

BETH C. DRAIN, CA CSR NO. 7152

BEFORE THE  
JOINT MEETING OF THE TRANSITION  
AND SCIENCE SUBCOMMITTEES 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: CALIFORNIA INSTITUTE FOR  
REGENERATIVE MEDICINE  
1999 HARRISON STREET, SUITE 1650  
OAKLAND, CALIFORNIA

DATE: MONDAY, NOVEMBER 27, 2017  
1 P.M.

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

FILE NO.: 2017-24

I N D E X

ITEM DESCRIPTION	PAGE NO.
OPEN SESSION	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. CONSIDERATION OF TRANSITION OPTIONS FOR CIRM AND FUTURE RESEARCH BUDGETS.	4
4. PUBLIC COMMENT.	NONE
5. ADJOURNMENT.	67

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MONDAY, NOVEMBER 27, 2017; 1 P.M.

CHAIRMAN THOMAS: I'D LIKE TO CALL THE MEETING OF THE JOINT TRANSITION AND SCIENCE SUBCOMMITTEE OF THE ICOC TO ORDER. MARIA, WILL YOU PLEASE CALL THE ROLL.

MS. BONNEVILLE: DEBORAH DEAS. ANNEMARIE DULIEGE. JUDY GASSON.

DR. GASSON: HERE.

MS. BONNEVILLE: DAVID HIGGINS. STEVE JUELSGAARD. BERT LUBIN. LINDA MALKAS.

DR. MALKAS: HERE.

MS. BONNEVILLE: SHLOMO MELMED.

DR. MELMED: HERE.

MS. BONNEVILLE: JOE PANETTA. AL ROWLETT. JEFF SHEEHY. OS STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: ART TORRES.

MR. TORRES: HERE.

MS. BONNEVILLE: KRISTINA VUORI.

DR. VUORI. HERE.

MS. BONNEVILLE: DIANE WINOKUR.

CHAIRMAN THOMAS: OKAY. THANK YOU, MARIA.

1 SO, AMY, IF YOU COULD PLEASE HIT THE FIRST  
2 SLIDE HERE. THE PURPOSE OF THIS MEETING IS TO  
3 IDENTIFY STRATEGIES TO SUSTAIN THE AGENCY BEYOND  
4 PROP 71 FUNDING. BEFORE WE GET TO THE AGENDA, JUST  
5 A LITTLE BIT OF LOOKING BACK.

6 AS YOU RECALL, IN JUNE I CALLED FOR THE  
7 ESTABLISHMENT OF A TRANSITION SUBCOMMITTEE FOR THE  
8 PURPOSES OF ANALYZING OPTIONS THAT WE WOULD HAVE TO  
9 KEEP CIRM AND ITS PROGRAMS RUNNING BEYOND THE END OF  
10 THE PROP 71 RESEARCH AND ADMIN DOLLARS. THAT LED TO  
11 A FIRST MEETING OF THE TRANSITION SUBCOMMITTEE WHICH  
12 WAS ON SEPTEMBER 18TH.

13 AT THAT MEETING WE SOLELY DEALT WITH A  
14 VARIETY OF OPTIONS THAT WERE DISCUSSED AS TO HOW TO  
15 GET ADDITIONAL FUNDING FOR THE AGENCY. WE DID NOT  
16 DISCUSS AT THAT MEETING ANYTHING ABOUT HOW WE WOULD  
17 SPEND THE REMAINING DOLLARS WE HAVE LEADING UP TO  
18 THE END OF THE FUNDING. THE MEETING ENDED WITH --  
19 AFTER QUITE A ROBUST DISCUSSION, WE'VE SINCE GONE  
20 BACK AND REFLECTED UPON WHAT WAS SAID THERE,  
21 DISTILLED IT DOWN TO A NUMBER OF KEY, CORE CONCEPTS  
22 THAT WE'RE GOING TO BE DISCUSSING TODAY. AND PART  
23 AND PARCEL OF TODAY'S MEETING IS GOING TO BE A  
24 DISCUSSION, WHICH WE DID NOT HAVE, AS I SAID, AT THE  
25 LAST MEETING, ABOUT HOW WE WILL POTENTIALLY SPEND

1 THE REMAINING DOLLARS THAT WE HAVE LEADING UP TO THE  
2 END OF OUR RESEARCH FUNDING.

3 AND BECAUSE THAT IS PART OF THE  
4 CONVERSATION THAT BRINGS US INTO THE PURVIEW OF THE  
5 SCIENCE SUBCOMMITTEE, HENCE A JOINT MEETING OF THE  
6 TRANSITION AND SCIENCE SUBCOMMITTEE MEETING TODAY.

7 WE WILL BE DISCUSSING SEVERAL ITEMS THAT  
8 WE'RE GOING TO BE LOOKING FOR A SENSE OF THE  
9 SUBCOMMITTEE TO RECOMMEND TO THE FULL BOARD ABOUT,  
10 AND WE WILL GET TO THOSE IN DUE COURSE. SO, AMY,  
11 NEXT SLIDE.

12 OUR AGENDA TODAY IS GOING TO SAY A FEW  
13 THINGS ABOUT SORT OF WHERE WE ARE IN THE CONTEXT, A  
14 SNAPSHOT AS OF THE END OF NOVEMBER 2017. WE'LL THEN  
15 GO TO A DISCUSSION ABOUT BOND MEASURES, PRINCIPALLY  
16 A CITIZEN-LED BOND MEASURE IN NOVEMBER OF 2020. WE  
17 HAVE A VERY DISTINGUISHED GUEST TO LEAD THAT  
18 DISCUSSION, WHICH IS BOB KLEIN, WHO IS HERE IN THE  
19 OFFICE WITH US, THE AUTHOR OF PROP 71, AND REMAINING  
20 AN EXTREMELY ARDENT SUPPORTER OF ALL THAT CIRM IS  
21 DOING.

22 WE WILL THEN GO ON TO A DISCUSSION OF THE  
23 ALLOCATION OF REMAINING RESEARCH DOLLARS. THAT  
24 DISCUSSION WILL BE LED BY DR. MILLAN. THAT  
25 DISCUSSION WILL GIVE THE POSSIBILITY -- RAISE THE

1 POSSIBILITY THAT WE MAY INDEED, UNDER A CERTAIN  
2 SCENARIO, RUN OUT OF FUNDING IN ADVANCE OF THE  
3 NOVEMBER 2020 BALLOT MEASURE, WHICH WILL THEN LEAD  
4 TO A DISCUSSION WHICH I WILL LEAD ON BRIDGE FUNDING  
5 TO GET US FROM THE TIME WE WOULD RUN OUT OF FUNDS  
6 THROUGH TO THE ELECTION. AND THEN A BIT ON ONE  
7 OTHER FUND-RAISING OPTION THAT HAS, I THINK, SOME  
8 PROMISE AS WELL. SO THAT IS TODAY'S AGENDA.

9 AND, AMY, IF YOU GO TO THE NEXT SLIDE  
10 PLEASE. SO WE'VE ENTITLED THIS "CONTEXT," WHICH IS  
11 SORT OF A SNAPSHOT, AGAIN DEMONSTRATED IN DR.  
12 MILLAN'S PRESENTATION, THAT WE COULD RUN OUT OF  
13 FUNDS AS EARLY AS LATE 2019. IN ORDER TO GET US TO  
14 THE NOVEMBER 2020 ELECTION IN A MANNER THAT ALLOWS  
15 US TO CONTINUE OUR PROGRAMS IN THE MANNER THAT WE  
16 HAVE TO DATE, WE BELIEVE THAT THAT'S GOING TO  
17 REQUIRE AN ADDITIONAL 222 MILLION. I WILL BREAK  
18 DOWN THAT SUM LATER IN MY PART OF THE PRESENTATION.

19 THIS LAST BULLET POINT HERE, CIRM IS AT A  
20 CRITICAL STAGE OF ITS MISSION. WE COULD HAVE  
21 COUNTLESS SUB-BULLET POINTS UNDER THIS BULLET POINT;  
22 BUT JUST TO NAME A FEW, WE DID, AS YOU ALL RECALL,  
23 BOARD AND TEAM, ADOPT A STRATEGIC PLAN THAT BEGAN IN  
24 JANUARY OF 2016, FIVE-YEAR PLAN TAKING US TO 2020  
25 WITH VERY AGGRESSIVE, BUT WE FIGURED ACHIEVABLE

1 GOALS. DR. MILLAN WILL SPEAK MORE TO THOSE.

2 WE'VE BEGUN TO SEE IN THIS VERY ROBUST  
3 PORTFOLIO OF CLINICAL TRIALS THAT WE HAVE SOME EARLY  
4 SUCCESSES. WE HAD, AS WE DISCUSSED ALMOST A YEAR  
5 AGO NOW, EFFECTIVE CURES FOR A TYPE OF SCID AND  
6 CHRONIC GRANULOMATOUS DISEASE, BOTH FROM THE KOHN  
7 LAB AT UCLA. WE'VE HAD SOME VERY PROMISING EARLY  
8 RETURNS IN THE SPINAL CORD INJURY AREA WITH  
9 ASTERIAS. WE'VE HAD AN INCREASING NUMBER OF  
10 INDUSTRY PARTNERSHIPS, WHICH TRIGGERS BOTH THAT  
11 INDUSTRY BELIEVES THAT THE TIME IS COMING, THAT THEY  
12 NEED TO GET INVOLVED IN THE CELLULAR THERAPY SPACE,  
13 OR THEY'RE GOING TO MISS THE BOAT. SO WE HAVE BOTH  
14 PARTNERSHIPS WITH PHARMA. WE'VE ALSO SEEN AN  
15 INCREASE IN THE NUMBER OF SPIN-OFFS FROM ACADEMIA  
16 FROM PROJECTS THAT WE HAVE FUNDED THAT HAVE LED TO  
17 NEW COMPANIES, SOME OF WHICH HAVE HAD EQUITY RAISES  
18 AND IN SOME CASES VERY SIGNIFICANT EQUITY RAISES.

19 SO THERE'S A LOT HAPPENING IN THE FIELD,  
20 AND EVERYBODY IS OF A MIND THAT THIS IS SUCH A  
21 MAGNIFICENT ENTERPRISE THAT WE HAVE GOING AND THAT  
22 THE VOTERS HAVE SEEN FIT TO ALLOW US TO MANAGE THAT  
23 HAS LED TO RESEARCH THAT IS UNPARALLELED. IF YOU  
24 AGGREGATE EVERYTHING THROUGHOUT THE STATE OF  
25 CALIFORNIA THAT WE FUNDED AND THE 800 SOMETHING PLUS

1 AWARDS TO DATE, THINGS ARE IN SUCH A PROMISING SHAPE  
2 THAT WE REALLY NEED TO FIGURE OUT HOW TO CONTINUE  
3 THIS BEYOND THE END OF OUR RESEARCH DOLLARS.

4 SO TODAY'S DISCUSSION -- AMY, GO TO THE  
5 NEXT SLIDE PLEASE. BASED ON WHAT WE TALKED ABOUT AT  
6 THE TRANSITION SUBCOMMITTEE MEETING IN SEPTEMBER, IT  
7 IS PATENTLY OBVIOUS THAT REALLY THE ONLY WAY TO  
8 GENERATE THE AMOUNT OF FUNDS WE NEED TO MAINTAIN OUR  
9 PROGRAMS AT THEIR CURRENT PACE, IF NOT A GREATER  
10 PACE, FOR A MANY-YEAR PERIOD IS TO DO SO WITH  
11 ANOTHER BALLOT MEASURE. THERE ARE TWO WAYS TO DO  
12 THIS AS WE DESCRIBED. ONE IS A CITIZEN-SPONSORED  
13 BOND MEASURE ON THE NOVEMBER 2020 BALLOT. THE OTHER  
14 IS A LEGISLATIVE OPTION, WHICH WE NOW ARE THINKING  
15 OF MORE IN TERMS AS A BACKUP OPTION. SENATOR TORRES  
16 WILL SPEAK TO THAT A LITTLE LATER. BUT WE WANT TO  
17 SORT OF ZERO IN ON THIS NOTION OF THE  
18 CITIZEN-SPONSORED BOND MEASURE, AND HAVE ASKED BOB  
19 TO COME HERE TO SPEAK TO US ABOUT THAT, GIVE US HIS  
20 THOUGHTS. SO WITHOUT FURTHER ADO, BOB, I WILL TURN  
21 THIS OVER TO YOU.

22 MR. KLEIN: THANK YOU VERY MUCH, MR.  
23 CHAIRMAN. MEMBERS OF THE BOARD, IT'S ALWAYS A  
24 PRIVILEGE TO ADDRESS THE BOARD, AND I GREATLY  
25 APPRECIATE ALL THE TIME AND EXPERTISE THAT THE



1 MEMBERS BRING TO THIS ENTERPRISE. BUT I WOULD BE  
2 REMISS WITHOUT THANKING THE INCREDIBLE STAFF THAT  
3 HAS COMMITTED SO MANY YEARS, YEARS THEY COULD HAVE  
4 SPENT IN THE PRIVATE SECTOR AT MUCH HIGHER LEVELS OF  
5 COMPENSATION, YEARS THEY'VE SPENT IN DEDICATION THAT  
6 ARE NOW BEING REWARDED BY THE QUADRIPEGICS, AS THE  
7 PICTURE ON THE LEFT OF THE BOARDROOM SHOWS, WHO HAVE  
8 BENEFITED FROM THIS RESEARCH; FROM THOSE WITH  
9 RETINITIS PIGMENTOSA, AS THE NEXT PICTURE SHOWS;  
10 ROSIE AND EVIE, THE LITTLE GIRL WHO HAD SCID WHO HAS  
11 A TOTALLY DIFFERENT LIFE; TO THE CANCER PATIENTS;  
12 AND FOR THE BROAD ARRAY OF OTHER PATIENTS WHOSE  
13 LIVES AND FUTURES HAVE BEEN CHANGED RADICALLY ALONG  
14 WITH THOSE OF THEIR FAMILIES.

15 SO WE REALLY NEED TO THANK THE STAFF  
16 DEEPLY. WE NEED TO THANK VERY MUCH THE COURAGEOUS  
17 PATIENTS WHO HAVE COME FORWARD AND TAKEN INFORMED  
18 RISK, AN ETHICALLY TESTED RISK, BUT WHO HAVE PROVED  
19 THE FUTURE OF THIS STEM CELL REVOLUTION AND  
20 THERAPIES.

21 IN LOOKING FORWARD, I THINK IT IS  
22 IMPORTANT TO UNDERSTAND THE CONTEXT THAT WE HAVE TO  
23 BUILD TO BE SUCCESSFUL IN THE FUTURE WITH AN  
24 INITIATIVE OF ANY TYPE. THAT CONTEXT IS ONE WHERE  
25 WE HONOR OUR OBLIGATION TO REPORT BACK TO THE PUBLIC

1 WITH AN INTENSIVE CAMPAIGN OF INFORMATION, OF  
2 OUTREACH. BUT CERTAINLY FROM THE PRIVATE CITIZEN  
3 SIDE, WE ARE IN A POSITION WHERE WE HAVE TO TAKE A  
4 GREAT DEAL OF THAT RESPONSIBILITY BECAUSE WHAT YOU  
5 CAN DO THROUGH A STATE AGENCY IS LIMITED,  
6 PARTICULARLY WHEN IT'S TALKING ABOUT THE REMARKABLE  
7 PROGRESS THAT HAS BEEN MADE BY THE AGENCY STAFF AND  
8 BY THE AGENCY BOARD, BY THE AGENCY'S COLLABORATION  
9 WITH INSTITUTIONS BOTH PUBLIC AND PRIVATE, AND  
10 COUNTRIES.

11 IT IS CRITICAL TO UNDERSTAND THAT IN THE  
12 LAST 20 YEARS, MORE THAN 90 PERCENT OF ALL OF THE  
13 SCIENCE JOURNALISTS IN THE PUBLIC MEDIA HAVE BEEN  
14 REPLACED BY MAJOR NEWSPAPERS, BY TELEVISION, BY  
15 RADIO. PUBLIC MEDIA IS NOW MISSING AN ENTIRE  
16 COMMUNICATION LINK THAT IS VITAL TO OUR SOCIETY.  
17 VITAL BECAUSE IF WE ARE A SOCIETY OF INNOVATION AND  
18 SCIENCE, THAT'S OUR FUTURE COMPETITIVELY IN THE  
19 WORLD. WE'VE LOST OUR COMMUNICATION LINK.

20 SO THE CIVIC SIDE OF THIS GREAT  
21 REVOLUTION, THE PATIENT ADVOCATE ORGANIZATIONS, THE  
22 CIVIC ORGANIZATIONS HAVE TO REMEMBER THE ROLE THEY  
23 PLAYED IN 2003-2004 AND PICK UP THAT REPORTING IN A  
24 VERY BROAD SPECTRUM EFFORT.

25 AND I'M THE CHAIRMAN OF A C3 ENTITY,

1 AMERICANS FOR CURES, WHICH HAS EMBRACED THIS  
2 RESPONSIBILITY, A RESPONSIBILITY PARTICULARLY  
3 RELEVANT THIS YEAR BECAUSE MANY HAVE LOST TRACK OF  
4 THE FACT THAT IT IS 2017. THAT IS TEN YEARS FROM  
5 THE DATE OF THE SUPREME COURT DECISION THAT ALLOWED  
6 US TO ADVANCE OUR MAJOR FUNDING. SO WE ARE TODAY  
7 HERE TEN YEARS DOWNSTREAM, AND NO ONE REALLY WOULD  
8 HAVE UNDERSTOOD OR EXPECTED THERE TO BE 43 HUMAN  
9 TRIALS FUNDED BY THE AGENCY, THERE'D BE ANOTHER 14  
10 HUMAN TRIALS WHERE THE ORIGINAL WORK WAS FUNDED BY  
11 THE AGENCY, BUT THE HUMAN TRIAL IS BEING FUNDED BY  
12 SOMEONE ELSE. NO ONE WOULD HAVE REALLY EXPECTED  
13 THAT WE WOULD HAVE SO MANY PATIENTS THAT HAVE COME  
14 SO FAR EVEN IN STAGE 1 AND PHASE 1/2 HUMAN TRIALS.  
15 IT IS INSPIRING, AND IT CREATES A MORAL IMPERATIVE  
16 THAT THIS WORK BE CONTINUED.

17 IF YOU LOOK AT THE HISTORY OF THIS  
18 INITIATIVE, THE SEVEN MILLION VOTERS WHO VOTED FOR  
19 IT AFTER A MILLION ONE HUNDRED THOUSAND VOTERS  
20 SIGNED A PETITION TO PUT IT ON THE BALLOT, YOU HAVE  
21 A REMARKABLE LEVEL OF PROGRESS. WE MUST NOT NEGLECT  
22 THE MENTION OF 2600 PEER-REVIEWED, PUBLISHED  
23 DISCOVERIES. ALL OF THIS HAS TO BE REPORTED BACK TO  
24 ALL CALIFORNIA VOTERS, BUT ESPECIALLY TO THE 80  
25 PATIENT ADVOCACY GROUPS THAT SUPPORTED THIS

1 INITIATIVE, TO ALL THE CHAMBERS OF COMMERCE UP AND  
2 DOWN THE STATE FROM SAN DIEGO TO SAN FRANCISCO,  
3 ALONG THE COAST, INCLUDING THE ORANGE COUNTY  
4 BUSINESS COUNCIL, INCLUDING THE STATE CHAMBER, TO  
5 THE 40 NOBEL PRIZE WINNERS WHO ENDORSED IT, TO THE  
6 CITIZEN GROUPS LIKE LEAGUE OF WOMEN VOTERS AND  
7 HADASSAH NOW TO REALLY REBUILD THE CONFIDENCE OF THE  
8 PUBLIC THAT GOVERNMENT IN CALIFORNIA, UNLIKE THE  
9 MESSAGING IN WASHINGTON, D.C., IS VERY CAPABLE OF  
10 USING DOLLARS WISELY, EFFICIENTLY, WITH A LOW LEVEL  
11 OF ADMINISTRATIVE COST, AND WITH REMARKABLE RESULTS  
12 TRANSFORMING A VISION INTO RELIEF OF PAIN, INTO  
13 BUILDING NEW LIVES FOR PATIENTS ACROSS A BROAD ARRAY  
14 OF CHRONIC THERAPIES OFTEN THOUGHT, IN FACT, FOR  
15 MILLENNIA THOUGHT TO BE INCURABLE.

16 IT'S IMPORTANT TOO TO THINK ABOUT THE  
17 COST. FROM WHERE I STAND, YOU CAN SEE THE BAY  
18 BRIDGE, THE EASTERN SPAN OF THE BAY BRIDGE. THE  
19 EASTERN SPAN OF THE BAY BRIDGE COST \$6.4 BILLION. I  
20 WOULD SUGGEST TO YOU THAT THE INITIATIVE IN 2004 AT  
21 3 BILLION AND A SECOND INITIATIVE IN 2020 AT 5  
22 BILLION IS A MUCH GREATER BARGAIN FOR THE SOCIETY  
23 THAN THE SINGLE PHYSICAL STRUCTURE TO CONNECT THE  
24 EAST BAY AND SAN FRANCISCO. THE BRIDGE TO THE  
25 FUTURE IS REALLY FIRM. IT'S REALLY STEM CELL

1 RESEARCH AND THERAPIES. IT'S THE PROOF, THE STEPS,  
2 THE PILLARS THAT YOU'VE PUT IN PLACE.

3 AND WHILE ONE CAN RAISE A NUMBER OF  
4 QUESTIONS ABOUT THE FUTURE POTENTIAL FOR AN  
5 INITIATIVE, IT WILL BE THE VOTERS WHO DECIDE. AND  
6 THE VOTERS IN A RECENT POLL FEEL THAT MORE THAN 70  
7 PERCENT OF THOSE IN CALIFORNIA SUPPORT STEM CELL  
8 THERAPIES AND SUPPORT ADDITIONAL FUNDS FOR THOSE  
9 THERAPIES. THAT'S A LEVEL OF SUPPORT THAT IS, IN  
10 FACT, SURPRISING GIVEN THE LACK OF COMMUNICATION IN  
11 THE PUBLIC MEDIA. IT'S A LEVEL OF SUPPORT OF 70  
12 PERCENT AFTER BEING KNOCKED DOWN BY OPPOSITION  
13 ARGUMENTS. SO AT THE VOTERS LEVEL, THIS IS VERY  
14 STRONG.

15 SO FUNDAMENTALLY, BEFORE ADDRESSING REALLY  
16 2020, ONE WOULD ASK SO WHY NOT 2018. IT IS  
17 IMPORTANT TO UNDERSTAND THAT, AS WE'VE SEEN IN THE  
18 LAST NATIONAL ELECTIONS, YOU WANT A BIG MARGIN ON  
19 THE POLLS BECAUSE THE POLLS ARE NOT ALWAYS RIGHT.  
20 WHAT'S IMPORTANT IS TURNOUT. AND WHAT WE KNOW IN  
21 CALIFORNIA'S HISTORY IN PARTICULAR IS THE TURNOUT IS  
22 RADICALLY HIGHER IN NATIONAL ELECTIONS THAT INVOLVE  
23 CALIFORNIA WITH A PRESIDENT AT STAKE.

24 SO IF YOU LOOK BACK TO 2004, PROPOSITION  
25 71 RECEIVED SEVEN MILLION VOTES FOR THE PROPOSITION.

1 A DECADE LATER IN 2014, WHEN FOR THE FIRST TIME THE  
2 TOP TWO CANDIDATES FROM EITHER PARTY, THAT THEY WERE  
3 THE TOP TWO VOTE GETTERS WOULD BE IN THE GENERAL  
4 ELECTION, WE SEE A RADICAL FALL-OFF IN THE VOTE,  
5 ACCELERATING AND DEEPENING THE FALL-OFF THAT HAS  
6 HISTORICALLY BEEN TRUE FOR NONPRESIDENTIAL  
7 ELECTIONS.

8 IN 2014, WHEN JERRY BROWN WAS RUNNING  
9 AGAIN FOR GOVERNOR, HE RECEIVED 4,388,000 VOTES.  
10 THE TOTAL VOTES CAST IN THAT ELECTION WERE 7.3  
11 MILLION. 2004, A DECADE EARLIER, THE PROPOSITION,  
12 WHICH IS NOT AT THE TOP OF THE BALLOT, IT'S AFTER  
13 THE FEDERAL ELECTED OFFICIALS, IT'S AFTER STATE  
14 ELECTED OFFICIALS, LOCAL ELECTED OFFICIALS, IT'S  
15 AFTER LOCAL BOND MEASURES, PROPOSITION 71 IS AT THE  
16 BOTTOM OF THE BALLOT, AND IT GOT THE MOST VOTES OF  
17 ANY INITIATIVE IN THE HISTORY OF THE UNITED STATES.

18 THE PUBLIC WILL DECIDE, BUT THE PUBLIC  
19 NEEDS TO TURN OUT. IF THE PUBLIC TURNS OUT, THIS  
20 INITIATIVE WILL WIN. SO THAT'S WHY 2020. WE HAVE A  
21 CRITICAL SHOT ON GOAL. WE HAVE TO WIN. OUR BEST  
22 CHANCE OF WINNING IS WHEN WE KNOW HISTORICALLY WE'LL  
23 HAVE THE GREATEST TURNOUT, WHICH IS 2020.

24 SO WHEN YOU LOOK TO THE FUTURE, AND YOU  
25 CONSIDER THE FACT THAT, AS WILL BE DISCUSSED HERE

1 TODAY BASED UPON THE AGENDA, THERE IS A GAP IN  
2 FUNDING THAT KEEPS THE MOMENTUM AT FULL STRENGTH.  
3 AND THAT GAP MAY BE 222 MILLION. HOPEFULLY ON A  
4 REACH BASIS MAYBE 300 MILLION COULD BE RAISED. YOU  
5 HAVE TO REMEMBER THAT HISTORICALLY THOSE NUMBERS  
6 HAVE BEEN MET AND EXCEEDED BEFORE WHEN IT WAS  
7 CRITICAL TO THIS INITIATIVE, ALLOWING US TO HAVE A  
8 2020 BALLOT ARGUMENT.

9 OVER THE LAST DECADE, THERE'S BEEN  
10 APPROXIMATELY \$1.6 BILLION FROM DONOR INSTITUTIONS  
11 AND DONORS THAT HAVE BEEN ATTRACTED TO THE  
12 SCIENTIFIC GRANTS AS MATCHING FUNDS, LEVERAGING  
13 CALIFORNIA VOTERS' MONEY, AND MAKING IT POSSIBLE TO  
14 BROADEN THE REACH OF FACILITIES THAT WERE BUILT AND  
15 HUMAN TRIALS THAT HAVE IMPLEMENTED. IN THAT  
16 CONTEXT, PHASING THE GAP MONEY, THE BRIDGE TO TAKE  
17 US TO THE FUTURE, APPEARS TO ME HISTORICALLY TO BE  
18 VERY ACHIEVABLE. IT'S VERY DIFFICULT AS ALWAYS. IF  
19 IT ISN'T DIFFICULT, I WORRY THAT THERE'S SOMETHING  
20 THAT'S BEING MISSED, BUT DIFFICULT IS NOT  
21 IMPOSSIBLE. IN FACT, OUR HISTORICAL VISION WOULD  
22 TELL US IT IS POSSIBLE, IT HAS BEEN POSSIBLE, AND IT  
23 WILL BE POSSIBLE.

24 SO AS I LOOK FORWARD HERE, I THINK THAT  
25 FROM A CITIZEN VIEWPOINT FROM WHERE I STAND OUTSIDE

1 THE GOVERNMENTAL CONTEXT, IT IS CRITICAL, AGAIN, TO  
2 BRING TOGETHER FIRST THE INFORMATION TO THOSE  
3 CONSTITUENCIES THAT SUPPORTED THIS GREAT VENTURE AND  
4 LET THEM KNOW THEY ACHIEVED FAR BEYOND THEIR  
5 GREATEST HOPES. WHEN WE SUBMITTED TO LEGISLATIVE  
6 ANALYSTS IN 2003 ON THE PROJECTED GOALS, WE SAID THE  
7 FIRST, THE VERY FIRST THERAPY WOULD REACH PATIENTS  
8 APPROXIMATELY 14 YEARS AFTER THE FULL FUNDING  
9 STARTED. THAT'S FOUR YEARS FROM NOW. AND FROM  
10 EVERYTHING I CAN TELL, WE'RE MORE THAN ON GOAL, AND  
11 WE HAVE A BROADER SPECTRUM OF IMPACT FOR PATIENTS  
12 THAN ANYONE COULD HAVE REASONABLY PROJECTED, THANKS  
13 TO YOUR WORK.

14 WHEN I LOOK AT WHAT HAS TO BE ACHIEVED, I  
15 BELIEVE THAT, IF FULLY INFORMED, THAT THOSE  
16 CONSTITUENCIES FROM THE PATIENT ADVOCACY GROUPS TO  
17 THE BUSINESS COMMUNITIES TO THE CIVIC GROUPS WILL BE  
18 MARSHALED BROADLY IN SUPPORT AS THE POLLS SUGGEST,  
19 AND THAT THIS CAN BE WON WITH THE PERCENTAGE AT  
20 LEAST IN THE 60-PERCENT RANGE, SHOWING A VERY BROAD  
21 MANDATE, AGAIN, TO THE STATE AND TO THE NATION, AND  
22 COMMUNICATING THAT CALIFORNIA IS HERE AGAIN,  
23 CALIFORNIA HAS BEEN COMMITTED, IS COMMITTED, AND  
24 WILL BE COMMITTED TO LEAD THIS REVOLUTION. AND IT  
25 IS MY HOPE TO HAVE THE PRIVILEGE OF PARTICIPATING IN



1 THAT LEADERSHIP FOR THE BROAD BASE OF COMMUNITY  
2 LEADERS THAT WE MARSHALED BEFORE AND CAN MARSHAL  
3 AGAIN GIVEN THAT THE VOTERS HAVE THE INFORMATION  
4 ABOUT THE INCREDIBLE SUCCESSES THAT YOU'VE ACHIEVED.

5 IT IS NEVER EASY, BUT IN FACT IT IS  
6 ACHIEVABLE. AND WITH WASHINGTON CREATING STORM  
7 CLOUDS CONSTANTLY OVER OUR HORIZON, I WOULD REMIND  
8 YOU OF MY WIFE'S FAVORITE QUOTE, AT LEAST ONE OF  
9 THEM, WHICH IS "LIFE ISN'T ABOUT WAITING FOR THE  
10 STORM OF LIFE TO PART. LIFE IS ABOUT LEARNING HOW  
11 TO DANCE IN THE RAIN." AND CALIFORNIA DANCES WELL  
12 IN THE RAIN. THANK YOU.

13 CHAIRMAN THOMAS: THANK YOU VERY MUCH,  
14 BOB. I'D LIKE TO OPEN IT UP TO COMMENTS, THOUGHTS  
15 OF PEOPLE ON THE PHONE. I WOULD LIKE TO NOTE ALSO,  
16 IN THE CONTEXT OF WHY 2020 OVER 2018, THAT WE, AS  
17 WE'VE DISCUSSED AT VIRTUALLY EVERY MEETING WE HAVE,  
18 WE ARE IN THE MIDST OF AN ACCELERATION. AND I THINK  
19 THAT ANOTHER TWO YEARS BETWEEN 2018 AND 2020 WILL  
20 GIVE US THAT MUCH MORE TO BE ABLE TO REPORT BACK TO  
21 THE PUBLIC ABOUT, AND THAT MUCH MORE OF A REASON TO  
22 VOTE FOR THE INITIATIVE WHEN IT COMES UP.

23 SO WITH THAT, DO WE HAVE COMMENTS FROM  
24 MEMBERS OF THE BOARD? SENATOR TORRES.

25 MR. TORRES: FIRST OF ALL, THANK YOU, BOB,

1 FOR YOUR LEADERSHIP, YOUR VISION, YOUR COMMITMENT.  
2 I, FOR ONE, KNOW HOW MUCH THAT COMMITMENT HAS COST  
3 YOU IN TERMS OF YOUR LIFE, IN TERMS OF YOUR FAMILY,  
4 YET YOU'VE NEVER GIVEN UP. AND FOR ME THAT IS AN  
5 INSPIRATION.

6 I ALSO WANT TO REITERATE WHAT YOU STATED,  
7 AND THAT IS BEING AN OLD POLITICAL HAND, A  
8 PRESIDENTIAL YEAR IS ALWAYS A BETTER TIME TO GET AN  
9 INITIATIVE ON THE BALLOT BECAUSE YOU KNOW YOU ARE  
10 GOING TO HAVE MANY MORE VOTERS VOTING HISTORICALLY,  
11 CONSISTENTLY, AND ALSO A WHOLE DIFFERENT GEOGRAPHY  
12 AS TO WHERE YOU CONCENTRATE YOUR EFFORTS IN AREAS  
13 WHICH NORMALLY DO NOT TURN OUT IN A STATEWIDE  
14 ELECTION, BUT DO TURN OUT IN A PRESIDENTIAL  
15 ELECTION, AND ALL OF THOSE ARE OUR SUPPORTERS, THAT  
16 70 PERCENT LIVE IN THOSE AREAS ALONG THE COAST,  
17 ALONG THE VALLEY, AND OTHER TREASURE TROVES, AS I  
18 LIKE TO SAY, OF VOTERS THAT WE CAN REACH OUT TO.

19 SO I THINK THIS IS AN EXCELLENT  
20 RECOMMENDATION IN TERMS OF THE TIMING. I CAN'T WAIT  
21 TO GET MY HANDS INTO THE CAMPAIGN AGAIN, OF COURSE,  
22 ON MY OWN FREE TIME, NOT ON STATE TIME, BUT ALSO TO  
23 MAKE SURE THAT THIS IS SUCCESSFUL. HAVING SERVED  
24 FOR 20 YEARS IN THE LEGISLATURE AND ONLY EIGHT YEARS  
25 HERE, THERE IS NO COMPARISON OF THE SUCCESS THAT I

1 HAVE BEEN A PART OF. THE STAFF YOU MENTIONED,  
2 INCREDIBLE HERE. THEIR COMMITMENT, THEIR VISION,  
3 THEIR SACRIFICE, OUR BOARD, AGAIN THEIR COMMITMENT,  
4 THEIR VISION, THEIR SACRIFICE. I WOULD NEVER HAVE  
5 BEEN ABLE TO ACHIEVE WHAT WE HAVE ACHIEVED THROUGH  
6 THIS AGENCY IN THE LEGISLATURE. IMPOSSIBLE. AND TO  
7 THINK THAT WE'RE READY TO GO AGAIN, I'M IN. THANK  
8 YOU.

9 CHAIRMAN THOMAS: THANK YOU, SENATOR  
10 TORRES. OTHER COMMENTS BY MEMBERS OF THE BOARD?  
11 MR. JUELSGAARD.

12 DR. JUELSGAARD: MORE IN THE FORM OF A  
13 QUESTION. BOB, YOU MENTIONED THE NUMBER \$5 BILLION  
14 WITH RESPECT TO 2020. HOW DID YOU ARRIVE AT THAT  
15 NUMBER VERSUS ANY OTHER THAT YOU THINK IS AN AMOUNT  
16 RAISED THAT CAN BE RAISED ON ONE HAND AND THE  
17 APPROPRIATE AMOUNT TO RAISE ON THE OTHER?

18 MR. KLEIN: SO THE DOLLAR AMOUNT ACTUALLY  
19 WILL NEED TO BE TESTED MORE THOROUGHLY WITH THE  
20 VOTING PUBLIC. IT HAS BEEN TESTED IN POLLS. IT  
21 SEEMS TO RETAIN A VERY HIGH PERCENTAGE ABOVE 70  
22 PERCENT SUPPORT. THE KEY IS TO TAKE THE 3 BILLION  
23 OF 2004, AND IF YOU TREND IT TO 2020, YOU GET INTO  
24 THE \$5 BILLION RANGE, DEPENDING UPON REASONABLE,  
25 AVERAGE TRENDS BETWEEN MEDICAL COSTS IN GENERAL,

1 INFLATION ADJUSTMENTS, WITH HOPEFULLY SOME PREMIUM,  
2 SOME MARGINAL INCREASE DEPENDING UPON WHAT  
3 INFLATION-BASED NUMBERS YOU USE.

4 IT'S ALSO A BALANCING NUMBER IN THE BALLOT  
5 ITSELF. LIKE IN 2004, THE STATE WILL REQUIRE YOU TO  
6 ALMOST DOUBLE OR TO DOUBLE THAT NUMBER ON THE  
7 BALLOT. SO IN 2004 IT WAS A \$6 BILLION CHOICE  
8 BECAUSE IT WAS 3 BILLION FOR THE PROGRAM AND \$3  
9 BILLION FOR THE INTEREST FOR THE NEXT 40 YEARS ON  
10 THE BOND. THE CHAMBERS, THE PUBLIC, THE EDITORIAL  
11 BOARDS UNDERSTOOD THE INTEREST COST OVER TIME, AND  
12 THEY WERE HELPFUL IN EXPLAINING TO THE PUBLIC THAT  
13 BY STRETCHING THIS COST WITH BONDS OVER TIME, THE  
14 FACT THAT THERE WAS INTEREST THERE WAS REFLECTIVE OF  
15 A FINANCING PLAN THAT SPREAD THAT COST OVER  
16 GENERATIONS, NOT JUST ON THEM AS THE INDIVIDUAL  
17 VOTERS AT THAT TIME.

18 SO THE FIVE BILLION IS REALLY A \$10  
19 BILLION NUMBER ON THE BALLOT, AND THAT NUMBER IS  
20 ALWAYS A CHALLENGE TO EXPLAIN. BUT THE LAST TIME WE  
21 WENT THROUGH THIS EXERCISE, THE PUBLIC UNDERSTOOD  
22 THAT BY FINANCING WITH BONDS, FUNDING THAT INTEREST  
23 OVER 40 YEARS, THEY WERE REALLY DOING THEMSELVES A  
24 GREAT FAVOR BECAUSE THEY WERE ALLOWING THE STATE TO  
25 AMORTIZE THE COST, NOT JUST ON THEM, BUT OVER THE

1 GENERATIONS THAT WOULD BENEFIT FROM THIS  
2 REVOLUTIONARY AREA OF THERAPY.

3 DR. JUELSGAARD: THANKS.

4 CHAIRMAN THOMAS: THANK YOU. OTHER  
5 QUESTIONS? DO WE HAVE ANY QUESTIONS FROM MEMBERS OF  
6 THE SUBCOMMITTEE ON THE PHONE? HEARING NONE, BOB.

7 MR. KLEIN: I'D LIKE TO MAKE ONE OTHER  
8 POINT, WHICH IS YOU SHOULD OBVIOUSLY GET MANY  
9 SOURCES OF INPUT ON HOW THIS IS APPROACHED. BUT  
10 FROM THE PUBLIC SIDE, THE HISTORY OF WHAT I HAVE  
11 SEEN TESTED WITH THE PUBLIC IS THAT INITIATIVES THAT  
12 ARE OF THE PUBLIC AND FROM THE PUBLIC THAT GROW OUT  
13 OF THE PATIENT ADVOCACY MOVEMENT ARE MORE TRUSTED BY  
14 THE PUBLIC IN TERMS OF THE STEWARDSHIP AND THE USE  
15 OF FUNDS THAN LEGISLATIVE-BASED INITIATIVES. I'M  
16 NOT SAYING THEY SHOULD BE. I'M SAYING THE REALITY  
17 IS THE PUBLIC VIEWS PATIENT ADVOCACY-BASED,  
18 CITIZEN-ORIGINATED INITIATIVES AS MORE TRULY  
19 REPRESENTING THE GOALS THAT WILL BE ACHIEVED WITH  
20 THE FUNDS BECAUSE OVER THE YEARS, THERE HAVE BEEN  
21 UNFORTUNATE EXAMPLES OF WHERE THERE HAVE BEEN  
22 LEGISLATIVE INITIATIVES THAT HAVE FUNDS REDIRECTED.  
23 AND UNDER PROPOSITION 71 AND THE STATUTES THAT WERE  
24 CREATED BOTH CONSTITUTIONALLY AND STATUTORILY, THE  
25 FUNDS THAT ARE DEDICATED TO THIS ENDEAVOR CANNOT BE

1 REALLOCATED BY THE LEGISLATURE OR THE GOVERNOR OR  
2 ANYONE. THEY ARE DEDICATED TO THE FUTURE HEALTH AND  
3 MEDICAL PROGRESS OF PATIENTS AND FAMILIES IN THE  
4 STATE.

5 SO THE CITIZEN INITIATIVE, I BELIEVE, HAS  
6 A STRONGER CHANCE OF SUCCESS WITH A MARGIN OF SAFETY  
7 TO IT THAN A LEGISLATIVE INITIATIVE, ALTHOUGH THE  
8 LEGISLATURES'S SUPPORT IS DEEPLY APPRECIATED, AND  
9 THE LEGISLATURE HAS BEEN THERE MANY TIMES IN SUPPORT  
10 OF THIS INITIATIVE AND THE LEGISLATIVE LEADERS HAVE  
11 ENDORSED IT IN 2004. I BELIEVE THAT THIS HAS AN  
12 ENGRAINED POSITIVE BIAS WITH THE VOTERS THAT SHOULD  
13 BE CONSIDERED.

14 CHAIRMAN THOMAS: I THINK I WOULD ADD TO  
15 THAT COMMENT, THAT IT HAS BEEN TEN YEARS OF PUTTING  
16 FUNDING OUT AND TEN YEARS OF OPERATION BY THE TEAM  
17 HERE AT CIRM TO DEMONSTRATE THE LEVEL OF COMPETENCY,  
18 TRANSPARENCY, OF INTEGRITY, AND OF RESULTS THAT WILL  
19 BE SOMETHING THAT CAN BE CONVEYED TO THE PUBLIC AS  
20 EVIDENCE THAT THEIR TRUST IN THIS AT THE OUTSET  
21 SHOULD BE REWARDED, AND HAS BEEN REWARDED, AND THEY  
22 SHOULD FEEL EVEN BETTER ABOUT IT GOING FORWARD. SO  
23 THANK YOU FOR THAT POINT. MR. JUELSGAARD.

24 DR. JUELSGAARD: JUST ONE MORE QUESTION.  
25 SORRY. I DON'T KNOW HOW MUCH YOU THOUGHT ABOUT IT,

1 I DON'T WANT TO FRONT RUN HOW YOU'RE THINKING ABOUT  
2 THIS BALLOT INITIATIVE, BUT THE ORIGINAL PROP 71 HAD  
3 A WHOLE STRUCTURE THAT CAME WITH IT, INCLUDING THE  
4 STRUCTURE OF THE INDEPENDENT CITIZEN'S OVERSIGHT  
5 COMMITTEE. WERE YOU THINKING ABOUT RE-UPPING, IF  
6 YOU WILL? ARE YOU THINKING ABOUT, IN ESSENCE, JUST  
7 MOVING THE PROP 71 STRUCTURE FORWARD AS IS, OR ARE  
8 YOU THINKING ABOUT CHANGES THAT RESULTED FROM  
9 THINKING ABOUT HOW THINGS WENT WITH PROP 71?

10 MR. KLEIN: MY PERSONAL PERSPECTIVE AS AN  
11 INDIVIDUAL IS THAT THERE ARE SOME TECHNICAL ISSUES  
12 THAT SHOULD BE POTENTIALLY ADDRESSED, BUT IT'S BEST  
13 TO HEAR FROM THE BOARD, THE STAFF THROUGH THE BOARD.  
14 IT'S BEST TO HEAR FROM THE SCIENTIFIC ORGANIZATIONS,  
15 THE PATIENT ADVOCACY ORGANIZATIONS AND TRY AND  
16 DISTILL THAT INFORMATION. IT'S VERY RARE THAT  
17 SOMETHING CAN'T BE IMPROVED, AND IT'S BEST TO BE  
18 VERY ATTENTIVE TO THE PUBLIC INPUT AND SEE IF THERE  
19 ARE RECOMMENDATIONS FROM THE BOARD AND THE PUBLIC  
20 THAT COULD BE INCORPORATED.

21 CHAIRMAN THOMAS: OTHER COMMENTS? OKAY.  
22 BOB, I'D LIKE TO ECHO WHAT SENATOR TORRES SAID,  
23 WHICH IS THANK YOU FOR INITIATING PROP 71, THANK YOU  
24 FOR ALL YOU DID IN PUTTING IT TOGETHER, AND IN  
25 LEADING THE TEAM TO THE POINT WHERE WE HAVE BEEN

1 ABLE TO CARRY ON YOUR VISION AND HAVE ACHIEVED WHAT  
2 I THINK IS GREAT RESULTS AND WILL ONLY GET GREATER.  
3 AND HISTORY WILL SHOW WHEN THINGS ARE REVIEWED  
4 SEVERAL DECADES FROM NOW, THAT NOT ONLY WAS THIS A  
5 TIME OF ACCELERATING MEDICAL AND BIOLOGICAL  
6 RESEARCH, BUT IN THE CELLULAR THERAPY SPACE, CIRM  
7 WAS FRONT AND CENTER AND EXTREMELY PIVOTAL IN ALL OF  
8 THE THINGS THAT HAVE HAPPENED. AND WILL, I HAVE NO  
9 DOUBT, AND I KNOW YOU DON'T, NOR DO ANY OF US ON THE  
10 BOARD OR TEAM, THAT WE WILL HAVE A NUMBER OF VERY  
11 CONSIDERABLE ACHIEVEMENTS IN THE FORM OF CURES FOR  
12 DIFFERENT THINGS AS WE MARCH INEXORABLY ALONG HERE.  
13 SO THANK YOU VERY MUCH, AND THANK YOU FOR YOUR  
14 CONTINUED INTEREST IN HOW TO SUSTAIN THE AGENCY AS  
15 YOU'VE DESCRIBED.

16 MR. KLEIN: AND MY FINAL THING --

17 MS. WINOKUR: J.T., THIS IS DIANE. I'D  
18 LOVE TO MAKE A COMMENT.

19 CHAIRMAN THOMAS: YES, PLEASE.

20 MS. WINOKUR: THERE HAS BEEN FINANCIAL  
21 BENEFIT TO THE STATE FOR HAVING THIS PROPOSITION  
22 GOING. THE NUMBER OF SMALL AND LARGER COMPANIES  
23 THAT HAVE RELOCATED OR AT LEAST LOCATED PART OF  
24 THEIR COMPANIES IN CALIFORNIA, THE RESEARCHERS WHO  
25 HAVE MOVED TO CALIFORNIA, JUST A WHOLE LOT OF THINGS



1 LIKE THAT THAT EQUAL DOLLARS TO THE STATE.

2 CHAIRMAN THOMAS: YES. VERY GOOD POINT.

3 THANK YOU. WE IN THE PAST QUANTIFIED THAT TO A  
4 CERTAIN EXTENT, AND THAT WILL BE AN ONGOING TASK TO  
5 GET TO THE FINANCIAL BENEFIT TO THE SEDATE. BUT  
6 THAT IS A VERY GOOD POINT. THANK YOU, DIANE.

7 MR. KLEIN: AND I'D JUST LIKE TO SAY MY  
8 FINAL THANKS TO THE SCIENTISTS AND DOCTORS WHO HAVE  
9 MADE ALL OF OUR EFFORTS RELEVANT, WHO HAVE REALLY  
10 PRODUCED THE REMARKABLE RESULTS THROUGH THEIR  
11 DEDICATION. AND IT IS EXTRAORDINARY TO LOOK AT THE  
12 POINT WHERE OUR VISION APPEARED POSSIBLE AND REALIZE  
13 NOW IN THE FUTURE HOW MANY PATIENTS HOLD REAL HOPE,  
14 REAL CONCRETE AND TANGIBLE HOPE, THAT THEIR CHRONIC  
15 DISEASE WILL BE ADDRESSED BY THE REMARKABLE AND  
16 MAGNIFICENT EFFORTS OF THE AGENCY. SO THANK YOU.

17 CHAIRMAN THOMAS: QUESTION FROM DR. LUBIN.

18 DR. LUBIN: JUST ONE ADDED THING TO THE  
19 ECONOMIC VALUE. MEDICAL COSTS THAT ARE REDUCED AS A  
20 CONSEQUENCE OF THE CURES ARE DRAMATIC. I THINK WHEN  
21 YOU LOOK UP ALL THE BENEFIT, ECONOMIC BENEFITS, YOU  
22 HAVE TO LOOK AT THOSE AS WELL AS THE QUALITY OF LIFE  
23 OF INDIVIDUALS WHOSE LIVES HAVE BEEN CHANGED AS A  
24 CONSEQUENCE.

25 CHAIRMAN THOMAS: THANK YOU. OKAY.

1 THANKS. YOU FOR THOSE ON THE PHONE, THAT CONCLUDES  
2 BOB'S PRESENTATION.

3 WITH RESPECT TO THE 2020 BOND MEASURE, WE  
4 HAVE, I BELIEVE, A BACKUP OPTION STILL TO CONSIDER,  
5 THE LEGISLATIVE APPROACH. I'VE ASKED SENATOR TORRES  
6 WHO DID A VERY COMPREHENSIVE JOB OF ADDRESSING THIS  
7 ISSUE AT THE TRANSITION SUBCOMMITTEE MEETING, JUST  
8 TO SAY A FEW COMMENTS ON THAT TOPIC.

9 MR. TORRES: I WOULD JUST REITERATE WHAT  
10 BOB SAID, AND THAT IS THAT INITIATIVES ARE MUCH MORE  
11 TOUGH THAN IF THEY EMERGE FROM CITIZEN-BACKED  
12 ORGANIZATIONS. AND THAT WAS CLEARLY THE CASE IN  
13 1986 WHEN I SPONSORED PROPOSITION 65 WHICH WAS ON  
14 THE BACK OF EVERY WINE BOTTLE IN CALIFORNIA. I  
15 COULD NEVER HAVE PASSED IT THROUGH THE LEGISLATURE.  
16 AND IF IT HAD BEEN AN INITIATIVE PLACED ON THE  
17 BALLOT, IT WOULD NEVER HAVE PASSED. IT TOOK A  
18 CITIZENS GROUP THAT WE PUT TOGETHER OF  
19 ENVIRONMENTALISTS, OF HEALTHCARE, OF PEOPLE  
20 ESPECIALLY IN THE CANCER FIELD, THIS IS IN 1986, AND  
21 THAT INITIATIVE PASSED BECAUSE THE TRUST FACTOR WAS  
22 THERE. SO I THINK THAT'S THE NO. 1 OPTION THAT WE  
23 SHOULD CONCENTRATE ON AND MOVE FORWARD.

24 CHAIRMAN THOMAS: DO WE HAVE ANY COMMENTS  
25 ON THE LEGISLATIVE OPTION? WE SORT OF GAVE THIS A

1 FULL HEARING THE LAST TIME, BUT VERY HAPPY TO  
2 ENTERTAIN ANY COMMENTS AT THIS POINT. OKAY.

3 HEARING NONE, NEXT PAGE, AMY, THANK YOU.  
4 SO WE NOW COME TO THE PART OF THE AGENDA HERE WHERE  
5 WE'RE GOING TO BE ADDRESSING WHAT WE WILL DO WITH  
6 THE REMAINING RESEARCH DOLLARS THAT WE HAVE, WHICH  
7 IS SORT OF A SEPARATE TOPIC IN AND OF ITSELF, AND  
8 REALLY, AS I SAID, WAS WHAT TRIGGERED THE SCIENCE  
9 SUBCOMMITTEE COMPONENT OF THIS MEETING. I'M GOING  
10 TO TURN IT OVER HERE TO DR. MILLAN. AND FOR THOSE  
11 ON THE PHONE, IF YOU GO ON THE MEETING LINK, THERE'S  
12 A LINK TO THIS PRESENTATION AS WELL, WHICH I WOULD  
13 SUGGEST THAT YOU FOLLOW IF YOU GET THE CHANCE.  
14 THANK YOU. DR. MILLAN.

15 DR. MILLAN: THANK YOU, CHAIRMAN THOMAS,  
16 MEMBERS OF THE BOARD, MEMBERS OF THE PUBLIC, AND  
17 DEAR COLLEAGUES. I'M HERE TO PRESENT THE BUDGET  
18 SCENARIOS ON BEHALF OF THE CIRM TEAM.

19 THE AGENDA FOR THIS SECTION OF THE  
20 PRESENTATION IS TO GO OVER OUR OPERATING ASSUMPTIONS  
21 AND THE BACKGROUND THAT SUPPORTS THE ASSUMPTIONS,  
22 AND THEN TO GO OVER OUR BIG BUCKET, WHICH IS OUR  
23 RESEARCH FUNDING BUCKET, AS WELL AS SMALL BUCKET,  
24 WHICH IS OUR ADMINISTRATION BUDGET, ITS CURRENT  
25 STATUS, AND THE PLANS FOR THAT GOING FORWARD.

1 SO BY WAY OF BACKGROUND, AS WE WENT  
2 THROUGH THIS EXERCISE OF TAKING A LOOK AT OUR  
3 PROGRAMS, AND WE'VE GONE THROUGH VERY EXTENSIVE  
4 EXERCISE INTERNALLY AS WELL AS EXTERNALLY LOOKING AT  
5 OUR PROJECTS AND OUR PROGRAMS AND SEEING WHERE WE  
6 ARE, WE REALLY CAME TO REALIZE THAT CIRM'S VALUE  
7 PROPOSITION IS THAT IT IS VERY UNIQUE IN ITS FUNDING  
8 PORTFOLIO, AND FUNDS FIVE PILLARS: INFRASTRUCTURE,  
9 EDUCATION, DISCOVERY, TRANSLATION, AND CLINICAL.  
10 AND IT'S THE COMBINATION AND THE INTERRELATION  
11 BETWEEN THESE PROGRAMS THAT HAS ALLOWED US TO  
12 OBSERVE AND ENJOY THE SUCCESSES THAT WE'RE SEEING SO  
13 FAR AND WE BELIEVE WILL CONTINUE TO GENERATE  
14 SUCCESSES GOING FORWARD IN SUPPORTING THE GAPS THAT  
15 ARE CURRENTLY IN PLACE OR CURRENTLY EXISTING TO  
16 BRING DISCOVERIES TO TREATMENTS AND IN CREATING A  
17 WAY THAT DISCOVERIES CAN GO TO CLINICAL TRIALS AND  
18 TO THE PATIENTS WITHOUT FALLING THROUGH THE CRACKS.

19 IN ADDITION TO THE PROGRAM OFFERINGS,  
20 CIRM'S VALUE PROPOSITION IS ALSO IN THE WAY IT  
21 OPERATES. AND WITH THE RECENT CIRM 2.0 REVAMP,  
22 WE'VE REALLY ACHIEVED A DIFFERENT LEVEL OF  
23 OPERATIONAL EXCELLENCE, OPERATIONAL EXCELLENCE THAT  
24 WE CAN MEASURE IN TERMS OF METRICS, IN TERMS OF  
25 TANGIBLE AND NUMERICAL MEASURES.

1 WE'VE SEEN AN INCREASE IN THE NUMBER OF  
2 REVIEW CYCLES WE HAVE BEEN ABLE TO PERFORM BY  
3 FOURFOLD WHILE DECREASING THE COST OF OPERATIONS FOR  
4 THESE REVIEWS AS WELL AS AWARD MANAGEMENT.  
5 (INAUDIBLE) -- TO A DECREASE IN TIME FROM TIME OF  
6 THE GRANT AND INTO CONTRACTING FROM AN EIGHT-MONTH  
7 PERIOD DOWN TO UNDER 150 DAYS. AND WE'VE SEEN A  
8 REMARKABLE INCREASE IN THE NUMBER OF HIGH QUALITY  
9 AWARDS.

10 J.T. HAD MENTIONED AT THE BEGINNING OF  
11 THIS SESSION THIS BOARD APPROVED THE FIVE-YEAR  
12 STRATEGIC PLAN IN DECEMBER 2015, AND WE LAUNCHED THE  
13 PLAN IN JANUARY 2016 WITH SIX MAJOR OBJECTIVES, ALL  
14 RELATED TO BUILDING UP A ROBUST AND HIGH QUALIFY  
15 PORTFOLIO THAT HAS THE LIKELIHOOD OF GETTING TO THE  
16 PATIENTS. AND THE OTHER GOALS ARE RELATED TO  
17 ACCELERATION, QUALITY, AND SMOOTHING THE PATH IN  
18 TERMS OF THE REGULATORY PATH THAT'S APPROPRIATE TO  
19 BE ABLE TO REALLY LOOK AT THESE STEM CELL  
20 REGENERATIVE MEDICINE PROJECTS AND REALISTICALLY AND  
21 APPROPRIATELY EVALUATE THEM IN TERMS OF GETTING THEM  
22 TO CLINICAL TRIALS AND TO THE PATIENTS.

23 AND I'M VERY PLEASED TO REPORT THAT WE'RE  
24 DOING VERY WELL AGAINST THESE GOALS AND EXCEEDING  
25 MANY OF THEM. WE'VE SEEN AN INCREASE IN PROGRESSION

1 EVENTS, MEANING PROGRAMS GOING THROUGH THE SYSTEM  
2 FROM DISCOVERY TO TRANSLATION TO CLINICAL. IT'S  
3 INCREASED TWOFOLD. IN THE PAST WE'VE HAD  
4 HISTORICALLY 10 TO 12 PROGRESSION EVENTS IN A YEAR;  
5 AND IN JUST THE PAST TWO YEARS, WE'VE HAD ABOUT 47  
6 PROGRESSION EVENTS. WE'VE SEEN AN INCREASE IN  
7 ABILITY OF OUR PROGRAMS TO HIT OBJECTIVES AND  
8 MILESTONES ON TIME FROM 60, 65 PERCENT TO 75 PERCENT  
9 THIS YEAR. AND THIS IS BECAUSE WE HAVE ACTIVE  
10 MANAGEMENT OF THESE AWARDS. WE HAVE A CLINICAL  
11 ADVISORY PANEL WHERE THERE ARE VERY INVESTED  
12 ADVISORS AND PROFESSIONALS WHO HELP OUR PROGRAMS  
13 INCREASE PROBABILITY OF SUCCESS.

14 SO BASED ON THIS VALUE PROPOSITION THAT  
15 CIRM BRINGS FORWARD, WE HAVE THE FOLLOWING OPERATING  
16 ASSUMPTIONS IN TERMS OF HOW WE ARE CURRENTLY  
17 PERFORMING OUR JOB. WE ARE CONTINUING TO EXECUTE  
18 VERY AGGRESSIVELY ON THE FIVE-YEAR STRATEGIC PLAN AS  
19 APPROVED BY THE ICOC IN DECEMBER OF 2015. AND WITH  
20 A STREAMLINED TEAM OF PERSONNEL, WE BELIEVE WE'RE AT  
21 A CRITICAL PERSONNEL LEVEL THAT'S REQUIRED TO  
22 EXECUTE ON THIS PLAN AND TO DO THIS WELL AND TO  
23 INCREASE THE PROBABILITY OF SUCCESS, AND WE BELIEVE  
24 THAT IS ESSENTIAL TO PRESERVE CIRM'S VALUE  
25 PROPOSITION IN TERMS OF THE FIVE PILLARS AS WELL AS

1 OPERATIONAL EXCELLENCE AND LEVEL OF SERVICE TO  
2 INCREASE THE PROBABILITY OF AND SPEED BY WHICH WE  
3 ACCELERATE STEM CELL TREATMENTS TO PATIENTS.

4 NOW, WE HAVE FIRST INITIATED THIS VERY  
5 BOLD STRATEGIC PLAN. WE HAVE THE FOLLOWING RESEARCH  
6 BUDGET PROJECTIONS. WE HAD ABOUT \$890 MILLION  
7 BUDGETED TO FUND THE FIVE PILLARS THROUGH MID-2020.  
8 THIS WAS PROPOSED TO THIS BOARD IN DECEMBER 2015.  
9 AND WE ESTIMATED APPROXIMATELY \$440 MILLION WOULD BE  
10 USED TO FUND CLIN AWARDS, INCLUDING OUR TARGET OF 50  
11 CLINICAL TRIALS IN FIVE YEARS. SO THAT ASSUMPTION  
12 WAS THAT THE TRIALS WOULD BE -- THE CLIN AWARDS  
13 WOULD BE BETWEEN 5 AND \$10 MILLION EACH. AND WE  
14 ALSO MODELED IT SO THAT THE ADMINISTRATIVE AND  
15 RESEARCH BUDGETS WOULD BE FULLY EXPENDED BY  
16 MID-2020. IN FACT, WHEN THE FORMER PRESIDENT MILLS  
17 HAD PRESENTED THIS, THE IDEA WAS THAT WE THOUGHT  
18 THAT WE WOULD RUN OUT OF ADMINISTRATIVE FUNDS BEFORE  
19 WE RAN OUT OF RESEARCH FUNDS.

20 AND SO HERE WE ARE ALMOST AT THE  
21 COMPLETION IN YEAR TWO. AND I'M HERE TO REPORT  
22 THAT, BECAUSE OF THE SUCCESS OF THE CLINICAL  
23 PROGRAMS, WE HAVE HAD A FASTER THAN PROJECTED  
24 EXPENDITURE OF THE \$890 MILLION THAT WAS FIRST  
25 PROPOSED FOR THE FIVE-YEAR STRATEGIC PLAN. AND IN

1 TERMS OF THE \$440 MILLION THAT WAS ALLOCATED FOR THE  
2 50 CLINICAL TRIALS AND CLIN PROGRAMS, FOR THE  
3 FIVE-YEAR STRATEGIC PLAN PERIOD, \$300 MILLION HAS  
4 ALREADY BEEN EXPENDED. WE'RE THE SUBJECT OF OUR OWN  
5 SUCCESS IN THAT WE'VE ALREADY FUNDED 26 CLINICAL  
6 TRIALS AND NINE IND-ENABLING CLINICAL PROGRAMS IN  
7 YEAR TWO.

8 WE'VE ALSO SEEN, THOUGH, AN INCREASE IN  
9 CLIN TRIAL AWARD BUDGETS IN THAT WE'VE SEEN AN  
10 AVERAGE OF AWARD AMOUNTS GO UP FROM \$10.9 MILLION IN  
11 THE 2015-16 FISCAL YEAR UP TO \$12 MILLION AVERAGE IN  
12 2017. AND IN ADDITION, WE'RE SEEING THAT -- AND  
13 J.T. HAD ALLUDED TO THIS AT THE BEGINNING OF THE  
14 MEETING -- THAT WE ARE PROJECTING THAT AT THE  
15 CURRENT RATE, THAT THE FINAL RESEARCH AWARDS WILL BE  
16 MADE IN 2019. WE WILL, GIVEN THE \$7 MILLION THAT'S  
17 BEEN RAISED TO SUPPLEMENT THE ADMINISTRATIVE BUDGET,  
18 WE WILL HAVE ENOUGH ADMINISTRATIVE FUNDS TO CARRY US  
19 FORWARD AT LEAST INTO 2021 AND BEYOND BASED ON THE  
20 SCENARIO THAT I'LL BE PRESENTING.

21 SO THIS IS AN UPDATE ON OUR 2017 BUDGET.  
22 WE HAD PROPOSED A \$329 MILLION ALLOCATION IN 2017,  
23 BUT JUST TO REMIND THE BOARD, THAT INCLUDED \$75  
24 MILLION THAT WAS ALLOCATED TOWARD ATP3 PUBLIC  
25 PRIVATE PARTNERSHIP, WHICH WE ENDED UP NOT GOING



1 FORWARD WITH THAT RFA, BUT SOME OF THAT BUDGET WAS  
2 USED TO FUND THE OVERAGE IN TERMS OF CLINICAL  
3 TRIALS. WE WERE TARGETING 10 TO 12 AND WE GOT 16  
4 THIS YEAR.

5 SO HOW WE ENDED THE YEAR WAS A \$300  
6 MILLION EXPENDITURE IN RESEARCH OR AT LEAST  
7 ALLOCATION AND RESEARCH FUNDS FOR FUNDED PROGRAMS.  
8 AND WITH THE RECOVERY OF FUNDS THAT COMES FROM A  
9 GRANT THAT EITHER DIDN'T FULLY -- DIDN'T COMPLETE  
10 THEIR AWARD FOR REASONS SUCH AS CORPORATE REASONS OR  
11 FUNDS WERE RETURNED FOR PROJECTED ENROLLMENTS THAT  
12 DIDN'T OCCUR, WE GOT \$60 MILLION BACK ON THAT. AND  
13 SO THE AVAILABLE BIG BUCKET RESEARCH FUNDS AS OF THE  
14 END OF THIS CALENDAR YEAR IS PROJECTED TO BE \$335  
15 MILLION.

16 SO AS OF JANUARY 1, 2018, WE PROJECT THAT  
17 WE'LL HAVE THE \$335 MILLION RESEARCH BUDGET AND A  
18 \$48 MILLION ADMINISTRATIVE BUDGET. AND SO IT'S FROM  
19 THAT \$335 MILLION RESEARCH BUDGET AND \$48 MILLION  
20 ADMINISTRATIVE BUDGET THAT WE CREATED THIS BUDGET  
21 SCENARIO.

22 SO SINCE JUNE OF THIS YEAR, WE'VE BEEN  
23 THROUGH A VERY INTENSIVE PROCESS OF LOOKING AT  
24 VARIOUS SCENARIOS WITH ALL THE DIFFERENT PROGRAMS  
25 AND IN TERMS OF THE RESEARCH PROGRAMS AND

1 ADMINISTRATIVE, AND TODAY WE'LL BE PRESENTING THE  
2 BUDGET SCENARIO WHICH WE BELIEVE FITS THESE  
3 CRITERIA.

4 THIS BUDGET, THE RESEARCH BUDGET SCENARIO  
5 YOU'LL SEE, PROJECTS THAT THE LAST AWARDS WILL BE  
6 PLANNED FOR 2019. AND THE REMAINING ADMINISTRATIVE  
7 BUDGET IS BEING ALLOCATED FOR 2018 TO THE END OF  
8 2023 IN ORDER TO PROVIDE FOR SUFFICIENT STAFFING  
9 THAT CAN MANAGE ALL CIRM AWARDS INCLUDING THOSE THAT  
10 ARE AWARDED IN 2019 AND LAUNCHED IN EARLY 2020.

11 IN THIS SCENARIO WE'LL BE PRESENTING,  
12 WE'LL LEAVE ENOUGH FUNDING, AFTER SUFFICIENTLY  
13 STAFFING ALL THIS, TO PROVIDE STAFFING FOR THE  
14 AWARDS TO 2023. WE'LL STILL LEAVE ENOUGH  
15 ADMINISTRATIVE FUNDS THAT WOULD FUND SUFFICIENT  
16 PERSONNEL TO GO UNTIL 2023 DESPITE -- REGARDLESS OF  
17 THE OUTCOME OF THE 2020 BOND INITIATIVE.

18 THE THIRD PIECE OF THIS, WHICH IS A PIECE  
19 THAT NEEDS TO BROUGHT TO THE BOARD IN DECEMBER, IS  
20 THAT WE STRONGLY RECOMMEND THAT THERE BE A REDUCTION  
21 IN CLINICAL AWARD CAPS, AND I WILL GO INTO THAT A  
22 LITTLE BIT FURTHER. THE REASON WE'RE PROPOSING A  
23 REDUCTION IN AWARD CAPS IS WE BELIEVE THIS IS THE  
24 ONLY WAY THAT WE WILL BE ABLE TO ACHIEVE THE  
25 STRATEGIC PLAN AS WELL AS MAINTAINING THE VALUE

1 PROPOSITION OF CIRM AND FUNDING THE FULL COMPLEMENT  
2 OF RESEARCH PROGRAMS.

3 SO IN TERMS OF RESEARCH BUDGET CONTAINMENT  
4 AND THE REDUCTION IN CLINICAL AWARD CAPS, WE  
5 CALCULATED THAT, WITHOUT A REDUCTION IN CLIN AWARD  
6 CAPS, WE WOULD ONLY BE ABLE TO FUND THE CLINICAL  
7 PROGRAMS TO GET 50 CLINICAL TRIALS. WE WOULD NOT  
8 HAVE ANY FUNDS LEFT OVER TO FUND TRANSLATION PROGRAM  
9 ANNOUNCEMENTS, DISCOVERY, OR ANYTHING ELSE.

10 WITH A REDUCTION IN CLIN AWARD CAPS, AND  
11 I'LL PRESENT THAT PROPOSAL SHORTLY, WE WOULD  
12 GENERATE \$68 MILLION IN SAVINGS. AND THAT WOULD BE  
13 ENOUGH TO FUND TRANSLATION AND DISCOVERY PROGRAMS.

14 ON THIS SLIDE I SHOW WHAT THE CURRENT CLIN  
15 AWARD CAPS ARE, AND IT'S SIMPLY UP TO \$20 MILLION  
16 ALL THE WAY ACROSS. THIS IS A HOLDOVER FROM THE  
17 DISEASE TEAM AWARDS. AND JUST AS A REMINDER, THE  
18 DISEASE TEAM AWARDS FUNDED EVERYTHING, THE  
19 TRANSLATION PART, IND-ENABLING PIECE, AS WELL AS THE  
20 CLINICAL TRIALS. AND WE SINCE, IN THE CIRM 2.0  
21 REVAMP, SEPARATED THOSE INTO DISTINCT PROGRAM  
22 ANNOUNCEMENTS. WE HAVE TRAN AWARDS TO DO THE  
23 TRANSLATIONAL ACTIVITY TO GET TO THE PRE-IND CLIN1  
24 AWARDS THAT FUND THE ACTIVITIES TO GET TO THE IND,  
25 AND THEN THE CLIN2 TO FUND THE CLINICAL TRIAL

1 ITSELF. SO IT REALLY MAKES SENSE THAT THE AWARD  
2 CAPS WOULD BE ADJUSTED. BUT JUST FOR SAKE OF  
3 HISTORICAL PERSPECTIVE, THE AVERAGE AWARDS FOR EACH  
4 OF THE CATEGORIES LISTED IN THE MIDDLE ROW, SO FOR  
5 CLIN1 THE AVERAGE AWARD IN 2017 IS 4.9 MILLION, FOR  
6 PHASE 1 AND 2 TRIALS, 10.3 MILLION; PHASE 2 TRIALS,  
7 15; AND PHASE 3, 16.7 MILLION.

8 WE PROPOSE THE AWARD CAP REDUCTION AS  
9 SHOWN IN THE LAST ROW THAT'S HIGHLIGHTED IN YELLOW  
10 OF ABOUT \$5 MILLION AWARD CAP FOR CLIN1. YOU SEE  
11 THAT NONPROFIT AND FOR-PROFIT ARE DIFFERENT BECAUSE  
12 THERE ARE CO-FUNDING REQUIREMENTS FOR FOR-PROFIT  
13 ORGANIZATIONS WHERE THERE ARE NONE FOR NONPROFITS.  
14 SAME THING WITH PHASE 1 TRIALS, AROUND 10 MILLION,  
15 12 MILLION FOR NONPROFITS BECAUSE THEY HAVE NO  
16 COFUNDING REQUIREMENTS, WHEREAS, FOR-PROFITS DO.  
17 AND THEN AT PHASE 2 AND 3 WHERE BOTH FOR-PROFIT AND  
18 NONPROFIT HAVE THE SAME CO-FUNDING REQUIREMENTS, WE  
19 PROPOSE A \$15 MILLION AWARD CAP FOR PHASE 2 TRIALS,  
20 BUT ACTUALLY A \$10 MILLION AWARD CAP FOR PHASE 3  
21 TRIALS.

22 I CAN JUST BRIEFLY KIND OF SUMMARIZE THE  
23 RATIONALE FOR A LOWER AWARD CAP FOR PHASE 3, AND WE  
24 CAN GO INTO MORE DISCUSSION IF NEEDED. BUT IN TERMS  
25 OF CIRM'S VALUE PROPOSITION, WHAT CIRM DOES THAT

1 OTHER FUNDING AGENCIES AND OTHER INVESTORS DON'T DO  
2 ARE GENERALLY TO FUND WHAT'S CALLED THE VALLEY OF  
3 DEATH THAT FUND AND DERISK PROGRAMS AT THE  
4 TRANSLATIONAL STAGE AND IN THE FIRST CLINICAL TRIAL  
5 STAGE. THAT IS WHAT CIRM UNIQUELY DOES AND IS  
6 RECOGNIZED FOR THAT. SO WE BELIEVE THAT IT IS TRULY  
7 ESSENTIAL TO PRESERVE THE ABILITY TO DO THAT BECAUSE  
8 THAT'S, AFTER ALL, WHY CIRM WAS CREATED.

9 IN TERMS OF BY THE TIME THE SPONSORS GET  
10 TO PHASE 3, BY THE TIME THE INVESTIGATORS GET TO  
11 PHASE 3, EVEN IF \$20 MILLION WERE NOT SUFFICIENT TO  
12 BRING IT THROUGH PHASE 3 INTO COMMERCIALIZATION, BY  
13 THE TIME THEY REACH PHASE 3, THEY REALLY SHOULD HAVE  
14 STRATEGIC PARTNERS AND COMMERCIALIZATION PARTNERS.  
15 AND IF THEY'RE NOT ALREADY THINKING ABOUT THAT  
16 EARLIER, THEN THEY'VE ALREADY STARTED TO MISS THE  
17 BOAT. AND WE'RE NOT DOING THEM ANY FAVORS BY GIVING  
18 THEM A FALSE SENSE OF THIS FUNDING WILL ALWAYS BE  
19 THERE. IT'S REALLY NOT SETTING UP OUR FUNDING  
20 PARTNERS FOR SUCCESS. AND THAT'S WHY, GIVEN OUR  
21 NEED FOR COST CONTAINMENT, GIVEN THE BUDGET THAT WE  
22 HAVE, GIVEN WHERE WE BELIEVE CIRM HAS THE MOST  
23 IMPACT, AND WHERE WE CAN HELP THE MOST, WE'RE  
24 PROPOSING THIS AWARD CAP FOR THE BOARD'S  
25 CONSIDERATION.

1                   ASSUMING THE BOARD AGREES WITH OUR  
2                   PROPOSAL FOR THE AWARD CAP, WE WOULD BE ABLE TO FUND  
3                   THE RESEARCH AS SHOWN ON THIS CHART. TO GET TO THE  
4                   TOTAL OF 50 CLINICAL TRIALS, WE'VE ALREADY FUNDED  
5                   26, WE NEED 24 MORE TO GET UP TO OUR TARGET OF 50.  
6                   IT'S NOT A MAGIC NUMBER. IT WAS A TARGET. AND  
7                   SURPRISINGLY WE HAVE A GOOD CHANCE OF MEETING THAT  
8                   TARGET. IF WE COULD FUND MORE, WE'D LIKE TO FUND  
9                   MORE, BUT TO AT LEAST GET THERE, WE HAVE A LOT OF  
10                  REASON TO BELIEVE THAT THE BOARD, AND OUR  
11                  STAKEHOLDERS ALSO AGREE, THAT IF WE CAN GET HIGH  
12                  QUALITY TRIALS FUNDED IN A TIMELY FASHION, THAT WE  
13                  SHOULD DO SO.

14                  IN ADDITION, THOUGH, WE'RE ABLE TO  
15                  PRESERVE OUR TRANSLATION PROGRAMS AND OUR DISCOVERY  
16                  PROGRAMS WHICH ARE ESSENTIAL. DISCOVERY IS WHERE IT  
17                  STARTS. TRANSLATION IS WHERE IT'S ON ITS WAY TO  
18                  GETTING TO CLINICAL DEVELOPMENT. THOSE ARE VERY  
19                  UNIQUE OFFERINGS FOR CIRM. WE HIGHLY RECOMMEND THAT  
20                  WE CONTINUE TO OFFER THAT FOR AS LONG AS WE POSSIBLY  
21                  CAN IF WE CAN DO SO RESPONSIBLY. AND WE HAVE THIS  
22                  EDUCATION CONFERENCE AWARDS THAT WE BELIEVE ARE  
23                  ESSENTIAL IN TERMS OF GETTING THE RESULTS OF THE  
24                  RESEARCH, OF THE EFFORTS OF THE EDUCATIONAL  
25                  PROGRAMS, OF THE ALPHA CLINICS NETWORK OUT THERE TO

1 HAVE THAT ABILITY TO KNOWLEDGE SHARE, TO REALLY  
2 CAPITALIZE ON THE REASON WE FORMED THESE PROGRAMS IN  
3 THE FIRST PLACE.

4 SO WITH THAT, AS A PARTNER TO THE RESEARCH  
5 BUDGET, THE PROPOSED RESEARCH BUDGET, WE HAVE THIS  
6 ADMINISTRATIVE BUDGET PROPOSAL. WE'RE CURRENTLY  
7 OPERATING ABOUT 46 FTE'S WITH THE CURRENT  
8 ADMINISTRATION BUDGET OF ABOUT \$14 MILLION. WE  
9 DON'T PROPOSE A REDUCTION IN THAT BUDGET UNTIL 2020.  
10 BY 2020 WE'RE EITHER GOING TO HAVE A SUCCESSFUL BOND  
11 MEASURE OR WE DON'T HAVE A SUCCESSFUL BOND MEASURE,  
12 AND WE'D HAVE TO TRIGGER A WIND-DOWN. SO WE'LL  
13 START OFF THE FISCAL YEAR '17-'18 WITH A \$55 MILLION  
14 ADMINISTRATIVE BUDGET POOL. AND IF WE HAVE THE  
15 BUDGET ALLOCATION, IF WE GO WITH THE BUDGET  
16 ALLOCATION AS SHOWN HERE, WE'LL HAVE A \$14 MILLION  
17 RESIDUAL THAT COULD FUND WHATEVER NEEDS TO BE FUNDED  
18 BEYOND THE 2020-2021 BUDGET PERIOD.

19 IN THE NEXT SLIDE, WITH THIS BUDGET  
20 SCENARIO, IF THERE IS A WIND-DOWN, SO THIS SLIDE IS  
21 ONLY A WIND-DOWN SCENARIO, WITHOUT ADDITIONAL FUNDS  
22 RAISED, ALL PROP 71 FUNDING, WE'D HAVE A PRECIPITOUS  
23 DROP-OFF IN PERSONNEL IN 2020-2021 UNLESS WE RAISE  
24 ADDITIONAL ADMINISTRATIVE FUNDS. AND WE'RE  
25 ESTIMATING ABOUT \$8.5 MILLION ADMINISTRATIVE FUNDING

1 WOULD GIVE US SUFFICIENT PERSONNEL THAT WE COULD  
2 MANAGE THE ACTIVE AWARDS ALL THE WAY THROUGH TO 2023  
3 AT A LEVEL THAT WE'RE CURRENTLY PROVIDING THE  
4 AWARDS, MEANING WE COULD STILL HAVE CLINICAL  
5 ADVISORY PANELS, WE WOULD STILL HAVE THE ACTIVE  
6 SCIENCE OFFICER, AND OTHER RESOURCES FOR THESE  
7 PROGRAMS TO REALLY GIVE THEM THE HIGHEST CHANCE OF  
8 SUCCESS EVEN WITHOUT THE BOND INITIATIVE. SO THAT'S  
9 WHY WE ACTUALLY HAVE PUT FORWARD A PROPOSAL FOR AN  
10 \$8.5 MILLION ADMINISTRATIVE FUND-RAISING SO THAT WE  
11 CAN STILL INCREASE THE PROBABILITY OF SUCCESS OF  
12 PROGRAMS REGARDLESS OF THE 2020 BOND INITIATIVE.

13 SO I'LL JUST CONCLUDE BY STATING THAT THE  
14 BUDGET SCENARIO WE PRESENTED TODAY IS CONSISTENT  
15 WITH AND SUPPORTS THE FIVE-YEAR STRATEGIC GOAL AS  
16 PRESENTED AND APPROVED BY THIS BOARD IN DECEMBER  
17 2015. IT PRESERVES ALL THE PROGRAM OFFERINGS, THE  
18 FIVE PILLARS AND VALUE PROPOSITION OF CIRM, AND  
19 ENSURES THAT AWARDS THAT ARE AWARDED IN 2019 WILL BE  
20 MANAGED UNTIL COMPLETION. (INAUDIBLE) ...CIRM'S  
21 VALUE PROPOSITION AND OPERATIONS (INAUDIBLE) PLAN  
22 2020 BOND MEASURE, AND, AS J.T. HAD MENTIONED,  
23 INCREASES THE PROBABILITY OF SUCCESS FOR THOSE  
24 PROGRAMS. SO THAT IN ITSELF IS ITS OWN GOAL, BUT  
25 CLEARLY THAT WILL ALSO SPEAK TO THE (INAUDIBLE)



1 BECAUSE WE BELIEVE WE'RE JUST IN THE BEGINNING  
2 STAGES. IT STILL RESERVES ENOUGH TIME IF WIND-DOWN  
3 IS NECESSARY.

4 AND UNDERLYING ALL OF THIS, THE WHOLE  
5 PROCESS, OUR THINKING, THE PROPOSAL WE'RE BRINGING  
6 TO YOU IS WE'VE GOT THIS MISSION TO ACCELERATE  
7 TREATMENTS TO PATIENTS WITH UNMET MEDICAL NEEDS. SO  
8 IS SOMETHING WE ALWAYS KIND OF GO BACK TO, ALL THE  
9 VARIOUS SCENARIOS. THAT'S IT FOR THE BUDGET  
10 SCENARIO PRESENTATION.

11 CHAIRMAN THOMAS: THANK YOU, DR. MILLAN.

12 I WANTED TO REITERATE FOR EVERYBODY'S  
13 BENEFIT THE EXTREME AMOUNT OF WORK BY MEMBERS OF THE  
14 TEAM THAT WENT INTO PUTTING THIS PRESENTATION  
15 TOGETHER OVER A PERIOD OF WEEKS AND MONTHS, AND TO  
16 THANK EVERYBODY FOR ALL THAT THEY'VE DONE, COUNTLESS  
17 HOURS THAT HAVE LED TO THIS MOMENT AND THE  
18 PRESENTATION.

19 ARE THERE COMMENTS OR QUESTIONS FROM  
20 MEMBERS OF THE BOARD? DR. STEWARD.

21 DR. STEWARD: THANKS, MARIA. THAT'S VERY  
22 HELPFUL AND THOROUGH. I DO HAVE A QUESTION, REALLY  
23 MORE OF A REQUEST BECAUSE I'M SURE YOU CAN'T TALK TO  
24 THESE NUMBERS NOW. BUT AT THE TIME OF THE BOARD  
25 MEETING, I WONDER IF YOU COULD GET A RANGE INSTEAD

1 OF AVERAGE FOR THE AWARD TABLE, I GUESS, ON PAGE 14  
2 HERE. JUST TO HELP US THINK ABOUT IT.

3 DR. MILLAN: ABSOLUTELY.

4 DR. STEWARD: AND I GUESS THE QUESTION  
5 THEN IS I WONDER IF YOU COULD JUST DELVE A LITTLE  
6 BIT MORE ABOUT HOW YOU CAME UP WITH -- I UNDERSTAND  
7 THE RATIONALE BEHIND THE VALUE, BUT JUST THE EXACT  
8 NUMBERS HERE. IS THERE MORE DEPTH THAT YOU COULD  
9 UNPACK FOR US A LITTLE BIT?

10 DR. MILLAN: WE HAVE GONE THROUGH THIS  
11 IN-DEPTH, BUT IS THERE A SPECIFIC CHART?

12 DR. STEWARD: WELL, IT'S THAT SAME TABLE,  
13 THE CURRENT AND PROPOSED AWARD CAPS. WHY SIX  
14 MILLION AND NOT FIVE MILLION, FOR EXAMPLE? I'M JUST  
15 CURIOUS WHERE THESE NUMBERS CAME FROM.

16 DR. MILLAN: SO IT CAME FROM A COUPLE OF  
17 THINGS. WE LOOKED AT THE END POINT OF HOW MUCH DO  
18 WE HAVE AVAILABLE. SO THAT'S KIND OF JUST THE SUM  
19 OF EVERYTHING. AND IT CAME FROM HOW MANY DO WE WANT  
20 IN THIS CATEGORY. SO WE WANT TO GET ENOUGH TO GET  
21 TO 50 CLINICAL TRIALS, WE WANT ENOUGH CLINICAL  
22 TRANS TO GET NEW DISCOVERIES, SO WE HAVE A TARGET OF  
23 50 NEW CANDIDATES TO OPTIMIZE THE CHANCE OF GETTING  
24 TO THOSE GOALS.

25 AND THEN WE WENT BACK FROM THERE AND SAID,

1 OKAY, HOW MUCH WOULD WE HAVE TO REDUCE AWARDS TO BE  
2 ABLE TO AFFORD THAT MANY OF THOSE PROGRAMS. AND  
3 THEN WE WENT BACK TO, OKAY, COULD WE REDUCE THEM  
4 THAT MUCH, OR IS THAT SOMETHING THAT'S EVEN FEASIBLE  
5 GIVEN WHAT THE COST HAS BEEN OF THESE TRIALS.

6 AND THEN IF YOU LOOK AT THE AWARD AVERAGES  
7 THAT WE PROPOSE, FOR THE MOST PART THEY'RE PRETTY  
8 CLOSE TO WHAT THE AVERAGE IS EXCEPT FOR THE PHASE 3  
9 TRIAL, AND WE TALKED ABOUT THAT. AND THEN IN TERMS  
10 OF WHY SIX MILLION FOR NONPROFIT AND FOUR MILLION  
11 FOR FOR-PROFITS, THAT'S STRICTLY BECAUSE FOR-PROFIT  
12 ENTITIES HAVE A 30-PERCENT CO-FUNDING REQUIREMENT;  
13 WHEREAS, NONPROFITS HAVE NO CO-FUNDING REQUIREMENT  
14 AT CLIN1. SO THAT'S IT.

15 AND THEN FOR PHASE 1 -- AND WHEN IT'S  
16 PHASE 1, IT'S 30 PERCENT FOR FOR-PROFITS AND NONE  
17 FOR NON-PROFITS. AND THEN HERE IT'S THE SAME. IT'S  
18 40 PERCENT FOR PHASE 2 AND THEN 50 PERCENT FOR PHASE  
19 3. SO IT WAS SIMPLY JUST MATH TO GET TO THE SAME  
20 NUMBER. SO THOSE ARE GENERAL PARAMETERS. WE CAN GO  
21 INTO DETAILS. WE HAVE AVERAGES, WE HAVE MEANS, WE  
22 HAVE --

23 DR. STEWARD: IT WOULD BE HELPFUL --

24 DR. MILLAN: -- BUFFERS IN EACH CATEGORY.  
25 WE DIVIDE IT UP IN TERMS OF TECHNOLOGY PLATFORMS,

1 AND IT REALLY DOES TURN OUT THAT THE CELL THERAPIES  
2 ARE THE MORE EXPENSIVE TRIALS. SO WE WANTED TO MAKE  
3 SURE WE DIDN'T DISADVANTAGE CELL THERAPIES FOR THE  
4 VERY REASON THAT PROP 71 IS HERE THAT THE AGENCY HAS  
5 BEEN ESTABLISHED.

6 DR. STEWARD: A FOLLOW-UP QUESTION, IF I  
7 MAY. ON THE NEXT CHART, THAT ONE -- ACTUALLY GO  
8 BACK ONE. AGAIN, I'M NOT SURE WHETHER YOU CAN  
9 UNPACK THIS RIGHT NOW, BUT IT WOULD BE HELPFUL TO  
10 UNDERSTAND HOW THESE NUMBERS COMPARE IN TERMS OF THE  
11 NUMBER FUNDED WITH WHAT WE'RE DOING RIGHT NOW.

12 DR. MILLAN: OKAY. SO I CAN ADDRESS THIS  
13 IN GENERAL TERMS. THESE WOULD ASSUME LOWER AWARD  
14 AMOUNTS BASED ON THE CLINICAL AWARD CAP THAT WE JUST  
15 PRESENTED. SO THIS ALREADY TAKES INTO ACCOUNT THE  
16 CLINICAL AWARDS CAP. IN TERMS OF TRAN AND DISC, I  
17 THINK THEY'RE IN THE GENERAL BALLPARK, MAYBE A  
18 SLIGHT DECREASE, BUT IN THE GENERAL BALLPARK OF WHAT  
19 THE AWARDS CURRENTLY ARE. AND WE WILL BRING TO THE  
20 BOARD IN DECEMBER MORE DETAIL IN TERMS OF HOW MANY  
21 ROUNDS. IF WE ARE PROPOSING A REDUCTION IN AWARD  
22 CAPS EVEN FOR THE DISCOVERY AND TRAN, THEN WE'D  
23 BRING THAT FORWARD. SO THAT'S AN INTERNAL  
24 DISCUSSION, AND IT'S AGAIN, PRACTICALLY SPEAKING, WE  
25 CAN EITHER FUND MORE FOR LESS OR LESS FOR MORE.

1           WHEN YOU'RE IN THE EARLY PHASES, WHAT  
2           HAPPENS IS, GENERALLY SPEAKING, I THINK THE TENDENCY  
3           IS AS LONG AS THEY'RE ALL HIGH QUALITY, YOU WANT TO  
4           BE ABLE TO FUND MORE FOR LESS. SO THAT'S WHERE  
5           WE'RE HEADED, BUT WE'LL BRING A PROPOSAL TO THE  
6           BOARD. IT WON'T BE A HUGE SURPRISE. IT WON'T BE  
7           HUGE NUMBERS IN TERMS OF REDUCING THE TRAN AND DISC  
8           AWARDS. SO THE MAJOR PROPOSAL IS REALLY FOR THE  
9           CLIN AWARD BUDGET BECAUSE THAT'S A VERY LARGE  
10          DISCREPANCY BETWEEN THE CURRENT AWARD CAP OF 20  
11          MILLION AND OUR \$5 MILLION CLIN1 AWARDS.

12           DR. STEWARD: AGAIN, IT WOULD JUST BE  
13          HELPFUL FOR THE WHOLE BOARD IF WE COULD MAYBE GO  
14          BACKWARDS IN TIME HERE AND LOOK RETROSPECTIVELY.

15           DR. MILLAN: WE'LL GIVE YOU THAT. THIS IS  
16          ALL THE RESULT OF THAT VERY DETAILED ANALYSIS.

17           DR. STEWARD: I ASSUMED IT WAS. THANK  
18          YOU.

19           DR. JUELSGAARD: I'D LIKE TO FOLLOW UP ON  
20          WHAT OS WAS JUST ASKING ABOUT AND GO BACK TO THAT  
21          SLIDE. SO IF YOU LOOK AT THE AVERAGE AWARDS AND  
22          ASSUME, JUST FOR THE SAKE OF ARGUMENT FOR A MOMENT,  
23          THAT THE AVERAGE AWARD WILL BE SIMILAR TO WHERE THE  
24          MEDIAN IS, THAT IS, EVERY AWARD ABOVE THAT AND EVERY  
25          AWARD BELOW THAT, ARE EVEN IN NUMBER, THAT MIGHT

1 SUGGEST THAT HALF THE AWARDS, SO IF THESE WERE  
2 MEDIANS INSTEAD OF AVERAGES, HALF OF THOSE AWARDS  
3 WOULD NEVER HAVE BEEN APPROVED THEN WHEN WE HAVE  
4 THESE AWARD CAPS. SO I'M VERY MUCH IN FAVOR OF  
5 AWARD CAPS. IT'S JUST REALLY UNDERSTANDING WHAT  
6 WE'RE CUTTING OFF BECAUSE THERE WILL BE A LOT OF  
7 AWARDS THAT ARE GOING TO BE LESS THAN THOSE NUMBERS,  
8 RIGHT, BECAUSE WE HAVE THAT BOTTOM PART OF THE  
9 RANGE?

10 SO WHAT WOULD BE HELPFUL, I THINK, AT  
11 LEAST FOR ME, IS TO SHOW SORT OF A BELL-SHAPED CURVE  
12 WITH THE NUMBER OF AWARDS AND KIND OF SEE HOW  
13 THEY'RE SKEWED OR WHAT THEY LOOK LIKE. SO WE DRAW  
14 THESE CAPS AND SAY, OKAY, EVERYBODY ABOVE WHAT, WHAT  
15 PERCENTAGE OF THE AWARDS THAT ARE BEING MADE WOULD  
16 NOT HAVE BEEN MADE HISTORICALLY AND HOW BIG A BITE  
17 ARE WE TAKING?

18 DR. MILLAN: WE CAN CERTAINLY DO THAT. I  
19 WOULD LIKE TO KIND OF SHARE WITH YOU WHAT OUR  
20 EXPERIENCE HAS BEEN THOUGH. FIRST OF ALL, THE  
21 BUDGET, IN TERMS OF THE BUDGET THAT'S ATTACHED TO  
22 THESE AWARDS, I THINK OUR GRANTS MANAGEMENT, OUR  
23 REVIEW TEAM, AND OUR SCIENCE TEAM REALLY DOES TRY  
24 TO -- THEY DO TRY TO DRIVE THE APPLICANTS TO HAVE A  
25 WELL-CONSTRUCTED BUDGET, BUT IT'S NOT A PERFECT

1 EXERCISE. AND WHAT HAPPENS IS THERE ARE TIMES WHEN  
2 WE HAD TO HAVE DISCUSSIONS WITH THEM AND TEST THEIR  
3 ASSUMPTIONS IN TERMS OF IS THERE A WAY TO REDUCE  
4 THIS. IS THERE A WAY? I GUESS WE DON'T WANT TO  
5 DISSUADE HIGH IMPACT, PROMISING TECHNOLOGIES FROM  
6 COMING IN BECAUSE OF AWARD CAPS. BUT JUST LOOKING  
7 AT WHAT TYPES OF AWARD BUDGETS WE'VE HAD, THE TYPE  
8 OF PROGRAMS WE'VE HAD, DISCUSSIONS WE'VE HAD WITH  
9 OUR POTENTIAL GRANTEES, WE BELIEVE, ALTHOUGH WE  
10 DON'T HAVE A CRYSTAL BALL, WE CAN'T ABSOLUTELY  
11 GUARANTEE THAT IT WON'T DISSUADE PEOPLE FROM COMING  
12 IN, BUT WE BELIEVE THERE'S STILL -- THAT THESE  
13 APPLICANTS WILL MOST LIKELY STILL COME IN AT LEAST  
14 FOR THE EARLY PHASE TRIALS. BY PHASE 3 THERE ARE  
15 DIFFERENT METRICS THAT ENTER INTO IT IN TERMS OF IS  
16 IT WORTH THE RISK, IS IT WORTH THE COST OF THEM  
17 COMING IN. IT DEPENDS ON DIFFERENT THINGS. FOR  
18 THOSE WE BELIEVE WE'RE ON PRETTY GOOD GROUNDS  
19 BECAUSE IT'S NOT JUST THE FUNDING, THAT THESE  
20 SPONSORS REALLY HAVE BENEFIT FROM THE ACTIVE  
21 ENGAGEMENT AND ALL THE OTHER THINGS THAT COME WITH  
22 IT.

23 SO WE CERTAINLY WILL BRING THAT FORWARD,  
24 BUT IT'S ONE OF THOSE THINGS THAT OFTEN WE FIND THAT  
25 WE NEED TO REALLY COME UP WITH THE BEST PLAN, AND

1 OFTEN THAT WILL DRIVE BEHAVIOR IN TERMS OF HOW TO  
2 BEST PLAN THEIR OWN CO-FUNDING AND EVERYTHING ELSE.  
3 WHAT WE'RE ACTUALLY ASKING THESE APPLICANTS AND  
4 INSTITUTIONS AND THESE COMPANIES TO DO IS TAKE UP A  
5 LITTLE BIT MORE BECAUSE THIS IS ALL WE HAVE AT THIS  
6 POINT. AND SO THIS IS FOR -- FOR THIS 2018 TO 2019,  
7 IT'S A VERY SHORT PERIOD OF TIME. WE WILL LOOK AT  
8 THIS AGAIN. HOPEFULLY WE'LL HAVE THE GOOD PROBLEM  
9 OF HAVING TO LOOK AT THINGS AGAIN. WE'LL BE  
10 CONTINUING TO MONITOR. AND IF WE SEE A REAL  
11 PROBLEM, WE WOULD CERTAINLY COME BACK TO THE BOARD  
12 AND JUST SAY WE MADE THESE ASSUMPTIONS, THEY WERE  
13 THE WRONG ASSUMPTIONS, WE DON'T WANT TO RULE OUT WHO  
14 WE BELIEVE SHOULD HAVE ACCESS TO OUR FUNDING.

15 DR. JUELSGAARD: I FIRMLY BELIEVE THAT WE  
16 SHOULD HAVE CAPS. I'M IN COMPLETE AGREEMENT. I DO  
17 BELIEVE IT WILL CAUSE TWO CHANGES OF BEHAVIOR. ONE  
18 IS MORE BELT TIGHTENING ON THE ONE HAND, AND THEN  
19 SEEKING FUNDING ASIDE FROM CIRM ON THE OTHER. BUT  
20 FOR ME IT'S JUST ABOUT TRANSPARENCY.

21 DR. MILLAN: SURE. ABSOLUTELY.

22 DR. JUELSGAARD: WHEN WE IMPOSE CAPS, WHAT  
23 IT WOULD LOOK LIKE ON HISTORICAL BEHAVIOR.

24 DR. MILLAN: ABSOLUTELY. THANK YOU.

25 DR. STEWARD: I'M SORRY. I'M JUST A



1 LITTLE BIT CONFUSED. SO EVERYTHING YOU'RE TALKING  
2 ABOUT NOW CAN BE COVERED WITH THE MONEY THAT WE  
3 HAVE, OR ARE WE STILL LOOKING AT A SHORTFALL? I'M  
4 GOING BACK TO BOB'S PRESENTATION.

5 DR. MILLAN: THIS IS ALL MONEY THAT'S  
6 AVAILABLE THROUGH THE PROP 71 ALLOCATION. ASIDE  
7 FROM THE \$8.5 MILLION ADMINISTRATIVE ASK FOR  
8 OPERATIONS AT THE SAME LEVEL THROUGH THE WIND-DOWN  
9 PERIOD, EXCEPT FOR THAT, THE REST OF IT IS ALL PROP  
10 71 ALLOCATED FUNDING.

11 DR. STEWARD: SO THAT ADDITIONAL FUNDS  
12 THAT YOU ARE SUGGESTING COULD BE RAISED WOULD LET US  
13 DO WHAT IN ADDITION? I GUESS THAT'S MY QUESTION.

14 DR. MILLAN: IS THAT A QUESTION FOR ME?  
15 I'LL DO A QUICK RESPONSE. WHAT THAT WOULD DO IS,  
16 DURING THIS PERIOD OF 2020, WHICH IS WHERE THE  
17 BRIDGE FUNDING WOULD REALLY BE HELPFUL, IT WOULD  
18 ALLOW US TO KEEP ALL THE PROGRAM ANNOUNCEMENTS OPEN.  
19 I BELIEVE J.T. IS GOING TO BRING THIS UP IN HIS  
20 PRESENTATION. AND ALSO HAVE ATTACHED ADMINISTRATION  
21 BUDGET WITH THAT SO THAT IT WILL ALLOW US TO KEEP  
22 OUR OPERATIONS AT THE SAME LEVEL TO MANAGE OUR  
23 CURRENT PORTFOLIO AS WELL AS THOSE THAT CAN BE  
24 BROUGHT IN THROUGH THAT BRIDGE FUNDING.

25 DR. STEWARD: THANK YOU. I'M SORRY TO BE

1 CONFUSED.

2 DR. GASSON: I JUST HAD A COMMENT ABOUT  
3 BOTH MR. KLEIN AND YOUR PRESENTATION, WHICH IS THAT  
4 THE FINANCES ARE A CHALLENGE, BUT WHAT A GREAT  
5 PROBLEM FOR US TO HAVE, THAT WE HAVE SO MANY VERY  
6 HIGH QUALITY CLINICAL TRIALS COMING IN ACROSS THE  
7 BOARD GIVING SO MUCH HOPE TO INDIVIDUALS STRUGGLING  
8 WITH THESE DISEASES. AND THE WAY YOU TIED IT INTO  
9 THE STRATEGIC PLAN MADE IT REALLY A VERY, VERY NICE  
10 PACKAGE TO GO FORWARD INTO 2020 WITH. SO I JUST  
11 WANTED TO THANK YOU BOTH FOR COMING TO THAT TODAY.

12 CHAIRMAN THOMAS: ARE THERE COMMENTS FOR  
13 DR. MILLAN BY SUBCOMMITTEE MEMBERS ON THE PHONE?  
14 OKAY. HEARING NONE, THANK YOU VERY MUCH, DR.  
15 MILLAN. THAT WAS AN EXCELLENT PRESENTATION.

16 AMY, IF WE COULD GO BACK TO...

17 SO AS DR. MILLAN HAS EXPLAINED, WE  
18 CURRENTLY ANTICIPATE THE LIKELIHOOD THAT WE WILL RUN  
19 OUT OF RESEARCH DOLLARS AT THE END OF 2019,  
20 APPROXIMATELY A YEAR IN ADVANCE OF THE NOVEMBER 2020  
21 BOND INITIATIVE. ON THE SCREEN NOW IS YOU WILL  
22 RECOGNIZE COLUMNS 2018 AND 2019. THAT IS IDENTICAL  
23 TO WHAT DR. MILLAN HAD IN HER PRESENTATION AS TO THE  
24 PROPOSED AMOUNT OF DOLLARS THAT WOULD GO TO THE  
25 VARIOUS PILLARS DURING THOSE TWO YEARS WITH THE

1 REMAINING AMOUNTS THAT WE HAVE IN HAND.  
2 IN ORDER FOR US TO BRIDGE IN A FASHION  
3 THAT WE THINK KEEPS THINGS GOING AT THE REQUISITE  
4 PACE TO REALLY HIT THAT NOVEMBER 20 INITIATIVE WITH  
5 ALL THE WHEELS ON THE TRACKS AND EVERYTHING IN  
6 MOTION, AS HAS BEEN THE CASE AT THAT POINT FOR 13  
7 YEARS, WE FEEL THAT WE NEED TO RAISE, AS BOB  
8 SUGGESTED, BRIDGE FUNDING IN AN AMOUNT THAT WILL  
9 GIVE US THE DOLLARS, WE THINK, THAT WOULD ADEQUATELY  
10 CARRY THE FIVE PILLARS. ON THIS PAGE IN COLUMN  
11 2020, YOU SEE THE BEST ESTIMATES BY THE MEMBERS OF  
12 THE TEAM, AGAIN AFTER CONSIDERABLE DELIBERATION AND  
13 DISCUSSION, AND THEY AND WE ALL FEEL THAT THE  
14 NUMBERS WOULD BE 114 MILLION FOR CLIN AWARDS, WHICH  
15 WOULD GIVE EIGHT MORE TRIALS IN THAT BRIDGE YEAR,  
16 PLUS FOUR MORE LATE STAGE CLINICAL CANDIDATES, THE  
17 CLINIS. IT WOULD GIVE 40 MILLION FOR TRAN AWARDS,  
18 WHICH WOULD GIVE YOU EIGHT MORE TRAN CANDIDATES,  
19 GIVE YOU \$20 MILLION FOR 12 ADDITIONAL DISC2  
20 PROJECTS, AND 16 MILLION FOR EDUCATIONAL PROGRAMS,  
21 WHICH WOULD INCLUDE FOR THAT BRIDGE PERIOD A CERTAIN  
22 AMOUNT GOING TO TRAINING AWARDS, NEW FACULTY AWARDS.  
23 THESE ARE THINGS THAT WE HAVE NOT HAD FOR SEVERAL  
24 YEARS, BUT FEEL THAT ARE VERY ATTRACTIVE TO  
25 POTENTIAL DONORS. AND, THEREFORE, WE'VE PUT THIS

1 INTO THE FUNDING MIX. AND LAST, BUT NOT LEAST, AN  
2 ADDITIONAL 16 MILLION FOR TWO NEW ALPHA CLINICS  
3 ABOVE AND BEYOND THE THREE WE HAD IN PLACE  
4 PREVIOUSLY AND THE TWO THE BOARD AWARDED AT THE END  
5 OF SEPTEMBER.

6 IF YOU ADD ALL OF THIS UP, IT COMES TO, I  
7 BELIEVE, 206 MILLION. AND WE FIGURED THAT AS, DR.  
8 MILLAN SUGGESTED, IN ORDER TO TRY TO GET SOME  
9 ADDITIONAL ADMINISTRATIVE FUNDS TO COVER ALL  
10 CONTINGENCIES, WE WOULD FOR EVERY DOLLAR WE LOOK TO  
11 RAISE, WE WOULD LOOK TO RAISE ON TOP OF THAT 8  
12 PERCENT OF THAT AMOUNT, WHICH WOULD GO TOWARDS  
13 ADMINISTRATIVE FUNDS, WHICH WOULD ADD UP TO, GIVE OR  
14 TAKE, AN ADDITIONAL 16 MILLION. SO WHEN YOU ADD ALL  
15 OF THIS TOGETHER, YOU GET TO THE 222 MILLION THAT I  
16 LISTED ON THE CONTEXT SLIDE EARLIER IN THE  
17 PRESENTATION.

18 THE IDEA HERE WOULD BE TO GO TO HIGH NET  
19 WORTH SUPPORTERS, BOTH OLD AND NEW, AND TO TALK TO  
20 THEM ABOUT AGGREGATING TOGETHER TO FUND THIS 222  
21 MILLION. AS NOTED, THAT IF THE EFFORT WAS  
22 PARTICULARLY SUCCESSFUL, WE MIGHT BE ABLE TO GET  
23 MORE THAN THAT, UPWARDS TOWARDS 300 MILLION, WHICH  
24 WOULD INCREASE THE AMOUNTS UNDER EACH OF THE FIVE  
25 PILLAR CATEGORIES. AND TO TALK TO THESE POTENTIAL

1 DONORS AND GAUGE THEIR INTEREST IN PARTICULAR  
2 PILLARS, PACKAGE THE REQUESTS TO THEM TO REVOLVE  
3 AROUND WHAT WE THINK ARE THEIR CORE INTERESTS, AND  
4 IN THE PROCESS LOOK TO AGGREGATE A NUMBER OF THEM,  
5 SAY FOUR TO SIX, TO COME TOGETHER AND FUND THIS  
6 BRIDGE YEAR. AND IN SO DOING JOIN WHAT HAS, BY ALL  
7 ACCOUNTS, BEEN A HIGHLY SUCCESSFUL EFFORT TO DATE  
8 AND TO STAND ON THE SHOULDERS OF ALL THAT HAS COME  
9 BEFORE TO ALLOW US TO GET TO THAT NOVEMBER 2020  
10 BALLOT MEASURE.

11 BOB AND I HAVE HAD A NUMBER OF  
12 DISCUSSIONS. HE AND I ARE FULLY PLANNING ON  
13 COLLABORATING IN THIS RAISE. IT IS NOT NONTRIVIAL,  
14 TO SAY THE LEAST, BUT WE DO BELIEVE, AS BOB  
15 SUGGESTED, THAT IT IS SOMETHING THAT IS DOABLE. WE  
16 HAVE NOT PROPOSED ANYTHING SPECIFIC TO ANYBODY YET  
17 BECAUSE WE WANTED FIRST THE SUBCOMMITTEE AND THEN  
18 THE BOARD'S SENSE THAT THIS SORT OF ASK IS OF A  
19 MAGNITUDE THAT THE BOARD APPROVES OF BEING A GOOD  
20 NUMBER FOR THIS BRIDGE PERIOD.

21 WE HAVE BEGUN SOME CONFIDENTIAL  
22 DISCUSSIONS WITH A NUMBER OF POTENTIAL DONORS. AND  
23 ONCE THE BOARD GIVES ITS BLESSING, ON THE ASSUMPTION  
24 THAT IT DOES, BOB AND I WILL ENGAGE IN MAKING  
25 PROPOSALS IN EARNEST TO THESE AND OTHERS THAT WE'RE

1 GOING TO BE TALKING TO.

2 SO THAT IS SORT OF THE GENERAL NOTION. IF  
3 YOU FLIP TO THE NEXT SLIDE, THIS IS MORE GETTING  
4 BACK TO OUR BRIDGE GRAPHIC, THE SAME NOTION HERE.  
5 THERE ARE A COUPLE THINGS TO POINT OUT. NO. 1,  
6 WE'VE SET GOALS OF RAISING THE FUNDS THAT GET YOU TO  
7 THE 222, WHICH ARE THE FIRST 55 MILLION BY Q4 OF  
8 NEXT YEAR, THE NEXT -- WE'VE GOT TO GET TO 222, SO  
9 WE HAD TO THROW IN A COUPLE OF POINT FIVES, 55.5 IN  
10 Q2 OF 2019, 55.5 IN Q4 OF 2019, AND THE FINAL 56 BY  
11 Q1 OF 2020. THAT WOULD GIVE US NOT ONLY THE FULL  
12 AMOUNT WE NEED FOR THIS RESEARCH BRIDGE, BUT ALSO  
13 GET US THE ADDITIONAL 16 WHICH WOULD TAKE CARE OF  
14 ALL OF THE ADMINISTRATIVE NEEDS. EVEN IF WE ENDED  
15 UP WITH AN UNSUCCESSFUL BALLOT MEASURE, THIS WOULD  
16 GET US THROUGH THE PERIOD DR. MILLAN SPECIFIED THAT  
17 ALLOWS US TO MANAGE OUR OUTSTANDING GRANTS THROUGH  
18 THE END OF THE LAST DOLLARS OUT THE DOOR IN 2023.

19 THE DONATIONS CAN BE DIRECTED TO ANY  
20 NUMBER OF THINGS: IT CAN BE CIRM-WIDE, IT CAN BE  
21 ANY OF THE PROGRAMS, IT CAN BE DISEASE SPECIFIC,  
22 ETC. WE ARE HOPING THAT THE DONORS WILL GIVE US THE  
23 MOST LATITUDE THEY CAN IN CONNECTION WITH THEIR  
24 GIFTS, BUT ALL OF THAT IS A MATTER OF DISCUSSION  
25 WHICH WILL BE UNDERTAKEN WITH EACH OF THE SPECIFIC

1 POTENTIAL DONORS THAT WE SPEAK TO.

2 AS DR. MILLAN SUGGESTED, IF FOR WHATEVER  
3 REASON WE DO NOT HAVE A SUCCESSFUL BALLOT MEASURE,  
4 AND IF WE FOR WHATEVER REASON ARE NOT SUCCESSFUL IN  
5 RAISING THE FULL OR EVEN A MAJORITY OF THE BRIDGE  
6 FUNDING AND, THEREFORE, DON'T GET THE APPROXIMATELY  
7 16 MILLION WE WOULD BE HOPING FOR IN ADMINISTRATIVE  
8 FUNDS, AT END OF Q4 2019, WE'LL HAVE A VERY GOOD  
9 HANDLE ON WHERE WE STAND ON THE BRIDGE RAISE. AND  
10 IF THAT DOESN'T LOOK PROMISING, WE WOULD THEN NEED  
11 TO RAISE CONTINGENTLY AN ADDITIONAL 8.5 MILLION IN  
12 ADMINISTRATIVE FUNDS THAT WOULD FORM THE BACK END OF  
13 THE FUNDING NECESSARY FOR THE PROGRAM AND WIND-DOWN.  
14 AND SO THAT WOULD BE THE TIMETABLE TO BEGIN THAT  
15 EXERCISE.

16 SO THAT IS A DESCRIPTION OF WHERE WE ARE  
17 ON THIS CONCEPT OF BRIDGE FUNDING. ARE THERE ANY  
18 QUESTIONS BY MEMBERS OF THE SUBCOMMITTEE?

19 DR. STEWARD: I GUESS ONE FROM ME. I  
20 NOTED THAT YOU HAVE DISC2 BUT NOT DISC1.

21 CHAIRMAN THOMAS: DR. MILLAN, WOULD YOU  
22 LIKE TO ADDRESS THAT QUESTION?

23 DR. MILLAN: SO THE REASON THAT WE  
24 SPECIFIED THIS AS A PRIORITY IN WHAT WE WOULD  
25 PROPOSE TO THE BOARD, DISC2 ARE THE PROGRAMS THAT

1 WOULD FEED INTO THE TRANSLATIONAL THAT WOULD FEED  
2 INTO THE CLIN1 AND THE CLIN2 PROGRAMS. DURING THIS  
3 PERIOD OF TIME, WHICH IS A TRANSITION TIME BETWEEN  
4 DISC AND THE BOND MEASURE, WHAT WE WANTED TO BE ABLE  
5 TO DO IS FOR THE FUNDING THAT'S REMAINING ON THE  
6 PROP 71 BUDGET AS WELL AS WHAT THE ADDITIONAL RAISES  
7 ARE, TO STILL INCREASE OUR SHOTS ON GOAL IN  
8 CANDIDATES THAT CAN GO ALL THE WAY THROUGH TO  
9 CLINICAL TRIALS. AND THOSE ARE DISCOVERY PROGRAMS  
10 THAT ARE INTENDED TO DRIVE AT WHETHER THERE'S A  
11 CANDIDATE THAT WOULD BE A TRANSLATIONAL. THE OTHER  
12 DISCOVERY PROGRAMS ARE NOT AS DIRECTLY APPLICABLE TO  
13 (INAUDIBLE.) THAT'S WHY.

14 DR. STEWARD: I'LL JUST EXPRESS THE  
15 OPINION NOW AND HAVEN'T COME TO ANY FORMAL KIND OF  
16 CONCLUSION ABOUT IT, BUT WE'VE LEARNED SO MUCH OVER  
17 THIS DECADE AND MORE THAT WE'VE BEEN DOING THIS THAT  
18 THE INITIAL DISCOVERIES ARE, OF COURSE, GOING  
19 FORWARD AND DOING WONDERFUL THINGS, BUT I'M  
20 CONFIDENT THAT THERE ARE OTHER REALLY FUNDAMENTAL  
21 DISCOVERIES OUT THERE THAT ARE GOING TO TAKE US TO  
22 EVEN BETTER PLACES. AND I WOULD HATE TO SEE THOSE  
23 DISCOVERIES CUT OFF. EVEN THOUGH I UNDERSTAND THE  
24 RATIONALE, YOU MIGHT MISS A REALLY GOOD ONE. AND  
25 SO --



1 DR. MILLAN: WE MAY HAVE THE GREAT PROBLEM  
2 OF RAISING SO MUCH THAT WE WOULD BE ABLE TO DO THAT  
3 AS WELL. SO I GUESS WHEN WE PUT DISC2, WE'RE TRYING  
4 TO KIND OF -- IF WE ONLY HAD A REALLY LIMITED AMOUNT  
5 OF FUNDING, WHAT CAN WE DO? WHAT IS THE GREATEST  
6 IMPACT WE CAN HAVE FOR DRIVING TO THE MISSION?  
7 THAT'S A MORE DIRECT PATH TOWARD FEEDING THAT  
8 PIPELINE GETTING TO CLINICAL TRANSLATION. BUT THAT  
9 DOES NOT AT ALL DISCOUNT THE IMPORTANCE OF BASIC  
10 RESEARCH, AND OUR HOPE IS THAT WE WILL HAVE  
11 ADDITIONAL FUNDING SO THAT WE'RE ABLE TO REALLY  
12 OFFER THE FULL COMPLEMENT TO HAVE AN EVEN MORE  
13 OPTIMAL LEVEL.

14 DR. STEWARD: JUST TO SAY, LOOKING AT  
15 THAT, AND THERE'S A BIG JUMP IN THIS FUNDING TRANCHE  
16 FROM '19'S 10 MILLION TO '20'S PROPOSAL FOR 20  
17 MILLION, I THINK, IF I GOT THE NUMBERS RIGHT IN MY  
18 HEAD, FOR THE DISC2. AND, AGAIN, I'M THINKING OUT  
19 LOUD HERE. HAVEN'T HAD A CHANCE TO REALLY DIGEST  
20 THIS, BUT, AGAIN, I HATE TO SEE THAT CRITICAL  
21 PART --

22 DR. MILLAN: EVERYTHING WOULD BE BROUGHT  
23 TO THE BOARD. AS WE OPERATE, WE BRING TO THE BOARD  
24 THE PROPOSAL FOR THE PROGRAM ANNOUNCEMENTS AND THE  
25 ASSOCIATED BUDGETS, AND THAT WOULD BE SOMETHING WE

1 WOULD BRING TO THE FULL BOARD.

2 CHAIRMAN THOMAS: BOB'S GOT A COMMENT, BUT  
3 I'LL JUST ADD ON THAT AS WE GO OUT AND TALK TO  
4 DONORS, THERE ARE GOING TO BE THINGS THAT DONORS ARE  
5 MORE INTERESTED IN THAN NOT. AND IT COULD EASILY BE  
6 THE CASE THAT SOMEBODY SAID I WANT TO PUT X AMOUNT  
7 INTO BASIC RESEARCH AT THE EARLIEST STAGE, AND THAT  
8 WOULD ADDRESS THAT ISSUE.

9 MR. KLEIN: I'D JUST LIKE TO SAY THAT  
10 UNTIL WE GET THE COMMITTEE FEEDBACK AND THE BOARD'S  
11 FEEDBACK, YOU CAN'T PROJECT A TANGIBLE, REAL OPTION  
12 FOR THE DONORS. YOU HAVE TO KNOW WHAT YOU WANT TO  
13 DO AND MAKE SURE OF THE BOARD'S DIRECTION. IT WOULD  
14 BE VERY GOOD TO HAVE A REACH DATE IN ADDITION TO THE  
15 BASIC CASES BECAUSE THERE ARE DONORS WHO WANT TO  
16 SUPPORT BASIC RESEARCH OR WANT TO SUPPORT SCHOLARS  
17 OR POST DOCS AND MEDICAL SCHOOL INTERNS, MAYBE THE  
18 FUTURE CENTERS OF EXCELLENCE OF THE DOCTORS WHO  
19 PARTICIPATE IN CLINICAL TRIALS. SO HAVING THESE IN  
20 THE CATEGORY OF OPTIONS OF INTEREST IN EACH OF THESE  
21 AREAS WOULD BE HIGHLY BENEFICIAL TO GIVE US THE  
22 OPTION TO REALLY WORK TO ADVANCE THE BOARD'S AGENDA.

23 SECONDLY, I WOULD HOPE THAT YOU COULD, AS  
24 THE BOARD DID A DECADE AGO, BE AFFORDED THE OPTION  
25 OF PROGRAMS --

1 THE REPORTER: COULD MR. KLEIN COME CLOSER  
2 TO THE MIC PLEASE?

3 MR. KLEIN: THANK YOU. JUST TO REPEAT FOR  
4 MAKING IT CLEAR FOR THOSE THAT ARE ON THE PHONE. I  
5 WOULD HOPE THAT THE BOARD COULD DESIGNATE A REACH  
6 CASE WHICH PROVIDES AN ENHANCED LEVEL OF FUNDING FOR  
7 EACH OF THE CATEGORIES BECAUSE THERE ARE DONORS, AS  
8 I JUST SAID, WHO MIGHT BE VERY STRONG ON BASIC  
9 RESEARCH, MIGHT BE VERY STRONG ON TRANSLATIONAL OR  
10 HUMAN TRIALS OR SUPPORTING POST DOCS AND GRAD  
11 STUDENTS, SCHOLARS, AND MEDICAL SCHOOL STUDENTS WHO  
12 COULD BECOME THE BACKBONE OF THE NEXT GENERATION OF  
13 CENTERS OF EXCELLENCE TO IMPLEMENT THESE THERAPIES.

14 SO BY HAVING THESE ENHANCED OPTIONS THAT  
15 THE BOARD MIGHT DELINEATE, IT GIVES US THE ABILITY  
16 TO MAKE A SPECIAL APPEAL TO A LEGACY INTENT OF  
17 CERTAIN DONORS. AND I REFERENCED THAT A DECADE AGO  
18 THE BOARD DECIDED THAT THERE WAS THE POSSIBILITY AT  
19 THAT TIME OF NAMING CERTAIN GRANTS. SOMEONE MADE A  
20 BLOCK OF FUNDING AVAILABLE TO ADVANCE THE BOARD'S  
21 AGENDA. IT WOULD BE GREAT IF THIS BOARD COULD  
22 CONSIDER THAT IDEA IN THIS CONTEXT IN THAT THERE ARE  
23 FAMILIES WHO WOULD LIKE, IN THE LEGACY OF THEIR  
24 FATHERS OR CHILDREN OR SPOUSES, TO NAME SOME MAJOR  
25 CONTRIBUTION PROGRAM AFTER SOMEONE WHO HAS NOT BEEN

1 FORTUNATE ENOUGH TO BENEFIT, BUT HOPING THAT OTHERS  
2 WOULD BENEFIT IN THE FUTURE. AND IT'S A VERY  
3 IMPORTANT METHOD OF CONTRIBUTION BY THESE FAMILIES.

4 SO KNOWING SOME OF THEM, I KNOW THAT IT IS  
5 A WAY THAT IT WOULD MAKE A MAJOR IMPACT ON THEIR  
6 THINKING, THAT THIS IS A WAY THAT THEY CAN EXTEND  
7 THE LIFE OF SOMEONE THEY'VE LOST.

8 CHAIRMAN THOMAS: THANK YOU, BOB. PLAYING  
9 OFF OS' COMMENTS, ARE THERE PARTICULAR CATEGORIES  
10 THAT MEMBERS OF THE BOARD WOULD LIKE TO SEE MORE  
11 FUNDING FOR OR HAVE A PREFERENCE FOR, OR DOES THE  
12 RECOMMENDED BREAKDOWN AS LAID OUT HERE LOOK LIKE  
13 SOMETHING THAT IS A WORKABLE GOAL AT THIS POINT?

14 DR. STEWARD: I GUESS I'D LIKE TO ASK THE  
15 QUESTION OF THE FLEXIBILITIES PARAMETER HERE. I'M  
16 NOT SURE I UNDERSTAND WHAT WE'RE LOOKING AT AS FAR  
17 AS THESE BUCKETS -- LET'S CALL THEM BUCKETS BECAUSE  
18 IT'S A CONVENIENT WAY TO DO IT. IS THIS SORT OF A  
19 GENERAL IDEA SUBJECT TO AVAILABILITY DEPENDING ON  
20 THE WISHES OF THE DONORS AND CIRCUMSTANCES GOING  
21 FORWARD?

22 CHAIRMAN THOMAS: YES.

23 DR. STEWARD: THANK YOU. I WOULD HATE TO  
24 HAVE THIS SORT OF CAST IN STONE.

25 CHAIRMAN THOMAS: NO.

1 DR. STEWARD: IF WE GET ALL THIS MONEY AND  
2 THERE ARE NO RESTRICTIONS, THIS IS WHAT WE'RE GOING  
3 TO DO WITH IT, THAT WOULD BE, I THINK, A BOTHERSOME  
4 THING FOR ME.

5 CHAIRMAN THOMAS: NO. THE IDEA HERE WAS  
6 TO TRY TO SET OUT AN EDUCATED FOR INSTANCE THAT  
7 COULD SERVE AS DISCUSSION AND GOING FORWARD.

8 DR. STEWARD: JUST FOR THOSE -- AS A  
9 MEMBER OF THE SCIENCE SUBCOMMITTEE, I HAVEN'T BEEN  
10 INVOLVED IN SOME OF THE OTHER DISCUSSIONS, SO I'M  
11 PLAYING CATCHUP HERE, AND I APOLOGIZE IF THIS HAS  
12 BEEN DISCUSSED PREVIOUSLY AND TAKING EVERYBODY OVER  
13 WELL-TREAD GROUND.

14 CHAIRMAN THOMAS: NO. WE'RE VERY GRATEFUL  
15 FOR YOUR COMMENTS AS ALWAYS. THANK YOU.

16 OTHER COMMENTS BY MEMBERS OF THE BOARD?  
17 OKAY. WE'LL JUST MOVE JUST QUICKLY TO THE LAST  
18 SLIDE. THIS IS A BIT OF A REITERATION TO SOMETHING  
19 THAT WE TALKED ABOUT BEFORE. WE'VE HAD SOME  
20 CONFIDENTIAL DISCUSSIONS WITH POTENTIAL DONORS WHO  
21 ARE INTERESTED IN CO-FUNDING PROJECTS GOING FORWARD  
22 AND COULD POTENTIALLY BE SOME PROJECTS WE'VE ALREADY  
23 MADE AWARDS TO, BUT DEFINITELY THOSE GOING FORWARD  
24 THAT THEY WOULD BASICALLY LOOK TO PIGGYBACK OFF THE  
25 RECOMMENDATIONS OF THE GWG AND BOARD APPROVAL THAT

1 ARE VIEWED BEST AS ONE THAT THEY FELT FULLY  
2 COMFORTABLE WITH, HAVE SOME VERY EARLY CONFIDENTIAL  
3 DISCUSSIONS GOING ON FOR THIS. THIS WOULD BE AN  
4 ADDITIONAL WAY OF GENERATING FUNDING THAT WOULD  
5 EXTEND THE PROP 71 RESEARCH DOLLARS, ETC. SO MORE  
6 ON THAT DOWN THE ROAD.

7 SO THAT CONCLUDES, NOT ONLY MY COMMENTS,  
8 BUT CONCLUDES OUR AGENDA HERE. AND I WOULD ASK --  
9 THERE HAVE BEEN A LOT OF THINGS LAID OUT. MY HOPE  
10 IS THAT THE MEMBERS OF THE SUBCOMMITTEE APPROVE OF  
11 THE -- THIS ISN'T A VOTE, JUST SORT OF A SENSE OF  
12 THE SUBCOMMITTEE, THAT WHAT WE TALKED ABOUT IS A  
13 GOOD GAME PLAN TO RECOMMEND THAT THE FULL BOARD  
14 ENTERTAIN. AND SO THAT INCLUDES BOTH DR. MILLAN'S  
15 PRESENTATION, IT INCLUDES AND EMBODIES BOB'S  
16 PRESENTATION. AND BY THE WAY, I WAS VERY REMISS  
17 WHILE BOB WAS PRESENTING IN NOT THANKING MARY AND  
18 YEMI, WHO ARE BOB'S COLLEAGUES, WHO HAVE PUT IN A  
19 ZILLION HOURS ON HIS END AND ON BEHALF OF AMERICANS  
20 FOR CURES TOWARDS EDUCATING THE PUBLIC. SO THANK  
21 YOU TO THE TWO OF YOU FOR ALL THAT YOU'VE DONE AND  
22 WILL CONTINUE TO DO.

23 SO DO WE HAVE ANY THOUGHTS, OR WE ARE  
24 COMFORTABLE, THEN, JUST GIVING THE SENSE OF THIS  
25 SUBCOMMITTEE, THAT WE WOULD LIKE THE FULL BOARD TO

1 ENTERTAIN WHAT WE'VE DISCUSSED HERE TODAY?

2 DO WE HAVE PUBLIC COMMENT ON ANY OF THIS  
3 AT ANY OF THE SITES? OKAY. HEARING NONE, WHAT IS  
4 THE SENSE OF THE SUBCOMMITTEE? A FEW COMMENTS,  
5 ANYBODY? MR. JUELSGAARD.

6 DR. JUELSGAARD: ARE YOU VOLUNTEERING ME?

7 CHAIRMAN THOMAS: YES.

8 DR. JUELSGAARD: I THINK THAT THIS IS A  
9 REASONABLE POINT TO HAVE A DISCUSSION AROUND AT THE  
10 LARGER BOARD MEETING. IT'S SOMETHING THAT'S BEEN  
11 WELL THOUGHT THROUGH BY MANAGEMENT. THERE'S A LOT  
12 OF WORK THAT'S GONE INTO IT. IT MAY JUST STRIKE  
13 EXACTLY THE RIGHT BALANCE. I THINK THAT WILL BE AN  
14 INTERESTING DISCUSSION TO HAVE. BUT I'M HAPPY TO  
15 SEE THIS CARRIED FORWARD TO TALK AT THE WHOLE BOARD,  
16 AND I KNOW, LIKE OS, SOME PEOPLE HAVE SOME  
17 RESERVATIONS, DO WE HAVE THE RIGHT NUMBERS IN THE  
18 RIGHT PLACES, BUT THAT'S SOMETHING WE SHOULD REALLY  
19 HAVE AN OPPORTUNITY TO TALK ABOUT AND MAKE DECISIONS  
20 ABOUT WHETHER TO GO WITH THIS PLAN OR MODIFY THINGS  
21 A BIT.

22 CHAIRMAN THOMAS: THANK YOU, MR.  
23 JUELSGAARD.

24 DR. JUELSGAARD: THAT WASN'T REHEARSED.

25 DR. LUBIN: STRATEGIES, WE SHOULD CONSIDER

1 THE NUMBER OF PEOPLE AFFECTED BY THE DISEASES THAT  
2 WE'RE DEVELOPING THERAPIES FOR IN THE STATE OF  
3 CALIFORNIA BECAUSE I DO THINK ADVOCACY IS REALLY  
4 IMPORTANT. THERE'S A LOT OF COMPETITION OUT THERE  
5 FOR FUND-RAISING RIGHT NOW. AS MANY OF YOU KNOW,  
6 ESPECIALLY CALIFORNIA, SAN FRANCISCO, A \$5 BILLION  
7 CAMPAIGN. FIVE BILLION. THEY HAVE 3 BILLION  
8 COMMITTED. THAT'S A DIFFERENT KIND OF CAMPAIGN, AND  
9 I THINK OUR THINGS HAS PEOPLE INVOLVED AND PATIENTS  
10 THAT HAVE BEEN CURED AND REALLY HAVE TO FOCUS THE  
11 NATURE OF REALLY WHAT WE'RE TRYING TO ACCOMPLISH  
12 HERE RATHER THAN BUILDING STRUCTURES. AND I THINK  
13 THAT'S REALLY IMPORTANT TO KEEP IN MIND.

14 CHAIRMAN THOMAS: THANK YOU, DR. LUBIN.  
15 OTHER COMMENTS?

16 MR. ROWLETT: I CERTAINLY SUPPORT THE  
17 RECOMMENDATION THAT THIS GO TO THE BOARD NOW. IT'S  
18 A VERY COMPREHENSIVE PROPOSAL. I THINK STAFF DID A  
19 VERY GOOD JOB. I DON'T BELIEVE THAT THERE'S ANY  
20 PROHIBITION TO SENDING OUT THE SLIDE DECK TO THE  
21 BOARD PRIOR TO THE MEETING AS IT WILL PROBABLY  
22 GENERATE SOME THOUGHTS AND QUESTIONS THAT BOARD  
23 MEMBERS MAY WANT TO ASK DURING THE DISCUSSION AND  
24 EVEN PRIOR TO SO THAT STAFF CAN BETTER PREPARE.

25 CHAIRMAN THOMAS: THANK YOU VERY MUCH.



1 OTHER COMMENTS?

2 SUPERVISOR SHEEHY: I DIDN'T KNOW IF I WAS  
3 STEPPING ON SOMEBODY. I JUST WANTED TO COMMEND  
4 MARIA AND THE TEAM FOR ALL OF THEIR WORK. I DON'T  
5 THINK I REALLY HAVE MUCH TO ADD BEYOND WHAT PEOPLE  
6 HAVE SAID, BUT I THINK THE WAY THAT WE'VE APPROACHED  
7 THIS HAS BEEN INCREDIBLY PROFESSIONAL AND VERY  
8 THOUGHTFUL.

9 MR. TORRES: HERE. HERE.

10 DR. STEWARD: JUST A QUESTION. WILL WE BE  
11 DISCUSSING OR VOTING AT THE DECEMBER BOARD MEETING?

12 CHAIRMAN THOMAS: I THINK WE'LL BE VOTING.  
13 WE'LL CERTAINLY BE DISCUSSING.

14 DR. STEWARD: THERE'S A LOT OF MEAT HERE,  
15 AND THAT WAS WHY I WAS ASKING.

16 CHAIRMAN THOMAS: YES.

17 MR. TOCHER: IN PART IT WILL BE DISCUSSING  
18 IN THE CONTEXT OF YOUR DISCUSSIONS FOR YOUR 2018  
19 CALENDAR YEAR BUDGET FOR THESE PROGRAMS. SO IN THAT  
20 CONTEXT, YOU'LL ACTUALLY BE ATTACHING HARD NUMBERS.

21 DR. STEWARD: SO THERE'S ACTUALLY SEVERAL  
22 BITS EMBEDDED IN HERE.

23 MR. TOCHER: THAT'S RIGHT.

24 DR. STEWARD: THANK YOU.

25 MR. TOCHER: THERE WILL BE A DELIBERATE

1 ORDER THAT WE PROCEED.

2 DR. JUELSGAARD: JUST TO THAT POINT, OS,  
3 THIS FEELS VERY MUCH LIKE PUTTING TOGETHER WHAT ON  
4 THE COMMERCIAL SIDE YOU CALL A LONG-RANGE PLAN THAT  
5 IS A LOOK-AHEAD, AND REALLY WHAT YOU FIX ON IS THE  
6 FIRST YEAR'S BUDGET IN THAT LONG-RANGE PLAN,  
7 REALIZING THAT YOU CAN CHANGE THE LONG-RANGE PLAN  
8 THE NEXT TIME YOU'RE COMING UP ON A BUDGET YEAR,  
9 ETC. SO IT'S NOT LIKE ETCHED IN STONE, BUT IT IS  
10 GENERAL GUIDANCE FOR THE STAFF AND TO THE  
11 ORGANIZATION ABOUT HOW WE'RE GOING TO PROCEED, BUT  
12 IT CAN ALWAYS BE REVISITED.

13 CHAIRMAN THOMAS: THANK YOU, MR.  
14 JUELSGAARD. OTHER COMMENTS BY SUBCOMMITTEE MEMBERS  
15 ON THE PHONE?

16 MR. TORRES: MOVE TO ADJOURN.

17 CHAIRMAN THOMAS: HOLD ON. DR. MILLAN HAS  
18 A COMMENT.

19 DR. MILLAN: IN FOLLOW-UP TO THAT  
20 QUESTION, I THINK A KEY THING THAT WE'RE GOING TO  
21 ASK THE BOARD FOR IS THE APPROVAL OF THE REDUCED  
22 AWARD CAPS BECAUSE WITHOUT THAT, NONE OF THE  
23 SCENARIOS WILL WORK. SO I JUST WANTED TO MAKE SURE  
24 THAT EVERYBODY KNEW THAT THAT'S KIND OF A GO/NO-GO  
25 POINT.

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CHAIRMAN THOMAS: OKAY. I THINK THAT  
CONCLUDES. THIS HAS BEEN A GREAT DISCUSSION. THANK  
YOU, EVERYBODY. AND WE WILL TAKE THIS UP AT THE  
DECEMBER 13TH BOARD MEETING. WE STAND ADJOURNED.

(THE MEETING WAS THEN CONCLUDED AT  
02:52 P.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE JOINT MEETING OF THE TRANSITION SUBCOMMITTEE AND THE SCIENCE 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 LOCATIONS INDICATED ON THE AGENDA ON NOVEMBER 27, 2017, 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, CA CSR 7152  
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SANDPOINT, IDAHO  
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