

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

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BARRISTERS' REPORTING SERVICE

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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

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(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

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(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  
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ANAHEIM, CALIFORNIA  
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