY THAT THE  
10 IMPLICATION OF THIS IS THAT THIS WILL THEN BE, AS  
11 THIS PROPOSES, A DISCUSSION BETWEEN THE CHAIR AND  
12 THE PRESIDENT BECAUSE THAT'S WHAT'S IN THIS  
13 DOCUMENT.

14           CHAIRPERSON LANSING:  YES.

15           DR. STEWARD:  I'M NOT GOING TO GO TO THE  
16 MAT.  I JUST WONDER WHETHER WE REALLY NEED THIS AS A  
17 FORMAL AMENDMENT.  AS LONG AS WE HAVE AN  
18 UNDERSTANDING, MAYBE THAT IS ENOUGH.

19           CHAIRMAN KLEIN:  IT'S NOT A FORMAL  
20 AMENDMENT.  THERE'S NO MOTION AND SECOND.

21           DR. POMEROY:  THERE'S A MOTION, BUT NO  
22 SECOND.

23           DR. STEWARD:  THERE'S NO SECOND.  FINE.  
24 IF IT'S NOT A FORMAL AMENDMENT, THEN I'M FINE WITH  
25 IT.  THE ONLY REASON IS THAT ONE COULD IMAGINE



## BARRISTERS' REPORTING SERVICE

1 CIRCUMSTANCES WHERE YOU MIGHT ACTUALLY HAVE A  
2 SUBSTANTIAL DELAY IN HIRING THE CHAIR, FOR EXAMPLE.

3 CHAIRMAN KLEIN: I WON'T BE HERE, SO I CAN  
4 COMMIT.

5 DR. STEWARD: YOU WON'T BE HERE, BUT MAYBE  
6 SOMEBODY ELSE WILL BE.

7 CHAIRMAN KLEIN: THAT WILL GO TO THE  
8 BOARD.

9 CHAIRPERSON LANSING: THERE SEEMS TO BE  
10 SOME OPPOSING POINTS OF VIEW. CLAIRE HAS MADE A  
11 MOTION, A FRIENDLY AMENDMENT TO THE MOTION, I GUESS  
12 IS WHAT WE WOULD CALL IT, BUT IT NEEDS A SECOND.  
13 DOES ANYONE WANT TO SECOND?

14 MR. ROTH: DOES IT NEED A SECOND, OR ARE  
15 YOU JUST ASKING THE MAKERS OF THE MOTION? I DON'T  
16 KNOW WHICH TAKES PRECEDENT.

17 CHAIRPERSON LANSING: I ACTUALLY DON'T  
18 KNOW WHAT I'M SUPPOSED TO DO, TO BE HONEST WITH YOU.

19 MR. HARRISON: THERE ARE TWO APPROACHES.  
20 UNDER THE BOARD'S BYLAWS, IF THE MAKER AND THE  
21 SECOND AGREE TO THE FRIENDLY AMENDMENT AS PART OF  
22 THE MOTION, THEN A VOTE WILL BE TAKEN ON THE MOTION  
23 AS AMENDED. IF THEY DO NOT AGREE, THEN THE PROPOSED  
24 AMENDMENT GOES TO A VOTE FIRST FOLLOWED BY THE MAIN  
25 MOTION.

## BARRISTERS' REPORTING SERVICE

1 CHAIRPERSON LANSING: OKAY. DO THE MAKERS  
2 OF THE FIRST AND THE SECOND AGREE TO THE FRIENDLY  
3 AMENDMENT? THAT WOULD BE BOB.

4 CHAIRMAN KLEIN: SO IT APPEARS THAT  
5 THERE'S INDIVIDUALS THAT ARE NOT SUPPORTIVE OF A  
6 FORMAL AMENDMENT. I'M COMMITTING TO DO IT, SO I'D  
7 PREFER IF WE COULD KEEP IT AS A FORMAL COMMITMENT  
8 THAT BOTH ART AND I ARE MAKING, AND WE'LL MAKE IT TO  
9 THE BOARD AS WELL IN FRONT OF THE BOARD IN ADDITION  
10 TO THIS COMMITTEE. BUT THAT WOULD BE MY PREFERENCE  
11 IF THAT WORKS.

12 CHAIRPERSON LANSING: NOT TO HAVE IT BE AN  
13 AMENDMENT.

14 CHAIRMAN KLEIN: RIGHT.

15 MR. SHEEHY: AND I ALSO SUPPORT THE CHAIR.  
16 I DON'T THINK IT NEEDS TO BE PART OF THE MOTION.

17 CHAIRPERSON LANSING: I GOT IT. SO NOW I  
18 NEED TO ASK FOR A VOTE ON -- NO.

19 MR. HARRISON: CLAIRE'S AMENDMENT WOULD  
20 NEED A SECOND BEFORE A VOTE.

21 CHAIRPERSON LANSING: IS THERE A SECOND?

22 MR. ROTH: CLAIRE, IF YOU STILL WANT TO DO  
23 THAT, I WILL MAKE A SECOND.

24 CHAIRPERSON LANSING: DO I VOTE ON THAT  
25 FIRST?

**BARRISTERS' REPORTING SERVICE**

1 MR. HARRISON: YEAH. LET ME JUST CLARIFY  
2 THE MOTION, AS I HAD UNDERSTAND IT, SO WE MAKE SURE  
3 WE'RE ALL ON THE PAGE. THIS MOTION IS ON AN  
4 AMENDMENT TO THE MAIN MOTION. AND AS I UNDERSTAND  
5 THE PROPOSED AMENDMENT, IT WOULD BE TO ADD A  
6 PROVISION TO THE MAIN MOTION DEFERRING HIRING THE  
7 NEW POSITIONS CONTEMPLATED IN THE REORGANIZATION  
8 PLAN UNTIL A NEW CHAIR IS ELECTED.

9 CHAIRPERSON LANSING: OKAY. SO I THINK  
10 I'M GOING TO NEED A ROLL CALL VOTE FOR THAT.

11 MS. KING: BOB KLEIN.

12 CHAIRMAN KLEIN: NO.

13 MS. KING: SHERRY LANSING.

14 CHAIRPERSON LANSING: NO.

15 MS. KING: CLAIRE POMEROY.

16 DR. POMEROY: YES.

17 MS. KING: DUANE ROTH.

18 MR. ROTH: YES.

19 MS. KING: JEFF SHEEHY.

20 MR. SHEEHY: NO.

21 MS. KING: OSWALD STEWARD.

22 DR. STEWARD: NO.

23 MS. KING: AND ART TORRES.

24 MR. TORRES: NO.

25 MS. KING: THAT MOTION FAILS.

## BARRISTERS' REPORTING SERVICE

1                   CHAIRPERSON LANSING: I JUST WANT TO  
2 CLARIFY, BUT WE DO HAVE A COMMITMENT FROM THE CHAIR  
3 AND THE VICE CHAIR THAT THEY WILL BE FREE TO POST  
4 THE JOB, TO LET PEOPLE KNOW ABOUT IT, BUT THERE WILL  
5 BE NO HIRING UNTIL SUCH TIME AS WE KNOW WHO THE  
6 CHAIR IS, THE NEW CHAIR IS, WHICH WILL BE IN NO MORE  
7 THAN SIX WEEKS FROM TODAY.

8                   MR. ROTH: SO, SHERRY, CALL THE QUESTION  
9 ON THE FIRST.

10                  CHAIRPERSON LANSING: YOU WANT TO  
11 REPEAT -- YES.

12                  MS. BAUM: I'M SORRY, BUT I HAD A QUICK  
13 QUESTION BECAUSE I DO UNDERSTAND THAT IT WAS A JOINT  
14 REPORT, SO ISN'T -- IT WASN'T CLEAR TO ME FROM THE  
15 DOCUMENTATION THAT THAT MEANT THAT IT WAS ONCE -- OR  
16 TWO POSITIONS SITTING SOLELY IN THE CHAIR'S OFFICE.  
17 WOULDN'T THIS REQUIRE BOTH THE PRESIDENT AND THE  
18 CHAIR'S OFFICE TO POST?

19                  CHAIRMAN KLEIN: THERE'S TWO THINGS HERE.  
20 ONE, THE PUBLIC COMMUNICATIONS OFFICERS IN THE  
21 CHAIR'S OFFICE, THE CHAIR CERTAINLY, I WOULD EXPECT,  
22 AND I THINK CLAIRE REFERENCED IT, WOULD BE  
23 APPROPRIATELY ADVISED TO CONFER WITH THE PRESIDENT  
24 BECAUSE THIS IS A PARTNERSHIP WITH THE PRESIDENT TO  
25 MAKE SURE THAT THIS INDIVIDUAL IS GOING TO WORK WELL

## BARRISTERS' REPORTING SERVICE

1 WITH THE PRESIDENT AS WELL AS THE CHAIR.

2 THE DIRECT -- THE CHIEF FINANCIAL OFFICER  
3 IS A JOINT REPORT TO THE CHAIR AND THE PRESIDENT.  
4 SO IT IS NOT ONLY APPROPRIATE, IT WOULD BE THE ONLY  
5 LOGICAL THING TO DO TO MAKE CERTAIN THAT THE CHAIR  
6 AND THE PRESIDENT REACH A CONSENSUS ON THIS CHIEF  
7 FINANCIAL OFFICER BECAUSE IT'S SERVING BOTH INTERNAL  
8 AND EXTERNAL NEEDS. AND THIS IS AN INDIVIDUAL THAT  
9 NEEDS TO BE COMFORTABLE WITH BOTH THE CHAIR AND THE  
10 PRESIDENT, AND BOTH THE PRESIDENT AND THE CHAIR NEED  
11 TO BE COMFORTABLE WITH THE INDIVIDUAL.

12 MS. BAUM: THANK YOU.

13 CHAIRPERSON LANSING: ALL RIGHT. SO I  
14 HAVE A MOTION AND I HAVE A SECOND, SO I THINK -- DO  
15 YOU WANT TO REPEAT THE MOTION?

16 MR. HARRISON: YES. THE MAIN MOTION IS TO  
17 RECOMMEND BOARD APPROVAL OF THE REORGANIZATION PLAN  
18 AND REQUEST THAT STAFF PRESENT THE NECESSARY  
19 MODIFICATIONS TO THE INTERNAL GOVERNANCE POLICY TO  
20 THE GOVERNANCE SUBCOMMITTEE AND THE BOARD FOR THEIR  
21 CONSIDERATION.

22 CHAIRPERSON LANSING: GREAT.

23 CHAIRMAN KLEIN: MAY I CLARIFY. THIS IS  
24 GOING TO GO TO THE BOARD TOMORROW.

25 MR. HARRISON: THIS WILL GO TO THE BOARD

## BARRISTERS' REPORTING SERVICE

1 TOMORROW AND --

2 CHAIRMAN KLEIN: RECOMMENDATION FOR THEIR  
3 CONFIRMING ACTION.

4 MR. HARRISON: CORRECT. IF THE BOARD WERE  
5 TO APPROVE, STAFF WOULD THEN COME BACK TO THE  
6 GOVERNANCE SUBCOMMITTEE WITH THE AMENDMENTS TO THE  
7 INTERNAL GOVERNANCE POLICY TO MAKE CONFORMING  
8 CHANGES, AND THEN THOSE WOULD BE SENT OUT TO THE  
9 BOARD FOR ITS APPROVAL.

10 CHAIRMAN KLEIN: THANK YOU.

11 CHAIRPERSON LANSING: I THINK I NEED A  
12 ROLL CALL VOTE ON THIS.

13 MS. KING: BOB KLEIN.

14 CHAIRMAN KLEIN: YES.

15 MS. KING: SHERRY LANSING.

16 CHAIRPERSON LANSING: YES.

17 MS. KING: CLAIRE POMEROY.

18 DR. POMEROY: NO.

19 MS. KING: DUANE ROTH.

20 MR. ROTH: YES.

21 MS. KING: JEFF SHEEHY.

22 MR. SHEEHY: YES.

23 MS. KING: OSWALD STEWARD.

24 DR. STEWARD: YES.

25 MS. KING: AND ART TORRES.

**BARRISTERS' REPORTING SERVICE**

1 MR. TORRES: AYE.

2 MS. KING: FOR THE RECORD THAT MOTION  
3 CARRIES.

4 CHAIRPERSON LANSING: OKAY. WE WILL NOW  
5 GO TO AGENDA ITEM NO. 7, WHICH IS THE CONSIDERATION  
6 OF PROPOSALS TO FUND ANY SALARY AMOUNT FOR THE NEW  
7 CHAIR IN EXCESS OF \$150,000 FROM PREEXISTING DONOR  
8 FUNDS. BOB, WOULD YOU EXPLAIN THIS ITEM TO US?

9 CHAIRMAN KLEIN: CERTAINLY. THE STATE OF  
10 CALIFORNIA, AS WE ALL KNOW, IS IN A PERIOD OF  
11 FINANCIAL STRESS. IN FACT, ONE OF THE REASONS I'M  
12 SERVING IN THIS EXTENDED PERIOD WITHOUT ANY SALARY  
13 IS IN RECOGNITION OF THE FINANCIAL STRESS FOR THE  
14 STATE. IT IS, HOWEVER, IMPORTANT THAT THE BOARD  
15 HAVE THE CHOICE OF THE WHOLE RANGE OF INDIVIDUALS,  
16 NOT JUST INDIVIDUALS THAT ARE INDEPENDENTLY WEALTHY  
17 OR WHO HAVE ADEQUATE FINANCIAL RESOURCES TO PASS UP  
18 A SALARY. WE DON'T WANT TO SEND A MESSAGE TO THE  
19 CITIZENS OF THIS STATE THAT ONLY THE ELITE CAN  
20 SERVE.

21 WE HAVE TREMENDOUS RESOURCES IN THIS STATE  
22 FROM INDIVIDUALS WHOSE ENTIRE LIFE HAS BEEN IN  
23 PUBLIC SERVICE WHO MAY NOT HAVE AGGREGATED MUCH IN  
24 THE WAY OF ASSETS OR WHO HAVE CONTRIBUTED MASSIVE  
25 AMOUNTS OF THEIR PROFESSIONAL TIME TO PUBLIC SERVICE

## BARRISTERS' REPORTING SERVICE

1 AND NON-PROFITS, AND SO THEY DON'T HAVE -- THEY MAY  
2 BE ABLE TO TAKE A SMALLER SALARY, BUT NOT AVOID ANY  
3 SALARY.

4 SO THE PURPOSE OF THIS WAS TO PUT THE  
5 BOARD IN A POSITION WHERE IT COULD MAKE WHATEVER  
6 SALARY DECISION IT WANTED, BUT ALSO COMMUNICATE  
7 DIRECTLY TO THE STATE THAT ANYTHING OVER THE SALARY  
8 THAT I PREVIOUSLY TOOK PRIOR TO THIS EXTENSION,  
9 ANYTHING OVER A HUNDRED FIFTY THOUSAND, WOULD COME  
10 OUT OF DONOR FUNDS. AND I WOULD SAY TO YOU THAT  
11 FIVE YEARS AGO I RAISED THESE FUNDS, ORIGINALLY \$5  
12 MILLION ACTUALLY, WITH THE HELP OF GAVIN NEWSOM TO  
13 HELP WITH THE TENANT IMPROVEMENTS FOR OUR OFFICES  
14 PLUS THE DOLBY FUNDS AND THE GOLDMAN FUNDS THAT CAME  
15 IN OVER \$3.5 MILLION -- EXCUSE ME -- OVER \$5.5  
16 MILLION FOR AN OPERATING ACCOUNT. THEY WERE RAISED  
17 FOR CONFERENCES, FOR SPECIAL STUDIES, FOR  
18 SUPPLEMENTING SALARIES.

19 WE HAVE THOSE FUNDS AVAILABLE, AND IT  
20 IS THOSE FUNDS THAT ENABLE US TO MAKE SURE THAT  
21 TAXPAYER MONEY IS LIMITED IN THIS USE, BUT WE HAVE  
22 THE RANGE OF PUBLIC SERVICE OPTIONS OPEN FOR  
23 INDIVIDUALS WHO WANT TO SERVE THE STATE THROUGH THIS  
24 AGENCY. AND WE'VE SHOWN THAT THIS IS AN AGENCY THAT  
25 EMBRACES THE OPPORTUNITY FOR EVERYONE IN THE STATE



**BARRISTERS' REPORTING SERVICE**

1 TO CONTRIBUTE TO STEM CELL RESEARCH.

2 I REQUESTED SENATOR TORRES AND TED LOVE,  
3 ASKED IF THEY WOULD JOIN ME IN A LETTER, WHICH I  
4 SENT TO SHERRY LANSING ON MARCH 18TH PROPOSING THIS  
5 WITH THAT PURPOSE IN MIND. AND SENATOR TORRES MAY  
6 WANT TO MAKE A COMMENT.

7 MR. TORRES: YES. IT IS ALSO CONCEIVABLE  
8 THAT, GIVEN THE SALARY RANGE WHICH WE APPROVED, I  
9 BELIEVE, ON A 17-TO-4 VOTE PREVIOUSLY, THAT THE  
10 SALARY COULD BE LESS THAN A HUNDRED FIFTY THOUSAND.  
11 IT COULD BE THAT THE PROPOSED CHAIR MIGHT JUST WANT  
12 TO WORK 50 PERCENT OF HIS OR HER TIME, AND THAT  
13 WOULD MEAN A SALARY OF ABOUT A HUNDRED THIRTY-SEVEN  
14 THOUSAND.

15 SO I THINK THE LEVEL THAT YOU RAISE IS  
16 APPROPRIATE, AND I THINK THAT ISSUE HAS BEEN MET  
17 WITH APPRECIATION AND SUPPORT BY THE CONSTITUTIONAL  
18 OFFICERS THAT I HAVE SPOKEN TO.

19 CHAIRPERSON LANSING: SO THEY ARE  
20 SUPPORTIVE OF THIS?

21 MR. TORRES: NOT ALL OF THEM. I'M SAYING  
22 THE ONES THAT I HAVE SPOKEN TO HAVE EXPRESSED.

23 CHAIRPERSON LANSING: THAT'S GREAT. I'M  
24 GLAD TO KNOW THAT. DO I HAVE ANY QUESTIONS FROM THE  
25 SUBCOMMITTEE?

## BARRISTERS' REPORTING SERVICE

1 MR. ROTH: YES. I'M NOT SURE WHAT YOU'RE  
2 LOOKING FOR HERE. IS THIS AN ACTION ITEM THAT YOU  
3 INTEND TO VOTE ON?

4 CHAIRPERSON LANSING: YES.

5 MR. ROTH: SO IF OUR FORMER COLLEAGUE ED  
6 PENHOET WERE HERE, HE WOULD, I'M SURE, REMIND US  
7 THAT THESE FUNDS THAT ARE EXTERNAL THAT HAVE COME IN  
8 THROUGH DONORS SHOULD BE TREATED REALLY, REALLY  
9 CAREFULLY AND AS IF THAT WERE THE SAME THING. AND  
10 IT SHOULD BE, I BELIEVE, KEPT FOR THINGS THAT WE  
11 CAN'T DO THROUGH STATE-FUNDED ACTIVITIES THAT WE  
12 NEED AND WE THINK THERE'S CLEAR EVIDENCE THAT WE  
13 SHOULD SUPPORT SOMETHING, BUT WE'RE UNABLE TO DO IT  
14 LEGALLY. AND, THEREFORE, I WOULD THINK THAT WE  
15 SHOULD DEAL WITH THE SALARY FOR THE NEW CHAIR  
16 STRAIGHT UP.

17 WE HAVE A RANGE. WE'RE ALLOWED TO PAY FOR  
18 IT. AND I DON'T SEE WHY WE WOULD TAKE THIS APPROACH  
19 AS IF IT WERE SOMEHOW EXCESSIVE AND WE'RE GOING TO  
20 MAKE IT UP THROUGH INDEPENDENT SOURCES BECAUSE THE  
21 RANGE IS NOT EXCESSIVE. AND, THEREFORE, WE'RE  
22 ALLOWED TO USE THE FUNDS FOR THIS, AND WE OUGHT TO  
23 BE ABLE TO MAKE THE CASE FOR IT ON THE BASIS OF WHO  
24 THE NEW CHAIR IS.

25 AND, FINALLY, AND THIS IS JUST -- MAYBE

## BARRISTERS' REPORTING SERVICE

1 IT'S UNIMPORTANT, BUT THIS LETTER NOT ONLY WENT TO  
2 SHERRY, BUT IT WENT TO THE CONSTITUTIONAL OFFICERS  
3 AND IT WENT ON OUR LETTERHEAD AS IF THE BOARD HAD  
4 DISCUSSED THIS. IT DID NOT. AND I, FOR ONE, WAS  
5 NOT ASKED ANYTHING ABOUT THIS LETTER BEFORE IT WENT  
6 OUT. AND SO I JUST THINK WE SHOULD BE CAREFUL WHEN  
7 WE USE LETTERHEAD IF WE UNINTENDEDLY GIVE THE  
8 IMPRESSION EVERYBODY IS IN AGREEMENT WITH THIS. I  
9 THINK WE SHOULD NOT USE THESE FUNDS FOR THE SALARY  
10 OF CHAIR. I THINK WE SHOULD PAY THE CHAIR WHAT THEY  
11 REQUIRE, AND WE HAVE THE RANGE TO DO THAT.

12 CHAIRMAN KLEIN: SO, DUANE, YOU SHOULD  
13 KNOW THE COMMUNICATION WITH THE CONSTITUTIONAL  
14 OFFICERS SPECIFICALLY STATED THAT THIS HAD NOT YET  
15 BEEN APPROVED BY THE BOARD. IT WAS ONLY BEING  
16 SUBMITTED FOR CONSIDERATION OF THE GOVERNANCE  
17 SUBCOMMITTEE AND THE BOARD. AND THAT UNTIL AND  
18 UNLESS THE GOVERNANCE SUBCOMMITTEE AND THE BOARD  
19 APPROVED THIS, THERE WOULD BE NO FORCE AND EFFECT OF  
20 THIS. AND THAT WAS SPECIFICALLY COMMUNICATED.

21 MR. ROTH: IN THIS LETTER?

22 CHAIRMAN KLEIN: AS A COVER TO THIS  
23 LETTER. THE COMMUNICATIONS TO THOSE CONSTITUTIONAL  
24 OFFICERS, I HAVE NOT SPOKEN TO ALL THE  
25 CONSTITUTIONAL OFFICERS, AND, IN FACT, I'VE ONLY

## BARRISTERS' REPORTING SERVICE

1 SPOKEN TO THEIR STAFF BECAUSE I'M TRYING TO STAY ONE  
2 STEP REMOVED IN THIS PROCESS, BUT I WILL TELL YOU  
3 THAT THEIR STAFFS UNDERSTAND THAT THIS IS  
4 CONDITIONAL UPON THE GOVERNANCE COMMITTEE AND THE  
5 BOARD'S APPROVAL.

6 MR. SHEEHY: SO I AGREE -- I AGREE WITH  
7 DUANE. I MEAN I THINK WE'RE TRYING TO CURE WHAT'S  
8 REALLY AN OPTICS PROBLEM WITH A BAND-AID. AND I  
9 DON'T THINK THE PUBLIC IS GOING TO SEE THE  
10 DIFFERENCE. IT'S STILL TO THEM GOING TO FEEL LIKE  
11 GOVERNMENT MONEY. AND, YOU KNOW, AS A BOARD, WE'RE  
12 GOING TO MAKE A DECISION ON WHAT WE WOULD LIKE TO  
13 SEE IN A CHAIR. WE'VE BEEN THROUGH THIS DISCUSSION  
14 IN THE SUBCOMMITTEE BEFORE. THERE'S A DIFFERENCE OF  
15 OPINION.

16 AND IF WE DECIDE TO GO IN THE DIRECTION  
17 WHICH REQUIRES A BIG SALARY, I WOULD BE MUCH MORE  
18 COMFORTABLE -- I'M GOING TO SUPPORT MY FELLOW BOARD  
19 MEMBERS. I MEAN I THINK THAT I MADE MY POSITION  
20 CLEAR. BUT IF A DECISION GOES A CERTAIN WAY, I  
21 WOULD BE MORE THAN HAPPY TO GET UP AND SUPPORT THE  
22 DECISION OF MY COLLEAGUES, WHATEVER THAT MAY BE.  
23 AND I DON'T THINK WE NEED TO START PRETENDING LIKE  
24 WHAT WE DECIDED TO DO IS SOMEHOW NOT RIGHT. AND I  
25 THINK WE SHOULD JUST BE STRAIGHTFORWARD. IF WE END

## BARRISTERS' REPORTING SERVICE

1 UP WITH AN EXECUTIVE CHAIR WITH THE SKILL SET AND  
2 THE SALARY REQUIREMENTS THAT WOULD BE APPROPRIATE  
3 FOR AN EXECUTIVE CHAIR, THEN I THINK WE NEED TO GET  
4 UP THERE AND ALL 29 OF US JUMP OFF THE BRIDGE  
5 BECAUSE WE HAVE TO JUSTIFY WHAT WE'RE DOING. AND  
6 SOMEHOW TO SAY THAT WE'VE DONE THIS WITH DONOR  
7 MONEY, I THINK, COMMUNICATES TO PEOPLE THAT WE'RE  
8 NOT PROUD OF THE WORK WE DO.

9 AND EVEN WHEN WE HAVE VOTES THAT I DON'T  
10 AGREE WITH AND EVEN WHEN I LOSE, I'VE ALWAYS BEEN  
11 PROUD OF THE WORK OF THIS BOARD AND OF THIS AGENCY.  
12 SO I WOULD DEFEND WHATEVER SALARY WE COME UP WITH.  
13 EVEN THOUGH I MAY NOT BE FOR IT WHEN WE VOTE ON IT,  
14 I'LL DEFEND THE DECISIONS OF MY COLLEAGUES.

15 CHAIRPERSON LANSING: BOB.

16 CHAIRMAN KLEIN: JEFF, IT MAY HELP THE  
17 CONSTITUTIONAL OFFICERS WHO WANT TO PROVIDE US WITH  
18 A FULL RANGE OF APPLICANTS. AND SOME APPLICANTS  
19 NEED FINANCIAL ASSISTANCE, OTHERS DON'T. SOME NEED  
20 COMPENSATION, NOT FINANCIAL ASSISTANCE, BUT  
21 COMPENSATION FOR THE TREMENDOUS VALUE THEY WILL  
22 CONFER TO THIS ORGANIZATION AND SOME DON'T. IT PUTS  
23 THE CONSTITUTIONAL OFFICER IN A BETTER POSITION WHEN  
24 THEY'RE TRYING TO CUT FROM DIFFERENT CATEGORIES.

25 I SPECIFICALLY TALKED TO THE DONORS ALONG

## BARRISTERS' REPORTING SERVICE

1 THE WAY ABOUT A VERY SIMILAR IDEA AT ONE POINT,  
2 WHICH WAS SINCE WE WEREN'T ABLE TO PASS THROUGH  
3 MERIT PAY INCREASES TO OUR STAFF BECAUSE OF STATE  
4 CONSTRAINTS, USING PART OF THIS MONEY FOR MERIT PAY  
5 FOR THE STAFF. IT'S NOT THAT WE'RE NOT PROUD OF THE  
6 STAFF, AND IT'S NOT THAT WE DON'T BELIEVE THAT THEY  
7 DESERVE MERIT PAY. IT'S BECAUSE WHILE WE'RE TRYING  
8 TO BE PART OF AN OVERALL STATE ORGANIZATION WHERE  
9 WE'RE SHOWING THAT WE'RE VERY AUSTERE WITH THE  
10 STATE'S MONEY AND THAT THE ADDITIONAL MONEY FOR  
11 MERIT AND FOR CONTRIBUTIONS WELL DESERVED IS  
12 SOMETHING THAT WE'RE OBTAINING OUTSIDE FUNDS TO  
13 COVER.

14 MANY OF THE FOUNDATIONS IN THE STATE  
15 ASSOCIATED WITH MEDICAL SCHOOLS PAY SIGNIFICANT  
16 AMOUNTS OF MEDICAL SCHOOL SALARIES FOR LEADERSHIP  
17 OUT OF DONATIONS. THIS IS NOT A BRAND-NEW IDEA.  
18 IT'S A WELL ESTABLISHED PRINCIPLE.

19 WE NEED TO ATTRACT THE BEST PEOPLE IN THE  
20 STATE TO THE MEDICAL SCHOOLS. AND YET WE'VE LIMITED  
21 HOW MUCH CAN BE PAID OUT OF STATE FUNDS, AND THE  
22 FOUNDATIONS ARE SUPPLEMENTING THOSE STATE FUNDS TO  
23 MAKE SURE THAT WE HAVE THE OPPORTUNITY TO GET THE  
24 VERY BEST PEOPLE TO ADVANCE MEDICINE IN CALIFORNIA.

25 CHAIRPERSON LANSING: I'D LIKE TO JUST

## BARRISTERS' REPORTING SERVICE

1 COMMENT. YOU KNOW, THE STATE IS IN TERRIBLE SHAPE.  
2 AND BECAUSE OF THAT, I THINK IT REQUIRES EVERY  
3 STATE-FUNDED AGENCY, THE UNIVERSITY SYSTEM, THE CAL  
4 STATE SYSTEM, WHATEVER, MORE AND MORE TO BE LOOKING  
5 TO PUBLIC/PRIVATE PARTNERSHIPS IN ORDER TO ATTRACT  
6 GOOD PROFESSORS, GOOD DEANS, GOOD CHANCELLORS, ETC.

7 AND I HAVE TO SAY THAT AS A REGENT, I'VE  
8 BEEN VERY, VERY SUPPORTIVE OF THESE PUBLIC/PRIVATE  
9 PARTNERSHIPS IN ORDER TO KEEP PEOPLE EMPLOYED THAT  
10 WE THINK ARE TOP RATE SO THAT THEY'RE NOT GOING TO  
11 GO TO PRIVATE INSTITUTIONS. AND I THINK THIS IS A  
12 SIMILAR SITUATION. WE MAY HAVE A SALARY RANGE. WE  
13 MAY BE ABLE TO DO IT; BUT IF WE HAVE A DONOR OR  
14 DONOR FUNDS THAT ARE SUPPOSED TO BE USED FOR THAT  
15 AND WE CAN TAKE SOME OF THAT MONEY AND USE IT FOR A  
16 GRANT INSTEAD, I THINK IT SHOWS INGENUITY AND  
17 ENTREPRENEURSHIP.

18 AND I ACTUALLY THINK THAT ASSUMING THAT  
19 THAT'S WHAT IT WAS FOR, FOR THINGS THAT THE STATE  
20 COULDN'T DO, I THINK IT GIVES US A WIDER CHOICE OF  
21 APPLICANTS AND IS A SMART USE OF OUR BEING  
22 ENTREPRENEURIAL IN THESE DIFFICULT TIMES.

23 FURTHER DISCUSSION?

24 MR. SHEEHY: AND, AGAIN, YOU KNOW, I  
25 TOTALLY UNDERSTAND WHERE PEOPLE ARE COMING FROM, BUT

## BARRISTERS' REPORTING SERVICE

1 IT DOES RAISE CONFLICTS ISSUES. PEOPLE WILL SAY  
2 WHERE DID THE MONEY COME FROM? IS THERE ENOUGH  
3 MONEY TO COVER THE ENTIRE SIX YEARS THAT THE  
4 INDIVIDUAL MAY BE IN PLACE? I JUST --

5 CHAIRPERSON LANSING: BUT YOU'RE VOTING ON  
6 IT BEFORE YOU KNOW WHO THE INDIVIDUAL IS. SO YOU'RE  
7 VOTING -- THE WAY THAT WE DID THIS RECENTLY AT THE  
8 UC, FOR EXAMPLE, AND IT WAS, I THINK, POSITIVELY  
9 RECEIVED -- I'M NOT GOING TO GO INTO THE DETAIL OF  
10 THE INDIVIDUAL -- BUT WE GAVE IT TO THE JOB, NOT TO  
11 THE PERSON. SO IN OTHER WORDS, WE DON'T KNOW WHO  
12 THIS PERSON IS, SO YOU'RE GIVING IT TO A JOB. SO  
13 THE INDIVIDUAL WHO'S GIVING THE DONOR HAS NO IDEA,  
14 NOR DO WE AT THIS MOMENT, WE DON'T HAVE ONE  
15 NOMINATION EVEN.

16 CHAIRMAN KLEIN: WE ACTUALLY HAVE AN  
17 ADVANTAGE OVER THAT SITUATION, SHERRY, AND THIS IS  
18 THE ONLY WAY YOU CAN ACTUALLY DO IT IN CALIFORNIA IS  
19 BECAUSE THIS MONEY WAS GIVEN FIVE YEARS EARLIER, THE  
20 DONOR WHEN HE GAVE THIS HAD NO IDEA WHO THIS PERSON  
21 WOULD EVER BE.

22 CHAIRPERSON LANSING: AND WE STILL DON'T  
23 KNOW.

24 CHAIRMAN KLEIN: MY UNDERSTANDING, JAMES,  
25 IS THAT PASSES EVERY CONFLICTS TEST WITHIN



## BARRISTERS' REPORTING SERVICE

1 CALIFORNIA; IS THAT CORRECT?

2 MR. HARRISON: MY UNDERSTANDING OF THE  
3 MOTION IS THAT WE WOULD ONLY USE PREEXISTING DONOR  
4 FUNDS, IN OTHER WORDS, WE WOULD NOT DO ADDITIONAL  
5 FUND RAISING IN ORDER TO PAY THESE COSTS.

6 CHAIRPERSON LANSING: WE HAVE NO  
7 CONFLICTS.

8 MR. SHEEHY: THAT'S HELPFUL. I'M AWARE.  
9 MOST MAJOR INSTITUTION'S LEADERSHIP GETS A  
10 PROFESSORSHIP, FOR INSTANCE, WHICH BRINGS WITH IT  
11 SOME INCOME, BUT IT'S ASSOCIATED WITH THE POSITION.  
12 SO I MAY ABSTAIN ON THIS ONE. I'M BACK AND FORTH ON  
13 IT.

14 DR. POMEROY: I APPRECIATE JEFF'S GOING  
15 BACK AND FORTH ON IT BECAUSE I'M GOING BACK AND  
16 FORTH ON IT TOO. AND I AGREE THAT IN THE UNIVERSITY  
17 OF CALIFORNIA, WE DO THIS FOR PROFESSORS, BUT I'M A  
18 LITTLE WORRIED THAT THERE'S A DIFFERENCE FOR THE  
19 CHAIRMAN OF A BOARD OF A STATE AGENCY THAN THERE IS  
20 FOR A PROFESSOR. THAT SEEMS LIKE -- USUALLY WHEN  
21 YOU SEE PROFESSORS DO THIS, IT'S GIVEN TO SUPPORT  
22 THAT PERSON'S TIME TO DO A SPECIFIC THING. AND I  
23 THINK MY UNDERSTANDING WAS THAT THESE DONATIONS WERE  
24 GIVEN MORE GENERICALLY THAN THAT. I REALLY AM TORN  
25 BY THIS ONE TOO.

**BARRISTERS' REPORTING SERVICE**

1 MR. SHEEHY: HOW ABOUT -- WHAT ABOUT THIS,  
2 AND JUST THROWING OUT AN IDEA. YOU KNOW, WHAT IF WE  
3 JUST PUT THIS OUT THERE AS AN OPTION FOR THE BOARD  
4 TO CONSIDER WHEN HIRING THE NEXT CHAIR? THIS SOUNDS  
5 LIKE THIS IS HOW WE'RE GOING TO PAY THE CHAIR.

6 CHAIRPERSON LANSING: NO, NOT AT ALL. ALL  
7 WE'RE SAYING IS THAT --

8 MR. SHEEHY: SALARY REQUIREMENTS REACH  
9 A --

10 CHAIRPERSON LANSING: IT'S AN OPTION.  
11 THAT'S ALL IT IS. IT'S AN OPTION, TO FUND ANY  
12 SALARY AMOUNT IN EXCESS OF 150,000.

13 CHAIRMAN KLEIN: BUT WE CAN MAKE IT CLEAR  
14 THAT IT IS AN OPTION BECAUSE IF JEFF DOESN'T THINK  
15 IT'S CLEAR, THEN IT SHOULD CLARIFY IT.

16 MR. SHEEHY: I CAN TELL YOU PERSONALLY  
17 THAT IF WE DID DECIDE TO HIRE SOMEONE WHO WANTED AN  
18 EXCESSIVE SALARY, WHICH IS WHAT I WOULD CONSIDER IT  
19 TO BE IN SOME NUMBER, I PROBABLY WOULD RATHER PAY  
20 THEM STRAIGHT OUT OF GOVERNMENT FUNDS.

21 CHAIRPERSON LANSING: YOU HAVE THE OPTION  
22 TO USE THIS IF YOU WISH.

23 MR. ROTH: WHY DO WE HAVE, THEN, TO TAKE A  
24 POSITION ON IT TODAY? WE HAVE THE OPTION. IT'S  
25 ALWAYS BEEN THERE. IT ALWAYS WILL BE.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WELL, WE'RE TRYING TO  
2 COMMUNICATE TO THE CONSTITUTIONAL OFFICERS THAT  
3 THERE IS THAT OPTION. THEY DON'T NEED TO EXCLUDE  
4 PEOPLE WHO SAY THEY MIGHT NEED MORE THAN A HUNDRED  
5 FIFTY THOUSAND. AND THE GOVERNOR OR THE LIEUTENANT  
6 GOVERNOR OR THE TREASURER OR OTHERS WOULDN'T WANT TO  
7 PUT THEMSELVES IN A POSITION OF NOMINATING SOMEONE  
8 WHO PER SE BY THE NOMINATION WOULD REQUIRE MORE  
9 TAXPAYER FUNDS THAN OTHERWISE.

10 CHAIRPERSON LANSING: THE WHOLE THING WAS  
11 THAT IN EARLIER DISCUSSIONS WE ALWAYS SAID WE  
12 WANTED -- LET'S SAY SOMEONE WE HIRE IS GOING TO GIVE  
13 A HUNDRED PERCENT OF THEIR TIME, AND WE DIDN'T WANT  
14 TO RESTRICT IT TO PEOPLE WHO WERE OF A HIGH INCOME  
15 ALREADY. WE WANTED TO HAVE --

16 MR. SHEEHY: I'M NOT HIGH INCOME. A  
17 HUNDRED FIFTY THOUSAND IS A LOT OF MONEY TO ME.

18 DR. STEWARD: HAVING HEARD WHAT BOB JUST  
19 SAID, IF THE MAJOR PURPOSE IS COMMUNICATING TO THE  
20 CONSTITUTIONAL OFFICERS THE OPTION OF DOING THIS, IT  
21 SEEMS LIKE WE ALMOST HAVE ALREADY DONE THAT. IT IS  
22 OUR OPTION. WE CAN DO IT. I GUESS I WOULD BE MUCH  
23 MORE COMFORTABLE NOT TAKING A STAND ON THIS AND  
24 AUTHORIZING OR APPROVING SOMETHING AT THIS POINT.  
25 I'M LIKE JEFF. I'M GOING BACK AND FORTH ON THIS.

## BARRISTERS' REPORTING SERVICE

1 THERE'S PART OF THIS THAT JUST MAKES ME  
2 UNCOMFORTABLE. AND IT JUST -- IF IT'S THERE AS AN  
3 OPTION, FINE. TELL THE CONSTITUTIONAL OFFICERS  
4 THAT, THAT THEY DON'T HAVE TO RESTRICT THEIR  
5 NOMINATIONS, AND LET IT GO FOR NOW.

6 CHAIRMAN KLEIN: SO WE'LL NEED TO NOTICE  
7 BEFORE -- YOU NEED TO HAVE A TEN-DAY NOTICE IN ORDER  
8 TO HAVE MONEY AVAILABLE TO -- IT'S A SEPARATE  
9 DECISION THAN HIRING THE CHAIR. AND WHEN WE GET TO  
10 THAT DATE, RIGHT, I THINK WE'D BE MAKING AN  
11 APPROPRIATION. SO YOU NEED TO AT LEAST HAVE THE  
12 RECORD THAT IT IS AN OPTION SO YOU'RE EMPOWERED  
13 AHEAD OF TIME IF YOU DECIDE TO ELECT THAT OPTION.

14 CHAIRPERSON LANSING: ALAN.

15 DR. TROUNSON: I JUST THINK YOU NEED A  
16 LITTLE BIT MORE INFORMATION. I'M A LITTLE CONCERNED  
17 ABOUT THIS. THERE IS 2.1 MILLION LEFT AFTER OUR  
18 CURRENT COMMITMENTS TO IOM AND TO SENDING PATIENT  
19 ADVOCATES AND OTHERS TO THE MEETING. SO DOWN TO  
20 2.1. AND SO THIS WOULD BE A PRETTY BIG COMMITMENT  
21 OF THE REST OF THAT. AND THIS IS ONE OF THE OPTION  
22 AREAS THAT WE HAVE, YOU HAVE OF DOING SOME OF THESE  
23 THINGS WHICH ARE NOT SO EASY TO DO WITH THE GENERAL  
24 FUNDS THAT WE HAVE.

25 I HAVE A FEELING THAT IF YOU ARE GOING TO

## BARRISTERS' REPORTING SERVICE

1 HIRE A CHAIR, I ACTUALLY DON'T THINK THAT THAT  
2 SALARY IS ACTUALLY GOING TO BE A PARTICULAR PROBLEM,  
3 TO BE HONEST. I THINK WHAT'S GOING TO BE MORE OF A  
4 PROBLEM A LITTLE DOWNSTREAM IS WE WANT TO DO  
5 SOMETHING ELSE THAT IS NOT ENABLED WITH OUR GENERAL  
6 FUNDS. SO IF YOU MAKE THIS COMMITMENT, THERE REALLY  
7 WON'T BE VERY MUCH LEFT OF THAT TWO MILLION.

8 CHAIRMAN KLEIN: SO ALAN AND I HAVE HAD  
9 THIS DISCUSSION. AND WHAT I HAVE SAID TO ALAN, AND  
10 I FIRMLY BELIEVE, IS THAT WE REALLY HOPEFULLY WILL  
11 HAVE THE BOARD CHOOSE A CHAIR THAT REALLY HAS THE  
12 LEADERSHIP CAPACITY TO RAISE SOME MONEY. I MEAN  
13 OVER THE PERIOD THAT I'VE BEEN HERE, WHETHER IT'S  
14 WORKING WITH INSTITUTIONS ON BUILDINGS OR WORKING ON  
15 PRIVATE PLACEMENT OF \$45 MILLION OF BONDS WITH  
16 SHERRY AND ED PENHOET AND OTHERS, THESE WERE DONORS  
17 WHO WERE LOOKING AT THEIR MONEY -- THESE WERE PEOPLE  
18 BUYING BONDS WHO LOOKED AT THEIR MONEY BECOMING A  
19 DONATION WITHOUT EVEN BENEFITING THE STEM CELL  
20 AGENCY IF, IN FACT, THE LITIGATION FAILED.

21 I MEAN WE HAVE TO BE ABLE TO HIRE A CHAIR  
22 WHO CAN RAISE 10 OR 15 OR \$20 MILLION DURING THEIR  
23 TERM AT A MINIMUM. WE'VE SEEN ALMOST -- WE'VE SEEN  
24 MORE THAN \$900 MILLION IN DONOR AND INSTITUTIONAL  
25 DONORS' MONEY FLOW INTO THIS SYSTEM OVER THE LAST

## BARRISTERS' REPORTING SERVICE

1 THREE YEARS, WHICH WERE PARTICULARLY TOUGH YEARS.  
2 SO IF YOU END UP WITH A MILLION TWO OF THIS MONEY  
3 GOING TO A CHAIR OVER A PERIOD OF SIX YEARS OUT OF  
4 THE 2.1 MILLION, I THINK IT'S FUNDAMENTAL THAT, NOT  
5 FOR HIS OWN BENEFIT OR HER OWN BENEFIT, BUT YOU HAVE  
6 A CHAIR THAT CAN RAISE MONEY IN THE FUTURE FOR  
7 CONFERENCES AND OTHER PROGRAMS THAT WE DON'T EVEN  
8 KNOW ABOUT YET.

9 CHAIRPERSON LANSING: CAN I ASK AN  
10 INFORMATIONAL ITEM JUST TO TRY AND SEE IF I CAN CUT  
11 THROUGH THIS. IF THE MONEY IS THERE AND WE CAN USE  
12 IT AS WE WANT; IS THAT CORRECT, JAMES?

13 MR. HARRISON: THAT'S CORRECT. THE ONLY  
14 RESTRICTION ON THE FUNDS IS THAT THEY CAN'T BE USED  
15 FOR LOBBYING EXPENSES.

16 CHAIRPERSON LANSING: OKAY. SO IF THAT'S  
17 TRUE, AND YOU ARE SAYING THAT YOU NEED -- AT SOME  
18 TIME YOU MIGHT NEED TO ACCESS THE FUNDS, COULD THIS  
19 NOT JUST BE AN INFORMATIONAL ITEM FOR TOMORROW, JUST  
20 BASICALLY SAYING WE WANT THE BOARD TO BE AWARE OF  
21 THIS POSSIBILITY SHOULD WE CHOOSE TO USE IT?

22 CHAIRMAN KLEIN: IN TERMS OF JUST THE  
23 LEGAL FOCUS OF THE QUESTION, JAMES, I'M CONCERNED  
24 THAT WE WILL NOT HAVE MADE AN APPROPRIATION OF THESE  
25 FUNDS. IT WILL NOT BE IN OUR BUDGET. IT WILL NOT

## BARRISTERS' REPORTING SERVICE

1 BE AN APPROVED BUDGET EXPENDITURE FROM THIS SOURCE  
2 OF FUNDS UNLESS WE, IN FACT, AT SOME POINT POST IT  
3 AND AUTHORIZE OURSELVES TO USE THESE FUNDS FOR THIS  
4 PURPOSE.

5 CHAIRPERSON LANSING: MY QUESTION IS --

6 CHAIRMAN KLEIN: PART OF THE PUBLIC  
7 PROCESS, THE INTENT -- WE COULD DO IT BEFORE THE  
8 JUNE MEETING.

9 CHAIRPERSON LANSING: MY QUESTION IS --  
10 I'M A LITTLE CONFUSED. I'M SUPPORTIVE OF THIS, SO I  
11 WANT TO BE CLEAR ABOUT THAT, BUT I CAN SEE THAT  
12 THERE'S SOME MIXED FEELINGS. BUT NO ONE SEEMS TO  
13 OBJECT TO CONSIDERING IT AS AN OPTION. THAT'S WHAT  
14 I'M HEARING AS THE CONSENSUS OF THE GROUP. SO I'M  
15 TRYING TO ASK WHY, IF WE HAVE THE RIGHT TO DO WHAT  
16 WE WANT WITH THESE FUNDS, AND IF AT SOME POINT WE  
17 WANT TO CONSIDER IT AS AN OPTION, WHY WE CAN'T JUST  
18 INFORM THE BOARD TOMORROW THAT THEY HAVE THAT  
19 OPTION. AND IF WE'VE DONE THAT, THEN YOU WOULD BE  
20 ABLE TO ACCESS THE FUNDS WHEN YOU NEEDED.

21 CHAIRMAN KLEIN: IF THAT WORKS.

22 CHAIRPERSON LANSING: I'M ASKING THE  
23 QUESTION. I DON'T KNOW IF IT DOES.

24 MR. HARRISON: TO ANSWER THE QUESTION, I  
25 THINK THE GOVERNANCE SUBCOMMITTEE COULD ADOPT A

## BARRISTERS' REPORTING SERVICE

1 MOTION TODAY, IF THAT'S THE WAY IT CHOOSES TO  
2 PROCEED, TO RECOMMEND THAT THE BOARD APPROVE A  
3 PROPOSAL AUTHORIZING, NOT REQUIRING, BUT AUTHORIZING  
4 THE BOARD AS AN OPTION TO USE PREEXISTING DONOR  
5 FUNDS TO PAY ANY SALARY IN EXCESS OF 150,000 FOR A  
6 NEW CHAIR. AND THE BOARD COULD THEN APPROVE THAT  
7 MOTION, TO ADDRESS BOB'S CONCERN, AT THE MEETING AT  
8 WHICH --

9 CHAIRPERSON LANSING: THAT'S WHAT WE HAVE  
10 NOW.

11 DR. STEWARD: MY CONCERN --

12 CHAIRPERSON LANSING: I'M SAYING SOMETHING  
13 DIFFERENT. I'M SAYING SOMETHING DIFFERENT. THAT'S  
14 WHAT WE HAVE NOW. WE DON'T HAVE THE WORD "OPTION,"  
15 SO WE COULD ADD THE WORD "OPTION."

16 MY QUESTION IS DIFFERENT. I'M FOR THIS  
17 AND I WOULD HAVE VOTED YES FOR THIS, BUT I CAN HEAR  
18 THAT WE DON'T HAVE CONSENSUS, AND I ALSO KNOW WE'RE  
19 WAY OVER OUR TIME. SO WHAT I'M REALLY TRYING TO  
20 SEEK IS IF AT THIS PARTICULAR TIME, IF WE CAN COME  
21 TO SOME CONSENSUS, AND THE CONSENSUS THAT I THINK WE  
22 CAN COME TO IS THAT THE GOVERNANCE COMMITTEE  
23 RECOMMENDS THAT THERE BE AN INFORMATIONAL ITEM ON  
24 TOMORROW THAT EXPLAINS THAT WE HAVE THIS OPTION.  
25 AND WE CAN USE IT OR NOT USE IT BECAUSE -- WE CAN



## BARRISTERS' REPORTING SERVICE

1 USE IT AT ANY TIME WE WANT, AND THAT'S MY QUESTION.

2 CAN WE USE IT AT ANY TIME WE WANT?

3 MR. HARRISON: AND THAT'S THE SECOND POINT  
4 I WAS GETTING TO, AND I THINK THAT'S THE CONCERN  
5 THAT BOB RAISED. I THINK WHAT WE WOULD HAVE TO DO  
6 IS INCLUDE AN ITEM ON THE AGENDA FOR THE MEETING AT  
7 WHICH THE NEW CHAIR IS ELECTED, AND THE BOARD MAKES  
8 A DECISION REGARDING HIS OR HER COMPENSATION, GIVING  
9 NOTICE THAT THE BOARD HAS THE OPTION OF USING  
10 PREEXISTING DONOR FUNDS TO PAY A SALARY IN EXCESS OF  
11 150,000.

12 CHAIRPERSON LANSING: THAT WOULD WORK.

13 MR. SHEEHY: I ACTUALLY WOULD BE HAPPY  
14 WITH WHAT JAMES PROPOSED. JUST AS WE NOTED, IT'S AN  
15 OPTION. I DON'T WANT US TO BE LOCKED INTO, AS A  
16 BOARD, TO PAYING. AS LONG AS IT'S PART OF A MENU.  
17 WE'RE GOING TO HAVE A WHOLE MENU.

18 CHAIRPERSON LANSING: YOU'RE COMFORTABLE  
19 WITH THAT, I'M COMFORTABLE WITH THAT.

20 CHAIRMAN KLEIN: I'D LIKE TO MAKE A MOTION  
21 THAT WE ADOPT THIS AS AN OPTION FOR THE BOARD TO USE  
22 IF THEY FEEL THAT THEY NEED IT TO SELECT THE RIGHT  
23 CANDIDATE.

24 MR. SHEEHY: WE'RE GOING TO FINALLY HAVE  
25 TO COME TO SOME SORT OF CONCLUSION ON JOB

**BARRISTERS' REPORTING SERVICE**

1 DESCRIPTION. WE'RE GOING TO COME TO SOME SORT OF  
2 DECISION. SO I DON'T WANT TO TELL PEOPLE -- IF I  
3 LOSE ON ALL MY VOTES, I SUDDENLY DON'T WANT TO SAY,  
4 OH, YOU CAN'T DO THIS.

5 CHAIRPERSON LANSING: CAN I HAVE A SECOND,  
6 THEN, FOR THAT?

7 MR. TORRES: SECOND.

8 CHAIRPERSON LANSING: OKAY. LET'S HAVE A  
9 ROLL CALL VOTE JUST BECAUSE OF THE DISCUSSION. IT'S  
10 THE SAME ITEM EXCEPT WE'RE CALLING IT AN OPTION.

11 CHAIRMAN KLEIN: IS THERE ANY PUBLIC  
12 DISCUSSION?

13 MR. HARRISON: WOULD YOU LIKE ME TO  
14 RESTATE THE MOTION?

15 CHAIRPERSON LANSING: SURE.

16 MR. HARRISON: AS I UNDERSTAND IT, THEN,  
17 THE MOTION WOULD BE TO RECOMMEND THAT THE BOARD  
18 APPROVE A PROPOSAL TO AUTHORIZE THE BOARD TO USE  
19 PREEXISTING DONOR FUNDS TO PAY ANY SALARY FOR THE  
20 NEW CHAIR IN EXCESS OF ONE HUNDRED FIFTY THOUSAND.

21 DR. POMEROY: I'M SORRY. COULD YOU REPEAT  
22 THAT?

23 MR. HARRISON: SURE. THE MOTION IS TO  
24 RECOMMEND THAT THE BOARD APPROVE A PROPOSAL TO  
25 AUTHORIZE THE BOARD, NOT TO REQUIRE, BUT TO

**BARRISTERS' REPORTING SERVICE**

1 AUTHORIZE THE BOARD TO USE PREEXISTING DONOR  
2 FUNDS --

3 CHAIRMAN KLEIN: AS AN OPTION.

4 MR. HARRISON: -- AS AN OPTION TO PAY ANY  
5 SALARY FOR THE NEW CHAIR IN EXCESS OF \$150,000. AND  
6 THE BOARD WOULD THEN MAKE THAT DECISION AT THE TIME  
7 IT ELECTS THE NEW CHAIR.

8 DR. POMEROY: JUST TO CLARIFY, WHICH  
9 ALLOWS THE BOARD TO NOT TAKE THAT OPTION AND PAY  
10 MORE THAN A HUNDRED FIFTY THOUSAND.

11 MR. HARRISON: CORRECT.

12 DR. POMEROY: COULD I JUST ASK BOB BECAUSE  
13 THAT DOESN'T ACCOMPLISH YOUR GOAL OF COMMUNICATING  
14 SOMETHING TO THE CONSTITUTIONAL OFFICERS BECAUSE IF  
15 THEY NOMINATE SOMEONE WHO IS GOING TO REQUIRE A  
16 \$400,000 SALARY, STILL THE BOARD HAS THE OPTION OF  
17 PAYING THAT ALL FROM STATE GENERAL FUNDS.

18 CHAIRMAN KLEIN: IT DOES IN THE SENSE THAT  
19 IF THEY NOMINATED SOMEONE, THEY ARE NOT PUTTING THE  
20 BOARD IN THE POSITION THAT THE ONLY WAY WE COULD  
21 VOTE FOR THAT PERSON IS TO USE MORE THAN A HUNDRED  
22 FIFTY THOUSAND.

23 DR. POMEROY: BUT WE MIGHT.

24 CHAIRMAN KLEIN: BUT WE MIGHT.

25 CHAIRPERSON LANSING: THEY KNOW WE HAVE

## BARRISTERS' REPORTING SERVICE

1 THE OPTION.

2 MS. KING: WE DO HAVE A PUBLIC COMMENT.

3 MR. REED: THIS SEEMS LIKE A REASONABLE  
4 SOLUTION TO A HIGHLY TECHNICAL, BUT VERY IMPORTANT  
5 PROBLEM. I DO FEEL THAT WHOEVER WE GET, SINCE WE  
6 WANT THE BEST, WE HAVE A TRADITION OF MAGNIFICENCE  
7 WHICH WE SHOULD CONTINUE. WE WANT THE BEST. WE'RE  
8 GOING TO HAVE TO BE HIRING SOMEBODY WHO'S ALREADY  
9 BUSY. AND IF WE CAN ONLY HAVE THE OPTION OF GIVING  
10 150,000, HE OR SHE MAY BE TAKING A CUT IN PAY. WE  
11 NEED TO HAVE THE OPTION TO GET THE VERY BEST. I  
12 THINK THIS LEAVES THAT OPTION OPEN.

13 CHAIRPERSON LANSING: THANK YOU, DON. I  
14 APPRECIATE THAT. OKAY. CAN I HAVE A ROLL CALL  
15 VOTE, MELISSA?

16 MS. KING: BOB KLEIN.

17 CHAIRMAN KLEIN: YES.

18 MS. KING: SHERRY LANSING.

19 CHAIRPERSON LANSING: YES.

20 MS. KING: CLAIRE POMEROY.

21 DR. POMEROY: YES.

22 MS. KING: DUANE ROTH.

23 MR. ROTH: YES.

24 MS. KING: JEFF SHEEHY.

25 MR. SHEEHY: YES.

**BARRISTERS' REPORTING SERVICE**

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MS. KING: OSWALD STEWARD.

DR. STEWARD: YES.

MS. KING: AND ART TORRES.

MR. TORRES: AYE.

MS. KING: THAT MOTION CARRIES.

CHAIRPERSON LANSING: THANK YOU. I'VE BEEN TOLD THAT THE NEXT AGENDA ITEM WE DON'T NEED A CLOSED SESSION. WE ALREADY DID IT. SO ARE THERE ANY FURTHER COMMENTS FROM THE SUBCOMMITTEE MEMBERS? ANY FURTHER PUBLIC COMMENT?

THIS HAS BEEN A VERY ROBUST AND HEALTHY DISCUSSION. SO I WANT TO THANK EVERYBODY FOR ALL OF THEIR COMMENTS, AND WE CAME TO A CONSENSUS, AND NOW THE MEETING STANDS ADJOURNED.

(THE MEETING WAS THEN ADJOURNED AT 05:13 P.M.)

**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 GOVERNANCE SUBCOMMITTEE OF 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 LUXE HOTEL SUNSET BOULEVARD  
11461 SUNSET BOULEVARD  
LOS ANGELES, CALIFORNIA  
ON  
TUESDAY, MAY 3, 2011

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  
BARRISTER'S REPORTING SERVICE  
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SUITE 100  
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