

BEFORE THE
CITIZENS' FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: EMERYVILLE CITY COUNCIL CHAMBERS
1333 PARK AVENUE
EMERYVILLE, CALIFORNIA

DATE: THURSDAY, OCTOBER 1, 2015
9 A.M.

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

BRS FILE NO.: 97995

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM DESCRIPTION	PAGE NO.
1. PLEDGE OF ALLEGIANCE	3
2. CALL TO ORDER AND ROLL CALL	3
3. OPENING STATEMENT	4
4. ADOPT MINUTES OF THE FEBRUARY 20, 2013, AND JANUARY 22, 2014 CFAOC MEETINGS.	9
5 (A) PRESENTATION OF THE 2013-14 INDEPENDENT AUDIT BY MACIAS, GINI & O'CONNELL.	9
(B) STATE CONTROLLER'S OFFICE AUDIT REVIEW REPORT	13
6 (A) STATUS UPDATE OF CIRM'S FINANCIAL PERFORMANCE	15
(B) BUDGET	49
(C) PERFORMANCE AUDIT REPORT	68
7. DRAFT AGENDA	84
8. PUBLIC COMMENT	85
9. ADJOURNMENT	88

BARRISTERS' REPORTING SERVICE

1 EMERYVILLE, CALIFORNIA; THURSDAY, OCTOBER 1, 2015

2 9 A.M.

3
4 CHAIRWOMAN YEE: GOOD MORNING. WE ARE NOW
5 CONVENING AS THE CITIZENS FINANCIAL ACCOUNTABILITY
6 OVERSIGHT COMMITTEE. AND I ASK ALL OF YOU TO PLEASE
7 RISE FOR THE PLEDGE OF ALLEGIANCE.

8 (THE PLEDGE OF ALLEGIANCE.)

9 CHAIRWOMAN YEE: THANK YOU. GOOD MORNING.
10 AND THE REGULAR MEETING OF THE CITIZENS FINANCIAL
11 ACCOUNTABILITY OVERSIGHT COMMITTEE IS NOW CALLED TO
12 ORDER. LET ME INTRODUCE MR. ALAN LOFASO, MY DEPUTY
13 CONTROLLER FOR HEALTH POLICY, AND ASK HIM TO PLEASE
14 CALL THE ROLL.

15 MR. LOFASO: THANK YOU, CONTROLLER/MADAM
16 CHAIR. DR. MICHAEL QUICK.

17 MEMBER QUICK: PRESENT.

18 MR. LOFASO: DR. SEDANA GURBINDER. JIM
19 LOTT.

20 MEMBER LOTT: HERE.

21 MR. LOFASO: CONTROLLER BETTY YEE.

22 CHAIRWOMAN YEE: HERE.

23 MR. LOFASO: WE'RE ONE SHY OF A QUORUM.

24 CHAIRWOMAN YEE: OKAY. I KNOW THAT
25 DR. GURBINDER SEDANA WILL BE JOINING US IN THE LOS

BARRISTERS' REPORTING SERVICE

1 ANGELES OFFICE.

2 OUR PROCEEDINGS TODAY, JUST FOR THE PUBLIC
3 TO KNOW, IS BEING HELD FROM TWO LOCATIONS. WE'RE
4 HERE IN THE EMERYVILLE CITY COUNCIL CHAMBERS AS WELL
5 AS IN THE STATE CONTROLLER'S OFFICE IN LOS ANGELES.
6 AND WE HAVE DR. QUICK PRESENT WITH US. WELCOME.

7 WHAT I'D LIKE TO DO IS JUST START OUT WITH
8 SOME OPENING REMARKS AND WOULD EXTEND THAT ALSO TO
9 THE OTHER MEMBERS OF THE COMMITTEE. AND WE HAVE
10 SOME VERY GREAT PANELS COMING UP THAT WILL PROVIDE
11 US WITH SOME HIGHLIGHTS AND UPDATES, AND WE THEN
12 WILL LOOK AT TIME FOR PUBLIC COMMENT AS WELL.

13 SO LET ME JUST SAY WELCOME TO ALL OF YOU.
14 WE ARE MARKING OVER TEN YEARS SINCE CALIFORNIA
15 VOTERS EMBARKED ON A BOLD, INNOVATIVE \$3 BILLION
16 STATE-SPONSORED INITIATIVE TO FUND NEW ADVANCES IN
17 STEM CELL RESEARCH HERE IN CALIFORNIA. IN 2004 MANY
18 CALIFORNIANS WERE CONCERNED ABOUT RESTRICTIVE BUSH
19 ADMINISTRATION POLICIES LIMITING THE AVAILABILITY OF
20 EMBRYONIC STEM CELLS AND SHORT CHANGING THE
21 POTENTIAL TO ADVANCE LIFE-SUSTAINING TREATMENTS OR
22 STALLING OPPORTUNITIES TO SUBSTANTIALLY IMPROVE THE
23 QUALITY OF LIFE FOR PEOPLE WITH MAJOR PHYSICAL AND
24 NEUROLOGICAL BARRIERS.

25 AGAINST THAT BACKDROP, WE'VE SEEN SOME

BARRISTERS' REPORTING SERVICE

1 MAJOR FOUNDATIONAL CHANGES IN STEM CELL RESEARCH
2 BEGINNING WITH THE ISOLATION OF EMBRYONIC STEM CELLS
3 JUST BEFORE THE BEGINNING OF THE CENTURY TO A MAJOR
4 BREAKTHROUGH OF REPROGRAMMING ADULT STEM CELLS.
5 EACH OF THESE HAS CHANGED MEDICAL RESEARCH IN
6 MULTIPLE WAYS. AND BY EXAMPLE, THE CALIFORNIA
7 INSTITUTE FOR REGENERATIVE MEDICINE OR WHAT WE WILL
8 REFER TO HERE TODAY AS CIRM, THEIR OWN WEBSITE LISTS
9 RESEARCH INITIATIVES FOCUSED ON 25 SEPARATE
10 MALADIES. EACH UTILIZES STEM CELLS IN A VARIETY OF
11 WAYS FROM GENERATING THE REMEDY TO KILLING THE
12 SOURCE OF THE PATHOGEN TO USING STEM CELLS IN THE
13 LAB FOR CLINICAL TESTING.

14 MOREOVER, CIRM'S RECENT LIST OF ADULT
15 CLINICAL TRIALS LISTS TREATMENTS DIRECTED TO AT
16 LEAST 11 SEPARATE ILLNESSES AND SOME HAVE ATTRACTED
17 BROAD MEDIA ATTENTION SUCH AS THIS YEAR'S
18 COLLABORATION WITH SANGAMO BIOSCIENCES RIGHT HERE IN
19 THE BAY AREA TO TEST A POTENTIAL CURE FOR HIV/AIDS
20 USING STEM CELLS TO GENERATE REPLACEMENT IMMUNE
21 CELLS. OTHERS ARE EQUALLY GROUNDBREAKING SUCH AS
22 THE ROLE OF ADVANCES IN REPROGRAMMED ADULT STEM
23 CELLS TO TREAT PARKINSON'S DISEASE

24 THE KEY QUESTION IS WHAT DRIVES THESE
25 ADVANCES. IS IT CALIFORNIA'S INVESTMENT? THE

BARRISTERS' REPORTING SERVICE

1 FEDERAL GOVERNMENT'S INVESTMENT? PRIVATE INDUSTRY?
2 OTHER COUNTRIES? A COMBINATION OF MANY OR ALL OF
3 THESE? WHAT WE HOPE TO LEARN TODAY AND IN
4 SUBSEQUENT MEETINGS IS WHAT IS CIRM'S CONTRIBUTION
5 AND, MORE IMPORTANTLY, THE CALIFORNIA TAXPAYER'S
6 CONTRIBUTION TO THESE ADVANCES? BEYOND THE
7 REQUIREMENT THAT RESEARCH DOLLARS BE SPENT HERE IN
8 CALIFORNIA, WHAT MEASURABLE PROGRESS HAS THERE BEEN
9 TOWARDS CELEBRATING SUCCESSFUL CURES? AND HOW DO WE
10 EVALUATE CIRM'S ROLE IN ACHIEVING THOSE ADVANCES?

11 I KNOW WE WILL HEAR TODAY REGARDING MANY
12 RECENT CHANGES AT CIRM INCLUDING A CIRM 2.0
13 INITIATIVE AND ITS PLANS FOR THE NEXT FIVE YEARS. I
14 HOPE WE WILL ALSO BE FURTHER ABLE TO EVALUATE CIRM'S
15 WORK SINCE ITS INCEPTION, ITS CHALLENGES, ITS
16 SUCCESSES, AND WHAT TO BUILD ON FOR THE FUTURE. IS
17 PROPOSITION 71'S ACCOMPLISHMENT SIMPLY THE
18 ADDITIONAL RESEARCH FUNDS, ENHANCED COLLABORATION
19 AMONG RESEARCH INSTITUTIONS, ADDITIONAL LEVERAGE
20 FUNDS, COOPERATIVE PARTNERSHIPS WITH BIOTECH
21 COMPANIES, NEW RESEARCH TOOLS SUCH AS CIRM'S
22 RECENTLY ANNOUNCED STEM CELL BANK, AS A FORUM FOR
23 PATIENT ADVOCACY HERE IN CALIFORNIA? ULTIMATELY OUR
24 CHARGE TO HELP THE PUBLIC KNOW WHETHER IT HAS
25 RECEIVED ITS INVESTMENT AND WHERE CALIFORNIA'S

BARRISTERS' REPORTING SERVICE

1 EXPERIMENT IN STEM CELL RESEARCH IS HEADED IS THE
2 FOCUS OF THIS COMMITTEE.

3 FINALLY, TO CONTINUE PROPOSITION 71'S GOAL
4 OF ACCELERATING THE PROGRESS OF STEM CELL RESEARCH
5 FOR THE BENEFIT OF CALIFORNIANS, WE MUST KNOW WHAT
6 SHOULD THE FUTURE OF PUBLIC INVESTMENT IN STEM CELL
7 RESEARCH BE, WHAT FORM SHOULD IT TAKE, AND WHAT HAS
8 PROPOSITION 71 TAUGHT US? AND SO I THINK, AGAINST
9 THAT BACKDROP, AND I'M HAPPY TO BE JOINED HERE BY A
10 LONG-TIME COLLEAGUE, MR. LOTT, WHO I THINK HAS ASKED
11 THESE QUESTIONS CONSISTENTLY OVER YOUR TIME ON THIS
12 COMMITTEE, AND I'D LIKE TO TURN IT OVER TO YOU, MR.
13 LOTT FOR ANY OPENING COMMENTS YOU HAVE.

14 MEMBER LOTT: THANK YOU. AND GOOD
15 MORNING. A HEARTY WELCOME TO YOU, MADAM CONTROLLER.
16 AS YOU SAID, WE GO BACK A LONG WAY. I KNOW THE
17 EXPERIENCE, THE DEPTH OF UNDERSTANDING, AND YOUR
18 EXCELLENT ANALYTICAL SKILLS YOU WILL LEND TO US WILL
19 DO US WELL IN OUR ACHIEVING THESE POSSIBILITIES THAT
20 WE HAVE AS A COMMISSION.

21 AS YOU MENTIONED, I HAVE BEEN ON THE
22 COMMISSION SINCE ITS INCEPTION. CIRM IS AN
23 EXCELLENT ORGANIZATION, AND THE OVERSIGHT THIS
24 COMMITTEE, THIS COMMISSION, HAS BEEN PROVIDING HAS
25 ALSO BENEFIT REALLY WELL MANAGED UNDER THE FORMER

BARRISTERS' REPORTING SERVICE

1 CONTROLLER, YOUR PREDECESSOR, MR. CHIANG, AND I KNOW
2 YOU WILL CONTINUE TO BE THE STEWARD THAT HE WAS IN
3 GETTING US AGAIN TO MEET THE OBJECTIVES THAT WERE
4 SET FORTH IN PROPOSITION 71. SO I WANT TO WELCOME
5 YOU AND THANK YOU.

6 CHAIRWOMAN YEE: THANK YOU. THANK YOU,
7 MR. LOTT. DR. QUICK FROM LOS ANGELES, WOULD YOU
8 LIKE TO PROVIDE ANY OPENING COMMENTS?

9 MEMBER QUICK: YES. THANK YOU, CONTROLLER
10 YEE. THANK YOU SO MUCH FOR YOUR LEADERSHIP IN THIS.
11 I AM HONORED TO BE ON THE COMMITTEE. I JUST WAS
12 SWORN IN BY ALAN TWO MINUTES AGO, AND SO HONORED TO
13 BE SERVING ON THIS COMMITTEE. I SHARE EVERYONE'S
14 VIEW THAT NOT ONLY IS THIS AN IMPORTANT STEP FOR
15 SCIENCE, AND WE HAVE A GREAT RESPONSIBILITY TO MAKE
16 SURE THAT WE ARE MAKING IT CLEAR TO THE PUBLIC WHAT
17 WE ARE DOING AND HOW WE'RE BEING GOOD STEWARDS OF
18 THE PEOPLE'S MONEY. I PLAN ON TAKING THAT VERY
19 SERIOUSLY, AND I'M JUST PLEASED TO BE A PART OF THE
20 COMMITTEE AND A PROGRAM THAT IS REALLY, ONCE AGAIN,
21 SHOWING HOW CALIFORNIA CAN LEAD THE WORLD. AND SO
22 I'M VERY MUCH LOOKING FORWARD TO WORKING WITH ALL OF
23 YOU. THANK YOU.

24 CHAIRWOMAN YEE: THANK YOU, DR. QUICK, AND
25 WELCOME. I LOOK FORWARD TO OUR SERVICE TOGETHER.

BARRISTERS' REPORTING SERVICE

1 LET ME MOVE ON NOW TO AGENDA ITEM NO. 4,
2 WHICH IS ADOPTION OF THE MINUTES OF THE FEBRUARY
3 20TH, 2013, AND JANUARY 22, 2014, COMMITTEE
4 MEETINGS. I KNOW THIS IS A BIT UNUSUAL. WE HAVE
5 MEMBERS WHO ARE HERE TODAY WHO WERE NOT SERVING ON
6 THE COMMITTEE DURING THOSE MEETINGS, BUT I HAVE BEEN
7 ADVISED THAT, FOR THE RECORD, IT IS ADVISABLE THAT
8 WE PROCEED TO ADOPT THE MINUTES. AND I KNOW WE'RE
9 LACKING A QUORUM AT THIS POINT. SHOULD WE HOLD OFF
10 ON THAT?

11 MR. LOFASO: WE SHOULD WAIT.

12 CHAIRWOMAN YEE: WE'LL WAIT TILL DR.
13 SEDANA JOINS US THEN.

14 VERY WELL. WHY DON'T WE PROCEED, THEN, TO
15 ITEM NO. 5, WHICH IS THE PRESENTATION OF THE
16 INDEPENDENT FINANCIAL AUDIT BY MACIAS, GINI &
17 O'CONNELL. AND WE WILL CONVENE THIS PANEL FOR
18 THOSE -- LET'S SEE, DR. QUICK, I BELIEVE, YOU HAVE
19 THE MATERIALS IN FRONT OF YOU FOR THIS PRESENTATION.
20 WE'LL BE LOOKING AT TABS 3 AND 4. OKAY. AND FOR
21 THIS PANEL WE HAVE PRESENTING CRAIG HARNER WITH
22 MACIAS, GINI & O'CONNELL AND LARRY KNAPP FROM THE
23 STATE CONTROLLER DIVISION OF AUDITS. GOOD MORNING.

24 MR. HARNER: MORNING. MY NAME IS CRAIG
25 HARNER, AUDIT MANAGER AT MACIAS, GINI & O'CONNELL.

BARRISTERS' REPORTING SERVICE

1 BEFORE I BEGIN MY PRESENTATION, I JUST WANT TO THANK
2 THE COMMITTEE FOR GIVING US THE TIME TO PRESENT THE
3 RESULTS OF OUR WORK.

4 SO WE WERE ENGAGED TO AUDIT THE FINANCIAL
5 STATEMENTS OF THE GOVERNMENTAL ACTIVITIES AND THE
6 MAJOR FUNDER OF THE STEM CELL FUND OF CIRM FOR THE
7 FISCAL YEAR ENDED JUNE 30, 2014, AND THE RELATED
8 NOTES TO THE FINANCIAL STATEMENTS WAS COMPRISED FOR
9 CIRM'S BASIC FINANCIAL STATEMENTS.

10 BEFORE I GET TO THE RESULTS OF OUR AUDIT,
11 I JUST WANT TO GO OVER A COUPLE OF THE
12 RESPONSIBILITIES THAT MANAGEMENT HAS OVER THE
13 FINANCIAL STATEMENTS AS WELL AS THE INDEPENDENT
14 AUDITORS. MANAGEMENT IS RESPONSIBLE FOR THE
15 PREPARATION AND THE FAIR PRESENTATION OF THE
16 FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING
17 PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES
18 OF AMERICA, AND THIS ALSO INCLUDES THE DESIGN,
19 IMPLEMENTATION, AND MAINTENANCE OF INTERNAL CONTROL
20 AS RELEVANT TO THE PREPARATION OF AND PRESERVATION
21 OF THOSE FINANCIAL STATEMENTS TO ENSURE THAT THOSE
22 ARE FREE OF WHAT'S CALLED MATERIAL MISSTATEMENT
23 WHETHER DUE TO ERROR OR FRAUD.

24 NOW, AS AN AUDITOR OUR RESPONSIBILITY IS
25 TO EXPRESS AN OPINION ON THOSE FINANCIAL STATEMENTS

BARRISTERS' REPORTING SERVICE

1 BASED ON OUR AUDIT. SO WE CONDUCTED OUR AUDIT IN
2 ACCORDANCE WITH AUDITING STANDARDS GENERALLY
3 ACCEPTED IN THE UNITED STATES AND THEN ALSO THE
4 STANDARDS APPLICABLE TO FINANCIAL AUDITS CONTAINED
5 IN THE GOVERNMENT AND THE GOVERNMENT AUDITING
6 STANDARDS. AND THESE STANDARDS ARE FOLLOWED TO
7 PERFORM THE AUDIT TO OBTAIN WHAT'S CALLED REASONABLE
8 ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE
9 FREE OF MATERIAL MISSTATEMENT. A REASONABLE
10 ASSURANCE IS A HIGH LEVEL OF ASSURANCE, BUT IT'S NOT
11 100 PERCENT OF ASSURANCE. WE DON'T LOOK AT EVERY
12 SINGLE TRANSACTION; HOWEVER, WE GET A VERY HIGH
13 LEVEL IN ORDER FOR US TO MAKE SURE THAT WE'RE
14 REASONABLY FREE OF MATERIAL MISSTATEMENT.

15 AND SO YOU WILL SEE FOR THE AUDIT FOR THE
16 PERIOD ENDING JUNE 30, 2014, WE ISSUED AN AUDIT
17 REPORT OCTOBER 13, 2014, AND WE ISSUE WHAT'S CALLED
18 AN UNMODIFIED OPINION. AN UNMODIFIED OPINION IS THE
19 HIGHEST LEVEL OF ASSURANCE THAT AN AUDITOR CAN GIVE
20 AN ORGANIZATION REGARDING THEIR FINANCIAL
21 STATEMENTS.

22 AND WITH THAT, ARE THERE ANY QUESTIONS ON
23 OUR AUDIT?

24 CHAIRWOMAN YEE: QUESTIONS, MR. LOTT?

25 MEMBER LOTT: NEGATIVE.

BARRISTERS' REPORTING SERVICE

1 CHAIRWOMAN YEE: OKAY. NO QUESTIONS. LET
2 ME JUST ASK YOU AS A NEW MEMBER OF THIS BODY PERHAPS
3 COULD YOU JUST REMIND US WHERE CIRM'S FINANCIAL
4 DISCLOSURE DOCUMENTS ARE FILED?

5 MR. HARNER: WHERE THEY'RE FILED?

6 CHAIRWOMAN YEE: YEAH. WHERE THEY ARE
7 KEPT AND WHERE ARE THEY FILED?

8 MR. HARNER: I'M NOT SURE I'M FOLLOWING
9 THAT.

10 CHAIRWOMAN YEE: SO ONCE THE STATEMENTS
11 ARE DEVELOPED AND YOU FINISH YOUR AUDIT, ARE THEY
12 PROVIDED TO ANYONE?

13 MR. HARNER: OH, YES. THEY'RE PROVIDED TO
14 THE STATE CONTROLLER'S OFFICE.

15 CHAIRWOMAN YEE: ANY OTHER OUTSIDE
16 PARTIES?

17 MR. HARNER: OFF THE TOP OF OF MY HEAD, I
18 DON'T BELIEVE SO. YOU KNOW THEY MIGHT BE PART OF
19 THE CONTINUING DISCLOSURE OF FINANCE; BUT OFF THE
20 TOP OF MY HEAD, I DON'T KNOW THAT. I KNOW THEY ARE
21 PROVIDED TO THE STATE CONTROLLER'S OFFICE, AND STATE
22 CONTROLLER'S OFFICE REVIEWS OUR WORK.

23 CHAIRWOMAN YEE: I'M AWARE OF THAT. OKAY.
24 THANK YOU.

25 WHY DON'T WE THEN HEAR FROM THE STATE

BARRISTERS' REPORTING SERVICE

1 CONTROLLER'S OFFICE.

2 MR. KNAPP: GOOD MORNING. I'M LARRY
3 KNAPP. I'M WITH THE STATE CONTROLLER'S OFFICE, AND
4 I'M WITH THE FINANCIAL AUDITS BUREAU. I'M HERE TO
5 PRESENT THE RESULTS OF THE STATE CONTROLLER'S OFFICE
6 QUALITY CONTROL REVIEW OF MACIAS, GINI & O'CONNELL'S
7 AUDIT OF CIRM FOR THE FISCAL YEAR 2013-14.

8 THE CALIFORNIA HEALTH AND SAFETY CODE ACT
9 SECTION 125290.30 REQUIRES THE SCO TO CONDUCT A
10 QUALITY CONTROL REVIEW OF CIRM'S ANNUAL FINANCIAL
11 AUDITS AND TO ISSUE A PUBLIC REPORT OF THAT REVIEW.
12 AS PART OF OUR REVIEW, WE COMPARED THE AUDIT WORK
13 PERFORMED BY THE FIRM AS DOCUMENTED IN YOUR
14 WORKPAPERS WITH APPLICABLE AUDITING STANDARDS AND
15 REQUIREMENTS WHICH INCLUDE GOVERNMENT AUDITING
16 STANDARDS, GENERALLY ACCEPTED AUDITING STANDARDS,
17 AND ALSO THE CALIFORNIA BUSINESS AND PROFESSIONS
18 CODE AND THE RELATED CALIFORNIA BOARD OF ACCOUNTANCY
19 REGULATIONS.

20 BASED ON OUR REVIEW, WE DETERMINED THAT
21 THE MACIAS, GINI & O'CONNELL AUDIT OF CIRM FOR THE
22 FISCAL YEAR 2013-14 WAS PERFORMED IN ACCORDANCE WITH
23 ALL APPLICABLE STANDARDS OR REQUIREMENTS FOR
24 FINANCIAL AUDITS. WE NOTE NO DEFICIENCIES IN THEIR
25 AUDIT WORK.

BARRISTERS' REPORTING SERVICE

1 DOES ANYONE HAVE ANY QUESTIONS?

2 CHAIRWOMAN YEE: OKAY. ANY QUESTIONS OR
3 COMMENTS FROM MEMBERS? OKAY. THANK YOU, MR. KNAPP.

4 MR. KNAPP: THANK YOU.

5 CHAIRWOMAN YEE: LET ME JUST DO A QUICK
6 CHECK. IN OUR LOS ANGELES LOCATION, DO WE -- DID
7 ANOTHER COMMITTEE MEMBER JOIN US?

8 MEMBER QUICK: YES. DR. SEDANA JUST
9 JOINED US.

10 CHAIRWOMAN YEE: THANK YOU. GOOD MORNING,
11 DR. SEDANA. WELCOME.

12 DR. SADANA: THANK YOU.

13 CHAIRWOMAN YEE: OKAY. WITH THE PRESENCE
14 OF DR. SEDANA, WE NOW HAVE A QUORUM OF THE
15 COMMITTEE. LET ME GO BACK, IF I COULD, TO ITEM NO.
16 4, THE ADOPTION OF THE MINUTES OF THE FEBRUARY 20,
17 2013, AND JANUARY 22, 2014, COMMITTEE MEETINGS.

18 MEMBER LOTT: MADAM CHAIR, SINCE
19 DR. SEDANA AND I, I THINK, WERE THE ONLY TWO MEMBERS
20 AT THAT POINT, IT IS MY PLEASURE TO MOVE ADOPTION OF
21 THE MINUTES.

22 CHAIRWOMAN YEE: THANK YOU VERY MUCH. WE
23 HAVE A MOTION BY MR. LOTT. DR. SEDANA, A SECOND
24 FROM YOU?

25 DR. SADANA: YES. I SECOND.

BARRISTERS' REPORTING SERVICE

1 CHAIRWOMAN YEE: THANK YOU. MOTION AND A
2 SECOND. WITHOUT OBJECTION, MEMBERS? THE COMMITTEE
3 MEETING MINUTES OF BOTH MEETINGS ARE APPROVED.

4 THANK YOU.

5 DR. SEDANA, WELCOME.

6 DR. SADANA: HI.

7 CHAIRWOMAN YEE: WE GAVE EACH OF THE
8 COMMITTEE MEMBERS AN OPPORTUNITY FOR SOME OPENING
9 STATEMENTS. AND THANK YOU FOR YOUR CONTINUING
10 SUSTAINED SERVICE TO THIS COMMITTEE. DO YOU WISH TO
11 OFFER ANY OPENING COMMENTS?

12 DR. SADANA: NOTHING AT THIS POINT, BUT
13 THANK YOU.

14 CHAIRWOMAN YEE: THANK YOU. AND WE WILL
15 MOVE ON, THEN, TO ITEM NO. 6, WHICH IS THE STATUS
16 UPDATE OF CIRM'S FINANCIAL PERFORMANCE, CURRENT
17 BUDGET, AN UPDATE OF GRANTS AWARDED, AND THE GRANT
18 PROCESS. AND FOR THIS, MEMBERS, WE WOULD DIRECT
19 YOUR ATTENTION TO TABS 5 AND 6. AND ON THIS ITEM WE
20 HAVE DR. JONATHAN THOMAS, THE ICOC CHAIRMAN; CHILA
21 SILVA-MARTIN, FINANCE DIRECTOR; AND MARIA
22 BONNEVILLE, THE EXECUTIVE DIRECTOR AND DIRECTOR OF
23 ADMINISTRATION. GOOD MORNING.

24 CHAIRMAN THOMAS: GOOD MORNING, MADAM
25 CONTROLLER AND MEMBERS OF THE CFAOC. IT IS OUR

BARRISTERS' REPORTING SERVICE

1 PLEASURE TO BE HERE TO PRESENT YOU WITH AN UPDATE ON
2 THE MANY EXCITING DEVELOPMENTS THAT ARE TAKING PLACE
3 AT CIRM SINCE WE LAST APPEARED BEFORE THIS BODY.
4 FOR THOSE ON THE PHONE, I WOULD JUST LIKE TO LET YOU
5 KNOW THAT HERE JOINING ME TODAY FROM CIRM ARE
6 SENATOR ART TORRES, THE VICE CHAIR OF OUR BOARD; WE
7 HAVE JAMES HARRISON, GENERAL COUNSEL TO CIRM; AND
8 MARIA BONNEVILLE, WHO IS OUR EXECUTIVE DIRECTOR TO
9 THE BOARD AND HEAD OF ADMINISTRATION; WE HAVE DR.
10 GIL SAMBRANO, WHO IS THE DIRECTOR OF GRANTS REVIEW.
11 WE HAVE DOUG GUILLEN, EXECUTIVE ASSISTANT TO SENATOR
12 TORRES. AM I LEAVING ANYBODY OUT HERE? I THINK
13 THAT'S -- OH, AND, YES, OF COURSE, AND CHILA
14 SILVA-MARTIN, WHO IS OUR DIRECTOR OF FINANCE WHO
15 WILL FOLLOW ME IN THIS PRESENTATION.

16 DR. QUICK, WELCOME TO THE CFAOC. IT'S A
17 PLEASURE TO MEET YOU. PLEASE SAY HELLO TO DEAN
18 PULIAFITO, WHO, AS YOU KNOW, IS A LONGTIME AUGUST
19 MEMBER OF OUR GOVERNING BOARD.

20 MEMBER QUICK: I WILL SURELY DO SO.

21 CHAIRMAN THOMAS: THANK YOU. WE HAVE A
22 SLIDE PRESENTATION WHICH IS TO ACCOMPANY MY
23 COMMENTS, AND I'M WONDERING DO MEMBERS --

24 CHAIRWOMAN YEE: WE'LL TAKE A MOMENT. WE
25 NEED TO HAVE ACCESS ONLINE TOO.

BARRISTERS' REPORTING SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(PAUSE IN PROCEEDINGS.)

CHAIRWOMAN YEE: OKAY. I BELIEVE WE ARE
BACK ONLINE. LET ME PROCEED.

DR. THOMAS.

CHAIRMAN THOMAS: OKAY. THANK YOU VERY
MUCH, MADAM CONTROLLER. I THOUGHT THAT I'D GIVE TWO
SECONDS OF BACKGROUND WHILE WE'RE ON THIS FIRST
SLIDE HERE JUST FOR THE NEW MEMBERS OF THE
COMMITTEE. I HAVE NOW BEEN, HARD TO BELIEVE,
CHAIRMAN ALREADY OF CIRM FOR THE PAST FOUR AND A
HALF YEARS. MY BACKGROUND IS ORIGINALLY AS A
BIOLOGIST, ALSO MANY YEARS IN LAW, PUBLIC FINANCE,
AND GOVERNMENT, WHICH IS SOMETHING THE COMBINATION
OF WHICH HAVE BEEN HELPFUL IN HELPING WITH OUR
COLLEAGUES HERE TO OVERSEE ALL THE VARIOUS ACTIONS
OF THE AGENCY.

WHY I AM HERE, AS WE ALL ARE, AS YOU KNOW,
14 MILLION CALIFORNIANS SUFFER FROM ONE SORT OF
CHRONIC DISEASE OR INJURY OR ANOTHER. LIKE
EVERYBODY IN THIS ROOM, I STAND TO BENEFIT,
HOPEFULLY, BY THE THINGS THAT CIRM IS DOING AND THE
MANY ADVANCES THAT WE FIELD HERE IN THE PROCESS OF
FACILITATING THROUGH OUR WORK.

I LOOK FORWARD TO SPEAKING TO YOU TODAY TO
GIVE YOU AN UPDATE ON WHERE THINGS ARE GOING, WHERE

BARRISTERS' REPORTING SERVICE

1 WE ARE. WE'VE, SINCE WE WERE LAST BEFORE YOU, BEEN
2 JOINED BY A NEW PRESIDENT, DR. RANDY MILLS, FORMERLY
3 THE CEO OF A STEM CELL COMPANY IN BALTIMORE CALLED
4 OSIRIS THERAPEUTICS. DR. MILLS JOINED US IN MAY OF
5 2014. HE'S SOMEBODY THAT WE BROUGHT ON BECAUSE WE
6 FELT AT THIS STAGE IN CIRM'S LIFE IT WAS TIME TO GET
7 SOMEBODY WHO WAS WELL VERSED IN THE ACTUAL CLINICAL
8 TRIAL PART OF THE RESEARCH SPECTRUM AND WHO BROUGHT
9 EXPERTISE IN STEM CELLS AND DEALING WITH REGULATORY
10 AGENCIES AND ISSUES IN DEALING WITH THE MANY
11 CHALLENGES OF THE CLINICAL TRIAL PROCESS, WHICH IS
12 NO TRIVIAL THING, SOMEBODY WHO WAS AN ARDENT PATIENT
13 ADVOCATE, AND SOMEONE WHO COINCIDENTALLY WAS
14 FAMILIAR WITH CIRM AND WHAT WE DO.

15 AS IT TURNS OUT, THOUGH HE WAS THE CHOICE
16 AFTER LITERALLY AN INTERNATIONAL SEARCH, HE ACTUALLY
17 HAD CONSIDERABLE FAMILIARITY WITH CIRM AS A
18 FIVE-YEAR MEMBER OF OUR PEER REVIEW GROUP WHICH WE
19 CALL THE GRANTS WORKING GROUP. SO IN SUM, HE WAS
20 ABLE TO COME IN, KNEW WHAT WE WERE ABOUT, KNEW WHAT
21 WE HAD BEEN DOING, HAD ACTUALLY PARTICIPATED IN WHAT
22 WE HAVE BEEN DOING, AND WAS ABLE TO HIT THE GROUND
23 RUNNING.

24 THIS MORNING I WANT TO GIVE YOU A
25 PRESENTATION, A BIT OF OUR HISTORY, GIVE YOU AN

BARRISTERS' REPORTING SERVICE

1 UPDATE ON OUR CURRENT FUNDED PROGRAMS, WANT TO TELL
2 YOU, AS MADAM CONTROLLER HAS MENTIONED, VERY
3 EXCITING NEW DEVELOPMENTS IN OUR PROCESSES WHICH WE
4 CALL CIRM 2.0, AND THEN TO WALK YOU THROUGH A BIT OF
5 WHERE WE PLAN TO BE GOING FROM THIS POINT FORWARD,
6 WHICH IS TO GIVE SOME HIGHLIGHTS OF OUR PROPOSED
7 STRATEGIC PLAN.

8 MOVING OVER TO SLIDE 2, RIGHT HERE, OKAY.
9 SO JUST TO GIVE YOU A BIT OF BACKGROUND ON CIRM, IN
10 2004 THE AGENCY WAS CREATED. FIFTY-NINE PERCENT OF
11 THE CALIFORNIA VOTERS APPROVED OF IT, AND IT WAS
12 SOMETHING THAT WAS DESIGNED, MADAM CONTROLLER, TO
13 TRY TO DRAMATICALLY JUMP START, ACCELERATE THE THEN
14 FLEDGLING FIELD OF STEM CELL BIOLOGY ON THE THOUGHT
15 THAT STEM CELLS COULD WELL BE THE SOURCE OF GREAT
16 ADVANCEMENT IN THE QUEST TO DEFEAT THE MANY
17 UNTREATABLE DISEASES AND CONDITIONS THAT ARE OUT
18 THERE AT THIS POINT.

19 WE AT CIRM FELT THAT THIS GAVE THE AGENCY
20 A NOT ONLY SENSE OF PURPOSE, BUT DRAMATIC SENSE OF
21 URGENCY. WE ARE IN THE PROCESS OF ACTIVELY
22 PARTNERING IN THIS QUEST WITH ACADEMICS IN THE
23 STATE, WITH INDUSTRY IN THE STATE, WITH BOTH
24 ACADEMIA AND INDUSTRY NATIONALLY AND INTERNATIONALLY
25 THROUGH VARIOUS COLLABORATIVE FUNDING AGREEMENTS

BARRISTERS' REPORTING SERVICE

1 THAT WE HAVE. AND WHAT WE'VE CREATED HERE IS A \$3
2 BILLION ENDEAVOR. WE CURRENTLY HAVE OVER 300 ACTIVE
3 PROGRAMS. WE ARE, WITHOUT A DOUBT, THE LARGEST
4 FUNDER OF STEM CELL RESEARCH IN THE WORLD. AND AS
5 SUCH, HAVE PLAYED A DRAMATIC ROLE IN ACCELERATING
6 THE PACE OF DISCOVERY IN THE FIELD BOTH IN
7 CALIFORNIA, NATIONALLY, AND INTERNATIONALLY.

8 IN EVERY MEETING WE HAVE NOW, DR. MILLS
9 HAS INSISTED, WHICH I THINK IS GREAT, THAT WE NEVER
10 LOSE SIGHT OF OUR MISSION, WHICH, SIMPLY STATED, IS
11 ACCELERATING STEM CELL TREATMENTS TO PATIENTS WITH
12 UNMET MEDICAL NEEDS. EVERYTHING WE DO IS WITH THAT
13 IN MIND.

14 SO A BIT ON WHERE WE ARE AT THIS POINT.
15 WE'VE HAD, AS YOU CAN SEE FROM THIS SLIDE, 668
16 AWARDS SINCE INCEPTION, TOTALLING \$2 BILLION. THOSE
17 BREAK DOWN INTO FIVE CATEGORIES. THE TOP TWO ARE
18 EDUCATIONAL PROGRAMS, WHICH I'LL SAY A BIT MORE
19 ABOUT, AND INFRASTRUCTURE, WHICH WAS THE DEVELOPMENT
20 OF FACILITIES IN WHICH TO DO STEM CELL RESEARCH UP
21 AND DOWN THE STATE. AND THEN THE BOTTOM THREE, AS
22 YOU CAN SEE THERE, WHICH WE CALL DISCOVERY,
23 TRANSLATIONAL, AND CLINICAL, YOU SHOULD THINK OF AS
24 THE THREE PARTS OF THE RESEARCH CONTINUUM STARTING
25 WITH BASIC RESEARCH ALL THE WAY UP THROUGH PHASE III

BARRISTERS' REPORTING SERVICE

1 CLINICAL TRIALS, WHICH WE WILL TALK ABOUT IN A BIT.

2 WITH RESPECT TO INFRASTRUCTURE, AS YOU CAN
3 SEE, THESE ARE A COUPLE OF OUR FACILITIES, ONE AT
4 STANFORD, ONE AT IRVINE. AT THE TIME THAT THE
5 AGENCY WAS FORMED, YOU MIGHT RECALL THAT BECAUSE
6 PRESIDENT BUSH HAD PUT A STOP BASICALLY ON FUNDING
7 OF NEW EMBRYONIC STEM CELL RESEARCH WITH FEDERAL
8 DOLLARS, YOU HAD TO BE ABLE TO DISCRETELY AND
9 SEPARATELY SHOW THAT WORK THAT WAS BEING DONE IN
10 THIS CASE WITH CALIFORNIA DOLLARS WAS NOT MIXED UP
11 WITH ANY FEDERAL FUNDING. SO THERE WERE A LOT OF
12 NEW FACILITIES BUILT. SO UNAMBIGUOUSLY YOU COULD
13 TELL THAT WE WERE CONDUCTING RESEARCH UP AND DOWN
14 THE STATE FUNDED SOLELY BY CIRM DOLLARS, NOT TO BE
15 MIXED UP WITH FEDERAL DOLLARS. AND WE HAVE 12
16 FACILITIES STATEWIDE.

17 SOME ARE NEW STANDALONE BUILDINGS, SOME
18 WERE REFURBISHMENTS OF EXISTING FACILITIES. CIRM
19 PUT 271 MILLION IN. WE LEVERAGED THAT, AND THIS IS,
20 I THINK, VERY NOTEWORTHY, AGAINST 844 MILLION OF
21 PRIVATE PHILANTHROPIC OR FOUNDATION DOLLARS, WHICH
22 SHOWED THE LEVEL OF INTEREST AND ENTHUSIASM IN THE
23 PRIVATE SECTOR WITH THE FIELD OF STEM CELL RESEARCH.

24 WE HAVE A STUDY THAT WE HAD COMMISSIONED
25 AT UC BERKELEY WHICH SHOWED THAT IN 2014 WE HAD OVER

BARRISTERS' REPORTING SERVICE

1 200 MILLION IN TAX REVENUE GENERATED BY CIRM-FUNDED
2 PROGRAMS AND 25,000 JOB YEARS OF WORK DONE AS A
3 RESULT.

4 ON THE EDUCATIONAL FRONT, ONE OF THE FIVE
5 PILLARS YOU SAW HERE, OBVIOUSLY ONE OF THE MAJOR
6 REASONS FOR US TO EXIST, AND ONCE THE MAJOR
7 CHALLENGE WAS OVER, WE PUT IN PLACE AN EDUCATIONAL
8 PROGRAM THAT WOULD TRAIN WHAT WE FELT NEEDED TO BE
9 THE FUTURE OF THE WORKFORCE THAT WOULD POPULATE STEM
10 CELL PROGRAMS THAT WE ARE FUNDING. TOWARDS THAT
11 END, WE'VE HAD A NUMBER OF VERY SUCCESSFUL PROGRAMS.

12 FIRST ON YOUR SCREEN, THE RESEARCH
13 LEADERSHIP AWARDS. THIS WAS A SET OF AWARDS WHERE
14 WE WOULD HELP INSTITUTIONS THAT WERE LOOKING TO
15 BASICALLY LURE AWAY TOP CLASS SCIENTISTS FROM
16 DIFFERENT INSTITUTIONS OUTSIDE THE STATE OF
17 CALIFORNIA TO COME WORK AND LEAD THE STEM CELL
18 PROGRAMS IN THEIR RESPECTIVE INSTITUTIONS.

19 SECONDLY, WE HAVE NEW FACULTY AWARDS,
20 WHICH ARE AWARDS THAT ARE FUNDING M.D. AND PH.D.
21 SCIENTISTS IN CRITICAL EARLY STAGES OF THEIR
22 CAREERS. I WILL NOTE FOR THE RECORD THAT, WHILE WE
23 HAVE THESE TWO PROGRAMS, THERE WERE, AND THIS IS A
24 KEY POINT, MANY SCIENTISTS WHO CAME TO CALIFORNIA
25 WHO WHEN THEY CAME DID NOT ACTUALLY HAVE FUNDING

BARRISTERS' REPORTING SERVICE

1 FROM CIRM, BUT THEY CAME BECAUSE THEY KNEW CIRM HAD
2 FUNDING AND CAME IN THE HOPES OF GETTING DOLLARS FOR
3 THEIR RESEARCH EFFORTS. AND I THINK AT LAST COUNT
4 WE'RE OVER 200 WORLD-CLASS SCIENTISTS HAVE MOVED TO
5 CALIFORNIA AND BROUGHT WITH THEM THEIR POST DOCS AND
6 EVERY MULTIPLIER ASPECT OF THE WORK THAT THEY HAVE
7 IN THEIR RESEARCH LABS AND HAVE ADDED GREATLY TO THE
8 ALREADY EXTREMELY IMPRESSIVE TALENT OF RESEARCHERS
9 IN THE STATE.

10 THE LAST THREE ITEMS UP HERE, I THINK, ARE
11 VERY IMPORTANT. THE TRAINING AWARDS, WHICH WE GAVE
12 TO GRADUATE AND POSTGRADUATE STUDENTS, THE BRIDGES
13 AWARDS, WHICH ARE A PRODUCT OF SENATOR TORRES, WHO
14 IS VERY PROUD OF THIS, WHICH IS MONEY THAT WE GIVE
15 TO UNDERGRAD AND GRADUATE STUDENTS AT PLACES THAT DO
16 NOT HAVE STEM CELL PROGRAMS THAT ALLOWS THEM TO GO
17 TO PLACES THAT DO IN THE STATE AND BECOME PART OF
18 THEIR PROGRAM FUNDED BY US. AND THIS HAS BEEN A
19 TREMENDOUSLY SUCCESSFUL PROGRAM. IF YOU WERE TO GO,
20 AS WE DO ON AN ANNUAL BASIS, AND LISTEN TO THE
21 BRIDGES STUDENTS WHO CONVENE ONCE A YEAR TO TALK
22 ABOUT WHAT THEY'RE DOING, THEY ARE NOT ONLY
23 UNENDINGLY ENTHUSIASTIC, BUT THEY ARE EXTREMELY
24 IMPRESSIVE IN WHAT THEY HAVE BEEN ABLE TO DO IN THE
25 FIELD. AND IF YOU TALK TO THE INSTITUTIONS WHERE

BARRISTERS' REPORTING SERVICE

1 THEY ACTUALLY ARE WORKING AND STUDYING, YOU WILL
2 HEAR THAT TIME AFTER TIME THESE BRIDGES STUDENTS
3 HAVE CONTRIBUTED SIGNIFICANT PARTS OF THE RESEARCH
4 THAT IS GOING INTO PROJECTS THAT WE FUND AND ARE AN
5 INTEGRAL PART OF THAT. IT'S BEEN A VERY SUCCESSFUL
6 PROGRAM.

7 THE LAST, CREATIVITY AWARDS, WHICH WE
8 RENAMED THE SPARK AWARDS, WHICH IS AN ACRONYM, THIS
9 IS ONE OF MY FAVORITE PERSONAL THINGS. THESE ARE
10 HIGH SCHOOL KIDS WHO ARE GOING TO SUMMER PROGRAMS
11 THAT CIRM FUNDS TO LEARN ABOUT STEM CELL RESEARCH.
12 AND WHEN THEY START ON DAY ONE, THEY KNOW NOTHING OF
13 THE FIELD, THEY KNOW NOTHING OF THE VERNACULAR; AND
14 BY THE END OF THE SUMMER, THEY DO A DAY WHERE WE ALL
15 CONVENE AND THEY PRESENT POSTERS ON THEIR WORK. AND
16 YOU WOULD THINK YOU WERE TALKING TO PH.D. STUDENTS.
17 THESE KIDS ARE LITERALLY UNBELIEVABLE IN WHAT
18 THEY'RE ABLE TO PICK UP, WHICH IS NOT ONLY A TRIBUTE
19 TO THEM AND THEIR INTELLECTUAL CURIOSITY, BUT TO THE
20 PROFESSORS AND DOCTORS THAT RUN THESE PROGRAMS AT
21 THE INSTITUTIONS THAT WE FUND FOR THAT PURPOSE.

22 GOING DOWN THIS FULL LIST, THIS DOES
23 REPRESENT, WE BELIEVE, A MAJOR PART OF THE
24 WORKFORCE, AS I SAY, THAT WILL BE COMING DOWN THE
25 LINE HERE TO WORK ON THE MANY EXCITING PROJECTS THAT

BARRISTERS' REPORTING SERVICE

1 WE HAVE GOING AND OTHER PROJECTS THAT ARE GOING THAT
2 WE HAVEN'T FUNDED AS WELL.

3 SO A QUICK REVIEW HERE. WE'VE GOT A PIE
4 CHART UP THERE. WE HAVE HAD A BILLION THREE
5 INVESTED IN VERY SPECIFIC DISEASES. I THINK THERE
6 WAS, MADAM CONTROLLER, I THINK OUR WEBSITE MUST BE
7 IN ERROR. YOU NOTED THAT WE HAVE FUNDED MORE THAN
8 25 DIFFERENT DISEASES. I BELIEVE THAT NUMBER IS,
9 GIL, OVER 40 NOW. YES. SO THAT NUMBER IS ACTUALLY
10 OVER 40 WHICH TAKES INTO ACCOUNT NOT ONLY ALL OF THE
11 MAJOR DISEASES, SUCH AS CANCER, DIABETES,
12 NEUROLOGICAL DISORDERS, VISION DISORDERS, WHATEVER,
13 BUT ALSO INCLUDES A NUMBER OF RARE OR SO-CALLED
14 ORPHAN DISEASES. YOU CAN SEE THE GENERAL CATEGORIES
15 OF WHAT WE'RE FUNDING REPRESENTED HERE ON THE PIE
16 CHART, SO I WON'T GO THROUGH THAT. BUT AS YOU CAN
17 SEE, IT COVERS A LOT OF DIFFERENT AREAS. AND, IN
18 FACT, I THINK WE COVER MOST EVERY AREA THAT ONE CAN
19 THINK OF.

20 SO THIS IS AN INTERESTING PAGE. SO, MR.
21 LOTT, WHEN WE WERE HERE LAST TIME, YOU ASKED US
22 ABOUT WHAT OUR PROGRESS WAS. AT THAT POINT IN
23 JANUARY OF 2014, WE HAD TWO CLINICAL TRIALS, AS I
24 RECALL, IN PROCESS. THE NOTE THAT EVEN THOUGH CIRM
25 WAS PASSED IN 2004, IT WASN'T UNTIL 2007 WE ACTUALLY

BARRISTERS' REPORTING SERVICE

1 STARTED FUNDING ANYTHING BECAUSE WE HAD LITIGATION
2 DURING THAT PERIOD. AND REMEMBER, WE STARTED FROM
3 ABSOLUTE SCRATCH. AND THE FIELD WAS ESSENTIALLY
4 STARTING FROM SCRATCH. SINCE THAT TIME, WE NOW HAVE
5 15 DIFFERENT PROGRAMS THAT ARE IN HUMAN CLINICAL
6 TRIALS, WHICH WE THINK IS QUITE A LIST. THAT
7 INCLUDES A NUMBER OF PHASE I, PHASE II, AND PHASE
8 III CLINICAL TRIALS. YOU SEE ON YOUR SCREEN THERE
9 THE GENERAL DISEASES TO WHICH THOSE TRIALS APPLY.
10 AND WE HAVE IN YOUR MATERIALS, WHICH I WOULD WELCOME
11 YOU TO READ, WHICH ARE MERCIFULLY IN PLAIN ENGLISH,
12 A BIT OF TWO- OR THREE-SENTENCE RECITATION ON EACH
13 OF THESE 15 CLINICAL TRIALS THAT I INVITE YOU TO
14 READ AT YOUR LEISURE, BUT I THINK THAT WE AT CIRM
15 ARE VERY PLEASED WITH THE PROGRESS OF THE PIPELINE.
16 WE HAVE, MEMBERS OF THE COMMITTEE, A NUMBER OF
17 PROJECTS THAT ARE GOING TO BE FOLLOWING, WE EXPECT,
18 BY THE END OF THIS YEAR TO HAVE AS MANY AS, I LOOK
19 AT GIL, 20. BY THE END OF CALENDAR 2015, AS MANY AS
20 20 PROJECTS IN HUMAN CLINICAL TRIALS WITH MANY MORE
21 BACKED UP BEHIND THAT.

22 NEXT SLIDE HERE, THIS IS SORT OF A RECAP
23 OF OUR FUNDING. WE HAVE --

24 MEMBER LOTT: EXCUSE ME. I JUST WANT TO
25 PAUSE AND SAY THANK YOU. THIS IS VERY, VERY ON

BARRISTERS' REPORTING SERVICE

1 POINT. I LOVE THE FACT THAT IT'S IN SIMPLE ENGLISH.
2 THIS IS TERRIFIC. THIS IS WHAT WE'VE BEEN WANTING.
3 I REALLY APPRECIATE YOUR EFFORTS AT THIS.

4 CHAIRMAN THOMAS: THANK YOU VERY MUCH. I
5 THINK -- WE'RE VERY PROUD OF THIS. AND I THINK THE
6 CITIZENS OF CALIFORNIA SHOULD BE VERY PROUD OF THIS
7 AND EVERYTHING THAT'S GOING TO COME FROM THIS. AND
8 IT IS SCIENCE, SO ULTIMATELY THINGS WILL PLAY OUT AS
9 THEY PLAY OUT, BUT WE HAVE, I THINK, DONE AND ARE IN
10 PROCESS OF DOING WHAT WE WERE CHARGED TO DO, WHICH
11 IS TO PUT TOGETHER A ROBUST RESEARCH PROGRAM
12 STATEWIDE THAT WAS SOMETHING THAT THE VOTERS WANTED
13 AND DESERVE. SO I APPRECIATE VERY MUCH YOUR
14 COMMENT.

15 ON THE SLIDE ENTITLED "FUNDING RUNWAY," WE
16 HAVE SO FAR AWARDED TWO BILLION. AND WE SAY
17 AWARDED. THAT'S BOTH ACTUALLY SPENT OR ALLOCATED.
18 OUR PROGRAMS TAKE SEVERAL YEARS TYPICALLY, SO THAT
19 MONEY WILL BE SPENT OVER A SEVERAL YEAR PERIOD OF
20 TIME. WE HAVE 775 MILLION UNCOMMITTED AT THIS
21 POINT. 190 TO 200 MILLION IN NEW AWARDS PER YEAR.
22 AS YOU KNOW, PROJECTS THAT ARE FUNDED DON'T ALWAYS
23 WORK OUT. SO EACH YEAR WE'RE GOING TO HAVE PROJECTS
24 THAT IS MUTUALLY DECIDED NEED TO BE BROUGHT TO A
25 CLOSE, AND THAT WILL PUT SOME MONEY BACK INTO THE

BARRISTERS' REPORTING SERVICE

1 CIRM BUCKET. AND THAT'S, WE ESTIMATE, 20 MILLION A
2 YEAR IN THAT CATEGORY. SO ON A NET BASIS WE BELIEVE
3 WE'LL BE SPENDING ABOUT 170 MILLION A YEAR GIVE OR
4 TAKE GOING FORWARD, WHICH WILL, GIVEN THE AMOUNT
5 THAT WE HAVE NOW, TAKE US THROUGH THE YEAR 2020. SO
6 WE HAVE ABOUT ANOTHER FIVE YEARS TO GO ON THAT
7 FUNDING.

8 OKAY. SO IN REFERENCE TO CIRM 2.0, WHAT
9 IS THAT? SO DR. MILLS CAME IN AND HE WAS CHARGED
10 WITH TAKING STOCK OF WHAT WE HAD IN PLACE. HE
11 DETERMINED THAT WE HAD A GREAT PROGRAM, BUT, LIKE
12 ALL PROGRAMS, ANYTHING CAN STAND TO BE IMPROVED.
13 AND SO HE DID AN OVERHAUL OF THE WAY WE DO BUSINESS
14 WITH AN EYE TOWARDS A FASTER, MORE EFFICIENT PROCESS
15 THAT WOULD ACTUALLY GET FUNDING OUT TO PROJECTS
16 SOONER AND WOULD, AS A RESULT, GET ULTIMATELY WHAT
17 WE HOPE ARE THERAPIES TO PATIENTS SOONER. AND AS
18 YOU CAN SEE THERE, THE EMPHASIS WAS ON SPEED,
19 PARTNERSHIPS, AND PATIENTS, AND WE'LL TALK ABOUT
20 EACH.

21 OKAY. SO THE PURPOSE OF CIRM 2.0 IS THERE
22 ARE MANY, MANY HIGH QUALITY PROJECTS AND PROCESSES
23 IN THE STATE OF CALIFORNIA. WE WANTED TO GENERATE A
24 GREATER NUMBER OF THOSE COMING TO CIRM IN A REDUCED
25 PERIOD OF TIME TO GET THROUGH THE EVALUATION AND

BARRISTERS' REPORTING SERVICE

1 FUNDING PROCESS WHICH WOULD RESULT IN A FASTER
2 PROGRESSION OF PROJECTS AND ALL WITH AN EYE TOWARDS
3 TRANSPARENCY AND CLARITY SO THAT EVERYBODY HAS A
4 FULL SENSE OF WHAT IT IS THAT WE ARE DOING.

5 FEATURES OF CIRM 2.0, WE HAVE, AGAIN,
6 WHICH I'LL TALK ABOUT A DRAMATIC EXAMPLE, A FASTER
7 PROCESS TO GET THROUGH THE GRANT REVIEW. WE HAVE
8 WHAT WE BELIEVE IS AN EVEN -- WE HAVE PARTNERSHIPS
9 WITH OUR PROJECTS OF THE PRINCIPAL INVESTIGATOR AND
10 THEIR TEAMS THAT WE'VE FUNDED OVER THE YEARS, BUT WE
11 NOW HAVE WHAT WE THINK IS AN EVEN MORE HANDS-ON
12 PROCESS OF PARTNERSHIP WITH THEM, WHICH IS A BIG
13 DEAL BECAUSE, FOR THOSE OF YOU FAMILIAR WITH NIH
14 FUNDING, NIH WILL AWARD GRANTS WHICH ARE THE
15 LIFELINE OF ANY RESEARCHER, AND THEY'LL SAY HERE IS
16 YOUR FUNDING AND GOOD LUCK. WE HOPE THAT THIS WORKS
17 OUT AS YOU HAVE PRESENTED TO US. WE BELIEVE THAT
18 THERE IS MORE THAN THAT THAT WE CAN DO TO HELP.

19 SO WITH EACH OF OUR MAJOR PROJECTS, WE
20 HAVE SOMETHING CALLED A CLINICAL ADVISORY PANEL THAT
21 WE PUT TOGETHER, WHICH IS A PANEL OF EXPERTS AND AT
22 LEAST, AND THIS IS VERY IMPORTANT, ONE PATIENT WHO
23 HAS THE DISEASE OR AFFLICTION AT ISSUE. AND THIS
24 PANEL WORKS WITH THE INVESTIGATORS OVER THE COURSE
25 OF THEIR RESEARCH TO HELP THEM IMPROVE AS THEY GO

BARRISTERS' REPORTING SERVICE

1 ALONG AND FINE-TUNE WHAT IT IS THEY'RE DOING ALL
2 WITH AN EYE TOWARDS GETTING A MORE SUCCESSFUL RESULT
3 AT THE END.

4 THE FUNDING IS OPEN TO THE FULL ARRAY OF
5 DIFFERENT TYPES OF THERAPEUTIC CANDIDATES, WHETHER
6 IT'S CELLS THEMSELVES OR SO-CALLED BIOLOGICS OR
7 SMALL MOLECULES, WHICH, FOR THOSE OF YOU WHO AREN'T
8 FAMILIAR WITH DRUG DEVELOPMENT LINGO, JUST MEANS
9 DRUGS. THEY CALL THEM SMALL MOLECULES. WE HAVE,
10 AND THIS IS IMPORTANT TOO, ALL OF OUR MONEY NEEDS TO
11 BE SPENT WITHIN CALIFORNIA, BUT WE ARE INTERESTED IN
12 GETTING PIECES OF THE BEST IN CLASS PROJECTS FROM
13 LITERALLY ALL OVER THE WORLD TO BE IN CALIFORNIA SO
14 THAT WE CAN PARTICIPATE. SO WE ARE ACTIVELY
15 ENCOURAGING BEST IN CLASS PRINCIPAL INVESTIGATORS TO
16 APPLY FOR CIRM FUNDING IF THEY CAN ESTABLISH A NEXUS
17 FOR SOME PART OF THAT PROJECT. SO, FOR EXAMPLE, IF
18 SOMEBODY AT HARVARD, FOR EXAMPLE, HAS A PROJECT AND
19 THEY WANT TO CONDUCT SOME OF THEIR CLINICAL TRIALS
20 FOR THAT PROJECT IN CALIFORNIA, WE ARE ACTIVELY
21 ENCOURAGING THEM TO APPLY FOR FUNDING FOR THAT
22 CLINICAL TRIAL COMPONENT. WE CAN'T FUND WHAT
23 THEY'RE DOING IN BOSTON, BUT WE CAN FUND WHATEVER IS
24 DONE HERE. SO WE ARE REALLY TRYING TO EVEN FURTHER
25 INCREASE THE POOL OF PROJECTS THAT WE HAVE HERE IN

BARRISTERS' REPORTING SERVICE

1 THE STATE SO AS TO EVEN MORE RESPONSIBLY DEPLOY
2 TAXPAYER DOLLARS FOR THE GREATEST GOOD AT THE END OF
3 THE DAY.

4 WE HAVE AS A CRITICAL COMPONENT OF THIS A
5 WHAT WE CALL READY-WHEN-YOU-ARE PROTOCOL SET UP
6 WHERE INSTEAD OF, AS WAS THE CASE PREVIOUSLY,
7 WAITING A NUMBER OF MONTHS FOR THE PERIODIC
8 ISSUANCES OF REQUESTS FOR GRANT APPLICATION FOR YOU
9 TO APPLY. WITH OUR LARGEST PROJECTS NOW, WE HAVE
10 SET UP LITERALLY A MONTHLY APPLICATION ROLLING
11 PROCESS WHERE WHEN YOU'RE READY TO APPLY, YOU DON'T
12 HAVE TO WAIT FOR 12 TO 24 MONTHS FOR THE NEXT RFA.
13 YOU CAN LITERALLY FLY. OUR PEER REVIEW, WHICH
14 PREVIOUSLY HAD MET PERIODICALLY, NOW MEETS MONTHLY.
15 IF THEY COME UP WITH SOMETHING THEY RECOMMEND FOR
16 FUNDING, OUR BOARD NOW MEETS MONTHLY. MOST OF THOSE
17 MEETINGS ARE TELEPHONIC. AND THEY CONSIDER THE
18 APPLICATIONS THAT WERE PROPOSED FOR FUNDING IN THE
19 PEER REVIEW THE PREVIOUS MONTH. SO WHAT IT ALLOWS
20 FOR IS A REAL SPEED-UP OF THE PROCESS. STILL OUR
21 GRANTS ARE EXTREMELY COMPETITIVE. I DON'T KNOW HOW
22 MANY OF YOU EVER SAT IN ON A GRANT REVIEW ITSELF,
23 BUT THEY ARE MARKED BY INCREDIBLE DILIGENCE AND
24 EFFORT AND EXPERTISE THAT THESE PEER REVIEWERS BRING
25 TO PLAY TO RECOMMEND PROJECTS TO US THAT ARE ONLY

BARRISTERS' REPORTING SERVICE

1 THE BEST IN CLASS.

2 OKAY. SO I SHOULD NOTE ON THAT LAST POINT
3 THAT OUR BIGGEST PROJECTS NORMALLY TOOK UP TO 24
4 MONTHS TO GO FROM REQUEST FOR APPLICATION TO ACTUAL
5 FUNDING. WE'VE NOW GOT THAT DOWN TO A LITTLE OVER
6 FOUR MONTHS. SO, AS YOU CAN SEE, WE'VE STREAMLINED
7 THAT PROCESS DRAMATICALLY WITHOUT IN ANY WAY
8 AFFECTING THE HIGH QUALITY OF THE WORK THAT WE ARE
9 FUNDING.

10 SO WE NOW GO ON TO SORT OF WHERE ARE WE
11 GOING FORWARD. THE SLIDE UP THERE ON THE STRATEGIC
12 PLAN AND THE PROCESS AND THAT THERE ARE, WE FIGURE,
13 THREE THINGS TO LOOK AT: WHERE ARE WE NOW? WHERE
14 DO WE WANT TO GO? AND HOW DO WE GET THERE? AND
15 EACH OF THOSE HAS A NUMBER OF COMPONENTS.

16 I SHOULD TELL YOU, BY THE WAY, THE
17 STRATEGIC PLANNING PROCESS IS IN PLACE REAL-TIME.
18 WE WENT TO OUR LAST BOARD WITH A FRAMEWORK FOR THAT
19 PROCESS WHICH IS GOING TO BE REVIEWED BY THE SCIENCE
20 SUBCOMMITTEE AND OUR BOARD ITSELF AGAIN AS A FINAL
21 PRODUCT IN OUR DECEMBER BOARD MEETING AND WOULD
22 INVITE ANY OF YOU WHO ARE INTERESTED TO LISTEN IN TO
23 THAT. I THINK IT WILL BE A MOST INTERESTING
24 DISCUSSION.

25 SO A FEW HIGHLIGHTS FROM THE PLAN HERE.

BARRISTERS' REPORTING SERVICE

1 I'M NOT GOING TO GO INTO TOO MUCH DETAIL ON THE
2 SLIDE. THIS IS SORT OF DR. MILLS' VERNACULAR UP
3 HERE, WHICH IS THE PUSH, PULL, LEVEL CONCEPT. SO
4 WHERE ARE WE RIGHT NOW? WE ARE PUSHING ALONG OUR
5 PROJECTS. WE HAVE NOW PUT IN PLACE CIRM 2.0 NOT
6 JUST FOR THE LARGER PROJECTS, BUT FOR ALL OF THE
7 PROJECTS IN THE EARLIER PART OF THE SPECTRUM, WHICH
8 WE CALL DISCOVERY AND TRANSLATION. SO NOW EVERY
9 TYPE OF FUNDING AWARD HAS BEEN 2.0-IZED, IF YOU
10 WILL. THE PROCESS IS ONE WHERE WE'RE ACTIVELY
11 PUSHING THINGS AND CONSTANTLY MOVING THINGS ALONG
12 THE SPECTRUM. WE WANT TO ENCOURAGE PARTIES TO BE ON
13 THE OTHER END PULLING THEM TOWARDS THEM, INTERESTED
14 PARTIES THAT WE CAN BRING INTO THE FOLD THAT WILL
15 HELP MOVE THINGS ALONG.

16 ONE OF THE THINGS THAT WE'VE NOTED IS
17 WE'VE LOTS OF EARLY STAGE RESEARCH, AND EARLY
18 RESEARCHERS AREN'T NECESSARILY THE ONES WHO WOULD
19 TAKE THAT RESEARCH INTO THE LATER STAGES IN CLINICAL
20 TRIALS. AND THERE'S BEEN A BIT OF A DISCONNECT IN
21 HOW TO MATCH UP THE EARLY STAGE RESEARCHERS WITH THE
22 LATER STAGE RESEARCHERS. SO WE ARE LOOKING TO PUT
23 IN PLACE SOMETHING CALLED THE CIRM EXCHANGE, WHICH
24 DR. MILLS LIKES TO REFER AS OUR MATCH.COM WHICH AIMS
25 TO BE ABLE TO DEVELOP A CONTINUUM WHERE ONE

BARRISTERS' REPORTING SERVICE

1 RESEARCHER IN AN EARLY STAGE PROJECT LITERALLY CAN
2 PASS THAT ALONG, IF IT'S APPROVED FOR FUNDING, TO A
3 LATER STAGE RESEARCHER SUCH THAT YOU HAVE A SEAMLESS
4 CONTINUUM OF WORK BEING DONE DRIVING ULTIMATELY
5 TOWARDS THE CLINICAL TRIAL PROCESS AND HOPEFULLY
6 DEVELOPMENT OF A THERAPY THAT CAN GO TO PATIENTS.

7 WE ALSO ARE CONTEMPLATING A NUMBER OF
8 PUBLIC/PRIVATE PARTNERSHIPS WITH RESPECT TO OUR
9 PROGRAMS. THIS IS THE WHOLE ISSUE OF TRYING TO JOIN
10 TOGETHER INDUSTRY THAT IS LOOKING FOR EARLY STAGE
11 AND R&D AND PIPELINE. AND WITH OUR RESEARCHERS WHO
12 WANT TO BE ABLE TO ACCESS FUNDING AND THE LIGHT AT
13 THE END OF THE TUNNEL, THAT WILL HELP THEM TAKE
14 THEIR PROJECTS THROUGH TO COMMERCIALIZATION. THAT'S
15 ON THE PULL SIDE.

16 SO THE LEVEL SIDE TAKES NOTE OF THE FACT
17 THAT BECAUSE STEM CELLS ARE STILL A YOUNG FIELD, THE
18 REGULATORY HURDLES HAVE BEEN SIGNIFICANT. THE FDA,
19 AS IT TENDS TO DO WITH NEW FIELDS, HAS A VERY
20 CONSERVATIVE, DELIBERATIVE PROCESS. AND LIKE ANY
21 NEW FIELD, IT IS ONE THAT, THROUGH EDUCATION,
22 DEVELOPS OVER TIME IN A WAY THAT IS MORE AND MORE
23 CONDUCIVE TO HELPING THE RESEARCH MOVE ITS WAY
24 ALONG. WE BELIEVE THAT THERE ARE REAL OPPORTUNITIES
25 HERE TO HELP EDUCATE THE REGULATORS AND TO BASICALLY

BARRISTERS' REPORTING SERVICE

1 MAKE IT SO THAT REGULATORY HURDLE IS NOT AS HIGH AS
2 IT IS CURRENTLY, AND ULTIMATELY WE WILL BE ABLE TO
3 HELP THEM. AND THIS IS NOT GOING TO BE EASY, BY THE
4 WAY. IT'S GOING TO REQUIRE A WHOLE HOST OF
5 STAKEHOLDERS TO COME TOGETHER TO HELP IN THAT
6 PROCESS, BUT ULTIMATELY WILL LEAD TO A BETTER
7 PROCESS AND A MORE STREAMLINED PROCESS.

8 WE NOTE, FOR EXAMPLE, THAT JAPAN, WHICH IS
9 VERY ACTIVE IN THE FIELD, PARTICULARLY IN THE AREA
10 OF SOMETHING CALLED INDUCED PLURIPOTENT STEM CELLS,
11 WHICH YOU MAY HAVE HEARD OF. HAPPY TO DISCUSS IF
12 ANYBODY HAS ANY QUESTIONS. BUT WITHOUT GETTING INTO
13 IT, THE JAPANESE REGULATORS WANTED TO DEVELOP A
14 PROCESS THAT ALLOWED FOR A MORE STREAMLINED PROCESS
15 TO GET POTENTIAL THERAPIES TO THE PATIENTS. AND
16 THEY HAVE NOW IMPLEMENTED THAT AND ACTUALLY HAVE
17 TRIALS UNDER WAY WITHIN THAT FRAMEWORK. AND WE HOPE
18 THAT THAT AND SOME OTHERS MAY HELP SERVE AS A MODEL
19 FOR STREAMLINING THE FDA PROCESS.

20 OKAY. WE HAVE ON THE NEXT SLIDE THE
21 FINANCIAL OUTLOOK. THIS IS DOLLARS. THIS ISN'T
22 NUMBERS OF PROJECTS, BUT YOU JUST LOOK AND YOU CAN
23 SEE GOING FORWARD THIS IS THE BREAKDOWN OF HOW WE
24 ANTICIPATE UNDER THE PUSH-PULL-LEVEL PROTOCOL HERE
25 THE DOLLARS THAT WE PLAN TO SPEND IN THE AREAS THAT

BARRISTERS' REPORTING SERVICE

1 YOU SEE ENUMERATED IN EDUCATION, DISCOVERY,
2 TRANSLATION, CLINICAL, INFRASTRUCTURE THROUGH THE
3 2020 TIME FRAME WHEN WE EXPECT TO HAVE THE MONEY AT
4 THAT POINT END. YOU CAN SEE IT'S A PRETTY AMBITIOUS
5 SCHEDULE THERE, BUT ONE THAT WE FEEL IS IMMINENTLY
6 DOABLE UNDER OUR PLAN.

7 THE INTENDED OUTCOMES, THIS, AGAIN, FOR
8 MR. LOTT, YOU MIGHT FIND THIS PARTICULARLY
9 INTERESTING. SO AT THE END OF THE DAY, WE THINK
10 THAT -- AND, OF COURSE, THIS IS ESTIMATES AT THIS
11 POINT, BUT PRETTY GOOD EDUCATED GUESS THAT WE'LL
12 HAVE GENERATED AS MANY AS 50 NEW CLINICAL TRIALS
13 COVERING 20 DIFFERENT TYPES OF DISEASES. FIVE OF
14 THOSE WE THINK WILL BE PEDIATRIC, TEN IN ORPHAN
15 DISEASES. WE HAVE THIS LINE WHERE WE CALL
16 INCREASING THE PROGRESSION EVENT, WHICH SOUNDS LIKE
17 SORT OF SCIENCE SPEAK. WHAT THAT MEANS IS WE TALKED
18 ABOUT SORT OF THE SEAMLESS HANDOFF OF PROJECTS GOING
19 FROM EARLY RESEARCH TO MIDDLE RESEARCH TO CLINICAL
20 TRIALS, AND WE WANT TO BE MORE EFFICIENT ABOUT
21 MOVING THAT ALONG. HERETOFORE THAT HASN'T BEEN AS
22 MUCH THE CASE, AND WE WANT TO GET THAT UP TO WHERE
23 THERE'S A LOT OF PROGRESSION ALONG THAT LINE.

24 THE NEXT, REDUCE PRECLINICAL TIME BY 50
25 PERCENT AND DRIVE IMPLEMENTATION OF A NEW FDA

BARRISTERS' REPORTING SERVICE

1 PARADIGM ARE BOTH SORT OF PART AND PARCEL OF THE
2 SAME THING. WE WANT TO TRY TO CONDENSE THE PERIOD
3 THAT IT TAKES TO GET THROUGH THE WHOLE RESEARCH
4 PROCESS AS A MEANS OF GETTING PATIENTS THERAPIES
5 QUICKER.

6 AND THEN LAST, BUT NOT LEAST, ON THE SLIDE
7 WE HOPE TO PARTNER AT LEAST 50 PERCENT OF OUR
8 CURRENTLY UNPARTNERED CLINICAL PROJECTS. WE HAVE
9 ANOTHER 15 THAT WE HAVE ON THE SHEET YOU SEE THERE
10 THAT CURRENTLY ARE ALREADY PARTNERED UP WITH
11 INDUSTRY, AND WE WANT THAT TREND TO CONTINUE AND WE
12 BELIEVE IT WILL. AND THAT IS OUR GOAL THERE.

13 SO THAT CONCLUDES MY REMARKS. AND I'M
14 HAPPY TO ENTERTAIN ANY QUESTIONS THAT YOU MIGHT HAVE
15 ON ANY ASPECT OF OUR PROGRAM.

16 CHAIRWOMAN YEE: THANK YOU VERY MUCH,
17 DR. THOMAS. QUESTIONS OR COMMENTS, MEMBERS? MR.
18 LOTT, PLEASE.

19 MEMBER LOTT: THANK YOU, MADAM CHAIR. I
20 WANT TO CRY. I'M GOING TO SIT HERE AND ACTUALLY
21 CRY. YOU GUYS HAVE DONE A FANTASTIC JOB IN
22 TRANSLATING THIS TO SOMETHING THAT MAKES SENSE FOR
23 AVERAGE PEOPLE. AND YOU MAKE A REALLY GOOD BUSINESS
24 CASE. SOMETHING THAT MOVES AND NOT HAVING
25 COMPLETELY DONE. SO WHAT HAPPENED BETWEEN LAST YEAR

BARRISTERS' REPORTING SERVICE

1 AND THIS YEAR? THE NEW PRESIDENT, IS HE
2 RESPONSIBLE?

3 CHAIRMAN THOMAS: I THINK OUR NEW
4 PRESIDENT HAS ADDED -- HE'S A BUSINESS PERSON.

5 MEMBER LOTT: OH, THANK GOD. I LOVE YOU
6 SCIENTISTS, BUT YOU KNOW.

7 CHAIRMAN THOMAS: THAT ISN'T TO SAY OUR
8 PREDECESSOR WAS NOT THE RIGHT PERSON FOR THAT PERIOD
9 OF CIRM'S LIFE. WHILE DR. TROUNSON WAS PRESIDENT,
10 IT WAS A PERIOD OF EMPHASIS ON ACADEMIC RESEARCH AND
11 MOVING UP THROUGH THAT CONTINUUM I DISCUSSED. BUT
12 IT WAS OUR SENSE THAT, GIVEN WHERE WE ARE NOW AND
13 THAT WE HAVE SO MANY PROJECTS HITTING THE CLINICAL
14 TRIAL PHASE, WE NEEDED A BUSINESS PERSON BECAUSE
15 THAT'S THE BUSINESS END OF THE DEAL. HE BROUGHT TO
16 THE PROCESS ALL THAT COMES WITH THE DISCIPLINE OF
17 BUSINESS. AND HE HAS A DIFFERENT SORT OF OUTLOOK
18 AND I THINK HAS DONE A TERRIFIC JOB OF PUTTING THAT
19 DISCIPLINE AND THAT PERSPECTIVE IN PLACE IN A WAY
20 THAT IMPROVES UPON WHAT WE ALREADY HAD WHICH WE
21 THOUGHT WAS GREAT, BUT NOW IS EVEN BETTER, AND DOES
22 SO IN A WAY THAT HAS ALL THE URGENCY AND ATTENTION
23 TO PATIENTS' NEEDS THAT YOU HAVE TO CONTINUE OUR
24 MISSION.

25 MEMBER LOTT: ALL KIDDING ASIDE. THANK

BARRISTERS' REPORTING SERVICE

1 YOU.

2 CHAIRWOMAN YEE: THANK YOU, MR. LOTT.

3 CHAIRMAN THOMAS: I APPRECIATE THAT.

4 CHAIRWOMAN YEE: DRS. QUICK OR SEDANA, ANY
5 COMMENTS ON YOUR END?

6 MEMBER QUICK: YEAH. THIS IS MICHAEL
7 QUICK. ONE QUESTION. I WAS VERY IMPRESSED BY YOUR
8 MENTION ON THE INFRASTRUCTURE SLIDE OF THE \$850
9 MILLION OF LEVERAGING THAT YOU MANAGED TO DO. DO
10 YOU HAVE A SENSE OF THAT KIND OF LEVERAGING FOR
11 OTHER ASPECTS? SO, FOR EXAMPLE, WHAT I'M THINKING
12 OF IS HOW MUCH FUNDING HAVE YOUR AWARDEES GOTTEN
13 FROM OTHER AGENCIES BECAUSE OF THE CIRM MONEY THAT
14 THEY HAD TO SEED PROJECTS AND THINGS THAT WE WERE
15 GOING AFTER? HAVE YOU HAD ANY ABILITY TO QUANTIFY
16 THE IMPACT OF LEVERAGING SORT OF GRANT DOLLARS TO
17 THE STATE OF CALIFORNIA BECAUSE OF CIRM'S FUNDING TO
18 INVESTIGATORS?

19 CHAIRMAN THOMAS: I THINK THE LEVERAGING
20 IS A BIG WORD FOR US. IT'S ONE THAT WE ARE
21 CONSTANTLY PAYING ATTENTION TO. AND I THINK THAT,
22 WITHOUT QUESTION, THE FACT THAT CIRM HAS BEEN ABLE
23 TO PROVIDE THE FUNDING THAT IT HAS HAS GREATLY AIDED
24 THE INVESTIGATORS IN THEIR APPLICATIONS FOR NIH
25 FUNDING, FOR NSF FUNDING, FOR FUNDING FROM

BARRISTERS' REPORTING SERVICE

1 PHILANTHROPISTS, AND IT IS -- I THINK IF YOU GO OUT
2 AND YOU TALK TO FOLKS THAT WE HAVE FUNDED ABOUT WHAT
3 WE, THROUGH THE TAXPAYERS' VISION, HAVE BEEN ABLE TO
4 IMPLEMENT, HOW THAT HAS IMPACTED WHAT THEY'RE ABLE
5 TO DO IN THE LEVERAGING THEY HAVE BEEN ABLE TO
6 ACCOMPLISH, YOU WILL HEAR ACROSS THE BOARD THAT
7 WE'VE HAD A HUGELY DRAMATIC IMPACT IN THAT WAY.

8 THAT'S A VERY INSIGHTFUL QUESTION BECAUSE
9 YOU DON'T WANT TO BE OUT THERE AS THE ONLY PERSON
10 STANDING. YOU WANT TO BE ABLE TO JUMP START EVEN
11 MORE FUNDING. I CAN'T GIVE YOU A DOLLAR AMOUNT, BUT
12 I CAN GIVE YOU ONE ANECDOTAL COMMENT AFTER ANOTHER
13 ABOUT HOW IMPORTANT CIRM FUNDING HAS BEEN FOR
14 EXACTLY THAT REASON.

15 MEMBER QUICK: IT'S CERTAINLY DIFFICULT TO
16 QUANTIFY, BUT IT WOULD BE A POWERFUL ARGUMENT TO BE
17 MADE FOR FUTURE DISCUSSION WITH THE CALIFORNIA
18 PUBLIC ABOUT FUTURE FUNDING, FOR EXAMPLE, IF ONE
19 COULD FIND A WAY TO NOT ONLY QUANTIFY THAT, BUT I'M
20 SURE YOU'RE KEEPING RECORDS ON HOW MANY OF THESE
21 SORT OF EARLY TRAINING AWARDS ARE RESULTING IN THESE
22 FOLKS STAYING IN SCIENCE AND GETTING GRANTS, ETC.
23 SO I JUST ENCOURAGE YOU TO THINK ABOUT, AS I KNOW
24 YOU ALREADY ARE, THINKING ABOUT HOW BEST TO PRESENT
25 THAT AS A TRUE SUCCESS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: THANK YOU. THOSE ARE
2 BOTH EXCELLENT SUGGESTIONS. WHEN WE REPORT BACK TO
3 YOU NEXT TIME, WE'LL BE SURE TO HAVE THAT AS A PART
4 OF THE PRESENTATION.

5 ON THE LATTER POINT, WE DO TRACK WHERE OUR
6 VARIOUS EDUCATIONAL AWARDEES GO. IN FACT, THERE'S
7 IN YOUR MATERIALS ONE STORY WHICH IS JUST ONE OF
8 MANY OF ONE OF OUR BRIDGES STUDENTS WHO PARLAYED
9 THAT OPPORTUNITY INTO ACCEPTANCE INTO THE PH.D.
10 PROGRAM AT UCSF AND PLANS TO DO GREAT THINGS IN THE
11 AREA GOING FORWARD. BUT WE WILL MAKE SURE THAT WE
12 HAVE A MORE DETAILED DISCUSSION OF THAT AT OUR NEXT
13 MEETING NEXT YEAR. THANK YOU FOR THAT SUGGESTION.

14 DR. SADANA: THIS KIND OF DOVETAILS INTO
15 WHAT DR. QUICK HAS MENTIONED. AND HOW DO YOU
16 QUANTIFY THE CIRM INTELLECTUAL PROPERTY WHICH IS AS
17 A RESULT OF THIS RESEARCH? HOW DOES THAT GET
18 DISTRIBUTED AND WHO GETS IT? THERE ARE MULTIPLE
19 FUNDINGS INVOLVED IN THE SAME RESEARCH BECAUSE
20 YOU'RE TALKING ABOUT CALIFORNIA PUBLIC MONEY HERE.
21 THAT'S MY QUESTION.

22 CHAIRMAN THOMAS: OKAY. THANK YOU. I'M
23 GOING TO TURN THAT QUESTION TO THE LEGAL ARENA,
24 WHICH I'D BE HAPPY TO GIVE A SHOT AT, BUT YOU'D BE
25 IN MUCH BETTER HANDS WITH OUR GENERAL COUNSEL, MR.

BARRISTERS' REPORTING SERVICE

1 HARRISON.

2 MR. HARRISON: GOOD MORNING. THIS IS
3 JAMES HARRISON. SO CIRM DOES HAVE INTELLECTUAL
4 PROPERTY REQUIREMENTS THAT APPLY TO ALL AWARDS.
5 CIRM ITSELF DOES NOT OWN THE IP. THE INVESTIGATORS
6 AND INSTITUTIONS CONTROL THEIR OWN IP, BUT CIRM
7 ENSURES THAT THE STATE OF CALIFORNIA DOES HAVE THE
8 OPPORTUNITY TO BENEFIT FROM THE RESEARCH THE
9 TAXPAYERS HAVE GENEROUSLY FUNDED IN TWO WAYS. ONE,
10 CIRM IMPOSES REQUIREMENTS ON NONPROFIT GRANTEES TO
11 SHARE A PORTION OF THE LICENSE REVENUES THAT THEY
12 RECEIVE WHEN THEY LICENSE A CIRM-FUNDED INVENTION OR
13 TECHNOLOGY, WHICH INCLUDES DATA DEVELOPED IN A
14 CLINICAL TRIAL. SO IF CIRM HAS FUNDED MORE THAN 50
15 PERCENT OF THE PROJECT COSTS, THEN CIRM -- THE STATE
16 GENERAL FUND, I SHOULD SAY, IS ENTITLED TO 25
17 PERCENT OF THE AWARDEE'S LICENSE REVENUES. IF CIRM
18 HAS FUNDED LESS THAN 15 PERCENT OF THE PROJECT
19 COSTS, THEN THE STATE GENERAL FUND IS ENTITLED -- IF
20 CIRM HAS FUNDED LESS THAN 50 PERCENT OF THE PROJECT
21 COSTS, THEN THE STATE GENERAL FUND IS ENTITLED TO 15
22 PERCENT OF THE AWARDEE'S LICENSE REVENUES.

23 FOR AN AWARD TO A FOR-PROFIT ENTITY THAT
24 COMMERCIALIZES THE CIRM-FUNDED TECHNOLOGY OR
25 INVENTION, THE STATE GENERAL FUND IS ENTITLED TO A

BARRISTERS' REPORTING SERVICE

1 ROYALTY SHARE THAT'S EQUAL TO .1 PERCENT PER ONE
2 MILLION OF CIRM FUNDING. SO FOR A \$10 MILLION
3 AWARD, THE STATE GENERAL FUND WOULD BE ENTITLED TO A
4 ROYALTY OF 1 PERCENT ON ALL COMMERCIAL SALES. AND
5 THAT'S UP TO NINE TIMES THE AMOUNT OF THE AWARD.

6 CHAIRWOMAN YEE: THANK YOU, MR. HARRISON.
7 ANY OTHER QUESTIONS FROM LOS ANGELES? GREAT.

8 DR. THOMAS, I JUST WANT TO THANK YOU FOR
9 THIS PRESENTATION. SOMETHING THAT STRUCK ME AS I
10 WAS LOOKING AT THE SLIDES ON THE FINANCIAL OUTLOOK,
11 AND WHAT I REALLY LIKE ABOUT THE STRATEGIC PLAN AND
12 CERTAINLY THE THEMES OF THE ACTIONS, WHILE IT'S
13 AMBITIOUS, IT'S ALSO ASPIRATIONAL, BUT VERY, VERY
14 ACHIEVABLE. AND SO I THINK IT'S REALLY BASED IN
15 CERTAINLY THE REAL-TIME EXPERIENCE THAT IS HAPPENING
16 TODAY.

17 MY QUESTION, PERHAPS IT'S AN OBSERVATION.
18 AS WE LOOK AT THE FINANCIAL OUTLOOK GOING FORWARD,
19 I'M GOING TO HAVE THE PUBLIC'S HAT ON MOST OF THE
20 TIME AS I SERVE ON THIS COMMITTEE. I THINK IT'S
21 HELPFUL TO JUST ACKNOWLEDGE WHAT'S HAPPENED IN THE
22 PAST RELATIVE TO HOW WE GOT HERE. I DON'T KNOW THAT
23 IT WAS NECESSARILY A LACK OF VISION, BUT CERTAINLY
24 WHEN YOU LOOK AT THE WHOLE FIELD OF STEM CELL
25 RESEARCH AND HOW IT'S EVOLVED, IT GOT OFF TO A

BARRISTERS' REPORTING SERVICE

1 PRETTY SLOW START FOR A WHOLE HOST OF REASONS. AND
2 SO I'D LIKE TO KIND OF PUT CIRM'S EXPERIENCE WITHIN
3 THE BROADER CONTEXT OF THE EVOLUTION OF STEM CELL
4 RESEARCH ON A BROADER SCALE, WHETHER IT'S NATIONALLY
5 OR INTERNATIONALLY. CERTAINLY CIRM HAS BEEN A
6 LEADER IN TERMS OF HOW THIS WHOLE FIELD HAS EVOLVED.
7 I THINK THERE'S A STORY TO TELL THERE AND I THINK
8 REALLY PUT THIS INTO CONTEXT FOR THE PUBLIC. SO I
9 HOPE THAT THAT CAN BE DONE.

10 CHAIRMAN THOMAS: THANK YOU. AND I THINK
11 THE FIELD WAS STALLED IN 2004.

12 CHAIRWOMAN YEE: EXACTLY.

13 CHAIRMAN THOMAS: AND THAT ISN'T TO PUT A
14 VALUE JUDGMENT ON PRESIDENT BUSH'S VIEW AT THAT
15 POINT, BUT IT'S JUST A STATEMENT OF FACT. AND CIRM
16 CAME ABOUT IN RESPONSE TO THAT STALLED STATE AND
17 INSTANTANEOUSLY -- I SHOULD SAY ONCE WE GOT THROUGH
18 THE LITIGATION, AFTER THAT HAD A GIGANTIC EFFECT IN
19 JUMP STARTING THE FIELD. REMEMBER THE FIELD DIDN'T
20 START REALLY TILL 1998 WITH THE ISOLATION OF HUMAN
21 EMBRYONIC STEM CELLS AT THE UNIVERSITY OF WISCONSIN.
22 SO IT'S A BRAND NEW FIELD. FIELDS TAKE TIME TO RAMP
23 UP. THERE ARE LOTS OF ASPECTS TO IT, AND SCIENCE
24 DOES TAKE TIME. AND WHAT WE ARE ABOUT IS DRAMATIC
25 IN ALL THE FIELDS THAT WE ARE FUNDING HERE. SO MOST

BARRISTERS' REPORTING SERVICE

1 OF WHAT WE DO IS ON THE ORDER OF THE STORY OF THE
2 POLIO VACCINE. WE'RE LOOKING FOR DRAMATIC CHANGES
3 AND HOPEFULLY CURES, AND THAT IS A PROCESS THAT DOES
4 TAKE TIME; BUT STARTING IN 2007, WHEN WE WERE
5 ACTUALLY ABLE TO BEGIN FUNDING, WE'VE MADE WHAT WE
6 THINK IS BOTH DRAMATIC PROGRESS AND A VERY LARGE
7 CONTRIBUTION TO THE FIELD.

8 CHAIRWOMAN YEE: ABSOLUTELY.

9 CHAIRMAN THOMAS: WE WERE -- EVERY YEAR
10 THERE'S THIS MEETING CALLED THE INTERNATIONAL STEM
11 CELL RESEARCHERS ANNUAL MEETING THAT TAKES PLACE ALL
12 OVER THE WORLD. THIS TIME IT HAPPENED TO BE IN
13 STOCKHOLM. I WAS THERE THIS YEAR. AS WE KNOW, I'M
14 THERE EVERY YEAR WHEREVER THE MEETING IS. CIRM IS
15 ALWAYS HELD UP AS LITERALLY THE ENVY OF THE RESEARCH
16 WORLD. NO PLACE HAS ANYTHING LIKE THIS. NO PLACE
17 HAS THE PROGRAM IN PLACE, NO PLACE HAS THE FUNDING.
18 IT'S A GREAT LUXURY AND IT'S THANKS TO THE VOTERS OF
19 CALIFORNIA WHO TOOK A RISK ON SOMETHING THAT WAS
20 VERY CUTTING-EDGE, NEVER DONE BEFORE, A WHOLE NEW
21 WAY OF FUNDING RESEARCH. AND SO WE CONTINUE TO BE A
22 WORK IN PROGRESS, BUT A LOT OF NEAT STUFF GOING ON.

23 CHAIRWOMAN YEE: ABSOLUTELY. AND I SHARE
24 MR. LOTT'S SENTIMENT. THIS IS VERY EXCITING. AND
25 THE ACCELERATION, CERTAINLY THE MISSION, AND THE

BARRISTERS' REPORTING SERVICE

1 GOAL OF THE INITIATIVE ACCELERATING THE DEVELOPMENT
2 OF STEM CELL THERAPIES, I THINK, HAS DEFINITELY BEEN
3 THAT.

4 AND I GUESS MY QUESTION IS ALSO AS WE LOOK
5 AT ESTABLISHING MILESTONES GOING FORWARD, WHAT WOULD
6 THOSE MILESTONES LOOK LIKE? I THINK OBVIOUSLY FOR
7 THE PUBLIC THEY'RE LOOKING AT THE AVAILABILITY OF
8 MARKETABLE THERAPIES; BUT AS WE HAVE SEEN SINCE THE
9 INCEPTION OF THIS FIELD, CERTAINLY 1997 WAS A
10 MILESTONE YEAR, 2007 WAS A MILESTONE YEAR, BUT AS WE
11 LOOK AT THE STRATEGIC PLAN PROCESS, IT SAYS YOU'RE
12 LOOKING AT ESTABLISHING MILESTONES. CAN YOU GIVE US
13 A LITTLE BIT MORE FLAVOR ABOUT WHAT THOSE LOOK LIKE?

14 CHAIRMAN THOMAS: WELL, I THINK AS WE
15 HAPPEN TO BE ON THIS FINANCIAL OUTLOOK SLIDE, THIS
16 IS SORT OF THE MILESTONES PAGE. WE'VE SORT OF SET
17 GOALS FOR THE NUMBER OF PROJECTS THAT WILL BE IN
18 DIFFERENT STAGES. WE HOPE THAT OBVIOUSLY AS THE
19 CLINICAL TRIALS PROCEED, THAT A NUMBER OF THOSE
20 CLINICAL TRIALS REACH FRUITION. WE COMMONLY GET
21 ASKED, WHAT DO YOU THINK IS GOING TO PAN OUT? WHAT
22 DO YOU THINK? IT'S SCIENCE. SO IT'S VERY
23 DIFFICULT. THINGS HAVE TO PLAY THEMSELVES OUT, BUT
24 I WILL SAY THAT WE AT CIRM DO FIRMLY BELIEVE THAT
25 SOME OF THE THINGS THAT WE ARE FUNDING WILL

BARRISTERS' REPORTING SERVICE

1 ULTIMATELY BEAR FRUIT. AND AGAIN, EVERYTHING WE'RE
2 GOING AFTER IS REALLY BIG GAME. SO THE EXTENT WE'RE
3 SUCCESSFUL IN ANYTHING, IT WILL FUNDAMENTALLY CHANGE
4 THE LANDSCAPE FOR THAT PARTICULAR DISEASE.

5 BUT I WOULD SAY THAT THE BEST ANSWER IN
6 TERMS OF MILESTONES IS REALLY THIS PAGE HERE. IT
7 GIVES YOU A FEEL FOR WHERE WE FEEL WE NEED TO REACH
8 FOR CONTINUED PROGRESS AND SUCCESS.

9 CHAIRWOMAN YEE: THANK YOU. AND LET ME
10 JUST ASK ONE LAST QUESTION. I WAS ALSO VERY STRUCK
11 BY THE OVERVIEW ABOUT THE INFRASTRUCTURE PROGRAM.
12 AND ONE OF THE THINGS I HOPE WE CAN DO AS WE
13 CONTINUE MOVING FORWARD IS TYING BACK CIRM'S SUPPORT
14 TO THE BROADER ECONOMIC BENEFIT FOR THE STATE. I
15 JUST WANT TO GET YOUR SENSE FOR WHAT THE LONG-TERM
16 FUTURE FOR INFRASTRUCTURE IS BEYOND, I GUESS, THE
17 TAXPAYERS' INVESTMENT.

18 CHAIRMAN THOMAS: RIGHT. SO AS WE'VE SEEN
19 IN RECENT YEARS, THERE'S BEEN A DRAMATIC UP-TICK IN
20 BIOTECHNOLOGY, AND I THINK WE'RE SORT OF SITTING ON
21 THE EDGE OF EXPLOSION OF DEVELOPMENT IN THAT FIELD.
22 AND I FIRMLY BELIEVE THAT BIOTECHNOLOGY WILL BE ONE
23 OF THE MAJOR SUCCESS STORIES OF CALIFORNIA SORT OF
24 FOLLOWING ON THE SUCCESSES OF SILICON VALLEY, AND
25 THE CELLULAR THERAPY IN THE REGENERATIVE MEDICINE

BARRISTERS' REPORTING SERVICE

1 SPACE WILL BE A PROMINENT COMPONENT OF THAT SUCCESS
2 STORY. SO I THINK WE'RE IN THE MIDDLE OF WHAT IS I
3 REALLY THINK A GOLDEN ERA OF MEDICAL RESEARCH WHERE
4 WE'VE HAD AND WILL CONTINUE TO HAVE INCREASING
5 ADVANCEMENT, AND CALIFORNIA WILL BE PROMINENTLY
6 INVOLVED AND RIGHT IN THE MIDDLE OF ALL THAT. SO
7 IT'S FOR ALL OF US A VERY EXCITING TIME AND HOPE
8 THAT WE'RE CONVEYING THAT LEVEL OF EXCITEMENT TO YOU
9 AS PART OF THIS DISCUSSION.

10 CHAIRWOMAN YEE: THANK YOU VERY MUCH. AND
11 I WOULD BE REMISS IF I DIDN'T ASK THIS QUESTION.
12 THANK YOU FOR THE ONGOING WORK WITH RESPECT TO
13 REGULATORY REFORM AND ENGAGING A BROADER ARRAY OF
14 PARTNERS IN THAT EFFORT. IS THERE ANYTHING THAT THE
15 STATE OF CALIFORNIA CAN DO IN TERMS OF THAT ARENA
16 AND HELPING IN THAT ARENA?

17 CHAIRMAN THOMAS: WELL, THAT'S A MOST
18 INTERESTING QUESTION. WE ARE IN THE PROCESS OF
19 DEVELOPING A STRATEGY IN THAT REGARD. AND I'M
20 CERTAIN THAT THE STATE OF CALIFORNIA ITSELF COULD
21 PLAY A VERY PROMINENT ROLE IN HELPING WITH THESE
22 DISCUSSIONS. SO WE ARE DELIGHTED TO HEAR THAT YOU
23 WOULD LIKE TO JOIN US IN THIS, AND WE WILL, WITHOUT
24 QUESTION, TALK TO YOU ABOUT THAT AND SOLICIT YOUR
25 THOUGHTS AND HAVE YOU AS A MAJOR COMPONENT OF THAT

BARRISTERS' REPORTING SERVICE

1 EFFORT.

2 CHAIRWOMAN YEE: THANK YOU, DR. THOMAS.
3 OTHER COMMENTS, MEMBERS? HEARING NONE, THANK YOU
4 VERY MUCH FOR THE PRESENTATION AND REALLY APPRECIATE
5 THE DISCUSSION BY THE COMMITTEE MEMBERS. THANK YOU.

6 CHAIRMAN THOMAS: THANK YOU VERY MUCH,
7 MEMBERS OF THE COMMITTEE. BEFORE I TURN IT OVER TO
8 MY COLLEAGUE, CHILA SILVA-MARTIN, TO TALK ABOUT
9 FINANCIAL MATTERS, I WOULD LIKE, JUST AS I ALWAYS DO
10 IN THIS SORT OF SETTING, TO DIRECT COMMENTS TO MY
11 BROTHER IN LOS ANGELES AND SAY GO DODGERS.

12 CHAIRWOMAN YEE: THANK YOU VERY MUCH.

13 MR. TORRES: BETTY IS A GIANTS FAN.

14 CHAIRWOMAN YEE: THANK YOU. MEMBERS, WHY
15 DON'T WE MOVE ON TO OUR NEXT AGENDA ITEM, NO. 6. WE
16 WILL HAVE OUR NEXT PANEL JOIN US, AND THAT'S CHILA
17 SILVA-MARTIN, PLEASE COME FORWARD. YOU WILL BE
18 MAKING THE PRESENTATION.

19 MS. SILVA-MARTIN: YES, I WILL BE.

20 CHAIRWOMAN YEE: GREAT. THANK YOU. GOOD
21 MORNING. WELCOME.

22 MS. SILVA-MARTIN: THANK YOU. GOOD
23 MORNING. THANK YOU, MADAM CHAIRMAN AND CONTROLLER,
24 AND THANK YOU, COMMITTEE MEMBERS.

25 THIS MORNING I WILL BE REPORTING ON CIRM'S

BARRISTERS' REPORTING SERVICE

1 OPERATIONAL FINANCES.

2 CHAIRWOMAN YEE: MEMBERS, WE'RE LOOKING AT
3 TAB 5 AND 6 FOR DISCUSSION.

4 MS. SILVA-MARTIN: SO THIS MORNING THE
5 PRESENTATION WILL COVER THE FINAL RESULTS OF OUR
6 '14-'15 BUDGET AS WELL AS THE MAJOR DRIVERS
7 IMPACTING THOSE RESULTS. THEN I'LL INTRODUCE THE
8 '15-'16 BUDGET THAT'S APPROVED BY BOTH OUR FINANCE
9 SUBCOMMITTEE AND OUR ICOC BOARD. AND THE '15-'16
10 BUDGET PRESENTATION WILL INCLUDE THE GOALS THAT
11 SUPPORT THE BUDGET, THE MAJOR FACTORS DRIVING THE
12 BUDGET, AS WELL AS SOME RISKS THAT MAY IMPACT THE
13 FINAL RESULTS.

14 SO FIRST, LOOKING AT THE '14-'15 FINAL
15 EXPENDITURE RESULTS --

16 CHAIRWOMAN YEE: I'M SORRY. LET ME JUST
17 REFERENCE THAT WE ARE ON TAB 6.

18 MS. SILVA-MARTIN: SO I'LL BE PROVIDING A
19 HIGH LEVEL OVERVIEW OF OUR FINAL EXPENDITURES FOR
20 THE '14-'15 FISCAL YEAR AND TALK A LITTLE BIT ABOUT
21 THE FACTORS THAT IMPACT THOSE NUMBERS.

22 SO THIS CHART HERE REPRESENTS AT THE
23 CATEGORICAL LEVEL WHAT WE WERE APPROVED TO SPEND FOR
24 THE '14-'15 FISCAL YEAR IN THE FIRST COLUMN, IN THE
25 SECOND COLUMN WHAT WE ACTUALLY SPENT, AND THEN THE

BARRISTERS' REPORTING SERVICE

1 LAST COLUMN REPRESENTING THE VARIANCE OF THE UNDER
2 OR OVERRUN. SO AS YOU CAN SEE FROM THE FIRST
3 COLUMN, WE WERE ALLOCATED A TOTAL OF JUST UNDER
4 \$17.3 MILLION. WE SPENT JUST UNDER \$16 MILLION OR
5 15.8 MILLION, TO BE MORE PRECISE, RESULTING IN AN
6 UNDERRUN OF ABOUT \$1.5 MILLION.

7 SO AS YOU CAN SEE FROM THE CHART, THERE'S
8 A COUPLE OF CATEGORICAL AREAS WHERE WE HAD FAIRLY
9 SIGNIFICANT UNDERRUNS, AND THAT WAS IN EMPLOYEE
10 EXPENSES AND REVIEWS, MEETINGS, AND WORKSHOPS, BUT
11 WE ALSO HAD SOME UNDERRUNS IN EXTERNAL SERVICES AND
12 IN OUR GENERAL EXPENDITURE CATEGORY THAT INCLUDES
13 OUR OFFICE RELOCATION. SO I'D LIKE TO JUST BRIEFLY
14 TALK ABOUT SOME OF THESE UNDERRUNS AND OVERRUNS.

15 SO EMPLOYEE EXPENSES WAS WHERE WE HAD THE
16 LARGEST UNDERRUN. AND THAT'S REALLY A RESULT OF OUR
17 REORGANIZATION. SO AS DR. THOMAS INDICATED, IN MAY
18 OF 2014, DR. MILLS WAS APPOINTED TO OUR
19 ORGANIZATION. AND THE FIRST THING THAT DR. MILLS
20 DID WAS REALLY COME IN AND LOOK AT ALL OF OUR
21 OFFICES, HE LOOKED AT OUR ORGANIZATIONAL STRUCTURE,
22 HE TALKED TO OUR TEAM MEMBERS AND SCIENTISTS AND
23 VARIOUS STAKEHOLDERS. AND WITH THAT INFORMATION, HE
24 THEN MOVED FORWARD TO REORGANIZE OUR OPERATIONS. SO
25 AT THE TIME THAT THIS OCCURRED, WE HAD VARIOUS

BARRISTERS' REPORTING SERVICE

1 VACANCIES. AND INSTEAD OF FILLING THOSE VACANCIES,
2 BECAUSE WE WERE GOING THROUGH A REORGANIZATION, WE
3 ELECTED TO KEEP THEM OPEN AND, AS A MATTER OF FACT,
4 WE ELIMINATED MANY OF THOSE POSITIONS AND PUT IN
5 PLACE OTHER POSITIONS THAT BETTER SUPPORTED THE
6 REORGANIZATIONAL STRUCTURE. SO THAT WAS REALLY THE
7 REASON FOR THE SIGNIFICANT UNDERRUN IN EMPLOYEE
8 EXPENSES. IT WAS THE SALARY SAVINGS FROM THOSE
9 POSITIONS AS WELL AS THE BENEFITS ASSOCIATED WITH
10 THE POSITIONS.

11 THE OTHER AREA WHERE WE HAD UNDERRUNS WAS
12 IN OUR REVIEWS, MEETINGS, AND WORKSHOPS. AND,
13 AGAIN, REALLY IT WAS ATTRIBUTABLE TO THE
14 REORGANIZATION. SO THE FIRST PROGRAM THAT DR. MILLS
15 REORGANIZED WAS OUR CLINICAL PROGRAMS. AND FOR THE
16 '14-'15 FISCAL YEAR, WE HAD ORIGINALLY PLANNED TO
17 HOLD EIGHT CLINICAL ADVISORY PANEL REVIEWS; BUT,
18 BECAUSE WE WERE GOING THROUGH THE REORGANIZATION, WE
19 ONLY HELD TWO OF THE EIGHT REVIEWS. SIMILARLY, WE
20 HAD SEVERAL GRANT REVIEWS SCHEDULED FOR THE FISCAL
21 YEAR; BUT, BECAUSE OF THE REORGANIZATION, WE
22 ELIMINATED TWO OF THOSE REVIEWS AND WE DID NOT HOLD
23 THEM, SO IT RESULTED IN A PRETTY SIGNIFICANT
24 SAVINGS.

25 THERE WAS A COUPLE OF AREAS WHERE WE DID

BARRISTERS' REPORTING SERVICE

1 HAVE OVERRUNS. ONE OF THEM WAS IN EXTERNAL
2 SERVICES, AND IT WAS REALLY ATTRIBUTABLE TO A COUPLE
3 OF AREAS. ONE OF THEM IS OUR RELOCATION. SO AS YOU
4 MAY BE AWARE, CIRM HAS REALLY BENEFITED FROM A
5 WONDERFUL FREE RENT FOR THE FIRST ELEVEN YEARS OF
6 ITS EXISTENCE; BUT UNFORTUNATELY THAT FREE RENT GOES
7 AWAY AT THE END OF THIS MONTH. SO WE SPENT A
8 SIGNIFICANT PORTION OF LAST YEAR LOOKING FOR NEW
9 HEADQUARTERS. WE FOUND NEW HEADQUARTERS AND WE DID
10 INCUR SOME COSTS IN THAT AREA BECAUSE WE HIRED AN
11 ARCHITECT AND SPACE DEVELOPMENT ENGINEERS TO HELP US
12 DEVELOP OUR NEW SPACE.

13 AS A RESULT OF THE REORGANIZATION, WE ALSO
14 HAD TO RELEASE NEW PROGRAM ANNOUNCEMENTS, AND THAT
15 REQUIRED PROGRAMMING IN OUR I.T. SYSTEM. AND SO WE
16 HIRED A ONE-TIME COST FOR I.T. PROGRAMMERS.

17 THE OTHER AREA WHERE WE EXPERIENCED SOME
18 OVERRUN IS IN THE CATEGORY WE CALL EQUIPMENT,
19 SUPPLIES, WHERE WE PUT OUR OFFICE RELOCATION. SO AS
20 PART OF THE OFFICE RELOCATION, WE'VE BEEN IN OUR
21 CURRENT SPACE FOR TEN YEARS. WE HAVE FURNITURE
22 THAT'S TEN YEARS OLD. WE DOWNSIZED OUR SPACE FROM
23 WHAT WE CURRENTLY HAVE BY ALMOST 3,000 SQUARE FEET,
24 SO THE MODULAR FURNITURE AND THE FURNITURE THAT WE
25 CURRENTLY HAVE IN OUR SPACE WILL NOT FIT IN THE NEW

BARRISTERS' REPORTING SERVICE

1 LOCATION. THE FURNITURE WAS OLD AND IT'S NOT
2 ERGONOMIC. IT'S EXPENSIVE TO TEAR DOWN MODULAR
3 FURNITURE AND REBUILD IT. SO FOR ALL OF THOSE
4 REASONS, WE DID INCUR A ONE-TIME COST OF ABOUT
5 \$380,000 FOR THOSE COSTS.

6 SO THAT REALLY EXPLAINS THE OVERRUNS AND
7 THE UNDERRUNS IN THE '14-'15 FISCAL YEAR, AND NOW
8 WHAT I'D LIKE TO DO IS MOVE ON TO THE '15-'16
9 BUDGET.

10 AND FIRST, I'D LIKE TO TALK ABOUT THE
11 GOALS THAT THE '15-'16 BUDGET SUPPORT. SO WHAT DO
12 WE PLAN TO DO DURING THE '15-'16 FISCAL YEAR? SO AS
13 I MENTIONED EARLIER, WE IMPLEMENTED A
14 REORGANIZATION. AND ACTUALLY DURING THE LATTER PART
15 OF THE '14-'15 FISCAL YEAR, WE WERE ABLE TO FILL
16 SOME OF THE KEY POSITIONS, BUT WE STILL HAVE SEVERAL
17 OTHER POSITIONS WE FEED TO FILL. SO THAT'S A
18 PRIORITY FOR US DURING THE '15-'16 FISCAL YEAR.

19 WE'VE TALKED A LOT ABOUT OUR CLINICAL
20 PROGRAM AND HOW WE IMPLEMENTED CHANGES TO THAT
21 PROGRAM DURING THE '14-'15 FISCAL YEAR, AND SO WE
22 WANT TO INCREASE CAPACITY AND EFFICIENCY BY
23 REVIEWING 36 NEW PROGRAMS THIS YEAR.

24 DR. THOMAS TALKED ABOUT THE OVERHAUL THAT
25 WE DID ALSO TO OUR DISCOVERY AND TRANSLATIONAL

BARRISTERS' REPORTING SERVICE

1 PROGRAMS AS WELL AS OUR EDUCATIONAL PROGRAMS. WE
2 RECEIVED APPROVAL TO MOVE FORWARD WITH THOSE
3 PROGRAMS AT OUR JULY BOARD MEETING; AND SO DURING
4 THE '15-'16 FISCAL YEAR, WE PLAN TO FULLY LAUNCH
5 THOSE PROGRAMS. WE ALSO PLAN TO COMPLETE THE
6 INITIAL PHASE OF OUR ALPHA CLINIC NETWORK BY
7 LAUNCHING THE ACCELERATING CENTER. AND, OF COURSE,
8 SINCE WE MADE OVERHAULS TO ALL OF OUR SCIENTIFIC
9 PROGRAMS, WE ALSO NEED TO OVERHAUL OUR OPERATIONAL
10 ACTIVITIES TO ENSURE THAT IT SUPPORTS OUR MISSION
11 AND MOVES THE PROGRAMS FORWARD. SO WE WILL BE DOING
12 THAT AS WELL DURING THE '15-'16 FISCAL YEAR.

13 AND LAST, BUT NOT LEAST, WE WANT TO
14 COMPLETE THE RELOCATION WITHOUT ANY SERVICE
15 INTERRUPTION.

16 SO NOW LOOKING AT THE '15-'16 BUDGET AT A
17 VERY HIGH LEVEL, WHAT I WANTED TO DO IS POINT OUT A
18 COMPARISON OF THE '15-'16 BUDGET TO WHAT WAS
19 BUDGETED IN '14-'15 AND WHAT WE ACTUALLY SPENT. SO
20 IN THIS CHART IN THE FIRST COLUMN YOU WILL SEE THE
21 '14-'15 BUDGET. I TALKED EARLIER, \$17.3 MILLION.
22 WHAT WE SPENT IS REFLECTED IN THE SECOND COLUMN,
23 JUST UNDER \$16 MILLION. AND THEN OUR BUDGET
24 ALLOCATION FOR THE '15-'16 FISCAL YEAR IS \$18.7
25 MILLION.

BARRISTERS' REPORTING SERVICE

1 SO THE BUDGET FOR THE '15-'16 FISCAL YEAR
2 IS \$1.4 MILLION HIGHER THAN WHAT WAS BUDGETED LAST
3 YEAR. MORE IMPORTANTLY, IT'S ALMOST \$3 MILLION MORE
4 THAN WHAT WE ACTUALLY SPENT FOR THE '14-'15 FISCAL
5 YEAR. SO I WANT TO TALK ABOUT WHAT'S REALLY DRIVING
6 THOSE INCREASES.

7 SO THERE REALLY ARE FOUR ATTRIBUTES THAT
8 ARE DRIVING THE CHANGE. THREE OF THEM ARE INCREASES
9 AND ONE OF THEM IS A DECREASE. THE INCREASES ARE IN
10 OUR EMPLOYEE EXPENSES, IN OUR REVIEWS AND
11 FACILITIES, AND THEN WE ARE EXPECTING TO SEE A
12 SIGNIFICANT DECREASE IN EXTERNAL SERVICES.

13 SO LOOKING AT OUR EMPLOYEE EXPENSE FIRST,
14 SO WHY ARE WE SEEING SUCH A SIGNIFICANT INCREASE FOR
15 THE '15-'16 FISCAL YEAR? SO AS I MENTIONED EARLIER,
16 WE HAD VACANT POSITIONS THROUGHOUT THE '14-'15
17 FISCAL YEAR BECAUSE WE WERE UNDERGOING A
18 TRANSFORMATION AND OVERHAUL. AND SO AT THE LATTER
19 PART OF THE '14-'15 FISCAL YEAR, WE FILLED SEVERAL
20 OF THOSE KEY POSITIONS. WE ARE ACTIVELY FILLING THE
21 REMAINDER OF OUR POSITIONS, AND WE REALLY ARE
22 ANTICIPATING BEING AT OR NEAR FULL STAFF FOR THE
23 ENTIRE YEAR, HOPEFULLY ELIMINATING THE SAVINGS THAT
24 WE HAD LAST YEAR.

25 THE OTHER FACTOR THAT'S IMPACTING THE

BARRISTERS' REPORTING SERVICE

1 INCREASE IN THIS AREA IS STATE-MANDATED EMPLOYER
2 CONTRIBUTION COST. SO, AS YOU KNOW, AS A STATE
3 AGENCY, WE ARE REQUIRED TO PAY FOR RETIREMENT,
4 HEALTH BENEFITS, AND OVER THE YEARS WE'VE SEEN
5 INCREASES AND WE CONTINUE TO SEE INCREASES BASED ON
6 THE LATEST INFORMATION WE HAVE FROM THE VARIOUS
7 CONTROL AGENCIES, AND SO THAT'S BUILT INTO OUR
8 BUDGET.

9 CHAIRWOMAN YEE: MS. SILVA-MARTIN, COULD I
10 JUST ASK YOU TO APPROACH THE MICROPHONE A LITTLE BIT
11 MORE CLOSELY FOR OUR MEMBERS IN LOS ANGELES. THANK
12 YOU.

13 MS. SILVA-MARTIN: OKAY. SO WE ALSO
14 ANTICIPATE SEEING INCREASED REVIEW ACTIVITY. AS
15 DR. THOMAS POINTED OUT, WHEN WE DID THE OVERHAUL,
16 PREVIOUSLY, FOR EXAMPLE, IN OUR CLINICAL PROGRAMS,
17 IT COULD TAKE UP TO 24 MONTHS BEFORE AN AWARD
18 ACTUALLY BECAME ACTIVE. WITH THE OVERHAUL THAT DR.
19 MILLS IMPLEMENTED, WE ARE NOW LOOKING AT ABOUT A
20 FOUR-MONTH PERIOD. AND SO WE ARE REVIEWING
21 APPLICATIONS ON AN ONGOING BASIS EVERY MONTH.

22 WE ALSO, SIMILARLY, MADE CHANGES IN OUR
23 DISCOVERY AND TRANSLATIONAL PROGRAMS, AND WE
24 ANTICIPATE THAT THEY WILL SEE SIGNIFICANT REVIEW
25 ACTIVITY FOR THOSE AREAS AS WELL. SO WE BELIEVE

BARRISTERS' REPORTING SERVICE

1 THAT THAT WILL RESULT IN INCREASED COST TO THE
2 ORGANIZATION, BUT ULTIMATELY IT WILL ALLOW US TO
3 INCREASE -- ACCELERATE STEM CELL THERAPIES TO
4 PATIENTS WITH UNMET MEDICAL NEEDS, WHICH IS REALLY
5 OUR GOAL.

6 SO A COST THAT WE'RE GOING TO SEE NOW FOR
7 THE FIRST TIME IN OUR EXISTENCE IS RENT. AND I
8 MENTIONED EARLIER WE HAVE ENJOYED A BENEFIT THAT'S
9 REALLY UNHEARD OF, FREE RENT AND OPERATING COST, FOR
10 THE FIRST ELEVEN YEARS OF OUR EXISTENCE. DURING THE
11 LATTER PART OF LAST YEAR, WE DID SPEND A LOT OF
12 EFFORT FINDING A SPACE, HOPEFULLY AT THE SAME LEVEL
13 OF EXPENDITURE THAT WE HAD BEFORE, BUT THAT DID NOT
14 MATERIALIZE. SO WE HAVE LOCATED AN OFFICE. WE WILL
15 BE MOVING TO OAKLAND IN NOVEMBER, AND WE WILL BEGIN
16 INCURRING COSTS DURING THE '15-'16 FISCAL YEAR.
17 SOME OF THE COST IS ONE TIME ASSOCIATED WITH THE
18 MOVE, ABOUT 400,000 OF THAT, AND THE REMAINDER IS
19 GOING TO BE FOR ONGOING RENT EXPENSES.

20 SO THE AREA THAT WE ARE SEEING A REDUCTION
21 IN THE '15-'16 FISCAL YEAR OVER WHAT WAS SPENT FOR
22 '14-'15 IS IN EXTERNAL SERVICES. AND THERE'S A
23 COUPLE OF REASONS. MOST OF IT I TALKED ABOUT
24 BEFORE, AND THAT WAS WE DID HAVE SOME ONE-TIME COSTS
25 ASSOCIATED WITH THE RELOCATION OF OUR OFFICE BY

BARRISTERS' REPORTING SERVICE

1 HIRING CONSULTANTS TO ASSIST US WITH OUR DESIGN OF
2 OUR NEW OFFICES, BUT ALSO IN REPROGRAMMING OUR I.T.
3 TO BETTER SUPPORT THE NEW PROGRAM ANNOUNCEMENTS.

4 THE OTHER THING THAT WE ALSO INCURRED IN
5 '14-'15 THAT WILL NOT OCCUR DURING THE '15-'16
6 FISCAL YEAR IS A PERFORMANCE AUDIT THAT MARIA
7 BONNEVILLE WILL TALK ABOUT LATER TODAY. WE INCUR
8 THOSE COSTS EVERY THIRD YEAR. SO LAST YEAR,
9 '14-'15, WAS THE YEAR THAT WE HAD TO DO THE
10 PERFORMANCE AUDIT, AND WE WILL NOT SEE THOSE COSTS
11 FOR ANOTHER TWO YEARS.

12 SO, AS WITH ANYTHING, THERE ARE SOME RISKS
13 ASSOCIATED THAT COULD BE INCURRED, AND SO I WANT TO
14 TALK BRIEFLY ABOUT THINGS THAT WE DON'T HAVE
15 COMPLETE CONTROL OF THAT COULD HAVE AN IMPACT ON THE
16 FINANCIAL RESULTS FOR THE '15-'16 FISCAL YEAR.

17 SO THE FIRST POTENTIAL RISK IS APPLICATION
18 VOLUME. SO, AS YOU KNOW, WE CHANGED THE WAY WE DO
19 THINGS. AND WE ARE NOW REVIEWING APPLICATIONS MORE
20 FREQUENTLY; AND ALTHOUGH WE DO HAVE SOME HISTORY OF
21 OF APPLICATIONS FROM OUR PREVIOUS PROCESSES, WE
22 DON'T HAVE A LOT OF EXPERIENCE WITH OUR CURRENT
23 PROCESS. SO IT'S VERY POSSIBLE THAT WE WILL RECEIVE
24 AN UNUSUALLY HIGH NUMBER OF APPLICATIONS, AND SO THE
25 COSTS ASSOCIATED WITH THE REVIEW MAY RESULT IN A

BARRISTERS' REPORTING SERVICE

1 HIGHER EXPENDITURE THAN WHAT WAS BUDGETED.

2 OUR RELOCATION, WE HAVE ENTERED INTO AN
3 AGREEMENT AND WE DO HAVE A LEASE SIGNED, BUT WE
4 STILL HAVE NOT OBTAINED FINAL COSTS ASSOCIATED WITH
5 THE RELOCATION. SO AS I SPEAK, CONSTRUCTION IS
6 GOING ON, SO WE MAY FIND THAT WE HAVE MORE COST THAN
7 WE ANTICIPATED FOR CONSTRUCTION. WE'RE STILL
8 NEGOTIATING FOR SOME OF THE SERVICES SUCH AS OUR
9 MOVERS, AND SO IT'S POSSIBLE THE COSTS THAT WE
10 ANTICIPATED MAY BE HIGHER THAN WHAT WE BUDGETED AND
11 IT COULD HAVE AN IMPACT ON OUR BUDGET.

12 WE TALKED ABOUT THE POSITIONS THAT WE HAVE
13 VACANT. AND WHILE WE'VE BEEN VERY LUCKY FOR THE
14 FIRST PART OF THE FISCAL YEAR IN FILLING POSITIONS,
15 IT'S POSSIBLE THAT WE MAY NOT BE ABLE TO ATTRACT
16 CANDIDATES TO FILL THE POSITIONS OR THAT WE MAY
17 EXPERIENCE HIGHER THAN EXPECTED TURNOVERS. AND IF
18 THAT HAPPENS, WE MAY FIND THAT OUR EMPLOYEE EXPENSES
19 COME IN UNDER BUDGET.

20 AND THEN FINALLY, THE LAST RISK FACTOR IS
21 THE STATE-IMPOSED CONTRIBUTIONS. SO WE HAVE
22 BUDGETED BASED ON THE LATEST INFORMATION THAT WE
23 HAVE FROM THE CONTROL AGENCIES. BUT AS YOU ARE
24 AWARE, SOMETIMES THEY MAKE ADJUSTMENTS FOR THOSE
25 EXPENSES IN THE FALL. AND SO IF THEY INCREASE

BARRISTERS' REPORTING SERVICE

1 SIGNIFICANTLY, IT MAY IMPACT OUR BUDGET.
2 UNFORTUNATELY THESE ARE EXPENSES THAT CIRM DOES NOT
3 NEGOTIATE. IT REALLY IS UP TO THE STATE AGENCIES,
4 CONTROL AGENCIES, AND SO WE HAVE TO RELY ON WHAT
5 HAPPENS DURING THOSE PROCESSES. SO OUR BUDGET MAY
6 NEED TO BE FURTHER ADJUSTED IF, IN FACT, WE FIND
7 THAT THE COSTS ARE SIGNIFICANTLY HIGHER THAN WHAT WE
8 BUDGETED.

9 SO THAT REALLY IS A PRESENTATION OF WHERE
10 WE WERE LAST YEAR ON OUR BUDGET, WHERE WE PLAN TO BE
11 THIS YEAR, AND WHAT GOALS WE INTEND TO MEET WITH THE
12 '15-'16 BUDGET. OUR BUDGET, AS I INDICATED EARLIER,
13 WAS APPROVED BY OUR FINANCE SUBCOMMITTEE IN MAY AND
14 THEN IT WENT TO OUR FULL BOARD AT THE END OF MAY AND
15 THEY TOO APPROVED OUR BUDGET. SO THIS CONCLUDES MY
16 PRESENTATION. ARE THERE ANY QUESTIONS?

17 CHAIRWOMAN YEE: THANK YOU,
18 MS. SILVA-MARTIN. MR. LOTT, PLEASE.

19 MEMBER LOTT: AND I APOLOGIZE AHEAD OF
20 TIME. THIS IS PROBABLY AN IN-THE-WEEDS QUESTION,
21 AND IT RELATES TO THE MOSS-ADAMS PERFORMANCE REVIEW,
22 BUT I NEED TO ASK IT HERE BECAUSE IT MAY BE A BUDGET
23 ISSUE.

24 IN FINDING 3 OF THE MOSS-ADAMS REPORT,
25 THEY WERE TALKING ABOUT THE TIMELY REVIEW OF

BARRISTERS' REPORTING SERVICE

1 PROGRESS REPORTS. AND THERE WAS TWO REASONS FOR THE
2 PROBLEM. ONE IS BECAUSE IT'S AN ITERATIVE PROCESS
3 AND IT WENT BEYOND THE DEADLINE, BUT IT ALSO SAID IT
4 WAS A RESOURCE PROBLEM. CAN SOMEONE EXPLAIN IF THAT
5 RESOURCE PROBLEM HAS BEEN ADDRESSED? DOES IT NEED
6 TO BE IN THIS BUDGET? IS IT IN THIS BUDGET?

7 CHAIRWOMAN YEE: MR. HARRISON.

8 MR. HARRISON: SO I WILL SPEAK FURTHER
9 ABOUT THE MOSS-ADAMS REPORT IN A MINUTE, BUT TO
10 ANSWER YOUR SPECIFIC QUESTION, THE TWO
11 RECOMMENDATIONS RELATING TO THE PROGRESS REPORTS
12 ADDRESS DISEASE, FIRST, THE TIMELINESS OF THE REVIEW
13 OF PROGRESS REPORTS BY CIRM SCIENCE OFFICERS, AND
14 THE SECOND RECOMMENDATION WENT TO CIRM'S ENFORCEMENT
15 OF DELAYS IN THE FILING OF PROGRESS REPORTS BY
16 AWARDEES. YOUR QUESTION REALLY GOES TO THE
17 RESOURCES CIRM HAS TO TIMELY REVIEW PROGRESS
18 REPORTS.

19 WE BELIEVE THAT IT IS A PRIORITIZATION
20 ISSUE AND THAT OUR EXISTING TEAM WITH, THE NEW
21 RECRUITS THAT WE ARE PLANNING TO BRING ON, IS
22 CAPABLE OF REVIEWING THOSE PROGRESS REPORTS IN A
23 MORE TIMELY MANNER AND THAT THE SYSTEM THAT WE'VE
24 ESTABLISHED THROUGH CIRM 2.0, WHICH INVOLVES MORE
25 CLOSELY MONITORING THE AWARDS AND WORKING MORE

BARRISTERS' REPORTING SERVICE

1 CLOSELY WITH THE AWARDEES OVER THE COURSE OF THE
2 PROGRAM, WILL ACTUALLY ENABLE US TO COMPLETE THOSE
3 REVIEWS IN A TIMELY WAY. SO WE THINK THERE'S
4 SUFFICIENT RESOURCES AND THAT IT WILL NOT AFFECT THE
5 BUDGET.

6 MEMBER LOTT: THANK YOU.

7 CHAIRWOMAN YEE: THANK YOU, MR. LOTT.

8 QUESTIONS FROM LOS ANGELES?

9 MEMBER QUICK: YES. JUST A QUESTION ON
10 EMPLOYEE EXPENSES GOING UP A SIGNIFICANT AMOUNT FOR
11 THE '15-'16 BUDGET. AND I REALIZE THAT'S WITH AN
12 EXPECTATION OF FULL STAFFING, BUT COULD I GET A
13 SENSE OF WHAT YOU WEREN'T ABLE TO ACCOMPLISH WITH
14 YOUR '14-'15 LEVEL OF STAFFING THAT REQUIRES YOU TO
15 STAFF UP?

16 MS. SILVA-MARTIN: WELL, I CAN SPEAK TO
17 SOME OF IT, AND THEN I THINK THAT OTHER MEMBERS CAN
18 TOO. AS YOU RECALL, ONE OF THE THINGS THAT I
19 MENTIONED WAS A LOT OF EFFORTS WERE REDIRECTED TO
20 THE REORGANIZATION. SO THERE WERE REVIEWS THAT WE
21 DIDN'T HOLD THAT WE ANTICIPATE THAT WE WILL HOLD
22 THIS YEAR THAT WILL REQUIRE THAT WE HAVE FULL
23 STAFFING FOR THAT.

24 MR. HARRISON: THIS IS JAMES HARRISON. I
25 CAN ALSO ADD BRIEFLY TO THAT. THE REORGANIZATION

BARRISTERS' REPORTING SERVICE

1 INCLUDED BREAKING CIRM'S TEAM MEMBERS FOR RESEARCH
2 PURPOSES INTO DIFFERENT GROUPS. SO WE ARE NOW
3 ORGANIZED WITH THE DISCOVERY AND TRANSLATION TEAM AS
4 WELL AS A CLINICAL TEAM THAT IS DIVIDED INTO THREE
5 SUBCOMPONENTS BASED ON THERAPEUTIC TARGETS, SO BLOOD
6 AND CANCER, NEURO, AND ORGANS. AND AS A RESULT OF
7 THAT REORGANIZATION AND THE FACT THAT CIRM IS NOW
8 FUNDING MORE CLINICAL TRIALS AND WE EXPECT TO
9 ACCELERATE THAT PACE, AND GIVEN THE CLOSE MONITORING
10 THAT WE INTEND TO UTILIZE WITH THESE PROGRAMS, WE
11 ARE LOOKING AT HIRING SOME ADDITIONAL SCIENCE
12 OFFICERS TO ASSIST US WITH THAT PROCESS.

13 SO I THINK THAT THE DIFFERENTIAL IS IN
14 PART DUE TO THE FACT THAT WE HAVE REORGANIZED, WE
15 HAVE REFINED THE CIRM GRANT MAKING MACHINE, AND WE
16 ANTICIPATE NEEDING SOME ADDITIONAL HANDS TO HELP US
17 ONCE THAT MACHINE STARTS PRODUCING OUTCOME.

18 MEMBER QUICK: THANK YOU.

19 CHAIRWOMAN YEE: THANK YOU, DR. QUICK.

20 OTHER QUESTIONS?

21 DR. SADANA: YES. JUST A LITTLE BIT.
22 CLARIFY A LITTLE BIT ON THE EXTERNAL SERVICES THAT
23 SEEMS TO BE GOING UP A HALF MILLION DOLLARS.

24 MS. SILVA-MARTIN: SO THEY WERE UP THIS
25 YEAR BY APPROXIMATELY, I BELIEVE, \$560,000, AND THAT

BARRISTERS' REPORTING SERVICE

1 WAS REALLY ONE-TIME COSTS THAT WILL NOT OCCUR NEXT
2 YEAR. AND THEY REALLY ARE RELATED TO THE
3 RELOCATION. SO WE ARE MOVING TO NEW HEADQUARTERS.
4 THE SPACE HAS TO BE DESIGNED. AND SO TO ASSIST US,
5 BECAUSE WE DO NOT HAVE THE EXPERTISE IN-HOUSE, WE
6 HIRED ONE-TIME ARCHITECT, ONE-TIME COSTS FOR
7 ARCHITECTS AS WELL AS FOR ENGINEERS TO ENSURE THAT
8 THE SPACE WORKED FOR US. AND SO THEY HAVE BEEN
9 INSTRUMENTAL IN MOVING THE PROJECT FORWARD. THEY
10 ALSO ARE MANAGING THE PROJECT IN EVERY ASPECT OF THE
11 CONSTRUCTION.

12 SIMILARLY, WHEN WE DID THE OVERHAUL AND
13 REORGANIZED OUR PROGRAMS, WHEN WE HAVE GRANT AWARDS,
14 WE PUBLICIZE THE OPPORTUNITIES ON OUR WEBSITE. WE
15 CHANGED THE WAY WE'RE DOING THE REVIEWS AND THE
16 GRANTS, AND SO WE HAD TO MAKE CHANGES TO OUR
17 INFRASTRUCTURE, OUR I.T. INFRASTRUCTURE, TO SUPPORT
18 THE NEW PROGRAM ANNOUNCEMENT. SO WE HAD TO, AGAIN,
19 SPEND TIME IN CONSULTING SERVICES FOR A PROGRAMMER
20 TO COME IN AND MAKE THOSE CHANGES TO OUR SYSTEM.

21 AND THEN AGAIN, THE LAST THING THAT'S IN
22 THERE THAT YOU WON'T SEE NEXT YEAR IS THE
23 PERFORMANCE AUDIT THAT WE'RE REQUIRED TO CONDUCT
24 EVERY THREE YEARS. SO THOSE WERE EXPENSED IN
25 '14-'15 FISCAL YEAR AND THEY WILL NOT OCCUR NEXT

BARRISTERS' REPORTING SERVICE

1 YEAR -- I'M SORRY -- IN THE '15-'16 FISCAL YEAR.

2 CHAIRWOMAN YEE: THANK YOU, DR. SEDANA,
3 DR. QUICK.

4 LET ME JUST ASK YOU, AND I THINK THIS MAY
5 HAVE BEEN ANSWERED IN PART, BUT OBVIOUSLY THE TALENT
6 THAT'S REQUIRED TO FULFILL THE MISSION AND THE
7 GOALS, CAN YOU JUST SPEAK WITH A LITTLE BIT MORE
8 FLAVOR ABOUT THE TYPE OF TALENT THAT HAS BEEN
9 ESPECIALLY CHALLENGING TO RECRUIT AND RETAIN? I WAS
10 STRUCK BY THE SLIDE ABOUT NOT BEING ABLE TO ATTRACT
11 QUALIFIED CANDIDATES TO FILL THE POSITIONS AND THEN
12 ALSO EXPERIENCE IN HIGHER THAN EXPECTED TURNOVER.

13 MS. SILVA-MARTIN: I'M GOING TO TURN IT
14 OVER TO MR. HARRISON AGAIN.

15 MR. HARRISON: SO THAT REALLY IS RISK.
16 CIRM HAS BEEN BLESSED IN ITS ABILITY TO ATTRACT AN
17 INCREDIBLY HIGH CALIBER TEAM, NOTWITHSTANDING THE
18 POTENTIALLY SHORT LIFE SPAN OF THE AGENCY. AND I
19 THINK THAT'S IN PART DUE TO THE FACT THAT CIRM'S
20 MISSION IS REALLY SO UNIQUE, AND EVERY EMPLOYEE WHO
21 DECIDES TO JOIN THE TEAM DECIDES TO JOIN THE TEAM
22 FOR THAT REASON. THEY'RE REALLY ATTRACTED TO THE
23 IDEA THAT THIS AGENCY EXISTS TO ACCELERATE THE
24 DEVELOPMENT OF THERAPIES FOR PATIENTS WITH UNMET
25 MEDICAL NEEDS. SO THAT'S BEEN A HUGE ASSET IN OUR

BARRISTERS' REPORTING SERVICE

1 ABILITY TO RECRUIT EMPLOYEES.

2 AS CHILA SAID, WE HAVE GONE THROUGH A
3 REORGANIZATION. AND ANY TIME THAT HAPPENS, THERE IS
4 SOME DISRUPTION AND SOME TURNOVER. SO WE HAVE
5 EXPERIENCED THAT. BUT WE ARE IN THE PROCESS OF
6 RECRUITING FOR NEW POSITIONS, AND, IN FACT, RECENTLY
7 HIRED A VICE PRESIDENT FOR THERAPEUTIC DEVELOPMENTS
8 WHO CAME FROM THE GENENTECH COMPANY AND WAS FORMERLY
9 A PROFESSOR AT STANFORD. SO WE ARE ATTRACTING VERY,
10 VERY HIGH CALIBER PEOPLE, AND WE EXPECT TO CONTINUE
11 TO DO SO, BUT WE RECOGNIZE THAT, GIVEN THE AGENCY'S
12 SHORT LIFE SPAN, IT'S GOING TO CONTINUE TO BE A
13 CHALLENGE FOR US TO BOTH RECRUIT THOSE FOLKS AND TO
14 RETAIN THEM. SO WE ARE WORKING AS PART OF OUR
15 REVAMPING OF THE AGENCY'S INTERNAL POLICIES ON IDEAS
16 TO ENSURE THAT WE CAN RETAIN THE TALENT THAT WE
17 HAVE.

18 CHAIRWOMAN YEE: IT'S A VERY SPECIALIZED
19 TALENT.

20 MR. HARRISON: ABSOLUTELY.

21 CHAIRWOMAN YEE: DR. THOMAS.

22 CHAIRMAN THOMAS: I WOULD JUST, NOT SO
23 MUCH IN ANSWER TO THAT QUESTION, BUT JUST TO AUGMENT
24 THE PREMISE OF YOUR QUESTION, WHICH IS JUST TO SAY,
25 WHICH WE DO EVERY YEAR, THE QUALITY OF THE TEAM THAT

BARRISTERS' REPORTING SERVICE

1 CIRM HAS AMASSED IS SO IMPRESSIVE AS REPRESENTED BY
2 MEMBERS HERE TODAY AND OUR MANY SCIENCE OFFICERS AND
3 OTHERS WHO SUPPORT THE EFFORTS. IT IS A REAL
4 PRIVILEGE TO BE ABLE TO FOR ALL OF US BE A PART OF
5 SUCH A TALENTED, SUCH A DEDICATED GROUP, WITH SUCH
6 HIGH LEVEL OF EXPERTISE WHICH, FOR SOMETHING LIKE
7 THIS, YOU REALLY NEED TO HAVE BECAUSE IT IS VERY
8 SPECIALIZED. AND JUST WANTED TO NOT LET THE
9 OPPORTUNITY PASS TO REITERATE THAT POINT BECAUSE WE
10 DO FEEL THAT THE STATE IS IN GREAT HANDS WITH THOSE
11 THAT WORK AT CIRM, AND THE TEAM IS DOING WONDERFUL
12 THINGS TO ADVANCE ITS MISSION.

13 CHAIRWOMAN YEE: ABSOLUTELY. THANK YOU.

14 IS IT FAIR TO SAY, THEN, THAT THE CIRM 2.0
15 INITIATIVE, BECAUSE OF THE EMPHASIS ON INCREASING
16 EFFICIENCIES, HEIGHTENS THE RISK WITH RESPECT TO
17 BRINGING THAT TYPE OF TALENT ON BOARD AND RETAINING
18 THEM? IS THAT -- OKAY. THANK YOU.

19 OTHER QUESTIONS, MEMBERS? THANK YOU VERY
20 MUCH, MS. SILVA-MARTIN.

21 MEMBERS, WE'LL NOW MOVE ON TO THE
22 MOSS-ADAMS PERFORMANCE AUDIT FINAL REPORT. AND
23 MR. JAMES HARRISON WILL BE PRESENTING ON THIS ITEM.
24 I THINK WE'RE LOOKING AT TAB 7 THROUGH 9 ON THIS; IS
25 THAT CORRECT?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: I BELIEVE THIS IS THE LAST
2 TAB IN ITEM NO. 6. THIS IS OUR POWERPOINT
3 PRESENTATION WITH RESPECT TO THE MOSS-ADAMS
4 PERFORMANCE REVIEW.

5 CHAIRWOMAN YEE: IT MAY BE IN OUR
6 BINDER -- MEMBERS, WE'RE ON TAB 7. IT'S THE
7 PRESENTATION DATED OCTOBER 1ST.

8 MR. HARRISON: GOOD MORNING AGAIN. JAMES
9 HARRISON. THANKS FOR GIVING US THE OPPORTUNITY TO
10 TALK WITH YOU THIS MORNING. I HAVE THE UNENVIABLE
11 TASK OF TALKING ABOUT THE REALLY NITTY-GRITTY
12 PERFORMANCE REVIEW. SOMETIMES WE AT CIRM FEEL LIKE
13 WE ARE THE MOST AUDITED AGENCY IN THE HISTORY OF THE
14 STATE OF CALIFORNIA. ALONG WITH THE ANNUAL
15 FINANCIAL AUDIT AND THE REVIEW BY THIS BODY, WE ARE
16 ALSO SUBJECT TO A PERFORMANCE REVIEW ONCE EVERY
17 THREE YEARS. AND IN ALL CANDOR, WE SOMETIMES
18 APPROACH THESE AUDITS WITH A LITTLE FEELING OF DREAD
19 BECAUSE THEY OBVIOUSLY REQUIRE A LOT OF WORK, BUT
20 WE'VE REALLY BENEFITED TREMENDOUSLY FROM THESE
21 REVIEWS BY YOU AS WELL AS BY MOSS-ADAMS. THEY HAVE
22 REALLY HELPED US TO FINE-TUNE OUR PERFORMANCE AND
23 ADDRESS DEFICIENCIES. SO WE FEEL REALLY VERY
24 GRATEFUL THAT WE'VE HAD THE OPPORTUNITY TO LEARN AND
25 IMPROVE FROM THESE EXPERIENCES.

BARRISTERS' REPORTING SERVICE

1 SO AS I SAID, CIRM IS REQUIRED TO UNDERGO
2 A PERFORMANCE AUDIT ONCE EVERY THREE YEARS. THE
3 FIRST SUCH PERFORMANCE REVIEW OCCURRED FOR FISCAL
4 YEAR 2010 AND 11, AND MOSS-ADAMS JUST RECENTLY
5 COMPLETED ITS PERFORMANCE REVIEW COVERING FISCAL
6 YEAR 13 AND 14. WE DID HAVE THE BENEFIT, HOWEVER,
7 OF SHARING WITH MOSS-ADAMS SOME OF THE CHANGES THAT
8 WE WERE UNDERTAKING AT THAT TIME INVOLVING CIRM 2.0,
9 AND THEY DID ASSIST US BY PROVIDING ADVICE ABOUT HOW
10 WE COULD IMPROVE THOSE PROCESSES EVEN AS THEY WERE
11 IN DEVELOPMENT.

12 ULTIMATELY MOSS-ADAMS COMMENDED CIRM FOR
13 STREAMLINING ITS GRANTS MANAGEMENT SYSTEM, ITS
14 GRANTS REVIEW PROCESS, AND STRENGTHENING THE
15 ORGANIZATIONAL CULTURE. THEY MADE 12 VERY DETAILED
16 RECOMMENDATIONS, ALL OF WHICH WE'RE IN THE PROCESS
17 OF WORKING ON. AND I'D LIKE TO BRIEFLY TAKE YOU
18 THROUGH THOSE. I WILL TRY NOT TO GET LOST IN THE
19 WEEDS, BUT THEY ARE VERY DETAILED, SO I'M JUST GOING
20 TO TRY TO GIVE YOU A BRIEF OVERVIEW AND TELL YOU
21 WHAT WE'RE PLANNING ON DOING.

22 THE FIRST TWO RECOMMENDATIONS RELATE TO
23 FINANCIAL INTEREST DISCLOSURE BY MEMBERS OF CIRM'S
24 GRANTS WORKING GROUP. AND I NEED TO TAKE A STEP
25 BACK HERE TO MAKE SURE THAT YOU UNDERSTAND THE

BARRISTERS' REPORTING SERVICE

1 CONTEXT. CIRM'S GRANT REVIEWERS ARE ALL FROM
2 OUT-OF-STATE, AND THAT WAS BY DESIGN IN ORDER TO
3 AVOID CONFLICTS OF INTEREST. WHAT THAT EFFECTIVELY
4 MEANS IS THAT THEY ARE NOT ENTITLED AND CAN'T APPLY
5 FOR CIRM RESEARCH FUNDS. SO THAT'S THE FIRST
6 IMPORTANT POINT.

7 THE SECOND IMPORTANT POINT IS THAT CIRM
8 HAS DEVELOPED A REALLY SOPHISTICATED GRANTS
9 MANAGEMENT SYSTEM. AND BEFORE A REVIEWER CAN EVEN
10 ACCESS AN APPLICATION, THE REVIEWER FIRST HAS TO
11 COMPLETE A CONFLICT OF INTEREST CHECK. THAT
12 CONFLICT OF INTEREST CHECK INCLUDES THE NAMES OF ALL
13 THE APPLICANTS, THE PI, KEY PERSONNEL, AND
14 SUBCONTRACTORS, AS WELL AS CO-FUNDING PARTNERS.
15 EACH REVIEWER HAS TO COMPLETE THAT LIST AND IDENTIFY
16 WHETHER OR NOT HE OR SHE HAS CONFLICTS BEFORE THE
17 GRANTS MANAGEMENT SYSTEM WILL GIVE THE INDIVIDUAL
18 ACCESS TO THE APPLICATION. SO IT'S A VERY
19 SOPHISTICATED AND ROBUST CONFLICT CHECK AND OCCURS
20 BEFORE EACH AND EVERY REVIEW FOR EACH AND EVERY
21 APPLICATION.

22 IN ADDITION TO THAT, WHEN CIRM WAS FIRST
23 ESTABLISHED, WE INCLUDED A REQUIREMENT IN OUR
24 CONFLICT OF INTEREST POLICY FOR GRANTS WORKING GROUP
25 MEMBERS THAT THEY HAD TO FILE A FINANCIAL DISCLOSURE

BARRISTERS' REPORTING SERVICE

1 REPORT, MUCH LIKE THE FORM 700 THAT YOU FILE, BUT
2 INSTEAD OF DOING IT ON AN ANNUAL BASIS, THEY HAD TO
3 DO IT BEFORE EACH REVIEW. SO IMAGINE FILING YOUR
4 FORM 700 12 TIMES PER YEAR, SINCE WE NOW REVIEW
5 APPLICATIONS ON A MONTHLY BASIS, RATHER THAN ONCE.
6 IT IS A BIT OF A REDUNDANT REQUIREMENT BECAUSE THE
7 REVIEWERS HAVE JUST COMPLETED A REVIEW OF THE
8 SPECIFIC INTEREST INVOLVED IN AN APPLICATION AND
9 THEN THEY HAVE TO DISCLOSE GENERALLY THEIR FINANCIAL
10 INTERESTS. NONETHELESS, IT IS PART OF OUR POLICY
11 AND IT'S SOMETHING THAT OBVIOUSLY WE NEED TO COMPLY
12 WITH.

13 AND THERE WERE INSTANCES THAT MOSS-ADAMS
14 FOUND IN WHICH SOME OF THE REVIEWERS DID NOT
15 COMPLETE THEIR FINANCIAL INTEREST DISCLOSURE FORM
16 BEFORE REVIEWING AN APPLICATION. TO BE CLEAR,
17 MOSS-ADAMS FOUND THAT THEY HAD DONE THE CONFLICT OF
18 INTEREST CHECK, BUT THERE WAS A LAPSE WITH RESPECT
19 TO THE FILING OF THE DISCLOSURE FORM IN SEVERAL
20 INSTANCES.

21 IN ADDITION, AS ANOTHER STEP, CIRM'S
22 GRANTS MANAGEMENT SYSTEM REVIEWS THE FINANCIAL
23 INTEREST DISCLOSURE FORMS AGAINST THE LIST OF
24 APPLICANTS, INSTITUTIONS, KEY PERSONNEL TO DETERMINE
25 WHETHER THERE ARE ANY INTERESTS THAT A MEMBER MAY

BARRISTERS' REPORTING SERVICE

1 HAVE OVERLOOKED. SO IT'S ANOTHER DOUBLE-CHECK.
2 UNFORTUNATELY THE GRANTS MANAGEMENT SYSTEM AT THE
3 TIME DID NOT HAVE A MODULE TO DOCUMENT THAT THAT
4 WORK HAD, IN FACT, BEEN COMPLETED. SO WHAT
5 MOSS-ADAMS RECOMMENDED IS THAT WE IMPROVE THE GRANTS
6 MANAGEMENT SYSTEM TO CAPTURE THIS INFORMATION AND TO
7 DOCUMENT THAT WE HAVE, IN FACT, CONDUCTED A REVIEW.
8 SO NOW A MEMBER OF THE GRANTS WORKING GROUP HAS TO
9 COMPLETE OR INDICATE THAT THERE HAVE BEEN NO CHANGES
10 TO HIS OR HER FINANCIAL DISCLOSURE FORM BEFORE
11 GETTING ACCESS TO APPLICATIONS. SO IT'S A SOMEWHAT
12 FOOLPROOF SYSTEM, AND WE'RE ALSO DEVELOPING A SYSTEM
13 IN ORDER TO DOCUMENT THE CROSS-CHECK THAT OCCURS SO
14 WE CAN VERIFY THAT IT'S BEEN DONE IN ALL CASES.

15 THE NEXT TWO RECOMMENDATIONS GO TO A
16 QUESTION MR. LOTT RAISED EARLIER WITH RESPECT TO
17 PROGRESS REPORTS. THIS WAS ONE OF THE
18 RECOMMENDATIONS THAT MOSS-ADAMS MADE THE LAST TIME.
19 WE HAVE IMPROVED, BUT CONTINUE TO EXPERIENCE SOME
20 DELAYS IN THE REVIEW OF PROGRESS REPORTS. SO WITH
21 THE HIRING OF THE NEW VICE PRESIDENT FOR THERAPEUTIC
22 DEVELOPMENT, WE ARE PRIORITIZING THE REVIEW OF THOSE
23 PROGRESS REPORTS. AND, AGAIN, WE THINK WITH CIRM'S
24 NEW, MORE ACTIVE ROLE IN AWARDS AS THEY PROGRESS,
25 THIS WILL ACTUALLY BE RATHER EASY TO ACCOMPLISH

BARRISTERS' REPORTING SERVICE

1 BECAUSE IT'S INTEGRAL TO WHAT WE INTEND TO DO IN
2 ORDER TO STAY ON TOP OF THE AWARDS.

3 IN ADDITION, THERE HAVE BEEN OCCASIONS
4 WHEN AWARDS WERE CLOSED BEFORE A FINAL PROGRESS
5 REPORT HAD BEEN FILED, AND WE'VE MADE IMPROVEMENTS
6 TO THE GRANTS MANAGEMENT SYSTEM TO ENSURE THAT THAT
7 DOESN'T HAPPEN.

8 AND THEN FINALLY, THERE ARE OCCASIONS WHEN
9 GRANTEES FILE THEIR PROGRESS REPORTS LATE. WE ARE
10 DEVELOPING A STANDARD OPERATING PROCEDURE TO ENSURE
11 THAT CIRM'S ENFORCEMENT OF LATE PROGRESS REPORTS IS
12 CONSISTENT. SO IF YOU HAVEN'T COMPLETED YOUR
13 PROGRESS REPORT WITHIN 90 DAYS OF THE DATE IT'S DUE,
14 YOU'RE NOT GOING TO GET ADDITIONAL DISBURSEMENTS OF
15 FUNDS UNDER YOUR AWARD.

16 THE NEXT TWO RECOMMENDATIONS RELATE TO IP.
17 SO WE SPOKE A LITTLE BIT ABOUT OUR IP EARLIER. WHEN
18 AN AWARDEE INVENTS SOMETHING, THEY'RE REQUIRED TO
19 REPORT TO CIRM WITHIN 60 DAYS OF NOTIFYING THEIR
20 INSTITUTION OF THAT INVENTION. AND THEN ON AN
21 ANNUAL BASIS THEY HAVE TO REPORT TO US TO TELL US
22 WHETHER THEY'VE UTILIZED THAT INVENTION. SO, FOR
23 EXAMPLE, WHETHER THEY'VE LICENSED IT. WE HAVE
24 EXPERIENCED SOME DIFFICULTY WITH COMPLIANCE WITH THE
25 FILING OF WHAT WE CALL THE ANNUAL UTILIZATION

BARRISTERS' REPORTING SERVICE

1 REPORT. AND WE HAVE A REQUIREMENT THAT IT HAS TO BE
2 FILED WITHIN 90 DAYS. SO AS WITH PROGRESS REPORTS,
3 WHAT WE PLAN TO IMPLEMENT IN OUR GRANTS MANAGEMENT
4 SYSTEM IS A CHECK TO ENSURE THAT IF AN ANNUAL
5 UTILIZATION REPORT HAS NOT BEEN FILED WITHIN 90
6 DAYS, THEN WE HAVE THE ABILITY TO TERMINATE FUNDING
7 UNTIL THAT OCCURS.

8 ONE OF THE OTHER THINGS THAT MOSS-ADAMS
9 POINTED OUT IS THAT AS WE INCREASINGLY MOVE INTO THE
10 CLINICAL FIELD, WE NEED TO HAVE A MORE ROBUST SYSTEM
11 TO CAPTURE THE KIND OF ACTIVITIES THAT OCCUR THAT
12 WOULD INDICATE TO US THAT THERE MAY BE SOME REVENUES
13 DUE AND OWING TO THE STATE OF CALIFORNIA. SO WE ASK
14 CURRENTLY OUR AWARDEES TO PROVIDE US WITH
15 INFORMATION ABOUT COMMERCIALIZATION ACTIVITIES.
16 MOSS-ADAMS HAS RECOMMENDED AND WE'VE IMPLEMENTED A
17 NEW FIELD THAT REQUIRES THEM TO ADDRESS VERY
18 SPECIFIC QUESTIONS SO THAT WE HAVE THE ABILITY TO
19 VERY CLOSELY MONITOR WHERE THEY ARE IN THE PROCESS
20 OF COMMERCIALIZING A THERAPY SO THAT WE ASSURE THE
21 STATE OF CALIFORNIA HAS THE ABILITY TO CAPTURE ANY
22 REVENUES THAT ARE DUE AND OWING TO IT.

23 THE NEXT RECOMMENDATION GOES TO METRICS.
24 AS CHILA SILVA-MARTIN POINTED OUT IN HER
25 PRESENTATION, WHEN EACH OF THE DEPARTMENTS WITHIN

BARRISTERS' REPORTING SERVICE

1 CIRM DEVELOPS ITS BUDGET, IT SETS A SERIES OF GOALS
2 FOR THAT DEPARTMENT. HOWEVER, WE HAVE NOT
3 HISTORICALLY DEVELOPED METRICS TO MAKE SURE THAT WE
4 ARE MEASURING THE ACCOMPLISHMENT OF THOSE GOALS.
5 AND MOSS-ADAMS CORRECTLY POINTED OUT THAT WE NEED TO
6 ENSURE THAT THOSE GOALS ARE ACCOMPANIED BY METRICS
7 SO WE CAN MEASURE THE DEPARTMENT'S SUCCESS IN
8 ACCOMPLISHING THAT.

9 WE ARE ALSO, AS PART OF AN OUTGROWTH OF
10 MOSS-ADAMS REVIEW AND AS PART OF CIRM 2.0, LOOKING
11 AT OUR INTERNAL OPERATIONS IN THE SAME WAY WE LOOKED
12 AT OUR GRANT-MAKING PROCESS AND ASKING WHETHER EACH
13 OF OUR POLICIES, PRACTICES, AND PROCEDURES IS
14 NECESSARY, IS ROBUST, IS EFFICIENT, AND WE'RE REALLY
15 TRYING TO TAKE A FRESH LOOK AT ALL OF THOSE POLICIES
16 AND PROCEDURES AND TO REFINE THEM, IF NECESSARY, TO
17 IMPROVE OUR BUSINESS PRACTICES AND OUR EFFICIENCY.

18 THE NEXT RECOMMENDATION GOES IN PART TO A
19 QUESTION RAISED BY CONTROLLER YEE RELATING TO
20 EMPLOYEE ENGAGEMENT. WE HAVE NOTED THAT ONE OF OUR
21 CHALLENGES IS RETAINING THE VERY TALENTED TEAM WE'VE
22 ASSEMBLED, AND MOSS-ADAMS RECOMMENDED THAT WE
23 CONTINUE TO TRY TO IMPROVE EMPLOYEE ENGAGEMENT. DR.
24 MILLS, OUR NEW PRESIDENT, HAS TAKEN STEPS TO ENSURE
25 THAT HAPPENS. WE NOW HAVE QUARTERLY TEAM MEETINGS

BARRISTERS' REPORTING SERVICE

1 WHERE WE REVIEW OUR GOALS IN PROGRESS, WHERE TEAM
2 MEMBERS WHO HAVE EXCELLED RECEIVE A GAME BALL AND A
3 COMMENDATION FROM DR. MILLS, AND WE'VE ALSO ENGAGED
4 THE TEAM IN THE RETHINKING OF CIRM. EVERY CIRM TEAM
5 MEMBER PARTICIPATED IN DISCUSSIONS ABOUT CIRM 2.0
6 AND ABOUT CIRM. SO I THINK THAT HAS BEEN EFFECTIVE
7 IN ENSURING THAT ALL MEMBERS OF THE CIRM TEAM ARE
8 ENGAGED IN THE AGENCY'S MISSION AND ITS OPERATIONS
9 AS WELL.

10 OF COURSE, ONE THING EMPLOYEES CARE ABOUT
11 IS COMPENSATION. CIRM HAS IN THE PAST DELAYED
12 IMPLEMENTATION OF MERIT INCREASES AS A RESULT OF
13 DELAYED PERFORMANCE REVIEWS. MOSS-ADAMS NOTED THAT,
14 AND, IN FACT, WE HAVE REVAMPED OUR PERFORMANCE
15 REVIEW PROCESS. AND FOR THIS YEAR WE COMPLETED AND
16 AWARDED MERIT INCREASES BEFORE JULY 1ST, 2015,
17 BEFORE THE BEGINNING OF THE FIRST DAY OF THE FISCAL
18 YEAR. SO WE DID THAT IN A VERY EFFICIENT AND TIMELY
19 MANNER, AND WE INTEND TO CONTINUE TO DO THAT IN
20 ORDER TO ENSURE THAT OUR TEAM MEMBERS ARE
21 APPROPRIATELY REWARDED AND RECOGNIZED FOR THEIR HARD
22 WORK.

23 THE NEXT RECOMMENDATION GOES TO TRENDS IN
24 WEB APPLICATIONS. AS I SAID, CIRM HAS A VERY
25 SOPHISTICATED GRANTS MANAGEMENT SYSTEM. OUR I.T.

BARRISTERS' REPORTING SERVICE

1 TEAM CONTINUES TO MONITOR DEVELOPMENTS IN THE FIELD
2 AND TO LOOK AT WAYS TO IMPROVE THAT SYSTEM, AND WE
3 WILL CONTINUE TO DO THAT.

4 SIMILARLY, WE CONTINUE TO LOOK FOR WAYS TO
5 IMPROVE THE GRANTS MANAGEMENT SYSTEM CAPABILITIES
6 GENERALLY. OUR USERS ARE BOTH CIRM TEAM MEMBERS AS
7 WELL AS OUR APPLICANTS AND AWARDEES, AND WE CONTINUE
8 TO WORK WITH THEM TO LOOK FOR IDEAS FOR IMPROVEMENT,
9 TO REDUCE PAPERWORK, AND TO MAKE THIS SYSTEM MORE
10 EFFICIENT AND EFFECTIVE.

11 AND THEN MOSS-ADAMS FINAL RECOMMENDATION
12 WENT TO THE IMPLEMENTATION OF THE RECOMMENDATIONS
13 THEY MADE IN THEIR LAST PERFORMANCE REVIEW. CIRM
14 HAS COMPLETED THE VAST BULK OF THOSE. SOME OF THEM
15 ARE ONGOING, IMPROVEMENT OF THE GRANTS MANAGEMENT
16 SYSTEM, AS I MENTIONED, ACCELERATING THE REVIEW OF
17 PROGRESS REPORTS. ONE OF THE RECOMMENDATIONS WAS TO
18 STREAMLINE STANDING MEETINGS. I THINK MY COLLEAGUES
19 WILL AGREE THAT WE'VE DONE A GOOD JOB OF NOT ONLY
20 STREAMLINING STANDING MEETINGS, BUT IN SOME CASES
21 ELIMINATING THOSE MEETINGS ALTOGETHER.

22 AND THEN FINALLY, RECRUITMENT AND
23 RETENTION WHICH CONTINUES TO BE A CHALLENGE, A RISK,
24 AND A GOAL FOR US. SO WE CONTINUE TO WORK ON ALL OF
25 THOSE ITEMS.

BARRISTERS' REPORTING SERVICE

1 THAT CONCLUDES MY PRESENTATION. I'D BE
2 HAPPY TO ANSWER ANY QUESTIONS YOU HAVE.

3 CHAIRWOMAN YEE: THANK YOU, MR. HARRISON.
4 QUESTIONS, MEMBERS? MR. LOTT.

5 MEMBER LOTT: NOT A QUESTION, BUT A
6 COMMENT. I WOULD COMMEND TO MY COMMITTEE MEMBERS
7 AND ASSOCIATES TO ACTUALLY GO INTO THE MOSS-ADAMS
8 REPORT AND LOOK AT THE DETAIL THAT WAS INCLUDED ON
9 THE IMPROVEMENT OF ORGANIZATIONAL CULTURE. YOU JUST
10 KIND OF GLOSSED OVER IT. I WANT TO GO BACK TO THAT.

11 IT'S REALLY IMPORTANT TO KNOW THE CHANGES.
12 I'M NOT GOING TO READ THEM. YOU CAN READ THEM
13 YOURSELVES. BUT IT WOULD SEEM TO ME THAT, AGAIN,
14 THIS GOES BACK TO A COMMENT EARLIER, BUT IT WOULD
15 SEEM TO ME THAT THIS NEW PRESIDENT, DR. RANDY MILLS,
16 HAS DONE A LOT TO CHANGE A LOT.

17 MR. HARRISON: HE HAS. HE HAS. I'VE BEEN
18 WITH CIRM FROM THE START, SO RANDY IS NOW THE THIRD
19 PRESIDENT WHO'S HAD THE OPPORTUNITY TO LEAD THE
20 AGENCY. EACH BROUGHT THEIR OWN SET OF SKILLS TO THE
21 JOB. AS CHAIRMAN THOMAS SAID, I THINK RANDY WAS THE
22 RIGHT PERSON AT THE RIGHT MOMENT IN TIME. HE HAS
23 REALLY REENERGIZED THE TEAM, REFOCUSED US ON OUR
24 MISSION. AS CHAIRMAN THOMAS SAID, HE NOT ONLY
25 REPEATS THAT MISSION STATEMENT BEFORE OR DURING EACH

BARRISTERS' REPORTING SERVICE

1 BOARD MEETING, BUT EVERY TIME THE CIRM TEAM MEETS
2 TOGETHER, HE FOCUSES ON THAT MISSION. AND
3 EVERYTHING THE TEAM DOES HAS THAT MISSION IN MIND.
4 SO I THINK THAT HAS HELPED TO COALESCE THE TEAM,
5 ENSURE THAT EVERYONE IS ROWING IN THE SAME
6 DIRECTION, AND IMPROVED MORALE GENERALLY. SO I
7 THINK HE'S BEEN VERY EFFECTIVE IN THAT REGARD.

8 MEMBER LOTT: I KNEW IT HAD TO BE
9 IMPORTANT BECAUSE I'M VERY FAMILIAR WITH THE
10 MOSS-ADAMS ORGANIZATION, AND THEY DON'T GIVE THOSE
11 KIND OF COMMENDATIONS OUT VERY LIGHTLY. SO THIS IS
12 QUITE KUDOS TO YOU ALL.

13 MR. HARRISON: THANK YOU. IT WAS
14 DEFINITELY A VERY CLOSE REVIEW.

15 CHAIRWOMAN YEE: THANK YOU, MR. LOTT.
16 DR. SEDANA AND DR. QUICK, YOU HAVE QUESTIONS,
17 COMMENTS?

18 MEMBER SADANA: NOT REALLY, BUT I WOULD
19 CONGRATULATE THEM VERY MUCH FOR DOING A GREAT JOB.
20 THE ONLY THING IS TO MAINTAIN THE TRANSPARENCY OF
21 THE GRANT ISSUING. I BELIEVE THAT'S ALL I WILL MAKE
22 AT THIS POINT. THANK YOU.

23 CHAIRWOMAN YEE: I HAVE A COUPLE OF
24 QUESTIONS. I THINK YOU MENTIONED, MR. HARRISON, THE
25 FINANCIAL INTEREST DISCLOSURE FORMS. DOES CIRM HAVE

BARRISTERS' REPORTING SERVICE

1 A FILING REQUIREMENT? DID THEY FILE ANYWHERE?

2 MR. HARRISON: CIRM MAINTAINS COPIES OF
3 THEM. THIS IS ALL DONE ELECTRONICALLY. SO THEY'RE
4 MAINTAINED ON OUR GRANTS MANAGEMENT SYSTEM AND ARE
5 AVAILABLE THERE.

6 CHAIRWOMAN YEE: OKAY. GOT IT. AND THEN
7 THIS WHOLE AREA OF MEASURING PERFORMANCE, I'VE GOT
8 TO THINK THAT, AS WE HAVE MORE IMPROVED SCIENTIFIC
9 PROGRESS REPORTS, THAT THAT'S GOING TO HELP INFORM
10 THAT PROCESS.

11 MR. HARRISON: YES. I NEGLECTED TO
12 MENTION THAT CIRM'S GRANTS MANAGEMENT OFFICER,
13 GABRIEL THOMPSON, HAS BEEN ASSIGNED A NEW TASK BY
14 DR. MILLS, AND THAT IS TO WORK ON DEVELOPING
15 PERFORMANCE METRICS FOR OUR AWARDS, OUR PROGRAMS,
16 AND OUR OPERATIONS. SO THAT IS IN THE PROCESS OF
17 BEING DEVELOPED, AND WE DO THINK WE WILL HAVE A MORE
18 ROBUST WAY TO CAPTURE PROGRESS AS A RESULT.

19 CHAIRWOMAN YEE: THANK YOU. AND THEN I
20 HAVE A FEELING I KNOW THE ANSWER TO THIS, AND I'M
21 LOOKING AT HIM. BUT IN YOUR OPINION DOES CIRM
22 POSSESS THE ADEQUATE LEGAL TOOLS TO ENFORCE THE
23 FINANCIAL DISCLOSURE REPORT REGULATIONS?

24 MR. HARRISON: I BELIEVE WE DO, AND I CAN
25 SAY THAT BECAUSE I'M NOT THE PERSON WHO'S PRIMARILY

BARRISTERS' REPORTING SERVICE

1 RESPONSIBLE FOR IT. WE HAVE TWO ATTORNEYS, ONE OF
2 WHOM CAME TO CIRM FROM THE GERON CORPORATION WHERE
3 HE WORKED ON IP ISSUES AND ANOTHER ATTORNEY WHO WAS
4 INSTRUMENTAL IN DRAFTING OUR INTELLECTUAL PROPERTY
5 REGS WHO CONTINUES TO BE INVOLVED IN MONITORING AND
6 ENFORCING THEM. SO I THINK WE HAVE A VERY STRONG
7 AND CAPABLE TEAM, AND WE CONTINUE TO LOOK FOR WAYS
8 TO IMPROVE OUR ABILITY TO MONITOR AND TO ENSURE,
9 MOST IMPORTANTLY, THAT OUR AWARDEES COMPLY WITH THE
10 REPORTING REQUIREMENTS THAT ARE ALREADY ON THE
11 BOOKS.

12 CHAIRWOMAN YEE: ALL RIGHT. GOOD.

13 MEMBER LOTT: CONCERNING YOUR POSITION,
14 WOULD YOU SAY NO?

15 MR. HARRISON: THAT WOULD BE A PROBLEM FOR
16 ME, I BELIEVE.

17 CHAIRMAN THOMAS: CAN I JUST ADD ONE
18 COMMENT TO THAT, WHICH IS A SHOUT OUT TO MR.
19 HARRISON. I'VE BEEN INVOLVED WITH GOVERNMENT
20 AGENCIES AND BOARDS FOR MANY YEARS OF ONE SORT OR
21 ANOTHER. AND I KNOW HE HATES IT WHEN I SAY STUFF
22 LIKE THIS, BUT I'VE NEVER SEEN SOMEBODY WHO IS A
23 COUNSEL TO AN AGENCY WHO DOES A BETTER JOB ALL
24 ACROSS THE BOARD THAN MR. HARRISON. SO KUDOS TO
25 YOU, JAMES.

BARRISTERS' REPORTING SERVICE

1 CHAIRWOMAN YEE: A LONG REPUTATION THAT
2 HAS BEEN RESPECTED. THANK YOU. THANK YOU, MR.
3 HARRISON.

4 MR. HARRISON: THANK YOU VERY MUCH.

5 CHAIRWOMAN YEE: MEMBERS, I JUST WANTED TO
6 POSE ONE QUESTION. I REALLY APPRECIATE ALL THE
7 PRESENTATIONS THIS MORNING. AND I'M NOT SURE WHO TO
8 POSE THIS TO. WE RECEIVED THE FINANCIAL REPORT FROM
9 MS. SILVA-MARTIN -- I APOLOGIZE FOR NOT PRONOUNCING
10 YOUR NAME PROPERLY -- BUT JUST IN TERMS OF THE
11 PUBLIC'S ACCESS TO COMPLETE ACCOUNTING OR
12 TRANSPARENCY AROUND THE BOND PROCEEDS, IS THERE A
13 SINGLE PLACE WHERE ALL THE FINANCIAL PIECES ARE
14 AVAILABLE FOR THE PUBLIC? SO WE TALKED ABOUT THE
15 OPERATIONAL BUDGET TODAY, BUT IS THERE A SINGLE
16 PLACE WHERE THEY CAN ALSO SEE THE GRANT AWARDS AND
17 OTHER BOND EXPENDITURES?

18 MS. SILVA-MARTIN: FROM A FINANCIAL
19 PERSPECTIVE, OBVIOUSLY THERE IS INFORMATION IN THE
20 ANNUAL -- SORRY. CAN'T HEAR ME. I APOLOGIZE. SO
21 THE FINANCIAL AUDIT THAT WE WILL FILE TODAY, AND WE
22 HAVE TO FINALIZE THAT, DOES INCLUDE INFORMATION
23 ABOUT WHAT WE'VE AWARDED THUS FAR, BUT I THINK ALSO
24 OUR WEBSITE. I THINK THAT MR. HARRISON MIGHT BE
25 ABLE TO TALK IN MORE DETAIL, BUT OUR WEBSITE DOES

BARRISTERS' REPORTING SERVICE

1 CONTAIN INFORMATION ABOUT ALL THE AWARDS THAT WE'VE
2 MADE.

3 CHAIRWOMAN YEE: VERY GOOD.

4 MR. HARRISON: WE HAVE A VERY ROBUST
5 WEBSITE.

6 CHAIRWOMAN YEE: YES, IT IS.

7 MR. HARRISON: IT IDENTIFIES EVERY AWARD
8 THAT CIRM HAS EVER MADE, AND IT IS SEARCHABLE. SO
9 THERE IS BROAD ACCESS TO INFORMATION ABOUT THE
10 PROGRAMS THAT DR. THOMAS DISCUSSED EARLIER.

11 WITH RESPECT TO THE BONDS THEMSELVES,
12 THOSE RECORDS ARE MAINTAINED BY THE STATE STEM CELL
13 RESEARCH AND CURES FINANCE COMMITTEE.

14 CHAIRWOMAN YEE: OKAY. THANK YOU.
15 MEMBERS, WE WILL NOW LOOK AT CONSIDERATION OF A
16 DRAFT AGENDA FOR OUR NEXT MEETING. WE HAVE RECEIVED
17 A LOT OF INFORMATION TODAY, AND I'D LIKE TO
18 ENTERTAIN POTENTIAL TOPICS FOR OUR NEXT MEETING AT
19 THIS POINT. MR. LOTT.

20 MEMBER LOTT: IF I MAY, MADAM CHAIR, I AM
21 CONCERNED A LOT ABOUT THE ISSUE OF THE WINDDOWN OF
22 THE AGENCY AND THE BRAIN DRAIN THAT'S INEVITABLY
23 GOING TO OCCUR. ARE YOU ALL -- I'D LIKE TO SEE IN
24 THE REPORT FOR NEXT TIME AROUND A PLAN FOR
25 CONTINUING TO MEET THE OBJECTIVES WITH SPECIFIC

BARRISTERS' REPORTING SERVICE

1 SCENARIOS THAT THE AGENCY WILL DEFINE, GIVE SEVERAL
2 DIFFERENT SCENARIOS OF LOSS OF TALENT AND HOW THEY
3 WOULD PROCEED TO CONTINUE TO MEET THE OBJECTIVES
4 UNDER THAT CIRCUMSTANCE.

5 CHAIRWOMAN YEE: AND I WOULD ADD TO THAT
6 THE LONG-TERM MAINTENANCE OF THE INFRASTRUCTURE.
7 THANK YOU.

8 DRS. QUICK AND SEDANA, ITEMS FOR THE NEXT
9 AGENDA?

10 MEMBER QUICK: NOTHING IMMEDIATELY COMES
11 TO MIND TO ME. I'LL CERTAINLY THINK ABOUT IT.

12 DR. SADANA: NO, MADAM CONTROLLER,
13 NOTHING. THE ONLY THING IS MAYBE THE NEXT MEETING
14 THEY SHOULD COME UP OR AT LEAST PRESENT SOME
15 ACHIEVEMENT FROM DOING THE TRIALS AND WHAT PHASES
16 THEY ARE AND WHERE WE ARE WITH THOSE.

17 CHAIRWOMAN YEE: ABSOLUTELY. THAT WILL
18 BE, I'M SURE, HIGHLIGHTED AT OUR NEXT MEETING. AND
19 THEN OBVIOUSLY CONTINUED WORK ON IMPLEMENTING THE
20 RECOMMENDATIONS IN THE PERFORMANCE AUDIT. VERY
21 WELL. THANK YOU. THANK YOU, MEMBERS.

22 WE HAVE NOW THE PUBLIC COMMENT SECTION OF
23 OUR AGENDA. WE HAVE ONE MEMBER OF THE PUBLIC THAT
24 WISHES TO SPEAK, AND THAT IS MARY BASS. PLEASE COME
25 FORWARD. IF YOU WILL INTRODUCE YOURSELF FOR THE

BARRISTERS' REPORTING SERVICE

1 RECORD, AND YOU HAVE THREE MINUTES.

2 MS. BASS: WELL, FIRST OF ALL, THANK YOU,
3 MADAM CHAIRMAN.

4 CHAIRWOMAN YEE: STEP RIGHT UP TO THE
5 MICROPHONE.

6 MS. BASS: SURE. FIRST, THANK YOU, MADAM
7 CHAIRMAN, THANK YOU, MEMBERS OF THE BOARD, CHAIRMAN
8 THOMAS. MY NAME IS MARY BASS. I'M WITH THE
9 AMERICANS FOR CURES FOUNDATION, WHICH IS THE
10 NONPROFIT LEGACY ORGANIZATION BEHIND PROPOSITION 71.

11 I WANTED TO LET YOU KNOW THAT OVER THE
12 COURSE OF THE NEXT YEAR AND CONTINUING AFTERWARDS,
13 WE ARE BEGINNING A STATEWIDE REPORT BACK TO THE
14 PUBLIC TO INFORM THE CALIFORNIA VOTERS ABOUT WHAT
15 MILESTONES OF PROGRESS HAVE RESULTED IN THEIR
16 INITIAL INVESTMENT AND THEIR SUPPORT OF PROPOSITION
17 71.

18 SO, FIRST, I WANT TO COMMEND CIRM ON A
19 TREMENDOUS PRESENTATION AND EMPHASIZE OUR SUPPORT,
20 AND I WOULD ENCOURAGE YOU ALL TO KEEP ABREAST OF OUR
21 UPDATES OVER THE NEXT YEAR BECAUSE WE WILL REALLY BE
22 LEVERAGING, AUGMENTING, AND AMPLIFYING THE
23 TREMENDOUS WORK THAT CIRM IS DOING ON THE SCIENTIFIC
24 FRONT AND REALLY INTENDING THAT COMMUNICATION TO THE
25 PUBLIC.

BARRISTERS' REPORTING SERVICE

1 CHAIRWOMAN YEE: VERY WELL.

2 MS. BASS: THANK YOU.

3 CHAIRWOMAN YEE: YES, MR. LOTT.

4 MEMBER LOTT: HOW DO WE ACCESS YOUR
5 INFORMATION?

6 MS. BASS: SO OUR WEBSITE IS AT
7 WWW.AMERICANSFORCURES.ORG. WE ALSO HAVE A
8 SIGNIFICANT SOCIAL MEDIA PRESENCE VIA FACEBOOK AND
9 TWITTER. SO I WILL ENCOURAGE YOU TO KEEP UPDATED
10 WITH THAT, AND I CAN PASS ALONG THAT INFORMATION TO
11 ANY INTERESTED PARTIES AFTERWARD AND FOLLOWING UP.

12 CHAIRWOMAN YEE: YOU'LL LEAVE YOUR CONTACT
13 INFORMATION WITH US?

14 MS. BASS: YES.

15 CHAIRWOMAN YEE: WE'LL CIRCULATE THAT TO
16 THE MEMBERS. THANK YOU VERY MUCH.

17 MS. BASS: THANK YOU.

18 CHAIRWOMAN YEE: THANK YOU. MEMBERS, ANY
19 LAST COMMENTS BEFORE WE ADJOURN?

20 DR. SADANA: I DON'T THINK SO.

21 MEMBER QUICK: NOT FOR ME. THANK YOU.

22 CHAIRWOMAN YEE: THANK YOU VERY MUCH FOR
23 YOUR PARTICIPATION AND SERVICE ON THE COMMITTEE.
24 WITH THAT, MEMBERS, WE ARE ADJOURNED. THANK YOU
25 VERY MUCH.

BARRISTERS' REPORTING SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(THE MEETING WAS THEN CONCLUDED AT 11:10

A.M.)

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE CITIZENS FINANCIAL ACCOUNTABILITY OVERSIGHT COMMITTEE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

EMERYVILLE CITY COUNCIL CHAMBERS
1333 PARK AVENUE
EMERYVILLE, CALIFORNIA
ON
OCTOBER 1, 2015

WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

BETH C. DRAIN, CSR 7152
BARRISTERS' REPORTING SERVICE
160 S. OLD SPRINGS ROAD
SUITE 270
ANAHEIM, CALIFORNIA
(714) 444-4100