MEETING OF THE

CITIZENS FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE

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Reported by: Jennifer D. Barker, CSR No. 12168
(Appearing via videoconference)

A P P E A R A N C E S

MALIA COHEN, Controller

DR. JOHN MAA, CFAOC Member

ALDRED ROWLETT, CFAOC Member

DR. GURBINDER SADANA, CFAOC Member

DAVE OPPENHEIM, CFAOC Member

KIMBERLY TARVIN, SCO

CRAIG HARNER, Macias Gini & O'Connell, LLP

JONATHAN THOMAS, CIRM President & CEO

JENNIFER LEWIS, CIRM VP of Operations

RAFAEL AGUIRRE-SACASA, CIRM General Counsel

VITO IMBASCIANI, ICOC Chair

MARIA BONNEVILLE, ICOC Vice Chair

SCOTT TOCHER, CIRM Senior Director of Board Governance

MICHELLE LEWIS, CIRM Director of Finance

CHICOMO BLAYLOCK

A G E N D A

* * *

WEDNESDAY, DECEMBER 18, 2024

2:00 P.M.

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CHAIR COHEN: All right. This is the ceremonial gavel gavelling down. Bam. 2:02. So good afternoon. I'd like to call the meeting to order ar 2:02 on Wednesday --

AT&T OPERATOR: Pardon me?

CHAIR COHEN: It's 2:02 on Wednesday, December 18th. We are now in session.

AT&T OPERATOR: And should I transfer with the audio lines?

CHAIR COHEN: Thank you. Thank you very much. Are you, Brad?

AT&T OPERATOR: This is Brad, with AT&T, yeah. You're ready to join anyone who's called in on phones, correct?

CHAIR COHEN: Correct.

AT&T OPERATOR: Okay. Okay. Give me just a few seconds here. Let me get with them.

CHAIR COHEN: Thank you.

AT&T OPERATOR: You're welcome.

(Indiscernible conversation.)

MR. OPPENHEIM: That's Brad with AT&T.

He's pulling in any public.

CHAIR COHEN: Oh, thank you.

MR. OPPENHEIM: Okay. You can --

(Simultaneous speaking.)

CHAIR COHEN: All right. Thank you very much.

All right. This meeting is being called to order. We are gathered here at the California State Controller's Office for the Citizens Financial Accountability Oversight Committee. Please note that this meeting is being recorded.

If you are able and willing, please rise and place your right hand over your heart and join me in saying the pledge of allegiance.

(Pledge of allegiance.)

CHAIR COHEN: Thank you very much.

This meeting is now officially called to order. Ms. Blaylock --

Where is Ms. Blaylock? Oh, there she is. Thank you very much, please call the roll.

MS. BLAYLOCK: I will now call the roll for CFAOC members. When your name is announced, please indicate your presence for the record.

I have Chair State Controller Malia M. Cohen.

CHAIR COHEN: Here.

MS. BLAYLOCK: I have Dr. John Maa.
DR. MAA: Here.
MS. BLAYLOCK: Alfred Rowlett.
MR. ROWLETT: Here.
MS. BLAYLOCK: Dr. Gurbinder Sadana.
DR. SADANA: Present.
MS. BLAYLOCK: Thank you.
Controller Cohen. I will turn the meeting back over to you.
CHAIR COHEN: All right. Thank you very much, Ms. Blaylock.
First of all, thank you everyone for traveling to get here. It's very good to see you as we wrap up 2024. We are in person. We have a quorum, and I again want to just express my thankfulness that we are all here gathered.
So as I said in the opening remarks, my name is Malia Cohen. I am the State Controller. It's a pleasure to convene today's meeting as the chair of the Citizens Financial Accountability Oversight Committee.
For me, the role of the State Controller is centered on ensure that every taxpayer dollar is spent wisely, efficiently, and in a way that uplifts our communities. The controller's office is the

financial steward of the fourth largest economy in the world. We oversee the books, the budgets, and the audits, all of it, the whole kit and caboodle.

As such, we conduct this annual Citizens Financial Accountability Oversight Committee meeting, and this work is very important. It's incredibly serious to ensure that all public dollars are spent appropriately.

Just for historical purposes, for those that are new to this body, it's important to acknowledge that the CFAOC was created by passage of Prop 71, the Stem Cell Research and Cures Initiative in 2004 and continued with the passage of Prop 14 in 2020.

This annual meeting fulfills the duties assigned to my office as the CFAOC is charged with discussing the annual expenditures of the available bonds funding from Prop 14 and the results of annual financial audit of the California Institute of -- Institute For Regenerative Medicine also known as CIRM.

So before we discuss the audit reviews and CIRM activities, I want to take a moment to introduce the CFAOC committee members.

So, please, if you don't mind for the

members of the public that are tuning in and may not be familiar with you, please just briefly describe yourself.

And I'm going to start with on my left. We have got Dr. John Maa, just a quick brief introduction, sir.

DR. MAA: Thank you, Controller Cohen. I'm a general surgeon in San Francisco, practice in (unintelligible) Health Medical Center, was the 2018 president of San Francisco Medical Society, and then the leadership of California Medical Association (unintelligible) the governor.

CHAIR COHEN: Well, if that isn't an overachiever. (Unintelligible), Dr. Maa.

Next, we are going to hear from Alfred Rowlett.

MR. ROWLETT: Thank you, Controller Cohen, and everyone here. Welcome. I'm Al Rowlett. Sometimes my parents call me Alfred and (unintelligible) responsive to that.

I'm the chief executive officer for a behavioral health organization serving individuals in underserved (unintelligible) throughout Central and Northern California who are experiencing a myriad of health -- behavioral health-related

issues. Additionally, I am -- as a chief executive officer, I have the unique privilege of being a patient advocate in a variety of different settings and looking forward to our discussion.

CHAIR COHEN: Thank you. We are happy to have you, Mr. Al.

Okay. All right. Next, we are going to hear from Dr. Gurbinder Sadana.

DR. SADANA: Thank you, Madam Controller. I've been on this committee probably since inception of it, and I am a physician in Southern California. I have been involved earlier also in the prescription change in the state (unintelligible) prescriptions that are -- and was party of the policy making on that.

I'm also an educator in programs which I run for (unintelligible) medicine and have multiple appointments (unintelligible) in Southern California.

CHAIR COHEN: Okay. So we have another -- a room full of overachievers. Okay. Well, thank you. Thank you for making the trip. It's really good to see you.

Well, everyone, I just want to acknowledge a statement of gratitude for your service. Thank

you very much for serving and your important contributions to these oversight efforts.

Now, while we are -- while we will hear from CIRM leadership later, I want to also acknowledge the following agency representatives. Okay. Jonathan Thomas who's the president and CEO. There he is.

How are you, Mr. President?

Jennifer Lewis, Vice President of Operations. Thank you.

Raphael Aguirre-Sacasa, general counsel.

Vito Imbasciani, chair. Thank you.

Maria Bonneville, it's good you see, the ICOC Vice Chair.

And Scott Tocher.

MR. OPPENHEIM: He wasn't able to come.

CHAIR COHEN: Okay. Our best.

How about Michelle Lewis? Is she able to be here?

Good. Nice to see you, Michelle.

Michelle is director of finance.

All right. So before we move into the details of the meeting, I want to reiterate how honored I am to serve as a chair of the committee and to provide oversight as I strive to empower

Californians with the knowledge to foster a culture of openness and trust. This type of stewardship is personal.

It's important to me. It's important as Prop 14 continues to hold Californians' trust and help them to support strategies for solving rare and complicated diseases.

So today it is about the numbers. I'm excited. And I also -- also equally important about ensuring funds are distributed in a way that serves all communities.

So we are going to move now to item 4.

First let me check with my colleagues. Are there any opening remarks from anyone? I don't have to be the only one speaking.

Okay. All right. You guys are polite laughter. Okay.

So we are going to -- could you call item 4.

MS. BLAYLOCK: I will now call roll call on the motion to approve the minutes from May 29, 2024, meeting.

When your name is announced, please indicate your vote for the record.

Chair Cohen.

CHAIR COHEN: Hold on. Before we get on to the -- before we get to the vote, I want to summarize item 4 for everyone.

So item 4 is the adoption of the minutes for the May 29, 2024, meeting.

Has everyone had a chance to review? Are there any questions or discrepancies or anything that we need to correct?

All right. Seeing none. Okay.

Let's go ahead and we'll pivot to AT&T operator and see if there's any public comment on this item.

AT&T OPERATOR: Thank you. And if so please press 1 and the 0 at this time. Again, it's 1-0 to adopt.

And currently no comments in queue.

CHAIR COHEN: Okay. Well, thank you very much.

So may I have a motion to accept the minutes.

MR. ROWLETT: So moved.

MS. COHEN: Thank you, Mr. Rowlett.

Is there a second?

DR. SADANA: Second.

CHAIR COHEN: All right. Thank you, Dr. Sadana.

All right. The motion has been made.

Motion has been seconded.

Please call the roll.

MS. BLAYLOCK: Chair Cohen.

CHAIR COHEN: Aye.

MS. BLAYLOCK: Dr. Maa.

DR. MAA: Aye.

MS. BLAYLOCK: Mr. Rowlett.

MR. ROWLETT: Aye.

MS. BLAYLOCK: Dr. Sadana.

DR. SADANA: Aye.

MS. BLAYLOCK: All right. Thank you. That motion passed unanimously.

Item number 5 is a presentation of the 2022/'23 independent financial audit by Macias Gini & O'Connell.

Next order of business is just to review the independent financial audit. We have got Craig Harner joining us here today to present the financial audit report and also the findings from the report.

Mr. Harner, thank you for being here. And the floor is yours.

MR. HARNER: All right. Thank you very much, Madam Controller. And thank you, everyone, for the opportunity to adopt the results of our audit.

CHAIR COHEN: One thing, if you wouldn't mind jumping over in front of the screen just so if there's anyone recording online (unintelligible).

MR. HARNER: All right.

CHAIR COHEN: The laptop is just filming.

MR. HARNER: It's just filming. Okay. All right. Well, thank you again, everyone. I'm Craig Harner. I'm assurance partner with Macias Gini & O'Connell or MGO. I've been working with CIRM since 2015 when I started as an audit manager on the engagement, and I moved my way up to now serving as the engagement partner responsible for the overall delivery of our services.

So today we are going to go over the results of our audit that we performed for CIRM, financial statements for the year end of June 30, 2023, and then the first thing I'll go over is really the financial statement themselves. So in tab 5, if you want to follow along, on page 9, is where the financial statements really begin.

So the scope of our work is the audit pages 9, 10, which is financial statements. And you'll see they have -- it's broken out. It's listed by different funds. We have the three -- for the first stem cell fund from Prop 71, the second one from

Prop 14, and then the licensing (unintelligible) also came about from Prop 14.

And so this first statement is your balance. You would have your assets, all your cash, investments, receivables and any, you know, accounts payable, anything that you owe at the end of the year, and also the remaining fund balances, while the next statement provides the information on the revenues and expenditures during the year. So all the bond proceeds that came in backed by each of the different funding sources and the expenditures that went out either in the form of grants, payments or paid off (unintelligible) expenses.

Our auditor's report also covers budgetary statements that are included here that show budgeted numbers versus their actual amounts on pages 11, 12, and 13 for each of the main CIRM funds as well as the notes of the financial statements.

What our audit opinion does not cover is what's called the MD&A, or management discussion and analysis, and those are on pages 4 through 8. What this is is management's opportunity to provide kind of a recap or summary of what happened during the year. So it's a comparison of current year, prior year balances with high level explanations of the

changes that are submitted in the (unintelligible) year. We don't audit the MD&A. It's provided by management. We do, however, go through, review all the numbers and make sure that they do agree back to the financial statements. So they are based on the audited numbers.

And we also look at the explanations and make sure that they seem reasonable. So if something increased, we make sure it says it increased and list a reason why and make sure that's reasonable as well.

And now if we go back to page -- I'll start off on page 1 again. I'm jumping around here, but page 1 is our independent auditor's report that lists out management responsibilities and auditor's responsibilities. And I'll kind of just go over those real quick.

Just reminder here, everybody, but these are management's financial statements. Our -- our report is only the first 3 pages in here, all the numbers are the responsibility of management. Management is responsible for the fair presentation of the financial statements in accordance with U.S. GAAP, and they're also responsible for the -- making sure that the financial statements are free of

material misstatements whether due to error or fraud.

Management is also responsible for the note controls related to the design implementation and maintenance of the internal COBRA financial reporting as it relates to the financial statements.

And then also for analyzing for a period not to exceed 12 months, if there's any going concern issues, so as of the balance sheet data if there are any concerns that would, you know, stop CIRM from being able to function. And there were none of those this year.

As the independent auditor, our responsibility is to plan and perform an audit to obtain a high level of assurance, what we call reasonable assurance, but it's not a hundred percent. It's not absolute assurance over the financial statements based on our audits. We perform what we call a risk-based audit approach where we go through, we assess in the financial statements where a higher likelihood of risk material misstatement is likely to occur and then design procedures that are appropriate and the circumstances to address the risks.

We also evaluate all of the audit evidence

that we collect and make conclusions on the balances of the numbers that we see in the financial statements.

So with our audit. We have -- we issue three audit reports, two of them are contained in the packet today during the first three pages which (unintelligible) auditor's report. And then the last two pages are -- pages 32 and 33 in the packet are independent auditor's report on internal control office compliance. This is an additional report we have to issue when we do an audit in accordance with co-government auditor standards. I'll go over that in a little bit.

The third report, I just want to touch on it really quickly. We don't present it to the CFAOC. We do present it to Independent Citizens Oversight Committee as those charge governance. That contains what we call our required communication. So it's a summary of all the audit findings, how the audit went. Did we have any disagreement with management, any significant issues like that, and we presented that to them last week.

So I'll go through the audit results. We are happy to say that we were able to obtain enough audit evidence to render an unmodified opinion,

which is a clean opinion or highest level of assurance that we can give an entity as it relates to financial reporting. We issued our report on March 18th of this year, 2024, and we also issue what we call end relation to opinion on the supplementary information, that's the Dolby [phonetic] grant schedule.

What that means is that we don't provide full assurance on it. It's limited assurance that we can -- we can reconcile those numbers to the financial statements so -- or to the underlying accounting reference.

The second report that I mentioned we issue is on pages 32 and 33 of our report here. It's -- or (unintelligible) pages.

Sorry, page 28, yeah. When we perform our audit in accordance with the government auditing standards, we have to do some additional procedures in considerations as it relates to internal controls over financial reporting and then in compliance of laws and regulations. We spend a lot of time on this audit with compliance of laws and regulations since as the grant expenditures are from each of the Propositions 71 and 14.

It lays out what those monies can be used

on. So we spent a lot of time looking over that, doing a lot of testing there. And we are happy to say we didn't have any noncompliance with those laws and regulations as part of our audit.

We also didn't have any deficiencies in the internal controls that would rise to levels of what we call a material weakness or significant inefficiency that would be required to be reported. So another year, another very clean audit.

With that, I will take any questions.

CHAIR COHEN: Thank you.

Any questions?

None. Okay. Well, Dr. Maa (unintelligible).

Dr. Sadana, you? I mean -- okay. I'm going to go first and you (unintelligible) at least one question. Okay?

So thank you very much for your presentation. I definitely appreciate it. To begin, I actually have three questions, but I want to note -- begin with note 7 in your audit report because what it does is it clearly discloses related parties.

MR. HARNER: Yes.

CHAIR COHEN: And there appears to be no issue

there, right?

But can you explain the nature of related party transactions to maybe someone that, you know, as if --

MR. HARNER: Sure.

CHAIR COHEN: -- explain it as if someone is mute to --

(Simultaneous speaking.)

MR. HARNER: So related party transaction is -- it's transactions that are -- what's the word? It's -- they're not within arm's length. It's kind of like dealing with someone that if you're going to give someone a loan for less than, you know, market interest rates or you sell them some property for a very low, you know, amount that doesn't represent the fair value.

CHAIR COHEN: Like a sweetheart deal?

MR. HARNER: Sweetheart deal, exactly. So it's stuff like that. So it's looking for potential maybe receivables or payables from related parties that haven't been adequately disclosed and vetted in the financial statements or some additional -- as you see here, we have the -- the related parties are the other State of California agencies. Most of these transactions are on what we call an

arm's-length transactions. There's reasons for them. There's rationale with related parties. Sometimes that -- well, they cannot have that.

CHAIR COHEN: So that would be the equivalent of my father giving me a short-term loan?

MR. HARNER: Exactly.

CHAIR COHEN: Okay.

MR. HARNER: Written on a napkin or something like that.

CHAIR COHEN: How come there are other related party transactions?

MR. HARNER: In the government arena, not as common -- well, they're common, I'll say, in this instance if you look at who the related parties are. A lot of state agencies and departments are dealing with each other. Most of them use departmental technology for IT services or use department general services. That we see here is the largest one for contracting procurements. I know CIRM uses it for outsourcing accounting of services.

So there -- in the government arena, there -- they're not as prevalent as maybe like a private enterprise or as in a trade companies as far as the risk goes, because a lot of times if they are, it's just with your other department within the

same entity, if you will, or same --

CHAIR COHEN: I have another question.

MR. HARNER: Yes.

CHAIR COHEN: So we know that auditors are required to communicate with those that -- communicate with those charges with governing.

MR. HARNER: Yes.

CHAIR COHEN: So in this particular case, we are talking about the ICOC.

As you're doing right now, can you expand on what the communication relationship has been like throughout your audit?

MR. HARNER: Sure.

CHAIR COHEN: For example, if it's been friendly, has it been hostile, cooperative, apprehensive. Misleading?

MR. HARNER: It's been -- they've been, yeah, very friendly, open communications with us. We meet with the chair every year during part of our audit when we do our planning. We have interviews with them about fraud, other business risks and stuff that, you know, we use as part of our information gathering to help our audits along.

And then over the years, too, we haven't really had any significant issues in dealing with

them or hostilities, if you will.

CHAIR COHEN: You have a question.

Go ahead.

MR. OPPENHEIM: Thank you, Madam Cohen. What I have discerned and what I appreciate as perspective is that CIRM's budgeted expenditures were in excess of $350 million if I'm looking at.

MR. HARNER: Yeah.

MR. OPPENHEIM: And their expenditures were significantly less than that.

In a -- in a typical profit/loss sort of environment, that's great. But CIRM has a specific charge with those dollars.

And I was wondering if that raised any concern or questions for you from your perspective?

MR. HARNER: As far as our perspective, it does to the extent that we -- because we want to look and see, "Hey, what's going on?" But we understand too the model the CIRM uses for their grant expenditures where they're going by -- I can't think of the word. So if someone wants to jump in, but they go in by a -- not a task base but a --

MR. OPPENHEIM: Milestone basis.

MR. HARNER: Milestone basis. Thank you.

They go on a milestone basis. So sometimes

if the milestones aren't coming in as quickly as are anticipated, then the payments can't go out. So sometimes they might be a little slower.

MR. OPPENHEIM: So what I appreciate is that that delta might be attributed to the grantees not achieving milestones in their multiple payments associated?

MR. HARNER: Yeah, that could be one of them.

CHAIR COHEN: Is that it?

Okay. Perfect. Excellent.

MR. OPPENHEIM: Follow-up. (Unintelligible) curious about the variants on pages 11, 12, and 13, the original and (unintelligible). If you were, as far as like differences and, I guess, the interest is on page 13, licensee (unintelligible) royalties.

MR. HARNER: Yeah. So that's one we actually are -- yeah. So that one our (unintelligible) hadn't spent any money on -- from that fund. So if you look at the -- if we go back to page 9, you can see in the -- or sorry, page 10. There's no expenditures in that licensing or royalties fund, and that is something we understand is starting to ramp up and that we are actually working on our audit of 2024 right now. We are trying to -- we

have a very similar question.

But when is there going to be some activity coming out of this fund? But our understanding is kind of with the change in the strategic planning going forward there was some realizations that needed to put a little more structure around this and get something in place for the CIRM to start spending money out of it, so...

UNIDENTIFIED SPEAKER: Can I add?

CHAIR COHEN: Absolutely.

UNIDENTIFIED SPEAKER: So the licensing and revenue fund, we went through a -- the BC budget change proposal process with the legislature to have that appropriated to patient assistance. So that's going to support our clinical trial programs in California residents that participate and travel in hotel and lodging and food associated participating in clinical trial.

The other piece of this is we issued a grant to operate the program separate from this fund. That grant did not get approved by our board until '23/'24. And so that's why you haven't seen any expenditures yet because the program is just getting up and running. We are in the pilot mode.

So during this fiscal year, we'll start to

see some of those expenditures.

CHAIR COHEN: Okay. All right. Any other questions? If not, we are going to move on. We're going to move to public comment.

All right. Mr. AT&T Operator, could you check to see if there's any public comment.

AT&T OPERATOR: Certainly. If there are any public comments, please press 1-0 at this time. Again, it is 1-0 for the phone lines.

And getting in a minute here, no comments in queue at this time.

CHAIR COHEN: Okay. All right. Thank you very much.

All right. This -- this is -- this is not an action item so we are going to go to part B, which is the state controller's audit review board.

Thank you, Mr. Harner.

And so coming up is Kimberly Tarvin, who is in my -- who is in my office. She is the audit division chief.

Ms. Tarvin, thank you, again, for being here.

On behalf of state controller's office Ms. Tarvin is going to provide a presentation on the quality control review of the presentation that you

just heard.

So this is -- this is always an interesting structure, but please share with us your findings.

MS. TARVIN: Absolutely, thank you, Madam Controller. It's a pleasure to be here to share these results with everybody here.

And so as stated, I'm Kim Tarvin I'm the chief of the division of audit here at the State Controller's office, and I will be sharing the results on this report that's up on the screen. It was issued October 14, 2024, and it's a quality control review.

And what we do is after the financial audit is complete, we conduct a quality control review of the work of MGO and review all of their working papers to support their conclusion in the report that's issued.

So the first question is why -- why do we do that, that relates to your question. The first reason is that Health and Safety Code, for the record, it's 125290.30(b). It's an (unintelligible). That is what code requires them to commission a financial statement audit by an independent CPA. And that then code requires a report to be submitted to the controller, and then

that same code requires us to do this quality control review.

And so we do the review, of course, in accordance with that. But the real reason and the important reason behind why that matters and why it's good for all of you and the public is because it provides an additional level of assurance. So MGO provides a level of assurance by being an independent CPA. And then we look at their work, to ensure that they're meeting all their required professional auditing standards and that Business and Professions Code -- the California Business and Professions Code which provides some more assurance that you can rely on the work that is in fashion.

So that's really important so that, you know, those are using the report for decisionmaking or information or understanding -- what's happening within the (unintelligible) can rely on that work. So that's why it's really important.

So the first thing I'm going to share is the results because I'm sure that's what everyone is most interested in, right?

And so we did conclude that MGO did conduct the work for CIRM audit for year-end audit period June 30, 2023, in the accordance with the required

professions auditing standards and also the California Business and Professions Code.

And so what are those auditing standards? Mr. Harner did reference a couple of those codes, but I'm going to expand just a little bit.

So the first set of standards is the generally accepted auditing standards in the United States. So those standards are issued by the American Institute of Certified Public Accountants. So that's one set of standards which has a lot of work and a lot of requirement all within those.

And then as Mr. Harner mentioned -- Harner mentioned that on top of that is government audit standards which adds more requirements for the audit team to follow and make sure that they document things within all those standards in accordance with all the steps and procedures that are required.

And then there's a few other requirements in the business and professions code that relates to CPAs.

So we -- what we do when we do our work is that we look at everything, everything that they conduct. There is a set of working papers which documents everything from the beginning planning stages, risk assessment, internal controls, review

and auditing of various accounts and records, all the way to the end their evaluation of their evidence to get to their conclusions, and ultimately their reports.

So we go through all of those things, and we prepare what are all the auditing standard requirements, and do they, in fact, meet those auditing standard requirements.

So it is a pretty big undertaking and again they -- they met all of them.

CHAIR COHEN: Now, it might be a little awkward to criticize his work when he's right here. That was like the most polite exchange I've ever seen. But you're saying that it's passed the standard? It looks good? Report is sound?

MS. TARVIN: Yeah. Our review report confirms that they met all the requirements and both of those standards and the --

CHAIR COHEN: Next time, I'll have him leave the room so you can really feel -- feel comfortable to speak freely.

I have a couple questions and then I'll turn to my colleagues.

First, what is an ideal window for your team to -- of auditors to perform its annual review

of the independent auditor's work so that a report can be provided and presented to the ICOC in a timely manner?

MS. TARVIN: Yeah. So this year we generate our report in October. In the last several years, it's been in the fall, in that time period. Our work is predicated on CIRM closing their books and finalizing their financial statements because the independent audit can't begin until that, and the independent audit happens.

Once that report is issued, there's a 60-day window for the CPA to put all their -- finalize all their documentation and close out those records. So once that happens, that's when we can begin our review. So if we were to all move our timelines up a little bit --

CHAIR COHEN: So like September is still fall but --

MS. TARVIN: Yeah. So, you know, potentially books close by the end of September, audit done and completed, that window closed by March. Say then that would be an opportunity to issue it late April early May.

CHAIR COHEN: Okay.

MS. TARVIN: Or, you know, if there's just --

and then in addition to that, right, we also have additional engagements that are going on at the same times.

CHAIR COHEN: Yeah.

MS. TARVIN: But all that would do is we can coordinate and schedule that in so that it can occur on that timeline.

CHAIR COHEN: Okay. If there was a desire for the report to be issued --

Okay. Mr. Harner is nodding his head.

MR. HARNER: Yeah, for '24 we kind of issued this week actually (unintelligible) reach out make our (unintelligible) in February and (unintelligible).

CHAIR COHEN: All right. That's a little bit of progress made here.

MS. TARVIN: That's great.

CHAIR COHEN: I do have a second -- yes.

MR. HARNER: The transcriber has asked that if someone makes a comment that's not sitting at the screen, that they announce their name for the transcription record if that's okay.

CHAIR COHEN: Yes. Moving forward we will.

And that was the voice of Craig Harner. All right. Thank you. No problem. Thank you.

My second question to you is, are there any areas that can be enhanced to improve the quality of the review?

MS. TARVIN: So that's a really great question. And as I mentioned, the review is very in detail and covers everything from the beginning to the end of the audit. And not just because Mr. Harner is in here, but it truly is a comprehensive review. It's comparable to every 3 years, every audit investigative firm is required to have what's called a peer review, and it's very similar to that process, and that's required by the board of accountancy.

And so it's very similar, except that a peer review is of the entire firm and a sample of engagements where our work is engaged in specific. So -- but we are working towards, one, getting the report out quicker so it's available and that information is available.

And secondly, we are working on enhancing the presentation and format of the report itself. So that it's a little bit more modernized, so we are working on those couple of areas. But the work itself, like I said, is very, very comprehensive.

CHAIR COHEN: Sound like it. Thank you very

much for your expertise.

I'm going to open it up to see if my colleagues have any questions.

If not, we will go to you, Mr. Brad. Let's see if there's anyone on AT&T.

AT&T OPERATOR: Certainly.

Please press 1-0 at this time if you have any questions or comments. Again, it's 1-0.

And no questions or comments in queue at this time.

CHAIR COHEN: All right. Thank you very much.

Okay. This is just an informational item, is that correct? These reports, that's how I'm reading it.

Okay. No action is taken -- oh, yeah. No action is taken on this.

So we are going to move onto item 6, which is an action item.

Is there a motion to adopt the 2022/'23 independent financial audit? I'll need a motion and a second.

MR. ROWLETT: So moved.

CHAIR COHEN: All right. Motion made by Al.

And a second by?

DR. SADANA: Second.

CHAIR COHEN: All right. By Dr. Sadana.

Would you please call the roll?

MS. BLAYLOCK: Yes. I will now call the roll for the motions to approve the adoption of the 2022/'23 independent financial audit by -- is it Macias -- Macias Gini & O'Connell.

When your name is announced, please indicate your vote for the record.

Chair Cohen.

CHAIR COHEN: Aye.

MS. BLAYLOCK: Dr. Maa.

DR. MAA: Aye.

MS. BLAYLOCK: Alfred Rowlett.

MR. ROWLETT: Aye.

MS. BLAYLOCK: Dr. Sadana.

DR. SADANA: Aye.

CHAIR COHEN: Thank you. This motion passes unanimously.

We are moving on. At this rate we are going to have to fill the time in on the other end to complete this agenda.

I'm going to call item number 7. It's an update on the California Institute for Regenerative Medicine strategic plan and program. Next we'll hear from CIRM's team to share an update on the

agency's work, which is an important -- which is an important background for CFAOC's oversight function.

Now, just a little bit of background, we have completed the necessary oversight functions where -- the necessary oversight functions were completed for this calendar year, but we wanted to invite CIRM to come, their leadership to come and report back to the committee on the progress of the strategic plan, any programatic changes you may have. I'm curious to hear about clinical trials, grants, awards, you know, things of that nature.

And I also would love to hear your efforts around the DEI effort that you guys are undertaking. So good morning -- or good afternoon. You may have the floor.

DR. THOMAS: Madam and chair members of the committee, members of the public, I am Jonathan Thomas. Keeping with Al's comment earlier, the only person that ever calls me Jonathan was my mother. I go by JT.

CHAIR COHEN: Okay.

DR. THOMAS: And I've had the privilege of being CIRM's board chair for 12 years, and this year made the switch over to be the president/CEO. So that is, I've had a wonderful experience with this, most

interesting job, most incredible team that anybody could ask to work for.

And along those lines, I want to start by giving a shoutout to Jen for the qualified audit that's a big deal. And she works tirelessly, not only on our financial issues, but oversees our IT and just general operations as well. We have something called grant's management, which is the entity that once grants are awarded, oversees all of that, which is we are talking about milestones and all that sort of thing. That's part and parcel of the very complex system that has been set up to handle all the 1400 plus grants that we have made since inception, and that's under Jen's purview as well. So shout out to Jen.

But welcome -- Michelle joined us just a couple weeks as our new director of finance, having had a great deal of experience in many different agencies at the state level, brings tremendous expertise to that position. And Raphael, whom you will hear from after me is our general counsel, will be presenting today on the performance audit, and has done a great job on that as well as all the other legal issues of the day that come not infrequently to any state agency.

So these are the people you will hear from. And as you did, Madam Cohen, interview Vito and Maria who run the board expertly, and which is not an easy task for a 35-member board, and we are very fortunate to have them at the helm. And together the board and the team are a great team at large and I think doing a great job of capably stewarding the taxpayer dollars in this most interesting area.

So with that as a pivot opening statement, I want to present to you on these particular topics that you -- you referenced in your introduction, Madam Chair.

And so let's see. Am I controlling this or -- yes, I am. Okay.

So we start -- any presentation we have a mission that sort of guides what we do day-to-day, accelerating worldclass science to deliver transformative regenerative medicine treatments in an equitable manner to a diverse California and world.

UNIDENTIFIED SPEAKER: (Unintelligible).

THE WITNESS: Oh, we do.

Next slide, please.

So CIRM as duly noted is the product of two propositions, 71 and 14, one which both established

the agency and authorized the initial tranche of $3 billion in state general obligation fund dollars to go to grants and loans played out over time, almost exclusively then grants, with some limited exception to originally academic institutions, research institutions and biotech companies in California. And originally the stem cell space, which in 2004 was in fledgling form, first embryonic stem cells having been isolated in 1998. So it was very early days of Prop 71 was passed.

Since that time, we had the Prop 14 in 2020. We, believe it or not, ran through our $3 billion initial amount. An independent entity called Americans for Cures, which was behind Prop 71 ran a campaign to get Prop 14 on the ballot. And in 2020 it passed, as well authorized additional $5.5 billion. And so together CIRM is an $8.5 agency.

6 percent of that is set aside for administrative costs. Balance goes to all the various CIRM funded programs, which we will touch on here momentarily.

On this slide as you can see since inception, we put out $3.8 billion as of June 30th. Added a bit to that since then. But we have -- we have funded -- we have a number of different

pillars, three of which are basic, translational and clinical trial. Those three are sort of the continuum of research that we fund.

We add to that what we call infrastructure pillar. And lastly, very important education program, which I'll speak about in some detail in a minute.

Prop 14 notably added gene therapy to stem cell science because the gene therapy field had advanced far enough along, but it is now becoming more mainstream. So we now fund stem cell and gene therapy-related products and programs.

Next slide, please.

Briefly on our impact, you can see we cover the gamut on diseases from the ultra rare to the prevalent. 85 plus at last count. The clinical trial part of our program is affected largely through what we call alpha clinics network across the state, which is at a number of our academic institutions. Nine of our academic institutions that conduct soup to nuts clinical trials for both CIRM-funded programs as well as qualifying programs that are not CIRM funded. So that's a very important component of what we do.

On our education front, we have had over

4,300 students from high school on up to postdocs that have gone through, which we are extremely proud of. A most unique program. More on that later.

We have had over 50 businesses spin out of academia from programs that we have held in part and able and have generated as of -- an economic impact statement, which we will need to be updating sometime relatively soon, over 56,000s FTDs across the state of California in the most important subset of biotech. That is stem cell and gene therapy.

Next slide, please.

So we have 5-year strategic plans, and this was the basic tenets of our most recent, which is, in 2022, and as you can see in there, it has three separate pillars to advance world class science to deliver real world solutions and to provide opportunity for all.

And as you can see, there are subsets below each of these that when you take in the aggregate all of our programs impact on one -- at least one of these three -- these three particular tenets. So it's a very comprehensive program that has many different aspects to it. All towards driving for these three goals that I've -- I have something else to say about that towards the tail end of this,

which is sort of a major deal that's happening this year that impacts the strategic plan.

Next, please.

Okay. Madam Chair, subject to DEI, basically DEI permeates everything we do. Very, very committed to it at various levels, whether it's the details of a clinical trial program or it's internal DEI policies or it's the representative from underserved communities in our education programs or whatever. It is something that we take extremely seriously. And the -- and I think that we like to sort of think of ourselves as the model for how to go about integrating DEI to every aspect of what we do.

You can see here on this page the whole idea of patient outreach, which is making sure that the therapies and cures that we will ultimately enable our scientists, at least in part help enable, will be available to all citizens of California, with a heavy emphasis on serving the underserved communities.

Vice Chair Bonneville leads what was created by Prop 14, which we call accessibility and affordability working group, which is all about this topic and is of such importance in the terms of the

proposition that it has its own separate budget, it's own separate FTE cap. And so that is an area of accessibility.

And affordability is key when you're in a development of new medical treatments that are pricey, let's face it. And how do you make that accessible in working with payors as well as patients and the medical teams themselves and the companies themselves, et cetera. It's a big, big deal.

Again, on education, which is all about creating the workforce of tomorrow, we are very devoted to make sure we have full representation across all demographics.

This third thing, which is something you might not be familiar with, the term it's IPSC repository. We deal in acronyms, as Dr. Maa and Dr. Sadana will speak to, Al having had many experience in this. IPSC stands for induced pluripotent stem cells, which are a new form of stem cell that's created in the late 2010s by Dr. Shinya Yamanaka from Japan who came up with a very unusual question.

He said, "Gee, I wonder if you can take an adult stem" -- "adult cell" -- not stem cell --

"adult cell from your blood or your skin or whatever and subject it to some sort of cocktail of proteins and reverse engineer it back to embryonic stage."

Now, how we even think to ask that question is one thing. The fact even more amazing is he figured out how to do it, and he came up with a four-protein cocktail that when it was embryonic it's said to are pluripotent, which means it can become anything in the body. And he -- he made it happen.

And so this -- they call these newly created stem cells induced pluripotent stem cells, and for that, within 5 years was awarded the Nobel Prize, which is amazing because normally you wait 40 years for that, if not posthumously to get these, and it was of such note and importance that he got it in a short period of time.

Just as an aside, you may say, "Well, this is really interesting. And what's the big deal of these things?" The big deal is that they are extremely valuable for certain types of diseases that you can't -- you can't just take drugs and test against. Most notably is the neurological sector.

So, for example, you come up with Alzheimer's drugs. You can't just start feeding

patients in trials drugs because the FDA won't allow that. So what you do instead is, you take these -- somebody who has, let's say Parkinson's Disease, and you take a stem cell, and you reverse engineer it. And then you reprogram it with yet other proteins to become neurons in a dish. And those neurons are the patient's neurons.

And so you now have Parkinson's Disease in a dish. And at that point, you can do what they call high frequent drug screening against these neurons to see if whatever it is you're testing has a material impact on slowing down the development of the -- of the disease in the dish. And if you can do that and get that data, then you qualify to file with the FDA for clinical trials, and you can test the drug there having tested against those neurons. That's one example of sort of the very cool nature of this field.

And so when we -- we have a repository of 2800 --

Is that right?

-- 2800 cell lines which are pointedly involving the neurons or the cells that we create neurons out of of every part of the population demographic. So you want to make sure you've got

diverse representation in there as well.

Rather longwinded discussion of this bullet point, but I thought --

CHAIR COHEN: No. Definitely very interesting.

DR. THOMAS: You're going to hear about this from Maria later on, but that's okay. She did say we needed to expand it. And then we have the community outreach efforts, which I described, Maria's very capable efforts are leading.

Next slide, please.

CHAIR COHEN: Dr. Thomas, we have a question down at this end.

DR. THOMAS: Certainly.

MR. OPPENHEIM: Dave Oppenheim. The (unintelligible) financial advisor. I've (unintelligible) about 50 boards or so, and a lot of them with grant funding or investment opportunities. So DEI is something that is core to some of our philosophy here at SCO.

So I just want to take you back to your impact page real quick, about three slides back, talking about the various statistics.

Yeah, thank you.

DR. THOMAS: Yeah.

MR. OPPENHEIM: So as DEI is a core value.

Are you measuring in some of these quantifiable impacts that you have on the screen some results of DEI where diverse populations, diverse businesses, diverse jobs that are accounted in that 56,000?

How are we really following through to ensure that principle is showing up in some of our impact, and is that something that can be measured?

DR. THOMAS: Sure. So I think the answer to that is it's measured in different ways. So for example, our -- a researcher applies for a clinical trial. There is -- in the application, they have to break down how they are going to have representation in the patient group, for example, of whatever it is that they're proposing to be working on.

And that -- that actually is such an important component of it that we have with our clinical trials, we have monthly peer review sessions of those grants that came in that month, and we have a patient advocate member of the board as part of the peer reviewers. And that patient advocate actually evaluates the DEI component of the clinical trial application and scores it, not just comments on the scores.

And so we -- we have a very good handle on

these trials going into it, what their -- their goals are going to be. And we do our best absolutely to monitor that.

Just to give you an example of how important DEI is in this regard, we, from these peer reviewers, evaluate the science. They're fund -- they'll typically recommend either what we call a tier 1 recommendation, which is we recommend you fund for the say dozens (unintelligible) or a tier 2 or tier 3. The tier 1 is the only one that says we recommend funding.

So a few years ago we had a tier 1 recommendation come in on a project, and it had a DEI score, on a scale of 1 to 10, of 5. And I said -- Al will remember this. I said at the time, I said, "It's great we have the science evaluated as first class, but this DEI score is not acceptable," and we sent it back. We did not fund that.

We had them reapply and then go over their -- the part of the application which talked about a much better integration of DEI concepts into what they're doing. And they came back, and sure enough, they had like an 8 and an even better scientific analysis.

And so that was, I think, a fell weather

moment showing the seriousness of which we take DEI at CIRM. So that's with that.

With the education programs and workforce creation, we have statistics, some of which you'll see here later in the presentation, which readily acknowledge the understanding of the applicants for these education programs, how important DEI is and how important it is to have diversity amongst the students.

So if you sort of go through different elements of what we do, we absolutely have metrics that we follow and make sure that we are adhering to those. It's very, very important for sure.

MR. OPPENHEIM: I appreciate that answer and the rigor that you clearly have into the commitment. And that was sort of what I was looking for in terms of making this value a real business proposition and quantifiable in the work that you do. I appreciate the detail of that response.

DR. THOMAS: Yes, thank you for asking.

CHAIR COHEN: May I ask some questions about DEI?

DR. THOMAS: Sure.

CHAIR COHEN: You know, it's a hot topic, and politically you've seen a lot of corporations

backing off of their DEI initiatives, allocations to their budget, slashing programs, succumbing to consumer pressure. You've seen the fearless -- I mean, there's been lawsuits. I mean, you name it.

Have you felt -- or has CIRM felt any of that pressure?

DR. THOMAS: Well, I turn to dean --

CHAIR COHEN: They're shaking their -- for the record they're shaking their heads no.

DR. THOMAS: We haven't seen any of that, and we are full speed ahead.

CHAIR COHEN: Full commitment?

DR. THOMAS: Yes.

CHAIR COHEN: Okay. Mr. Rowlett has a question or a statement.

MR. ROWLETT: Any comment would be in line with what JT has said and Controller Cohen. Over my experience with the organization, the agency, in eight years I experienced an appreciation of DEI and a perspective of patient advocates and people with experience, as well as those that advocate for people in underserved and underrepresented communities.

As again, I gently say this: As you can appreciate from JT's presentation, the science can

be at times a bit intimidating, and the -- initially my experience with your organization was just that. However, there were those of us who wanted DEI to be appreciated and wanted underserved communities, as you said in your opening remarks, to be represented in clinical trials. I'll say more about that later.

And so the voice of the advocate, there were certainly opportunities, not just in the scoring, but in the understanding from scientists that DEI matters and all the components of DEI, and that included in making sure that underrepresented -- underrepresented cell lives were included in trials. So absolutely.

DR. THOMAS: Yeah. I'd like to just commend Al, who is a tremendous champion of DEI on the board as well as enormously valuable board member across many aspects of what we do.

So thank you, Al.

CHAIR COHEN: All right. Now you may continue.

DR. THOMAS: Okay. So just to quickly go through review funding programs and research, which they say is really esoteric, yet very interesting to all of us.

So next slide, please.

So I indicated we have these five pillars,

which you can see are broken down into the scientific pillars, plus the education and the infrastructure. By "infrastructure" we mean things like the alpha clinics, whether it was actual bricks-and-mortar or -- or (unintelligible) goes along with that, we are interestingly adding, per Prop 14, a process of evaluating brands for what we call community care centers of excellence, which are going to be little satellite alpha clinics that are in areas that don't have stem cell clinical trial apparatus that are all going to be paired up with existing alpha clinics throughout the state. So the whole point of this is to get this trial network and care out to as many people as possible.

You can see the numbers there. I do want to highlight one thing, which is very important, which is a lot of times people focus on just the clinical work and how are things doing? How far along are the programs? How much have you gotten as close to commercialization, et cetera? Certainly something to focus on.

But just as important is establishing the pipeline of the research. And that all starts with basic research. So you'll note on there that today we are at -- we have spent over 1 billion 3 on

discovery, which is basic research. And that gets these things going into the pipeline. And we have had many awardees who have been starters in the basic research arena. And then we have funded them up through the ranks as their projects continue. So very important.

You can see that we have really spread these dollars across all five pillars.

I want to note the number for education. Think about this, this agency funded by taxpayers has now been able to put out $650 million for education programs to generate interest starting, again, in the high schools and all the way up through postdoctorate work and truly setting the stage for a highly educated workforce in the field as the field continues.

Yes, Madam Chair?

CHAIR COHEN: Dr. Thomas, I'm kind of curious. Are we targeting -- in the state of California there are -- I think there's small Latino campuses, Latino colleges across the United States if I'm not mistaken, and I know there are HVCUs.

Are we targeting folks in communities of color for this future workforce?

DR. THOMAS: So again, the -- starting at the

high school level --

CHAIR COHEN: Okay.

DR. THOMAS: -- these are high schools --

CHAIR COHEN: Okay. Yes.

DR. THOMAS: -- from all over the state in all different communities.

CHAIR COHEN: Okay. Public schools?

DR. THOMAS: Public, yes. Absolutely. And I know this is not an easy thing to do, but if you want to get a real kick out of something sometimes, the high school program, which has now been in place for many years, has an annual event where they come together and they give talks. And these kids who go into this program maybe having heard sort of the basics of what a stem cell is, come out 8 weeks later and they sound like Ph.D.s. It's unbelievable.

And there are kids from all over the state. And it is, like I say all the time, possibly my single favorite thing that we do because what it does is, now we talk to these kids, and now they're hooked. I mean, they are going into biology. They're going into all the fields, bioengineering, whatever it might be, which is so critical because when you've got this industry that's developing in

the state, you want to make sure these kids are there. But that's a wonderful event.

We also have -- the older students now are coming together in a unified program. We just had it at USC a couple months ago. By the way, a very cool dinner at the Natural History Museum the night before. That's a particular favorite part of this. But anyway, this --

CHAIR COHEN: My invitation must have gotten lost in the mail. I don't recall (unintelligible). I don't know who's in charge of that (unintelligible) --

(Simultaneous speaking.)

DR. THOMAS: There we go, well, we are going to expect you to be there next year.

CHAIR COHEN: No problem.

I do have a question:

Is this information on your website --

DR. THOMAS: Yes.

CHAIR COHEN: -- this program where people --

DR. THOMAS: Oh, yes.

CHAIR COHEN: -- can apply and -- okay.

DR. THOMAS: Well, and it's the -- so the -- these programs is the high school programs that are -- are -- are not actually at the high schools.

They're at institutions like say USC or UCSF or whatever, and the programs are there. But there's a great deal of that well-established line of communication of people who run the programs and all the different schools who have kids who want to apply. So it's a very well known --

CHAIR COHEN: It's great. We'll help you promote that too.

DR. THOMAS: Yes, that would be great. And we would love to have you come. We'd love to have all of you come. I think you would find this unforgettable experience. You almost sit there and laugh, and you're like, you're kidding me. Where do these kids get this expertise so quickly?

CHAIR COHEN: Mr. Rowlett has a question for you.

DR. THOMAS: Yes, Al.

MR. ROWLETT: Okay. Thank you, JT.

The Controller identified the DEI as a very prominent issue today. In the state of California I experienced that even with the passage of Prop 1, forgive my preamble, that the other very prominent issue is mental health.

CHAIR COHEN: Yes.

MR. ROWLETT: And I note that in the neural

space you identify on this page $35 million invested in the neural space. I -- again, I equate neural with mental health and with cures associated with what is -- what I would describe as persistent psychiatric illness. And again, I know we are a long way from there, but we are trying to get there.

And so if you could speak to that because, from my perspective, it is the issue that is talked about today everywhere, and that is mental health.

DR. THOMAS: Yes. Thank you for asking that question.

So this is -- this 275 line is a bit misleading because historically throughout the deploying the Prop 71, 3 billion, roughly 30 percent of that went to neurological disorders.

Now, interestingly Prop 14 specifically calls out of the 5.5, a billion 5 has to go to neurological disorders, which is not all that dissimilar from what we've done historically.

So this 275 you see there is on top of the 30 percent of the 3 billion we already put out. So just to -- sort of a general context sort of statement.

Now, with respect to mental health, we, under the board's guidance, have had a new program

we put in place, with which we call ReMIND, which is an acronym, and it was designed to fund neurological research. And they started out with an opening --

How much, Jen? 100 --

MS. LEWIS: 110 million.

DR. THOMAS: 110 million. And the first round went entirely to neuropsychiatric disorders.

We have had some grants over the years which have been in that field. This was the first specific instance where we targeted that area specifically. And that resulted in a number of grants that -- that are mostly basic research because the -- the neurological field, you folks probably know, is sort of the -- if you will, the toughest nut to crack in the field.

And so a great deal of the research going on is in the basic research arena, where you're -- what you're really looking for in that is to identify targets that you can then develop treatments against those targets, what they call biomarkers.

And so the -- this first ReMIND batch all going to neuropsychiatric disorders is all about biomarkers, targets, and that thing. It's all basic research, but that's very important.

And to the extent you identify targets for a disease that there's never been anything identified that you could go after, that's big because that's going to set the table down the road for actual treatments being developed going against those targets.

So that is the first (unintelligible) against -- specifically against that area. We'll be putting more out into that, as we will in the other two areas of neurological disorders, which are loosely called neurodegenerative, which would be Alzheimer's, Parkinson's, that sort of thing, or the third would be neuro injury, traumatic brain injury, spinal cord injury, that sort of thing.

So a billion 5 of that at least or maybe more. But we are required to put a billion 5, and we will.

Does that help?

MR. ROWLETT: It does. And that's ReMIND?

DR. THOMAS: R, small e, and all caps MIND.

Does anybody know what that stands for? No? In science it's one of our zillion (unintelligible) --

(Simultaneous speaking.)

DR. THOMAS: -- one of our zillions of acronyms.

(Unintelligible), like you know the M is one -- the beginning of one word, the I is in the middle --

MS. LEWIS: It's research using multidisciplinary innovative approaches.

DR. THOMAS: There you go. Thank you, Jen.

Okay. Next slide, please.

Okay. So here this is our -- the basic research. This is the R & D portfolio. I won't go into too much detail here, other than you can sort of track the percentages that were spread through these all sorts of different things across many different disease types.

And this includes cell and gene therapies. As I said, biologics, as you'll remember our monoclonal antibodies and that sort of thing, and they call small molecules, which nobody knows what that means. All it means is it's a drug. It's like pills you take are small molecules. Why they don't just call it something else, I don't know. They call it small molecules.

Okay. Next slide, please.

Okay. This is the pie chart here of what we're doing, which areas we've got clinical trials going on. Again, you can see that there's -- a half used chunk of that is for neurological. Again,

covers many different kinds of diseases, all sorts of different what we call modalities, which are approaches that you're using to study diseases.

So we're very, very lucky because California is now undisputedly the largest funder of stem cell and gene therapy research in the world. We have a lot of A plus science talent here, and they -- they do look to us for funding. So we get to see all the cutting edge stuff, which is really fascinating.

And it's in all of these different areas and there are many, many subsets of each area. So anyway, we are at 111 clinical trials, which we are very proud of. About 50 or so, give or take, are active at the moment. This is over -- historically over time.

Okay. Next slide, please.

(Unintelligible) there we are, yes. I say, Jen, you have (unintelligible).

So this -- I don't really need to go through this. I just discussed it. But, again, Al, getting to your question, this highlights the seriousness in neuro -- generally and neuropsychiatric specifically.

Next slide, please.

Okay. Here is our section here on the education programs.

Next slide.

And this sort of speaks for itself. Recording 300 participants of our various programs over the years.

Next slide, please.

Okay. So just SPARK program is our high school program that I was telling you about, 11 such programs. Fantastic group of kids. The level of enthusiasm with which these kids participate and the pride is the only way of describing it that they have in telling you about what they did at this end of the summer conference.

You can see in this particular slide they -- they do posters, which at every level of medical research, there are posters describing the work. So these kids just revel in having you stop by their poster and explaining what it is they do. Wonderful.

The next highest level is an undergraduate program which is actually the COMPASS program, another acronym, and it's set up to provide mentoring for undergraduate kids. It's another example of a curriculum development specifically to

what we do. It's been in place now for a couple years. Another huge success.

Another slide, please.

The Bridges program, which I believe is our first, if I'm not mistaken. It started in maybe 2009, and it has students from Cal State campuses and community colleges who go for the year for -- for programs at participating universities that have stem cell curricula programs and have -- they -- they -- they too, at the end of their stint, are brimming with information and enthusiasm.

And then finally, the CIRM scholars, which is the highest-up academic program, which you can see predoc, postdoc, clinical fellows, et cetera. The latter two programs are the ones that just came together at USC. The SPARK program has its own. It's high school, and so it's particularly special.

Next slide, please.

Okay. So here -- here are some stats that Madam shared. You were asking about the different demographics served by the various programs, and you can see here there's a great emphasis on spreading out the demographics amongst different communities. And again, there's an active, almost recruitment process to make sure that the kids from underserved

areas get access to these programs.

Next slide, please.

All right. Here is information on the gender identity and the percentage of students in their different programs that are first generation, which is pretty remarkable statistics that -- I think their programs take a great deal of pride in having a very large component of first generation. And again, this is -- all these programs at every level just -- it gets these students more and more equipped and as prepared to enthusiastically go out into the real world.

Next slide, please.

Okay. On the subject of commercialization of cell and gene therapy.

Next slide, please.

So as I mentioned, we have this nine alpha clinics network. You can see the institutions that house these. They're all leading medical centers spread throughout the state. There were over 250 trials that both we've funded and others have funded, and over 2,000 patients, which is a number that's growing monthly as we approve more and more clinical trials.

And then we have got this last statistic,

which is we -- we have a number of industry contracts affiliated with this, whether it's outside cell manufacturers or whatever is the major component in this program.

I would invite you -- all of you to -- if you get a chance, to tour the UC Davis stem cell program and facilities. It's -- as with all of these, it's remarkable what they're doing there.

I'm sure that Jan Nolta who runs that program would be delighted to host you, and it gives you a real feel for what this is all about. It's highly representative of all of our programs.

Next slide, please.

So the -- this idea of manufacturing, it's certainly a weird idea. When you think of manufacturing, you think of like making T-shirts and that sort of thing. Well, you actually -- this is a very vibrant cell manufacturing community where you actually produce, reproduce biological product. And that -- these cells need to be very consistent because you want to make sure if you're testing treatments against cells, they're all the same in any particular instance.

So there -- that is -- that is captured by the term "good manufacturing" or G&P practice. And

so UC Davis, for example, has a G&P facility at which they manufacture cells or different clinical trials.

Because this is such an important component of the business, we have now established a network of nine members, again, you see on the right there, which are devoted to sharing information about best practices and manufacturing and they -- they -- they share results and give -- given insights into how they get around biomechs and that sort of thing.

And it's a network that's unlike any other as far as we know in the country as is the alpha clinic network, which we don't know of any that are like it anywhere else, which by the way, sort of captures the essence of CIRM. There is no other CIRM in the country. The next biggest state program is $100 million and requires appropriation by state legislatures.

UNIDENTIFIED SPEAKER: Which state is this?

DR. THOMAS: So New York, which may not even be in business anymore.

UNIDENTIFIED SPEAKER: It is not.

DR. THOMAS: Connecticut has a smaller one. Maryland has a smaller one. Very few states have anything. And they're all, if not state

legislatures, they're philanthropically based. So we are very lucky to -- voters had the insight to give us this various significant --

CHAIR COHEN: Can I ask a question.

Who introduced that legislation? How did it get on the ballot? Was it through initiative --

DR. THOMAS: Yes.

CHAIR COHEN: -- was it --

(Simultaneous speaking.)

CHAIR COHEN: It was?

DR. THOMAS: It was initiative, yes. So it was a -- our first board chair, before he was a board chair, had a son who had Type 1 diabetes back in early 2000s. The -- President Bush had just issued a ban on funding or NIH to develop new embryonic stem cell lines, which sort of brought the field to a screeching halt --

CHAIR COHEN: I remember that.

DR. THOMAS: -- 2 or 3 years after it got started. So Bob Klein, a gentleman came up with -- who's a -- does a lot of work with housing bonds came up with the idea of creating an agency to fund research using state funds. And he wrote, along with our then long-time counsel James Harrison, from the Remcho firm, wrote an initiative that required a

million plus signatures to get on the ballot. He got it. And he raised a significant amount of money to fund the campaign.

It wasn't a big campaign. Didn't have to raise that much, but for statewide --

CHAIR COHEN: It's still statewide. Still had to get --

DR. THOMAS: Yes --

(Simultaneous speaking.)

DR. THOMAS: -- and it needed 50 percent plus one, and it got 59.

CHAIR COHEN: Wow.

DR. THOMAS: Which is a huge win.

CHAIR COHEN: Yeah.

DR. THOMAS: And -- and something that is important to patients cannot be overstated obviously. It falls California into the lead of the field, sort of recapturing the frontier spirit that was Silicon Valley in the tech space is now California and biotech space in this arena.

And so then once the measure passed, Bob became first chair of the board. I succeeded him in 2011. And then when we ran out of funds in 2020, Bob came back, again outside of CIRM, because we can't get involved in anything directly, and he

wrote an amended initiative which is Prop 14. Got it on the ballot, interestingly needed a million signatures plus again.

And as you folks know, the way to do this is you sort of camp outside the Walmarts and Costcos. And it got to be March of 2020, and he had just hit what he needed and had -- had he gone like another 3 weeks -- the world shut down. He would not have had enough signatures. We barely made it, and got it on the ballot.

And this time it was a 51 percent (unintelligible) range. So we were, again, the happiest you are for patients because this has enabled so much more work to be done and teed us up for many years.

Yes?

CHAIR COHEN: I want to call on Dr. Sadana.

DR. SADANA: This question may not be of any relevance, but I'd like to know.

So the proposition was passed with regenerative medicine and stem cell research. Introducing into it, I mean, it's great. It's wonderful. Gene therapy.

Will the legislature cause -- give us any problems on that (unintelligible) gene therapy --

DR. THOMAS: Will --
DR. SADANA: -- part of the funding?
DR. THOMAS: Will the California legislature?
DR. SADANA: Yes.
DR. THOMAS: No. We haven't had any -- any critiques that added element at all. And the -- and I think the reason why it was included was the field took a while to get to where it sort of tired out a number of issues that we saw early in gene therapy --
DR. SADANA: True.
DR. THOMAS: -- as you know, and so that was included because a lot of work, particularly now in rare disease, is gene therapy-related work, where you identify many of these diseases that cycle mutations in their genes.
And now with the advent of very sophisticated gene editing technology -- something that Jennifer Doudna who was cocreator of who's at UC Berkeley, she too got a Nobel Prize for that -- we are able to go in and excise out mutated amino acid base pairs and put in the correct base pairs, and that's revolutionized the treatment of rare disease.
So no. Short answer is we're not receiving

any.

CHAIR COHEN: Mr. Rowlett has a question?

MR. ROWLETT: So I'm explaining the next slide and I'm going to influence your presentation maybe a little bit. But recognizing that the auditor said the board recently approved -- Jennifer said the board recently approved an administrator for patient assistant fund --

DR. THOMAS: Yes.

MR. ROWLETT: -- and there have been no expenditures in that area or nominal expenditures in that area, how confident are you, on a scale of 1 to 10, and why, that you'll be very aggressive and successful at getting those funds out?

And I ask the question because basic participation is often -- not often -- is predicated upon those funds being available to patients and their families, so...

DR. THOMAS: Yes. So the answer is very confident, but it's a bit more nuanced than that.

So the -- as was noted, the revenues that are generated now from funded projects go into what Jen labeled patient assistance fund. And the first -- first amount of money that came into that was $15.6 million that arose out of something we

funded, research down at Stanford, and it's set up to do what Jen described, which is to facilitate all of the -- the things that patients need to be able to participate in trials.

So that's -- there's money that goes to the patients. And then there's the money that goes out to the contractors who are going to be helping to make that program work. She said we -- we just recently finalized a contract with a group called EVERSANA that's going to oversee the administration of the patient -- of that fund for patients.

So the reason why this is nuanced is, it's going to depend on funding coming in, revenues generated by programs that we fund into that patient assistance fund itself. And so that's going to play out over time.

As the field matures and you start generating more revenues, either in the from of royalties that we get in something generates revenues or it's in the form of something else, like this onetime lump sum came about because of acquisition of a company that spun out of Stanford and we helped funds as you recall.

So very confident that we're getting going on this. But the extent to which that fund grows is

going to depend on revenues generated over time and how large that is, what -- how -- when it comes in and that sort of thing. But certainly the intent is to get it going and we are doing exactly that now with that initial 15.6, which I guess --

Jen, what is the number now with interest? It's more than that?

MS. LEWIS: It's over 16 million now.

DR. THOMAS: Over 16 million, yeah.

MR. ROWLETT: So just a follow-up, Madam Controller.

CHAIR COHEN: Yes.

MR. ROWLETT: I think that it would be interesting in the next audit to hear the qualitative data associated with patient perspective around the fund. And then specifically if -- and I know the ideal is to target underrepresented groups and citizens who typically don't have the kind of access or resource to (unintelligible) trials and how impactful that's been and have that represented in some kind of qualitative way would be very (unintelligible).

DR. THOMAS: Thank you. Great suggestion. Thanks.

Okay. Next slide, please.

Okay. So this is what we just described. Again, the underlying key component of this is promoting equal access to our CIRM funded clinical trials. Very important.

Next slide, please.

We touched on this already. Community care centers of excellence, specifically designed to serve, treat communities that are underrepresented so that they get just as much access as people who live in Palo Alto, et cetera. And we are going be to be having our first award coming up in January, the first program under this. So stay tuned. Next year we'll have a lot more on this work.

I'll tell you that we went out -- Maria can speak about this in great detail. In designing this program, we went out to areas that don't have the academic centers to --

Do you want to speak a bit about that the meetings that we --

MS. BONNEVILLE: I'd love to.

CHAIR COHEN: Please state your name for the record.

MS. BONNEVILLE: Maria Bonneville.

Prior to the -- to the proposal going out, we went to -- our team went out to Inland Empire

Central Valley and up past (unintelligible) had a big meeting here that brought a lot of communities together. Then we went to communities to ask what services and programs they would need for the community care center around specifically cell and gene therapy.

And what came back to us was, you know, patient navigators, (unintelligible), people who could go out into the community and talk about what cell and gene therapy was, and how it could -- how they could bring the resources to these communities. It was very informative.

It was really great to go out into the community and really have just a bidirectional conversation so that we could understand what the true needs were. We can make assumptions about what we think, but that's -- that's not fair.

And so we went out and really heard great feedback. And that was incorporated into the program and request (unintelligible).

DR. THOMAS: Thank you.

CHAIR COHEN: Thank you.

DR. THOMAS: Next slide, please.

So we -- CIRM from time to time engages partnerships with other entities, and with respect

to particular programs, here are a couple that are specifically targeting sickle cell disease that the -- one of the NIH institutes. The NHLBI and CIRM joined forces in putting together a co-funded program for sickle cell projects. You can see there the four trials in the state -- in the lead -- three in the state. One in Boston there, S&L with California attached to it, which is required.

These are in process right now, but, of course, from the sickle cell arena, you, of course, followed a number of months ago, a couple of companies now come out with products that are in the marketplace now, which are very interesting. Gene editing, as I mentioned before, is a key feature in these.

So -- but CIRM going forward will always look to partner with other entities that have common interests so that we can leverage our dollars to more efficiently serve research in particular areas.

Next slide, please.

Okay. Now, I get -- this is our last slide. I get a kick out of this slide because it's one page and it represents 9 months worth of work. The team of the end of last year, we brought an enormous increase in the amount of grants that we

had coming to us, largely driven by the difficulties in capital markets and biotech. And quickly realized that increased demand, among other things, we needed to take a real look at the remaining 3.8 billion that we have, and how we are going to deploy it strategically over the life or Prop 14 era, however long that lasts, because we wanted to make sure we get the best bang for our buck, targeting diseases and conditions that are of most important to the citizens in the state of California, et cetera.

So we set upon a reprioritization effort, if you will, we call a strategic allocation framework, which was an extremely data driven in terms of what are the diseases of the greatest moment to the state of California. And we came up with a series of impact (unintelligible) to effect this reprioritized approach, which you see listed there.

The first one is in basic research.

The second one is in tools and technologies like gene editing or different factors that are used or whatever.

Third is in rare disease. BLA is the acronym for the last stage of research where you get

granted your BLA. You're through the entire clinical trial continuum going to get four to seven rare disease projects through that stage.

Then we have got the fourth was to -- dealing with the more prevalent conditions, 15 to 20 therapies, getting them at least to late stage trials.

The fifth deals with accessibility and affordability.

And last deals with workforce development.

Each of these six goals has a number of specific recommendations, which we didn't list here because that would take a bit too long to go through. But this is a very well thought out effort and a huge lift by the entire team, which literally involved everybody at CIRM working on top of the normal (unintelligible) to develop this.

The board was extremely involved throughout. Probably had 20 plus different meetings of subcommittees and working groups and boards, et cetera, and adopted this BSAF in toto in September at our board meeting.

So now it's all about implementing. And that's -- that takes the form of developing what we call concept plans, which embody the goals and

recommendations and to have those concept plans, once adopted by the board, which will take place over the course of the next year, to then move on to what we call program announcements, which announce to the universe that we'll be having these new programs embodied in concept plans. And the RFAs go out to solicit grant applications.

And that's going to take up the bulk of next year implementing all these different things. Huge body of work, again, neatly summarized in very few words on this page.

So that's -- this is really nothing short of a -- of a material amendment to our strategic plan, and this is meant to sort of carry CIRM throughout the balance of its Prop 14 funding. There will be strategic plans going along the way which embody this, et cetera. So that's where we are.

So I believe that's the last slide if I'm not correct. Yes. So...

CHAIR COHEN: Thank you.

DR. THOMAS: Thank you. And we -- we greatly appreciate your interest in all of this and all of the great work you do overseeing what we do. I mean, we hope that you find this to be a most

worthwhile, if not highly unusual, use of taxpayer dollars for the benefit of not just Californians but the nation and the world.

CHAIR COHEN: Once again California is leading.

DR. THOMAS: Correct.

CHAIR COHEN: So this is great (unintelligible) effort here presentation. With questions -- I could hardly wait until the end, but I see Dave has one and Dr. Maa.

Does anyone else have any other questions?

Okay. Go ahead.

UNIDENTIFIED SPEAKER: And it dovetails perfectly to your last comment.

A question first:

What percentage of the CIRM funds stay here in California for research grants education?

Is that a high percentage or what's that number.

DR. THOMAS: Well, we are -- we are basically required to spend it in California because it's -- because it's taxpayer funded.

UNIDENTIFIED SPEAKER: Right.

DR. THOMAS: And so the answer to your question is --

Jen, do you want to give --

MS. LEWIS: So only California organizations can apply to CIRM funding except for the clinical trial sites, specifically because as we know clinical trial sites can be across the country. And so we will fund the California portion.

So we will fund, you know, the alpha clinic site at UC Davis and the site at UCSF. So we'll fund that portion, for those -- for example, sickle cell in that case that's (unintelligible).

UNIDENTIFIED SPEAKER: And that just sort of goes to my observation that just like in many other industries that California has become the leader in, we're the leader of the green space, the electrification space, the blue space. Now the AI space. And the AI space propelled us from the fifth largest economy to the fourth largest economy because of the gravity that we had in that industry.

Do you see that California is going to be the center of gravity in the nation or even in the world now in terms of regenerative research and the continuation of bringing in talent to sort of just continue to exponentially make us that leader?

DR. THOMAS: Absolutely. No question about it. And if you -- as we do -- we go to conferences, and we all have friends who are in the field in other

states who are extremely envious, not just of the funding, but of the fact that of what you just alluded to, funding begets talent. And the (unintelligible) has gotten regular postdocs. They bring people to the labs. So there's no question, zero, that we are the leader in the field and in the world in terms of having this ecosystem in the state pursuing this. We are fortunate to be able to outplay a non trivial role in that.

MR. OPPENHEIM: And a follow-up question:

You know, I mention AI and industry here in California that's become dominant, but AI is taking on so many different very beneficial potentials for the state, the workforce.

How is AI starting to move into your area in terms of accelerating research and discoveries and opportunity, because what I see of what used to take 5 years, accelerates to months, if not weeks for the analysis of a lot of the data that AI can turn on that.

DR. THOMAS: That's right. So if you turn -- specifically in terms of data analysis, it's going to have a dramatic impact. And what that does is not only helps analyze whatever it is you're doing at the time and date is referring to, but it -- it's

going to dramatically have an impact on -- across the board on what scientists due because it will be able to say -- it will be able to derive from that what works, what doesn't work, what works faster, what doesn't work, what the targets are that are specifically shaped to be able to be something that a drug or a cellular therapy whatever can apply to, all of that stuff.

And so you're -- I think you're going to see there are large AI departments springing up across biopharma worldwide that expect to use it as a way to accelerate. And when you accelerate, you reduce time, times money. And it allows you to do more and more, and it gets to results quicker. And so no question about it. It's going to play a major role.

We have a very interesting chat. There's -- if any of you want to -- I could send you a contact for a guy at Cedars who gave a talk on AI in the field at a conference we were just at for our -- for alpha clinics a month or so ago that's fascinating. And I'd be happy to put you in touch with him and so you could see that presentation and get a real handle.

MR. OPPENHEIM: Yeah. Department finance

had the leading (unintelligible) for AI research team present to a number of top state executives, and the level of acceleration and potential is just amazing.

And really as a financial advisor to the controller and the reason for my questions is not only it looks bright for California's economic future through all of these centers of gravity and industries. I often say we don't create businesses in California. We create whole new industries in the California. But what goes with that are all the quality jobs that attach and attract --

DR. THOMAS: Yes.

MR. OPPENHEIM: -- to those industries, such as. It's so wonderful to be part of the presentation like that, just looking at the opportunity for Californians. Our economy and the types of jobs that we can add here in California.

DR. THOMAS: Yes. Couldn't agree more. Thank you for making that point.

CHAIR COHEN: All right. Let's keep moving forward.

Thank you, Dr. Thomas. That was a real comprehensive review. Thank you.

All right. That was an informational item.

Let me just do a check.

Do we need a bio break, anyone? Not to embarrass anyone. Let me rephrase that.

Do we need a ten-minute stretch?

No.

Okay. We'll keep pushing through.

All right. Let's go ahead and call Item Number 9.

Now, while some of this information may be a bit (unintelligible) to Item 7, this is an opportunity for CIRM staff to provide any additional information on CIRM's own audit.

We'll now hear from Rafael Aguirre-Sacasa to provide detail of the CIRM performance audit process.

MR. AGUIRRE-SACASA: Thank you very much, Madam Controller. And again, do I have time or are we stopping at 4:00? I can do a relatively quick page flip --

CHAIR COHEN: I would appreciate relatively quick but --

MR. AGUIRRE-SACASA: Okay. All right. I will do -- I'll do what I do -- I'll do a thematic -- I'll do a thematic overview because most of the slides are kind of grouped --

CHAIR COHEN: Okay.

MR. AGUIRRE-SACASA: -- together with the page, and -- but if there are any specific questions, please let me know.

In advance, the difference is the updates from the last time I presented to the controller in February are the green fonts. You will see that there's been, in my opinion, a fair amount of progress on all of these.

I want to start off with a couple things. As a general counsel for CIRM, I'd like to state (unintelligible) to serve for CIRM at the request of the citizens of California. But also it's a pleasure to work with people like Vito, JT, and Maria, because compliance is something I firmly believe starts at the top, and they make my job easier.

That's not very common for -- that's always a challenge for general counsels as to whether they have a strong compliance support. And for me, that's one thing that I can honestly say that not only with leaders, but throughout the whole organization, we have a very strong, I would say, integrity culture. So that makes my job easier 100 percent, as how important it is to as steward the

taxpayers of California, to be able to do this.

So to -- we are going over the '22 and '23 performance audit management's response, and we are going to close out some -- some issues from 2019, the 20 --

CHAIR COHEN: And before we get into your portion --

MR. AGUIRRE-SACASA: Yes.

CHAIR COHEN: -- I forgot to take public comment on the previous item, Item Number 7.

So I just want to briefly go back, open up public comment and ask the operator to see if there's anyone online that would like to comment on -- on Dr. Thomas's presentation.

AT&T OPERATOR: Certainly.

If you do wish to make --

CHAIR COHEN: Mr. Brad?

AT&T OPERATOR: Yeah.

If you do wish to make a comment, please press 1 and then 0 at this time.

And currently no comments in queue.

CHAIR COHEN: All right. Thank you very much.

(Court reporter left the proceedings.)

* * *

REPORTER'S CERTIFICATE

I, JENNIFER D. BARKER, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON WEDNESDAY, DECEMBER 18, 2024, WAS HELD AND HEREIN APPEARS;

THAT THIS IS THE ORIGINAL TRANSCRIPT OF AUDIBLE PORTIONS THEREOF;

THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME.

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IN WITNESS WHEREOF, I HAVE SUBSCRIBED MY NAME THIS 19TH DAY OF DECEMBER, 2024.

Jennifer D. Barker

Jennifer D. Barker
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REPORTER'S TRANSCRIPT OF PROCEEDINGS

MEETING OF THE CITIZENS FINANCIAL
ACCOUNTABILITY OVERSIGHT COMMITTEE

Organized Pursuant to the
CALIFORNIA STEM CELL RESEARCH AND CURES ACT

WEDNESDAY, DECEMBER 18, 2024

Pages 92 - 195

300 Capitol Mall, Suite 1850,
Sacramento California 95814

AUDIO TIME (02:28:29 HOURS)

Transcribed by: IRENE NAKAMURA, RPR, CLR
State of Hawaii CSR No. 496.
State of California CSR No. 9478.
State of Washington CCR No. 3177.
State of Nevada CSR No. 893.
State of Illinois CSR No. 084.004909

A P P E A R A N C E S

Malia M. Cohen - Chair

Dr. John Maa, MD

Dave Oppenheim

Kimberly Tarvin

Alfred Rowlett

Dr. Gurbinder Sadana

Jonathan Thomas

Craig Harner

Michelle Lewis

Rafael Aguirre-Sacasa

Vito Imbasciani

Maria Bonneville

I N D E X

P R O C E E D I N G S

AUDIO (02:28:29 HOURS)

START TIME: 14:00:03

-o0o-

(Audio transcription commences)

CHAIR COHEN: So may I have a motion to accept the minutes.

MR. ROWLETT: So move.

CHAIR COHEN: All right. Thank you, Mr. Rowlett. Is there a second?

DR. SADANA: Second.

CHAIR COHEN: All right. Thank you, Dr. Sadana.

All right. So a motion has been made; motion has been seconded.

Please call the roll.

MS. BLAYLOCK: Chair Cohen?

CHAIR COHEN: Aye.

MS. BLAYLOCK: Dr. Maa?

DR. MAA: Aye.

MS. BLAYLOCK: Alfred Rowlett?

MR. ROWLETT: Aye.

MS. BLAYLOCK: Dr. Sadana?

DR. SADANA: Aye.

CHAIR COHEN: All right. Thank you. That motion passes unanimously.

Item Number 5 is a presentation of the 2022-23 independent financial audit by Macias, Gini & O'Connell.

Our next order of business is just to review the independent financial audit that Craig Harner, joining us here today to present the financial audit report and also the findings from the report.

Mr. Harner, thank you for being here. And the floor is yours.

MR. HARNER: All right.

Well, thank you very much, Madam Controller, and thank you, everyone, for the opportunity to present the results of our audit.

CHAIR COHEN: One thing, if you wouldn't mind jumping over in front of the screen, just so there's anyone --

MR. HARNER: Sure.

CHAIR COHEN: -- recording or online we have a record.

MR. HARNER: All right.

CHAIR COHEN: The laptop is just filming.

MR. HARNER: It is just filming. Okay.

CHAIR COHEN: Okay.

MR. HARNER: All right. Well, thank you again, everyone.

I'm Craig Harner. I'm an assurance partner with Macias, Gini & O'Connell or MGO. I've been working with CIRM since 2015 when I started as an audit manager on the engagement. I moved my way up to now serving as the engagement partner responsible for the overall delivery of our services.

So today we're going to go over the results of our audit that we performed for CIRM financial statements from the year ended June 30th, 2023.

And then the first thing I'll go over is really the financial statements themselves. So in tab 5, if you want to follow along on page 9 is where the financial statements really begin.

So the scope of our work is to audit pages 9, 10, which is, there is financial statements, and you'll see they have -- it's broken out it's list by different funds. We have the three -- for the first stem cell fund from Prop 71, the second one from Prop 14, and then the licensing and royalty funds that also came about from Prop 14.

And so this first statement is your

balance sheet would have your assets, all your cash, investments, receivables, and any you know, accounts payable and things that you owe at the end of the year, and also any remaining fund balances.

While the next statement provides the information on the revenues and expenditures during the year -- so all the bond proceeds that came in tracked by each of the different funding sources and also the expenditures that went out to either in the form of grant payments or state operations or administrative expenses.

Our auditor's report also covers budgetary statements that are included in here that show budgeted numbers versus their actual amounts on pages 11, 12, and 13 for each of the main firm funds as well as the notes to the financial statements.

What our audit opinion does not cover is what's called the MDNA or management discussion and analysis. And those are on pages 4 to through 8.

What this is, it's management's opportunity to provide kind of a recap or summary of what happened during the year. So it's a comparison of current year, prior year balances with high-level explanations of the changes that are significant as we have through the year.

We don't audit the MDNA. It's provided by management. We do however, go through, review all the numbers and make sure that they do agree back to the financial statements so that they are based on audited numbers.

And then we also look at the explanations and make sure that just, they seem reasonable. So something increased, we make sure that things said that increased, and then we look for the reason why, and then make sure that that's reasonable as well.

And now if we go back to page -- I'll start off on page 1 again, kind of jumping around here.

But page 1 is our independent auditor's report, that lists out management responsibilities and the automatic responsibilities. And I'll kind of just go over those real quick. Just reminder for everybody. But -- so these are management's financial statements.

Our report is only the first three pages in here. All the numbers are the responsibility of management. Management's responsible for the fair presentation of the financial statements in accordance with US GAAP. And they're also responsible for the making sure that these financial

statements are free of material misstatements, whether due to errors or fraud. Management is also responsible for the internal controls relating to the design, implementation, and maintenance of the internal corporate financial reporting as it relates, again, to the financial statements.

And then also for analyzing for the period not to exceed 12 months if there's any going concern issues. So that as of the balance sheet date, if there're any concerns that would, you know, stop CIRM from being able to function. And there were none of those this year worth mentioning.

As the independent auditor, our responsibility is to plan and perform an audit to obtain a high level of assurance, what we call reasonable assurance. But it's not a hundred percent not absolute assurance over the financial statements based on our audits.

We perform what we call a risk-based audit approach, where we go through, we assess in the financial statements where a higher likelihood of risk material misstatements likely to occur, and then design procedures that are appropriate in the circumstances to address the risks.

We also evaluate all of the audit

evidence that we collect and make conclusions on the balances of the numbers that we see in the financial statements.

So with our audit, we have -- we issue three audit reports. Two of them are contained in the packet today. They're the first three pages, which is our independent auditors report.

And then the last two pages are pages 32 and 33 in the packet are independent auditors report on internal control on compliance. This is an additional report we have to issue when we do an audit in accordance with called government audit standards. I'll go over that in a little bit.

The third report, I'll just touch on it really quickly. We don't present it to the CFAOC. We do present it to the Independent Citizens Oversight Committee as those charges governance that contains what we call our required communication.

So it's a summary of all the audit findings, how the audit went, did we have any disagreements with management, any significant issues like that. And we presented that to them last week.

Okay. Now I'll go through the audit results. We are happy to say that we were able to

obtain enough audit evidence to render an unmodified opinion, which is a clean opinion or the highest level of terms that we can give an entity as it relates to their financial reporting.

We issued our report on March 18th of this year, 2024. And we also issue what we call in relation to opinion on the supplementary information. That's the Dolby Grant schedule.

And what that means is that we don't provide full assurance on it. It's limited assurance that we can -- we can reconcile those numbers to the financial statements themselves or to the underlying accounting records.

The second report that I mentioned we issue is on pages 32 and 33 of our report here.

It's -- or that might have been the PDF pages -- sorry, page on the 28th. Yeah.

When we perform our audit in accordance with the government auditing standards, we have to do some additional procedures and considerations as it relates to internal controls over financial reporting, and then on compliance of laws and regulations that we spend a lot of time on this audit with compliance with laws and regulations.

Since the grant expenditures are from

each of the propositions 71 and 14, it lays out what the -- those monies can be used on. So we spend a lot of time looking over that, doing a lot of testing there. And we -- happy to say we didn't have any non-compliance with those laws or regulations as part of our audit.

We also didn't have any deficiencies in the internal controls that would rise to levels of what we call a material weakness or certificate deficiency that would be required to be reported. So another year, another, you know, fairly clean audit.

With that, I will take any questions.

CHAIR COHEN: Thank you. Cohen.

Do you have any questions?

None?

(No audible response.)

Okay. Well, Dr. Maa, you getting (inaudible).

Dr. Sadana, you, I mean, okay. I'll -- I'm going to go first, to think of at least one question.

Okay. So thank you very much for your presentation. I definitely appreciate it.

To begin, I actually have three questions, but I want to note -- begin with note 7 in

your audit report. Because what it does is it clearly discloses related parties.

MR. HARNER: Yes.

CHAIR COHEN: And there appears to be no issue there. Okay. But can you explain the nature of related party transactions to maybe someone that you know, as if --

MR. HARNER: Sure.

CHAIR COHEN: Explain it as if someone is new to this subject matter?

MR. HARNER: So related party transaction is -- it's transactions that are -- let's think of the word is -- it's -- they're not within an arms' length. It's kind of like dealing with someone that if you're going to give someone a loan, like for less than, you know, market interest rates, or you sell them some property for a very low, you know, amount that doesn't represent like the fair value of the loan.

CHAIR COHEN: Like a sweetheart deal?

MR. HARNER: Sweetheart deals, exactly. So it's stuff like that. So it's looking for you know, potential maybe receivables or payables from related parties that haven't been adequately disclosed and presented in the financial statements.

There's some additional -- as you can see here, you have the -- your related parties are the other state, California agencies. Most of these transactions are on a -- what we call a arm's length transactions. There's reasons for them. There's good business rationale with a related party. Sometimes it -- you know, cannot have that.

CHAIR COHEN: So would that be the equivalent of my father doing an insured short-term loan?

MR. HARNER: Exactly.

CHAIR COHEN: Okay.

MR. HARNER: Written on a napkin or something like that, yeah.

CHAIR COHEN: How common are their related-party transactions?

MR. HARNER: In the -- in the government arena? Not as common. Well, they're common. I'll say in this instance, if we look at who the related parties are, a lot of state agencies and departments are dealing with each other.

Most of them use the Department of Technology for IT services or use Department of General Services, as we see here is the largest one for contracting procurements. I know CIRM uses it

for outsourced accounting services.

So they're -- so in the -- in the government arena they're not as prevalent as maybe even like a private enterprise or as in a publicly trade companies. As far as the risk goes because a lot of times, if they are, it's just with your other departments within the same entity, if you will, or say --

CHAIR COHEN: I have another question.

MR. HARNER: Yes.

CHAIR COHEN: So we know that auditors are required to communicate with those that -- communicate with those charged with governance.

MR. HARNER: Yes.

CHAIR COHEN: So in this particular case, we're talking about the ICOC. As you -- as you're doing right now.

Can you expand on what the communication relationship has been like throughout your audit.

MR. HARNER: Sure.

CHAIR COHEN: For example, have they been friendly? Has it been hostile, cooperative, apprehensive, misleading?

MR. HARNER: It's been -- they've been yeah, very friendly, open communications with us. We

meet with the -- with the chair every year during this part of our audit, when we do our planning.

But we have interviews with them about fraud, other business risks and stuff that, you know, we use as part of our information gathering to help our audits along.

And then over the years, too, we haven't really had any significant issues in dealing with them or hostilities, if you will.

CHAIR COHEN: If you have a question, go ahead.

MR. ROWLETT: Thank you, Ms. Cohen.

What I discerned, what I'd appreciate his perspective from him is that CIRM's budgeted expenditures were in excess of 350 -- I think -- million dollars? I think I'm looking at --

MR. HARNER: Yeah.

MR. ROWLETT: And their expenditures were significantly less than that. In a -- in a typical profit-loss sort of environment, that's a great thing. But CIRM has a specific charge associated with those dollars. And I was wondering if that raised any concern or questions for you in terms of your perspective?

MR. HARNER: As far as our perspective,

it does to the extent that we -- because if we want to look at, say, hey, what's going on? But we understand, too, the model that CIRM uses for their grant expenditures, where they're going by a -- I can't think of the word. So someone's here jump in, but they go by a -- not a task base, but a --

CHAIR COHEN: Milestone basis.

MR. HARNER: Excuse me.

CHAIR COHEN: Milestone basis.

MR. HARNER: Milestone basis, thank you. They go on a milestone basis.

So sometimes if the milestones aren't coming in as quickly as, you know, are anticipated, then the payments can't go out to the grantees. So sometimes there's -- it might be a little slower as (inaudible).

MR. ROWLETT: So what I appreciate is that, that delta might be attributed to the grantees not achieving milestones, and there are more payments associated there.

MR. HARNER: Yeah.

MR. ROWLETT: Okay.

MR. HARNER: That could -- yes, that could be one of them.

MR. ROWLETT: All right.

CHAIR COHEN: Is that it? Okay. Perfect, excellent.

DR. SADANA: So follow up.

MR. HARNER: Yes.

DR. SADANA: Reports look very good. Curious about the variance on pages 11, 12, and 13.

MR. HARNER: Yeah.

DR. SADANA: The original (inaudible), if you were satisfied with the differences, then I guess the interest is on page 13 would be licensing revenue and royalties.

MR. HARNER: Yeah. So that's one. We actually are -- yeah.

So that one, our understanding, they just hadn't spent any money really on the -- from that fund. So if you look at the -- we go back to page 9, you can see in the -- or sorry, page 10, there's no expenditures in that licensing revenues and royalties fund. And that is something we were under -- we're understanding the start -- and it started the ramp up.

And that we're actually working on our audit of 2024 right now. We're trying to find out that as we have a very similar question, but it -- when is there going to be some activity coming out of

this fund? But our understanding is with the kind of a change in strategic planning going forward, there was some realizations that needed to put a little more structure around this and get something in place before the CIRM just starts spending money out of it, so.

CHAIR COHEN: Okay.

MS. LEWIS: Can I add?

CHAIR COHEN: Absolutely.

MS. LEWIS: So the licensing and revenue fund we went through a pro -- the BC budget change proposal process with the legislature to have that appropriated for patient assistance. So that's going to support our clinical trial programs in California residents that participate in travel and hotel and lodging and food associated with participating in clinical trial.

The other piece of this is we issued a grant to operate the program separate from this fund. That grant did not get approved by our board until '23/'24. And so that's why you haven't seen any expenditures yet, because the program is just getting up and running. We're in the pilot mode. So during this fiscal year, we'll start to use some of those expenditures.

CHAIR COHEN: Okay.

MR. HARNER: Yeah.

CHAIR COHEN: All right. Any other questions? Not -- we are going to move on. We're going to move to public comment. All right.

Mr. At&T Operator, could you check to see if there's any public comment?

MR. AT&T OPERATOR: Certainly. And if there are any public comments, please press 01 at this time.

Again, it is 01 for the phone lines and giving it a minute here. No comments in queue at this time.

CHAIR COHEN: Okay. All right. Thank you very much. All right.

This is -- this is not an action item, so we're going to go to part B, which is the State Controller's Audit Review Board. Thank you, Mr. Harner.

And so, coming up is Kimberly Tarvin, who is in my -- who is in my office. She is the Audit Division Chief.

Ms. Tarvin, thank you again for being here. On behalf of the state Controller's office, Ms. Tarvin is going to provide a presentation on the

quality control review of the presentation that you just heard. So this is -- this is always an interesting structure but please share with us your findings.

MS. TARVIN: Absolutely. Thank you, Madam Controller. And it's a pleasure to be here to share these results with everybody here. And so as stated, I am Tarvin. I am the chief over the Division of Audit here at the State Controller's Office. And I will be sharing the results of this report that up on this screen, it was issued October 14th, 2024. And it's a quality control review.

And what we do is, after the financial audit is complete, we conduct a quality control review of the work of NGO and review all of their working papers to support their conclusions of the report that's issued.

So the first question is: Why do we do that? That relates to your question. The first reason is that Health and Safety Code for the record, is 125290.30(b) it's a (inaudible). That is the code that requires term to commission a financial statement audit by an independent CPA, and that same code, it requires the report to be submitted to the

Controller. And then that same code requires us to do this quality control review.

And so we do the review of course, in accordance with that. But the real reason and the important reason behind why that matters and why it's good for all of you and the public is because it provides an additional level of assurance.

So MGO provides a level of assurance by being an independent CPA, and then we look at their work to ensure that they're meeting all of their required professional auditing standards. And that business and professions code, the California Business and Professions Code, which provides some more assurance that you can rely on the work that is in that.

So that's really important so that, you know, those that are using the report for decision making or information or understanding what -- what's happening within CIRM can rely on that work. So that's why it's really important.

So the first thing I'm going to share is the results, because I'm sure that's what everyone is most interested in, right.

And so we did conclude that MGO did conduct the work of the CIRM audit for year ended

June 30th, 2023, in accordance with the required professional auditing standards and also the California Business and Professions Code.

And so what are those auditing standards? Mr. Harner did reference a couple of those codes, but I'm going to expand just a little bit.

So the first set of standards is the generally accepted auditing standards in the United States. So those standards are issued by the American Institute of Certified Public Accountants.

So that's one set of standards, which has a lot of work and a lot of requirements all within those.

And then, as Mr. Harner mentioned -- Harner mentioned that on top of that is government audit standards, which adds even more requirements for the audit team to follow and make sure that they document things within all those standards in accordance with all the steps and procedures that are required.

And then there's a few other requirements in the Business and Professions code that relates to CPAs. So we -- what we do when we do our work is we look at everything. Everything that they conducted. There's a set of working papers which documents

everything from the beginning planning stages, risk assessments, internal controls, review, and auditing on various accounts and records all the way to the end, their evaluation of their evidence to get to their conclusions and ultimately their reports.

So we go through all of those things and we compare. What are all the auditing standard requirements, and did they, in fact, meet those auditing standards requirements? So it is a pretty big undertaking. And again, they met all of them.

CHAIR COHEN: Now, I know it might be a little awkward to criticize. He is worked when he's -- when he's right here. That was like the most polite exchange I've ever seen. But it -- you're saying that it's passed the standard. It looks good. The report is sound?

MS. TARVIN: Yeah. Our review report confirms that they -- abode all the requirements of both of those standards and the business.

CHAIR COHEN: Next time I'll have him leave the room.

So you can -- you can really feel comfortable to speak freely. I have a couple questions, and then I'll turn to my colleagues.

First what's -- what is an ideal window

for your team to -- of auditors to perform its annual review of the independent auditor's work so that a report can be provided and presented to the ICOC in a timely manner.

MS. TARVIN: Yeah. So this year we issued our report in October. In the last several years, it's been in the fall.

CHAIR COHEN: Okay.

MS. TARVIN: Having that time period. Our work is predicated on CIRM closing their books and finalizing their financial statements, because the independent audit can't begin to tell that.

CHAIR COHEN: Uh-huh.

MS. TARVIN: And the independent audit happens. Once that report is issued, there's a 60-day window for the independent CPA firm to put all their -- finalize all of their documentation and close out those records. So once that happens, that's when we can begin our review. So if we were to all move our timelines up a little bit.

CHAIR COHEN: Uh-huh.

MS. TARVIN: And if --

CHAIR COHEN: So, like September still fall. But --

MS. TARVIN: Yeah. So, you know,

potentially books close by the end of September, audit done and completed that window close by March. Say, then that would give us opportunity to issue it late April, early May.

CHAIR COHEN: Okay.

MS. TARVIN: Or, you know, if there's shifts -- and then in addition to that right, we also have additional engagements that are going on at the same time.

CHAIR COHEN: Yeah.

MS. TARVIN: So -- but what all of that would do is we can coordinate and schedule that in so that it can occur on that timeline.

CHAIR COHEN: Okay.

MS. TARVIN: If there was a desire for the report to be issued sooner.

CHAIR COHEN: Okay. Well, Mr. Harner's nodding his head.

MR. HARNER: Yeah. For '24, we're trying to issue this week actually on Friday, so.

CHAIR COHEN: Right.

MR. HARNER: We just reach out and make our -- in February and then (inaudible).

CHAIR COHEN: All right. That's a little bit of progress made here.

MS. TARVIN: That's great.

CHAIR COHEN: That's good to know. I do have a second question. Yes.

MR. HARNER: The transcriber has asked if someone makes a comment that's not sitting at the screen, if they could announce their name per the transcription records exactly.

CHAIR COHEN: Yes. We'll move forward. We will.

MR. HARNER: Yes.

CHAIR COHEN: And that was the voice of Craig Harner. Okay.

MR. HARNER: Thank you.

CHAIR COHEN: All right. No problem. Thank you.

Second -- my second question to you is, are there any areas that that can be enhanced to improve the quality of the review.

MS. TARVIN: So, that's a really great question. And as I mentioned the review is very in detail.

CHAIR COHEN: Uh-huh.

MS. TARVIN: And covers everything from the beginning to the end of the audit. And not just because Mr. Harner is here, but it truly is a

comprehensive review. It's comparable to every three years. Every audit CPA firm is required to have what's called a peer review. And it's very similar to that process, and that's required by the Board of Accountancy. And so it's very similar except that a peer review is of the entire firm and a sample of engagements where our work is this engagement specific.

So -- but we are working towards why I'm getting the report out quicker, so it's available, and that information's available.

And secondly, we are working on enhancing the presentation and format of the report itself. So that it's a little bit more modernized, and so we're working on those couple of areas.

But the work itself is -- like I said, is very, very comprehensive.

CHAIR COHEN: Sounds like it. Thank you very much for your expertise.

I'm going to open up to see if my colleagues have any questions. If not, we will go to you, Mr. Brad. Let's see if there's anyone on the at AT&T line.

MR. BRAD: Certainly. Please press 01 at this time if you have any questions or comments.

Again, it's 01, and no questions or comments in queue at this time.

CHAIR COHEN: All right. Thank you very much.

Okay. And this is just an informational item; is that correct? The report's before I'm reading it (inaudible). Okay. No action is taken.

Oh, yeah, no action is taken on this. So we are going to move on to Item 6, which is an action item.

Is there a motion to adopt to the 2020, 2023 independent financial audit? I'll need a motion and a second.

MR. ROWLETT: So moved.

CHAIR COHEN: All right. A motion made by Al and a second by?

DR. SADANA: Second.

CHAIR COHEN: All right. By Dr. Sadana. Ms. Blaylock, could you please call the roll.

MS. BLAYLOCK: Yes, Chair Cohen. I'll now call roll for the motion to approve the adoption of the 2022-23 independent financial audit by, is it Macias, Gini & O'Connell. When your name is announced, please indicate your vote for the record. Chair Cohen?

CHAIR COHEN: Aye.
MS. BLAYLOCK: Dr. Maa?
DR. MAA: Aye.
MS. BLAYLOCK: Alfred Rowlett?
MR. ROWLETT: Aye.
MS. BLAYLOCK: Dr. Sadana?
DR. SADANA: Aye.
CHAIR COHEN: All right. Thank you. This motion passes unanimously.
We're going to be moving on. At this rate, we are going to have to fill the time in on the other end here through this agenda. I'm going to call Item Number 7. It's an update on the California Institute for regenerative medicine strategic plan programs.
Next, we'll hear from service teams to share an update on the agency's work, which is an important -- which is an important background for CFAOCs oversight function.
Now, just as a little bit of background, we have completed the necessary oversight functions where the necessary oversight functions were completed for this calendar year.
But we wanted to invite CIRM to come -- their leadership to come and report back to the

committee on the progress of the strategic plan any programmatic changes you may have. I'm curious to hear about clinical trials, grants, awards, you know, things of that nature.

And I also would love to hear your efforts around the DEI effort that you guys are undertaking. So, good morning or good afternoon, you may.

DR. THOMAS: Madam Chair, members of the committee members of the public, I am Jonathan Thomas, kidding with Al'S comment earlier, the only person that's ever called me Jonathan is my mother. So I go by JT.

CHAIR COHEN: Okay.

DR. THOMAS: I've had the -- had the privilege of being CIRM's board chair for 12 years, and this year made the switch over to be the president, CEO. So I have had a wonderful experience with this. It's the most interesting job, most incredible team that anybody could ask to work for.

And along those lines, I want to start by giving a shout out to Jen for the unequalified audit. That's a big deal. And she works tirelessly not only on our financial issues, but oversees our IT and just general operations as well.

We have something called grants management, which is the entity that once grants are awarded oversees all of that, which is, we were talking about milestones and all that sort of thing. That's part and parcel of a very complex system that has been set up to handle all the 1400 plus grants that we've made since inception. And that's under Jen's purview as well. So, shout out to Jen.

Our welcome to Michelle who joined us a couple weeks as our new director of finance. Having had a great deal of experience in many different agencies at the state level brings tremendous expertise to that position.

And, Rafael, whom you will hear from after me, is our general counsel is -- will be presenting today on the performance audit and has done a great job on that, as well as all the other legal issues of the day that come not infrequently to any state agency. So these are people you'll hear from.

And as you did, Madam Cohen introduced Vito and Maria, who run the board expertly and which is not an easy task for a 35-member board. And we're very fortunate to have them at the helm.

And together the board and the team are a

great team at large, and I think doing a great job of capably stewarding the taxpayer dollars in this most interesting area.

So -- but that is a bit of an opening statement. Wanted to present to you on these particular topics that you referenced in your introduction, Madam Chair.

And so, let's see. Am I controlling this or --

MR. OPPENHEIM: Yes.

DR. THOMAS: I am. Okay. So we start any presentation, we have a mission that sort of guides what we do day to day, accelerating world class science to deliver transformative regenerative medicine treatments in an equitable manner to diverse California and world.

MR. HARNER: We have someone driving.

DR. THOMAS: Oh, we do. Okay. Next slide, please.

So, CIRM as was duly noted is the product of two propositions, 71 and 14 one which both established the agency and authorized the initial tranche of $3 billion in State General Obligation Fund dollars to go to grants and loans, because it's played out over time. It's almost exclusively been

grants with some limited exception to originally academic institutions, research institutions and biotech companies in California.

And the -- originally, also the stem cell space, which in 2004 was in fledgling form first human embryonic stem cells having been isolated in 1998. So it was very early days when Prop 71 was passed. Since that time we had a Prop 14 in 2020, we, believe it or not, ran through our $3 billion initial amount and an independent entity called Americans for Cures which was behind Prop 71 ran a campaign to get Prop 14 on the ballot in 2020.

It passed as well, authorized an additional 5-and-a-half billion dollars. And so together CIRM now is an 8-and-a-half-billion dollars agency. 6 percent of that is set aside for administrative cost balance goes to all the various CIRM fund programs, which we will touch on here momentarily.

On this slide, as you can see, since inception, we put out $3.8 billion. That's as of June 30th. Added a bit to that since then.

But we've -- we've funded -- we have a number of different pillars three of which are basic, translational and clinical trial. Of those three are

sort of the continuum of research that we fund. We add to that what we call an infrastructure pillar. And lastly, a very important education program, which I'll speak about in some detail in a minute.

Prop 14 notably added gene therapy to stem cell science, because the gene therapy field that advanced far enough along, but it is now becoming more mainstream. And so we now fund stem cell and gene-therapy-related products and programs. Next slide, please.

Briefly on our impact.

You can see we cover the gamut on diseases from the ultra rare to the prevalent 85 plus at last count.

The clinical trial part of our program is affected largely through what we call an Alpha Clinics Network across the State, which is at a number of our academic institutions -- nine of our academic institutions that conduct soup to nuts clinical trials for both CIRM-funded programs, as well as qualifying programs that are not CIRM funded. And so that's a very important component of what we do.

On our education front, we've had over 4,300 students from high school on up to postdocs

that have gone through, which we're extremely proud of the most unique program more on that later. We've had over 50 businesses span out of academia from programs that we have helped in part enable and have generated as of economic impact statement, which we will need to be updating sometime relatively soon, over 56,000 FTEs across the State of California in this most important subset of biotech that is stem cell gene therapy.

Next slide, please.

So, our -- we have five-year strategic plans, and this was the basic tenets of our most recent, which was in 2022. And as you can see, if there has three separate pillars to advance world class science, to deliver real-world solutions and to provide opportunity for all. And as you can see, there are subsets below each of these that when you take in the aggregate, all of our programs are impact on one of -- at least one of these three -- these three particular tenants.

So it's a very comprehensive program that has many different aspects to it all towards driving these three goals.

And I will have something else to say about that towards the tail end of this, which is

sort of a major deal it's having this year that impacts the strategic plan.

Next, please.

Okay. Madam Chair, on the subject of DEI, basically DEI permeates everything we do. We are very committed to it at various levels. Whether it's the details of a clinical trial program or its internal DEI policies or it's the representation from underserved communities in our education programs or whatever. It is something that we take extremely seriously.

And the -- and I think that we like to sort of think our -- of ourselves as a model for how to go about integrating DEI into every aspect of what we do. You can see here on this page the whole idea of patient outreach which is get -- making sure that the therapies and cures that we will ultimately enable our scientists, at least in part help enable will be available to all citizens of California with a heavy emphasis on serving the underserved communities.

Vice Chair Bonneville leads what was created by Prop 14, which we call accessibility and affordability working group, which is all about this topic and is of such importance in the terms of the

proposition that it has its own separate budget, its own separate FTE cap. And so that is an area of accessibility and affordability is key when you're in a development, new medical treatments that are pricey. That's basically -- and how do you make that accessible?

And that involves working with payers as well as patients and the medical teams themselves, the companies themselves, et cetera. Big -- it's a big deal.

Again, on education, which is all about creating the workforce of tomorrow, we're very devoted to making sure we have full representation across all demographics.

This third thing, which is something you might not be familiar with, the term IPSC repository we deal in acronyms.

Dr. Maa, Dr. Sadana will speak to Al having had many years of experience in this. IPSC stands for Induced Pluripotent Stem Cells, which are a new form of stem cell that was created in the late 2010s by Dr. Shinya Yamanaka from Japan, who came up with a very unusual question.

He said, Gee, I wonder if you can take an adult stem -- an adult cell, not stem cell, adult

cell from your blood or your skin or whatever, and subject it to some sort of cocktail of proteins and reverse engineer it back to embryonic stage. Now, how we'd even think to ask that question is one thing. The fact even more amazing, is he figured out how to do it.

And he came up with a four-protein cocktail that when it's embryonic, it's said to be pluripotent, which means can become anything in the body. And he made it happen.

And so this -- they call these newly created stem cells induced pluripotent stem cells. And for that within five years was awarded the Nobel Prize, which is amazing because normally you wait 40 years for that if not posthumously, to get these.

And it was of such note and importance that he got it in a short period of time. Just as inside, you may say, well, this is really interesting.

What's the big deal with these things?

And the big deal is that they are extremely valuable for certain types of diseases that you can't -- you can't just take drugs and test against most notably in the neurological sector.

So, for example, if you come up with

Alzheimer's drugs or whatever, you can't just start feeding patients in trials drugs because the FDA won't allow that.

So what you do instead is you take these somebody who has, let's say Parkinson's disease, and you take a skin cell and you reverse engineer it, and then you reprogram it with yet other proteins to become neurons in a dish.

And those neurons are the patient's neurons. And so you now have Parkinson's disease in a dish, and at that point, you can do what they call high throughput drug screening against these neurons to see if whatever it is you're testing has a material impact on slowing down the development of the -- of the disease in the dish.

And if you can do that and get that data, then you qualify to file the FDA for clinical trials, and you can test the drug there having tested against those neurons.

One example of sort of very cool nature of this field. And so when we have a repository of 2,800; is that right? 2,800 cell lines, which are pointedly involving the neurons of the cells that we create neurons out of of every part of the population demographics. You want to make sure you've got

diverse representation in there as well. Rather long-winded discussion of this bullet point, but I thought hopefully --

CHAIR COHEN: No, definitely --

DR. THOMAS: -- that interesting.

CHAIR COHEN: -- very interesting.

DR. THOMAS: I'm going to hear about this from Maria later on, but she did say we needed to expand. And then we have the community outreach efforts, which I described Maria's very capable efforts are leading.

Next slide, please.

CHAIR COHEN: Okay. Dr. Thomas, I do have questions down on this end?

DR. THOMAS: Certainly.

MR. OPPENHEIM: Yeah. Dave Oppenheim.

CHAIR COHEN: Yeah, of course.

MR. OPPENHEIM: Oh Dave Oppenheim, Deputy Controller Sr., Financial Advisor. I sit on behalf of the Controller's about 50 boards or so, and a lot of them with grant finding investment opportunities, and DEI is something that is core to some of our philosophy here at SCO.

So I just wanted to take you back to your impact page real quick, a few slides back talking

about the various statistics.

DR. THOMAS: Yeah.

MR. OPPENHEIM: Thank you.

DR. THOMAS: Yeah.

MR. OPPENHEIM: So, as DEI, as a core value, are you measuring if some of these quantifiable impacts that you have on the screen some results of DEI where diverse populations, diverse businesses, diverse jobs that are accounted in that 56,000, how are we really following through to ensure that principle is showing up in some of our impact? And is that something that's being measured?

DR. THOMAS: Sure.

So I think the answer to that is you measure it in a different way. So, for example, our -- when a researcher applies for a clinical trial, there is -- in the application they have to break down how they are going to have representation in the patient group, for example, of whatever it is that they're proposing to be working on.

And that actually is such an important component of it that we have -- with our clinical trials, we have monthly peer-reviewed sessions of those grants that came in that month.

And we have a patient advocate member of

the board as part of the peer reviewers.

And that patient advocate actually evaluates the DEI component of the clinical trial application and scores it not just comments on the scores in. And so we have a very good handle on these trials going into it, what their, their goals are going to be. And we do our best absolutely to monitor that.

Just to give you an example of how important DEI is in this regard, we -- when these peer reviewers evaluate the science they'll fund -- they'll typically recommend either what we call a tier one recommendation, which is we recommend you fund, which the board then takes and does what it's going to do, or a tier 2 or a tier 3. And the tier 1 is the only one that says, we recommend funding.

So a few years ago, we had a tier 1 recommendation come in on a project, and it had a DEI score on a scale of one to ten, five. And I said -- Al will remember this.

I said -- at the time, I said it's great we have the science evaluated as first class, but this DEI score is not acceptable. And we sent it back. We did not fund that. We had them reapply and -- and then go over their -- the part of the

application, which talked about a much better integration of DEI concepts into what they were doing. And they came back and sure enough, they had like an 8 and an even better scientific analysis.

And so that was a -- I think, a bell weather moment, which showed the seriousness with which we take DEI at CIRM. So we're -- we -- so that's -- with that -- with the education programs, workforce creation, we have statistics, some of which you'll see here later in the presentation, which readily acknowledge the understanding of the applicants for these education programs, how important DEI is, and how important it is to have diversity amongst students, et cetera.

So if you sort of go through different elements of what we do, we absolutely have metrics that we follow and make sure that we're adhering to this very, very important for sure.

MR. OPPENHEIM: I appreciate that answer and the rigor that you clearly have into the commitment, and that was sort of what I was looking for in terms of making this value a real business proposition and quantifiable in the work that you do. I appreciate the detail about that response.

DR. THOMAS: Yes. Thank you for asking.

CHAIR COHEN: May I ask some questions about DEI?

DR. THOMAS: Sure.

CHAIR COHEN: You know, it's a hot topic and politically you've seen a lot of corporations backing off of their DEI initiatives, allocations to their budget slashing programs succumbing to consumer pressure. You've seen the fearless one. I mean, there's been lawsuits, I mean, you name it.

Have you felt or succumbed felt any of that pressure?

DR. THOMAS: Well, I turned to (inaudible) over here.

CHAIR COHEN: They're shaking for the record. They're shaking their head no.

DR. THOMAS: I -- we haven't seen any of that, and we're full speed ahead.

CHAIR COHEN: Full commitment -- full commitment. Okay. Mr. Rowlett has a question or a statement.

MR. ROWLETT: My comment again, being in line with what JT has said Controller Cohen over my experience with the organization, the agency in eight years, I experienced an appreciation of DEI and the perspective of patient advocates and people with

lived experience, as well as those that advocate for people in underserved and underrepresented communities.

As, again, I gently say this, as you can appreciate from JT's presentation, the science can be at times a bit -- a bit intimidating. And the -- initially, my experience with the organization was just that.

However, there were those of us who wanted DEI to be appreciated and wanted underserved communities, as you said in your opening remarks to be represented in clinical trials. I'll say more about that later.

And so, the voice of the advocate, there were certainly opportunities, not just in the scoring, but in the understanding from scientists that DEI matters, and all the components of DEI and that included in making sure that underrepresented -- underrepresented cell lines were included in trials. So, absolutely.

DR. THOMAS: And I'd like to just commend Al, who is a tremendous champion of DEI on the board, as well as an enormously valuable board member across many aspects of what we do. So --

MR. ROWLETT: Thank you.

DR. THOMAS: -- thank you, Al.

CHAIR COHEN: All right. Now you may continue.

DR. THOMAS: Okay. So just to quickly go through overview our funding programs and research, which they say is really esoteric, yet very interesting to all of us.

So next slide, please.

So, I indicated we have these five pillars which you can see are broken down into the scientific pillars, plus the education and the infrastructure.

By "infrastructure," we mean things like the alpha clinics, whether it was actual bricks and mortar or equipment that goes along with that. We're interestingly adding per Prop 14 a -- in the process of evaluating grants for what we call a community care centers of excellence, which are going to be a little satellite alpha clinics that are in areas that don't have Stem cell clinical trial apparatus that are all going to be paired up with existing alpha clinics throughout the state.

So the whole point of this is to get this trial network and care out to as many people as possible. You can see the numbers there. I do want

to highlight one thing, which is very important, which is a lot of times people focus on just the clinical work and how are things doing, how far along are the programs, how much have you gotten that's close to commercialization, et cetera.

Certainly something to focus on, but just as important is establishing the pipeline of the research. And that all starts with basic research dollars. So you'll note on there that and today we're -- we've spent over a billion freely on discovery, which is basic research. And that gets these things going into the pipeline.

And we -- and we've had many awardees who've been starters in the basic research arena, and then we funded them up through the ranks as their projects continued.

So very important, you can see that we've really spread these dollars across all five pillars. I want to note the number for education and think about this, that here -- this agency funded by taxpayers is now been able to put out $650 million for education programs to generate interest starting again in the high schools and all the way up through post doctorate work. And truly setting the stage for a highly educated workforce in the field as the field

continues to develop. Yes, Madam Chair.

CHAIR COHEN: Dr. Thomas, I'm kind of curious. Are we targeting -- in the State of California, there are -- I think there's small Latino campuses, Latino colleges across the United States, if I'm not mistaken. I know there are HBCUs.

Are we targeting folks in communities of color for this future workforce?

DR. THOMAS: So, again, the -- starting at the high school level.

CHAIR COHEN: Okay.

DR. THOMAS: These are high schools --

CHAIR COHEN: Okay.

DR. THOMAS: -- from all over the states in all different communities.

CHAIR COHEN: Okay.

DR. THOMAS: And so you --

CHAIR COHEN: Public schools.

DR. THOMAS: Public school, yes, absolutely. And I know that this is not an easy thing to do, but I -- if you want to get a real kick out of something sometimes, the high school program, which has now been in place for many years, has an annual event where they come together and they give talks.

And these kids who go into this program, maybe having heard sort of the basics of what a stem cell is come out eight weeks later, and they sound like PhDs. It's unbelievable. And there are kids from all over the state, and it is like I say it all the time, possibly my single favorite thing that we do, because what it does is, is now when you talk to these kids and now they're hooked, I mean, they are going into biology, they're going into all the fields, bioengineering, whatever it might be and -- which is so critical.

Because when you've got this industry that's developing the state, you want to make sure these kids are there. So -- but that's a wonderful event.

We also have a -- the older students now are coming together in a unified program. We just had it at USC a couple months ago. By the way very cool dinner at the Natural History Museum the night before. Thought that was a particular favorite part of this.

But, anyway, these -- the --

CHAIR COHEN: My invitation must have gotten lost in the mail. I don't recall. I don't know who's in charge of that.

DR. THOMAS: Let's take --

CHAIR COHEN: We'll have to correct that.

DR. THOMAS: There we go. Well, we're going to expect you to be there.

CHAIR COHEN: No problem. I do have a question.

Is this information on your website, these programs where people can apply and -- okay.

DR. THOMAS: Yes. Well -- and it's the -- so the -- these programs, it's the high school programs that are not actually at the high schools. They're at institutions like say USC or UCSF or whatever. And the programs are there, but there -- the -- there's a great deal of now well established line of communication between the people who run the programs and all the different schools who have kids who want to apply.

CHAIR COHEN: Okay.

DR. THOMAS: So it's a very well known thing.

CHAIR COHEN: That's great. We'll help you promote that, too.

DR. THOMAS: Yes, that'd be great. And we would -- and we would love to have you come -- we'd love to have all of you come.

I think you would -- you would find this -- this unforgettable experience, just like, sort of sit there, you'd almost laugh. It's like, you're kidding me. Where do these kids get this expertise so quickly?

CHAIR COHEN: Yeah. Mr. Rowlett has a question for you.

DR. THOMAS: Yes, sir, Al.

MR. ROWLETT: Okay. Thank you, JT. The Controller identified the DEI as a very prominent issue today.

In the State of California, I experienced that even with the passage of Prop 1, forgive my preamble that the other very prominent issue is mental health.

CHAIR COHEN: Yes.

MR. ROWLETT: And I note that in the neural space, you identify on this page, $275 million invested in the neural space. And I -- again I equate neural with mental health and with cures associated with what is -- what I would describe as persistent psychiatric illness.

And again, I know we're a long way from there, but we're trying to get there.

DR. THOMAS: Yes.

MR. ROWLETT: And so if you could speak to that because from my perspective, it is the issue that is talked about today, everywhere. And that is moved.

DR. THOMAS: Yes. Thank you for asking that question.

So this is -- this is 275 line is a bit misleading because historically throughout the deploying the Prop 71, 3 billion, roughly 30 percent of that went to neurological disorders.

Now interestingly, Prop 14 specifically calls out of the 5-and-a-half, a billion five has to go towards neurological disorders, which is not all that dissimilar from what we've done historically.

And so the -- this 275, you see there is on top of the 30 percent of the 3 billion, we already put out. So just as sort of a general context sort of statement.

Now with respect to mental health, we -- under the Board's guidance have had a new program we put in place, which we call ReMIND which is an acronym. And it was designed to fund neurological research. And they started out with a -- an opening of how much (inaudible) a hundred and --

CHAIR COHEN: A hundred and ten million.

DR. THOMAS: 110 million in the first round went entirely to neuropsychiatric disorders.

We've had some grants over the years, which have been in that field. This was the first specific instance where we targeted that area specifically.

And that resulted in a number of grants that are mostly basic research because the neurological field for folks probably know is sort of the -- if you will, the toughest nut to crack in the field.

And so a great deal of the research going on is in the basic research arena where you're -- what you're really looking for in that is to identify targets that you can then develop treatments against those targets, what they call biomarkers.

And so the -- this first ReMIND batch, all going to neuropsychiatric disorders is all about biomarkers targets, and that it's all basic research.

But that's very important. And to the extent you identify targets for a disease that there's never been anything identified that you could go after that's big. Because that's going to set the table down the road for actual treatments being developed to go against those targets.

So that is the first salvo against -- specifically against that area. We'll be putting more out into that as we will in the other two areas of neurological disorders, which are loosely called neurodegenerative which would be Alzheimer's, Parkinson's, Huntington's, that sort of thing.

Or the third would be neuro entry, traumatic brain injury, spinal cord injury, that sort of thing. So a billion five of that, at least. It may be more. We were required to put out a billion five and we will. Does that help?

MR. ROWLETT: It does. That's ReMIND.

DR. THOMAS: R small E and then all caps mind. Anybody know what that stands for?

(No audible response.)

No. It is one of our zillion acronyms.

CHAIR COHEN: The acronyms has evolved.

DR. THOMAS: One of our zillions of acronyms. You know, it's pretty clever. It's like, you know, the M's from one beginning of one word. The I's in the middle.

CHAIR COHEN: Please research using Multidisciplinary Innovative approaches in Neuro Diseases.

DR. THOMAS: There you go.

Okay. Next slide please. Okay.

So here this is our -- again, the basic research. This is R and D portfolio. I won't go into too much detail here other than you can sort of track from the percentages that were spread through all sorts of different things across many different disease types.

And this includes cell and gene therapies, as I said, biologics, which is, you'll remember are monoclonal antibodies and that sort of thing. And then they call small molecules, which nobody knows what that means.

All it means is, it's a drug. It's like a -- pills you take or small molecules. Why they don't just call them something else, I don't know. They call them small molecules.

Anyway. Okay.

Next slide, please. Okay.

This is the pie chart here of what we're doing, which areas we've got clinical trials going on.

Again, you can see that there's -- the heftiest chunk of that is for neurological. Again, covers many different kinds of diseases. All sorts of different, what we call modalities, which are

approaches that you're using study diseases.

So we were very, very lucky because since California is now undisputedly the larger -- largest funder of stem cell and gene therapy research in the world, we have a lot of A plus science talent here. And they do look to us for funding. So we get to see all the cutting-edge stuff, which is really fascinating.

And it's in all of these different areas. And there are many, many subsets of each area. So, anyway, we're at 111 clinical trials, which we're very proud of. About 50 or so, give or take, are active at the moment. These -- this is over historically over time. So, okay.

Next slide, please.

Well, oh, spend. There we are. Yes.

Well, I thought, Jen, you had that right off your tip.

So, this -- I don't really need to go through this. I just discussed it. But again, Al, again, your question highlights the seriousness of -- in neuro -- generally in neuropsychiatric specifically.

Next slide, please.

Okay. Here's our section here on the

education programs.

Next slide.

All right. And this sort of speaks for itself, over 4,300 participants in our various programs over the years.

Next slide, please.

Okay. So this SPARK program is our high school program that I was telling you about. Loving such programs. Fantastic group of kids.

The level of enthusiasm with which these kids participate and the pride, it's the only way of describing it, that they have in telling you about what they did this end of the summer conference.

And you can see in this particular slide, they do posters, which at every level of medical research, there are posters describing the work. And so these kids just revel and having you stop by their poster and explaining what it is they do.

Wonderful.

The next highest level is an undergraduate program, which is our actually a COMPASS program, another acronym. And it's set up to provide mentoring for undergraduate kids. And it's another example of a curriculum development specifically to what we do. It's been in place now

for a couple years. Another huge success.

Next slide, please. The Bridges program, which I believe is our first, if I'm not mistaken, I think it started in maybe 2009. And it has students from Cal State campuses and community colleges who go for the year for programs at participating universities that have stem cell curricula programs. And they, too, at the end of their stent, are priming with information and enthusiasm.

And then finally, the CIRM scholars, which is the highest of academic program, which you can see, pre-doc, postdoc, clinical fellows, et cetera.

The latter three programs are the ones that just came together at USC. It's SPARKS program, has its own, it's sort of high school. It's particularly special.

Next slide, please.

Okay. So here are some stats. Madam Chair, you were asking about the different demographics served by the various programs. And you can see here that there's a great emphasis on spreading out the demographics amongst different communities.

And again, there is active, almost

recruitment process to make sure that kids from underserved areas get access to these programs. Next slide, please.

Here is information on the gender identity and the percentage of students in our different programs that are first generation, which is, it's pretty remarkable statistics that I think their programs take great deal of pride in the -- in having a very large component of first generation.

And, again, this is -- all of these programs, at every level is just it gets these students more and more hooked and prepared to enthusiastically go out into the real world in the field.

Next slide, please.

Okay. On the -- on the subject of commercialization of cell and gene therapies.

Next slide, please.

So, as I mentioned, we have these nine Alpha Clinics Network. You can see the institutions that house these they're all leading medical centers spread throughout the state. Have over 250 trials, both that we funded and others have funded, and over 2000 patients, which is a number that's growing monthly as we approve more and more clinical trials.

And then we -- we've got this last statistic, which is we have a number of industry contracts affiliated with this, whether it's outside cell manufacturers or whatever. It's a major component in this program.

There's -- I wish to invite you, all of you to, if you get a chance, tour the UC Davis Stem Cell Program and Facilities.

It's -- as with all of these, it's remarkable what they're doing there. I'm sure that Jan Nolta, who runs that program would be delighted to host you. And it gives you a real feel for what this is all about, is highly representative of all of our programs.

Next slide, please.

So, the -- this idea of manufacturing, it's sort of a weird idea.

When you think of manufacturing, you think of like making t-shirts and that sort of thing. Well, the -- you actually -- there's a very vibrant, cell manufacturing community where you actually produce -- reproduce, biological product. And that these cells need to be very consistent. Because you want to make sure if you're testing treatments against cells, they're all the same in any particular

instance.

So there -- that is -- that is captured by the term good manufacturing or GMP practice. And so UC Davis, for example, has a GMP facility at, which they manufacture cells for different clinical trials. Because this is such an important component of the whole business, we've now established a network of nine members, again, you see on the right there, which are devoted to sharing information about best practices in manufacturing. And they share results and give insights as to how they get around bottlenecks and that sort of thing.

And it's a network that's unlike any other, as far as we know in the country, as is the Alpha Clinic network, which we don't know any that are like it anywhere else.

Which, by the way, it sort of captures the essence of CIRM. There is no other CIRM in the country. The next biggest state program is a hundred million dollars and requires appropriation by state legislatures.

CHAIR COHEN: Which state is this?

DR. THOMAS: So, New York, which may not even be in business anymore.

CHAIR COHEN: It's not. It is not.

DR. THOMAS: Connecticut has a smaller one. Maryland has a smaller one. There are very few states have anything, and they're all, if not state legislatures, they're philanthropically based. So we're very lucky. The voters have had the insight to give us this very significant --

CHAIR COHEN: Here's a question. Who introduced that legislation? How did they get on the ballot? Was it through initiative?

DR. THOMAS: Yes.

CHAIR COHEN: Or it wasn't?

DR. THOMAS: Yes, but --

CHAIR COHEN: What? It was?

DR. THOMAS: It was initiative. Yes. So it was a -- our first board chair, before he was board chair, had a son who had Type 1 diabetes back in the early 2000s. The President Bush had just issued a ban on funding for NIH to develop new embryonic stem cell lines, which sort of brought the field to a screeching halt --

CHAIR COHEN: I remember that.

DR. THOMAS: -- two or three years after it got started.

CHAIR COHEN: Oh, wow.

DR. THOMAS: And so, Bob Klein, this

gentleman, came up with (inaudible), does a lot of work with housing bonds.

CHAIR COHEN: Uh-huh.

DR. THOMAS: Came up with the idea of creating an agency to fund research using state bonds. And he wrote along with then longtime counsel, James Harrison, from the Remcho Firm, wrote an initiative that required a million plus signatures to get on the ballot. He got it. And he raised a significant amount of money to fund the campaign. It wasn't a big campaign. He wasn't able to raise that much, but for statewide --

CHAIR COHEN: I mean, still statewide, he still had to get 64 percent.

DR. THOMAS: Yes. And it needed 50 percent plus one, and it got 59.

CHAIR COHEN: Wow.

DR. THOMAS: Which is a huge win.

CHAIR COHEN: Yeah.

DR. THOMAS: And something that the -- importance to patients cannot be overstated, obviously. And it vaulted California into the lead in the field, sort of recapturing the frontier spirit that was Silicon Valley in the tech space, it's now California in the biotech space in this arena.

And so -- and then once the measure passed, Bob became the first chair of the Board. I succeeded him in 2011. And then when we ran out of funds in 2020, Bob came back again, outside of CIRM, because we can't get involved in anything directly.

And he wrote an amended initiative, which was Prop 14, got in on the ballot.

Interestingly, he needed a million signatures plus again, and as you folks know, the way you do this is you sort of camp out outside the Walmarts and Costcos, and it got to be March of 2020, and he had just hit what he needed, and had he gone like another three weeks, he wouldn't have -- because the world shut down. He would not have had these enough signatures. We barely made it. And he got it on the ballot.

And this time it was -- it was a 51 percent pass rate. So we were again, the happiest you are for the patients. Because this has enabled so much more work to be done. And it's teed us up for many years. Yes.

CHAIR COHEN: I want to call on Dr. Sadana.

DR. SADANA: This question may not be of any relevance, but I'd like to know. So, the

proposition was passed with regenerative medicine, with stem cell introducing into it. I mean, it's great. It's wonderful. Gene therapy.

Would the legislature cause or give us any problems on that we have introduced gene therapy?

DR. THOMAS: Will --

DR. SADANA: Part of the funding of know.

DR. THOMAS: Will the California legislature?

DR. SADANA: Yes.

DR. THOMAS: No. We haven't had any critiques of that added element at all.

At the -- and I think the reason why it was included was, the field took a while to get to where it sort of ironed out a number of issues that you saw early on in gene therapy, as you know.

And so that was included because a lot of work, particularly now in rare disease, is gene-therapy related work, where you identify many of these diseases have single mutations in their genes.

And now with the advent of very sophisticated gene-editing technology, something that Jennifer Doudna was the co-creator of, was at UC Berkeley, and she, too, got the Nobel Prize for

that, we're able to go in and excise out mutated amino-acid-based pairs and put in the correct based pairs. And that's revolutionized the treatment of rare disease.

So, no. Short answer is we're not receiving any issues on that. Yep.

CHAIR COHEN: Mr. Rowlett has a question.

MR. ROWLETT: So, I'm anticipating the next slide in that going to influence your presentation maybe a little bit, but recognizing that the auditor said, the Board recently approved -- no, Jennifer said the Board recently approved and an administrator for the patient assistant fund.

DR. THOMAS: Yes.

MR. ROWLETT: And there have been no expenditures in that area or nominal expenditures in that area.

How confident are you on a scale of 1 to 10 and why that you'll be very aggressive and successful at getting those funds out?

And I asked the question because patient participation is often -- not often, is predicated upon those funds being available to patients and their families. So --

DR. THOMAS: Yes. So, that -- the answer

is very confident, but it's a bit more nuanced than that.

MR. ROWLETT: Okay.

DR. THOMAS: So, the -- as was noted, the revenues that are generated now from funded projects go into what can label the patient's assistance fund. And the first amount of money that came into that was $15.6 million that arose out of something we'd funded research done at Stanford.

And it's set up to do what Jen described, which is to facilitate all of the things that patients need to be able to participate in trials.

So that's -- there's the money that goes to the patients, and then there's the money that goes out to the contractors who are going to be helping to make that program work.

And she said, we just, recently, finalized a contract with a group called Eversana that's going to oversee the administration of the patient -- of that fund for patients.

So, the -- what -- the reason why this is nuanced is it's going to depend on funding coming in revenues generated by programs that we fund into that patient assistance fund itself. And so that's going to play out over time as the field matures and you

start generating more revenues, either in the form of royalties that we get if something generates revenues, or it's in the form of something else, like this one time lump sum came about because of acquisition of a company that spun out of Stanford that we'd help fund, as you recall.

So very confident that we're getting going on this, but the extent to which that fund grows is something that's going to depend on revenues generated over time and how much -- how large that is, and what -- how -- when it comes in and all that sort of thing. But certainly the intent is to get it going. And we're doing exactly that now with that initial 15.6, which I guess --

Jen, what is the number now with interest? It's more than that.

MS. LEWIS: I don't -- it's over 16 million now.

DR. THOMAS: Over 16 million. Yeah.

MR. ROWLETT: So, just to follow up, I think that it would be interesting in the next audit to hear the qualitative data associated with patient perspective around the fund. And then specifically if -- and I know the ideal is to target underrepresented groups and citizens who typically

don't have the kind of access or resource to participate in files and how impactful that's been. And to have that represented in some kind of qualitative way would be very interesting.

DR. THOMAS: Thank you. Great suggestion. Thanks, though.

Okay. Next slide, please.

Okay. So this is what we just described. Again, the underlying key proponent of this is promoting equal access to or certain public clinical trials that are very important.

Next slide, please.

We touched on this already.

Community Care Centers of Excellence, specifically designed to serve and treat communities that are underrepresented, so that they get just as much access as people who live in Palo Alto, et cetera. And we're going to be having our first award coming up in January, first program under this. So stay tuned next year. We'll have a lot more on this to report.

I will tell you that we went out -- Maria could speak about this in great detail, in designing this program, we went out to areas that don't have the academic centers to -- do you want to speak a bit

about that? The meetings of the area?

MS. BONNEVILLE: I'd love to.

CHAIR COHEN: Please say your name for the record.

MS. BONNEVILLE: Sure. Maria Bonneville. In -- prior to the -- to the proposal going out, we went to -- our team went out to Inland Empire, Central Valley, and up past Davis and around here and had a big meeting here that brought a lot of communities together. And we went to communities to ask what services and programs they would need from a community care center around specifically cell and gene therapy.

And what came back to us was, you know, patient navigators, (inaudible), people who could go out into the community and talk about what cell and gene therapy was and how could -- how it could -- how they could bring the resources to those communities. It was very informative. It was really -- it was really great to go out into the communities and really have just a bi-directional conversation so that we could understand what the true needs were.

We can make assumptions about what we think, but that's not fair. And so we went out and really heard great feedback. And that was

incorporated into the company program and request from those.

CHAIR COHEN: Okay.

DR. THOMAS: Thank you.

MS. BONNEVILLE: Thank you.

DR. THOMAS: Next slide, please.

So, we serve from time to time engages in partnerships with other entities with respect to particular programs. Here are a couple that are specifically targeting sickle cell disease, that -- the one of the NIH institutes the NHLBI and serve joint forces in putting together a co-funded program for sickle cell projects.

You can see there four trials in the state, and the lead or three in the state, one in Boston there has an element of California attached to it, which is required. These are in process right now. But -- and, of course, in the sickle cell arena, you, of course, followed a number of months ago that a couple of companies now come out with products that are in the marketplace now, which are very interesting.

Gene editing, as I mentioned before, is a key feature in these. So -- but CIRM going forward will always look to partner with other entities that

have common interests so that we can leverage our dollars to more efficiently to serve research in particular areas.

Next slide, please.

Okay. I get a -- this is our last slide. I get a kick out of this slide, because it's one page, and it represents nine months worth of work. The team, the end of last year, we got an enormous increase in the amount of grants that we had coming to us, largely driven by the difficulties in capital markets in biotech.

And we quickly realized that increased demand among other things; we needed to take a real look at the remaining 3.8 billion that we have and how we're going to deploy it strategically over the life of the Prop 14 era, however long that lasts.

And because we wanted to make sure we get the best bang for our buck, targeting diseases and conditions that are the most important to the citizens of the State of California, et cetera.

So we set upon a reprioritization effort, if you will, to recall the Strategic Allocation Framework, which was extremely data driven in terms of what are the diseases of greatest moment to the State of California. And we came up with a series of

impact plans to affect this reprioritized approach which you see listed there.

The first one is in basic research.

The second one is in tools and technologies like gene editing or different vectors that are used or whatever.

The third is in rare disease. BLA is the acronym for the last stage of research where you get granted your BLA. You're through with the entire clinical trial, continue wanting to get four to seven rare disease projects through that stage.

Then we've got the fourth, was to dealing with the more prevalent conditions, 15 to 20 therapies, getting them at least to late stage trials.

The fifth deals with accessibility, affordability, and the last deals with workforce development.

Each of these six goals has a number of specific recommendations, which we didn't list here because that would take a bit too long to go through. But this is a very well thought out effort. A huge lift by the entire team, which literally involved everybody at CIRM working on top of their normal day jobs to develop this.

The Board was extremely involved throughout. Probably had 20 plus different meetings of subcommittees and working groups and the full Board, et cetera, and adopted this, the SAF, in total, at September in our board meeting.

And so now it's all about implementing. And that's -- that takes the form of developing what we call concept plans, which embodied the goals and recommendations, and to have those concept plans once adopted by the Board, which will take place over the course of the next year, to then move on to what we call program announcements, which announced to the universe we're going to be having these new programs embodying the concept plans. And then, the RFAs go out to solicit grant applications.

And that's going to take up bulk of next year implementing all these different things. Huge body of work, again, neatly summarized in very few words on this page. And so that's -- this is really, nothing short of a material amendment to our strategic plan.

And this is meant to sort of carry CIRM throughout balance of its Prop 14 funding. There will be strategic plans going along the way which embody this, et cetera. So that's where we are. So,

I believe that's last slide. If I'm not correct? Yes. So --

CHAIR COHEN: Thank you.

DR. THOMAS: Thank you. And we greatly appreciate your interest in all of this and all of the great work you do overseeing what we do. And we hope that find this to be a most worthwhile, if not highly unusual, use of taxpayer dollars for the benefit of not just Californians, but the nation and the world.

CHAIR COHEN: Yeah. Once again, California's leading.

DR. THOMAS: Correct.

CHAIR COHEN: So, this is -- this is great. Many of us peppered your presentation with questions. I could hardly wait to the end, but I see Dave has one, and Dr. Monte.

Does anyone else have any other questions?

Okay. Go ahead.

MR. IMBASCIANI: Great. Thank you.

And it dovetails perfectly to your last comment. A question first. What percentage of the CIRM bonds stay here in California for research grants and education? Is that a high percentage or

what's that number?

DR. THOMAS: Well, we're basically required to spend it in California because it's -- because it's taxpayer funded.

MR. IMBASCIANI: Right.

DR. THOMAS: And so the answer to your question is --

Jen, do you want to give a --

MS. LEWIS: So, only California organizations can apply to their funding except for in the clinical trial space, specifically because, as we know, clinical trial sites can be across the country. And so we will fund the California portion. So we will fund, you know, the Alpha Clinic site, UC Davis, and the site at UCSF. So we'll fund that portion for -- so for the example of sickle cell in that case, that's allowable.

MR. IMBASCIANI: And that just sort of goes to my observation that just like in many other industries, so California's become the leader in, or the leader of the green space, electrification space, the blue space, now the AI space. And the AI space propelled us from the fifth largest economy to the fourth largest economy because of the gravity that we had in that industry.

Do you see that California sort of being the center of gravity in the nation or even in the world now in terms of regenerative research and the continuation of bringing in talent to sort of just continue to exponentially make us that leader?

DR. THOMAS: Absolutely. No question about it.

And if you -- as we do, we go to conferences, and we all have friends who are in the field in other states who are extremely envious, not just of the funding, but of the fact, the point you just alluded to, the funding begets talent.

And the -- and scientists come, they bring their postdocs, they bring in people, the labs, they -- so there is no question, zero, that we are the leader in the field and in the world in terms of having this ecosystem in the state pursuing this. And we're fortunate to be able to help play a non-trivial role in that.

MR. IMBASCIANI: Great. And a follow-up question.

You know, I mentioned AI as an industry sitting here in California that's become dominant, but AI is taking on so many different, very beneficial potentials for the state, the workforce.

How is AI starting to move into your area in terms of accelerating research and discoveries and opportunity? Because what I see of what used to take five years accelerates to months, if not weeks, for the analysis of a lot of the data that AI can turn on now.

DR. THOMAS: That's right.

So, in terms -- specifically in terms of data analysis, it's going to have a dramatic impact. And what that does is, it not only helps analyze whatever it is you're doing at the time that it -- that the data is referring to, but it -- it's going to dramatically have an impact on across the Board on what scientists do because it -- it'll be able to say -- you direct it, it'll be able to derive from that what works, what doesn't work, what works faster, what doesn't work, what the targets are that are specifically shaped to be able to be something that a drug or a cellular therapy or whatever can apply to all of that stuff.

And so you're -- I think you're going to see there are large AI departments springing up across biopharma worldwide that expect to use it as a way to accelerate. And when you accelerate, you reduce time, and time is money. And it allows you to

do more and more, and it gets your results quicker. And so it -- it's no question about it, it's going to play a major role.

But if you have a very interesting chat, there's a -- any of you want to, I could send you a contact for a guy at Cedars who gave a talk on AI in the field at a conference we were just at for our -- for Alpha Clinics a month or so ago. That's fascinating. And I'd be happy to put you in touch with him. And so you could see that presentation. You get a real handle on that.

MR. IMBASCIANI: Yeah. The Department of Finance at the leading Stanford AI research team presented a number of top state executives. And the level of acceleration and potential is just amazing. And really, as a financial advisor to the controller, the reason for my questions is not only it looks bright for California's economic future through all of these centers of gravity and industries.

I often say we don't create businesses in California; we create owned industries in California. But what goes with that are all the quality jobs that attach and attract --

DR. THOMAS: Yes.

MR. IMBASCIANI: -- to those industries.

So just it's so wonderful to be part of a representation like that, just looking at the opportunity for Californians, our economy, and the type of jobs that we can have here in California.

DR. THOMAS: Yes, you -- couldn't agree more. Thank you for making that point, sir.

CHAIR COHEN: All right. Let's keep moving forward.

Thank you, Dr. Thomas. That was a real comprehensive review. Thank you.

All right. We -- that was an informational item.

Let me just do a check. Do we need bio break, everyone? Anyone? Not to embarrass anyone. Let me rephrase that. Do we need a 10-minute stretch?

(No audible response.)

No? Okay. We'll keep pushing through.

All right. Let's go ahead and call Item Number 8.

Now, while some of this information may have been captured in Item 7, this is an opportunity for CIRM staff to provide any additional information on CIRM's performance audit.

We'll now hear from Rafael Aguirre-Sacasa

to provide detailed overview of the CIRM performance audit process.

MR. AQUIRRE-SACASA: Thank you very much, Madam Controller.

And, again, do I have time, or would we be stopping at 4:00? I can do relatively quick, page flip, or we can do page --

CHAIR COHEN: I would appreciate it relatively quick.

MR. AQUIRRE-SACASA: Okay.

CHAIR COHEN: But --

MR. AQUIRRE-SACASA: All right. I'll do -- I'll do what I'll do, I'll do a thematic -- I'll do a thematic overview. Because most of the slides are kind of grouped together with the --

CHAIR COHEN: Okay.

MR. AQUIRRE-SACASA: And -- but there -- if there are any specific questions, please let me know.

In advance, the differences in updates from the last time I presented to the Controller's Office in February are the green fonts. You will see that there's been, in my opinion, a fair amount of progress on all of these.

Want to start off with a couple things.

As a general counsel for CIRM, it's my distinct pleasure to serve for CIRM at the -- be at the request of the citizens of California. But also it's a pleasure to work with people like Vito, JT, and Maria, because compliance is something that I firmly believe starts with a tone at the top and they make my job easier.

That's not very common for -- that's always a challenge for general counsels to whether they have a strong compliance support.

And for me, that's one thing that I can honestly say that not only with leaders, but throughout the whole organization, we have a very strong, I would say, integrity, culture. And so that makes my job easier. Everyone understands how important it's to -- as stewards for the taxpayer of California to do this.

So two, we're going over the '22 and '23 performance audit management response, and we're going to close out some issues from the 2019-'20.

CHAIR COHEN: And before we get into your portion --

MR. AQUIRRE-SACASA: Yeah.

CHAIR COHEN: -- I forgot to take public comment --

MR. AQUIRRE-SACASA: Oh.

CHAIR COHEN: -- on the previous item, on Item Number 7. I'm just going to briefly go back, open up public comment, and ask the operator to see if there's anyone online that'd like to comment on Dr. Thomas' presentation.

MR. BRAD: Certainly.

CHAIR COHEN: Mr. Brad?

MR. BRAD: Again, if you do wish to make -- yes, if you do wish to make a comment, please press 1 and then zero at this time. And currently, no comments in queue.

CHAIR COHEN: All right. Thank you very much. All right. Now --

MR. BRAD: You're welcome.

CHAIR COHEN: -- we can continue.

MR. AQUIRRE-SACASA: Okay. So, why don't we start.

Next slide, please. Thank you.

I'll go over some slides.

Next slide. There we go.

Again, I think that this was an important one, so I'll spend a minute on this one. This was with respect to the CEO reporting structure. As part of the reorganization of CIRM, the CEO has created

the position of the VP of operations, Jennifer Lewis here, the chief science officer, and executive strategy officer with focus on rare diseases, and the associate vice president of preclinical development.

DR. THOMAS has also streamlined the decision-making structure by creating a five-member executive team. I think it was down from nine. And the number of direct reports has been reduced from 12 to 8. So, I think that's an important one that emphasizes how we're trying to be streamlined and efficient.

Next slide, please. This one talks -- again, another important one. This one talks about Board engagement, making sure that in a hybrid world we are making sure that there is plenty of Board engagement with a 35-member board. Real quickly, extra effort is being made to do in-person meetings four to five times a year.

The Board governance team also conducted a survey of the board members to get input as well as ideas to improve things.

And then -- and one thing that I participate in is the board governance in the CIRM teams for the individual sort of subject matter -- subject matter areas are developing sort of small

group primers to discuss what we do on a daily basis to educate our board members on a regular basis.

For example, IP regulations that we do that for our -- for our board members and stuff like that, so that they understand what that entails. Skip two slides, please, if you don't mind. One more, please.

Thank you.

This was an important one because it deals with the intellectual property and revenue sharing requirements. Last time we had -- we -- I had mentioned that we had some members who had failed to respond to us, whether it's their IP or utilization reports are otherwise. We have followed up with the nonresponders, which are 22 percent.

The important thing is that any nonresponder will be ineligible for any future CIRM funding until any deficiencies are remedied. And we are constantly, quarterly, if you will, following up with them to make sure that they fulfill their obligations. And that's an important one, obviously, because that's what leads to revenue, which obviously flows for the patient's assistance. Right.

And I see -- I see Mr. Oppenheim shaking his head.

Sir, we're very well aligned on that one.

MR. OPPENHEIM: Okay. That's true on that one, so thank you.

MR. AQUIRRE-SACASA: Perfect. Great. I think -- okay.

Two slides, please.

Yep. This one is an important one, because it deals with our research data. We -- as part of the restructuring program, we are developing a comprehensive data structure, data infrastructure framework that's going to sort of help us analyze all of our research data. This includes the deployment of a dashboard, and it's currently in our staging environment.

We're also expanding our data sharing and management plans that include -- to include translational and clinical research. A clinical trials information dashboard for the Apple Clinics Network and other CIRM funded trials is in development with an RFP that has been issued and proposals due in January to enhance the accessibility and transparency.

Existing DSMPs for the Discovery Awards and additional -- and 172 additional data sets from older grants have been digitized with the potential

for further data expansion and as funding allows. In other words, you're trying to make -- take advantage of the technology to make this -- at this information much more accessible.

I imagine somewhere down the road, we will look at some AI tools to see what we can use to internally, because again, we -- we're -- we want to make sure that this is an enclosed environment if we do bring that in.

But, again, this is -- this is important because, again, we're trying to get a better understanding of our data. Thank you.

The next two or three slides deal with HR recommendations. I'd like to call out our new director of HR, Denise Daniel, who has come back to CIRM, and she has implemented a lot of process improvements, dealing with our onboarding process, making it a much more streamlined and efficient user-friendly process, obviously, for our new employees; also improving the quality of memorializing our policies and procedures for HR. That's really important. We want to make sure that everything's clear and transparent for employees.

And -- oh, and then the other one is -- one of the comments was on improving our change

management processes. The HR team has led -- has created a standard organizational change management process.

This is to improve transparency and accountability for our -- for our employees and how -- and how they manage the upcoming changes and the like.

And the HR team has also held meetings with our -- with any affected employees with respect to any change, discuss the changes, any scopes on how that would affect their day-to-day jobs and stuff like that. So this is a much more hands-on, much more integrated HR team, in my opinion. If we could, three slides forward, please.

CHAIR COHEN: Before --

MR. AQUIRRE-SACASA: Yes, ma'am.

CHAIR COHEN: -- jump forward, Dr. Maa has a question.

DR. MAA: Yeah. Just a few comments on some of the observations that you made in green.

MR. AQUIRRE-SACASA: Sure.

DR. MAA: I'm really happy to see you tightened up your sole source contract process. I think that's very important in the business that we're all in. On your comprehensive database of all

the research and everything, my comment -- and this isn't criticism except more of an observation, I would think in this type of work that we're in, that would've been a foundational piece of something that we would've wanted to have very strong to start. Because part of, you know, the opportunities in this program is the sharing and transparency of all this information.

So I'm really glad that you're continuing to make process. And that's something I'd continue to be interested in your progress as well. Then the last point on the HR issue in terms of bringing people on board and whatnot, we did mention four to six months, I think, and you're bringing that down to some changed processes and whatnot.

I would have to think in this very competitive field, you're basically missing out on a lot of the best talent that will not sit there for four to six months waiting for an offer into any asset.

MR. AQUIRRE-SACASA: And that was previously. Now it's been cut down quite a bit. That -- that's what -- That's what we were spending before. I think it's down one to two months on average for our recruitment. So it's -- we

understood that that was a opportunity to improve also.

DR. MAA: Perfect. No, thank you. Those were the things --

DR. THOMAS: May I just add that we're -- our jobs are in high demand, so whenever we advertise for something, we get very quick and large response, and that allows for us to accelerate even further once we have that good talent coming in. So, we're in good shape of it.

MR. AQUIRRE-SACASA: That's great. Yep. One slide -- couple slides down, please, if you don't mind.

One more. Oh, back one -- back one.

Sorry. There you go.

It was -- it's with respect to the compensation policy, the ICOC, Independent Citizens Oversight Committee Reviewed and Approved a new compensation plan and updated positionally set -- position -- positional salary levels in our June board meeting. So, again, this is something that we hadn't done in a -- in a couple of years. And --

CHAIR COHEN: Position for the executive staff or for the entire organization?

MR. AQUIRRE-SACASA: For the entire

organization. Yes, ma'am. And we continue to look at that.

CHAIR COHEN: I have one more question.

MR. AQUIRRE-SACASA: Yes.

CHAIR COHEN: Do you -- I know you're trying to go fast.

MR. AQUIRRE-SACASA: Oh, no, no. I can take my time. I'm just trying to, you know --

CHAIR COHEN: Don't get me wrong. I got a question.

Do you guys bring in consultants to assist you with the governance structure, compensation -- governance structure, but also compensation packages?

MR. AQUIRRE-SACASA: So, for -- I'll speak to compensation, which is what I -- what I -- what I know is that we have engaged -- previously we engaged a -- an outfit called H -- Morgan HR that helps. Because of the way our set -- our positions are aligned -- are defined, they're not -- it isn't really easy to find a one-to-one correspondence with job -- the job market and to see what the -- what the appropriate salary levels and compensation are.

So we did engage with Morgan HR, who helped us create that a couple of years ago. We will

do this again in the next year or two, do an analysis of where we are. We believe that we now have the internal skills and capabilities to do that in-house with our new HR team.

CHAIR COHEN: So also part of figuring out the compensation packages that you're offering, you do some kind of assessment in the marketplace. You guys are so unique. Who else -- who are you comparing yourself to?

MR. AQUIRRE-SACASA: Well, we have to follow the University of California, so --

CHAIR COHEN: Oh.

MR. AQUIRRE-SACASA: The medical school is --

CHAIR COHEN: Okay.

MR. AQUIRRE-SACASA: So that's proposition driven. So --

CHAIR COHEN: Okay.

MR. AQUIRRE-SACASA: So that's our general guidepost, if you will. But then again, we do take into consideration private industry as well to make sure because we also --

CHAIR COHEN: Because you're competing?

MR. AQUIRRE-SACASA: Yes, of course.

CHAIR COHEN: And you're able to compete

against private industry being related --

MR. AQUIRRE-SACASA: Well, remember --

CHAIR COHEN: -- being so closely connected to the UC system?

MR. AQUIRRE-SACASA: And as JT noted, it's -- people want to work for us. I mean, it's a -- I'll speak for myself, but it's a great job.

CHAIR COHEN: Yeah, I agree.

MR. AQUIRRE-SACASA: People are motivated.

CHAIR COHEN: If things don't work out for me here, I can certainly call you. Maybe you'll find room for me, I don't know. I at least know the strategic plan.

MR. AQUIRRE-SACASA: Yeah. So, yeah. So, again, we do think that there are some benefits. And I think moving over -- moving to the -- to the ninth -- 2019, 2020 performance audit.

Couple slides down.

Yeah. Thank you very much.

Most of these, again, have been moved towards a -- what I would consider it, almost a complete stage.

Again, they're not going to be closed until the next performance audit is performed, and I

think in a couple of years. But we think that most of these are very close to being done. This is closed. Let me see which ones I would like to speak about.

The next one. Next slide is an IP slide.

We already talked about the IP disclosures. This one -- oh, this -- one more slide, please. Okay. This one goes to --

CHAIR COHEN: This is finding which ones to be?

MR. AQUIRRE-SACASA: Finding number 7, page 48. And it's with respect to DEI, this is one of the reasons I want to touch upon this one. It two -- it's two parts. The first part was a recommendation that we engage with DEI consultants to encourage -- to help our -- help train our GWG to promote diversity of perspectives, backgrounds, and expertise.

We partnered with a -- we did that at the beginning of last year, if I'm -- if I'm not mistaken or at the end of 2023 in December. We had DEI consultants come out, meet with our GWG team and provide training, and some good feedback from board members to improve our processes for recruiting GWG members, with the goal of, you know, increasing our

expertise and our skill level, if you will.

Additionally -- so that's with respect to our GWG, which is a board function. Internally, we, CIRM, are preparing RFP for additional consulting services with a goal of returning a DEI advisor, to help us assess our internal protocols and processes to make sure that, you know, we're approaching it properly from a -- from a DEI perspective and see how we can increase our efforts there. So one is external to the Board and one is internal for us. And that will be, again, launched in the first quarter of 2025. Okay.

CHAIR COHEN: Okay.

MR. AQUIRRE-SACASA: All right. Next. Two slides down.

I'll talk about this one, because it talk -- it is the beginning of sort of the IT world and management of our or continuing management of our data. One of the recommendations though was that we implement a new document system. I'm happy to report that as of September 30th, the IT department had fully migrated to Microsoft Office 365 and SharePoint for document management purposes.

I'm still learning, but going to get there. So -- but they're very -- they're very keen

on that. And it's very good.

There were a couple of other slides moving forward that talked about customer relation management systems to collect, better analyze our scientific data as well as publication from our -- from our grantees. We -- the software development team has selected Salesforce as a CRM vendor, and they're currently working on the implementation.

So that will address a couple of these findings as well. We should be -- again, should be able to close those.

Also, tangentially, one of the -- one of the -- one of the recommendations was to enhance our cybersecurity program. The executive team of CIRM approve have reviewed and approved the new cybersecurity policy and the IT team is currently formulating a plan to implement and, you know, align that policy with the -- with the legislature. And I'm sorry, but that was a very high level and fast review of everything. Happy to go into more specifics.

CHAIR COHEN: Thank you very much to you and also to you, Dr. Thomas. Are there any questions, colleagues and staff? All right. Let's pivot. We're going to go to public comment.

Mr. Brad, can you check the line to see if anyone's would like to speak.

MR. BRAD: If there's anyone in the conference who would like to make a public comment, please press 1 then zero at this time. And we have no lines in queue.

CHAIR COHEN: Okay. Thank you.

We're going to go on to Item Number 9, which is public comment, which is an important section on our agenda. It's why we hear and receive public comment. I want to specifically invite any firm leadership team members that are not here, maybe that are online and want to speak or acknowledge. Or those that are here can also speak.

In the ruling, external leadership, period. Any team member who's not on today's agenda, if you want to have an opportunity to operate -- comment on anything, please come up to the chair. All righty then.

Mr. AT&T Operator.

Operator, please check the line.

MR. BRAD: Yes. And once again, if you do have a question or comment at this time, please press 1 then zero on your phone. And we still have no lines in queue.

CHAIR COHEN: Okay. Thank you. We're going to keep moving forward.

Item 10 is just board member comment.

Colleagues, any closing remarks? Lasting thoughts?

Dr. Sadana.

DR. SADANA: It's an honor to me. Thank you, madam. And congratulations folks of firm. Great job. Wonderful. And it's been progressing all over these years that -- thank you from public, I would say. So works well.

DR. THOMAS: Thank you. And it's been a pleasure to be able to work with you for many years now. We got to see the evolution of programs. Appreciate that (inaudible). So --

CHAIR COHEN: Yes, Dr. Maa.

DR. MAA: Thanks, Controller Cohen.

I just wanted to share -- it was great meeting. Wonderful information presented. I just wanted to share, I do a lot of work in tobacco control. Unfortunately, a number of state agencies, the universities that are funded by the FDA in particular notify that they're funded (inaudible), study, administration, speaking with support for trainees start. And so I just wanted to make

everyone aware that there's a shifting landscape, you know, and probably start to see some of the changes that began in (inaudible). Best wishes.

CHAIR COHEN: That's great. Thank you.

DR. THOMAS: As we're very attuned to that monitoring and very carefully as you went to it.

CHAIR COHEN: Okay. Mr. Rowlett?

MR. ROWLETT: I appreciate the Controller's emphasis in making sure that all California citizens are represented here, indulge in remarks and all this.

CHAIR COHEN: Thank you.

MR. ROWLETT: And always wanted to want to take a moment to applaud CIRM on a successful audit and on what the future holds for you. Especially interested in the AI question and how that will impact CIRM and the trajectory it takes.

CHAIR COHEN: Okay. We -- I'm going to turn to legal counsel.

Do we need to take public comment on the board comment?

MR. AQUIRRE-SACASA: Looking at me.

CHAIR COHEN: I'm looking at you.

MR. AQUIRRE-SACASA: Oh. Can't hurt. Might as well ask. Can't hurt.

CHAIR COHEN: Okay. All right. Let's go ahead, Mr. AT&T Operator, can we open up public comment? This is just for the board -- public comment on the board comments.

Okay. Sounds like there is none. We'll keep moving.

Item 11 is the considerations for the draft agenda for next meeting. I just wanted to see if any of my colleagues had any suggestions on items that they'd like to see on the agenda.

Yes, Dr. Maa.

DR. MAA: I read with interest in a certain pamphlet about a comment by Dean of my medical school at George Daley. And I was very interested. I was going to comment earlier, but Dave just asked my question about a partnerships with other states. I'm discouraging to hear that Massachusetts (inaudible) had not been identified.

But I was just wondering a little bit of more information about what's going on in other states and ways to amplify to partner.

DR. THOMAS: Well, we'd be happy to do that. In the interest of time, I could do it now, but I think we'll save it until next time.

CHAIR COHEN: Okay. We've made a note of

that.

DR. THOMAS: But we're very close to many of the stem cells professionals all over the country. Be happy to report it on it.

CHAIR COHEN: Okay.

MR. IMBASCIANI: I'd be interested, you know, a little more information on loans versus grants that -- you know, I understand grants and/or term-free money. But loans are very powerful as well as it kind of gives people an impetus to be more, I think, accountable, affordable. And leveraging that financing structure that's part of some maybe a little more strategically if you find that would have value and a report back on how you are looking at those versus grants.

DR. THOMAS: Great. Thank you.

CHAIR COHEN: Okay. Great. Any other comments? Right? Seeing none.

We are on Item 12, which is our adjournment. And I'm asking for continuance of this meeting to have the CIRM leadership report back to the committee on the progress of the CIRM strategic plan, programmatic changes, clinical trials, grants awarded, and of course CIRM's overall future.

Now that all the businesses concluded

today, we will meet next year. The meeting notice with the date and time will be posted 10 days prior to the meeting.

And, again, thank you very much for your hard work. This meeting is adjourned.

DR. THOMAS: Thank you.

(Meeting adjourned.)

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C E R T I F I C A T E

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF LOS ANGELES)

I, IRENE NAKAMURA, a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the foregoing proceedings were transcribed by me in machine shorthand from audio recording, and was thereafter reduced to typewriting by me and under my supervision;

That the foregoing is a full, true and correct transcript of said proceedings;

I further certify that I am not of counsel or attorney for any of the parties to this matter, nor in any way interested in the outcome hereof, and that I am not related to any of the parties hereto.

Dated this 9th day of January, 2025 in Los Angeles, California.

IRENE NAKAMURA, RPR, CLR
State of Hawaii CSR No. 496.
State of California CSR No. 9478.
State of Washington CCR No. 3177.
State of Nevada CSR No. 893.
State of Illinois CSR No. 084.004909

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