

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

LOCATION: Sacramento Convention Center  
(Main Entrance)  
Room 202  
1400 J Street  
Sacramento, California

DATE: Monday, June 6th, 2005  
10:08 A.M.

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

BRS FILE NO.: 71712

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1 SACRAMENTO, CALIFORNIA; MONDAY, JUNE 6, 2005

2 10:08 A.M.

3

4 CHAIRMAN KLEIN: OKAY. IF THE MEETING COULD  
5 PLEASE COME TO ORDER. I'D LIKE TO SEE IF WE HAVE A  
6 QUORUM PRESENT. IF ALL THE BOARD MEMBERS WOULD TAKE  
7 THEIR SEATS. I KNOW WE HAVE SOME BOARD MEMBERS WHOSE  
8 PLANES HAVE BEEN DELAYED. I WANT TO SEE IF WE HAVE A  
9 CURRENT COUNT TO BE ABLE TO CALL THIS MEETING TO ORDER.  
10 HOW MANY DO WE NEED?

11 MS. DUROSS: WE NEED 19. WE'RE SHORT ONE.

12 CHAIRMAN KLEIN: OKAY. THE NEXT BOARD MEMBER  
13 THAT COMES WILL GET THE ANNUAL PRIZE FOR THE MOST  
14 IMPORTANT APPEARANCE.

15 ALL RIGHT. WE HAVE ADDITIONAL MEMBERS THAT  
16 WE ARE NOW POLLING THEIR LOCATIONS IN REAL TIME. BUT  
17 WE HAVE THE ABILITY TO BEGIN WITHOUT TAKING VOTES, SO I  
18 WOULD ASK THAT MELISSA KING LEAD THE PLEDGE OF  
19 ALLEGIANCE. THIS IS A WORLD OF VIRTUAL LIVELIHOODS,  
20 AND WE ALL LOOK TO THE LEFT, IMAGINE OUR GREAT FLAG,  
21 AND PROCEED WITH THE PLEDGE OF ALLEGIANCE.

22 (THE PLEDGE OF ALLEGIANCE.)

23 CHAIRMAN KLEIN: I THINK WE'RE ALL IN THE  
24 BUSINESS OF IMAGINING A GREAT FUTURE AND IMPLEMENTING  
25 THAT GREAT FUTURE, AND WE'RE OFF TO A GOOD START THIS

1 MORNING.

2 ROLL CALL.

3 MS. KING: DAVID BALTIMORE.

4 DR. BALTIMORE: HERE.

5 MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

6 DR. PRICE: HERE.

7 MS. KING: DAVID MEYER FOR KEITH BLACK.

8 DR. MEYER: HERE.

9 MS. KING: SUSAN BRYANT.

10 DR. BRYANT: HERE.

11 MS. KING: MICHAEL FRIEDMAN.

12 DR. FRIEDMAN: HERE.

13 MS. KING: MICHAEL GOLDBERG. BRIAN

14 HENDERSON.

15 DR. HENDERSON: HERE.

16 MS. KING: ED HOLMES. DAVID KESSLER. BOB

17 KLEIN.

18 CHAIRMAN KLEIN: HERE.

19 MS. KING: SHERRY LANSING. GERALD LEVEY.

20 DR. LEVEY: HERE.

21 MS. KING: TED LOVE. RICHARD MURPHY. TINA

22 NOVA. ED PENHOET.

23 DR. PENHOET: HERE.

24 MS. KING: PHIL PIZZO. CLAIRE POMEROY.

25 DR. POMEROY: HERE.

1 MS. KING: FRANCISCO PRIETO.  
2 DR. PRIETO: HERE.  
3 MS. KING: JOHN REED.  
4 DR. REED: HERE.  
5 MS. KING: JOAN SAMUELSON.  
6 MS. SAMUELSON: HERE.  
7 MS. KING: DAVID SERRANO-SEWELL.  
8 MR. SERRANO-SEWELL: HERE.  
9 MS. KING: JEFF SHEEHY.  
10 MR. SHEEHY: HERE.  
11 MS. KING: JONATHAN SHESTACK. OSWALD  
12 STEWARD. LEON THAL.  
13 DR. THAL: HERE.  
14 MS. KING: GAYLE WILSON.  
15 MS. WILSON: HERE.  
16 MS. KING: JANET WRIGHT.  
17 DR. WRIGHT: HERE.  
18 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU VERY  
19 MUCH. WE WILL PROCEED. AND LEGAL COUNSEL HAS INFORMED  
20 ME THAT SINCE DR. PRECIADO HAS HAD TO RESIGN BECAUSE  
21 SHE'S MOVING TO A JOB IN THE STATE OF OREGON,  
22 LIEUTENANT GOVERNOR'S OFFICE IS LOOKING AT A  
23 REPLACEMENT. ANY RECOMMENDATIONS FOR DR. PRECIADO'S  
24 POSITION RELATED TO TYPE II DIABETES AS AN ADVOCACY  
25 BACKGROUND SHOULD SEND THEIR RECOMMENDATIONS TO THE

1 LIEUTENANT GOVERNOR'S OFFICE, WHO IS REACHING OUT TO A  
2 NUMBER OF GROUPS AND ORGANIZATIONS FOR CANDIDATES TO  
3 REPLACE DR. PRECIADO.

4 THAT DOES MEAN THAT AT 18 WE HAVE A QUORUM  
5 NOW; WHEREAS, BEFORE IT WAS 19. THAT'S A TEMPORARY  
6 CONDITION. AND DR. LOVE HAS JUST ARRIVED. DR. LOVE  
7 GIVES A MARGIN ON OUR QUORUM.

8 WE HAVE A NUMBER OF MATERIALS BEFORE US  
9 TODAY. AND I WOULD LIKE TO SAY BEFORE STARTING THE  
10 PROGRAM THAT AT 12:30 WE WILL HAVE STAFF REVIEW THOSE  
11 WITH ALL THE BOARD MEMBERS AS PART OF THE BOARD MEETING  
12 PRIOR TO GOING INTO THE NEXT PHASE OF OUR ACTIVITIES  
13 TODAY. SO YOU WILL HAVE SOME GUIDANCE ON THESE  
14 MATERIALS. THERE WILL BE STAFF MEMBERS WHO WILL WORK  
15 WITH GUIDING EACH OF THE BOARD MEMBERS ON THEIR VISITS  
16 TO HEAR FROM THE LEGISLATORS TODAY.

17 BUT WE SHOULD CELEBRATE BEING IN SACRAMENTO  
18 TODAY, CLAIRE POMEROY'S CITY, DR. PRIETO'S CITY. WE  
19 ARE IN THE STATE'S CAPITAL. IT'S DELIGHTFUL TO BE HERE  
20 AND HAVE THE OPPORTUNITY TODAY TO HEAR FROM KEY  
21 LEGISLATORS AND TO PARTICIPATE IN DISCUSSIONS WITH  
22 LEGISLATORS.

23 ON OUR AGENDA WE HAVE SUBSTITUTED ON THURSDAY  
24 THE ORDER SO THAT WE COULD START WITH THE SCA 13, THE  
25 ORTIZ CONSTITUTIONAL AMENDMENT DISCUSSION. AND THAT

1 ITEM WAS, I BELIEVE, SHOWN ON YOUR AGENDA AS ITEM 4,  
2 AND WE WILL NOW MOVE IT UP. THERE'S ADDITIONALLY ITEMS  
3 DIRECTLY ADDRESSING THIS THAT ARE LISTED UNDER TAB 2  
4 BECAUSE THEY'VE REARRANGED, FOR THE BENEFIT OF THE  
5 BOARD, WHAT WAS UNDER ITEM 4 AND PUT THOSE ITEMS INTO  
6 TAB 2 TO LET YOU KNOW THAT WE WOULD BE MOVING INTO IT  
7 DIRECTLY. SO LOOK AT TAB 2. IT HAS THE ITEMS FORMERLY  
8 UNDER ITEM 4.

9 IN BEGINNING OUR CONSIDERATION TODAY OF THE  
10 ORTIZ LEGISLATION, I WOULD LIKE TO SAY THAT WHEN THIS  
11 BOARD VOTED ON MAY 23D TO OPPOSE SCA 13, THE ORTIZ/  
12 RUNNER BILL, THIS WAS BASED ON THE THEN CURRENT  
13 LANGUAGE. WE SHARE THE GOALS WITH SENATOR ORTIZ THAT  
14 THIS BILL HAS. IT IS THE LANGUAGE THAT KEEPS US APART  
15 AND CREATES MAJOR PROBLEMS IN IMPLEMENTATION.

16 THE INSTITUTE ON THAT DATE COMMITTED ITSELF  
17 TO WORKING WITH THE LEGISLATURE TO ADVANCE STEM CELL  
18 RESEARCH, TO ENSURE TRANSPARENCY, TO PREVENT CONFLICTS  
19 OF INTEREST, TO PROVIDE AN OUTSTANDING PEER REVIEW  
20 SYSTEM, AND TO PROVIDE A STRONG AND EFFECTIVE  
21 INTELLECTUAL PROPERTY PROGRAM TO PROTECT THE INTEREST  
22 OF THE STATE OF CALIFORNIA AND ITS CITIZENS.

23 THE MEMBERS OF THIS BOARD TAKE THIS  
24 COMMITMENT VERY SERIOUSLY. AND SINCE THAT TIME ZACH  
25 HALL, OUR PRESIDENT, JAMES HARRISON, OUR COUNSEL, AND I

1 HAVE MET PERSONALLY WITH SENATOR ORTIZ, HER STAFF, AND  
2 WITH STAFF OF SENATOR PERATA. A NUMBER OF OUR MEMBERS  
3 OF OUR BOARD HAVE ALSO PARTICIPATED IN THESE  
4 DISCUSSIONS, INCLUDING DAVID SERRANO-SEWELL, ED  
5 PENHOET, JEFF SHEEHY, DR. CLAIRE POMEROY, DR. PRIETO,  
6 AND OTHERS.

7 IT IS MY INTENT DURING THIS BOARD MEETING TO  
8 ESTABLISH A BOARD LEGISLATIVE TASK FORCE TO PROACTIVELY  
9 EXAMINE WHICH POLICY ENHANCEMENTS CAN BE RECOMMENDED TO  
10 OUR BOARD FOR ADOPTION AT OUR JULY 12TH MEETING AS A  
11 GOOD FAITH DEMONSTRATION OF OUR COMMITMENT TO WORK WITH  
12 THE LEGISLATURE ON WAYS TO IMPROVE PROPOSITION 71.

13 THIS IS A PARTNERSHIP. WE'RE LISTENING AND  
14 WE WANT TO PROACTIVELY WORK BECAUSE WE WANT THE  
15 LEGISLATURE TO HAVE THE MESSAGE THAT LEGISLATION REALLY  
16 ISN'T NECESSARY. WE CAN WORK TOGETHER WITH COMMON  
17 GOALS, AS WE HAVE WITH SENATOR ORTIZ, FIND THE BEST  
18 IDEAS, AND HOPEFULLY PROACTIVELY IMPLEMENT THOSE IDEAS  
19 BY ADOPTING THEM IMMEDIATELY RATHER THAN WAITING AND  
20 GOING TO AN EXPENSIVE AMENDMENT OF OUR CONSTITUTION, AN  
21 EXPENSIVE ELECTION, AND BEAR THE RISK OF MAJOR  
22 LITIGATION BASED UPON LANGUAGE LOCKED IN THE  
23 CONSTITUTION WHICH CANNOT BE CHANGED IF THERE'S A  
24 PROBLEM DISCOVERED IN LITIGATION.

25 WE ALSO HAVE COMMITTED OURSELVES THROUGH THIS



1 LEGISLATIVE TASK FORCE, IF WE ADOPT IT TODAY, TO  
2 PROVIDE IMMEDIATE FEEDBACK TO THE LEGISLATURE ON  
3 COOPERATIVE EFFORTS TO ADDRESS THE CONCERNS RAISED IN  
4 THE ORTIZ/RUNNER CONSTITUTIONAL LEGISLATION.

5 I BELIEVE THAT WE CAN ADDRESS THESE CONCERNS  
6 WITHOUT AMENDING THE CALIFORNIA CONSTITUTION AND, AS I  
7 SAID, WITHOUT INVITING A NEW WAVE OF LAWSUITS AND  
8 WITHOUT STALLING CRITICAL STEM CELL RESEARCH. THE  
9 INSTITUTE CAN PROMOTE RIGOROUS SCIENTIFIC INVESTIGATION  
10 WHILE ENSURING MAXIMUM OPENNESS AND ACCOUNTABILITY.

11 THE SUBCOMMITTEE WILL BE ASKED TODAY TO  
12 CONSIDER A SERIES OF PROPOSALS THAT CAME OUT OF A  
13 MEETING THAT SENATOR PERATA'S OFFICE ARRANGED WITH  
14 SENATOR PERATA'S STAFF AND SENATOR ORTIZ' STAFF, THE  
15 TREASURER'S OFFICE, BOND COUNSEL TO EXPLAIN THE  
16 PROBLEMS FOR ISSUING BONDS THAT ARE CURRENTLY IN SCA  
17 13, ZACH HALL, JAMES HARRISON, AND I AND A NUMBER OF  
18 KEY POLITICAL CONSULTANTS ON THE LEGISLATURE STAFF.

19 COMING OUT OF THAT MEETING, WE HAVE CREATED A  
20 SET OF IDEAS FOR ENHANCING OUR POLICIES THAT JAMES  
21 HARRISON WILL EXPLAIN IN SUMMARY, BUT WE HAVE WRITTEN  
22 THEM IN SOME DETAIL FOR THE BENEFIT OF THE LEGISLATURE  
23 AND THE AUDIENCE. AND THESE WOULD REPRESENT THE  
24 TOUGHEST CONFLICT OF INTEREST AND OPEN GOVERNMENT RULES  
25 ADOPTED BY ANY MAJOR AMERICAN MEDICAL AND SCIENTIFIC

1 GRANT-MAKING BODY IN THE COUNTRY.

2 THESE PROPOSALS INCORPORATE MANY IDEAS PUT  
3 FORWARD BY THE LEGISLATURE, AND THEY EXCEED THE  
4 STANDARDS ESTABLISHED BY AMERICA'S LEADING MEDICAL AND  
5 SCIENTIFIC RESEARCH INSTITUTIONS, INCLUDING THE  
6 STANDARDS AT THE NATIONAL ACADEMIES OF SCIENCE,  
7 NATIONAL INSTITUTES OF MEDICINE, AND MANY OF THOSE AT  
8 THE NATIONAL INSTITUTE'S OF HEALTH. THEY BROADEN  
9 CONFLICT OF INTEREST PROVISIONS FOR WORKING GROUP  
10 MEMBERS AND REQUIRE THE SUBMISSIONS OF COMPREHENSIVE  
11 ETHICS REPORTS. THEY PROVIDE FOR FULL PUBLIC  
12 DISCLOSURE OF WORKING GROUP FUNDING RECOMMENDATIONS.  
13 THEY REQUIRE THE INSTITUTE TO MAKE COMPREHENSIVE  
14 REPORTS TO THE STATE LEGISLATURE ON GRANT AWARDS AND  
15 RECIPIENTS, ON THE RESEARCH OBJECTIVES OF THESE AWARDS,  
16 AND ON THE RESEARCH APPLICATIONS NOT FUNDED.

17 THEY MAKE MEETINGS OF THE STANDARDS WORKING  
18 GROUP AND THE FACILITIES WORKING GROUP OPEN TO THE  
19 PUBLIC, STEPS THAT WE HAVE TAKEN AS A BOARD IN OUR  
20 APRIL AND MAY MEETING IN PASSING THESE CONCEPTUAL  
21 POLICIES. THEY PROVIDE INCREASED ACCESS TO WORKING  
22 GROUP RECORDS. THEY GRANT A PREFERENCE TO APPLICANTS  
23 AGREEING TO MAKE CLINICAL TREATMENTS AND THE PRODUCTS  
24 OR SERVICES RESULTING FROM THEIR RESEARCH AVAILABLE AT  
25 AFFORDABLE PRICES TO NEEDY CALIFORNIANS. AND, AGAIN,

1       THEY DO IT WITHOUT AMENDING THE CONSTITUTION AND  
2       WITHOUT EXPOSING THE INSTITUTE TO A BARRAGE OF  
3       POLITICALLY MOTIVATED LAWSUITS AND WITHOUT COMPROMISING  
4       THE CORE SCIENTIFIC MISSION OF THE INSTITUTE.

5                   COUNTLESS PEOPLE IN CALIFORNIA AND AROUND THE  
6       WORLD ARE DEPENDING ON THE INSTITUTE TO BEGIN WORK ON  
7       FINDING CURES FOR LIFE-THREATENING DISEASES THROUGH  
8       GROUNDBREAKING STEM CELL THERAPY. WE CANNOT AFFORD TO  
9       ALLOW THIS CRITICAL WORK TO BE HINDERED AND DELAYED.

10                   WHAT'S ALSO VITALLY IMPORTANT IS THAT THE  
11       BOARD NEEDS TO FUNCTION IN A MUCH BROADER GROUP THAN  
12       THE SMALL TASK FORCE WE'VE BEEN WORKING WITH DAY TO  
13       DAY. AND THAT TASK FORCE BEING THE PRESIDENT, JAMES  
14       HARRISON, AND I, SUPPLEMENTED BY THE STAFF, BY KIRK  
15       KLEINSCHMIDT'S ABLE WORK AS GOVERNMENT AFFAIRS HEAD,  
16       BUT WE NEED A BROADER BOARD PARTICIPATION, WHICH WE  
17       WILL ADDRESS HERE AFTER THESE REMARKS.

18                   JAMES HARRISON, COULD YOU LEAD US, PLEASE,  
19       THROUGH A DISCUSSION OF WHERE WE STAND TODAY ON THE  
20       LEGISLATION AND THE SCOPE OF THESE IDEAS.

21                   MR. HARRISON: GOOD MORNING. AS BOB SAID, WE  
22       HAVE HAD SOME VERY PRODUCTIVE MEETINGS WITH SENATOR  
23       ORTIZ AND HER STAFF, WITH SENATOR PERATA'S STAFF, AS  
24       WELL AS WITH TREASURER AND THE BOND COUNSEL TO ADDRESS  
25       SOME OF THE CONCERNS THAT THE BOARD EXPRESSED ABOUT SCA

1 13 AT THE LAST BOARD MEETING.

2 SENATOR ORTIZ' STAFF HAS PROMISED IN  
3 CONNECTION WITH THOSE MEETINGS TO MAKE REVISED LANGUAGE  
4 AVAILABLE TO US SOMETIME EARLY THIS WEEK. BECAUSE SCA  
5 13 IS A CONSTITUTIONAL AMENDMENT, OF COURSE, EACH  
6 SENTENCE OF SCA 13 IS CRITICAL BECAUSE IT CAN ONLY BE  
7 AMENDED BY ANOTHER CONSTITUTIONAL AMENDMENT AND A VOTE  
8 OF THE PEOPLE.

9 WHAT I'D LIKE TO DO IS TO BRIEFLY TAKE YOU  
10 THROUGH THE DOCUMENT THAT IS ENTITLED "PROPOSED  
11 POLICIES FOR CONSIDERATION OF LEGISLATIVE SUBCOMMITTEE  
12 OF THE ICOC," WHICH IS UNDER TAB 2. AND I'LL START BY  
13 EXPLAINING WHAT THE CURRENT LAW IS, WHAT SCA 13 AS  
14 PRESENTLY DRAFTED WOULD DO, AND THEN WHAT PROPOSED  
15 POLICY ENHANCEMENT THE SUBCOMMITTEE MIGHT CONSIDER.

16 UNDER CURRENT LAW PROPOSITION 71 REQUIRES  
17 BOARD MEMBERS AND CIRM STAFF TO FILE ECONOMIC  
18 DISCLOSURE STATEMENTS UNDER THE POLITICAL REFORM ACT.  
19 YOU'VE ALL FILED THESE. THEY'RE KNOWN AS FORM 700. IN  
20 ADDITION, THE BOARD HAS ADOPTED A POLICY THAT REQUIRES  
21 BOARD MEMBERS TO RECUSE THEMSELVES FROM PARTICIPATING  
22 IN ANY DECISION IN WHICH A BOARD MEMBER HAS AN INTEREST  
23 IN AN APPLICANT OR IN ANY DECISION THAT MIGHT  
24 FINANCIALLY BENEFIT THE MEMBER OR THE INSTITUTION THAT  
25 EMPLOYS THE MEMBER.

1                   SCA 13 WOULD IMPOSE THE POLITICAL REFORM ACT  
2                   DISCLOSURE REQUIREMENTS ON THE BOARD MEMBERS. THIS IS  
3                   THE SAME AS WHAT YOU CURRENTLY DISCLOSE UNDER EXISTING  
4                   LAW. SCA 13 WOULD ALSO, HOWEVER, REQUIRE YOU TO DIVEST  
5                   YOURSELVES OR PLACE INTO A BLIND TRUST INVESTMENTS,  
6                   REAL PROPERTY INTERESTS, AND INCOME OF \$5,000 OR MORE  
7                   RECEIVED FROM AN APPLICANT OR IN AN ENTITY THAT DEVOTES  
8                   AT LEAST 5 PERCENT OF ITS CURRENT ANNUAL RESEARCH  
9                   BUDGET TO STEM CELL THERAPY.

10                   WHAT WE HAVE SUGGESTED AS A PROPOSED POLICY  
11                   ENHANCEMENT TO THE LEGISLATIVE SUBCOMMITTEE WOULD BE TO  
12                   REQUIRE BOARD MEMBERS TO DIVEST THEMSELVES OF OR TO  
13                   PLACE IN A BLIND TRUST ANY INVESTMENT OR REAL PROPERTY  
14                   INTEREST, NOT INCOME, OF \$2,000 OR MORE IN ANY  
15                   ORGANIZATION THAT APPLIES FOR FUNDING FROM THE  
16                   INSTITUTE OR IN ANY ORGANIZATION THAT ALLOCATES MORE  
17                   THAN 5 PERCENT OF THE ORGANIZATION'S TOTAL ANNUAL  
18                   BUDGET TO STEM CELL THERAPY.

19                   NEXT I'D LIKE TO BRIEFLY DISCUSS THE CONFLICT  
20                   OF INTEREST POLICIES FOR THE WORKING GROUPS. AS YOU  
21                   KNOW, THE BOARD HAS ADOPTED STRICT CONFLICT OF INTEREST  
22                   RULES FOR EACH OF THE WORKING GROUPS AND FOR THE  
23                   GRANT-MAKING WORKING GROUPS, THE GRANTS WORKING GROUP  
24                   AND THE FACILITIES WORKING GROUP, REQUIRES NON-ICOC  
25                   MEMBERS TO FILE UNDER PENALTY OF PERJURY PRE AND

1 POSTCERTIFICATION DISCLOSURE STATEMENTS TO GUARANTEE  
2 THAT A WORKING GROUP MEMBER HAS NOT PARTICIPATED IN A  
3 DECISION IN WHICH HE OR SHE HAS A CONFLICT OF INTEREST.

4 SCA 13 WOULD REQUIRE ALL WORKING GROUP  
5 MEMBERS TO FILE THE FORM 700, A PUBLIC DOCUMENT  
6 DISCLOSING ALL OF THEIR INVESTMENTS, SOURCES OF INCOME,  
7 AND REAL PROPERTY INTERESTS.

8 UNDER THE PROPOSED POLICY ENHANCEMENT THAT'S  
9 SET FORTH IN THE DOCUMENT AT TAB 2, WE WOULD SUGGEST  
10 REQUIRING NON-ICOC MEMBERS OF THE GRANTS WORKING GROUP  
11 TO DISCLOSE CONFIDENTIALLY AND UNDER PENALTY OF PERJURY  
12 TO THE CIRM WHETHER OR NOT THE MEMBERS HOLD THE  
13 FOLLOWING FINANCIAL INTERESTS: INCOME OR OTHER BENEFIT  
14 OF \$5,000 OR MORE RECEIVED FROM A CALIFORNIA-BASED  
15 ACADEMIC OR NONPROFIT RESEARCH INSTITUTION, INVESTMENTS  
16 OF \$5,000 OR MORE IN BIOTECHNOLOGY AND PHARMACEUTICAL  
17 COMPANIES, AND ANY REAL PROPERTY INTERESTS IN  
18 CALIFORNIA. WE WOULD ALSO SUGGEST SIMILAR DISCLOSURE  
19 PROVISIONS FOR THE FACILITIES WORKING GROUP MEMBERS.

20 ANOTHER ASPECT OF SCA 13 WOULD REQUIRE THAT  
21 THE STATE AUDITOR ANNUALLY REVIEW THE DISCLOSURE  
22 STATEMENTS FILED BY THE WORKING GROUP MEMBERS TO  
23 DETERMINE WHETHER ANY OF THE WORKING GROUP MEMBERS HAD,  
24 IN FACT, PARTICIPATED IN A CONFLICT OF INTEREST WHICH  
25 SCA 13 DEFINES AS AN INTEREST HELD BY THE MEMBER, A

1 CLOSE RELATIVE, OR A PROFESSIONAL COLLEAGUE AMOUNTING  
2 TO \$5,000 OR MORE IN ANY APPLICANT FOR FUNDING.

3 WHAT WE WOULD PROPOSE AS A POLICY ENHANCEMENT  
4 HERE WOULD BE TO HAVE THE CIRM MAKE THE CONFIDENTIAL  
5 DISCLOSURE STATEMENTS AVAILABLE TO AN INDEPENDENT  
6 AUDITOR TO EXAMINE WHETHER OR NOT ANY OF THE MEMBERS OF  
7 THE WORKING GROUPS HAD, IN FACT, PARTICIPATED IN A  
8 DECISION IN WHICH THEY HAD A FINANCIAL INTEREST AS  
9 DEFINED ABOVE AND THEN TO REPORT TO THE LEGISLATURE ON  
10 AN ANNUAL BASIS TO STATE WHETHER OR NOT, IN FACT, THERE  
11 WERE ANY SUCH CONFLICTS AND ALSO TO REPORT ON ANY  
12 CORRECTIVE ACTIONS TAKEN BY THE ICOC TO AVOID ANY  
13 FUTURE OCCURRENCES.

14 UNDER THE STAFF'S CURRENT PLAN, CIRM STAFF  
15 WILL RECOMMEND TO -- WILL RECOMMEND THAT THE ICOC AND  
16 ASK THE GRANTS WORKING GROUP TO MAKE THE FOLLOWING  
17 INFORMATION AVAILABLE TO THE BOARD WHEN IT RECOMMENDS  
18 GRANTS: THE TITLE OF THE APPLICATION, THE SUBJECT, A  
19 DESCRIPTION OF HOW THE PROPOSAL WOULD BENEFIT THE STATE  
20 OF CALIFORNIA, A BRIEF SUMMARY OF THE EVALUATION, THE  
21 CONSOLIDATED SCIENTIFIC SCORE, AND THEN THE FINAL  
22 RECOMMENDATION OF THE GRANTS WORKING GROUP ITSELF.

23 SCA 13 AS ITS CURRENTLY DRAFTED WOULD REQUIRE  
24 THAT THE GRANTS WORKING GROUP HOLD A PUBLIC MEETING  
25 PRIOR TO MAKING ITS RECOMMENDATIONS AVAILABLE TO THE

1 ICOC AND ALSO REPORT PUBLICLY THE REASONS WHY  
2 APPLICATIONS WERE RECOMMENDED FOR FUNDING AND THE  
3 REASONS WHY APPLICATIONS WERE NOT RECOMMENDED FOR  
4 FUNDING.

5 WHAT WE WOULD PROPOSE HERE AS A POLICY  
6 ENHANCEMENT TO ADDRESS THE CONCERN EXPRESSED BY THE  
7 LEGISLATURE IS TO REQUIRE THE INSTITUTE TO SUBMIT  
8 ANNUALLY TO THE LEGISLATURE A REPORT THAT IDENTIFIES  
9 THE RECIPIENTS OF RESEARCH TRAINING AND FACILITIES  
10 GRANTS, LOANS, AND CONTRACTS, THE DISEASE OR INJURY, IF  
11 APPLICABLE, TO WHICH THE GRANT, LOAN, OR CONTRACT  
12 RELATES, AND FOR APPLICATIONS THAT WERE NOT FUNDED, THE  
13 DISEASE OR INJURY, IF APPLICABLE, TO WHICH THE  
14 APPLICATION RELATES.

15 LET ME TURN BRIEFLY TO THE MEETING  
16 PROCEDURES. AS YOU KNOW, THE ICOC IS SUBJECT TO THE  
17 BAGLEY-KEENE OPEN MEETING ACT AND MUST APPROVE ALL  
18 STANDARDS, GRANTS, LOANS, CONTRACTS IN OPEN PUBLIC  
19 SESSION. THE SCA 13 WOULD IMPOSE THE BAGLEY-KEENE OPEN  
20 MEETING ACT ON THE ICOC, AS IS CURRENTLY THE CASE, AND  
21 ALSO ON THE WORKING GROUPS THEMSELVES.

22 AS YOU KNOW, THE BOARD HAS ALREADY ADOPTED AT  
23 ITS APRIL AND MAY MEETINGS POLICIES THAT WOULD OPEN THE  
24 MEETINGS OF THE STANDARDS WORKING GROUP AND THE  
25 FACILITIES WORKING GROUPS TO THE PUBLIC. AND THE



1 GRANTS WORKING GROUP, HOWEVER, WOULD CONTINUE TO MEET  
2 IN CLOSED SESSION TO CONDUCT SCIENTIFIC PEER REVIEW,  
3 EVALUATION OF APPLICATIONS, TO RANK APPLICATIONS, AND  
4 TO CONDUCT OVERSIGHT OF GRANTEEES.

5 THE PROPOSED POLICY ENHANCEMENT WE'D SUGGEST  
6 WOULD BE TO REQUIRE THE GRANTS WORKING GROUP TO  
7 CONSIDER CRITERIA AND STANDARDS IN AN OPEN PUBLIC  
8 MEETING. AND WITH RESPECT TO THE STANDARDS WORKING  
9 GROUP, TO REQUIRE THE STANDARDS WORKING GROUP TO MEET  
10 IN OPEN PUBLIC SESSION EXCEPT WHERE NECESSARY TO  
11 PROTECT PATIENT PRIVACY, FOR EXAMPLE, OR TO CONSIDER A  
12 COMPLAINT REGARDING AN INDIVIDUAL OR INSTITUTION'S  
13 COMPLIANCE WITH MEDICAL OR ETHICAL STANDARDS, AS WELL  
14 AS TO MEETING IN CLOSED SESSIONS WHENEVER IT'S  
15 PERMITTED BY BAGLEY-KEENE AS WELL AS BY PROPOSITION 71.

16 AND ALONG WITH THIS, WE'D REQUEST THE  
17 OPPORTUNITY TO CONSIDER WHETHER THERE ARE OTHER MISSION  
18 CRITICAL EXCEPTIONS THAT ARE NECESSARY FOR THE  
19 STANDARDS WORKING GROUP TO PERFORM ITS FUNCTIONS. WE  
20 WOULD ALSO ADOPT A SIMILAR PROPOSAL WITH RESPECT TO THE  
21 FACILITIES WORKING GROUP WHEREBY THE FACILITIES WORKING  
22 GROUP WOULD ALSO MEET IN OPEN PUBLIC SESSION EXCEPT  
23 WHEN NECESSARY TO CONDUCT A SCIENTIFIC EVALUATION OF A  
24 PROPOSAL, TO CONSIDER REAL ESTATE NEGOTIATIONS, OR  
25 OTHER MATTERS THAT ARE EXEMPT FROM THE PUBLIC MEETING

1 LAWS.

2 WITH RESPECT TO THE RECORDS OF THE WORKING  
3 GROUPS, SCA 13 WOULD OPEN THE RECORDS OF THE WORKING  
4 GROUPS TO PUBLIC INSPECTION WITH THE EXCEPTION OF  
5 MATTERS RELATING TO CONFIDENTIAL INTELLECTUAL PROPERTY  
6 OR PREPUBLICATION OF SCIENTIFIC RESEARCH AND DATA.  
7 UNDER CURRENT LAW, THE RECORDS OF THE WORKING GROUPS  
8 ARE EXEMPT FROM DISCLOSURE WITH THE EXCEPTION OF THOSE  
9 WORKING GROUP RECORDS THAT ARE SENT TO YOU AS A BOARD  
10 ALONG WITH THE WORKING GROUP'S RECOMMENDATIONS.

11 AS A PROPOSED POLICY ENHANCEMENT, WE WOULD  
12 SUGGEST PROVIDING PUBLIC ACCESS TO WORKING GROUP  
13 RECORDS EXCEPT WHERE DOCUMENTS ARE PERMITTED TO BE  
14 WITHHELD UNDER THE PUBLIC RECORDS ACT OR PROPOSITION 71  
15 AND EXCEPT FOR APPLICATIONS FOR RESEARCH, TRAINING, AND  
16 FACILITIES GRANTS, EVALUATION OF SUCH APPLICATIONS, AS  
17 WELL AS THE ECONOMIC DISCLOSURE FORMS FILED BY MEMBERS  
18 OF THE WORKING GROUPS.

19 LAST, BUT NOT LEAST, ON INTELLECTUAL  
20 PROPERTY, UNDER CURRENT LAW, YOU AS A BOARD ARE  
21 REQUIRED TO ADOPT A POLICY THAT GOVERNS INTELLECTUAL  
22 PROPERTY AGREEMENTS AND THAT BALANCES THE STATE'S  
23 INTEREST IN BENEFITING FROM THE RESEARCH THAT YOU FUND  
24 WITH THE NEED TO FUND CRITICAL MEDICAL RESEARCH AND TO  
25 AVOID HAVING INTELLECTUAL PROPERTY AGREEMENTS UNDULY

1 HINDER THE ADVANCEMENT OF THAT RESEARCH.

2 SCA 13, AS IT'S CURRENTLY DRAFTED, WOULD  
3 IMPOSE A NUMBER OF PRECONDITIONS ON THE INSTITUTION'S  
4 AWARD OF GRANTS, SEVERAL OF WHICH RELATE TO  
5 INTELLECTUAL PROPERTY AND REQUIRE -- AND WOULD REQUIRE  
6 THE BOARD IN ADVANCE TO MAKE A DETERMINATION, FOR  
7 EXAMPLE, THAT A PARTICULAR GRANT, LOAN, OR AWARD WOULD  
8 PERMIT THE STATE TO RECOUP ITS DEVELOPMENT COSTS AND  
9 ALSO WOULD REQUIRE THAT GRANTS, LOANS, AND AWARDS, TO  
10 THE EXTENT THAT THEY LEAD TO MEDICAL THERAPIES OR  
11 PRODUCTS, WOULD BE MADE AVAILABLE AT COST TO  
12 PARTICIPANTS IN MEDI-CAL AND HEALTHY FAMILIES.

13 UNDER THE PROPOSED POLICY ENHANCEMENT THAT WE  
14 WOULD SUGGEST, THE ICOC WOULD ADOPT A STANDARD THAT  
15 WOULD REQUIRE THAT ALL GRANTS AND LOANS BE SUBJECT TO  
16 INTELLECTUAL PROPERTY AGREEMENTS THAT BALANCE THE --  
17 EXCUSE ME -- WITHOUT HINDERING THE ADVANCEMENT OF  
18 MEDICAL SCIENCE, THERAPY DEVELOPMENT, AND CLINICAL  
19 TRIALS WOULD CONSIDER AS ONE OF THE PREFERENCE  
20 CRITERION IN THE EVALUATION OF APPLICATIONS WHETHER AN  
21 APPLICANT AGREED TO MAKE ANY THERAPY OR MEDICAL PRODUCT  
22 RESULTING FROM THE RESEARCH AVAILABLE TO LOW-INCOME  
23 CALIFORNIANS AT AFFORDABLE PRICES.

24 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH,  
25 JAMES. JAMES, COULD YOU COMMENT GENERALLY ON THE

1 CONCERN WE'RE ALL FACING ABOUT HAVING LOTS OF NEW  
2 LANGUAGE IN THE CONSTITUTIONAL AMENDMENT AND YOUR  
3 EVALUATION OF THE LITIGATION RISK RELATED TO THAT.

4 MR. HARRISON: AS I MENTIONED EARLIER, EVERY  
5 SENTENCE IN A CONSTITUTIONAL AMENDMENT OBVIOUSLY IS  
6 CRITICAL AND WOULD NEED TO BE EVALUATED BY LITIGATION  
7 COUNSEL, THE ATTORNEY GENERAL, BOND COUNSEL, AS WELL AS  
8 INSTITUTE COUNSEL TO EVALUATE WHAT THE RISKS ASSOCIATED  
9 WITH THAT WERE. SOME OF THE PROVISIONS, AS WE  
10 DISCUSSED AT THE LAST MEETING, AND SCA CURRENTLY,  
11 BECAUSE THEY'RE AMBIGUOUSLY WORDED, WOULD IN OUR VIEW  
12 POTENTIALLY INVITE LITIGATION. SO THAT IS A CONCERN  
13 THAT NEEDS TO BE EVALUATED IN LOOKING AT THE BILL AS A  
14 WHOLE.

15 CHAIRMAN KLEIN: THANK YOU. AND THE  
16 PROPOSALS THAT CAME OUT HERE OF THIS MEETING WITH THE  
17 STAFFS OF THE INSTITUTE, WITH JAMES HARRISON, WITH OUR  
18 PRESIDENT, ZACH HALL, AND I REALLY, AGAIN, ARE GOING TO  
19 A NEW SUBCOMMITTEE, LEGISLATIVE SUBCOMMITTEE. THE  
20 BOARD MEMBERS WHO HAVE VOLUNTEERED TO DATE FOR THAT  
21 SUBCOMMITTEE ARE MICHAEL GOLDBERG, DR. CLAIRE POMEROY,  
22 DR. JANET WRIGHT, DR. FRANCISCO PRIETO, DR. TINA NOVA  
23 IS POSSIBLE -- SHE'S CONFIRMING WHAT HER SCHEDULE LOOKS  
24 LIKE IN THE NEXT 30 DAYS -- DR. RICH MURPHY, DR. SUE  
25 BRYANT, DR. JOHN REED. VERY STRONG COMMITTED TASK

1 FORCE TO GIVE IMMEDIATE FEEDBACK ON A COOPERATIVE  
2 PARTNERSHIP WITH THE LEGISLATURE TO TRY AND ENHANCE  
3 THIS, ALTHOUGH JUNE 30TH MAY WELL BE AN IMPOSSIBLE TIME  
4 FRAME TO GET THE LANGUAGE RIGHT.

5 IF IT'S WORTH DOING, IT'S WORTH DOING IT  
6 RIGHT. WE ARE COMMITTED TO TRYING TO ENHANCE THIS  
7 POLICY AND WORK IN GOOD FAITH WHEREVER WE CAN.

8 IF THERE ARE OTHER BOARD MEMBERS THAT WOULD  
9 LIKE TO VOLUNTEER FOR THAT TASK FORCE, I WOULD LIKE TO  
10 HAVE THOSE RECOMMENDATIONS. AND IF IS THERE A  
11 RESOLUTION TO ESTABLISH THIS TASK FORCE TO EXAMINE  
12 THESE PROPOSALS AND COME BACK TO THE BOARD ON JULY 12TH  
13 PROACTIVELY SEEING WHAT WE CAN ADOPT JULY 12TH TO MOVE  
14 FORWARD IN THIS PARTNERSHIP WITH THE LEGISLATURE.

15 DR. HENDERSON: SO MOVED.

16 CHAIRMAN KLEIN: IS THERE A SECOND?

17 (SEVERAL SECONDS BY MULTIPLE BOARD  
18 MEMBERS.)

19 CHAIRMAN KLEIN: I WOULD INVITE OTHERS TO  
20 JOIN THIS TASK FORCE IF THEY CAN ON AN AD HOC BASIS.

21 IS THERE PUBLIC -- IS THERE BOARD DISCUSSION?  
22 YES, JOAN SAMUELSON.

23 MS. SAMUELSON: NOW, IS THIS THE TIME TO HAVE  
24 DISCUSSION ON THESE PROPOSED CHANGES?

25 CHAIRMAN KLEIN: THIS IS JUST FOR THE TASK

1 FORCE ESTABLISHMENT.

2 MS. SAMUELSON: WE DO HAVE A COUPLE PATIENT  
3 REPRESENTATIVES, I BELIEVE. I THINK IT WOULD BE  
4 BENEFICIAL.

5 CHAIRMAN KLEIN: WE'LL GO TO PUBLIC COMMENT.

6 MS. SAMUELSON: NO. I WAS TALKING ABOUT  
7 REPRESENTATION ON THE TASK FORCE.

8 CHAIRMAN KLEIN: YES.

9 MS. SAMUELSON: I'M QUESTIONING WHETHER ONE  
10 OF THE PATIENTS WHO ARE ACTUALLY AFFLICTED.

11 CHAIRMAN KLEIN: YES. IN FACT, I TALKED WITH  
12 DAVID SERRANO-SEWELL, AND I THINK, DAVID, YOU WERE  
13 WILLING TO JOIN THIS LIST?

14 MR. SERRANO-SEWELL: SURE.

15 CHAIRMAN KLEIN: DAVID WAS WILLING TO JOIN  
16 THIS LIST. AND JEFF SHEEHY HAS BEEN VERY ACTIVE. CAN  
17 WE RECRUIT YOU?

18 MR. SHEEHY: I'D BE HAPPY TO.

19 CHAIRMAN KLEIN: THAT WOULD BE GREAT. I  
20 THINK, AS JOAN POINTS OUT, AND AS WE'RE CONSTANTLY  
21 COMMITTED TO, PATIENT ADVOCACY IS CRITICAL TO OUR  
22 INSIGHT.

23 AND, OF COURSE, DR. PRIETO REPRESENTS A GREAT  
24 CLINICAL PRACTICE IN DEALING WITH DIABETIC PATIENTS OF  
25 BOTH TYPE I AND TYPE II.

1 JOAN, WOULD YOU ALSO BE WILLING TO JOIN?

2 MS. SAMUELSON: SURE. SURE.

3 CHAIRMAN KLEIN: GREAT. ADDITIONAL BOARD  
4 DISCUSSION?

5 DR. PRIETO: I HAVE A QUESTION. WHAT EXACTLY  
6 WOULD BE THE ROLE OF THIS IN WORKING OUT DIFFERENCES  
7 BETWEEN OUR POSITION AND THE LEGISLATURE'S ON SCA 13 IF  
8 THERE'S A JUNE 30TH DEADLINE?

9 CHAIRMAN KLEIN: WELL, WE'VE DISCUSSED AND I  
10 THINK SENATOR PERATA'S STAFF WAS VERY UNDERSTANDING  
11 THAT WE DON'T HAVE THE LEGISLATION IN PRINT. BOTH FOR  
12 THE BENEFIT OF THE SENATE AND FOR OUR BENEFIT, WE CAN'T  
13 VOTE ON SOMETHING THAT'S NOT IN PRINT. SO THE KEY IS  
14 TO WORK PROACTIVELY AS SOON AS WE GET LANGUAGE TO BE  
15 ABLE TO RESPOND. WE CANNOT TAKE A FINAL DECISION, BUT  
16 WE CAN INDICATE WHAT OUR RECOMMENDATION MIGHT BE TO THE  
17 BOARD.

18 SO THE TASK FORCE COULD ALSO RECOMMEND --  
19 INDICATE WHAT THEIR RECOMMENDATIONS WOULD BE ON  
20 POSITIONS WE WOULD RECOMMEND TO THE BOARD TO  
21 IMMEDIATELY ADOPT, HOPEFULLY COVERING THE SUBJECTS  
22 COVERED IN THIS DISCUSSION WITH THE LEGISLATURE, TO  
23 ENHANCE OUR POLICIES.

24 DR. PRIETO: IS THIS A TIME WHEN WE CAN  
25 DISCUSS SOME OF THE ISSUES THAT MR. HARRISON BROUGHT UP

1 REGARDING THE SPECIFIC DIFFERENCES BETWEEN --

2 CHAIRMAN KLEIN: THAT'S A SEPARATE ISSUE THAN  
3 ACTUALLY ESTABLISHING THE LEGISLATIVE TASK FORCE SO WE  
4 HAVE A BODY THAT CAN RELATE. DR. CLAIRE POMEROY.

5 DR. POMEROY: I'M VERY SUPPORTIVE OF THIS  
6 LEGISLATIVE SUBCOMMITTEE. HOWEVER, I WOULD SAY THAT I  
7 THINK IT IS ABSOLUTELY ESSENTIAL THAT WE HAVE WRITTEN  
8 CHARGES FOR ALL THE SUBCOMMITTEES THAT WE'RE FORMING  
9 WITH AN OUTLINE OF THE RESPONSIBILITIES AND AUTHORITY  
10 AND DELIVERABLES. I THINK WE HAVE A NUMBER OF  
11 SUBCOMMITTEES THAT WE HAVEN'T REALLY DONE THIS FOR. I  
12 THINK THAT SHOULD BE PART OF OUR PROCEDURE. I  
13 UNDERSTAND THE TIME CONSTRAINTS RIGHT NOW, BUT IN  
14 GENERAL THAT WE NEED TO GET THAT DONE.

15 CHAIRMAN KLEIN: I AGREE. AND I THINK WE'RE  
16 GOING TO HAVE A VERY FAVORABLE CHARITABLE DONATION TO  
17 ANNOUNCE TODAY TO GIVE US SOME STAFF SO WE'RE BEYOND A  
18 SKELETAL STAFF AND CAN REALLY DO THINGS AT THE HIGHEST  
19 POSSIBLE STANDARD. AND THIS IS A STANDARD WE NEED TO  
20 ADOPT.

21 ADDITIONAL BOARD DISCUSSION? OKAY. PUBLIC  
22 DISCUSSION? THIS IS JUST ON THIS ONE ISSUE OF  
23 ESTABLISHING A LEGISLATIVE TASK FORCE, NOT ON SCA 13.  
24 ANY PUBLIC DISCUSSION?

25 SEEING NO PUBLIC DISCUSSION, I'D LIKE TO CALL



1 FOR A VOTE. ALL IN FAVOR. OPPOSED. IT IS IN PLACE.

2 AND WITH THAT, I'D LIKE TO ASK SENATOR ORTIZ  
3 IF SHE WOULD LIKE TO BEGIN THE PRESENTATION. SENATOR  
4 ORTIZ IS IN THE FRONT ROW HERE, AND SHE, AS WE ALL  
5 KNOW, IS THE AUTHOR. AND SENATOR ORTIZ, WE LOOK TO YOU  
6 TO BEGIN OUR PRESENTATION ON SCA 13. SENATOR ORTIZ  
7 WOULD PREFER TO GO LAST.

8 WE HAVE THE BENEFIT OF SENATOR JACKIE SPEIER  
9 FROM SAN MATEO BEING WITH US. I'D LIKE TO POINT OUT  
10 THAT SENATOR SPEIER WAS ONE OF THOSE LEGISLATORS THAT  
11 ON DECEMBER 6TH AND 7TH, WHEN THE NATIONAL ACADEMIES  
12 SENT 25 OF THE BRIGHTEST MINDS IN THE COUNTRY TO  
13 CALIFORNIA TO START A VERY SERIOUS DISCUSSION OF  
14 PHYSICIANS AND SCIENTISTS FROM AROUND THE COUNTRY ON  
15 MEDICAL AND ETHICAL STANDARDS, CONFLICTS OF INTEREST,  
16 THAT SHE SENT A STAFF MEMBER THERE FOR TWO FULL DAYS TO  
17 BEGIN THIS VERY SERIOUS DIALOGUE. WE'RE VERY  
18 APPRECIATIVE OF THIS SERIOUS COMMITMENT THAT YOU'VE HAD  
19 FROM THE VERY BEGINNING AND, OF COURSE, OF YOUR  
20 ENDORSEMENT OF PROPOSITION 71. SENATOR JACKIE SPEIER.

21 SENATOR SPEIER: THANK YOU, MR. CHAIRMAN AND  
22 TO THE MEMBERS OF THIS DISTINGUISHED PANEL. I'M  
23 REMINDED OF THE COMMENT MADE BY JOHN F. KENNEDY WHEN HE  
24 HAD A GROUP OF RENOWNED PEOPLE OF THE ARTS AT THE WHITE  
25 HOUSE FOR DINNER ONE NIGHT. HE SAID, "NEVER HAVE SO

1 MANY REMARKABLE PEOPLE GATHERED EXCEPT WHEN THOMAS  
2 JEFFERSON DINED ALONE." AND CERTAINLY WE HAVE HERE IN  
3 THIS ROOM SOME REMARKABLE MINDS. AND WE THANK YOU FOR  
4 YOUR WILLINGNESS TO PARTICIPATE IN THIS PROCESS TO LEAD  
5 US IN SOME NEW WAYS AND ALONG NEW PATHS.

6 AND I KNOW THAT IT HAS BEEN CHALLENGING TO  
7 DATE AND WILL PROBABLY CONTINUE TO BE CHALLENGING, BUT  
8 THAT'S WHAT PIONEERS ARE ALL ABOUT. SO I THANK YOU FOR  
9 YOUR WILLINGNESS TO PARTICIPATE. WE OWE YOU A GREAT  
10 DEBT OF GRATITUDE.

11 I WILL BE VERY BRIEF AND SAY THE FOLLOWING.  
12 MR. KLEIN, IN BRINGING PROPOSITION 71 TO THE PUBLIC,  
13 DID WHAT THE LEGISLATURE OF CALIFORNIA COULDN'T DO. WE  
14 COULDN'T GET A BILL OUT OF THE SECOND POLICY COMMITTEE  
15 WITH A BLANK APPROPRIATION IN IT TO CREATE A BOND FOR  
16 STEM CELL RESEARCH IN CALIFORNIA. I LIKE TO USE YOU AS  
17 AN EXAMPLE, MR. KLEIN, TO TALK ABOUT HOW ONE PERSON CAN  
18 REALLY CHANGE THE FACE OF THE EARTH. AND WHAT YOU HAVE  
19 DONE FOR ALL OF US HERE IN CALIFORNIA AND ACROSS THIS  
20 COUNTRY AND THIS WORLD IS TRULY REMARKABLE.

21 I BELIEVE THAT THIS PROPOSITION PLACES  
22 CALIFORNIA AT THE HEAD OF THE CLASS AROUND THE GLOBE,  
23 AND I DON'T WANT ANYTHING TO STOP US IN THAT STATUS.  
24 NOW, THE EXTENT TO WHICH SCA 13 OR ANY OTHER  
25 INITIATIVE -- I SHOULDN'T USE THE WORD INITIATIVE --

1 ANY OTHER BILL OR MEASURE IS PLACED BEFORE THE  
2 LEGISLATURE THAT HISTORICALLY HAS A BAD REPORT CARD IN  
3 BEING ABLE TO GET ANYTHING OF THIS MAGNITUDE THROUGH,  
4 WE SHOULD BE VERY CAREFUL NOT TO OBSCURE WHAT ALMOST 60  
5 PERCENT OF THE CALIFORNIA ELECTORATE HAS ALREADY AGREED  
6 MUST GO FORWARD.

7 IN SAYING THAT, I ALSO APPRECIATE THE FACT  
8 THAT HERE IN CALIFORNIA WE SPEND THREE TIMES AS MUCH  
9 MONEY ON THE INMATES IN OUR STATE PRISONS AS WE DO ON  
10 THE STUDENTS AT THE UNIVERSITY OF CALIFORNIA. WE HAVE  
11 REDUCED THE FUNDING TO THE UNIVERSITY OF CALIFORNIA BY  
12 50 PERCENT IN THE LAST FOUR YEARS. SO MUCH OF THE  
13 RESEARCH THAT WE HAVE BECOME SO ACCUSTOMED TO HAVING  
14 PROVIDE US WITH LOTS OF ACCOLADES AND THE 49 NOBEL  
15 LAUREATES THAT WE CAN TAKE GREAT PRIDE IN HAVING  
16 BIRTHED HERE AT THE UNIVERSITY OF CALIFORNIA MAY NOT  
17 HAPPEN IN THE FUTURE BECAUSE WE ARE STARTING TO STARVE  
18 THE ENTITY THAT HAS BROUGHT US SO MUCH.

19 HAVING SAID THAT, WE HAVE BEEN ABLE TO  
20 BENEFIT FROM THREE NEW INVENTIONS COMING FROM THE  
21 UNIVERSITY OF CALIFORNIA EACH AND EVERY DAY. SO WE'RE  
22 NOT NEW IN THIS BUSINESS OF TRYING TO FORGE OPENNESS  
23 AND CONFLICTS OF INTEREST STATEMENTS AND PROPER  
24 DISCLOSURE OF STATEMENTS OF ECONOMIC INTEREST BECAUSE  
25 WE HAVE BEEN DOING IT FOR DECADES AND DECADES IN THIS

1 STATE.

2 THE BENEFIT OF THIS BOND COMING TO US AT THIS  
3 TIME MEANS THAT THE STARVATION, PARTICULARLY THE  
4 UNIVERSITY OF CALIFORNIA HAS FELT AND INSTITUTIONS  
5 AROUND THE STATE, WILL HAVE THE BENEFIT OF HAVING A  
6 WONDERFUL INJECTION OF MORE OPPORTUNITIES TO CREATE  
7 CURES FOR SOME OF THE GREATEST DISEASES THAT ARE  
8 PERPLEXING US TODAY.

9 THE EXTENT TO WHICH THE ICOC EMBRACES AND  
10 ENDORSES STANDARDS THAT THE NIH HAS IN EFFECT, THAT THE  
11 UNIVERSITY OF CALIFORNIA HAS IN EFFECT, WHICH HAVE  
12 WORKED HISTORICALLY, IT WILL WORK PROSPECTIVELY. TO  
13 EXPAND ON THAT AND CREATE HIGHER STANDARDS FOR THIS  
14 ORGANIZATION THAN EXIST FOR THE UNIVERSITY OF  
15 CALIFORNIA OR NIH SHOULD ONLY BE DONE IN THIS STATE IF  
16 WE'RE DOING IT FOR ALL THE INSTITUTIONS IN THIS STATE.

17 NOW, THE EXTENT TO WHICH YOU WANT TO  
18 VOLUNTARILY DO THINGS TO CREATE GREATER OPENNESS I  
19 WOULD APPLAUD. THE ONE THING I THINK YOU WANT TO  
20 ALWAYS BE AWARE OF IS THAT YOU ARE UNDER A MICROSCOPE,  
21 AND THERE ARE PEOPLE THAT WANT TO BRING YOU DOWN. AND  
22 YOU WANT TO DO EVERYTHING IN YOUR POWER TO MAKE SURE  
23 THAT THAT DOES NOT HAPPEN BECAUSE YOU ARE ENTRUSTED  
24 WITH THE RESPONSIBILITY PLACED UPON YOU BY THE  
25 ELECTORATE OF THIS STATE THAT SAID, YES, WE ARE WILLING

1 TO INVEST \$3 BILLION IN STEM CELL RESEARCH BECAUSE WE  
2 DO WANT TO SEE CURES FOR DISEASES THAT ARE AFFECTING  
3 THE ONES WE CARE ABOUT AND LOVE.

4 SO THINGS THAT YOU CAN DO TO MAXIMIZE  
5 OPENNESS, TO MAKE SURE THAT THERE IS NO TAINT ON ANYONE  
6 ENGAGED IN THIS PROCESS WITHIN THE ICOC OR WITHIN YOUR  
7 WORKING GROUPS I WOULD ENCOURAGE YOU TO DO. BUT I  
8 DON'T THINK IT'S RIGHT FOR ANY OF US STANDING OUT HERE  
9 TO IMPOSE UPON YOU GREATER RESTRICTIONS THAN ARE  
10 IMPOSED BY THE NATIONAL INSTITUTE OF HEALTH AND THE  
11 UNIVERSITY OF CALIFORNIA IN TERMS OF ALL OF THE  
12 RESEARCH THAT'S BEEN DONE THROUGH THOSE INSTITUTIONS  
13 OVER DECADES AND DECADES.

14 I STAND READY TO WORK WITH YOU AND TO HELP  
15 YOU TO MAKE SURE THAT YOU CAN MOVE FORWARD EFFECTIVELY,  
16 AND I HOPE THAT YOU WILL CALL UPON ALL OF US IN THE  
17 LEGISLATURE WHO ARE VERY INTERESTED IN SUPPORTING THE  
18 WORK THAT YOU DO AND HELP YOU ACHIEVE THOSE GOALS.

19 IF YOU HAVE ANY QUESTIONS, I'D BE HAPPY TO  
20 ADDRESS THEM.

21 CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
22 SENATOR. I WOULD SAY TO YOU IT'S MY PRIVILEGE TO WORK  
23 ON A BOARD WHERE EVERY SINGLE MEMBER OF THIS BOARD  
24 REPRESENTS AN INDIVIDUAL WHOSE LIFE HAS MADE A GREAT  
25 DIFFERENCE, AND I'M HERE TO LEARN FROM THOSE

1 INDIVIDUALS, MANY OF WHOM HAVE SPENT YEARS AND YEARS OF  
2 DEDICATION TOWARDS MEDICAL THERAPIES BEFORE I WAS  
3 REALLY CAPABLE OF ENGAGING THIS AREA. SO I'M VERY  
4 DEDICATED TO THE EXPERTISE ON THIS BOARD AND ALL OF  
5 THEIR LIVES WHO HAVE MADE SUCH A DIFFERENCE IN THE  
6 STATE AND IN THIS NATION.

7 I APPRECIATE YOUR GREAT REMARKS, AND I'D ASK  
8 THE BOARD IF THERE ARE QUESTIONS DIRECTED TO THE  
9 SENATOR? I THINK, SENATOR, YOUR COMMENTS ARE VERY  
10 WELCOME; BUT AS WE'VE WORKED WITH YOUR STAFF MEMBER ON  
11 SUGGESTIONS ON OPENNESS AND OTHER THINGS THAT WE CAN  
12 DO, IT'S OUR OBLIGATION TO BE RESPONSIVE TO THE  
13 LEGISLATURE AND HEAR YOU AND WORK AS BEST WE CAN. AS  
14 YOU SAY, YOU WOULD APPLAUD US IN MOVING FORWARD TO  
15 ENHANCE OUR STANDARDS ABOVE THE NIH.

16 AND AS YOU KNOW, AND AS YOUR STAFF MEMBER HAS  
17 FOLLOWED FROM THE DECEMBER 6TH AND DECEMBER 7TH  
18 MEETING, ON MAY THE 23D WE ADOPTED THE MODEL STANDARDS  
19 FOR THE NATION FROM THE NATIONAL ACADEMY OF SCIENCES  
20 WHERE THEY HAD A NATIONAL TASK FORCE THAT CREATED THESE  
21 MODEL STANDARDS FOR MEDICAL AND ETHICAL STANDARDS FOR  
22 STEM CELL RESEARCH. SO WE HAVE REACHED A NEW PLATFORM.  
23 WE HAVE ADOPTED THE MODEL FOR THE NATION THAT OTHER  
24 STATES ARE LOOKING AT FOLLOWING, AND THE FEDERAL  
25 GOVERNMENT MAY WELL FOLLOW IN THOSE FOOTSTEPS. BUT IT

1 IS OUR DESIRE TO HAVE THE BEST AND BRIGHTEST OF THE  
2 COUNTRY WORKING ON THIS ISSUE AND THE BEST STANDARDS.  
3 AND WE THANK YOU.

4 SENATOR JOE DUNN IS CHAIRMAN OF JUDICIARY,  
5 EXTREMELY IMPORTANT EXPERTISE FOR US. SENATOR JOE DUNN  
6 HAS A TREMENDOUS STAFF THAT CAN LOOK AT LEGAL ISSUES,  
7 LOOK AT THE COMPLEXITIES INTRODUCED BY A NEW  
8 CONSTITUTIONAL AMENDMENT, AND TRY AND HELP US AND THE  
9 LEGISLATURE SEE HOW TO AVOID THE PITFALLS OF GREAT RISK  
10 OF A CONSTITUTIONAL AMENDMENT IN AREAS THAT MIGHT OPEN  
11 US TO LITIGATION AND PROBLEMS. SENATOR DUNN.

12 SENATOR DUNN: THANK YOU, MR. KLEIN. GOOD  
13 MORNING, EVERYONE, PARTICULARLY MY FRIEND AND COLLEAGUE  
14 FROM ORANGE COUNTY, PROFESSOR BRYANT. IT'S GREAT TO  
15 SEE YOU AGAIN.

16 I WILL BE VERY BRIEF MYSELF. I KNOW THAT  
17 SENATOR SPEIER ALREADY SHARED SOME DETAILED COMMENTS.  
18 I KNOW THAT SENATOR ORTIZ IS GOING TO FOLLOW ME TO THE  
19 PODIUM. JUST THREE QUICK COMMENTS.

20 FIRST, I WANT ECHO TO SENATOR SPEIER'S  
21 INITIAL COMMENTS ABOUT THANKING EACH AND EVERY ONE OF  
22 YOU FOR YOUR WILLINGNESS TO DEDICATE YOURSELF, YOUR  
23 PROFESSIONAL REPUTATION IN ATTACKING THIS, A VERY  
24 CUTTING EDGE ISSUE ON TOP OF AN AMAZING INITIATIVE LAST  
25 FALL. I DO THANK YOU ON BEHALF OF ALL MY CONSTITUENTS

1 AND I CERTAINLY KNOW ON BEHALF OF ALL CALIFORNIANS.

2 SECOND, I WANT TO SHARE WITH YOU VERY BRIEFLY  
3 WHY I HAVE CONCERNS WITH SCA 13. I'M NOT GOING TO GET  
4 INTO ANY OF THE DETAILS. I'VE COMMITTED TO SENATOR  
5 ORTIZ THAT I WOULD NOT, BUT I WANT TO SHARE WITH YOU  
6 WHAT IS MOTIVATING ME. I THINK SENATOR ORTIZ, AND  
7 HOPEFULLY WAS QUOTED CORRECTLY, REFERRED TO ME AS ONE  
8 OF THE CHIEF CRITICS OF SCA 13 AT THIS POINT IN TIME.  
9 THAT'S PROBABLY CORRECT. ONLY ONE OF. THERE ARE A  
10 HANDFUL OF OTHERS. SENATOR SPEIER, OF COURSE, IS HERE.

11 MY CRITICISM HAS NOT BEEN DIRECTED AT ANY  
12 SPECIFIC PART OF SCA 13, NOR WILL IT. I ENCOURAGE THIS  
13 BODY TO CONTINUE THE DISCUSSIONS WITH SENATOR ORTIZ  
14 BECAUSE I KNOW SHE COMES TO THAT TABLE IN GOOD FAITH  
15 WITH LEGITIMATE CONCERNS AND WITH THE BEST OF  
16 INTENTIONS.

17 WHAT DRIVES MY CONCERN IS I THINK SOMETHING  
18 THAT'S ON THE MIND OF EACH AND EVERY ONE OF YOU, AND  
19 THAT IS AS FOLLOWS. IF WE PUT ANY SINGLE OBSTACLE IN  
20 THE WAY OF THIS RESEARCH, PARTICULARLY NOW, UNDER THE  
21 BOND IN ITS INFANCY, THERE ARE THOSE AMONG US THAT WILL  
22 USE EVEN SHORT DELAYS TO THEIR ADVANTAGE TO TRY TO  
23 BRING AN ALL-OUT END OR AT THE VERY LEAST A DRAMATIC  
24 SLOWING OF THIS PROCESS. THAT IN MY HUMBLE VIEW CANNOT  
25 HAPPEN UNDER ANY SET OF CIRCUMSTANCES.



1                   YOU ALL KNOW THAT -- LET ME, BEFORE I EMBARK  
2                   ON THIS SENTENCE, MAKE A CAVEAT. MOST WHO HAVE HEARD  
3                   ME SPEAK OVER THE PAST SEVEN OR SO YEARS IN PUBLIC  
4                   OFFICE KNOW I RARELY, IF EVER, GET INTO PARTISAN  
5                   COMMENTS. I DON'T THINK THEY SERVE THE PROCESS VERY  
6                   WELL. BUT I AM GREATLY DISTURBED THAT IN THE SENATE  
7                   THE 15 REPUBLICANS ARE ALL ENTHUSIASTICALLY IN SUPPORT  
8                   OF THE CURRENT VERSION OF SCA 13. I WISH I COULD IMPLY  
9                   GOOD FAITH TO THAT SUPPORT. UNFORTUNATELY I DON'T, AT  
10                  LEAST NOT FOR SOME.

11                  WE HAVE HEARD THEIR COMMENTS ABOUT  
12                  INSTITUTING WHAT IS UNDER THE UMBRELLA OF GOOD  
13                  GOVERNMENT PROCESSES TO WHAT THE VOTERS DID LAST FALL.  
14                  BUT SOME OF THOSE ON THE OTHER SIDE OF THE AISLE HAVE  
15                  STOOD IN OPPOSITION TO EVERY SINGLE PROPOSAL THAT FALLS  
16                  UNDER THE GOOD GOVERNMENT LABEL IN THE PAST. JUST THIS  
17                  YEAR WE'VE TRIED TO TOUGHEN CONFLICT OF INTEREST RULES  
18                  ON BOARDS AND COMMISSIONS THROUGHOUT THE STATE, WHETHER  
19                  ENVIRONMENTAL OR WATER, AND ALL 15 REPUBLICANS HAVE  
20                  STOOD IN VEHEMENT OPPOSITION TO THOSE PROPOSALS. HERE  
21                  WE ARE TODAY, AT LEAST IN ITS CURRENT FORM, THEY ALL  
22                  ENTHUSIASTICALLY EMBRACE SCA 13.

23                  I CAN ONLY BELIEVE, UNFORTUNATELY, THAT THAT  
24                  IS DRIVEN BY AN EFFORT TO SLOW THIS PROCESS THAT YOU'VE  
25                  EMBARKED ON AND, IF LUCK IS ON THEIR SIDE, TERMINATE IT

1 FOREVER. IT IS FOR THAT REASON THAT I HAVE EXPRESSED  
2 TO SENATOR ORTIZ MY GREAT RESERVATIONS ABOUT SCA 13,  
3 IGNORING SPECIFICS TODAY, BUT PARTICULARLY THE TIMING.

4 THIS RESEARCH MUST GET UNDERWAY AS SOON AS  
5 POSSIBLE. THIS PROCESS MUST BE SPED, NOT SLOWED.

6 MY THIRD AND LAST COMMENT IS SIMPLY A  
7 REQUEST, A REQUEST THAT ALL THOSE THAT SIT AT THE TABLE  
8 WITH SENATOR ORTIZ DO SO WITH UTMOST SPEED. AND IF, IN  
9 FACT, RESOLUTION OF ALL THE DISAGREEMENTS CAN BE HAD,  
10 TO DO SO IMMEDIATELY, THAT THIS BODY NEEDS TO ENSURE  
11 THAT IT SPEAKS WITH ONE VOICE, JUST AS SENATOR ORTIZ  
12 HAS SPOKEN WITH ONE VOICE AS WELL.

13 I DO HOPE SINCERELY THAT THE DIFFERENCES THAT  
14 REMAIN CAN BE RESOLVED ON A CONSENSUS BASIS, BUT MY  
15 POSITION WILL NOT CHANGE. IF THERE IS ANY SLOWING TO  
16 THIS PROCESS AT ALL, THAT IS A FACT I AM NOT WILLING TO  
17 ACCEPT. THANK YOU FOR GIVING ME A FEW MOMENTS THIS  
18 MORNING TO SHARE MY WORDS AND WHERE I COME FROM WITH  
19 RESPECT TO THE CURRENT ISSUE.

20 CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
21 SENATOR, FOR YOUR WORDS AND YOUR LEADERSHIP IN THIS  
22 AREA OF RESEARCH AND HEALTHCARE.

23 I'D LIKE TO ASK THE BOARD IF THERE ARE BOARD  
24 QUESTIONS OF THE SENATOR?

25 MR. SERRANO-SEWELL: SENATOR DUNN AND SENATOR

1 SPEIER AND SENATOR ORTIZ, THANK YOU FOR COMING TODAY.  
2 IT'S REALLY SUCH AN HONOR TO HEAR FROM MEMBERS OF  
3 LEGISLATURE WHO COME BEFORE US.

4 I HAVE A QUESTION THAT I'M ALSO GOING TO ASK  
5 SENATOR ORTIZ. AND THAT IS, AND I ASK THIS QUESTION OF  
6 YOU, YOU'RE CHAIR OF JUDICIARY AND BEING BRIEFED BY  
7 STAFF AND BY THE CHAIRMAN AND THE VICE CHAIRMAN ABOUT  
8 THIS PROCESS, THIS CONSTITUTIONAL AMENDMENT.  
9 SOMEWHAT -- I LEARN SOMETHING NEW EVERY DAY ABOUT THE  
10 LEGISLATIVE PROCESS.

11 SENATOR DUNN: SO DO WE.

12 MR. SERRANO-SEWELL: PROPOSITION 71, AS  
13 DRAFTED, AS ENACTED BY THE VOTERS, STATES FOR THREE  
14 YEARS WE CAN GET UP AND RUNNING BEFORE ANY, IF YOU  
15 WILL, LEGISLATIVE INTERACTION. AND AS A SUPPORTER OF  
16 PROPOSITION 71, MAYBE YOU CAN COMMENT ON THAT.

17 MY SECOND QUESTION HAS TO DO WITH THE TIGHT  
18 DEADLINE, JUNE 30TH. WHY SO, WHY NOW? THIS IS THE  
19 QUESTION I'M GOING TO ASK OF SENATOR ORTIZ. WHY -- WE  
20 WILL LIKELY HAVE A NOVEMBER BALLOT, NOVEMBER SPECIAL  
21 ELECTION. THERE'S ALSO ONE -- THERE WILL BE ONE IN  
22 JUNE, I THINK, AS WELL OF NEXT YEAR.

23 SENATOR DUNN: THE PRIMARY, YES.

24 MR. SERRANO-SEWELL: IF WE PROCEED WITH THIS  
25 CONSTITUTIONAL AMENDMENT, WHY CAN'T WE WAIT UNTIL JUNE

1 AND GET THIS WORKED OUT?

2 SENATOR DUNN: LET ME GO TO THE SECOND  
3 QUESTION FIRST BECAUSE THAT'S THE EASIER ONE FOR ME TO  
4 DISPENSE WITH AS I'M GOING TO DEFER THAT ANSWER TO  
5 SENATOR ORTIZ. LIKE EVERY GOOD POLITICIAN, WHERE WE  
6 CAN AVOID, WE DO.

7 AS TO THE THREE-YEAR MORATORIUM IN  
8 PROPOSITION 71, I HAVE NOT DONE THE LEGAL ANALYSIS, TO  
9 BE FRANK, ON WHETHER, IN FACT, SCA 13 OR ANY OTHER  
10 LEGISLATIVE PROPOSAL IN THE NEXT THREE YEARS WOULD  
11 STAND IN VIOLATION OF THAT LANGUAGE IN PROPOSITION 71.  
12 I WOULD ASSUME THAT SENATOR ORTIZ HAS DONE THAT, OR  
13 THAT OBVIOUSLY WOULD HAVE BEEN BROUGHT OUT EARLIER IN  
14 THE PROCESS. AND THAT I'M ASSUMING AS A RESULT THAT  
15 SCA 13 DOES NOT STAND IN VIOLATION OF THAT, BUT I ONLY  
16 MAKE THAT ASSUMPTION BECAUSE I'VE NOT DONE THE LEGAL  
17 ANALYSIS.

18 HOWEVER, I THINK WE ARE ALL IN AGREEMENT AS  
19 TO WHY THAT THREE-YEAR LANGUAGE WAS IN PROPOSITION 71,  
20 TO DO EXACTLY WHAT YOU'RE TRYING TO DO, WHICH IS TO  
21 MOVE THE RESEARCH FORWARD UNDER THE BOND SO THAT IT CAN  
22 GET UP AND RUNNING, SO THAT IT CAN MOVE FORWARD.  
23 CERTAINLY THERE'S A POSSIBILITY OF ERRORS MADE DURING  
24 THAT PROCESS, BUT THERE ALWAYS IS WHEN SOMETHING AS  
25 CUTTING EDGE AND AS CRITICAL AS THIS PROCESS IS.

1                   SO I DON'T ASSUME THAT THERE WILL BE  
2                   PERFECTION BY THIS COMMITTEE OR ANYBODY INVOLVED WITH  
3                   THE RESEARCH OVER THE NEXT THREE YEARS. I ASSUME THERE  
4                   WILL BE ERRORS. WE'RE ALL HUMAN. MY PREFERENCE IS  
5                   LET'S MOVE THIS PROCESS QUICKLY TO AVOID A POTENTIAL  
6                   DEATH KNELL FROM THE COMMITTED OPPOSITION. AND WHERE  
7                   ERRORS ARISE, LET'S DEAL WITH THEM HONESTLY,  
8                   FORTHRIGHTLY, AND PRAGMATICALLY IN A WAY THAT MINIMIZES  
9                   SUCH AN ERROR OF OCCURRING AGAIN. IT DOES NOT PUT IN  
10                  THE WAY OF THE RESEARCH OBSTACLES THAT THE COMMITTED  
11                  OPPOSITION WILL EXPLOIT, IN MY VIEW, TO BRING AN END TO  
12                  THE RESEARCH IN ITS ENTIRETY.

13                  CHAIRMAN KLEIN: DR. POMEROY.

14                  DR. POMEROY: THANK YOU FOR YOUR COMMENTS.  
15                  YOU STARTED OUT BY SAYING YOU DIDN'T WANT TO COMMENT ON  
16                  THE SPECIFICS, AND I APPRECIATE THAT. BUT YOU HAVE  
17                  HEARD TODAY THAT WE'VE PROPOSED SOME TWEAKS THAT MIGHT  
18                  IMPROVE THE PROCESS. DO YOU HAVE ANY THOUGHTS ON A  
19                  MECHANISM OTHER THAN SCA 13 THAT WOULD BE THE  
20                  APPROPRIATE WAY TO MAKE THESE ADJUSTMENTS WITHOUT  
21                  SLOWING DOWN THE PROCESS, WHICH IS YOUR GOAL?

22                  SENATOR DUNN: I APPRECIATE THE QUESTION, BUT  
23                  I'M GOING TO REMAIN TRUE TO MY WORD TO SENATOR ORTIZ  
24                  AND NOT GET THOSE DETAILS AT THIS POINT IN TIME. I  
25                  CERTAINLY HAVE THOUGHTS ON IT. WHEN THE TIME IS

1 APPROPRIATE, I WILL CERTAINLY RAISE THAT VOICE, BUT  
2 INITIALLY IT WILL BE DONE DIRECTLY WITH SENATOR ORTIZ,  
3 ALTHOUGH I WILL COMMENT THAT, AND I APPRECIATE BOTH ON  
4 BEHALF OF THE COMMITTEE AND SENATOR ORTIZ' OFFICE, THAT  
5 MY STAFF ON SENATE JUDICIARY IS NOW AT THAT TABLE  
6 INVOLVED IN THE DISCUSSIONS, AND WHICH I APPRECIATE  
7 VERY, VERY MUCH. AND THEY CERTAINLY, I'M SURE, WILL DO  
8 A GREAT JOB EXPRESSING MY VIEW WITH RESPECT TO THE  
9 ONGOING NEGOTIATIONS. SO MY APOLOGIES FOR AVOIDING THE  
10 ANSWER, BUT I WANT TO REMAIN TRUE TO MY COMMITMENT TO  
11 SENATOR ORTIZ.

12 CHAIRMAN KLEIN: AND I WOULD FOLLOW THAT UP,  
13 SENATOR DUNN. IF THE BOARD, SHOWING GOOD FAITH WITH  
14 ITS LEGISLATIVE COMMITMENT, COMES BACK WITH A  
15 RECOMMENDATION TO IMPLEMENT MANY OR MAYBE ALL OF THESE  
16 CONCEPTS THAT OUR CORE TASK FORCE OF THE PRESIDENT, THE  
17 COUNSEL, AND I HAVE WORKED WITH THE SENATE STAFF ON,  
18 I'M NOT HOLDING ANYONE TO THIS WORDING BECAUSE WE TRIED  
19 TO CAPTURE IT CONCEPTUALLY, BUT IN OPEN MEETINGS AND  
20 CONFLICTS OF INTEREST WAYS THAT OUR BOARD COULD ADOPT  
21 ITS OWN POLICIES TO ENHANCEMENT, DO YOU FEEL THAT THAT  
22 GOOD FAITH ADOPTION BY OUR BOARD AT THE JULY 12TH  
23 MEETING WOULD BE A DEMONSTRATION TO LEGISLATURE THAT WE  
24 WERE DOING EVERYTHING POSSIBLE IN OUR POWER TO REALLY  
25 HONOR THE TRUST OF THE LEGISLATURE?

1                   SENATOR DUNN: I THINK I HAVE MY COLLEAGUE  
2                   STANDING OVER MY LEFT SHOULDER. I THINK THE ANSWER IS  
3                   YES, BUT LET ME DEFER TO SENATOR SPEIER.

4                   SENATOR SPEIER: I WOULD SAY THAT THAT WOULD  
5                   BE A GREAT SIGNAL TO THE LEGISLATURE. I ALSO THINK IT  
6                   WOULD UNDERSCORE THE FACT THAT YOU ARE GOING BEYOND  
7                   WHAT THE REQUIREMENTS ARE THAT ARE IMPOSED BY THE  
8                   NATIONAL INSTITUTE OF HEALTH AND THE UNIVERSITY OF  
9                   CALIFORNIA. THAT CAN'T BE LOST ON ANY OF US, THAT YOU  
10                  ARE GOING ABOVE AND BEYOND. AND THAT SHOULD BE PLENTY  
11                  FOR ALL OF US.

12                  CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
13                  SENATOR DUNN, WOULD YOU LIKE TO ADD TO THAT?

14                  SENATOR DUNN: DITTO.

15                  CHAIRMAN KLEIN: I THINK THAT DR. HENDERSON  
16                  HAS A COMMENT, AND THEN WE'RE GOING TO GO TO  
17                  DR. POMEROY.

18                  DR. HENDERSON: I'D JUST LIKE TO SAY FROM THE  
19                  POINT OF VIEW OF MY INSTITUTION, THE UNIVERSITY OF  
20                  SOUTHERN CALIFORNIA, AND AS MEMBER OF THE ACADEMIC  
21                  COMMUNITY OF THE STATE OF CALIFORNIA, THAT THE PASSAGE  
22                  OF THIS LEGISLATION HAS LED TO AN ENTHUSIASTIC NEW  
23                  BEGINNING, IF YOU WILL, IN THIS WHOLE AREA OF RESEARCH,  
24                  CERTAINLY WITHIN OUR ACADEMIC COMMUNITY. I DON'T THINK  
25                  THERE'S ANY DOUBT ABOUT WHAT THIS LEGISLATION HAS

1 LAUNCHED IN THE WAY OF SCIENTIFIC INTEREST AND IN SORT  
2 OF POINTING OUR INSTITUTION, THE MEDICAL SCHOOL WHERE  
3 I'M DEAN, AND THE REST OF OUR INSTITUTION TOWARDS AN  
4 ENTHUSIASTIC APPROACH TO DOING THIS TYPE OF RESEARCH,  
5 SOMETHING WE CERTAINLY WERE NOT DOING BEFORE  
6 PROPOSITION 71 WAS PASSED.

7 AND THIS HAS WIDESPREAD IMPLICATIONS ACROSS  
8 THIS COUNTRY AND BEYOND AS WE'VE GONE AFTER MAJOR  
9 SCIENTISTS IN THE UNITED STATES THROUGHOUT THE COUNTRY  
10 TO TRY TO RECRUIT THE TALENT WE THINK WE NEED TO  
11 ACHIEVE THE GOALS OF THIS LEGISLATION. THIS JUST WOULD  
12 NOT HAVE HAPPENED WITHOUT THIS LEGISLATION BEING  
13 PASSED. AND I THINK WE'VE REACHED A VERY CRITICAL  
14 POINT BECAUSE WE HAVE THESE PEOPLE ON THE MOVE, IF YOU  
15 WILL, TOWARDS THE STATE OF CALIFORNIA WITH A PROMISE OF  
16 RESEARCH DOLLARS AND SPACE. AND ANY WAY THAT THIS  
17 WHOLE PROCESS IS SLOWED DOWN I THINK IS GOING TO HAVE A  
18 VERY ADVERSE EFFECT ON THE MOMENTUM WE'VE BUILT. IT  
19 WILL BE VERY DIFFICULT TO GET THAT MOMENTUM GOING  
20 AGAIN.

21 CHAIRMAN KLEIN: I THANK YOU FOR YOUR  
22 COMMENT. WOULD YOU LIKE TO COMMENT, SENATOR DUNN?

23 SENATOR DUNN: I JUST WANT TO MAKE ONE  
24 COMMENT, JUST TO CORRECT, IF I MAY, ONE STATEMENT THAT  
25 YOU MADE ON THE LEGISLATION. PROP 71, I WISH, WAS, AS



1 SENATOR SPEIER REFERRED TO, LEGISLATION THAT THE  
2 LEGISLATURE ACTUALLY DID WITH THE SIGNATURE OF THE  
3 GOVERNOR, BUT YOUR WORDS I AGREE WITH, BUT I WANT TO  
4 ECHO WHAT SENATOR SPEIER SAID. BOY, I WISH THE  
5 LEGISLATURE HAD BEEN ABLE TO DO THIS.

6 CHAIRMAN KLEIN: DR. LEVEY, YOUR INSTITUTION  
7 HAS ALSO ANNOUNCED SOME BRAVE NEW COMMITMENTS AFTER  
8 THIS LEGISLATION PASSED. I BELIEVE IT'S 20 MILLION OF  
9 ADDITIONAL DOLLARS IMMEDIATELY TO THIS EFFORT. WOULD  
10 YOU LIKE TO MAKE ANY COMMENT?

11 DR. LEVEY: WELL, AGAIN, I WOULD LIKE TO  
12 THANK BOTH THE PREVIOUS SPEAKERS FOR YOUR SUPPORT. AND  
13 CERTAINLY THIS HAS CAUSED UCLA TO COMMIT TO A STEM CELL  
14 RESEARCH INSTITUTE WHICH IS NOW UP AND RUNNING. AND  
15 BETWEEN THE CHANCELLOR, THE SCHOOL OF MEDICINE, AND THE  
16 DIVISION OF LIFE SCIENCES, AND THE SCHOOL OF  
17 ENGINEERING WE'VE MADE A \$20 MILLION COMMITMENT TO  
18 RECRUIT AND BOLSTER WHAT IS ALREADY A FAIRLY STRONG  
19 CORE ON OUR CAMPUS. SO WE APPRECIATE YOUR WORDS OF  
20 SUPPORT. AND THIS IS AN AMAZING THING THAT'S HAPPENING  
21 IN THE STATE OF CALIFORNIA. AND AS YOU SAID, SENATOR  
22 SPEIER, IT REALLY PLACES US GLOBALLY RIGHT AT THE  
23 FOREFRONT OF STEM CELL RESEARCH OR WILL.

24 CHAIRMAN KLEIN: DR. SUSAN BRYANT.

25 DR. BRYANT: I'D JUST LIKE TO GET IN THE ACT

1 BECAUSE I THINK EVERYBODY ON THIS PANEL HAS EXPERIENCED  
2 THE SAME RESURGENCE OF ACTIVITY IN THIS AREA. AND THIS  
3 IS, YOU KNOW, FOR MY OWN INTERESTS, I'VE WORKED ON  
4 REGENERATION IN ANIMALS MY WHOLE CAREER, SO BEING ABLE  
5 TO SEE THE POSSIBILITIES THAT STEM CELL RESEARCH CAN  
6 OFFER TO HUMANS IS JUST SO EXCITING. AND I THINK THAT  
7 EVEN THOUGH WE'VE HAD THIS INTEREST IN OUR INSTITUTIONS  
8 BEFORE, THERE'S BEEN NO WAY TO MOVE IT FORWARD, SO THE  
9 PROPOSITION COMING ALONG HAS MADE OUR INSTITUTIONS GET  
10 REVITALIZED, AND WE'VE ALL MANAGED TO GET MAJOR  
11 COMMITMENTS FROM OUR ADMINISTRATIONS AND THEY'RE MOVING  
12 AHEAD VERY QUICKLY TO BOLSTER THIS EFFORT. AND I THINK  
13 WE JUST NEED TO GET ON WITH IT.

14 I COMPLETELY AGREE WITH THE COMMENT ABOUT THE  
15 PEOPLE WHO ARE INTERESTED IN US FROM OUTSIDE OF THE  
16 STATE. THEY WANT TO KNOW RIGHT NOW WHAT'S HAPPENING  
17 BECAUSE THERE'S A LOT OF NEGATIVE PRESS AND SO FORTH.  
18 AND OUR ABILITY TO RECRUIT SOME OF THE PEOPLE FROM  
19 AROUND THE WORLD THAT HAVE BEEN DOING THIS RESEARCH  
20 WHILE THIS COUNTRY HAS NOT IS IN JEOPARDY.

21 CHAIRMAN KLEIN: I'M GOING TO DO --  
22 DR. POMEROY HAS, I KNOW, SOME EXCITING NEW DEVELOPMENTS  
23 AT HER INSTITUTION AS WELL, SOME TREMENDOUS PLANS FOR  
24 EXPANSION. AND I WOULD COMMENT THAT LAST WEEK THE  
25 STATE OF MASSACHUSETTS OVERTURNED A GOVERNOR VETO BY A

1 TWO-THIRDS VOTE IN EACH HOUSE TO LAUNCH THEMSELVES  
2 ALONG THE PATH SET BY CALIFORNIA. WE'RE VERY GRATEFUL  
3 TO CALIFORNIA VOTERS FOR THAT LEADERSHIP. AND  
4 CONNECTICUT, LITTLE CONNECTICUT, COMMITTED \$100 MILLION  
5 TO STEM CELL RESEARCH. THAT'S A HUGE COMMITMENT FOR  
6 CONNECTICUT, BUT THEY ARE REALLY GOING TO SET THE PACE  
7 AND MAKE CERTAIN THAT, IF WE FALL BEHIND, THEY'LL BE  
8 THERE TO PICK UP THE SLACK. DR. POMEROY.

9 DR. POMEROY: THANK YOU. AND I ALSO ADD MY  
10 THANKS TO ALL OF YOUR SUPPORT. BUT I THINK THAT WE ALL  
11 WANT TO GET ON WITH THIS IMPORTANT WORK. WE HAVE  
12 EXCITING PLANS. AND I THINK THE RESPONSIBILITY I HAVE  
13 AS AN ICOC MEMBER IS TO MAKE SURE THAT WE DO IT RIGHT.  
14 AND I KNOW THAT'S THE MUTUAL GOAL THAT WE SHARE HERE.

15 AND SO ACTUALLY MY QUESTION IS TO FOLLOW UP  
16 ON SENATOR SPEIER'S COMMENT. IF WE WERE TO FIND SOME  
17 OTHER WAY TO MAKE THESE ADJUSTMENTS, OTHER THAN SCA 13,  
18 AND GET ON WITH IT, WHAT WOULD ASSURE YOU, THAT AFTER  
19 WE AS A BOARD COMMITTED TO THESE CHANGES, WE WOULDN'T  
20 GO SIX MONTHS FROM NOW AND LOOSEN THEM ALL UP AGAIN?  
21 WHAT KIND OF ASSURANCE WOULD BE GOOD FOR NOT ONLY THE  
22 STATE LEGISLATURE, BUT ALSO THE PUBLIC THAT THIS WOULD  
23 BE CONTINUED?

24 SENATOR SPEIER: IT'S A VERY VALID QUESTION.  
25 BUT WE PRESUME YOU'RE ALL PEOPLE OF GOODWILL, FOR

1 STARTERS. SECONDLY, IF YOU DO THIS THROUGH SOME  
2 REGULATORY FUNCTION, IF THERE WERE GOING TO BE ANY  
3 CHANGES TO THE REGULATIONS, IT WOULD BE SUBJECT, I  
4 WOULD PRESUME, TO SOME NOTICE, SOME REVIEW, AND THE  
5 ABILITY FOR THE PUBLIC TO COMMENT AS WELL. AND  
6 CERTAINLY IN THREE YEARS THE LEGISLATURE WOULD BE IN A  
7 POSITION TO STATUTORILY MAKE CHANGES AS WELL WITH THE  
8 SIGNATURE OF THE GOVERNOR.

9 MANY OF THE CONCERNS THAT ARE ANTICIPATED ARE  
10 CONCERNS THAT WILL OCCUR MUCH FARTHER DOWN THE  
11 PIPELINE. AND I THINK THE LEGISLATURE, ON BEHALF OF  
12 THE CALIFORNIA ELECTORATE, WILL HAVE THE OPPORTUNITY TO  
13 WEIGH IN IF NECESSARY. BUT WE'VE GOT TO START FROM THE  
14 PRINCIPLE THAT YOU ARE ALL PEOPLE OF GOODWILL, THAT THE  
15 ELECTORATE HAS SPOKEN, THAT THEY WANT THIS TO MOVE  
16 FORWARD, AND ANYTHING TO DERAIL THIS AT THIS POINT  
17 WOULD BE A BIG MISTAKE, WOULD THWART THE INTERESTS OF  
18 THE ELECTORATE.

19 AND I CAN'T HELP BUT COME BACK AGAIN TO THE  
20 FACT THAT YOU ARE COMPLYING, TO MY UNDERSTANDING, WITH  
21 ALL OF THE RULES AND REGULATIONS SET FORTH BY THE NIH  
22 AND THE UNIVERSITY OF CALIFORNIA. AND IF YOU ACCEPT  
23 THESE ADDITIONAL ONES, YOU WILL GO BEYOND THAT. AND I  
24 DON'T THINK WE CAN ASK ANY MORE IF WE TRULY WANT TO  
25 ALLOW THE RESEARCHERS TO DO THE RESEARCH AND THE CURES

1 TO BE FOUND.

2 CHAIRMAN KLEIN: SENATOR DUNN. AND I WOULD  
3 SAY, JUST IN ANSWER TO MY COLLEAGUE, THAT SENATOR  
4 SPEIER IS QUITE CORRECT, THAT ONCE WE ADOPT SOMETHING  
5 AS AN INTERIM REGULATION, WE HAVE A 270-DAY PUBLIC  
6 HEARING PROCESS TO REFINE THAT REGULATION, BUT IT'S  
7 EFFECTIVE, AND WE CAN'T CHANGE IT WITHOUT GOING THROUGH  
8 THE FULL ADMINISTRATIVE PROCEDURES ACT WITH PUBLICATION  
9 PERIODS, WITH NOTICE, WITH COMMENTS BY THE PUBLIC, WITH  
10 HEARINGS ON THE COMMENTS BY THE PUBLIC. AND IF WE THEN  
11 DEVIATED FROM WHAT WE HAD COMMITTED TO AS A BOARD, THE  
12 LEGISLATURE ALWAYS HAS THE ABILITY TO GO BACK WITH  
13 EITHER LEGISLATION OR A CONSTITUTIONAL AMENDMENT. BUT  
14 THE FIRST APPROACH IS DO YOU TRUST THE PEOPLE'S MANDATE  
15 AND THE BOARD TO IMPLEMENT THAT MANDATE? AND WE'RE  
16 GOING TO TRY, AND AS WE HAVE, SHOWING GOOD FAITH THAT  
17 WE'RE DOING EVERYTHING TO HONOR THAT MANDATE AND  
18 ENHANCE IT.

19 SENATOR DUNN: I JUST WANT TO ADD A  
20 PERSPECTIVE THAT IS GROSSLY POLITICAL, AND MY APOLOGIES  
21 FOR IT. IF THIS COMMITTEE GAVE THE LEGISLATURE AN  
22 ASSURANCE TO DO X AND BREACHED THAT ASSURANCE, I CAN  
23 TELL YOU WITHIN SECONDS THERE WILL BE 15 REPUBLICANS  
24 AND MORE THAN 12 DEMOCRATS IN THE SENATE THAT WILL SIGN  
25 ON TO A PIECE OF LEGISLATION, WHETHER BY SENATOR ORTIZ

1 OR ANYONE ELSE, TO MOVE FORWARD UNDER THE GUISE OF A  
2 BREACH OF THE WORD OF THIS COMMITTEE. IT WILL HAPPEN  
3 ALMOST INSTANTANEOUSLY, I CAN UNFORTUNATELY ASSURE YOU.

4 CHAIRMAN KLEIN: THANK YOU. AND WE ACCEPT  
5 THE RESPONSIBILITY TO ACT IN THE HIGHEST LEVELS OF  
6 TRUST. THANK YOU.

7 I THINK THAT IT'S IMPORTANT -- JOAN SAMUELSON  
8 HAS SOME QUESTIONS. DO YOU WANT TO ASK THEM NOW OR  
9 AFTER SENATOR ORTIZ? SENATOR ORTIZ HAS A SCHEDULE.  
10 I'M CONCERNED TO GIVE HER --

11 MS. SAMUELSON: WELL, MY QUESTIONS ARE REALLY  
12 DIRECTED -- I HAVE SOME COMMENTS, AND THEN I HAVE  
13 QUESTIONS THAT I WOULD LIKE TO HEAR FROM FELLOW  
14 COMMITTEE MEMBERS BECAUSE THIS IS AN IMPORTANT  
15 OPPORTUNITY FOR US TO REALLY TO BE GETTING OUR  
16 QUESTIONS ANSWERED IF WE'RE GOING TO JOIN IN ON SOME  
17 SORT OF COMPROMISE.

18 CHAIRMAN KLEIN: WOULD YOU PREFER TO DO THEM  
19 NOW OR AFTER SENATOR ORTIZ HAS BEEN ABLE TO SPEAK?

20 MS. SAMUELSON: I THINK THAT'S PERHAPS HER  
21 CHOICE.

22 CHAIRMAN KLEIN: I WOULD SAY THAT SENATOR  
23 ORTIZ HAS -- STAFF IN THE LAST TWO WEEKS, WE'VE  
24 PROBABLY SPENT 13 OR 14 HOURS WITH SENATOR ORTIZ OR HER  
25 STAFF, AND SENATOR PERATA'S STAFF AND SENATOR DUNN OR

1 SENATOR SPEIER'S STAFF IN TRYING TO MOVE THIS ALL  
2 FORWARD FOR WHICH WE'RE VERY GRATEFUL.

3 SENATOR ORTIZ, WHAT IS YOUR PLEASURE?

4 SENATOR ORTIZ: I HAVE ALL AFTERNOON CLEAR,  
5 SO DON'T WORRY. TAKE AS LONG AS YOU NEED.

6 MS. SAMUELSON: THEN I'LL PROCEED. A COUPLE  
7 COMMENTS. I'LL TRY TO BE BRIEF, ALTHOUGH THIS IS  
8 AWFULLY IMPORTANT. AND THEN A COUPLE QUESTIONS.

9 I GUESS THE FIRST THING I WANT TO SAY IS THAT  
10 SENATOR ORTIZ HAS BEEN A HUGE FRIEND AND CHAMPION TO  
11 US. AND IT'S MY UNDERSTANDING THAT THE CONCEPT OF PROP  
12 71 WAS YOUR IDEA INITIALLY. SO WE OWE YOU AN ENORMOUS  
13 DEBT OF GRATITUDE, AND I AS A PATIENT OWE YOU AN  
14 ENORMOUS DEBT OF GRATITUDE.

15 YOU SHOULD KNOW THAT SENATOR ORTIZ HAS BEEN A  
16 HUGE CHAMPION OF THE PARKINSON'S COMMUNITY AS WELL, AND  
17 WE OWE YOU A DEBT OF GRATITUDE FOR ALL THE THINGS  
18 YOU'VE DONE AS CHAIRMAN OF THE SENATE HEALTH COMMITTEE  
19 AND IN YOUR MANY CAPACITIES IN OUR BEHALF. I CAN'T  
20 OVERSTATE THAT. WE'RE VERY, VERY GRATEFUL.

21 I THINK THAT THE FACT THAT SCA 13 HAD TO BE  
22 BROUGHT TO THE LEGISLATURE IS PERHAPS OUR FAILURE  
23 BECAUSE I THINK MAYBE WE HAD SO MANY THINGS TO DO, AND  
24 WE HAVE BEEN DOING THEM, AND WE'VE BEEN WORKING AS HARD  
25 AS A PERSON CAN, BUT ONE THING WE DIDN'T DO ON DAY ONE

1 WAS THINK OF A WAY THAT PERHAPS THE LEGISLATURE COULD  
2 BECOME PART OF OUR PROCESS AS A PARTNER WITH US. AND I  
3 THINK THAT'S ESSENTIAL. I THINK WE'VE LEARNED THAT.  
4 SO MAYBE SCA 13 PRECIPITATED THAT CONVERSATION, AND WE  
5 NEEDED THAT. SO I'M GRATEFUL FOR THAT AS WELL, AS  
6 DIFFICULT AS THIS PROCESS IS.

7 BUT I DO HAVE SOME QUESTIONS, AND I REALLY  
8 THINK THEY'RE DIRECTED TO FELLOW COMMITTEE MEMBERS  
9 BECAUSE I APPRECIATE THE EXPERTISE OF AREAS OF YOU  
10 BECAUSE IT'S TERRIBLY IMPORTANT THAT WE AS PUBLIC  
11 SERVANTS OBEY STRICT CONFLICT OF INTEREST GUIDELINES  
12 AND THAT WE ADHERE TO ALL THE OTHER REQUIREMENTS OF  
13 PROP 71 AND THE INTENT, I THINK, OF SCA 13.

14 BUT I WAKE UP EVERY DAY WITH PARKINSON'S  
15 DISEASE, AND THERE ARE MANY PEOPLE IN THIS ROOM WHO DO  
16 OR STRUGGLING WITH OTHER DISORDERS. AND OUR TOP  
17 PRIORITY IS NOT THE TOUGHEST POSSIBLE ETHICAL  
18 GUIDELINES OR STANDARDS OR CONFLICT OF INTEREST  
19 PROCEDURES. IT'S TO GET CURES. AND IF WE CAN BE  
20 CONSISTENT WITH RIGOROUS ONES THAT WILL NOT UNDERMINE  
21 OUR MISSION, WE NEED TO MAKE SURE WE'RE KEEPING OUR EYE  
22 ON THE BALL. AND SO MY QUESTION REALLY IS IS THERE ANY  
23 WAY IN WHICH ANY OF THESE PROVISIONS COULD UNDERMINE  
24 US? AND THERE ARE JUST A FEW THAT JUMP OUT AT ME. AND  
25 I AM CONCERNED ABOUT THE HASTE OF THIS PROCESS BECAUSE



1 THESE ARE TERRIBLY COMPLICATED PROVISIONS THAT WE'RE  
2 THINKING OF ADOPTING.

3 AND WE HAD PROP 71 WITH ITS COMPLEXITY VETTED  
4 FOR QUITE A LONG TIME, BOTH BEFORE IT WAS FILED AND  
5 THEN IN THE ELECTION PROCESS, WHERE THE OPPONENTS OF  
6 PROP 71 WERE ABLE TO WEIGH IN FOR MANY MONTHS. SO I  
7 HAVE GREAT CONCERN ABOUT THAT.

8 SO I'M WONDERING, FOR EXAMPLE, WE HAVE PEOPLE  
9 ON THIS COMMITTEE WITH ENORMOUS EXPERTISE IN THE  
10 BIOTECH COMMUNITY AND IN ACADEMIC MEDICINE. AND I'M  
11 WONDERING WILL THESE PROCEDURES, IF WE DO ADD MORE  
12 COMPLEXITY TO THE CONFLICT OF INTEREST PROCEDURES OR TO  
13 SOME OF THE OTHERS, WILL WE DISCOURAGE THE MEMBERS OF  
14 THE WORKING GROUPS THAT WE'VE RECRUITED FROM COMING TO  
15 WORK WITH US? WILL IT DAMPEN THE ENTHUSIASM OF THIS  
16 WONDERFUL PRESIDENT WE'RE GOING TO FIND, PERMANENT  
17 PRESIDENT WE'RE GOING TO FIND AT SOME POINT? WILL  
18 SCIENTISTS, AS DR. HENDERSON SUGGESTED, PERHAPS NOT  
19 MOVE TO CALIFORNIA, MAY GO TO KENTUCKY OR CONNECTICUT  
20 INSTEAD? I WAS THINKING THAT PERHAPS WE SHOULDN'T EVEN  
21 MENTION THAT UNTIL THEY BOUGHT HOMES IN CALIFORNIA.

22 SERIOUSLY, I'M WONDERING FROM THE PERSPECTIVE  
23 OF THOSE ON THE COMMITTEE WHO HAVE THAT EXPERTISE, ARE  
24 WE DOING SOMETHING THAT COULD IN ANY WAY DELAY THE FULL  
25 IMPLEMENTATION OF OUR MISSION? AND IF WE ARE, I THINK

1 WE'D BETTER THINK VERY, VERY SERIOUSLY ABOUT THE FACT  
2 THAT WE'RE DOING THAT.

3 CHAIRMAN KLEIN: YES. DAVID SERRANO-SEWELL.

4 MR. SERRANO-SEWELL: ALL THE ISSUES RAISED BY  
5 JOAN ARE VERY IMPORTANT, BUT THIS IS JUST MY OPINION,  
6 BUT TO SORT OF ANSWER THOSE QUESTIONS, I'M SPEAKING FOR  
7 MYSELF, IT WOULD BE OF BENEFIT, BECAUSE THERE HAS BEEN  
8 A LOT OF DISCUSSIONS OVER THE WEEKEND WITH SENATOR  
9 ORTIZ' OFFICE, TO NOW HEAR FROM SENATOR ORTIZ, A MEMBER  
10 OF HER STAFF, AND I KNOW SHE WAS KIND ENOUGH TO PASS  
11 OUT THIS PAPER HERE, SO THAT MAY BE OF SOME BENEFIT.

12 CHAIRMAN KLEIN: I'D LIKE TO POINT OUT  
13 SENATOR ORTIZ' STAFF HAS WORKED OVER THE WEEKEND ON THE  
14 MEETING WE HAD ON FRIDAY AS WE WORKED OVER THE WEEKEND  
15 AS WELL. AND PETER HANSEL, WE THANK YOU. SENATOR  
16 ORTIZ -- IF I CAN, JOAN, I THINK THAT ALL OF YOUR  
17 COMMENTS ARE CRITICALLY IMPORTANT. HASTE IS A HUGE  
18 RISK FOR US. WE HAVE TO BE CAREFUL. WE HAVE TO HAVE  
19 WHAT WE DO CHECKED BY BOND COUNSEL, LITIGATION COUNSEL,  
20 INSTITUTE COUNSEL, THE SCIENTISTS FOR THE RESEARCH  
21 INSTITUTIONS, THEIR COUNSEL TO MAKE SURE WE'RE NOT  
22 CREATING AN IMPEDIMENT THAT WOULD ACCIDENTALLY DERAILED  
23 US ALTHOUGH WE HAVE THE BEST INTENTIONS. THERE'S  
24 TREMENDOUS EXPERTISE ON THIS BOARD AND AT THEIR  
25 INSTITUTIONS, AND IF THEY CAN E-MAIL TO THE LEGISLATIVE

1 COMMITTEE AND COME TO PARTICIPATE IN THE LEGISLATIVE  
2 COMMITTEE, WE'LL TRY AND CAPTURE ALL THIS AND FOCUS,  
3 NO. 1, ON THAT AS OUR AGENDA ITEM ON THAT COMMITTEE.  
4 BUT SENATOR ORTIZ HAS BEEN VERY KIND, AND I'M GOING TO  
5 FOLLOW DAVID SERRANO-SEWELL'S COMMENT. SENATOR ORTIZ,  
6 COULD YOU SPEAK NOW? I KNOW THE PRESS HAS DEADLINES  
7 TOO, AND I WANT TO MAKE SURE YOUR COMMENTS ARE COVERED.

8 SENATOR ORTIZ: LET ME THANK YOU, AND I'M  
9 GOING TO KEEP MY WATCH OUT HERE BECAUSE I THINK WHEN I  
10 WAS IN FRESNO, THERE WAS A BIT OF A CONFUSION OVER MY  
11 TIME LIMITS, SO I WANT TO MAKE SURE THAT WE INDEED  
12 WATCH THE TIME.

13 CHAIRMAN KLEIN: SENATOR ORTIZ, YOUR TIME IS  
14 OUR TIME TODAY. WE ARE HONORED TO HAVE YOU HERE.

15 SENATOR ORTIZ: THANK YOU. LET ME JUST BEGIN  
16 WITH, ONCE AGAIN, AS OTHERS HAVE DONE BEFORE ME, THANK  
17 YOU FOR YOUR COMMITMENT, FOR SERVING ON THE ICOC THE  
18 MANY HOURS, THE CHALLENGES THAT YOU HAVE FACED WITH  
19 LITIGATION THAT I TOO THINK IS FRIVOLOUS, THAT I DO NOT  
20 SUPPORT, THAT I HOPE AND I BELIEVE, BASED ON MY  
21 UNDERSTANDING OF THE ISSUES RAISED, MAY TAKE SOME TIME  
22 TO BE RESOLVED, BUT I THINK ARE GOING TO BE RESOLVED  
23 FAVORABLY. SO I THANK YOU FOR WHAT YOU BELIEVED YOU  
24 WERE GOING TO DO WHEN YOU SERVED ON THIS BOARD, BUT  
25 MORE IMPORTANTLY, FOR ALL THE OTHER ISSUES THAT HAVE

1 COME UP THAT HAVE NOT BEEN EASY AND BEEN DIFFICULT.

2 AND I APOLOGIZE FOR HAVING BEEN A PART OF THAT.

3 LET ME JUST GIVE YOU WHAT I HOPE ARE SOME  
4 ASSURANCES. LET ME SAY TO YOU THAT THE BOTTOM LINE IN  
5 MY MEASURE, WHETHER OR NOT WE HAVE AN OPPORTUNITY TO GO  
6 TO THE BALLOT IN NOVEMBER, WHETHER IT CONTINUES INTO MY  
7 REMAINING LAST YEAR IN THE LEGISLATURE NEXT YEAR, OR  
8 WHETHER IT OCCURS AS A RESULT OF SOME STRONG COMMITMENT  
9 BY THIS BOARD TO DO, THROUGH A MEANS OTHER THAN  
10 LEGISLATION, LET ME JUST ASSURE YOU THAT THE NO. 1  
11 CRITERIA FOR ME WILL BE WHETHER OR NOT IT HAMPERS THE  
12 ABILITY TO ISSUE BONDS OR SELL BONDS. THAT HAS BEEN  
13 THE GUIDING PRINCIPLE THAT I'VE GUARANTEED, ASSURED ALL  
14 OF YOU. I'VE MET WITH MANY OF YOU OVER MANY HOURS.  
15 IT'S BEEN MORE THAN THE LAST TWO WEEKS. IT'S BEEN  
16 SERIAL MEETINGS OF TWO AND A HALF HOURS, CONFERENCE  
17 CALLS, NOT JUST WITH THE CHAIR, BUT MANY OF YOU. AND I  
18 THANK YOU FOR THE WILLINGNESS TO PICK UP THE PHONE AND  
19 ASK FOR THE VERY MEETINGS THAT I AM MORE THAN WILLING  
20 TO SHARE.

21 BUT AGAIN, LET ME REITERATE. I AM BEING  
22 GUIDED BY BOND COUNSEL. THE BOND COUNSEL FOR THE STATE  
23 TREASURER'S OFFICE HAS BEEN A PART OF THIS PROPOSAL  
24 WHEN WE SAT DOWN LATE IN THE SPRING OF 2002, AS WE  
25 MANAGE TO SEE THE FIRST LAW IN THE NATION PASSED BY A

1 RECEPTIVE, SUPPORTIVE LEGISLATURE THAT AUTHORIZED STEM  
2 CELL RESEARCH, WHEN INDEED I WAS FORTUNATE ENOUGH TO  
3 PIGGYBACK ON A STATEWIDE BOND ISSUE FOR A CHILDREN'S  
4 HOSPITAL THAT MEASURED THE RECEPTIVENESS OF THE VOTERS  
5 TO GO TO THE BALLOT AND SUPPORT STEM CELL RESEARCH.

6 THAT SAME BOND COUNSEL THAT GUIDED ME IN  
7 THOSE EARLY MONTHS, AS I MET WITH MANY OF YOU FROM THE  
8 ADVOCACY GROUPS, THE RESEARCHERS, THOSE WHO HELPED ME  
9 ON THE LEGISLATION, AND I SAID WHY DON'T WE GO TO THE  
10 BALLOT? THE VOTERS WILL RISE ABOVE ALL THESE NOTIONS  
11 OF WHEN LIFE BEGINS. THEY WILL VOTE WITH THEIR  
12 POCKETBOOKS. I WOULD HAVE NOT VOTED FOR \$3 BILLION,  
13 WITH ALL DUE RESPECT, BUT WE KNEW IN OUR HEARTS THAT  
14 CALIFORNIANS WOULD SUPPORT THIS. SO ONCE AGAIN, IT IS  
15 THAT VERY SAME BOND COUNSEL THAT IS GUIDING ME IN THE  
16 NEGOTIATIONS.

17 LET ME ALSO SHARE WITH YOU, AND I'M GOING TO  
18 QUICKLY GO THROUGH SOME POINTS THAT ARE GOING TO GUIDE  
19 YOU. I RESPECT MR. HARRISON'S PRESENTATION TO YOUR  
20 BOARD TODAY ON WHAT WAS IN HIS LEGISLATIVE OVERSIGHT  
21 PRESENTATION, BUT LET ME CALL YOUR ATTENTION TO TWO  
22 DOCUMENTS I'VE SHARED WITH YOU. ONE IS WHAT WE CALL A  
23 MOCK-UP, WHICH IS THE BILL WITH ALL THE AMENDED AND  
24 PROPOSED TO BE AMENDED PROVISIONS, WHICH IS  
25 GOBBLEDYGOOK TO MOST OF YOU, MOST OF US, BUT LET ME

1 GUIDE YOU TO THIS MATRIX HERE THAT ACTUALLY TRIES TO  
2 EXPLAIN IN ENGLISH RATHER THAN LEGISLATIVE SPEAK WHAT  
3 THESE AMENDMENTS PROPOSE TO DO. YOU CAN KEEP THOSE.

4 LET ME JUST SAY TO YOU THAT MANY OF THE  
5 PRESENTATIONS BY MR. HARRISON ARE EITHER NONISSUES THAT  
6 HAVE BEEN RESOLVED AND ISSUES THAT WE HAVE GOTTEN PAST,  
7 SOME AS EARLY AS TWO WEEKS AGO. WE PROPOSE TO DROP THE  
8 DIVESTMENT PROVISION. MY UNDERSTANDING IS, AT LEAST  
9 FOR THE BOARD MEMBERS AND THE PRESIDENT, IT'S MY  
10 UNDERSTANDING THAT MR. HARRISON PREFERS TO KEEP THOSE,  
11 BUT I WILL ASSURE YOU THAT MY DESIRE WAS TO NOT REQUIRE  
12 THE DIVESTMENT.

13 LET ME ALSO SAY TO YOU ON THE CONFLICT OF  
14 INTEREST POLICIES FOR WORKING GROUPS, WHAT WE HAVE  
15 PROPOSED ON THE CONFLICT OF INTEREST FOR WORKING GROUPS  
16 IS NOT REFLECTED IN HIS PRESENTATION. I ASK TO YOU  
17 LOOK AT THE MATRIX THAT WE HAVE PROPOSED, THAT THE  
18 FILING OF THOSE WHO SERVE ON THE WORKING GROUPS HAVE  
19 SIMPLY ANOTHER MECHANISM SHORT OF FILING WITH THE  
20 SECRETARY OF STATE, AS ALL OF US HAVE TO DO, AS ALL OF  
21 YOU AS ICOC BOARD MEMBERS WILL HAVE TO DO, BUT RATHER  
22 WITH THE STATE AUDITOR AND ALLOW THE STATE AUDITOR TO  
23 REVIEW THE INTERNAL COMPLIANCE OF WHAT I UNDERSTAND TO  
24 BE THE INTERNALLY ADOPTED POLICY FOR THE WORKING  
25 GROUPS, WHICH IS TO ADHERE TO NIH STANDARDS OF RECUSAL

1 AND CONFLICT OF INTEREST.

2 I SIMPLY ASK FOR ANOTHER MECHANISM THAT  
3 CREATES THE CONFIDENTIALITY THAT SHOULD BE PROVIDED  
4 WITH THE INVESTMENTS OF WORKING GROUPS, BUT ALSO  
5 ASSURES THAT THERE'S AN INDEPENDENT MEANS OF  
6 DETERMINING WHETHER OR NOT ADHERENCE TO THEIR OWN  
7 SELF-ADOPTED CONFLICT OF INTEREST POLICY AND RECUSAL IS  
8 MONITORED AND BALANCED, NOT JUST WITH THE EMPLOYEES IN  
9 THE ICOC, BUT WITH THE STATE AUDITOR THAT WILL PROTECT  
10 ALL THE PRIVACY PROVISIONS, BUT THAT THAT WILL RESULT  
11 IN A ONE-YEAR REPORT TO THE LEGISLATURE AS TO  
12 CONCLUSIONS AS TO WHETHER OR NOT THAT POLICY HAD BEEN  
13 ADHERED TO.

14 LET ME ASSURE YOU THAT IT IS NOT AS ONEROUS.  
15 IT DOESN'T REQUIRE DIVESTMENT. IT DOESN'T GO TO, I  
16 THINK, TOO ONEROUS OF A BURDEN, BUT IT DOES PROVIDE  
17 THAT ASSURANCE THAT PROVIDES A CHECKS AND BALANCE.

18 LET ME ALSO SAY THAT THE HANDOUT BY MR.  
19 HARRISON THAT REFERS TO THE OPEN-TO-THE-PUBLIC WORKING  
20 GROUPS AND GRANT WORKING GROUPS IS ACTUALLY NOT  
21 CURRENT. I BELIEVE WE HAD AGREED AS EARLY AS OUR  
22 MEETING AT A WONDERFUL GREAT RESTAURANT, MR. KLEIN, AND  
23 THAT MR. HARRISON, WOULD NOT ASK FOR THAT. SO THE  
24 GENERAL RULE IS IT SHALL ALL BE KEPT PRIVATE. I SIMPLY  
25 WANT THOSE DELIBERATIONS IN SUMMARY FORM IN SOME

1 INTERIM NOTICED PERIOD OF TIME, NOT A PHYSICAL MEETING,  
2 A WEBSITE WILL WORK, TO BE AVAILABLE FOR THE PUBLIC, TO  
3 BE ABLE, PRIOR TO GOING TO THE ICOC WITH  
4 RECOMMENDATIONS, THAT THEN ALLOWS THE ABILITY FOR THE  
5 PATIENT ADVOCACY GROUPS TO SEE AN EXPLANATION AS TO  
6 THOSE FUNDING RECOMMENDATIONS.

7 I KNOW THAT THERE WAS SOME CONCERN REGARDING  
8 THE RECORDS OF WORKING GROUPS. LET ME JUST SAY THAT  
9 SOME OF THESE NEW PROVISIONS, AND I THANK MR. HARRISON  
10 BECAUSE SOME OF THE AMENDMENTS CAME IN TO MY STAFF LATE  
11 LAST NIGHT, AND THEY ALWAYS WORK ON WEEKENDS, THEY'RE  
12 THAT GOOD, PARTICULARLY THIS TIME OF THE YEAR. I KNOW  
13 THAT THERE'S BEEN A NEW REQUEST TO EXPAND WHAT IS NOW  
14 CURRENTLY, MY INTERPRETATION, MAYBE WE CAN WORK THIS  
15 OUT, BUT THERE'S BEEN A REQUEST TO ADD ANOTHER LAYER OF  
16 EXCEPTION FROM THE PUBLIC RECORDS ACT THAT DOESN'T  
17 CURRENTLY EXIST IN PROPOSITION 71 REGARDING WORKING  
18 GROUPS. PROP 71 MAY, IN FACT, BE SILENT.

19 SO MY DESIRE IS NOT TO ENHANCE PUBLIC RECORDS  
20 ACT LAW AS IT APPLIES TO WORKING GROUPS FILINGS; BUT ON  
21 THE OTHER HAND, I DON'T WANT TO FURTHER CREATE AN  
22 EXCEPTION TO THE EXISTING LAW AND CONDITIONS FOR A  
23 REQUEST FOR PUBLIC RECORDS ACT. I WANT IT TO STAY  
24 CONSISTENT AND STATUS QUO. SO WE'RE GOING TO HAVE TO  
25 WORK OUT THAT PROVISION. I'M HAPPY TO HAVE FURTHER



1 MEETINGS ON THAT.

2 LET ME GO TO THE BIGGEST AND THE HEART OF  
3 WHAT IS MY CONCERN, AND I'LL ADDRESS IT LATER IN MY  
4 COMMENTS AS WELL, IS HOW WE ASSURE -- LET ME JUST SAY I  
5 THINK THE WORKING GROUP AND THE CONFLICT OF INTEREST  
6 PROVISIONS OF THE WORKING GROUP AND THE ICOC  
7 DISCLOSURES, AS WELL AS THE DELIBERATIONS, THOSE ARE  
8 THE MORE WORKABLE ISSUES. AND I THINK IF WE CAN AGREE  
9 THAT WE ARE 95 PERCENT THERE IN CONCEPT, THOSE ARE  
10 MANAGEABLE, WHETHER IT'S JUNE 31ST, WHETHER IT'S NEXT  
11 YEAR, WHETHER IT'S BY A POLICY, THOSE ARE MANAGEABLE  
12 POLICIES.

13 THE TROUBLING AND THE CHALLENGE I FACE IS HOW  
14 WE RECONCILE WHAT IS A PROVISION CURRENTLY IN PROP 71,  
15 AND THAT IS IN SUBDIVISION H OF THE MEASURE. AND IT IS  
16 ONE THAT I RESPECTFULLY DISAGREE WITH THE CHAIR AND  
17 WITH LEGAL COUNSEL. I BELIEVE IT IS NOT STRONG ENOUGH  
18 TO ASSURE A DELIVERY TO CALIFORNIANS, EITHER IN  
19 TREATMENTS OR THERAPIES, NOT NECESSARILY IN ROYALTIES  
20 OR FEES. AND LET ME SHARE WITH YOU WHY.

21 I SERVE IN THE LEGISLATURE IN WHICH WE HAVE A  
22 HUGE CHALLENGE EVERY YEAR TO SERVE THE POOR IN OUR  
23 HEALTHCARE PROGRAMS, IN OUR CONSTANTLY SHRINKING  
24 BUDGETS, AND THAT HAS BEEN SORT OF THE PROMISE THAT WE  
25 PRESENTED TO THE VOTERS IN PROP 71. IT'S THAT POLICY

1 THAT I THINK WE REMAIN IN DISAGREEMENT ON HOW BEST TO  
2 EFFECTUATE.

3 THE PROVISION OF PROP 71 THAT IS PRESENTED  
4 AND WAS PRESENTED TO THE VOTERS IS REALLY ONE SENTENCE  
5 IN A VERY LENGTHY INITIATIVE. THAT SUBDIVISION H GOES  
6 TO THE QUESTION OF USING A REVENUE STREAM THROUGH  
7 PATENTS, ROYALTIES, AND LICENSE REVENUES PAID TO THE  
8 STATE OF CALIFORNIA. AND IT SAYS, AND THIS IS THE  
9 TOTALITY OF THE MEASURE THAT GOES TO THE QUESTION OF  
10 HOW CALIFORNIANS WILL BENEFIT DIRECTLY, ICOC SHALL  
11 ESTABLISH STANDARDS THAT REQUIRE ALL GRANTS AND LOAN  
12 AWARDS TO BE SUBJECT TO INTELLECTUAL PROPERTY  
13 AGREEMENTS THAT BALANCE THE OPPORTUNITY OF THE STATE OF  
14 CALIFORNIA TO BENEFIT FROM THE PATENTS, ROYALTIES, AND  
15 LICENSES THAT RESULT FROM THE BASIC RESEARCH  
16 DEVELOPMENT AND CLINICAL TRIALS. AND THEN WE BALANCE  
17 THAT OBJECTIVE AND THAT VALUE AGAINST THE NEED TO  
18 ASSURE THAT ESSENTIAL MEDICAL RESEARCH IS NOT  
19 UNREASONABLY HINDERED BY THE INTELLECTUAL PROPERTY  
20 AGREEMENTS.

21 THAT GOES TO THE HEART OF WHAT WE STILL NEED  
22 TO WORK OUT AND NEGOTIATE. AND IT ALSO GOES TO THE  
23 HANDOUT BY MR. HARRISON THAT I THINK CONCLUDES WITH MY  
24 DESIRE TO GO -- TO MOVE AWAY FROM AN IP REVENUE STREAM,  
25 LICENSING AGREEMENTS, OR ANY REVENUE, AND I'LL SHARE

1 WITH YOU WHY, BUT TO THEN MOVE TO A GENERAL BROAD  
2 POLICY ISSUE THAT SAYS TO THE DEGREE POSSIBLE TO MAKE  
3 IT A PRIORITY, MAKE IT A VALUE OF THIS BODY, TO ASSURE  
4 THAT WE HAVE A BROAD POLICY STATEMENT EITHER IN THIS  
5 INITIATIVE THROUGH GOING BACK TO THE BALLOT OR IN A  
6 STRONG POLICY STATEMENT BY THIS BOARD, WITH ALL DUE  
7 RESPECT TO YOUR GOODWILL, THAT NEEDS TO BE LOCKED IN BY  
8 MORE THAN A MAJORITY VOTE OF THIS BOARD IF WE GO THAT  
9 ROUTE. AND THAT POLICY STATEMENT IS BEING SHARED WITH  
10 MR. HARRISON AND OTHERS ON THIS BOARD THAT I'VE MET  
11 WITH, BUT MORE IMPORTANTLY IT'S BEING RUN BY THE BOND  
12 COUNSEL TO ASSURE THAT THAT BROAD POLICY STATEMENT  
13 DOESN'T IN ANY WAY JEOPARDIZE THE BONDS.

14 MR. SHEEHY WAS HELPFUL IN ONE CONVERSATION  
15 ABOUT A BROAD POLICY. I WILL BE OPEN TO THE PROCEDURAL  
16 MANNER IN WHICH YOU ADOPT THAT.

17 LET ME GO INTO DISCUSSIONS ABOUT WHETHER OR  
18 NOT THIS MEASURE HAS BEEN FAIRLY DEBATED IN THE  
19 LEGISLATURE. LET ME SHARE WITH YOU. THIS BILL WAS  
20 HEARD IN TWO POLICY COMMITTEES IN THE LEGISLATURE. IT  
21 WAS HEARD IN THE HEALTH COMMITTEE. IT WAS HEARD IN THE  
22 SENATE CONSTITUTIONAL AMENDMENTS AND ELECTIONS  
23 COMMITTEE. IT WAS ALSO HEARD IN A FISCAL COMMITTEE.  
24 THERE WERE NO NO VOTES. THOSE NO VOTES WERE NOT A  
25 RESULT OF ALL REPUBLICANS VOTING AND NO DEMOCRATS

1 VOTING. EVERY DEMOCRAT THAT WAS IN THAT COMMITTEE THAT  
2 CARED TO VOTE, AND I DON'T THINK THERE WERE ANY  
3 ABSTENTIONS OR ABSENCES -- I THINK THERE MAY HAVE BEEN  
4 A CONFLICT WITH SENATOR DUNN. HE HAD ANOTHER COMMITTEE  
5 AT THAT TIME -- BUT THERE WERE NO VOTES BY ANY  
6 DEMOCRAT.

7 THERE'S BEEN ALLEGATIONS THAT THE RIGHT WING  
8 ISN'T PART OF THIS, AND THIS IS THE PAINFUL PART  
9 BECAUSE ANYONE WHO KNOWS MY CAREER WILL KNOW THAT I  
10 WILL NEVER BE WELCOME BY THE RIGHT WING. AND I WEAR  
11 THAT AS A BADGE OF HONOR, QUITE FRANKLY.

12 LET ME SHARE WITH YOU THE CONSERVATIVE  
13 CO-AUTHORS TO THIS MEASURE INCLUDE ASSEMBLYMEMBER JOHN  
14 LAIRD FROM THE SANTA CRUZ AREA, ASSEMBLYMEMBER MARK  
15 LENO FROM SAN FRANCISCO, ASSEMBLYMEMBER LELAND YEE FROM  
16 SAN FRANCISCO. THOSE ARE NOT CONSERVATIVES MEMBERS WHO  
17 CARE ABOUT THIS IMPORTANT POLICY.

18 MANY HAVE SAID WHY SHOULD WE CLUTTER THIS  
19 CONSTITUTION? WELL, BECAUSE UNFORTUNATELY OR  
20 FORTUNATELY THESE MEASURES ALL EITHER IN THE  
21 CONSTITUTION OR CONSTRICTED BY A SUPER MAJORITY VOTE  
22 THAT IS SUBJECT TO A 70-PERCENT VOTE OF THE LEGISLATURE  
23 IN THREE YEARS OF BOTH HOUSES. I WOULD CHALLENGE MY  
24 COLLEAGUES, ANYONE HERE TO POINT TO A CONTROVERSIAL  
25 ISSUE THAT HAD FISCAL IMPLEMENTATIONS AND SOCIAL

1       IMPLICATIONS THAT WERE EVER PASSED BY A 70-PERCENT VOTE  
2       OF EITHER HOUSE. WE CANNOT COME TO AGREEMENT ON A  
3       TWO-THIRDS VOTE IN A BUDGET, SO LET ME JUST SHARE WITH  
4       YOU THE ABILITY TO GO BACK IN THREE OR TWO AND A HALF  
5       YEARS AND HAVE A LEGISLATURE BY 70 PERCENT OF EACH  
6       HOUSE PASS THIS MEASURE IS ILLUSORY.

7                   LET ME GO ON TO SAY THAT THERE HAVE BEEN  
8       REPRESENTATIONS REGARDING OUR LEGISLATURE'S INABILITY  
9       TO DO THIS AND DO THIS WELL. LET ME SUGGEST TO YOU  
10      THAT THIS WAS THE FIRST LEGISLATURE IN THE NATION TO  
11      EXPRESSLY AUTHORIZE EMBRYONIC STEM CELL RESEARCH. LET  
12      ME ALSO SHARE WITH YOU THAT THE BOND MEASURES THAT I  
13      ATTEMPTED TO MOVE THROUGH THE LEGISLATURE, KNOWING THAT  
14      IT WOULD BE A CHALLENGE, UNLIKE OTHER STATES, BECAUSE  
15      WE HAVE A TWO-THIRDS VOTE TO PASS A BOND, THERE ARE  
16      MEMBERS WHO HAD THE OPPORTUNITY ON THAT APPROPRIATIONS  
17      COMMITTEE TO PUSH THOSE BOND MEASURES. I WISH THEY  
18      HAD. I MADE THE CASE, I KNEW WE'D HAVE A CHALLENGE  
19      MOVING THOSE THROUGH, BUT I NEEDED TO WORK THE POLICY  
20      OUT.

21                   I SET UP THOSE MEETINGS WITH THE DISEASE  
22      ADVOCACY GROUPS, THE RESEARCHERS, THE FAMILIES, AND  
23      THAT GROUNDWORK, BUT FOR THAT GROUNDWORK AND MY  
24      COMMITMENT AND MY WILLINGNESS TO STAND UP TO THE FAR  
25      RIGHT BECAME THE BASIS AND THE FOUNDATION FOR

1 PROPOSITION 71.

2 LET ME ALSO SAY THAT THE LEGISLATURE HAS BEEN  
3 AN ALLY IN EMBRYONIC STEM CELL RESEARCH. IT DOES NOT  
4 HAVE A BAD RECORD. AND, INDEED, IN ORDER FOR US TO  
5 SUCCESSFULLY MOVE A MEASURE LIKE THIS THROUGH THE  
6 LEGISLATURE, I CHALLENGE MY COLLEAGUES TO BE A PART OF  
7 THAT SOLUTION, TO BRING THE POLICY ISSUES TO ME, TO SIT  
8 DOWN WITH THE BOND COUNSEL, AS I WORK WITH THE BOND  
9 COUNSEL, WE CAN INDEED MOVE THIS MEASURE THROUGH  
10 DESPITE ITS MAGNITUDE.

11 LET ME GO ON TO TALK ABOUT WHETHER OR NOT WE  
12 HAVE A SYSTEM IN PLACE THAT'S ADEQUATE THROUGH THE  
13 UNIVERSITY SYSTEM, WHETHER THE NIH STANDARD AND THE  
14 NATIONAL ACADEMY OF SCIENCE STANDARDS ARE ADEQUATE,  
15 MOST IMPORTANTLY, FOR WHAT I THINK IS THE HIGHEST AND  
16 MOST IMPORTANT OBJECTIVE IN MY EFFORTS IS TO ASSURE A  
17 STREAM OF TREATMENTS TO OUR POOR IN CALIFORNIA.

18 THE UNIVERSITY OF CALIFORNIA SYSTEM COULD  
19 INDEED BE A DIRECT BENEFICIARY OF THE MONEY AND THE  
20 DEVELOPMENT OF DISCOVERIES AND TREATMENTS. BUT THEN TO  
21 ASSURE, AS WE GO TO THE SECOND PHASE OF RESEARCH, WITH  
22 A PRIVATE COMPANY, THEY CANNOT CONDITION AS A RESULT OF  
23 THOSE AGREEMENTS THAT THEY SHALL DELIVER REVENUES OR  
24 INCOME STREAMS DIRECTLY TO CALIFORNIANS OR TO OUR  
25 GENERAL FUND AS HAS BEEN REPRESENTED.

1                   LET ME SUGGEST TO ALL OF YOU AND MY  
2 COLLEAGUES TO JOIN ME IN A VERY COMPLEX AREA OF BOND  
3 LAW THAT HAS A RELATIONSHIP IN CALIFORNIA THAT NIH  
4 DOESN'T, NATIONAL ACADEMY OF SCIENCE DOES NOT. WHEN WE  
5 ARE TIED TO PUBLIC BONDS THAT ARE TAX-EXEMPT YOU CANNOT  
6 DO TWO THINGS: HAVE PRIVATE ACTIVITY WITH A PRIVATE  
7 BUSINESS. THOSE TWO TESTS, AS THEY'RE KNOWN UNDER THE  
8 LAW, ARE A DIRECT CHALLENGE TO USE TAX-EXEMPT BONDS.  
9 I'M MORE THAN HAPPY TO GO THROUGH MUCH MORE DETAIL WITH  
10 ALL OF YOU, BUT LET US ASK OURSELVES WHETHER  
11 SUBDIVISION H IS GOING TO RETURN TO CALIFORNIANS WHAT  
12 THEY DESERVE.

13                   LET ME ALSO SUGGEST THAT THE BULK OF THESE  
14 DOLLARS ARE ENVISIONED NOT NECESSARILY TO GO THE UC'S  
15 OR THE PUBLIC INSTITUTIONS. WE WANT THEM TO GO TO  
16 PRIVATE SECTOR AND COMPANIES AND BUSINESSES. WE WANT  
17 THEM TO GO TO THE PRIVATE NONPROFITS LIKE SALK AND  
18 BURNHAM AND THOSE OTHER INSTITUTES THAT ARE HYBRIDS.  
19 BUT THE BOILERPLATE POLICY OUGHT TO BE EXPRESSED BY  
20 THIS BODY. EVERY CONTRACT THAT IS ENTERED INTO TO LET  
21 THOSE DOLLARS OUGHT TO REFLECT THAT POLICY TO THE  
22 DEGREE IT CAN WITH TAX-EXEMPT BONDS.

23                   LET ME REMIND EVERYBODY, YOU ARE AUTHORIZED  
24 TO USE TAX-EXEMPT AND TAXABLE BONDS UNDER THIS  
25 INITIATIVE. AND IF YOU INDEED HAVE TO MOVE TO THE

1 TAXABLE BONDS, THEN YOU HAVE TO ASK THE VOTERS WHETHER  
2 THAT'S A GOOD INVESTMENT, PARTICULARLY WHEN THE  
3 OBJECTIVE TO DO THAT WOULD -- TAXABLE BONDS IS ONLY TO  
4 SERVE THE POOR AND WORKING POOR THAT OUGHT NOT TO PAY  
5 TWICE FOR THAT TREATMENT.

6 LET ME GO ON TO SAY WHETHER OR NOT THE  
7 STANDARDS ARE -- WELL, I THINK I'VE COVERED THE  
8 STANDARDS.

9 LET ME JUST SAY TO YOU THAT THERE'S BEEN  
10 GENERAL ALLEGATIONS THAT THIS WILL SLOW DOWN THE  
11 RELEASE OF BONDS. ONCE AGAIN, I'M COMMITTED TO WORK  
12 WITH BOND COUNSEL TO GUIDE ME IN THAT LEGAL ANALYSIS.  
13 I THINK WE SHOULD BE CAREFUL TO PAINT A PICTURE OF THE  
14 MOTIVATIONS OF THIS MEASURE EITHER INADVERTENTLY OR  
15 NAIVELY, AS SOME HAVE SUGGESTED -- I'M ANYTHING BUT  
16 NAIVE -- SOMEHOW HAVING AN UNINTENDED CONSEQUENCE OF  
17 HARMING OR EMPOWERING THE RIGHT WING. LET ME JUST ASK.  
18 WE HAVE MANY WHO ARE NOT RIGHT WINGERS WHO CARE ABOUT  
19 THIS. I'M NOT SURE THAT ALL REPUBLICANS  
20 ENTHUSIASTICALLY EMBRACE THIS MEASURE ON OUR FLOOR,  
21 CERTAINLY NOT THE INFORMATION I'VE RECEIVED.

22 LET ME ALSO SAY THAT IN THE END THESE ARE THE  
23 OPTIONS I FACE. IF WE'RE UNFORTUNATE ENOUGH TO HAVE A  
24 BOND MEASURE OR SPECIAL ELECTION IN NOVEMBER, I HOPE  
25 NOT, CERTAINLY ISN'T SOMETHING I WANT, BUT I'M FACED



1 WITH A QUESTION OF WHAT CAN I DO IN THE TIME THAT I  
2 HAVE LEFT WITH THE STAKE THAT I HAVE IN THIS POLICY AND  
3 THE COMMITMENT I'VE MADE BY MY OWN PERSONAL  
4 MOTIVATIONS, NOT UNLIKE OTHERS WHO ARE PART OF THIS  
5 BODY, DO I WAIT? I DON'T BELIEVE THAT THERE WILL BE A  
6 TIME THAT YOU WILL FIND THE CONSENSUS IN THE  
7 LEGISLATURE TO GET THE CRITICAL MASS BETWEEN  
8 REPUBLICANS AND DEMOCRATS UNLESS YOU WORK WITH SOMEONE  
9 WHO HAS A HISTORY, WHO HAS A COMMITMENT TO NOT DOING  
10 ANYTHING TO JEOPARDIZE STEM CELL RESEARCH. AND PERHAPS  
11 THERE WILL BE MEMBERS IN THE LEGISLATURE THAT FOLLOW  
12 ME.

13 I KNOW WHAT IT WAS LIKE ON THE CAMPAIGN  
14 TRAIL. I WAS ASKED BY MR. KLEIN AND OTHERS IN THE  
15 CAMPAIGN TO BE THE ELECTED OFFICIAL WHO SAT AND DEBATED  
16 RAY HAYNES, TOM MCCLINTOCK, EVERY RIGHT WING GROUP, AND  
17 I WITHSTOOD THAT CHALLENGE. I STEPPED FORWARD. I PUT  
18 MY NAME AND REPUTATION IN THE PASSAGE OF THIS MEASURE.

19 BOTTOM LINE IS CAN WE INDEED DELIVER TO THE  
20 CALIFORNIANS WHO SO DESERVE THE TREATMENTS AND  
21 THERAPIES BY THE PROVISION THAT'S IN THE MEASURE NOW IN  
22 SUBDIVISION H, OR DO WE INDEED GO TO A BROADER POLICY  
23 COMMITMENT THAT DOESN'T JEOPARDIZE THE LOANS, DOES NOT  
24 JEOPARDIZE OUR STATUS, THAT DOES NOT DRIVE US TO USE  
25 TAXABLE BONDS WHICH COST FAR MORE AND SHOULD NOT BE THE

1 FIRST CHOICE IN A PORTFOLIO WHEN WE GO AND LET THESE  
2 MEASURES SELL THE BONDS.

3 I THINK WE HAVE AN OPPORTUNITY HERE. YOU  
4 HAVE SOMEONE WHO HAS BEEN A PARTNER AND WILL ALWAYS BE  
5 A PARTNER. AND I ONCE AGAIN CHALLENGE ANY AND EVERY  
6 ONE OF YOU WHO HAS FELT THAT YOU HAVE NOT HAD ACCESS TO  
7 MY OFFICE TO PLEASE PICK UP THE PHONE. I'VE GIVEN MY  
8 HOME NUMBER, MY CELL PHONE TO MANY OF YOU. I WILL GIVE  
9 IT TO ALL OF YOU. AND IN THE END LET'S DO SOMETHING  
10 MORE THAN SIMPLY PRESUME THAT THIS IS A TARGET FOR  
11 LITIGATION BECAUSE WE'RE MAKING CHANGE.

12 LET ME JUST ASSURE YOU THAT IF WE DON'T MAKE  
13 THESE CHANGES, EVEN WHEN THESE TWO OTHER PENDING  
14 LAWSUITS GO AWAY, WE WILL INVITE LITIGATION UNLESS WE  
15 FAIL TO FIX THESE. AND MORE IMPORTANTLY, WE WILL FAIL  
16 THE CALIFORNIANS THAT DESERVE THE TREATMENTS AND  
17 THERAPIES THAT WE HAVE ALL SO EMBRACED THE MECHANISMS  
18 THROUGH THIS BOND MEASURE TO DELIVER.

19 WITH THAT, LET ME THANK YOU. I AM MORE THAN  
20 HAPPY TO ANSWER ANY QUESTIONS AS DIFFICULT AS THEY MAY  
21 BE.

22 CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
23 SENATOR. AND JUST TO CLARIFY, MY UNDERSTANDING IS THAT  
24 HOPEFULLY THESE AMENDMENTS YOU PASSED OUT TODAY WILL  
25 INCORPORATE THE BENEFITS OF THE MEETING YOU AND I HAD

1 TWO WEEKS AGO ON WEDNESDAY WITH JAMES HARRISON WHERE  
2 YOU CLEARLY WANTED TO ADDRESS THE FACT THAT ORRICK  
3 HERRINGTON HAD SENT A LETTER SAYING THAT THE WAY IT WAS  
4 CURRENTLY WRITTEN, IT WOULD HAVE STOPPED THE BONDS FROM  
5 BEING ISSUED. I THINK YOU MADE AMENDMENT TO ELIMINATE  
6 THOSE PROBLEMS. IS THAT A CORRECT STATEMENT?

7 SENATOR ORTIZ: I THINK IT'S A CORRECT  
8 STATEMENT IN THAT THE ISSUES RAISED BY YOUR COUNSEL  
9 REGARDING MY FIRST VERSIONS OF THE PROPOSED LANGUAGE,  
10 THAT HAS BEEN CORRECTED. THAT DOES NOT ADEQUATELY  
11 ADDRESS THE QUESTION WHETHER WE'VE GONE BEYOND  
12 SUBDIVISION H IN PROP 71 THAT I THINK WE CAN DO BETTER.  
13 THAT LANGUAGE, WE'RE WORKING ON THE POLICY. WE'LL RUN  
14 IT BY BOND COUNSEL AND YOUR ATTORNEYS.

15 CHAIRMAN KLEIN: OKAY. AND IF I COULD -- DR.  
16 LEVEY.

17 DR. LEVEY: SENATOR, THANK YOU FOR YOUR  
18 COMMENTS. IT'S VERY DIFFICULT TO LOOK AT THIS WITH  
19 LINES RUNNING THROUGH. I KNOW WE'VE SEEN MANY  
20 VERSIONS. I WONDER IF YOU COULD CLARIFY, AT LEAST FOR  
21 ME AND OTHER MEMBERS OF THE BOARD, WHERE DO YOU STAND?  
22 WHAT DO YOU EXPECT WITH REGARD TO POLICY CONCERNING  
23 INTELLECTUAL PROPERTY, ROYALTY, AND LICENSES? THIS IS  
24 A VERY CRITICAL ISSUE BECAUSE IF YOU LOOK AT THE WAY  
25 MEDICINE HAS WORKED, CERTAINLY OVER THE PAST CENTURY,

1 IT'S CRITICAL TO GET TO THE POINT WHERE MEDICAL  
2 ADVANCES ARE APPLIED TO PATIENTS, THAT THERE ARE  
3 PARTNERSHIPS BETWEEN MEDICINE AND INDUSTRY AS SOMETHING  
4 THAT THE GOVERNMENT, FEDERAL GOVERNMENT RECOGNIZED AND  
5 LED TO THE PASSAGE OF THE BAYH-DOLE ACT.

6 SO WHERE SPECIFICALLY IN THIS LEGISLATION  
7 THAT YOU ARE PROPOSING DO YOU STAND ON THIS ISSUE?

8 SENATOR ORTIZ: LET ME TELL YOU MY  
9 PHILOSOPHY, LET ME TELL YOU THEN THE CHALLENGES WITH  
10 BAYH-DOLE BEING APPLICABLE HERE ON ITS OWN. I'M  
11 ABSOLUTELY IN SUPPORT OF AND THINK IT'S ESSENTIAL THAT  
12 THE DOLLARS THAT ARE PROVIDED THROUGH THIS MEASURE GO  
13 TO NOT ONLY OUR UNIVERSITIES AND OUR TEACHING  
14 INSTITUTIONS AND OUR RESEARCH INSTITUTIONS, BUT ALSO TO  
15 THOSE COMPANIES THAT WILL TAKE CERTAINLY THE SECOND  
16 PHASE OF RESEARCH AND DO TRANSLATIONAL RESEARCH. THAT  
17 ALSO ENVISIONS A COMMITMENT AND AN EXPECTATION THAT  
18 THIS BODY WILL FUND ALSO THE PRIVATE NONPROFITS, LIKE  
19 SALK, LIKE BURNHAM, THAT THEY ARE ALL A CRITICAL PART  
20 OF THE PUZZLE OF DELIVERING TREATMENT AND THERAPY.

21 LET ME SAY TO YOU THAT WE HAVE MOVED AWAY IN  
22 MY MEASURE FROM REFERENCING ROYALTY STREAMS AND  
23 REVENUES. ONE, BECAUSE THEY RUN AFOUL OF YOUR ABILITY  
24 TO SELL TAX-EXEMPT BONDS. THAT'S AN IMPORTANT POINT.  
25 BAYH-DOLE, AS IDEAL AS IT IS UNDER FEDERAL LAW, IS NOT

1       DEPENDENT ON FEDERAL TAX LAW IN ITS IMPLEMENTATION.  
2       THE CHALLENGE WE FACE HERE IS THERE'S AN IRS CODE  
3       PROVISION THAT PRECLUDES GOVERNMENT ISSUED TAX-EXEMPT  
4       BONDS FROM BEING GIVEN DIRECTLY TO EITHER EVEN PUBLIC  
5       INSTITUTIONS OR PRIVATE INSTITUTIONS IF THEY CONDITION  
6       THOSE DOLLARS ON A REVENUE STREAM THAT GOES INTO THE  
7       GENERAL FUND OR INTO ANY KIND OF SPECIAL ACCOUNT  
8       POSSIBLY TO FUND THE TREATMENT AND DELIVERY TO THE  
9       WORKING POOR IN CALIFORNIA AND THROUGH MEDI-CAL AND  
10      HEALTHY FAMILIES.

11                 THE INNOVATION THAT IS REQUIRED OF THIS  
12      BOARD, AND I'M SURE IT COULD BE ACHIEVED, IS TO  
13      STRUCTURE THOSE CONTRACTS IN A WAY THAT DO NOT RUN  
14      AFOUL, AND IT'S POSSIBLE, AND WE'RE WORKING WITH BOND  
15      COUNSEL, BUT THEY HAVE SAID, WITH ALL DUE RESPECT,  
16      SENATOR ORTIZ, SUBDIVISION H IN PROPOSITION 71 AS  
17      DRAFTED CANNOT DELIVER THROUGH THE IP LANGUAGE THAT'S  
18      IN THIS PATENTS AND ROYALTIES AND LICENSE REVENUES PAID  
19      TO THE STATE OF CALIFORNIA, PROVISION THAT'S IN PROP 71  
20      CANNOT DELIVER WITH TAX-EXEMPT BONDS ON ITS OWN THE  
21      MONEY TO FUND THE RETURN TO CALIFORNIA'S NEEDY.

22                 SO MY COMMITMENT IS TO MOVE AWAY FROM THE  
23      REVENUE STREAMS, TO MOVE TO A BROAD POLICY, AS MR.  
24      SHEEHY AND I HAVE BEGUN TO DISCUSS, AND WE'VE SHARED  
25      WITH MR. KLEIN, AND IF THAT PASSES MUSTER WITH THE BOND

1 COUNSEL, AGAIN, I INVITE THIS BOARD TO WORK WITH ME.

2 THE SECOND PART OF THAT TEST, OF COURSE, IS  
3 NOT ONLY IS IT LEGAL UNDER BOND COUNSEL, BUT, SECONDLY,  
4 WILL IT HAMPER PARTICIPATION BY THE PRIVATE SECTOR. I  
5 AM COMMITTED TO HAVING AN HONEST, GOOD FAITH ASSESSMENT  
6 OF THAT AND DON'T WANT TO HAMPER THE PRIVATE SECTOR'S  
7 PARTICIPATION BECAUSE OF THAT. I'VE SPOKEN TO  
8 MR. PENHOET ABOUT THAT. HE HAS EXTENDED THE ABILITY TO  
9 WORK WITH ME ON THAT PROVISION, AND THE UNIVERSITY OF  
10 CALIFORNIA AT BERKELEY ACTUALLY HAS SOME MODELS. SO I  
11 WOULD EXTEND THE INVITATION TO YOU AS WELL TO MAKE SURE  
12 IT PASSES THAT SECOND TEST, WHICH IS NOT PRECLUDING  
13 PRIVATE SECTOR PARTICIPATION, WHICH IS ESSENTIAL.

14 CHAIRMAN KLEIN: I THINK THAT IT'S IMPORTANT,  
15 IN TERMS OF DR. LEVEY'S QUESTION, IF YOU LOOK AT  
16 SECTION 9 THAT'S BEEN PROVIDED TO US THIS MORNING,  
17 UNDER SUBSECTION A IN THE THIRD LINE, IT SAYS, "THE  
18 ICOC SHALL ENSURE THAT TREATMENTS, THERAPIES, PRODUCTS,  
19 AND SERVICES ARE ACCESSIBLE AND AFFORDABLE TO  
20 LOW-INCOME RESIDENTS." AND THE BOND COUNSEL POINTED  
21 OUT PREVIOUSLY THAT UNLESS THEY CAN MAKE THE  
22 CERTIFICATION THAT WE CAN ENSURE THAT IN THE FRONT END,  
23 WE CAN'T ISSUE OUR BONDS BECAUSE IT'S A CONDITION  
24 PRECEDENT. WE HAVE TO FIGURE OUT HOW WE'RE GOING TO DO  
25 IT.

1                   NOW, ONE THING THAT WE'VE TALKED ABOUT IS  
2           THAT IF WE COULD CHANGE THIS LANGUAGE SO THAT WE COULD  
3           CREATE A PREFERENCE, WHICH WAS BROUGHT UP IN THE  
4           MEETING WITH SENATOR PERATA'S STAFF AND YOUR STAFF ON  
5           FRIDAY, THEN WE COULD HAVE THE ABILITY TO INNOVATE AND  
6           TRY AND FIGURE OUT HOW WE CAN MAKE THESE PROGRAMS  
7           AFFORDABLE. AND ONE OF THE THINGS THAT, SENATOR ORTIZ,  
8           HAPPENED THAT WAS VERY CONSTRUCTIVE ON FRIDAY, I KNOW  
9           YOU HAD CONFLICTS, WHICH WAS BOND COUNSEL RESPONDED TO  
10          ONE OF MY SUGGESTIONS ABOUT COMPASSIONATE CARE AND  
11          HAVING INSTITUTIONS FROM THE ROYALTY STREAM THAT WOULD  
12          HAVE GONE TO THE INSTITUTE, USING A PORTION OF THAT FOR  
13          COMPASSIONATE CARE DIRECTED BY THAT INSTITUTION FOR  
14          THERAPIES WOULD BE TAX-EXEMPT IN TERMS OF HAVING  
15          TAX-EXEMPT BONDS ISSUED. AND BOND COUNSEL WAS, IN  
16          FACT, THERE. ORRICK HERRINGTON WAS PRESENT.

17                   THE KEY IS IT'S A VERY TECHNICAL AREA. AND  
18          IT'S VERY IMPORTANT TO WORK TOGETHER. AND I WOULD ASK  
19          CAN'T WE WORK IN A PARTNERSHIP WITH THE LEGISLATURE TO  
20          WORK THROUGH THESE REALLY TECHNICAL TAX ISSUES AND  
21          ACHIEVING THE SAME OBJECTIVES WITHOUT IT PUTTING IN A  
22          CONSTITUTIONAL AMENDMENT WHERE WE DON'T KNOW THE ANSWER  
23          YET, WE CAN'T POSSIBLY KNOW THE ANSWER YET. WE MAY  
24          NEED A YEAR OF DEDICATED WORK OF THE ATTORNEYS AND TAX  
25          COUNSEL. CAN'T WE WORK TOGETHER BECAUSE ONCE WE LOCK

1 THIS IN, WHEN DON'T KNOW HOW TO ENSURE THAT WE'VE  
2 ACCOMPLISHED THIS GOAL, WE HAVE AN IMPOSSIBLE  
3 IMPLEMENTATION TASK. DR. BALTIMORE.

4 DR. BALTIMORE: I WANT TO GO BACK TO JOAN  
5 SAMUELSON'S QUESTION. HER QUESTION WAS IS WHAT'S GOING  
6 ON NOW HERE TODAY AND A LOT OF OTHER THINGS  
7 DISCOURAGING, DISCOURAGING TO RESEARCH SCIENTISTS,  
8 DISCOURAGING TO MEMBERS OF THE BOARD HERE, DISCOURAGING  
9 TO THE VIEW THAT CALIFORNIA WAS GOING TO LEAD THE  
10 NATION FORWARD IN STEM CELL RESEARCH? THE ANSWER TO  
11 THAT IS YES. IT IS DISTINCTLY DISCOURAGING.

12 WE HAVE ACCEPTED, WE THE ICOC, A SET OF  
13 POLICIES FOR DOING OUR BUSINESS THAT ARE DEFINED BY THE  
14 STATE OF CALIFORNIA, BUT WHICH GO SO FAR BEYOND  
15 ANYTHING THAT WE ORDINARILY DO IN OUR LIVES IN TRYING  
16 TO MAKE DECISIONS ABOUT HOW TO MOVE THERAPIES FORWARD,  
17 HOW TO CARRY OUT RESEARCH. AND I SAY THAT AS SOMEBODY  
18 WHO'S PARTICIPATED IN THIS PROCESS FOR, I DON'T KNOW,  
19 40 YEARS MOSTLY THROUGH FEDERAL AUSPICES. AND IT IS  
20 DISCOURAGING THE LACK OF CONFIDENCE THAT IS REPRESENTED  
21 BY THIS PROCESS TODAY. THE LACK OF CONFIDENCE THAT'S  
22 SHOWN BY THE BILL THAT WAS, FIRST OF ALL, PRESENTED AND  
23 NOW MUCH OF IT TAKEN BACK BY YOU BECAUSE YOU SAY THAT  
24 THE LEGISLATURE PASSED THIS BILL OR COMMITTEES PASSED  
25 THIS BILL, BUT THEY PASSED A BILL THAT LOOKS VERY



1 DIFFERENT THAN WHAT IS HERE TODAY WITH ALL THE LINES  
2 THROUGH IT.

3           AND IT HAS TAKEN THE EFFORT OF MANY MEMBERS  
4 OF THIS BOARD, OF BOB KLEIN TO MAKE IT CLEAR THAT SO  
5 MUCH OF WHAT WAS IN THERE WOULD DISCOURAGE THE PEOPLE  
6 ON THIS BOARD, WOULD DISCOURAGE THE RESEARCH SCIENTISTS  
7 IN THIS STATE, WOULD DISCOURAGE THE OPPORTUNITY FOR US  
8 TO MOVE FORWARD IN THE WAY WE WANT TO. YOU ARE TRYING  
9 TO BURDEN THIS BILL WITH A HUGE SOCIAL PROBLEM IN  
10 AMERICA, WHICH IS THE DISPARITY BETWEEN THE HEALTHCARE  
11 AVAILABLE TO THE POOR AND THE HEALTHCARE AVAILABLE TO  
12 THE RICH. AND I AM VERY SENSITIVE TO THAT AND TOTALLY  
13 SUPPORTIVE OF TRYING TO DO SOMETHING ABOUT IT. BUT IF  
14 YOU BURDEN AN INITIATIVE WHOSE FOCUS IS RESEARCH WITH  
15 SOLVING THAT PROBLEM, THEN YOU GET YOURSELF INVOLVED IN  
16 ALL OF THESE VERY DETAILED ISSUES AND AT THE SAME TIME  
17 IT IS A SNARE AND A DELUSION TO BELIEVE THAT THE  
18 RESOURCES THAT ARE GOING TO COME FROM THIS RESEARCH ARE  
19 GOING TO BE ABLE TO PAY FOR THE NEEDS OF THE POOR.

20           IT'S SIMPLY THE HISTORY OF THE VALUE OF  
21 RESEARCH IS THAT IT'S EXTREMELY VALUABLE AS GIVING  
22 DIRECTIONS TO COMPANIES, BUT IT ISN'T BY ITSELF THAT  
23 VALUABLE MONETARILY. SO THE MONEY ISN'T GOING TO BE  
24 THERE, AND WE'RE TALKING ABOUT SOMETHING THAT'S SIMPLY  
25 NOT GOING TO EXIST. YOU'RE WORRIED ABOUT THE RETURN TO

1 CALIFORNIANS. RESEARCH IS NOT ABOUT FINANCIAL RETURN.  
2 RESEARCH IS ABOUT SETTING THE BASIS FOR THERAPY.

3 YOU ASK WHAT CAN YOU DO IN THE SHORT TIME  
4 THAT YOU HAVE LEFT IN THE LEGISLATURE. AND I WOULD  
5 WISH THAT SOMEBODY WITH YOUR OBVIOUS SYMPATHY WITH THE  
6 NEED FOR THIS RESEARCH WOULD CHEER ON THIS GROUP RATHER  
7 THAN TYING US UP SO THAT WE ARE UNABLE TO CARRY OUT THE  
8 FUNCTION THAT WAS PROVIDED FOR US THROUGH PROPOSITION  
9 71.

10 SENATOR ORTIZ: MAY I COMMENT?

11 CHAIRMAN KLEIN: YES, ABSOLUTELY.

12 SENATOR ORTIZ: THANK YOU. LET ME JUST  
13 REITERATE. I THINK THE LATTER PART OF YOUR CONCERNS  
14 ARE A LITTLE BIT -- LET ME REITERATE. I AM NOT ASKING  
15 FOR A REVENUE STREAM OR A FINANCIAL COMMITMENT OUT OF  
16 THERAPIES THAT MAY BE DEVELOPED IN 10 OR 20 YEARS.  
17 INDEED, THE INITIATIVE AS DRAFTED ANTICIPATES THAT. I  
18 AM ASKING FOR A BROAD POLICY COMMITMENT THAT IN THE  
19 EVENTUAL FUTURE IN WHICH A THERAPY OR A TREATMENT IS  
20 DEVELOPED THAT THERE SHALL BE THE HIGHEST VALUE PLACED  
21 IN THE ACTIONS OF THIS BOARD TO ASSURE THAT THOSE  
22 TREATMENTS AND THERAPIES, IF EVER DEVELOPED, SHALL BE  
23 MADE ACCESSIBLE, NOT IN TOTALITY BY EACH AGREEMENT THAT  
24 YOU ENTER INTO, NOT THAT EVERY CONTRACT SHALL STIPULATE  
25 100 PERCENT, BUT AS A BROAD POLICY STATEMENT THAT MOVES

1       AWAY, AS YOU CORRECTLY POINT OUT, THE FLAW THAT EXISTS  
2       IN THE MEASURE TODAY THAT IMPLIES UNDER SUBDIVISION H  
3       THAT PATENTS AND ROYALTIES AND LICENSING AGREEMENTS  
4       WILL, INDEED, FLOW TO THE STATE OF CALIFORNIA AND HAS  
5       BEEN REPRESENTED BY YOUR CHAIR AS OUR OPPORTUNITY TO DO  
6       COMPASSIONATE CARE. IF AT ALL, IT'S REMOTE. IF AT  
7       ALL, IT'S DOWN THE ROAD. AND IT CERTAINLY ISN'T OF THE  
8       GREAT SIGNIFICANCE AND VALUE RELATIVE TO THE THREE TO  
9       \$6 BILLION.

10                       WITH ALL DUE RESPECT FOR THOSE WHO COME FROM  
11       THE PRIVATE SECTOR AND WHO HAVE WORKED IN ACADEMIA IN  
12       ACTUAL RESEARCH AND HAVE DONE IT IN A MANNER IN WHICH  
13       THERE ISN'T THE KIND OF PUBLIC SCRUTINY, I RESPECT THAT  
14       PROCESS. LET ME REMIND YOU THAT WE, THE LEGISLATURE,  
15       EVERY YEAR THROUGH OUR BONDED INDEBTEDNESS, THROUGH OUR  
16       BUDGET, HORRIFIC BUDGET PROCESS THAT WE'RE HAMPERED BY  
17       A TWO-THIRDS VOTE, TO FINANCE THESE BONDS AND NOT SEE  
18       SOME COMMITMENT TO TREATMENT IN THE FUTURE AND ACCESS  
19       TO OUR VULNERABLE PROGRAMS AT THE SAME TIME THAT WE'RE  
20       DECIMATING THESE PROGRAMS AND CUTTING THEM AND  
21       ELIMINATING THE FUNDING TO THESE PROGRAMS BECAUSE OF  
22       OUR BONDED INDEBTEDNESS IS THE VALUE JUDGMENT I MAKE AS  
23       A LEGISLATOR. IT IS A DIFFERENT PERSPECTIVE. IT IS  
24       INCONSISTENT WITH THE PRIVATE SECTOR, BUT LET ME REMIND  
25       YOU WE ARE ALL FACED WITH A NEW WONDERFUL MODEL. IT IS

1 A HYBRID. IT'S NOT STRICTLY PRIVATE SECTOR. IT'S  
2 INDEED PUBLIC-PRIVATE PARTNERSHIP. AND WE OUGHT TO  
3 LOOK AT IT THAT WAY.

4 BUT I DON'T EXPECT MONEY TO COME, NOR SHOULD  
5 WE. I WANT A BROAD POLICY STATEMENT. AND IF IT'S NOT  
6 IN THE INITIATIVE, THEN IT OUGHT TO BE IN A STRONG,  
7 VERY DIFFICULT TO CHANGE POLICY BY THIS BOARD. AND I  
8 WOULD WELCOME AGAIN -- AND LET ME JUST SAY, DESPITE  
9 REPRESENTATIONS OF DISCOURAGEMENT, EVERYBODY ON THIS  
10 BOARD THAT HAS MET WITH ME HAS BEEN OPTIMISTIC, THEY'VE  
11 BEEN SUPPORTIVE, THEY'VE BEEN VERY, VERY POSITIVE, WITH  
12 THE EXCEPTION OF MAYBE ONE PERSON, BUT HAVE ALL SAID  
13 THESE ARE NOT UNREASONABLE THINGS TO DO. HOW DO WE  
14 HELP YOU DO IT?

15 SO PERHAPS WE CAN SPEND TIME IN MY OFFICE,  
16 AND MAYBE YOU WILL COME AWAY FEELING DIFFERENTLY.

17 CHAIRMAN KLEIN: THANK YOU, SENATOR. I'D  
18 LIKE TO POINT OUT FOR THE PUBLIC AS WELL TO KNOW THAT  
19 IN THE NATIONAL ACADEMY STANDARDS, THE MEDICAL AND  
20 ETHICAL STANDARDS THIS BOARD ADOPTED ON MAY 23D, IT'S  
21 VERY CLEAR WE'RE FOLLOWING THE FIRM TRADITION IN THIS  
22 COUNTRY THAT CLINICAL TRIALS, ONCE WE GET THROUGH BASIC  
23 AND APPLIED RESEARCH, THROUGH THE YEARS OF THERAPY  
24 DEVELOPMENT TO CLINICAL TRIALS THAT ARE WAY DOWNSTREAM,  
25 ALL THE WAY THROUGH THAT, WHICH MAY TAKE US 8 TO 12 OR

1 15 YEARS OUT OR FURTHER, ALL THOSE CLINICAL TRIALS ARE  
2 NEEDS BLIND. SO BASICALLY EVERYONE, REGARDLESS OF WHAT  
3 THEIR ECONOMIC POSITION, ALL THEIR COST IN CLINICAL  
4 TRIALS IS PAID FOR. EVERYONE IN THE SOCIETY WILL HAVE  
5 THE SAME ACCESS DURING CLINICAL TRIALS AS EVERY OTHER  
6 PERSON BECAUSE THOSE CLINICAL TRIALS ARE PAID FOR UNDER  
7 OUR MEDICAL AND ETHICAL STANDARDS. DR. KESSLER.

8 DR. KESSLER: SENATOR, I JUST WANT TO SAY  
9 THAT I SHARE ALL YOUR VALUES AND THE VALUES THAT YOU  
10 REPRESENT AND ARE TRYING TO WORK FOR. MY COLLEAGUE ON  
11 MY LEFT AND I SPENT A GOOD PART OF OUR CAREERS TRYING  
12 TO DEAL WITH THIS QUESTION OF HOW DO YOU DISCOVER  
13 THERAPIES, CURES AND ALSO HOW DO YOU MAKE THEM  
14 ACCESSIBLE. AND WE'VE LIVED THIS FOR SEVERAL DECADES.

15 LET ME GIVE YOU A HYPOTHETICAL. AND I READ  
16 SECTION 9(A) AND, AGAIN, THE VALUES I AGREE WITH. HOW  
17 YOU DO THIS, I THINK, IS EXCEPTIONALLY, EXCEPTIONALLY  
18 HARD. LET'S SAY WE'RE LUCKY AND WE HAVE -- LET'S USE  
19 THE MODEL WE ALREADY HAVE. WE HAVE FOUND REPLACEMENT  
20 THERAPIES FOR SOME, NOT TO GET TOO SPECIFIC, BUT IN  
21 GLYCOGEN STORAGE DISEASES, WE'VE BEEN ABLE TO REPLACE  
22 SOME OF THE CELLULAR AND TISSUE ASPECTS OF THOSE.

23 LET'S SAY WE'RE LUCKY TO FIND THAT IN ANY OF  
24 THE MAJOR DISEASES OR EVEN IN A RARE DISEASE, AND THERE  
25 ARE NO ROYALTIES. IT'S ALL PUT IN GRATIS, BUT THE

1 COSTS OF THE FERMENTATION, THE DEVELOPMENT, THE  
2 PRODUCTION OF THE THERAPY, IT COST, LET'S SAYS,  
3 \$100,000 A YEAR FOR A PATIENT. NO MATTER WHAT WE DO,  
4 THOSE ARE THE COSTS. YES, MAYBE WE CAN FIND -- THERE'S  
5 NO RETURN ON INVESTMENT EVEN, BUT THE ACTUAL COSTS OF  
6 DEVELOPMENT ARE \$100,000.

7 I READ 9(A) HERE, CORRECT ME IF I'M WRONG,  
8 SAYING THAT THE ICOC SHALL ENSURE THAT TREATMENTS,  
9 THERAPIES, PRODUCTS, AND SERVICES RESULTING FROM OR  
10 UTILIZING SUCH TECHNOLOGIES AND INVENTIONS, SO IT IS A  
11 TREATMENT THAT RESULTS FROM THAT, ARE ACCESSIBLE AND  
12 AFFORDABLE TO LOW-INCOME RESIDENTS. HOW DO I DO THAT  
13 AS A MEMBER OF THE ICOC IN THAT CASE?

14 SENATOR ORTIZ: WELL, THERE ARE MODELS TO  
15 LOOK AT. I'VE SHARED THOSE IN MY ONE-ON-ONE MEETINGS.  
16 WE'LL CONTINUE TO SHARE THEM. THIS IS A POLICY  
17 STATEMENT THAT IF IT PASSES MUSTER WITH THE BOND  
18 COUNSEL AND, THEREFORE, CAN BE DEFENDED BY THE USE OF  
19 TAX-EXEMPT BONDS, AND THE SECOND QUESTION WHICH YOU GO  
20 TO IS HOW DO WE NOW ENCOURAGE PRIVATE COMPANIES TO  
21 PARTICIPATE IF THIS PROVISION IS IN THERE. AND EVEN IF  
22 THEY DO PARTICIPATE NO REVENUE STREAMS. LET ME REMIND  
23 YOU. I'M NOT ASKING FOR MONEY. I'M MOVING AWAY FROM  
24 THAT. IT'S ACCESSIBILITY TO THOSE THERAPIES.

25 DR. KESSLER: BUT I'M ALSO TRAINED -- I'M

1 TRAINED AS A LAWYER, AND THESE WORDS HAVE MEANING. AND  
2 THAT'S WHAT -- I TAKE VERY SERIOUSLY THESE WORDS. AND  
3 I READ THESE WORDS AS SAYING THE ICOC, WHICH I THINK  
4 THAT'S US, RIGHT, SHALL ENSURE THAT THAT THERAPY, THAT  
5 \$100,000 THERAPY, IS ACCESSIBLE AND AFFORDABLE. HOW DO  
6 I DO THAT? MY MASTERCARD LIMIT DOESN'T -- CAN'T DO IT.  
7 HOW CAN I -- I MEAN I'D LOVE TO DO IT. I'D GIVE EVERY  
8 OUNCE OF BEING TO BE ABLE TO MAKE THAT AVAILABLE, BUT  
9 HOW DO I DO THAT UNDER THIS PROVISION?

10 SENATOR ORTIZ: LET ME SAY TO YOU WE HAVE NOT  
11 BEEN TOLD THAT THIS LANGUAGE PRECLUDES YOU FROM DOING  
12 THAT, THAT THERE'S ANY LIABILITY THAT ARISES OUT OF  
13 THAT.

14 SECONDLY, LET ME DRAW YOUR ATTENTION TO  
15 SUBDIVISION H IN THE MEASURE AS PROPOSED RIGHT NOW,  
16 WHICH HAS GREATER PROBLEMS. AND IF THIS IS NOT THE  
17 ALTERNATIVE, THEN LET'S FIGURE WHAT IS.

18 DR. KESSLER: SO THIS DOESN'T SAY THAT -- IT  
19 USES THE WORD "SHALL ENSURE ACCESSIBLE AND AFFORDABLE."  
20 HOW DO I -- TELL ME WHAT -- THAT'S SAYS I SHALL DO  
21 THIS. HOW DO I MAKE THAT AVAILABLE?

22 SENATOR ORTIZ: DR. KESSLER, LET ME SHARE  
23 WITH YOU THAT ONE -- LET ME GO BACK TO MY ORIGINAL  
24 STATEMENT. NO. 1, IT DOESN'T CALL FOR THERAPIES OR  
25 TREATMENTS TO FLOW BACK. EXCUSE ME. IT CALLS FOR

1 THERAPIES AND TREATMENTS, DOES NOT CALL FOR REVENUE  
2 STREAMS, WHICH IS A PROBLEM RAISED BY DR. BALTIMORE.  
3 TWO, WE HAVE BEEN ASSURED BY LEGAL COUNSEL  
4 THUS FAR THAT THIS PROVISION DOES NOT TIE UP THE BONDS.  
5 WHETHER IT'S AN ENFORCEABLE PROVISION BY THE MARKET  
6 CONDITIONS THAT MAY OR MAY NOT ARISE OUT OF THAT  
7 AGREEMENT WITH THE COMPANY IS ANOTHER ISSUE, AND THAT'S  
8 A LEGITIMATE ONE. LET ME MAKE MY POINT. AND IT MAY  
9 MEAN THE DIFFERENCE BETWEEN, AS WE'RE LOOKING AT THE  
10 MODELS OF LANGUAGE THAT WE'RE RUNNING BY COUNSEL, IT  
11 MAY MEAN THAT IT SHALL MAKE EVERY ATTEMPT TO STRUCTURE  
12 AN AGREEMENT THAT MAY IN THE FUTURE FLOW TO  
13 AFFORDABILITY AND ACCESS.

14 SO I AM NOT WEDDED TO SHALL ENSURE. THIS IS  
15 THE SECOND STEP IN VERY LENGTHY DISCUSSIONS. AND I  
16 WOULD WELCOME YOUR PARTICIPATION. LET ME JUST CLOSE  
17 WITH THERE ARE WAYS TO MAKE A POLICY PLEDGE THAT CAN  
18 WITHSTAND LEGAL MUSTER THAT DOESN'T CREATE LIABILITY  
19 FOR THE ICOC. AND THAT'S MY OBJECTIVE.

20 DR. KESSLER: TWO POINTS, IF I CAN JUST  
21 FOLLOW UP. ONE, I WOULD ASK YOU NOT TO JUST -- THIS IS  
22 NOT JUST ABOUT WHAT PASSES BOND COUNSEL. MY -- WHAT I  
23 CARE ABOUT --

24 SENATOR ORTIZ: IS LIABILITY.

25 DR. KESSLER: NO. I CARE ABOUT GETTING



1 THERAPIES DISCOVERED AND TO PATIENTS. THAT'S WHAT WE  
2 CARE ABOUT. IT'S NOT ABOUT LIABILITY. IT'S NOT ABOUT  
3 BOND COUNSEL. IT'S HOW DO WE ACTUALLY DO THIS. AND I  
4 THINK ONE OF THE IMPORTANT POLICY QUESTIONS, BECAUSE  
5 WHEN WE WERE -- WHAT WE LIVE THROUGH, AND IT'S A VERY  
6 IMPORTANT HEALTH POLICY QUESTION, AND LET'S USE THE HIV  
7 EPIDEMIC. WHEN WE STARTED OUT ON THIS, THERE WAS ONE  
8 AIDS DRUG THAT WAS AVAILABLE AND IT DIDN'T WORK VERY  
9 WELL AND IT WAS MEDIOCRE. AND THE QUESTION IS WHAT'S  
10 THE PRIORITY? WHAT SHOULD THE PRIORITY BE AS A STATE,  
11 AS RESEARCHERS, AS A NATION? OUR JOB WAS TO FIND -- TO  
12 DISCOVER NEW CURES.

13 WE LEFT IT TO OTHERS TO HOW TO PAY FOR IT.  
14 ONCE YOU PUT THAT PAYMENT MECHANISM, ESPECIALLY FOR A  
15 VERY BROAD PART OF THE POPULATION, ONCE YOU CONFUSE  
16 THOSE ISSUES, YOU ARE GOING TO TRY TO SOLVE SOMETHING  
17 THAT NONE OF US IN DECADES HAVE BEEN ABLE TO TRY TO  
18 SOLVE, AND HAS A VERY GREAT CHANCE OF AFFECTING THE  
19 DISCOVERY. I'VE ALWAYS BELIEVED THAT THE FIRST AND  
20 PRIMARY OBLIGATION, CERTAINLY OF THE OATH THAT I TOOK,  
21 IS TO COME UP WITH THAT DISCOVERY, WITH COMING UP WITH  
22 THAT THERAPY.

23 THESE WORDS HAVE REAL MEANING, AND WE'VE JUST  
24 GOT TO GET IT RIGHT.

25 SENATOR ORTIZ: I AGREE.

1                   CHAIRMAN KLEIN:  YES.  I WOULD LIKE TO DO  
2 THIS.  WE HAVE SOME CRITICAL ADDITIONAL ITEMS.  SENATOR  
3 ORTIZ HAS BEEN VERY GRACIOUS.  I JUST -- DR. SUSAN  
4 BRYANT AND DR. MICHAEL FRIEDMAN, AND I KNOW DR. PRIETO  
5 WANTS TO SPEAK.  WE NEED TO CUT OFF THOSE COMMENTS.

6                   I WOULD LIKE TO POINT OUT THAT I LEARN EVERY  
7 DAY, SENATOR ORTIZ, FROM BOTH DR. KESSLER AND  
8 DR. MICHAEL FRIEDMAN IN A VERY SPECIAL WAY IN THAT THEY  
9 WERE BOTH HEADS OF THE FEDERAL DRUG ADMINISTRATION FOR  
10 THE U.S., THE FDA.  THEY HAVE TREMENDOUS KNOWLEDGE AND  
11 HAVE DEDICATED A GREAT PIECE OF THEIR LIFE TO, IN FACT,  
12 GETTING THERAPIES TO PEOPLE ON AN AFFORDABLE BASIS.

13                  DR. SUSAN BRYANT.

14                  DR. BRYANT:  YES.  I JUST WANTED TO SAY THAT,  
15 AS YOU PROBABLY KNOW, ASSEMBLY CONCURRENT RESOLUTION  
16 252 AND 24 CHARGE THE CALIFORNIA COUNCIL ON SCIENCE AND  
17 TECHNOLOGY WITH COMING WITH IP POLICIES THAT COVER THE  
18 DISCUSSIONS THAT ARE GOING ON, COVER ALL THESE ISSUES,  
19 BUT UNFORTUNATELY I DON'T THINK, SINCE THE TIMING OF  
20 THE REPORT IS NOT GOING TO BE COINCIDENT WITH THIS, I  
21 MEAN IT'S GOING TO BE CLOSE, BUT THERE ARE MANY COMPLEX  
22 ISSUES SURROUNDING THIS.

23                  AND I WOULD ALSO LIKE TO ECHO WHAT OTHER  
24 PEOPLE HAVE SAID.  I THINK THE GOAL OF AFFORDABLE  
25 PRICING IS OUTSTANDING, BUT IT'S REALLY UNCLEAR TO ME

1 HOW WE CAN ACCOMPLISH THIS THROUGH OUR EFFORTS HERE  
2 BECAUSE EXPERIMENTS THAT HAVE BEEN DONE WITH NIH  
3 FUNDING HAVE SHOWN A FAILURE IF YOU TRY TO TACK  
4 REQUIREMENTS FOR AFFORDABLE PRICING ONTO THEM. AND YOU  
5 HAVE TO RECOGNIZE THAT THE AMOUNT OF MONEY THAT GOES  
6 INTO THE DEVELOPMENT OF A DRUG OR THERAPY, THE PART  
7 THAT GOES INTO THE BASIC RESEARCH IS A SMALL FRACTION  
8 OF WHAT'S NEEDED FOR THE TOTAL DEVELOPMENT OF IT. SO  
9 WHEN YOU GET TO THE RESEARCH AND DEVELOPMENT PHASE,  
10 COMPANIES HAVE TO KNOW THAT THEY ARE GOING TO BE ABLE  
11 TO RECOUP THEIR COSTS. AND SO THAT'S ONE OF THE ISSUES  
12 THERE.

13 BUT, HOWEVER, I WOULD JUST SAY THAT THERE  
14 IS -- THERE WILL BE A SOURCE OF REVENUE TO THE STATE  
15 THAT WILL COME FROM NEW JOBS, NEW BUSINESSES TO THE  
16 STATE, INCREASED TAX REVENUES, AND HEALTHCARE COST  
17 SAVINGS FROM THE THERAPIES THAT ARE HERE. AND MAYBE  
18 THE STATE SHOULD CONSIDER USING SOME OF THOSE INCOMES  
19 TO OFFSET THE COST IN SOME WAY RATHER THAN -- IT'S NOT  
20 WITHIN OUR CONTROL TO DO THAT. I AGREE WITH  
21 DR. KESSLER. I THINK IT WOULD BE VERY HARD FOR US TO  
22 ENFORCE ANYTHING THAT WOULD MAKE SENSE IN THIS AREA.

23 SENATOR ORTIZ: HAPPY TO COMMENT BRIEFLY.  
24 I'M MORE THAN HAPPY TO INCORPORATE THE RESOLUTIONS THAT  
25 ARE MOVING THROUGH THE ASSEMBLY THAT COME UP WITH THE

1 IP POLICIES IF INDEED THEY COINCIDE WITH THE TIME LINE.  
2 I ANXIOUSLY AWAIT THOSE ACTUALLY.

3 BUT LET ME JUST REMIND THE MEMBERS OF THE  
4 COMMITTEE. THOSE ARE SOLELY RECOMMENDATIONS. THEY ARE  
5 NOT -- THEY HAVE NO FORCE AND EFFECT OF LAW. A  
6 RESOLUTION, IT'S A DESIRE. IT'S AN INTENT. IT IS NOT  
7 A STATUTE. IT DOES NOT BIND YOU. AND EVEN IF, INDEED,  
8 YOU WERE TO ADOPT POLICIES THAT I BELIEVE ARE GOOD  
9 POLICIES, MY HOPE IS THAT THAT POLICY THAT YOU WOULD  
10 ADOPT, ABSENT A CONSTITUTIONAL AMENDMENT, OR IF A PIECE  
11 OF LEGISLATION COULD BE PASSED IN THREE YEARS BY 70  
12 PERCENT OF BOTH HOUSES, I HOPE THAT YOU ADOPT POLICIES  
13 THAT YOU CAN ADHERE TO AND YOU'LL LOCK YOURSELVES INTO  
14 WITH A SUPER MAJORITY VOTE AS DICTATED IN THE  
15 INITIATIVE.

16 I'M NOT SUGGESTING THAT THOSE WON'T BE GOOD  
17 POLICIES, BUT LET ME JUST SAY THEY DON'T HAVE FORCE AND  
18 EFFECT OF LAW. RESOLUTIONS ARE DESIRES. THEY'RE  
19 INTENTS.

20 FINALLY, IN TERMS OF THE FAILURE ON THE NIH  
21 LEVEL TO ATTACH CONDITIONS TO RESEARCH. LET ME GO BACK  
22 TO I THINK THERE'S AN OPPORTUNITY, AGAIN, IF IT IS ONLY  
23 A STRONG POLICY STATEMENT AND IT IS IMPLEMENTABLE, I  
24 THINK DO MORE THAN WHAT IS IN THE MEASURE TODAY UNDER  
25 THE LAW, UNDER SUBDIVISION H THAT INDEED ACTUALLY

1 REFERS TO REVENUE STREAMS AND/OR LET'S JUST SIMPLY  
2 ACKNOWLEDGE THAT THAT PROVISION IS AS ILLUSORY AS THE  
3 CRITICISMS THAT HAVE BEEN RAISED ABOUT MY DESIRE TO DO  
4 SOMETHING IN THE ALTERNATIVE THAT DOESN'T TIE IT TO  
5 INCOME STREAMS OR REVENUES OR PATENTING FEES.

6 CHAIRMAN KLEIN: SENATOR, I THINK WE'RE ALL  
7 COMMITTED TO THE SAME GOALS. AND AS YOU'VE SEEN IN THE  
8 SHEET THAT WE PUT OUT AS OUR UNDERSTANDING OF THE  
9 MEETING WITH SENATOR PERATA'S STAFF AND YOURS, WE'RE  
10 COMMITTED TO TRYING TO WORK OUT A STRONG POLICY. AND  
11 IF WE CAN WORK WITH YOU WITH OUR LEGISLATIVE COMMITTEE  
12 ON GETTING A STRONG POLICY, THAT WOULD BE VERY HELPFUL.

13 DR. FRIEDMAN.

14 DR. FRIEDMAN: JUST VERY BRIEFLY BECAUSE I  
15 KNOW WE HAVE LOTS OF OTHER BUSINESS TO DO. SENATOR,  
16 YOUR GOOD FAITH AND YOUR INTEREST IN THIS IS PERFECTLY  
17 APPARENT TO EVERYBODY AND SO --

18 SENATOR ORTIZ: I APPRECIATE THAT.

19 DR. FRIEDMAN: THAT'S NOT THE QUESTION. THE  
20 QUESTION I HAVE IS THESE ARE IMMENSELY COMPLICATED  
21 ISSUES. THEY HAVE COMPLICATED FINANCIAL IMPLICATIONS.  
22 THEY HAVE COMPLICATED INTELLECTUAL PROPERTY  
23 IMPLICATIONS. THEY'RE PUBLIC HEALTH ISSUES AND  
24 CLINICAL CARE PROVISIONS THAT ARE IMPORTANT. THEY'RE  
25 THE ISSUES THAT DR. BALTIMORE AND OTHERS HAVE TALKED

1 ABOUT IN TERMS OF SIMPLY STIMULATING THE BEST RESEARCH  
2 BEING DONE IN THE MOST PROPER AND APPROPRIATE WAY.  
3 THESE ARE ALL SO VEXING AND COMPLICATED.

4 MY QUESTION REALLY IS IF WE AS A BODY, AND  
5 IT'S ALWAYS HARD FOR ANY ONE PERSON HERE TO SPEAK FOR  
6 THE WHOLE GROUP, AND I DON'T INTEND TO DO THAT HERE,  
7 BUT IF WE AS A BODY PUBLICLY COMMIT TO WORKING ON THESE  
8 THINGS, THE ISSUES YOU RAISE HERE, WHETHER THE  
9 MEETINGS -- HOW THE MEETINGS ARE COMMUNICATED AND HOW  
10 THE PUBLIC INTERACTS IN THAT WAY, HOW INTELLECTUAL  
11 PROPERTY AND CLINICAL CARE IS CARRIED OUT, HOW THE  
12 CONFLICTS OF INTEREST ARE PROPERLY RECOGNIZED AND  
13 RESOLVED, MAKING THAT PUBLIC COMMITMENT, ALBEIT WITHOUT  
14 THE FORCE OF LAW -- WAIT, PLEASE, JUST A MOMENT --  
15 WITHOUT THE FORCE OF LAW, WHY MOVE FORWARD IN A HURRY  
16 TO CODIFY SOMETHING THAT MAY, IN FACT, BE FLAWED AND  
17 CAUSE MORE DIFFICULTIES AS WE PROCEED?

18 THERE IS IMMENSE INTEREST IN COMMITMENT FROM  
19 THIS BODY TO WORK, NOT JUST WITH YOU, BUT WHEN  
20 MR. KLEIN WAS TALKING ABOUT HAVING A LEGISLATIVE  
21 SUBCOMMITTEE, IT'S NOT ABOUT THIS BILL, ALTHOUGH THIS  
22 IS AN IMPORTANT INITIATIVE, IT'S ABOUT AN ONGOING  
23 DECADE, 10-YEAR COMMITMENT TO WORKING WITH THE  
24 LEGISLATURE TO MAKE SURE THAT THERE'S GOOD  
25 COMMUNICATION AND THAT WE AND THE LEGISLATURE WORK

1 TOGETHER TO SERVE THE BEST INTERESTS OF THE CITIZENS OF  
2 CALIFORNIA AND PATIENTS EVERYWHERE.

3 AND SO I GUESS -- I MEAN THE STATEMENT THAT'S  
4 ATTRIBUTED TO EINSTEIN THAT FOR EVERY PROBLEM THERE'S  
5 AN EASY AND OBVIOUS SOLUTION, AND IT'S ALMOST ALWAYS  
6 WRONG, I REALLY BELIEVE IN. AND THESE ARE REALLY  
7 COMPLICATED THINGS. IF WE ARE RUSHING TOWARD A  
8 CALENDAR DEADLINE, I FEAR THAT THEY WILL BE FLAWED.  
9 AND SIMPLY ASK IF WE MAKE THIS PUBLIC COMMITMENT SO  
10 CLEAR, LET'S GIVE OURSELVES THE OPPORTUNITY TO HAVE  
11 THESE DISCUSSIONS, TO WORK IT OUT OVER A LONG TERM.

12 SENATOR ORTIZ: LET ME -- IT'S A PERFECTLY  
13 REASONABLE AND WELCOMED RECOMMENDATION. I HAVE SAID IN  
14 ALL OF MY MEETINGS THAT I AM MORE THAN HAPPY IF I HAVE  
15 A LEVEL OF CONFIDENCE THAT THESE POLICIES WILL BE  
16 ADOPTED, THAT THERE WILL BE A MECHANISM TO ASSURE THE  
17 MAINTENANCE OF THEM WITH ALL THE, YOU KNOW, CONCERNS  
18 ABOUT GOOD FAITH NEGOTIATIONS. I BELIEVE EVERYBODY  
19 HERE IS COMMITTED TO DOING THE RIGHT THING. SO I HAVE  
20 NOT CLOSED THE DOOR TO THAT --

21 DR. FRIEDMAN: WELL, I GUESS I'M ASKING A  
22 MORE MECHANICAL QUESTION, WHICH IS WHAT DOES IT TAKE,  
23 THEN, TO DEMONSTRATE THAT GOOD FAITH AND CONFIDENCE?  
24 NOT THAT WE WILL AGREE ON EVERYTHING BECAUSE WE WON'T,  
25 OF COURSE, BUT TO HAVE REALLY SUBSTANTIVE, THOUGHTFUL,

1 MEANINGFUL DISCUSSIONS WHERE WE ARRIVE NOT AT YOUR  
2 POSITION OR SOMEBODY ELSE'S POSITION, BUT AT THE BEST  
3 POSSIBLE POSITION FOR THAT MOMENT FOR THAT TOPIC.

4 SENATOR ORTIZ: IT IS MORE MEETINGS. BUT LET  
5 ME JUST SHARE WITH YOU. THE MEETINGS I HAVE HAD WITH  
6 MEMBERS ON YOUR BOARD THAT HAVE BEEN MOST PRODUCTIVE IS  
7 WHEN THEY PICKED UP THE PHONE, THEY'VE COME TO MY  
8 OFFICE, THEY'VE SAT DOWN, WE'VE HAD CONFERENCE CALLS,  
9 WE'VE HAD LEGAL COUNSEL, WE'VE HAD EXPERTS IN THIS  
10 AREA. THE DIFFICULTY IN A TRADITIONAL SETTING WHEN YOU  
11 NEGOTIATE A BILL IS YOU WORK WITH THE LOBBYIST. THE  
12 LOBBYIST -- WE HAVE NOT GOTTEN TO A POINT WHERE THE  
13 LOBBYIST PROPOSED LET'S AMEND THIS, LET'S CHANGE THAT.

14 SO LET ME JUST SHARE WITH YOU IN THE  
15 LEGISLATIVE PROCESS, MY DIFFICULTY HAS BEEN THAT I'M  
16 NEGOTIATING ANTICIPATING WHAT I THINK IS A SOLUTION,  
17 AND I THINK WE'VE COVERED A LOT OF GROUND. SO LET'S DO  
18 IT. I'M OPEN TO IT.

19 IN TERMS OF THE NOVEMBER ELECTION, MAY OR MAY  
20 NOT HAPPEN, HIGHLY LIKELY TO HAPPEN UNFORTUNATELY FOR  
21 ALL OF US ON A TOUGH TIME LINE. I THINK THE DELAYS IN  
22 THE LAST WEEK AND A HALF, HOWEVER PRODUCTIVE THEY MAY  
23 BE, HAVE INADVERTENTLY PUT ME ON A TIGHT LINE THAT MAY  
24 NOT BE ACHIEVABLE. AT THIS POINT, HOWEVER, A  
25 COMMITMENT TO DO THAT WITHOUT COMING CLOSER TO LANGUAGE



1 ON HOW WE CREATE A RETURN TO CALIFORNIA, ABSENT THAT  
2 VERY STRONG POLICY STATEMENT, I AM GOING TO MOVE  
3 FORWARD WITH THE LEGISLATION. I WILL HAVE A HARD TIME  
4 MOVING IT OFF THE FLOOR, IF I GET IT SET AT ALL, BUT I  
5 WILL NEVER CLOSE THE DOOR TO THAT OPTION. AND I EXTEND  
6 THE INVITATION TO YOU AS WELL TO JOIN ME.

7 DR. FRIEDMAN: WELL, I APPRECIATE THAT YOU  
8 HAVEN'T CLOSED THE DOOR, BUT THE DOOR SEEMS TO HAVE A  
9 VERY NARROW CRACK IN IT, TO BE HONEST.

10 SENATOR ORTIZ: YOU SHOULD SPEAK TO THOSE WHO  
11 HAVE BEEN IN MY OFFICE. THAT'S NOT A CORRECT  
12 CHARACTERIZATION. SET UP A MEETING.

13 CHAIRMAN KLEIN: DR. FRIEDMAN, ARE YOU ASKING  
14 WHY DO WE HAVE TO DO IT IN THIS TIME FRAME AS WE'RE  
15 DOING? WHY CAN'T WE PUT IT ON THE JUNE '06 BALLOT?  
16 WHY CAN'T WE HAVE THE TIME TO DO IT RIGHT?

17 DR. FRIEDMAN: IF YOU WANT AN EXPRESSION FROM  
18 EVERY PERSON ON THE BOARD, THEY'RE FREE TO VOICE THEIR  
19 OWN OPINION ABOUT YES OR NO THAT THEY WANT TO WORK VERY  
20 HARD TO RESOLVE THESE THINGS, BUT NOT TO HASTILY RUSH  
21 TOWARD A CALENDAR DATE THAT I FEAR, BECAUSE OF THE  
22 COMPLEXITIES OF THESE ARGUMENTS, MEANS THAT WE'LL END  
23 UP WITH FLAWED LEGISLATION. THAT'S MY ONLY CONCERN.

24 SENATOR ORTIZ: I BELIEVE WHAT WE HAVE BEFORE  
25 US IS NOT FLAWED. IT MAY REPRESENT A DIFFERENCE OF

1 PHILOSOPHY OR AGREEMENT, BUT WE HAVE YET TO ARRIVE AT  
2 THAT. WHAT IS BEFORE YOU IN THE MOCK-UP IS NOT LEGALLY  
3 FLAWED, AND IT REPRESENTS, I BELIEVE, AT LEAST THE  
4 CONSENSUS WE'VE ARRIVED AT THUS FAR. AND IF, INDEED --  
5 IT'S HIGHLY UNLIKELY WE'LL HAVE TIME BY JUNE 31ST; AND  
6 AS A RESULT OF THAT, I WILL COMMIT TO WORK BEYOND THAT.

7 CHAIRMAN KLEIN: DR. PRIETO, VERY QUICKLY.  
8 BECAUSE WE HAVE PUBLIC COMMENT. WE HAVE CRITICAL ITEMS  
9 TODAY. THE PUBLIC HAS BEEN VERY PATIENT. AND SENATOR  
10 ORTIZ HAS BEEN VERY PATIENT WITH HER TIME.

11 DR. PRIETO: I'LL TRY TO BE BRIEF. THANK  
12 YOU. FRANCISCO PRIETO.

13 I ALSO WANT TO THANK SENATOR ORTIZ FOR BEING  
14 HERE AND THE OTHER SENATORS AND FOR GIVING US THEIR  
15 TIME. AND I ALSO PARTICULARLY WANT TO RECOGNIZE  
16 SENATOR ORTIZ FOR THE COMMITMENT SHE'S SHOWN TO THIS  
17 RESEARCH AND TO HEALTHCARE ISSUES IN GENERAL,  
18 PARTICULARLY WITH REGARDS TO MY ISSUES. SHE'S BEEN A  
19 STRONG ADVOCATE IN THE LEGISLATURE FOR HEALTH ISSUES  
20 AND FOR ISSUES RELATING TO PEOPLE WITH DIABETES, AND I  
21 APPRECIATE THAT.

22 THE THING THAT STRIKES ME ABOUT THIS  
23 DISCUSSION WE'RE HAVING TODAY IS HOW CLOSE WE'VE COME  
24 ON THESE ISSUES BETWEEN THE ENHANCEMENTS MENTIONED BY  
25 MR. HARRISON AND THE AMENDMENTS TO SCA 13. IT IS

1 STRIKING TO ME THAT WE'RE TALKING ABOUT THE SPECIFIC  
2 LANGUAGE OF ONE SENTENCE IN SECTION 9, SUBHEADING A.  
3 THAT TELLS ME THAT WE'RE NOT HERE THRASHING OUT MAJOR  
4 PHILOSOPHICAL DISAGREEMENTS. WE ALL WANT THIS RESEARCH  
5 TO GO FORWARD.

6 SPECIFICALLY WITH REGARD TO THE OPEN MEETINGS  
7 ISSUES, I THINK THIS IS THE INFORMATION AGE. I THINK  
8 WE ALL REALIZE THAT THERE ARE REALLY NO SECRETS THAT  
9 CAN BE KEPT FOR VERY LONG ANYMORE. AND I THINK  
10 THAT SENATOR -- MAYBE 20 YEARS, 30 YEARS, BUT IT CAME  
11 OUT NOW. SENATOR ORTIZ HAS MOVED CONSIDERABLY ON THESE  
12 ISSUES AND HAS COME TO, I THINK, A POSITION VERY CLOSE  
13 TO OURS.

14 CHAIRMAN KLEIN: DR. PRIETO, JUST AS A POINT  
15 OF INFORMATION, I WOULD TELL YOU AS A LAWYER AND HAVING  
16 GONE THROUGH WITH BOND COUNSEL, ORRICK HERRINGTON, THIS  
17 SENTENCE YOU'RE TALKING ABOUT WOULD SHUT DOWN OUR  
18 ABILITY TO ISSUE BONDS. WE COULDN'T HAVE THE  
19 CERTIFICATIONS THAT WE WOULD NEED TO MAKE SO THAT WE  
20 COULD ACTUALLY IMPLEMENT PROPOSITION 71.

21 DR. PRIETO: I UNDERSTAND THAT THE WORDING OF  
22 THE SENTENCE IS PROBLEMATIC. I READ THAT AND  
23 IMMEDIATELY THOUGHT THAT ENSURE WAS PROBABLY THE WRONG  
24 WORD OR THAT THERE NEEDED TO BE A PHRASE THERE THAT WAS  
25 DIFFERENT, BUT THAT'S NOT A MAJOR PHILOSOPHICAL

1 DIFFERENCE. I REALIZE THAT WORDS ARE IMPORTANT. I'M  
2 NOT A LAWYER.

3 AND WITH REGARDS TO THE INTELLECTUAL PROPERTY  
4 ISSUES, THESE ARE COMPLICATED AND, FOR ME, A LITTLE  
5 ARCANE, BUT I THINK THAT THERE IS SOMEWHERE A MIDDLE  
6 GROUND BETWEEN THE STATE GETS NOTHING BUT A WARM  
7 FEELING, AND THE STATE GETS A HUNDRED PERCENT, WHICH  
8 GUARANTEES THAT NOTHING EVER HAPPENS THAT REASONABLE  
9 PEOPLE CAN AGREE ON. AND I KNOW THAT THE LANGUAGE BY  
10 WHICH YOU ARRIVE AT THAT IS DIFFICULT AND COMPLEX, BUT  
11 I THINK THAT WE CAN ARRIVE AT SUCH LANGUAGE. I THINK  
12 WE'RE WORKING TOWARDS THAT.

13 CHAIRMAN KLEIN: A STRONG POLICY STATEMENT IS  
14 SOMETHING WE'VE ALL LOOKED AT AND PUT FORWARD HERE AS A  
15 RECOMMENDATION TO OUR TASK FORCE, AND WE NEED TO WORK  
16 WITH SENATOR ORTIZ TO STRENGTHEN IT AND GET TO A COMMON  
17 GROUND.

18 JEFF SHEEHY, AND THEN I THINK WE NEED TO CUT  
19 THIS OFF. WE HAVE SOME CRITICAL ISSUES. WE HAVE  
20 FACILITIES GROUP TO APPOINT. WE HAVE OUR STANDARDS  
21 COMMITTEE THAT IS GOING TO BEGIN MEETINGS. THEY HAVE  
22 TO HAVE AN APPROVED STANDARDS PROCEDURES. SO JEFF.

23 MR. SHEEHY: JUST QUICKLY. I WANT TO SAY HOW  
24 MUCH I APPRECIATE THE SENATOR'S WORK BECAUSE I THINK IN  
25 OUR CONVERSATIONS WE BOTH AGREE THAT THERE IS AN ISSUE

1       HERE IN TERMS OF ACCESS.  IT'S A VERY, VERY DIFFICULT  
2       POLICY TO GET TO.  I THINK IT'S SOMETHING THAT MAY TAKE  
3       A LONG TIME, AND IT MAKES ME REGRET TERM LIMITS, I  
4       THINK, WHICH IS PART OF WHAT'S PUTTING THE GUN TO OUR  
5       HEAD.

6                    I JUST HAVE ONE KIND OF PROCESS QUESTION  
7       BECAUSE I DO THINK THAT THIS COMMITTEE DOES OFFER --  
8       THE SUBCOMMITTEE OF THE WHOLE OFFERS POTENTIAL WORKING  
9       WITH SENATOR ORTIZ TO GET US TO SOME RESOLUTION,  
10      HOPEFULLY NOT TO THE BALLOT.  SENATOR, WHEN DO YOU PLAN  
11      ON BRINGING SCA 13 ONTO THE FLOOR OF THE SENATE FOR A  
12      VOTE?

13                   SENATOR ORTIZ:  I HAVE NOT BEEN TO OUR HOUSE  
14      THIS WEEK.  I DON'T KNOW.  I PLEDGE TO WORK SOME THINGS  
15      WITH MY COLLEAGUES, AND I'D HOPE TO HAVE SOME --  
16      SENATOR DUNN, I'M YET TO GET ON HIS CALENDAR, BUT I  
17      WANT TO GIVE MY MEMBERS CONFIDENCE.  IT DEPENDS WHEN I  
18      CAN GIVE SOME COMFORT.

19                   MR. SHEEHY:  DO WE HAVE A WEEK?  TWO WEEKS?

20                   SENATOR ORTIZ:  NO, YOU DON'T HAVE TWO WEEKS  
21      BECAUSE THE CLOCK WILL HAVE RUN.

22                   MR. SHEEHY:  SO WE'VE BASICALLY GOT ABOUT A  
23      WEEK OR TEN DAYS.

24                   SENATOR ORTIZ:  IF AT ALL.

25                   MR. SHEEHY:  IF AT ALL.

1 CHAIRMAN KLEIN: VERY QUICKLY, DAVID  
2 SERRANO-SEWELL. THIS IS THE LAST WORD. WE JUST HAVE  
3 TO GO FORWARD.

4 MR. SERRANO-SEWELL: AGAIN, I ALSO WANT TO  
5 THANK YOU, SENATOR ORTIZ. I HAVE NOTHING BUT THE  
6 UTMOST PROFOUND RESPECT FOR THE SENATE AND THE  
7 ASSEMBLY, MY TWO MENTORS, ART TORRES AND RICHARD  
8 ALATORRE, LEGENDS IN MY MIND, WHO SERVED IN THOSE  
9 HOUSES, SO I UNDERSTAND THE RESPONSIBILITIES THAT GO  
10 ALONG WITH BEING A STATE SENATOR.

11 LET ME SAY THAT I HAVE THE HONOR OF  
12 REPRESENTING THE ALS AND THE MS COMMUNITY. I WAS  
13 APPOINTED BY THE LIEUTENANT GOVERNOR. THERE WAS A LOT  
14 OF APPLICATIONS THAT WERE SUBMITTED TO THE LIEUTENANT  
15 GOVERNOR FOR CONSIDERATION. WHAT I WAS -- MINE POPPED  
16 OUT PROBABLY BECAUSE I HAVE MS. I'VE LIVED WITH IT FOR  
17 THREE AND A HALF YEARS. SO IN ADDITION TO MY CHARM AND  
18 ALL THOSE OTHER THINGS, I THINK IT WAS MY CIVIC AND  
19 POLITICAL --

20 DR. PRIETO: AND GOOD LOOKS.

21 MR. SERRANO-SEWELL: -- AND GOOD LOOKS, BUT  
22 IN ALL HONESTY, I THINK IT WAS THE LIEUTENANT  
23 GOVERNOR'S DESIRE TO HAVE SOMEBODY ON THIS COMMITTEE,  
24 I'M CERTAINLY NOT THE ONLY ONE THAT IS AFFLICTED WITH A  
25 CONDITION. AND WHILE WE KNOW THE TRAJECTORY OF MS

1       SOMEWHAT, IT'S DIFFERENT. I DON'T KNOW. I SORT OF GET  
2       TO INJECT MYSELF WITH SHOTS THREE TIMES A WEEK AND TAKE  
3       THESE PILLS TO ALLEVIATE SOME OF MY SYMPTOMS, BUT WE  
4       KNOW THE TRAJECTORY FOR ALS. IT'S DEATH IN PROBABLY  
5       THREE TO FIVE YEARS.

6                SO HERE'S WHAT I WANT TO SAY. YOU AND I ARE  
7       OF THE SAME MIND WHEN WE AGREE THAT WE DON'T WANT TO  
8       HAMPER OUR EFFORTS. AS A PATIENT ADVOCATE, I DON'T  
9       WANT TO HAMPER THE SCIENTISTS. I DON'T WANT TO HAMPER  
10      THE GOOD PEOPLE THAT WE'RE GOING TO FUND, THESE  
11      OUTSTANDING INSTITUTIONS. ANYTHING THAT GETS IN THE  
12      WAY OF THOSE EFFORTS, I CAN ONLY SPEAK FOR MYSELF, I  
13      WILL OPPOSE.

14               I APPRECIATE THE GOOD FAITH THAT YOU'VE MADE  
15      IN OPENING THE DOOR, BUT FOR ME -- NOW I CAN SPEAK AS  
16      AN ATTORNEY -- WHEN WE STARTED WITH SCA 13 IN ITS  
17      ORIGINAL FORM AND THE MARKUP FORM WE GOT TODAY, IT'S  
18      TWO DIFFERENT DOCUMENTS. THE THEMES ARE THE SAME. TWO  
19      DIFFERENT DOCUMENTS, BUT IT EVIDENCES IN MY MIND THE  
20      NEED TO GIVE THIS BILL SOME MORE THOUGHT AND  
21      CONSIDERATION.

22               NOW, WHETHER THAT HAPPENS THROUGH YOUR GOOD  
23      OFFICES, OKAY. WHETHER THAT HAPPENS HERE OR THERE,  
24      LET'S DO IT. BUT I HAVE TO SAY ANYTHING THAT IMPEDES,  
25      WHAT I BELIEVE IN MY OPINION, WOULD HAMPER OUR EFFORTS,

1 WOULD IMPEDE, WOULD IMPAIR OTHER EFFORTS, I HAVE TO  
2 QUESTION AND HOPE TO AVOID. SOMETHING ON THE BALLOT  
3 WILL BE A DISTRACTION IN MY MIND. IT WILL GET IN THE  
4 WAY OF WHAT WE WANT TO DO. WE'VE GOT LITIGATION.  
5 WE'VE GOT STAFF TO HIRE. WE'VE GOT SO MUCH TO DEAL  
6 WITH OF RAMPING UP THIS STATE ORGANIZATION, THIS NEW  
7 STATE ORGANIZATION, TO CONTEND WITH SOMETHING ELSE ON  
8 THE BALLOT, YOU KNOW WILL BE A PROBLEM.

9 CHAIRMAN KLEIN: I'D LIKE TO THANK SENATOR  
10 ORTIZ AND TELL YOU THAT I HOPE THIS IS -- WHAT WE'VE  
11 DRAWN UP IS A SUMMARY FROM OUR FRIDAY MEETING AS A VERY  
12 STRONG CONCEPTUAL COMMITMENT FOR TASK FORCE TO LOOK TO  
13 WHAT WE CAN DO TO ENHANCE OUR CONFLICTS OF INTEREST  
14 POLICIES, TO ENHANCE OUR OPEN MEETING POLICIES, WHICH,  
15 IN FACT, WE'VE HAD VOTES IN APRIL AND MAY TO TAKE STEPS  
16 ALONG THAT ROUTE, TO ENHANCE OUR PUBLICATION AND  
17 TRANSPARENCY OF OUR RECOMMENDATIONS FROM OUR GRANT  
18 GROUP TO REALLY PROCEED ON A CHECKLIST DOWN ALL THE  
19 VARIOUS AVENUES THAT ARE POINTED OUT IN SCA 13 AND TAKE  
20 THE BEST SHARED IDEAS TOGETHER AND SHOW GOOD FAITH IN  
21 TRYING TO MOVE FORWARD BOTH TO ADOPT THESE OURSELVES  
22 AND WORK ON LANGUAGE THAT'S COOPERATIVE.

23 OUR CONCERN IS THAT HASTE COULD END UP IN A  
24 TRAIN WRECK FOR EVERYONE. THAT'S NOT YOUR INTENT; IT'S  
25 NOT OURS. WE NEED THE TIME TO DO IT RIGHT. THANK YOU,



1 SENATOR ORTIZ.

2 SENATOR ORTIZ: MAY I DO A BRIEF CLOSING ON  
3 THE THREE LAST COMMENTS?

4 CHAIRMAN KLEIN: ABSOLUTELY.

5 SENATOR ORTIZ: LET ME JUST BRIEFLY, BECAUSE  
6 I THINK I DIDN'T GET TO ADDRESS DR. FRIEDMAN'S CONCERN,  
7 I'M MEETING WITH -- I AM RUNNING THE IP PROVISIONS  
8 THROUGH INDUSTRY PEOPLE. THEY'VE MET IN MY OFFICE,  
9 WILL CONTINUE TO MEET WITH ME. THEY'RE GOING TO GUIDE  
10 ME IN THE ABILITY TO ASSESS WHETHER OR NOT INDEED --  
11 THESE ARE TWO ORGANIZATIONS THAT I'VE BEEN PERSONALLY  
12 RECOGNIZED BY, CHI AND BIOCOM. YOU RESPECT THEM. THEY  
13 ARE A PARTNER. THEY'RE AT THE TABLE. SO LET ME GIVE  
14 YOU THAT ASSURANCE.

15 LET ME JUST ADDRESS MR. SERRANO-SEWELL'S  
16 CONCERNS. I APPRECIATE THAT. THOSE ARE VERY REAL.  
17 YOU ARE ENTITLED TO FEEL THAT PASSION, THAT INTENSITY  
18 WITH A SOUND LEGAL ANALYSIS WHETHER OR NOT I, INDEED,  
19 IMPEDE THE DELIVERY.

20 LET ME ALSO ASK YOU TO PLEASE RESPECTFULLY  
21 CONSIDER THAT I'VE GIVEN MY ASSURANCE THAT NOTHING WILL  
22 HAMPER THE BOND ISSUANCE. CONTRARY TO THE STATEMENTS  
23 BY MR. KLEIN, WE HAVE BEEN TOLD BY BOND COUNSEL THE  
24 LANGUAGE WE PRESENTED PRESENTS NO PROBLEMS FOR THE  
25 ISSUANCE OR THE SALE OF BONDS. THE CHALLENGE WILL BE

1 WHAT POLICIES ARE ADOPTED BY THE ICOC TO IMPLEMENT  
2 THAT. THAT'S THE TOUGH TASK AHEAD. I DON'T THINK IT'S  
3 LANGUAGE IN FINAL FORM.

4 I DON'T WANT TO DO ANYTHING TO ADDRESS THE  
5 BROAD CRITICISM THAT HAS ARISEN BY MANY, BUT IT NEEDS  
6 TO BE BASED ON SOUND LEGAL ANALYSIS, AS YOU KNOW, BUT  
7 THE ALLEGATION THAT THIS INVITES LITIGATION, THAT IT  
8 HAMPERS IS ONE THAT OUGHT TO BE LOOKED AT VERY  
9 CAREFULLY. BUT ONCE THE ATTORNEYS, BOND COUNSEL, AS  
10 WELL AS STATUTORY INTENT AND IMPLEMENTATION ISSUES ARE  
11 ADDRESSED AND LOOKED AT, AND WE GET A GREEN LIGHT THAT  
12 SAY, INDEED, THAT LANGUAGE DOESN'T ENHANCE, NOR DOES IT  
13 MINIMIZE RISK OF LITIGATION, I HOPE THAT WE WILL HAVE  
14 AN OPPORTUNITY TO AT LEAST COME TO A MEETING OF THE  
15 MINDS ON THAT OPPORTUNITY AS WELL. I WOULD DO NOTHING  
16 TO DELAY TREATMENT AND CURE FOR YOU.

17 FINALLY, LET ME JUST SAY THAT, YOU KNOW, LIKE  
18 ALL OF YOU, I CAME TO THIS OUT OF FRUSTRATION THAT IN  
19 THE GENERAL FUND WE CUT A PROGRAM THAT COULD HAVE SAVED  
20 MY MOTHER'S LIFE HAD WE HAD IT YEARS BEFOREHAND. I WAS  
21 DRAWN TO THIS FASCINATING POLICY AREA. I WAS THE ONE  
22 PERSON WHO SAID WHEN THE FEDERAL GOVERNMENT, WHEN THE  
23 BUSH ADMINISTRATION LIMITED FUNDS FOR STEM CELL  
24 RESEARCH, AS I WAS READING THE FOOTNOTES THAT WOULD  
25 HAVE SAVED MY MOTHER'S LIFE AND CUTTING EDGE RESEARCH,

1 WE NEEDED TO DO SOMETHING BOLD. WE'RE HERE DOING  
2 SOMETHING BOLD, BUT PLEASE KNOW THAT I WILL DO NOTHING  
3 TO HAMPER THE FUTURE OF STEM CELL RESEARCH. AND,  
4 INDEED, I WOULD ENCOURAGE EVERYONE TO TRUST ME, TO WORK  
5 WITH ME, AND IN THE END CONCLUDE THAT I'M WRONG, BUT  
6 TAKE THAT TIME AND ALLOW ME TO WALK US ALL THROUGH WHAT  
7 MAY BE AN OPPORTUNITY. IF WE DON'T DO IT THIS YEAR, I  
8 HOPE THAT YOU WILL WORK WITH ME IN THE REMAINING TIME I  
9 HAVE LEFT. THANK YOU, MR. KLEIN AND OTHERS.

10 CHAIRMAN KLEIN: THANK YOU, SENATOR. AND  
11 THANK YOU VERY MUCH FOR YOUR TIME. THANK YOU FOR THE  
12 DEDICATED WORK OF PETER HANSEL ON YOUR STAFF AS WE BOTH  
13 STRIVE TO FULFILL THE SAME VALUES FOR THE BENEFIT OF  
14 PEOPLE IN THE STATE SUFFERING FROM CHRONIC DISEASE.

15 I'D LIKE TO DO THIS. CAN I SEE HOW MANY  
16 MEMBERS OF THE PUBLIC WANT TO COMMENT ON THIS ITEM? WE  
17 HAVE A NUMBER OF PUBLIC MEMBERS. I'D LIKE TO ASK THE  
18 PUBLIC IF EACH OF YOU WITH THREE MINUTES CAN LINE UP  
19 AND MAKE YOUR COMMENTS. AND WE LIKE TO RECOGNIZE THE  
20 PUBLIC'S CONTRIBUTION. PEOPLE HAVE COME AND WAITED A  
21 LONG TIME. THEY REPRESENT ORGANIZATIONS. AND THEY'RE  
22 INDIVIDUALS THAT HAVE DEDICATED THEIR LIVES TO TRYING  
23 TO IMPROVE MEDICAL CARE IN CALIFORNIA AND REDUCE  
24 SUFFERING FROM CHRONIC DISEASES.

25 DON REED, IF YOU WILL PROCEED. AND WHO IS

1 DOING THE THREE MINUTES FOR ME? LET ME ALSO SAY TO THE  
2 PUBLIC YOUR IDEAS ARE TREMENDOUSLY VALUABLE, AND PLEASE  
3 SUBMIT SUPPLEMENTAL MATERIALS. WE'D LIKE TO BE ABLE TO  
4 BENEFIT OF THOSE MATERIALS AND YOUR IDEAS TO THE EXTENT  
5 THEY CAN'T BE SUMMARIZED QUICKLY.

6 MR. REED: MY NAME IS DON REED, CALIFORNIANS  
7 FOR A CURE. NO ONE CAN QUESTION THE HONOR OR THE GOOD  
8 HEART OF SENATOR DEBORAH ORTIZ. SHE DOES HONOR TO HER  
9 DISTRICT AND TO OUR NATION.

10 HOWEVER, HONEST MEN AND WOMEN MAY DISAGREE.  
11 BEFORE -- YEARS AGO THE FIRST HUMAN EMBRYONIC STEM CELL  
12 RESEARCH FUNDED BY A STATE WAS DONE BY DR. HANS  
13 KIERSTEAD. IT WAS DONE WITH RATS. IT COST \$459,000  
14 FOR THE STATE OF CALIFORNIA. THERE WOULD BE NO  
15 IMMEDIATE FINANCIAL BENEFIT FROM IT. AND FROM SOME OF  
16 THE LANGUAGE IN THE SCA 13, AS I SEE NOW, IT MIGHT NOT  
17 HAVE BEEN ALLOWED. HOWEVER, FROM THAT BILL NEXT YEAR  
18 DR. HANS KIERSTEAD WILL GO TO 20 NEWLY PARALYZED YOUNG  
19 MEN AND WOMEN, AND THEY WILL HAVE A CHANCE TO WALK AWAY  
20 FROM PARALYSIS, A CHANCE MY SON DID NOT HAVE.

21 WE MUST BE SURE WE DO NOT MOVE TOO HASTILY.  
22 I REMEMBER AS A CHILD I WENT OUT IN THE BACKYARD AND  
23 PLANTED A SEED AND I WATERED IT AND I SAT BESIDE IT AND  
24 WATCHED IT AND WAITED FOR IT TO GROW. THEN I DUG IT UP  
25 AND IN ANGER THREW IT AWAY. GREATNESS TAKES TIME TO

1 GROW. THE WORLD IS WATCHING US. PROPOSITION 71 BRINGS  
2 HOPE TO MILLIONS OF SUFFERING PEOPLE. WE WILL NOT LET  
3 THEM DOWN.

4 ALL THESE PROBLEMS WE CAN WORK OUT, BUT  
5 GREATNESS NEEDS TIME TO GROW. WE CAN DO IT. WE NEED  
6 TIME TO GROW. THANK YOU.

7 CHAIRMAN KLEIN: THANK YOU. I THINK MR. REED  
8 HAS TRIED TO SET AN EXAMPLE OF BEING LESS THAN THREE  
9 MINUTES. IF WE CAN TRY AND DO IT IN TWO MINUTES, I  
10 GREATLY APPRECIATE IT BECAUSE WE HAVE A QUORUM PROBLEM  
11 IF WE START SENDING BOARD MEMBERS OFF TO THEIR  
12 APPOINTMENTS, AND THEY DO NEED SOMETHING TO EAT, AND WE  
13 HAVE A COUPLE OF CRITICAL VOTES.

14 MS. LAVORNE: MY NAME IS KAREN LAVORNE. I'M  
15 ACTUALLY REPRESENTING TWO PATIENT POPULATIONS. I AM A  
16 RETIRED R.N. WHO WAS A DIABETES EDUCATOR AND CASE  
17 MANAGER FOR MORE THAN 20 YEARS. I HAVE A SON WHO HAS  
18 TYPE I DIABETES. HE'S HAD IT SINCE HE WAS FIVE. HE'S  
19 NOW 32. I WAKE UP EVERY MORNING, AS DOES JOAN  
20 SAMUELSON, WITH PARKINSON'S DISEASE. I'VE HAD IT FOR  
21 TWENTY YEARS, SINCE I WAS 48 YEARS OLD.

22 WHEN THEY CAME OUT WITH STEM CELL RESEARCH  
23 AND I STARTED READING ABOUT IT, I THOUGHT, OH, THERE'S  
24 HOPE FOR ME. I'VE SEEN A LOT OF CHANGES IN THE  
25 DIABETES WORLD AND THE PARKINSON'S WORLD, AND IT'S JUST

1 MORE PILLS, MORE PILLS, BETTER INSULIN, SHORTER NEEDLES  
2 FOR INJECTION, ETC. THIS IS MY ONLY HOPE FOR  
3 PARKINSON'S DISEASE. AS YOU CAN SEE, I SHAKE, MY VOICE  
4 SHAKES, MY VOICE IS NOT VERY LOUD. I HAVE A LOT OF  
5 BLADDER PROBLEMS, ALL OF THE COMPLICATIONS OF  
6 PARKINSON'S DISEASE.

7 I WOULD LIKE TO SEE THIS RESEARCH GO ON. IT  
8 MAY NOT BE FOR ME OR FOR EVEN MY SON, BUT I REALLY  
9 THINK THAT IT'S IMPORTANT. AND ONE THING TO LOOK AT IS  
10 RESEARCH. IF WE DON'T HAVE RESEARCH, WE DON'T HAVE TO  
11 WORRY ABOUT ITS AVAILABILITY TO THE POOR BECAUSE THERE  
12 WON'T BE ANYTHING TO AVAIL THEM TO. WHAT I REALLY FEEL  
13 IS THAT SCA, IF YOU CAN GUARANTEE ME THAT SCA 13 WILL  
14 NOT SLOW DOWN THE PROCESS OF STEM CELL RESEARCH, THEN I  
15 WOULD BE IN FAVOR OF IT. BUT I SEE IT AS ROADBLOCK AND  
16 A DETERRENT TO THE IMPROVEMENT OF MY QUALITY OF LIFE  
17 AND THE QUALITY OF LIFE OF PEOPLE WHO HAVE DIABETES,  
18 TYPE I. THANK YOU. AND THIS IS PROBABLY THE SHORTEST  
19 TIME THAT I'VE EVER TALKED.

20 CHAIRMAN KLEIN: THANK YOU VERY MUCH.  
21 MR. ALIOTO IS EXTRAORDINARILY WELL-KNOWN IN THE BAY  
22 AREA IN HIS OWN RIGHT, BUT HE ALSO HAS A VERY FAMOUS  
23 DAUGHTER, SUPERVISOR ALIOTO-PIER, WHO HAS BEEN A GREAT  
24 ADVOCATE FOR STEM CELL RESEARCH.

25 MR. ALIOTO: THANK YOU VERY MUCH, MR. KLEIN.

1 IT'S A REAL HONOR AND PLEASURE JUST TO HAVE THE  
2 OPPORTUNITY TO BE IN FRONT OF THIS REALLY FABULOUS  
3 GROUP THAT'S GOING TO HAVE THE RESPONSIBILITY, I THINK,  
4 TO CHANGE THE WAY THINGS ARE DONE ON A WORLDWIDE BASIS.  
5 I THINK IT'S REALLY HISTORICAL AND IT'S REALLY  
6 WONDERFUL TO SEE YOU IN OPERATION.

7 IN 1981, WHEN MY DAUGHTER WAS INJURED, WHO'S  
8 NOW, AS MR. KLEIN POINTS OUT, SHE'S THE SUPERVISOR, ONE  
9 OF THE SUPERVISORS IN THE STATE AND THE CITY, COUNTY OF  
10 SAN FRANCISCO. SHE WAS INJURED IN 1981 WHEN SHE WAS 12  
11 YEARS OLD. AT THAT TIME SHE AND A NUMBER OF PEOPLE  
12 WERE ON A CHAIR LIFT IN HEAVENLY VALLEY THAT JUMPED THE  
13 RAIL AND ABOUT 50 OR 60 OF THEM FELL ABOUT 70 FEET.  
14 SHE WAS THE ONE THAT WAS HURT THE MOST.

15 AT THAT TIME THERE WAS NO REAL RESEARCH AND  
16 THE POSSIBILITY OF TURNING BACK OR CURING SPINAL CORD  
17 INJURY OR PARALYSIS CAUSED BY STROKE AS WELL. IN 1982  
18 MY WIFE AND I, ALONG WITH OTHER AMERICANS, ESTABLISHED  
19 THE AMERICAN PARALYSIS ASSOCIATION. IT WAS A  
20 NATIONWIDE ORGANIZATION SEEKING A CURE FOR PARALYSIS.  
21 AND IN 1986 WE ORGANIZED THE PARALYSIS PROJECT OF  
22 AMERICA, OF WHICH I AM AND HAVE BEEN THE CHAIRMAN OF  
23 THE BOARD.

24 WE'VE GONE THROUGH ALL KINDS OF RESEARCH.  
25 WE'VE RAISED MILLIONS OF DOLLARS. WE'VE GONE THROUGH

1 PHARMACEUTICAL, SURGICAL, ELECTRICAL RESEARCH TRYING TO  
2 REESTABLISH AND GET A CURE FOR PARALYSIS. WE WERE  
3 STUNTED BY THE OPINIONS AND TRADITIONS AGAINST A CURE  
4 IN THIS AREA COMING FROM, AS YOU KNOW, THE TURN OF THE  
5 CENTURY WHEN THE GREAT SPANISH NEUROLOGIST SAID THAT  
6 THERE WAS NO REGENERATION OF NERVES. HE WAS A GREAT  
7 MAN. HE WAS WRONG. AND IT'S THE EFFORTS OF GROUPS  
8 LIKE THIS THAT ARE SO NECESSARY TO REESTABLISH AND  
9 REALLY BRING TO US, AS IS THE PROMISE, THE BIBLICAL  
10 CURES THAT WE USED TO READ ABOUT AND HOPE ABOUT AND NOW  
11 IT'S AN ACTUALITY.

12 I'M TALKING AGAINST SENATOR ORTIZ. I HAVE  
13 NOT HAD THE PRIVILEGE TO MEET BEFORE, BUT I CAN TELL  
14 YOU POINT BLANK THAT THIS SUGGESTION OF YOURS IS A  
15 CLEAR IMPEDIMENT AND AN OBSTACLE TO THE WORK OF THIS  
16 COMMITTEE. AND I WILL SAY TO YOU THAT, AS DR. KESSLER  
17 POINTED OUT, AN ATTORNEY, ANY ATTORNEY WHO LOOKS AT  
18 THIS KNOWS FROM ITS START THAT IT IS TROUBLE. AND WHEN  
19 YOU BEGIN ANY KIND OF SITUATION WITH A SHALL ENSURE  
20 ANYTHING, THAT MEANS THAT YOU ARE SUBJECT TO AN  
21 INJUNCTION IMMEDIATELY. AND THESE INJUNCTIONS CAN LAST  
22 MORE THAN A YEAR. THOSE ARE OBLIGATORY SITUATIONS.

23 I'M AN ANTITRUST LAWYER. I REPRESENT  
24 PLAINTIFFS AGAINST MONOPOLIES. I WILL TELL YOU ALSO  
25 THAT THAT IS NOT NEARLY THE BEGINNING OF THE PROBLEM,



1 SENATOR. IT GOES FAR BEYOND THAT. IF YOU LOOK INTO  
2 YOUR LANGUAGE, WHEN YOU TALK ABOUT THINGS LIKE COST, I  
3 WILL TELL YOU THAT ATTORNEYS CAN LITIGATE COST FOR TWO  
4 AND THREE YEARS JUST WHAT IT MEANS, NOT WHETHER IT'S  
5 REACHED OR NOT. WHEN YOU TALK ABOUT DEVELOPMENTS,  
6 YOU'RE TALKING ABOUT THE SAME THING.

7 THE WORST OF ALL IS YOUR REFERENCE TO MARKET  
8 PRICES. I WILL TELL YOU THAT LAWYERS CAN DEBATE THAT  
9 FOR YEARS AND YEARS. IF -- WHEN I LOOKED AT THE  
10 DEATHS, THIS PARTICULAR ISSUE AND THIS PARTICULAR  
11 PHRASE, I WANT TO POINT OUT TO YOU ALSO WHEN YOU CHANGE  
12 THE CONSTITUTION, YOU'RE PUTTING INTO THE RECORD IN THE  
13 CONSTITUTION SOMETHING THAT CANNOT BE READILY CHANGED  
14 OR CHALLENGED IN THE FUTURE. THAT IS NOT AN EASY  
15 PROPOSITION. AND IF YOU PUT THESE WORDS OR ANYTHING  
16 CLOSE TO IT IN THEM, I WANT TO SAY THAT AS FAR AS I  
17 COULD TELL SECTION 9(A) THAT STARTS IT OUT IS RIGHT OFF  
18 ITS BAT SOMETHING THAT'S GOING TO PERMIT LAWYERS TO  
19 STOP SOMETHING BEFORE YOU EVEN BEGIN. DR. KESSLER SAYS  
20 WHAT DO I DO TO DO THIS? MORE THE QUESTION IS WHAT IS  
21 THIS THAT YOU ARE SUPPOSED TO DO BEFORE YOU KNOW WHAT  
22 YOU'RE SUPPOSED TO DO.

23 AND WHEN YOU GET TO PARAGRAPH 2, WHEN YOU  
24 TALK ABOUT THE COST OF PRODUCING PRODUCTION, YOU'RE  
25 TALKING ABOUT ITEMS THAT WILL BE LITIGATED TWO, THREE,

1 AND MORE YEARS.

2 IF YOU TALK GO TO NO. 3 AND YOU TALK ABOUT  
3 TERMS THAT ARE CONSISTENT WITH --

4 CHAIRMAN KLEIN: MR. ALIOTO.

5 MR. ALIOTO: -- MARKET RATES, YOU'RE GOING TO  
6 SPEND FOUR OR FIVE YEARS. MY SUGGESTION TO YOU IS  
7 WHATEVER, IF YOU'RE INTERESTED, SENATOR, IN NOT  
8 HAMPERING THIS, YOU SHOULD WITHDRAW IT. THANK YOU.

9 CHAIRMAN KLEIN: THANK YOU, MR. ALIOTO.  
10 MR. JESSE REYNOLDS, AND HOPEFULLY YOU'LL PROVIDE  
11 SUGGESTIONS TO THE LEGISLATIVE TASK FORCE, AND WE CAN  
12 WORK WITH YOU ACTIVELY ON SOME OF THE IDEAS WE PUT  
13 FORWARD TODAY.

14 MR. REYNOLDS: YES, I LOOK FORWARD TO THAT.  
15 THANK YOU. MY NAME IS JESSE REYNOLDS. I AM WITH THE  
16 CENTER FOR GENETICS IN SOCIETY AND, AS ALWAYS, FOR THE  
17 RECORD, WE DO SUPPORT THE PUBLIC FUNDING OF EMBRYONIC  
18 STEM CELL RESEARCH.

19 TWO POINTS THAT I'LL TRY TO BE QUICK ABOUT.  
20 I FIND IT UNFORTUNATE SCA 13, TO THE EXTENT THAT IT IS  
21 BEING CHARACTERIZED AS SUCH, THAT IT'S BEING  
22 CHARACTERIZED AS A HINDRANCE AND IMPEDIMENT, NOT ONLY  
23 BECAUSE OF SENATOR ORTIZ' COMMENDABLE HISTORY FOR  
24 SUPPORTING EMBRYONIC STEM CELL RESEARCH, BUT BECAUSE  
25 THE HISTORY OF THE FUNDING OF SCIENCE HAS SHOWN THAT

1 STRONG PROVISIONS REGARDING CONFLICT OF INTEREST AND  
2 OPEN MEETING AND INTELLECTUAL PROPERTY THAT INITIALLY  
3 MAY LOOK LIKE A HINDRANCE, MAY INITIALLY SLOW DOWN SOME  
4 OF THE WORK, IN THE LONG RUN DO PAY OFF. IT WOULD BE A  
5 TRAVESTY IF IN THE NEAR FUTURE THERE'S A CONFLICT OF  
6 INTEREST OR SOME INTELLECTUAL PROPERTY BOTTLENECK THAT  
7 PREVENTS THE TREATMENTS FROM GETTING OUT THE DOOR AND  
8 BECOMING ACCESSIBLE TO CALIFORNIA'S POOR.

9 MY SECOND POINT IS I'D LIKE TO REMIND YOU OF  
10 THE ECONOMIC ANALYSIS THAT WAS USED DURING THE  
11 PROPOSITION 71 CAMPAIGN, THAT BIOETHICIST ARTHUR KAPLAN  
12 SAID CREATED SOMETHING OF A MORAL COMPACT WITH THE  
13 PEOPLE OF CALIFORNIA. IT ASSERTED THAT PROP 71 WOULD  
14 HELP PAY FOR ITSELF BY, ONE, CREATING A REVENUE STREAM  
15 AND, TWO, LOWERING THE COST OF HEALTHCARE.

16 IT SEEMS TO ME THAT THE INTENT OF SCA 13  
17 WORKS TOWARDS THOSE GOALS. THANK YOU.

18 CHAIRMAN KLEIN: IT'S VERY CLEAR IN THE  
19 STANFORD ECONOMIST'S STUDY, DR. LAUREN BAKER'S STUDY,  
20 THAT THE GREATEST SAVINGS WAS, IN FACT, FUTURE  
21 HEALTHCARE COSTS THAT WERE AVOIDED, EVEN WITH A  
22 2-PERCENT SAVING IN JUST SIX DISEASES OUT OF 70. IN  
23 FACT, THERE WAS NO INTELLECTUAL PROPERTY REVENUE SHOWN  
24 FOR 14 YEARS, ACTUALLY ABOUT \$30 MILLION AT THE END OF  
25 THE 14TH YEAR. IT WAS ALL VERY MUCH IN THE FUTURE, AND

1 A SMALL SHARE OF THE BENEFITS TO CALIFORNIA WITH NEW  
2 INCOME TAXES BEING THE EARLY STRONG COMPONENT. YES.

3 MS. BARCHAS: HELLO, EVERYONE. MY NAME IS  
4 LAUREL BARCHAS, AND I AM A SECOND-YEAR MOLECULAR AND  
5 CELL BIOLOGY MAJOR AT UC BERKELEY. AND I'M ALSO A  
6 MEMBER OF THE CAL CHAPTER OF THE STUDENT SOCIETY FOR  
7 STEM CELL RESEARCH. AND I BELIEVE I ACCURATELY  
8 REPRESENT THE CONSENSUS OF CALIFORNIA STUDENTS.

9 WE, THE STUDENTS, WANT ACCESS TO THE BEST  
10 TRAINING AVAILABLE TO FIGHT DISEASE. I WORK IN A  
11 LABORATORY THAT CONDUCTS RESEARCH ON ADULT STEM CELLS  
12 AND THEIR ROLE IN MUSCLE REPAIR. I ASPIRE TO DO  
13 EMBRYONIC STEM CELL RESEARCH FOR MY CAREER. HOWEVER, I  
14 AM DEEPLY CONCERNED THAT THE PROPOSED AMENDMENT  
15 JEOPARDIZES MY GOALS AND WHAT HAS ALREADY BEEN APPROVED  
16 BY THE PEOPLE OF CALIFORNIA.

17 I STRONGLY OPPOSE SCA 13 BECAUSE IT WILL SLOW  
18 DOWN, IF NOT BLOCK, THE FLOW OF CRITICALLY NEEDED FUNDS  
19 FOR GROUNDBREAKING STEM CELL RESEARCH, JUST LIKE WHAT'S  
20 GOING ON IN MY LABORATORY. I'VE SEEN WHAT THESE  
21 BRILLIANT MINDS IN MY LAB CAN DO. BUT AS A BRAIN IS  
22 NOTHING WITHOUT THE BODY, A RESEARCH IDEA IS JUST  
23 NOTHING WITHOUT ITS FUNDING.

24 IF SCA 13 PASSES AS IS, IT WILL BE A LOT  
25 HARDER FOR RESEARCHERS TO GET THE TOOLS AND SUPPORT

1       THEY NEED TO FIND CURES.   SCA 13 CASTS UNCERTAINTY ON  
2       PROP 71, OPENING THE DOOR TO LAWSUITS.   THIS IS NOT THE  
3       TIME TO GO ABOUT REWRITING OR CHANGING WHAT THE PEOPLE  
4       OF CALIFORNIA HAVE VOTED FOR.

5                   SCA 13 WOULD BE A VICTORY FOR THOSE WHO  
6       OPPOSE THE FORWARD PROGRESS OF EMBRYONIC STEM CELL  
7       RESEARCH AND A LOSS FOR PATIENTS EVERYWHERE.   IT IS  
8       TRULY A STEP BACKWARD AND IS NOT IN THE BEST INTEREST  
9       OF THE STUDENTS, SCIENTISTS, AND PEOPLE OF CALIFORNIA.  
10      THANK YOU.

11                   CHAIRMAN KLEIN:   THANK YOU.

12                   MS. QAMAR:   GOOD AFTERNOON.   MY NAME IS AISHA  
13      QAMAR.   I'M A SECOND-YEAR PUBLIC HEALTH MAJOR AT UC  
14      BERKELEY.   I AM OPPOSED TO SCA 13, AND BELIEVE I SHARE  
15      THE OPINIONS OF A MAJORITY OF CALIFORNIA STUDENTS WHEN  
16      I SAY THAT SCA 13 IS A STEP BACKWARD.   THE EFFECTS OF  
17      SCA 13 WILL BE PERMANENT AND DEVASTATING.   CALIFORNIA  
18      VOTED IN FAVOR OF PROPOSITION 71 WHICH PROVIDES  
19      LEGISLATIVE IMPROVEMENTS AFTER THREE YEARS.

20                   THERE WILL BE TIME TO WORK OUT THE INEVITABLE  
21      KINKS IN THIS NEW PROGRAM.   SCA 13 DOES NOT ALLOW FOR  
22      ANY CHANGES TO OCCUR.   SCA 13, AS WRITTEN, WILL DELAY  
23      RESEARCH FOR CURES AND IMPEDE THE PROGRESS THAT IS  
24      BEING MADE IN SEARCH FOR THERAPIES FOR CHRONIC DISEASES  
25      AND DISABILITY.   WHY IS SUCH IMPORTANT LEGISLATION

1 BEING RUSHED?

2 MEMBERS OF MY FAMILY, AS WELL AS MILLIONS OF  
3 OTHER AMERICANS, SUFFER FROM LIFE-THREATENING DISEASE.  
4 WE ONLY NEED TO LOOK TO OUR LOVED ONES TO REALIZE THAT  
5 SCA 13 WILL HURT, NOT HELP US. IT CREATES ROADBLOCKS  
6 WHICH HINDER RESEARCH IN PROGRESS. AND WHILE THESE  
7 OBSTACLES ARE CREATED, PEOPLE ARE SUFFERING BECAUSE OF  
8 IT. I BELIEVE THAT THE ICOC WITH THE NUMBER OF ITS  
9 MEMBERS REPRESENTING VARIOUS PATIENT GROUPS WILL PUT  
10 THE NEEDS OF PATIENTS FIRST. THE COMMITTEE IS  
11 DEDICATED TO THE WELFARE OF CALIFORNIANS, AND I BELIEVE  
12 WE SHOULD GIVE THEM THEIR CHANCE. THEY NEED TIME, NOT  
13 ADDITIONAL LEGISLATION TO ACHIEVE THEIR GOALS AND THE  
14 IMPROVEMENT OF HEALTH.

15 CHAIRMAN KLEIN: THANK YOU.

16 MS. SWANEY: GOOD AFTERNOON. MY NAME IS  
17 ELIZABETH SWANEY, AND I'M A SENIOR AT UC BERKELEY.  
18 LAST NOVEMBER PEOPLE WITH LIFE THREATENING ILLNESSES  
19 AND INCURABLE DISEASES WERE GIVEN HOPE, A HOPE THAT  
20 CURES FOR THE MILLIONS OF AMERICANS THAT SUFFER WITH  
21 ILLNESSES ARE ONE STEP CLOSER TO REALITY. THIS HOPE  
22 WAS GIVEN TO THEM BY CALIFORNIA VOTERS WHO  
23 OVERWHELMINGLY SUPPORTED PROPOSITION 71.

24 CALIFORNIA VOTERS WANT PEOPLE WITH  
25 ALZHEIMER'S, PARKINSON'S, CANCER, AND THOSE WITH

1 PARALYSIS, AND INNUMERABLE OTHER DISEASES TO HAVE A  
2 BRIGHTER FUTURE WITH STEM CELL RESEARCH. CALIFORNIA  
3 VOTERS TRUST THE PROMISE THAT STEM CELL RESEARCH  
4 BRINGS, WHICH IS PARALLEL TO THE LOS ANGELES BIOMEDICAL  
5 RESEARCH INSTITUTES, AT HARVARD, UCLA MEDICAL CENTER,  
6 STATEMENT LAST YEAR THAT UNQUESTIONABLY STEM CELL  
7 THERAPY IS POTENTIALLY THE MOST IMPORTANT MEDICAL  
8 ADVANCE SINCE THE DISCOVERY OF ANTIBIOTICS.

9 SCA 13 DEFIES THE WILL OF CALIFORNIA VOTERS  
10 AND THREATENS TO HINDER ADVANCEMENTS IN STEM CELL  
11 RESEARCH THERAPY. THE AMERICAN DIABETES ASSOCIATION  
12 AND THE AMERICAN PARKINSON'S DISEASE ASSOCIATION AND  
13 INNUMERABLE OTHER ORGANIZATIONS SUPPORT THE MANDATES OF  
14 PROPOSITION 71. SCA 13 DEFIES THEIR WILL AS WELL.

15 I'M A COXSWAIN ON THE CALIFORNIA BERKELEY'S  
16 VARSITY MEN'S CREW TEAM, AND I HAVE WITNESSED FOUR OF  
17 MY TEAMMATES FALL TO BACK INJURY DUE TO ROWING BECAUSE  
18 OF CREW. AND ALL THESE FOUR TEAMMATES HAVE BEEN FORCED  
19 TO DISCONTINUE THIS SPORT, AND TWO HAVE BEEN TOLD THEY  
20 CAN NEVER PARTICIPATE IN PHYSICAL ACTIVITY AGAIN; OR IF  
21 THEY EVER WANT TO PLAY WITH THEIR FUTURE KIDS AGAIN,  
22 THEY HAVE TO DISCONTINUE SPORTS. AND WITH STEM CELL  
23 RESEARCH THERE'S HOPE FOR THEM.

24 I DON'T WANT TO TELL MY TEAMMATES THAT THEY  
25 WOULD HAVE TO WAIT 10 TO 15 YEARS UNTIL A STEM CELL

1 THERAPY FOR THEM IS AVAILABLE, AN ADDITIONAL 10 TO 15  
2 YEARS BECAUSE OF SCA 13. WE ALL KNOW SOMEONE WHO HAS  
3 BEEN AFFECTED BY DISEASE, ILLNESS, OR INJURY, WHETHER  
4 IT BE CANCER, PARKINSON'S, ALZHEIMER'S, OR PARALYSIS.  
5 CAN WE BEAR TO TELL THESE PEOPLE ALSO, LIKE MY  
6 TEAMMATES, THAT BECAUSE OF SCA 13, THEY'LL HAVE TO WAIT  
7 ANOTHER DECADE OR MORE THAN A DECADE UNTIL CURES ARE  
8 AVAILABLE FOR THEM? I DON'T THINK WE CAN. THANK YOU.

9 CHAIRMAN KLEIN: THANK YOU.

10 MS. REYNOLDS: MY NAME IS DENISE REYNOLDS,  
11 AND HAVE I GOOD FRIEND WHO IS PARALYZED FROM THE CHEST  
12 DOWN IN A MOUNTAIN BIKE ACCIDENT FIVE YEARS AGO. STEM  
13 CELL THERAPIES ARE LIKELY TO CURE HIS PARALYSIS. WHILE  
14 PROP 71 IS A SIGNIFICANT STEP IN MAKING THAT HAPPEN,  
15 SEVERAL PROVISIONS OF SCA 13 COULD DRASTICALLY  
16 CHALLENGE THE VIABILITY OF ITS IMPLEMENTATION.

17 AS WAS MENTIONED EARLIER, THE CLINICAL TRIAL  
18 BY HANS KIERSTEAD INVOLVING RATS, THESE PARALYZED RATS  
19 WERE TREATED WITH EMBRYONIC STEM CELLS AND WERE ABLE TO  
20 WALK, RUN, PLAY, AND GO ABOUT THEIR NORMAL RAT LIVES.  
21 MY FRIEND CHRIS TRAPPEL, HOWEVER, IS NOT ABLE TO WALK,  
22 RUN, AND LIVE LIFE THE WAY HE USED TO BEFORE HIS INJURY  
23 BECAUSE HE'S STILL PARALYZED. THIS STUDY TELLS THAT  
24 CURE IS POSSIBLE; HOWEVER, UNDER THE CURRENT LANGUAGE  
25 OF SCA 13, RESEARCH LIKE THIS MAY NOT BE FUNDED BECAUSE



1 IT ISN'T PROFITABLE. BY EXCLUDING THIS TYPE OF  
2 RESEARCH, WE COULD BE MISSING DATA THAT IS CRITICAL  
3 BEFORE HUMAN CLINICAL TRIALS CAN BEGIN.

4 DESPITE THE FACT THAT CHRIS NEEDS ASSISTANCE  
5 TO DO BASIC THINGS IN LIFE THAT WE TAKE FOR GRANTED  
6 EVERY DAY AND THAT HIS CURRENT CONDITION REQUIRES THAT  
7 HE GETS AROUND BY WHEELCHAIR, HE'S A SUCCESSFUL  
8 STOCKBROKER, PUBLIC SPEAKER, AND TIRELESS ADVOCATE FOR  
9 SPINAL CORD INJURY. HE CARRIED THE OLYMPIC TORCH, HE  
10 INTRODUCED PRESIDENTIAL CANDIDATE JOHN KERRY AT A  
11 RALLY, AND HE COUNSELS PATIENTS AND FAMILIES DEALING  
12 WITH SPINAL CORD INJURY. WHAT KEEPS HIM GOING IS  
13 KNOWING THAT THE CURE IS ALREADY OUT THERE. THAT IT IS  
14 MERELY A MATTER OF TIME AND MONEY BEFORE HE WILL WALK  
15 AGAIN.

16 HOW LONG DOES HE HAVE TO WAIT? LET'S NOT  
17 ALLOW VALUABLE TIME AND MONEY TO GET CAUGHT UP IN RED  
18 TAPE WHEN WE ARE SO CLOSE TO FUNDING THIS IMPORTANT  
19 RESEARCH. IN ADDITION, LET US NOT BECOME GREEDY IN  
20 DEMANDING GREATER REVENUES AND OUTCOST TREATMENTS TO  
21 THE LOW-INCOME POPULATIONS. THESE RESEARCH COMPANIES  
22 WILL ALREADY BE BRINGING SIGNIFICANT WEALTH TO  
23 CALIFORNIA, NOT TO MENTION THERAPIES WHICH WILL CURE  
24 LIFE THREATENING DISEASES AND CONDITIONS FOR PEOPLE  
25 AROUND THE WORLD. WE STAND TO GAIN TREMENDOUSLY IN

1 CALIFORNIA DUE TO THE CREATION OF NEW BIOTECH COMPANIES  
2 AND MIGRATION OF EXISTING COMPANIES TO CALIFORNIA FROM  
3 STATE TAX REVENUES, JOB CREATION, AND THE INDUSTRIES  
4 THAT DEVELOP TO SUPPORT THIS GROWING ENTERPRISE.

5 IN ADDITION, EXPECTING COMPANIES TO PROVIDE  
6 DRUGS AND THERAPIES AT PRODUCTION COST TO LOW-INCOME  
7 PEOPLE IS AN IMMEASURABLE EXPECTATION AND ONE THAT  
8 COULD PREVENT PRIVATE COMPANIES FROM CHOOSING TO FUND  
9 THEIR RESEARCH IN CALIFORNIA. TO THIS POINT, THE  
10 POTENTIAL FOR MEDICAL COST SAVINGS PER INDIVIDUAL COULD  
11 FAR EXCEED THE COST OF IMPLEMENTING THERAPIES FOR THOSE  
12 WHO COULD BE CURED.

13 THE CURRENT PROVISIONS OF SCA 13 ATTEMPT TO  
14 CREATE A STRICT COURSE OF ACTION FOR THE ICOC TO FOLLOW  
15 SO THAT THERE IS LITTLE ROOM FOR FLEXIBILITY,  
16 RESOURCEFULNESS, AND CREATIVITY IN DEALING WITH  
17 SITUATIONS AND CONDITIONS THAT ARISE UNEXPECTEDLY. THE  
18 OVERSIGHT COMMITTEE WAS ORGANIZED PURSUANT TO PROP 71  
19 TO WEIGH, CONSIDER, AND IMPLEMENT PRECISELY THE TYPES  
20 OF CONTROLS THAT SCA 13 IS ATTEMPTING TO USURP. IT IS  
21 REDUNDANT, AND IT WILL RESTRICT THE INSTITUTE'S ABILITY  
22 TO RESPOND TO NEW CONDITIONS WITHOUT LEGAL BATTLES OR  
23 CONSTITUTIONAL AMENDMENTS.

24 GUIDELINES MAY BE NECESSARY, BUT THIS MAZE OF  
25 COMPLICATED AND AMBIGUOUS LANGUAGE IS COUNTERPRODUCTIVE

1 AND COULD LEAD TO SIGNIFICANT CHALLENGES AND DELAYS IN  
2 FUNDING POTENTIAL CURES.

3 LAST NOVEMBER THE PIONEERING SPIRIT OF  
4 CALIFORNIA CAME THROUGH LOUD AND CLEAR WHEN PROP 71 WAS  
5 PASSED, PAVING THE WAY FOR GROUNDBREAKING STEM CELL  
6 RESEARCH TO MOVE FORWARD WITH SIGNIFICANT FUNDING. LET  
7 US NOT NOW IMPEDE THE SIGNIFICANT STEP BY MOVING TOO  
8 QUICKLY TO SET UP GUIDELINES WHICH OBSTRUCT THE FLOW OF  
9 FUNDING AND RESEARCH. THANK YOU FOR YOUR TIME.

10 CHAIRMAN KLEIN: THANK YOU.

11 MR. BROWN: CHAIRMAN KLEIN AND ALL THE  
12 WONDERFUL PEOPLE THAT I SEE AND HAVE HEARD FROM ON THE  
13 COMMITTEE THIS MORNING, AND ESPECIALLY TO OUR PATIENT  
14 REPRESENTATIVE JOAN SAMUELSON, WHO HAS GIVEN MANY OF US  
15 IN THE PARKINSON'S COMMUNITY AN OPPORTUNITY TO  
16 UNDERSTAND, NOT ONLY PARKINSON'S DISEASE THAT WE HAVE  
17 OR OUR LOVED ONES HAVE, BUT ALSO WAYS TO GO ABOUT  
18 TALKING WITH OUR ELECTED OFFICIALS AND THOSE OTHERWISE  
19 INVOLVED IN TRYING TO ACHIEVE THINGS THAT SEEMINGLY  
20 WERE IMPOSSIBLE BEFORE.

21 WE'RE STILL WORKING ON IT. MY NAME IS DAVIS  
22 BROWN. I'M FROM SONOMA COUNTY, JUST SOUTH OF WHERE  
23 JOAN SAMUELSON LIVES. WE'RE PROUD OF THE FACT THAT SHE  
24 HAS BEEN SUCH AN ADVOCATE FOR US. I'M ALSO PROUD OF  
25 THE FACT THAT I WAS ABLE TO FACILITATE OUR GROUP OF 2

1 TO 300 MEMBERS OF THE PARKINSON'S COMMUNITY IN SONOMA  
2 COUNTY OVER THE LAST FIVE YEARS.

3 I WANT TO JUST SAY THAT YOU'VE HEARD FROM  
4 SOMEONE WHO I THINK WE ARE GOING TO ASK TO BE OUR  
5 SPEAKER REPRESENTATIVE FROM NOW ON, KAREN LAVORNE, WHO  
6 YOU HEARD FROM EARLY ON. GREAT SPEAKER, KAREN, AND WE  
7 LOOK FORWARD TO HAVING YOU MORE PARTICIPATING.

8 WE HAVE FIVE PEOPLE IN OUR SUPPORT GROUP THAT  
9 ARE HERE TODAY. I WOULD ONLY SAY THAT A COUPLE OF  
10 BADGES THAT HAVE BEEN PASSED OUT, AND YOU WILL SEE MANY  
11 PEOPLE WEARING, ONE SAYS, IN ESSENCE, NO MORE  
12 PARKINSON'S DISEASE. AND WITH APOLOGIES TO THOSE OF  
13 OUR ELECTED OFFICIALS, I HOPE THE MEANING COMES CLEAR  
14 AND THE BADGE THAT I WAS GIVEN IN THE PROCESS OF  
15 ATTENDING OUR LAST PARKINSON'S FORUM IN WASHINGTON  
16 EARLIER THIS YEAR, A SERIES OF MEETINGS WHICH WE THANK  
17 JOAN SAMUELSON FOR SETTING UP A DECADE AGO, THIS BUTTON  
18 SAYS KEEP YOUR POLITICS OFF MY STEM CELLS.

19 CHAIRMAN KLEIN: OKAY. THANK YOU VERY MUCH.

20 MR. STRONG: GOOD AFTERNOON. MY NAME IS JOHN  
21 STRONG. I HAVE PARKINSON'S. AND I'D LIKE TO SAY RIGHT  
22 OFF THE BAT WHAT I SAY IS STRICTLY FROM ME, AND I DON'T  
23 WANT TO REPRESENT ANYBODY FOR FEAR I SAY THE WRONG  
24 THING, BUT I AM ACTIVELY SUPPORTING THE PARKINSON'S  
25 GROUP. AND I THINK IF SENATOR ORTIZ' BILL GOES

1 THROUGH, IT WILL BE A MAJOR SLOWDOWN AND A ROADBLOCK  
2 FOR US. AND I KNOW I'VE HAD IT SEVEN YEARS NOW, AND I  
3 KNOW I'M AGING RAPIDLY. I'D LIKE THAT TO STOP. AND IF  
4 I WAS A POLITICIAN, I WOULD HAVE SAID EVERYTHING THAT  
5 MR. ALIOTO SAID, AND THAT WILL SAVE ME FIVE MINUTES.

6 BUT THANK YOU. IT'S AN HONOR TO BE AMONGST  
7 ALL YOU PEOPLE HERE TODAY. I THINK CALIFORNIA IS AT  
8 THE FOREFRONT OF THE WORLD IN WHAT WE'RE DOING. AND  
9 THE DECISIONS YOU MAKE HERE TODAY WILL AFFECT MILLIONS  
10 OF PEOPLE.

11 I ALSO AM A LITTLE BIT SORRY ABOUT THE FACT  
12 THAT I DON'T PAY TAXES ANYMORE. AND I KNOW THAT  
13 MILLIONS OF PEOPLE WHO HAVE PARKINSON'S ARE IN THE SAME  
14 BOAT. THANK YOU VERY MUCH.

15 CHAIRMAN KLEIN: WE'RE PRIVILEGED TO HAVE YOU  
16 HERE. THANK YOU.

17 MR. SUITER: MY NAME IS BUD SUITER, AND I  
18 DON'T HAVE PARKINSON'S. MY WIFE DOES. SHE HAD CANCER  
19 ABOUT 15 YEARS AGO, AND HER AND I GOT RID OF THAT. SHE  
20 GOT WELL OF THAT. AND WASN'T TOO LONG LATER THAT SHE  
21 CAME DOWN WITH PARKINSON'S. AND I'M GOING TO BE BRIEF.  
22 LET'S GET ON THE BALL AND GET THIS GOING.

23 CHAIRMAN KLEIN: THANK YOU. NEXT SPEAKER.  
24 CAN WE HELP HER WITH A MIC, PLEASE.

25 MS. MINER: MY NAME IS KAREN MINER, AND I'M

1 WITH SEVERAL GROUPS, BUT I CHOOSE NOT TO REPRESENT  
2 EITHER ONE TODAY BECAUSE I'M GOING TO BE A LITTLE BIT  
3 BLUNT. I DO NOT SUPPORT THIS CONSTITUTIONAL AMENDMENT.  
4 AT FIRST, I WAS SHOCKED, FRUSTRATED, AND NOW AMONG MANY  
5 OTHER PEOPLE IN MY POSITION VERY ANGRY. TIME IS OF THE  
6 ESSENCE, AS THE SCIENTIFIC COMMUNITY KNOWS.

7 I THINK THAT I'M LUCKY I HAVE A SPINAL CORD  
8 INJURY. MAYBE I'M NOT GOING ANYWHERE. MY CONDITION IS  
9 NOT DEGENERATIVE, BUT THAT'S WHAT CHRISTOPHER REEVE  
10 THOUGHT TOO. SO I WAS INJURED IN A CAR ACCIDENT. CAN  
11 HAPPEN TO ANYBODY. BUT SOMEBODY WITH ALS, IT'S A TIME  
12 BOMB OF, WHAT, THREE YEARS. SO WE DON'T HAVE TIME TO  
13 WAIT.

14 I AM COMPLETELY MYSTIFIED AS TO WHY WE'RE  
15 HERE TALKING ABOUT THIS IN THE FIRST PLACE. ACCORDING  
16 TO THE ACT -- THE INITIATIVE THAT WE HAD PEOPLE  
17 SIGNING, THAT PEOPLE READ AND QUESTIONS AND UNDERSTOOD,  
18 THAT THERE WAS THREE YEARS THAT THIS ORGANIZATION HAD  
19 TO SET THINGS UP. SO WHY ISN'T THAT HAPPENING? WHY IS  
20 ONE PERSON'S OPINION HALTING MY RECOVERY OUT OF THIS  
21 CHAIR? I JUST -- I'M TOTALLY FLABBERGASTED. I WANTED  
22 TO JUMP UP, AND I WOULD HAVE IF I COULD, WHEN I HEARD  
23 SEVERAL OF YOU UP THERE SAY, HEY, THIS IS ABOUT  
24 RESEARCH AND CURING PEOPLE, AND THAT'S WHAT IT'S ABOUT.  
25 THANK YOU VERY MUCH.

1 CHAIRMAN KLEIN: THANK YOU. THE NEXT  
2 SPEAKER, PLEASE. THAT WAS A VERY ELOQUENT STATEMENT.

3 MR. ELLIOTT: YES. MY NAME IS STEVE ELLIOT.  
4 I'M FROM SANTA ROSA, CALIFORNIA, AND I HAVE  
5 PARKINSON'S. I THINK THAT MAKING A RESEARCH PLAN  
6 FINANCIALLY RESPONSIBLE IS IMPOSSIBLE AND UNREALISTIC.  
7 WOULD YOU HAVE A BASEBALL PLAYER HIT THE BALL AND THEN  
8 RUN AROUND TO THE CONCESSION STAND AND SELL HOT DOGS OR  
9 TICKETS? THIS IS THE SAME THING. THE BALL PLAYER  
10 CAN'T BE CONCERNED WITH SELLING TICKETS. THAT'S THE  
11 OWNER'S RESPONSIBILITY.

12 A RESEARCH PLAN CANNOT BE CONCERNED WITH  
13 WHETHER OR NOT IT'S PROFITABLE AND WHAT'S GOING TO  
14 HAPPEN WITH POSSIBLE PROFITS WHO KNOWS HOW FAR DOWN THE  
15 LINE. AND IF WE WANT TO TALK ABOUT THE BOTTOM LINE,  
16 WHY DON'T WE TALK ABOUT THE FACT THAT THE BABY BOOMERS  
17 ARE COMING ALONG NOW, AND THEY'LL ALL BE FACED WITH  
18 PARKINSON'S AND ALZHEIMER'S. AND THE FINANCIAL COSTS  
19 TO OUR SOCIETY FOR ALL THESE PEOPLE, WHICH IS THE  
20 LARGEST POPULATION IN THE HISTORY OF OUR COUNTRY, ARE  
21 COMING ALONG NOW, AND WE CAN'T AFFORD NOT TO DO STEM  
22 CELL RESEARCH AND FIND THESE CURES.

23 AND I WONDER WHERE SENATOR ORTIZ IS. SHE  
24 APPARENTLY WASN'T TOO INTERESTED IN THE PUBLIC. AND I  
25 WOULD THINK SHE'D BE MOSTLY INTERESTED IN HEARING WHAT

1 THE PUBLIC HAS TO SAY. SO I WOULD CERTAINLY REJECT  
2 THIS SCA 13. THANK YOU.

3 CHAIRMAN KLEIN: THANK YOU. NEXT SPEAKER.

4 MS. CROSS: MY NAME IS BARBARA CROSS. I HAVE  
5 TWO CHILDREN WITH JUVENILE DIABETES. I AM COUNTING ON  
6 STEM CELL RESEARCH. MY SON BILL HAS HAD -- HAS BEEN A  
7 DIABETIC FOR 33 YEARS, AND MY SON BRAD FOR 15 YEARS.  
8 TIME IS SO IMPORTANT FOR THEM.

9 CHAIRMAN KLEIN: THANK YOU.

10 MR. SIEGEL: HELLO. MY NAME IS MARK SIEGEL.  
11 I'M THE PRESIDENT OF THE AMERICAN PARKINSON'S DISEASE  
12 ASSOCIATION IN LOS ANGELES, THE LOS ANGELES CHAPTER. I  
13 JUST WANT TO CONGRATULATE OR ENCOURAGE YOU TO STAY ON  
14 THE TRACK YOU'RE ON. KEEP YOUR EYES FOCUSED ON FINDING  
15 CURES AND MAKING TREATMENTS AVAILABLE TO ALL PEOPLE.  
16 AND WORK WITH THE SENATE OFFICE TO ENSURE THAT THIS  
17 MEASURE NEVER GETS ON THE BALLOT. AND THAT THE  
18 ENHANCEMENTS THAT WERE OFFERED THIS MORNING, I THINK,  
19 ARE EXCELLENT AND HOPE THAT WE CAN FIND ANSWERS TO THE  
20 REST OF HER QUESTIONS AND CONCERNS AND KEEP THE PROGRAM  
21 MOVING FORWARD.

22 CHAIRMAN KLEIN: THANK YOU. OUR LAST PUBLIC  
23 SPEAKER. AND IF THE BOARD MEMBERS, IF THEY COULD  
24 RECONVENE HERE, WE'RE GOING TO TRY AND, I THINK,  
25 QUICKLY TAKE UP SOME ITEMS AFTER THE SPEAKER WE CAN



1 ADDRESS EXPEDITIOUSLY THAT ARE IMPORTANT TIMEWISE.

2 MS. MEADE: MY NAME IS ANN MEADE, AND I'M  
3 FROM SAN FRANCISCO. I SEE SENATOR ORTIZ ISN'T HERE,  
4 BUT MY COMMENT IS REALLY A REQUEST TO HER TO CONSIDER  
5 THAT IT SOUNDS LIKE THE ICOC AND SHE SHARE COMMON  
6 INTERESTS IN REGULATING THE PROCESS OF THE GRANTING OF  
7 FUNDS, AND THAT THE ICOC HAS ALREADY GONE ABOVE AND  
8 BEYOND ALL PRECEDENTS IN GOVERNING ITSELF, AND IT SEEMS  
9 LIKE THE SENATOR RECOGNIZES THAT AND RECOGNIZES THE  
10 GOODWILL OF THE COMMITTEE IN WORKING TOGETHER. AND I  
11 REQUEST THAT SHE SIMPLY USE A DIFFERENT VEHICLE THAN A  
12 STATE CONSTITUTIONAL AMENDMENT, WHICH IS A VERY BIG  
13 GUN, IT SEEMS LIKE, TO GET THE COMMITTEE TO THE TABLE  
14 TO AGREE TO THE KIND OF RESTRICTIONS AND  
15 SELF-REGULATIONS THAT SHE HAS IN MIND.

16 IT SOUNDS LIKE, TO ME, THAT YOU'RE PRETTY  
17 CLOSE TO THERE. AND I REQUEST THAT SHE CONSIDER TAKING  
18 YOU ON YOUR GOOD FAITH AND AS SOON AS POSSIBLE  
19 WITHDRAWING THE AMENDMENT BECAUSE IN THE LARGER  
20 PICTURE, I'M SO PROUD AS A CALIFORNIAN THAT WE PASSED  
21 THIS INITIATIVE. IT'S GROUNDBREAKING FOR THE WHOLE  
22 WORLD. THE WHOLE COUNTRY IS LOOKING AT THIS AND  
23 EMULATING IT. THE WHOLE WORLD IS EXCITED ABOUT IT, AND  
24 I THINK IN THIS FIGHT, TRYING TO DO THIS VIA A  
25 CONTENTIOUS AMENDMENT CASTS ASPERSION ON THE WHOLE

1 PROCESS, AND I KNOW THAT'S NOT HER INTENT. SO I  
2 REQUEST THAT SHE LOOK AT THE LARGER PICTURE, WITHDRAW  
3 THE AMENDMENT, AND AGREE TO NEGOTIATE WITH YOU IN GOOD  
4 FAITH FOR AS LONG AS IT TAKES. THANK YOU.

5 CHAIRMAN KLEIN: THANK YOU VERY MUCH. THANK  
6 THE PUBLIC FOR THEIR PATIENCE. THANK SENATOR ORTIZ AND  
7 HER STAFF, SENATOR DUNN, JOE DUNN AND HIS STAFF, AND  
8 SENATOR JACKIE SPEIER AND HER STAFF.

9 I'D LIKE TO MOVE TO AGENDA ITEM 7. WE HAVE A  
10 CRITICAL TIME ISSUE OF CONSIDERATION OF STATUS REPORT  
11 FROM FACILITIES WORKING GROUP. GREAT THANKS TO MELISSA  
12 KING AND JENNIFER FOR WORKING WITH DR. FRIEDMAN AS  
13 FACILITATING THAT COMMITTEE.

14 DR. FRIEDMAN, YOU HAVE SOME PROPOSED  
15 CANDIDATES FOR THAT COMMITTEE?

16 DR. FRIEDMAN: I THINK IT'S TAB NO. 6, MR.  
17 CHAIRMAN.

18 CHAIRMAN KLEIN: TAB 7, I BELIEVE. I COULD  
19 BE INCORRECT. SIX. YOU ARE CORRECT. THANK YOU.

20 DR. FRIEDMAN: THANK YOU, MR. CHAIRMAN. THE  
21 FACILITIES WORKING GROUP SEARCH COMMITTEE HAS REALLY  
22 DONE AN OUTSTANDING JOB, AND I JUST WANT TO SPEND JUST  
23 A MOMENT THANKING THEM FOR ALL THE HARD WORK AND TIME  
24 COMMITTED TO THIS, AS WELL AS THE STAFF TIME FROM  
25 MELISSA AND OTHERS IN MAKING THIS POSSIBLE.

1 WE HAD A HOST OF VERY TALENTED AND VERY  
2 SKILLED REAL ESTATE SPECIALISTS FROM WHOM TO VET AND  
3 CHOOSE. AND I'M PLEASED TO REPORT THAT THE COMMITTEE  
4 HAS SUCCESSFULLY VETTED THESE CANDIDATES. WE PREPARED  
5 A SET OF RECOMMENDATIONS THAT ARE LISTED UNDER TAB 6 TO  
6 SERVE ON THIS WORKING GROUP.

7 JUST TO REMIND EVERYONE, THE WORKING GROUP  
8 WILL CONSIST OF 11 MEMBERS. THERE ARE FOUR REAL ESTATE  
9 SPECIALISTS, AND YOU WILL BE ASKED TO VOTE ON THOSE  
10 TODAY. THERE'S A LIST OF SOME 11 INDIVIDUALS FROM WHOM  
11 YOU CAN CHOOSE. WE HAVE RANK ORDERED THEM BASED UPON  
12 AN OBJECTIVE SCORING SYSTEM THAT THE COMMITTEE PUT IN  
13 PLACE. THERE ARE SIX PATIENT ADVOCATE MEMBERS FROM THE  
14 ICOC, AND FIVE OF THOSE ARE LISTED HERE. THE SIXTH,  
15 BECAUSE OF HER RESIGNATION FROM THE BOARD, CAN'T  
16 PARTICIPATE, AND THAT IS A SLOT TO BE FILLED IN THE  
17 FUTURE.

18 I RECOMMEND THESE INDIVIDUALS HIGHLY TO YOU.  
19 THERE ARE MEMBERS OF THIS WORKING SUBGROUP WHO ARE HERE  
20 TO ANSWER SPECIFIC QUESTIONS. MR. CHAIRMAN, I LEAVE IT  
21 TO YOU TO GO WITH THE PROCEDURAL MOTIONS AT THIS TIME.

22 CHAIRMAN KLEIN: OKAY. IS THERE BOARD  
23 COMMENT? THIS COMMITTEE'S WORK WAS DESCRIBED AT THE  
24 LAST BOARD MEETING. THIS IS THE NOMINATION FOLLOWING  
25 THE DESCRIPTION OF THAT PROCESS. IS THERE ANY BOARD

1 DEBATE OR DISCUSSION ON THIS ITEM?

2 SEEING NONE, IS THERE ANY PUBLIC COMMENT ON  
3 THIS ITEM? SEEING NONE, IF SOMEONE WOULD LIKE TO MAKE  
4 A MOTION FOR APPROVAL.

5 DR. HENDERSON: SO MOVED.

6 DR. PRIETO: SECOND.

7 CHAIRMAN KLEIN: DR. HENDERSON. AND A SECOND  
8 HAS BEEN MADE.

9 MR. HARRISON: BOB, COULD I JUST MAKE ONE  
10 CLARIFICATION. BECAUSE THE FIVE PATIENT ADVOCATES WILL  
11 HAVE TO RECUSE THEMSELVES FROM PARTICIPATING IN THE  
12 DECISION, IF YOU COULD BREAK INTO TWO SEPARATE MOTIONS,  
13 THAT WOULD BE PREFERABLE.

14 CHAIRMAN KLEIN: SO THE FIRST MOTION IS TO  
15 APPROVE EVERYONE EXCEPT THE PATIENT ADVOCATES?

16 MR. HARRISON: CORRECT.

17 CHAIRMAN KLEIN: IS THAT --

18 DR. HENDERSON: ACCEPTABLE.

19 CHAIRMAN KLEIN: -- ACCEPTED BY THE MAKER OF  
20 THE MOTION AND THE SECOND?

21 DR. PRIETO: YES.

22 CHAIRMAN KLEIN: ALL IN FAVOR OF THAT  
23 PROPOSAL. OPPOSED? PASSES UNANIMOUSLY.

24 IS THERE A SECOND AMENDMENT TO APPROVE THE  
25 PATIENT ADVOCATES?

1 DR. HENDERSON: SO MOVED.

2 CHAIRMAN KLEIN: IT'S BEEN MOVED AND  
3 SECONDED. ALL IN FAVOR OF THAT.

4 MR. HARRISON: IF YOU COULD JUST CLARIFY THAT  
5 THE FIVE MEMBERS WHO ARE RECOMMENDED WILL RECUSE  
6 THEMSELVES FROM PARTICIPATING IN THIS VOTE.

7 CHAIRMAN KLEIN: YES. I THINK THAT WAS THE  
8 PURPOSE OF YOUR ORIGINAL COMMENT. SO THE PATIENT  
9 ADVOCATES ARE NOT VOTING ON THIS. THIS IS -- THOSE  
10 AVAILABLE TO VOTE WILL ONLY VOTE. WHO MADE THE MOTION?  
11 DR. HENDERSON: MOTION.

12 DR. PRIETO: SECOND.

13 CHAIRMAN KLEIN: WHO MADE THE SECOND? YOU'RE  
14 NOT ONE OF THE PATIENT ADVOCATES, SO YOU CAN MAKE THE  
15 SECOND.

16 DR. PRIETO: YES. AND THE OTHER PATIENT  
17 ADVOCATES CAN VOTE.

18 CHAIRMAN KLEIN: YES, THE OTHER PATIENT  
19 ADVOCATES CAN VOTE.

20 MR. HARRISON: EXCEPT FOR THOSE WHO ARE  
21 NOMINATED TO SERVE ON THE WORKING GROUP.

22 CHAIRMAN KLEIN: MOTION MADE AND SECONDED.  
23 MOVE THE MOTION. ALL IN FAVOR. OPPOSED. THANK YOU.  
24 WE --

25 DR. FRIEDMAN: MR. CHAIRMAN, IF I CAN JUST

1 POINT OUT THAT WE HAVE RECOMMENDED THAT MR. RUSTY DOMS  
2 SERVE AS THE CHAIR OF THIS GROUP AND THAT THE PATIENT  
3 ADVOCATE, WHO IS THE VICE CHAIR AND HIS COLLEAGUE IN  
4 THIS, WOULD BE DAVID SERRANO-SEWELL. AND I PRESUME  
5 THAT IF THAT DOES REQUIRE A VOTE.

6 CHAIRMAN KLEIN: WOULD YOU LIKE TO MAKE THAT  
7 MOTION?

8 DR. FRIEDMAN: I WOULD VERY MUCH. THANK YOU.

9 DR. WRIGHT: SECOND.

10 CHAIRMAN KLEIN: SECONDED BY DR. WRIGHT. IS  
11 THERE ANY ADDITIONAL PUBLIC COMMENT ON THAT ITEM? ANY  
12 ADDITIONAL BOARD COMMENT? SEEING NONE, CALLING THE  
13 MOTION. ALL IN FAVOR. OPPOSED.

14 GOING TO THE NEXT ITEM, ITEM -- MY ITEM  
15 NUMBERING HAS BEEN CHANGED, BUT IT IS THE PROPOSED --  
16 IT IS UNDER, I BELIEVE, UNDER ITEM 7. IT'S NOT 7. TAB  
17 5. THE ITEM ON THE AGENDA IS ITEM 5, WHICH COVERS  
18 BRIDGE FINANCING AND A PROPOSED CHARITABLE DONATION.

19 THE KEY INFORMATION FOR THE PUBLIC AND THE  
20 BOARD IS THAT THE SCA 13, THAT THE CONSTITUTIONAL  
21 AMENDMENT 13 AS PROPOSED HAS REALLY BLOCKED OUR CURRENT  
22 EFFORTS IN MOVING FORWARD ON THE BRIDGE FINANCING. WE  
23 ARE WORKING ON THE STRUCTURAL PORTIONS OF THAT, AND THE  
24 STATE DIRECTOR OF FINANCE HAS SOME IDEAS THAT WE'RE  
25 GOING TO EXPLORE IMMEDIATELY. THE TREASURER AND THE

1       CONTROLLER THOUGHT THAT THEY HAD JOINED WITH THEM IN  
2       THEIR APPROACH, BUT GOOD IDEAS -- HAVING TWO GOOD IDEAS  
3       IS SOMETIMES BETTER THAN ONE, SO WE'RE WORKING WITH  
4       EVERYONE TO MOVE FORWARD ON BOTH GOOD IDEAS.

5                BUT WE CANNOT MOVE FORWARD WHILE WE HAVE THE  
6       CLOUD OF SCA 13. WE HAVE THE ABILITY THROUGH OUR  
7       COUNSEL TO SHOW THROUGH LEGAL OPINIONS THAT WE HAVE AN  
8       EXTRAORDINARILY HIGH PROBABILITY OF WINNING OUR  
9       CONSTITUTIONAL LAWSUITS THAT ARE CURRENTLY FILED  
10      AGAINST PROP 71, BUT THERE ARE SO MANY LEGAL ISSUES  
11      RAISED BY SCA 13, THAT WE CAN'T MOVE FORWARD UNTIL WE  
12      GET THOSE LEGAL ISSUES REMOVED.

13               HOPEFULLY WE CAN WORK WITH SENATOR ORTIZ'  
14      OFFICE CONSTRUCTIVELY IN THIS PARTNERSHIP TO REMOVE  
15      THOSE AS QUICKLY AS POSSIBLE. BUT A CRITICAL STEPPING  
16      STONE IN GETTING TO WHERE WE CAN DO OUR GRANT PROGRAM,  
17      WHICH WE HOPE TO HAVE FUNDED INITIALLY IN SEPTEMBER  
18      WITH THE INFRASTRUCTURE TRAINING GRANTS, IS TO HAVE A  
19      STAFF AVAILABLE TO SCIENTIFICALLY EVALUATE AND TO HAVE  
20      A CHIEF GENERAL COUNSEL AND OTHER CRITICAL STAFF  
21      MEMBERSHIP WE HAVE BEEN MISSING BECAUSE WE HAVE BEEN  
22      WORKING ON A VERY FRUGAL SKELETAL STAFFING PROGRAM TO  
23      DATE, WITHIN THE BUDGET AND THE CASH FLOWS THAT WERE  
24      SET OUT AND HAVE BEEN DISCUSSED WITH THE LEGISLATIVE  
25      COMMITTEE AND THIS BOARD.

1                   WHAT THE DOLBY FAMILY HAS DONE HAS COME TO US  
2                   AND SAID THAT THEY BELIEVE IT IS CRITICAL TO SEE THIS  
3                   FULL STAFFING OCCUR IMMEDIATELY, AND THAT THEY WOULD  
4                   LIKE TO PROVIDE US \$5 MILLION, NOT AS A LOAN, NOT AS A  
5                   BRIDGE FINANCING, BUT AS A GIFT, A DONATION TO THIS  
6                   INSTITUTE TO ALLOW US TO STAFF UP AND GIVE US THE  
7                   ABILITY, NOT ONLY TO STAFF UP, BUT TO SUSTAIN THAT  
8                   STAFFING GOING OUT 14, 15 MONTHS THAT GIVES US THE REAL  
9                   ABILITY TO HAVE SUSTAINED, HIGH QUALITY PEOPLE WITH THE  
10                  BEST AND THE BRIGHTEST MINDS TO MOVE FORWARD THE  
11                  MISSION OF THIS INSTITUTE.

12                  I HAVE A RELEASE THAT THE DOLBYS HAVE  
13                  APPROVED PERSONALLY. I'D ALSO LIKE TO SAY THAT MAYOR  
14                  GAVIN NEWSOM AND THE CITY OF SAN FRANCISCO WERE  
15                  INSTRUMENTAL TWO WEEKS, LITTLE OVER TWO WEEKS AGO NOW  
16                  IN BRINGING ME TOGETHER WITH THE DOLBY FAMILY. THE  
17                  DOLBY FAMILY HAS A LONG HISTORY OF CONTRIBUTING TO  
18                  CIVIC MATTERS, MEDICAL RESEARCH, WOMEN'S RIGHT OF  
19                  CHOICE. AND THEY SAW THIS AS A WAY THEY CAN MAKE A  
20                  PIVOTAL CHANGE IN ADVANCING THE MISSION OF PROPOSITION  
21                  71.

22                  BUT WE'D LIKE TO CONVEY AND I'D LIKE THIS  
23                  BOARD TO AUTHORIZE A LETTER IN THIS MOTION, IF THEY  
24                  ACCEPT MOVING FORWARD AND ACCEPTING THIS CHARITABLE  
25                  CONTRIBUTION, A LETTER FROM THE FULL BOARD TO THE



1 DOLBYS WITH THANKS FOR THEIR TREMENDOUS GENEROSITY.

2 ARE THERE ANY QUESTIONS OF THE BOARD? ARE  
3 THERE ANY COMMENTS FROM THE PUBLIC?

4 DR. BALTIMORE: OUT OF CURIOSITY MORE THAN  
5 ANYTHING ELSE, THE GIFT IS TO THE CIRM?

6 CHAIRMAN KLEIN: IT IS TO THE INSTITUTE, YES.

7 DR. BALTIMORE: AND THE CIRM --

8 CHAIRMAN KLEIN: IS A STATE AGENCY.

9 DR. BALTIMORE: -- IS A STATE AGENCY.

10 CHAIRMAN KLEIN: WHICH HAS TAX-EXEMPT STATUS  
11 AS A STATE AGENCY. AND THEIR ATTORNEYS HAVE  
12 INDEPENDENTLY LOOKED AT THE TAX ISSUES. THEY HAVE TWO  
13 ATTORNEYS. AND WE REQUIRED AS A CONDITION OF  
14 CONSIDERING IT AND BRINGING IT TO THE BOARD THAT THOSE  
15 ATTORNEYS REVIEW IT. THEY HAVE REVIEWED THE  
16 OPERATIONS, OUR HISTORY, OUR WEBSITE, ALL OF OUR  
17 POLICIES WE'VE ADOPTED, AND SO THEY HAVE TWO ATTORNEYS  
18 WHO WENT THROUGH AND DID THE DUE DILIGENCE.

19 DR. PRIETO: HAVE OUR ATTORNEYS REVIEWED IT?

20 CHAIRMAN KLEIN: YES.

21 DR. PIZZO: BOB, BY DEFINITION, IT MEANS THAT  
22 THE GIFT WILL STAND REGARDLESS OF WHETHER THE BOND  
23 FUNDING COMES FORWARD?

24 CHAIRMAN KLEIN: YES. THIS IS A CHARITABLE  
25 DONATION.

1 DR. PIZZO: IT'S A REMARKABLE CONTRIBUTION.  
2 THANK YOU VERY MUCH.

3 CHAIRMAN KLEIN: A TREMENDOUS AMOUNT OF WORK  
4 HAS GONE IN. I'D LIKE TO ASK -- PARTICULARLY THANK AMY  
5 DUROSS AND AMY LEWIS IN THEIR SUPPORT OF THAT EFFORT.  
6 I BROUGHT IN ZACH HALL IN THAT EFFORT, AND WE HAVE A  
7 GREAT TEAM OF PEOPLE THAT REALLY WORKED VERY HARD ON  
8 THAT IN THE LAST TWO WEEKS WHILE WE HAD SOME OTHER  
9 THINGS ON THE AGENDA, BUT SEVEN DAYS A WEEK YOU CAN GET  
10 A LOT ACCOMPLISHED.

11 (APPLAUSE.)

12 CHAIRMAN KLEIN: DR. CLAIRE POMEROY.

13 DR. POMEROY: AS WITH THE OTHER MEMBERS OF  
14 THE BOARD, OF COURSE, THIS -- WE'RE GRATEFUL FOR THIS  
15 VERY GENEROUS DONATION. BUT I DO HAVE A QUESTION THAT  
16 I WOULD HAVE THOUGHT THE DONORS MIGHT HAVE HAD, WHICH  
17 IS THAT AS A BOARD WE HAVE NOT SEEN AND APPROVED A  
18 BUDGET. IF I WAS GIVING A DONATION OF \$5 MILLION, I  
19 WOULD PROBABLY WANT TO SEE THE BUDGET OF THE  
20 ORGANIZATION TO WHICH I WAS DONATING. AND I WONDER  
21 WHAT WAS TOLD TO THEM ABOUT OUR BUDGET, AND I WONDER  
22 WHEN WE MIGHT AS A BOARD BE SEEING A BUDGET.

23 CHAIRMAN KLEIN: YES. WE'VE WORKED ON A  
24 BUDGET FOR THIS YEAR, WHICH HAS, IN FACT, BEEN  
25 PRESENTED TO LEGISLATIVE COMMITTEE IN THE FORM OF A

1 CASH FLOW THAT LIMITED OUR USES. IN FACT, WALTER  
2 BARNES CAME BEFORE A BUDGET COMMITTEE OF THE STATE.  
3 AND HERE AT THE BOARD LEVEL WE PRESENTED A CASH FLOW  
4 BUDGET SHOWING EXPECTED EXPENDITURES THROUGH TO MAY,  
5 WALTER, THEN STUB EXPENDITURES THROUGH TO JULY AND THEN  
6 JULY TO NOVEMBER 1ST. AND OUR WORKING BUDGET WAS PUT  
7 TOGETHER SUCH THAT DR. ZACH HALL HAS REVIEWED THAT, AND  
8 I BELIEVE IN HIS COMMENTS BEFORE THE BOARD INDICATED  
9 THAT HE BELIEVED THAT IT WAS AN ACCURATE REPRESENTATION  
10 TO WORK WITHIN THAT BUDGET WITH OUR EXISTING STAFF AND  
11 SOME ADDITIONAL MINOR HIRES THROUGH NOVEMBER 1ST. IS  
12 THAT TRUE, MR. HALL?

13 DR. HALL: YES.

14 CHAIRMAN KLEIN: THE DETAILED BUDGET WALTER  
15 BARNES HAS TO BACK UP THOSE AND IS HAPPY -- I BELIEVE  
16 WE SHOULD ACTUALLY CREATE PERHAPS A BUDGET SUBCOMMITTEE  
17 OF THE GOVERNANCE COMMITTEE, WHICH WE'RE HOPEFUL WE  
18 WILL CREATE AT THE JULY MEETING. WE WANTED TO DO IT AT  
19 THIS MEETING BUT, BECAUSE OF THE LEGISLATIVE AGENDA,  
20 WERE UNABLE TO. BUT AS A PART OF THE GOVERNANCE  
21 COMMITTEE, I WOULD HOPE THAT WALTER BARNES GOES IN  
22 GREAT DETAIL THROUGH THE ITEMIZED BUDGET THAT BACKS UP  
23 THAT CASH FLOW PRESENTATION OF THE BUDGET.

24 DR. POMEROY: I'M GLAD TO HEAR THAT IT WILL  
25 BE ON THE JULY BECAUSE IT WAS SOMEWHAT DISCONCERTING TO

1 HAVE TO LEARN FROM THE NEWSPAPER THAT WE HAVE, IN FACT,  
2 GIVEN OUT OVER A MILLION DOLLARS IN CONSULTING  
3 CONTRACTS THAT I PERSONALLY WASN'T AWARE OF AND DON'T  
4 FEEL LIKE I'D BEEN INFORMED ABOUT. HOPEFULLY WE'LL BE  
5 ABLE TO KNOW ABOUT THOSE.

6 CHAIRMAN KLEIN: DOCTOR, WE HAVE NOT GIVEN  
7 OUT A MILLION DOLLARS IN CONSULTING CONTRACTS. THE  
8 QUESTION IS IF WE, AS I BELIEVE, WHAT THE FIGURES ARE,  
9 IS IF ALL OF THE LEGAL FEES WITH LITIGATION WERE SPENT  
10 AND ALL OF THE GOING THROUGH THE END OF THE YEAR, THEY  
11 EXTENDED OUT CONTRACTS THROUGH THE END OF THE YEAR THAT  
12 ARE NOT IN EXISTENCE YET, AND ARE GOING TO BE BROUGHT  
13 TO THIS BOARD, FOR EXAMPLE, ON THE MEDIA PUBLIC  
14 EDUCATION CONTRACT IS UNDER REVIEW RIGHT NOW, IS ON A  
15 MONTH-TO-MONTH BASIS, AND WILL COME TO THIS BOARD  
16 ACTUALLY FOR REVIEW. SO I LEARNED FROM THE ARTICLE  
17 THAT THERE WERE SOME PROJECTIONS THAT, IN FACT, ASSUME  
18 EXPENDITURES THAT, IN FACT, ARE NOT FULLY COMMITTED  
19 EXPENDITURES.

20 DR. POMEROY: THAT'S GOOD TO HEAR. AND THEN  
21 WHEN WE GET THE DATA, WE'LL BE ABLE TO RESPOND WHEN  
22 THOSE KIND OF STATEMENTS ARE MADE. IT WOULD BE GOOD TO  
23 HAVE THAT.

24 CHAIRMAN KLEIN: YES. AND I WILL HOPE THAT  
25 OUR GOVERNANCE COMMITTEE WILL UNDERTAKE THAT AS ONE OF

1 THEIR FIRST OBJECTIVES.

2 MR. SHEEHY: I JUST WANT TO BE CLEAR. SO  
3 WE'RE GOING TO GET A GOVERNANCE AND A BUDGET COMMITTEE  
4 ABSOLUTELY DEFINITELY ON JULY 12TH.

5 CHAIRMAN KLEIN: ON JULY 12TH. WE WANTED TO  
6 PUT IT ON THIS AGENDA. AND BECAUSE OF THIS TIME FRAME  
7 THAT YOU'VE SEEN, WE WERE NOT ABLE TO, BUT WE'RE  
8 AGENDIZING THE GOVERNANCE COMMITTEE ON JULY 12TH.

9 MR. SHEEHY: I THINK THAT'S AN ISSUE THAT WE  
10 PROBABLY TO NEED TO GET TAKEN CARE OF.

11 CHAIRMAN KLEIN: WE ARE RAPIDLY MOVING  
12 THROUGH A CHECKLIST OF ITEMS. YES. MR. JESSE  
13 REYNOLDS.

14 MR. REYNOLDS: THANK YOU. I HAVE A COMMENT  
15 ABOUT THE PROPOSED BRIDGE FINANCING PLAN. ELSEWHERE I  
16 HAVE EXPRESSED CONCERNS --

17 CHAIRMAN KLEIN: CAN I ASK YOU FOR ONE  
18 MOMENT, MR. REYNOLDS? CAN I FIRST JUST DEAL WITH THE  
19 DOLBY CONTRIBUTION, AND THEN WE'LL GO TO THE BRIDGE  
20 FINANCING?

21 MR. REYNOLDS: MY MISTAKE.

22 CHAIRMAN KLEIN: I'M SORRY. MAYBE I WAS NOT  
23 CLEAR ENOUGH.

24 IS THERE A MOTION TO ACCEPT THE CHARITABLE  
25 DONATION?

1 DR. FRIEDMAN: SO MOVED.

2 DR. REED: SECOND.

3 CHAIRMAN KLEIN: WHO IS THE MOVER? DR.

4 FRIEDMAN. AND WHO IS THE SECOND? DR. REED.

5 ANY ADDITIONAL BOARD COMMENT? CALL FOR THE  
6 MOTION. ALL IN FAVOR OF ACCEPTING THIS AND PROVIDING A  
7 LETTER OF THANKS TO THE DOLBY FAMILY PLEASE SAY AYE.  
8 OPPOSED? THE MOTION PASSES. WE EXPRESS OUR GRATITUDE,  
9 AND WE SPECIFICALLY WILL ALSO EXPRESS OUR GRATITUDE TO  
10 GAVIN NEWSOM, THE MAYOR OF SAN FRANCISCO, AND HIS GREAT  
11 STAFF FOR BRINGING US TOGETHER TO THIS POTENTIAL AND  
12 FOR REALLY PROVIDING A VERY STRONG COMMITMENT TO SEE  
13 THAT EVERYTHING THEY CAN DO TO FURTHER THIS INSTITUTE  
14 IS DONE AT THE EARLIEST POSSIBLE DATE.

15 I'D LIKE TO GO TO SOME COMMENTS FROM JESSE  
16 REYNOLDS ON THE BRIDGE FINANCING. AND I WOULD LIKE TO  
17 MAKE IT CLEAR THAT WE WOULD HOPE TO HAVE A FINANCE  
18 COMMITTEE MEETING BY THE MIDDLE OF JULY. WE HAVE TO  
19 CLEAR UP THESE LEGAL ISSUES WITH SCA 13 BEFORE WE CAN  
20 REALLY HAVE THAT FINANCE COMMITTEE BECAUSE, AS IT SITS  
21 RIGHT NOW, WE WOULD NOT REALLY HAVE AN EFFECTIVE  
22 ABILITY TO MOVE FORWARD ON OUR BRIDGE FINANCING WITH  
23 ALL THE LEGAL UNCERTAINTIES RAISED BY SCA 13.

24 WE HAVE TO BE ABLE TO HAVE A CLEAN  
25 REPRESENTATION TO THE MEDICAL FOUNDATIONS WHO WOULD

1 PROVIDE THESE LOANS TO THE INSTITUTE TO BE ABLE TO HAVE  
2 A CREDIBLE CASE FOR THEM TO TAKE TO THEIR BOARDS.

3 I WOULD HOPE THAT IF WE CAN GO TO A FINANCE  
4 COMMITTEE ON JULY THE 15TH, THAT IN THE FOLLOWING 60  
5 DAYS, IT WILL TAKE US 30 TO 60 DAYS TO GET OUR FUNDING  
6 ON AN OPTIMISTIC TIMETABLE IN PLACE, SO WE CAN MEET OUR  
7 SEPTEMBER TIMETABLE. OUR GOAL IS NOT TO HAVE OUR  
8 FUNDING TRAIL OUR APPROVALS IN SEPTEMBER THAT ARE UNDER  
9 OUR CURRENT CALENDAR OF OBJECTIVES.

10 MR. REYNOLDS: THANK YOU. SO I'VE PREVIOUSLY  
11 EXPRESSED SOME CONCERNS THAT BRINGING IN LOANS WHICH  
12 TURN INTO GRANTS FROM PHILANTHROPIC SOURCES IN CONTRAST  
13 TO BOND ANTICIPATORY NOTES, THAT FROM PHILANTHROPIC  
14 SOURCES CAN CREATE SOME SORT OF INSTITUTIONAL TENSION.  
15 AND I KNOW THAT BOTH PATHS HAVE BEEN DISCUSSED.

16 AND WHAT I WANT TO FOCUS ON AT THE MOMENT IS  
17 THREE QUESTIONS. OUR CONCERN IS THAT THE PHILANTHROPIC  
18 SOURCES MAY HAVE PARTICULAR INTERESTS ABOUT HOW THE  
19 ACTIVITIES OF THE INSTITUTE ARE CARRIED OUT. AND TO  
20 THAT END, THESE THREE QUESTIONS ARE, ONE, WOULD THE  
21 MEMBERS OF THE ICOC BOARD BE ACTIVELY ENGAGED IN THIS  
22 FUND-RAISING PROCESS.

23 TWO, WOULD THE LIST OF DONORS OR LOANERS, AS  
24 THE CASE MAY BE, WOULD THAT BE PUBLIC INFORMATION? AND  
25 WOULD ANY CONDITIONS THAT THEY WOULD BE PLACING ON

1 THOSE GRANTS OR LOANS, WOULD THAT BE PUBLIC INFORMATION  
2 AS WELL.

3 AND THEN FINALLY, WOULD ANY DONATIONS TO  
4 THOSE PHILANTHROPIC DONORS THAT ARE EARMARKED FOR  
5 DONATION IN TURN TO THE INSTITUTE, WOULD THAT BE PUBLIC  
6 INFORMATION?

7 CHAIRMAN KLEIN: I CAN SAY THAT WHILE WE WILL  
8 CONSIDER THIS AS AN AGENDIZED ITEM AT THE JULY MEETING,  
9 AGAIN, AS AN UPDATE, THAT THOSE ARE VERY GOOD  
10 QUESTIONS. I PERSONALLY WOULD BELIEVE THERE SHOULD BE  
11 PUBLIC INFORMATION HERE. I DON'T SEE ANY REASON WHY IT  
12 WOULDN'T BE PUBLIC INFORMATION. AND I WILL INDICATE  
13 THAT THE TREASURER AND THE CONTROLLER'S PROPOSAL IS, IN  
14 FACT, THAT THESE BE BOND ANTICIPATION NOTES THAT THESE  
15 PHILANTHROPIC ORGANIZATIONS WOULD PURCHASE, SO THEY  
16 WOULD ALL BE BUYING A STANDARD SECURITY WITH NO  
17 DIFFERENCE IN THE CONDITIONS ONE FROM THE OTHER WITH A  
18 SPECIFIC CONDITION THAT NONE OF THESE GROUPS PROVIDING  
19 THESE LOANS COULD BE A LATER GRANT APPLICANT  
20 THEMSELVES. THEY CANNOT BE A GRANT APPLICANT AT ALL  
21 AND ALSO PROVIDE THIS. THIS IS WORK THAT IS ONGOING  
22 THAT WILL BE BROUGHT BACK TO THIS BOARD FOR A HEARING  
23 ON THIS ITEM, AND WE APPRECIATE YOUR COMMENTS.

24 WE DON'T HAVE ANY ADDITIONAL ACTION ITEMS ON  
25 THAT, BUT WE HAVE AN IMPORTANT TIMING ON GETTING THE



1 STANDARDS AND SCIENTIFIC AND MEDICAL ACCOUNTABILITY  
2 STANDARDS WORKING GROUP PROPOSED MEETING PROCEDURES IN  
3 PLACE. I THINK THIS IS OUR LAST ITEM WE REALLY NEED TO  
4 ADDRESS.

5 DR. POMEROY: CAN I JUST ASK ONE QUESTION  
6 ABOUT THE LAST COMMENT? CAN YOU MAYBE JUST FOR THE  
7 RECORD, THEN, CLARIFY FOR US THAT THE GIFT IS A  
8 COMPLETELY UNRESTRICTED GIFT, THE ONE FROM THE DOLBY  
9 FAMILY?

10 CHAIRMAN KLEIN: THE GIFT FROM THE DOLBY  
11 FAMILY SPECIFICALLY IS UNRESTRICTED AS TO OVERHEAD WITH  
12 A VERY SPECIFIC ITEM RELATED TO TAX LAW, WHICH IS THAT  
13 WE, UNDER A FAMILY FOUNDATION GIFT FOR TAX LAW  
14 PURPOSES, THOSE FUNDS WOULD NOT BE SPENT PURSUANT TO AN  
15 AGREEMENT BETWEEN DR. HALL AND THE ATTORNEYS FOR OUR  
16 GOVERNMENT AFFAIRS STAFF OR FUNDS THAT WOULD BE DEALING  
17 WITH THIS SCA 13 LEGISLATION OR OTHER LEGISLATION OF  
18 ANY KIND INCLUDING ASSEMBLY LEGISLATION BECAUSE YOU  
19 CANNOT HAVE A TAX-EXEMPT GIFT WHERE THE FUNDS GO INTO  
20 PAYING FOR LEGISLATIVE REPRESENTATION. BUT WE HAVE  
21 OTHER FUNDS THAT WILL MEET THOSE REQUIREMENTS, SO WE  
22 HAVE A GIFT THAT CAN GO FOR ALL OF OUR RESEARCH STAFF,  
23 ALL OF OUR SCIENTIFIC STAFF, ALL OF OUR POSITIONS, BUT  
24 WE ARE NOT GOING TO BE FUNDING OUR LEGISLATIVE  
25 REPRESENTATION, INCLUDING OUR GOVERNMENT AFFAIRS OFFICE

1 ON STAFF, WITH THOSE FUNDS.

2 DR. HALL, YOUR ITEM.

3 DR. HALL: LET ME REMIND YOU THAT IN THE  
4 APRIL MEETING WE DISCUSSED THE QUESTION OF WHETHER OUR  
5 VARIOUS WORKING GROUPS SHOULD HOLD OPEN OR CLOSED  
6 SESSIONS AND UNDER WHAT CONDITIONS, AND WE AGREED AT  
7 THAT TIME TO REVISIT THE SCIENTIFIC AND MEDICAL  
8 ACCOUNTABILITY WORKING GROUP OR STANDARDS WORKING  
9 GROUP, AS WE CALLED IT INFORMALLY, AND THERE THE  
10 MEMBERS OF THE BOARD EXPRESSED THE WISH THAT WE REVISIT  
11 THAT AND THINK ABOUT HOW WE MIGHT HOLD THOSE MEETINGS  
12 IN A WAY THAT WOULD BE MORE TRANSPARENT AND MORE OPEN  
13 TO THE PUBLIC.

14 KEN TAYMORE, AS I REPORTED AT THE MAY  
15 MEETING, A SAN FRANCISCO LAWYER, OFFERED AS A PRO BONO  
16 MEASURE TO HELP US WORK ON THIS. AND MR. TAYMORE MET  
17 WITH MARY MAXON AND CHRISTINA OLSSON OF OUR STAFF AT  
18 CIRM TO WORK OUT A SET OF PROCEDURES AND TO RESEARCH  
19 THIS. AND MR. TAYMORE ACTUALLY HAS SPENT QUITE A BIT  
20 OF TIME TALKING TO PEOPLE AND LOOKING AT THIS, AND THEN  
21 CAME UP WITH A DOCUMENT THAT HAS BEEN WORKED ON BY  
22 HARRIET RABB AND SHERRY LANSING, WHO ARE THE CO-CHAIRS  
23 OF THIS COMMITTEE, AND ALSO HAS BEEN REVIEWED BY JAMES  
24 HARRISON.

25 AND YOU HAVE THE STATEMENT OF THAT GENERAL

1 POLICY. I THINK IT'S UNDER TAB 7, AND IT IS THERE  
2 BEFORE YOU. IT BEGINS BY SAYING THAT WE ARE COMMITTED  
3 TO AN OPEN AND PUBLIC PROCESS FOR THE STANDARDS WORKING  
4 GROUP. IT THEN OUTLINES THE STEPS THAT WILL BE USED TO  
5 ASSURE THE TRANSPARENCY THAT THERE WILL BE PUBLIC  
6 NOTICE OF MEETINGS, PUBLIC MEETINGS WILL HAVE PUBLIC  
7 COMMENT PERIODS, THE PUBLIC WILL BE ENCOURAGED TO  
8 ATTEND AND COMMENT ON DRAFT FINDINGS AND  
9 RECOMMENDATIONS, AND THAT THERE WILL BE PUBLIC VOTES OF  
10 THE WORKING GROUP MEMBERS ON DECISIONS AND  
11 RECOMMENDATIONS TO THE ICOC.

12 THE FINAL RECOMMENDATIONS AND MINORITY AND  
13 INDIVIDUAL OPINIONS WOULD BE POSTED PUBLICLY ON MATTERS  
14 THAT EMERGE OUT OF THAT PROCESS. AND THEN FINALLY,  
15 THAT THE GROUP WOULD MEET IN CONFIDENTIAL SESSION ONLY  
16 IF NEEDED TO REVIEW COMPLAINTS REGARDING INVESTIGATORS  
17 OR INSTITUTIONS' COMPLIANCE WITH MEDICAL OR ETHICAL  
18 STANDARDS ADOPTED BY THE ICOC WITH THE UNDERSTANDING  
19 THAT ANY FINAL ACTION ON SUCH COMPLAINTS WOULD BE TAKEN  
20 IN PUBLIC MEETING.

21 IT ALSO OUTLINES THE WAYS IN WHICH THE  
22 MEMBERS OF THE WORKING GROUP MAY PARTICIPATE IN  
23 MEETINGS, AS IS WRITTEN ON THE MATERIAL THAT YOU HAVE.

24 I'LL JUST SAY THAT, FINALLY, THE DOCUMENT  
25 DOES POINT OUT THAT THE WORKING GROUP WILL BE PREPARING

1 DRAFTS, ASSISTED BY STAFF AND A SUBSET OF WORKING GROUP  
2 MEMBERS OR EVEN INDIVIDUAL WORKING GROUP MEMBERS, AND  
3 THAT THIS PRELIMINARY DRAFT TEXT MAY BE REVIEWED AND  
4 COMMENTED ON BY SOME OR ALL OF THE WORKING GROUPS IN  
5 PREPARATION FOR PUBLIC CONSIDERATION. IN OTHER WORDS,  
6 THE DRAFT WILL NOT BE CARRIED OUT IN PUBLIC, BUT ANY  
7 DRAFT THAT IS PREPARED WILL BE PUBLICLY CONSIDERED.

8 SO THESE ARE THE RECOMMENDATIONS THAT WE  
9 HAVE. IT SAYS, FINALLY, THAT ALL RECOMMENDATIONS, JUST  
10 TO REMIND US, THAT FROM THE MEMBERS OF THE STANDARDS  
11 WORKING GROUP ARE SUBJECT TO REVIEW BY THE ICOC IN A  
12 PUBLIC MEETING AND THAT OUR USUAL PROCEDURES FOR PUBLIC  
13 INPUT WILL BE FOLLOWED AT THE ICOC MEETINGS. SO THIS  
14 IS A STEP, THEN, TOWARDS MORE TRANSPARENCY, AND THE  
15 STANDARDS WORKING GROUP, I THINK, IS VERY MUCH, IN THE  
16 SPIRIT OF SOME OF OUR DISCUSSIONS THAT WE TALKED ABOUT  
17 THIS MORNING, OF OPENING OUR PROCEEDINGS, BEING  
18 RESPECTFUL OF CONFIDENTIALITY AND ALSO BEING ABLE TO BE  
19 EFFICIENT WITH THESE, BUT STILL TO BE AS TRANSPARENT AS  
20 POSSIBLE.

21 SO I ASK, THEN, FOR AN ACTION ON THIS ITEM,  
22 MR. CHAIRMAN.

23 CHAIRMAN KLEIN: DR. HALL, I COMMEND YOU AND  
24 DR. HARRIET RABB AND SHERRY LANSING ON A VERY OPEN  
25 MEETING POLICY AGAIN AS A GOOD FAITH EFFORT TO

1 DEMONSTRATE OUR COMMITMENT TO PROCEEDING ALONG THE  
2 LINES THAT THE LEGISLATURE WOULD LIKE IN COMMON FOR US  
3 TO PROCEED. JOAN SAMUELSON.

4 DR. HALL: LET ME JUST SAY I WANTED TO  
5 SPECIFICALLY THANK KEN TAYMORE, WHO PUT IN MUCH EFFORT  
6 AND TIME ON THIS, WHOSE EFFORTS WE REALLY APPRECIATE.

7 MS. SAMUELSON: WELL, THAT MAY ANSWER MY  
8 QUESTION. I WAS JUST THINKING ABOUT THE FACT THAT  
9 NEITHER MS. RABB NOR MS. LANSING ARE RESEARCHERS, AND  
10 OBVIOUSLY YOUR EXPERTISE WAS INVOLVED. ARE YOU  
11 SATISFIED THAT THESE PROCEDURES PROVIDE ENOUGH  
12 FLEXIBILITY FOR THE PROCESS TO WORK EFFECTIVELY?

13 DR. HALL: I BELIEVE THEY DO IN THE SENSE  
14 THAT, WITH THE EXCEPTIONS LISTED AT THE BOTTOM HERE, I  
15 THINK THAT WHAT THE STANDARDS COMMITTEE WILL BE  
16 CONCERNED WITH ARE NOT SCIENTIFIC GRANT PROPOSALS IN  
17 WHICH THERE IS CONFIDENTIAL MATERIAL. THERE MAY BE  
18 SOME IN TERMS OF COMPLAINTS. I THINK WE ALL UNDERSTAND  
19 THAT THAT WILL HAVE TO BE DONE IN CONFIDENCE. BUT MY  
20 VIEW IS THAT THIS IS CONSISTENT WITH THE TASK OF THE  
21 COMMITTEE AND WILL ALLOW ITS JOB TO BE DONE IN A  
22 REASONABLE WAY.

23 MS. SAMUELSON: THANK YOU.

24 CHAIRMAN KLEIN: YES. AND JAMES HARRISON, AS  
25 THE LEGAL COUNSEL, YOU'VE REVIEWED THESE?

1 MR. HARRISON: I HAVE.

2 CHAIRMAN KLEIN: YOU FIND THEM TO BE LEGALLY  
3 SUFFICIENT?

4 MR. HARRISON: YES. AND I THINK THEY  
5 PROVIDE, TO ANSWER JOAN SAMUELSON'S QUESTIONS, THE  
6 FLEXIBILITY TO HAVE THIS COMMITTEE WORK EFFECTIVELY.

7 CHAIRMAN KLEIN: ADDITIONAL MEMBERS'  
8 COMMENTS? OKAY. PUBLIC COMMENTS? HAVING NO PUBLIC  
9 COMMENTS, IS THERE A MOTION?

10 MR. SHEEHY: SO MOVED.

11 CHAIRMAN KLEIN: MOTION BY JEFF SHEEHY. IS  
12 THERE A SECOND?

13 DR. PIZZO: SECOND.

14 CHAIRMAN KLEIN: SECOND BY DEAN PIZZO. ALL  
15 IN FAVOR. AND THAT WILL BE ADOPTED. AND, MR.  
16 HARRISON, PLEASE CORRECT ME IF I'M WRONG, BUT I BELIEVE  
17 THIS PROCEDURE WILL BECOME AN INTERIM REGULATION.

18 MR. HARRISON: CORRECT.

19 CHAIRMAN KLEIN: THAT MEANS THAT IT WILL GO  
20 THROUGH THIS PROCESS OF UP TO 270 DAYS IN PUBLIC  
21 HEARINGS WHERE WE CAN, ALONG WITH THE PUBLIC, TEST ITS  
22 EFFECTIVENESS AND GET INPUT; SO BEFORE WE ADOPT IT AS A  
23 FINAL REGULATION, IT WILL HAVE PUBLIC COMMENT,  
24 ADMINISTRATIVE PROCEDURES ACT COMMENTS, AND WE'LL BE  
25 ABLE TO EVALUATE IT IN A START-UP OPERATIONAL PHASE,

1 WHICH GIVES US SOME ASSURANCE. ALL RIGHT.

2 DR. HALL, HAVE WE COVERED ALL CRITICAL ITEMS?

3 DR. HALL: NO. ONE MORE.

4 CHAIRMAN KLEIN: WHICH ITEM IS THAT?

5 DR. HALL: UNDER TAB 8. THIS IS JUST SOME  
6 UNFINISHED BUSINESS. AS YOU RECALL, WHEN WE NAMED THE  
7 MEMBERS OF OUR GRANTS REVIEW WORKING GROUP, WE HAD NOT  
8 COMPLETELY COMPLETED THE PROCEDURES THAT WE HAD SET OUT  
9 FOR OUR ALTERNATES, AND WE HAD AGREED TO FOLLOW THROUGH  
10 ON THOSE AND THEN REPORT BACK TO THIS COMMITTEE. EACH  
11 OF THESE HAS BEEN RECOMMENDED BY THE SUBCOMMITTEE ON  
12 THE GRANTS REVIEW WORKING GROUP. AND I HAVE CONTACTED  
13 EACH OF THEM TO BE SURE THERE ARE NO ISSUES OF CONFLICT  
14 OF INTEREST INVOLVED AND TO EXPLAIN TO THEM OUR  
15 PROCEDURES AND GET THEIR AGREEMENT WITH OUR CONFLICT OF  
16 INTEREST AND CONFIDENTIALITY POLICIES.

17 IN THE INTEREST OF TIME, I WILL NOT DESCRIBE  
18 EACH OF THESE. AND, IN FACT, UNLESS YOU WISH ME TO, I  
19 WILL NOT EVEN READ THEIR NAMES. THEY ARE HERE UNDER  
20 THAT ITEM. THERE ARE ONE, TWO, THREE, FOUR, FIVE, SIX,  
21 SEVEN, EIGHT NEW ALTERNATE MEMBERS.

22 I WILL SAY THESE ARE VERY USEFUL IN PLANNING  
23 FOR OUR FIRST GRANTS REVIEW WORKING GROUP. WE ALREADY  
24 HAVE CASES IN WHICH PEOPLE ARE UNABLE TO ATTEND. BY  
25 HAVING THESE PREAPPROVED ALTERNATES, AS IT WERE, WE CAN

1 CALL THEM IN AND ASK THEM TO SUBSTITUTE. I ASK FOR  
2 ACTION ON THIS ITEM.

3 CHAIRMAN KLEIN: NOW, I'D LIKE TO ASK ANY  
4 MEMBER IF THEY HAVE ANY QUESTION ON ANY INDIVIDUAL ON  
5 THIS LIST. IF A MEMBER HAS ANY QUESTIONS ON ANY MEMBER  
6 ON THIS LIST. IS THERE ANY MEMBER OF THE PUBLIC WOULD  
7 LIKE TO COMMENT ON THE ALTERNATES? NO COMMENTS FROM  
8 THE PUBLIC. WHAT IS THE PLEASURE OF THE BOARD?

9 DR. REED: MOVE THAT WE ACCEPT THE  
10 ALTERNATES.

11 CHAIRMAN KLEIN: IS THERE A SECOND?

12 DR. PRIETO: SECOND.

13 CHAIRMAN KLEIN: SECOND BY DR. PRIETO. CALL  
14 THE QUESTION. ALL IN FAVOR. OPPOSED. OKAY. THANK  
15 YOU.

16 IT IS 1:30. KIRK KLEINSCHMIDT, JUST INDICATE  
17 VERY QUICKLY THE PACKETS THAT ARE BEFORE THE BOARD  
18 MEMBERS AND HOW THEY RELATE TO THE INCIPIENT TASK UPON  
19 THEM AND WHERE THEY MIGHT ON THE WAY FORWARD TO THE  
20 LEGISLATURE PICK UP SOME FOOD.

21 DR. HENDERSON: WHAT ABOUT THE ISSUES YOU  
22 WERE GOING TO BRING UP UNDER THE CLOSED SESSION?

23 CHAIRMAN KLEIN: THE CLOSED SESSION ON  
24 LITIGATION, UNLESS THE BOARD FEELS WE NEED THAT TIME  
25 TODAY, BECAUSE OF THE -- BECAUSE WE'RE TRYING TO MAKE



1 SURE THAT WE COVER BOTH THE BRIDGE FINANCING AND THE  
2 CURRENT BONDS WITH OUR LITIGATION STRATEGY, WE WOULD BE  
3 BETTER SERVED, IF IT'S ACCEPTABLE, TO HAVE THAT SESSION  
4 IN SOME MORE DEPTH ON JULY 6TH.

5 MS. DUROSS: LUNCH IS AVAILABLE HERE.

6 CHAIRMAN KLEIN: LUNCH IS AVAILABLE HERE.  
7 KIRK, WOULD YOU PLEASE LEAD US?

8 MR. KLEINSCHMIDT: VERY QUICKLY, SINCE I  
9 SPOKE WITH MOST OF YOU INDIVIDUALLY AHEAD OF THE  
10 MEETING, YOU WERE ALL GIVEN A SALMON COLORED SCHEDULE  
11 FOR YOUR INDIVIDUAL MEETINGS THIS AFTERNOON WITH KEY  
12 MEMBERS OF THE LEGISLATURE. JUST SO YOU KNOW, WE  
13 CANCELED ALL THE 1:30 AND 1:45 APPOINTMENTS WITH THE  
14 EXCEPTION OF ASSEMBLYMEMBER MULLIN THAT ED PENHOET  
15 TOOK. SO WE HAVE ABOUT TEN VISITS STARTING AT 2  
16 O'CLOCK.

17 IN THE PACKET THAT YOU RECEIVED ALONG WITH  
18 YOUR SCHEDULE, AND I FIRST WANT TO ACKNOWLEDGE AND ALSO  
19 POINT OUT BOTH ERIN ROBBINS AND AMY LEWIS, IF YOU HAVE  
20 ADDITIONAL CHANGES OR PROBLEMS WITH YOUR SCHEDULE, ERIN  
21 AND AMY WILL DO THEIR BEST TO RESCHEDULE MEETINGS.  
22 PLEASE UNDERSTAND THAT THERE'S A LOT OF PEOPLE WHO ARE  
23 IN THE MIX HERE, SO WE'LL DO OUR BEST TO ACCOMMODATE  
24 YOUR SCHEDULES, BUT IT IS A RATHER FLUID PROCESS.

25 BUT BEYOND YOUR SCHEDULES, AND JUST TO MAKE

1 THE POINT, THERE ARE TWO MEMBER ICOC TEAMS. SO YOU AND  
2 A PARTNER WILL BE GOING TO EACH OF THE MEETINGS. IT  
3 MAY NOT BE THE SAME PARTNER FOR EVERY MEETING. AND YOU  
4 WILL ALSO HAVE ONE STAFF MEMBER TO ACCOMPANY YOU IF YOU  
5 HAVE A QUESTION THAT YOU CAN'T ANSWER. BUT IN YOUR  
6 PACKET ARE SOME VERY GENERIC SPEAKING POINTS FOLLOWED  
7 BY BIOS OF THE MEMBERS YOU'RE GOING TO BE MEETING WITH,  
8 AS WELL AS JUST A GENERAL PIECE ON LEGISLATIVE VISITS,  
9 HOW TO DO THEM, BUT I SUSPECT MOST OF YOU ARE PROS.

10 AND FINALLY, THERE'S A ONE-PAGE REPORT FORM.  
11 IF YOU COULD COMPLETE THAT TO GET ANY FOLLOW-UP ITEMS  
12 THAT WE NEED TO TAKE CARE OF.

13 CHAIRMAN KLEIN: LET ME EMPHASIZE THAT.  
14 THERE'S A YELLOW PIECE OF PAPER AT THE BACK OF YOUR  
15 PACKET. IT'S A REPORT FORM COMMENTS. IF A SENATOR OR  
16 ASSEMBLYPERSON ASKS FOR FOLLOW-UP, PLEASE BE VERY CLEAR  
17 WHAT FOLLOW-UP THEY NEED SO THE STAFF CAN FOLLOW UP FOR  
18 THEM AND SO WE CAN INFORM YOU THAT FOLLOW-UP HAS  
19 OCCURRED. WANT TO BE VERY ACCOUNTABLE HERE, VERY  
20 CAREFULLY ACCOUNTABLE WITH THE LEGISLATORS WE'RE  
21 SEEING.

22 I POINT OUT THERE'S TWO PAGES BEFORE THAT  
23 YELLOW FORM THAT KIRK MENTIONED THAT TALK ABOUT  
24 RECOMMENDED PRACTICES DURING A VISIT TO A LEGISLATOR'S  
25 OFFICE IN YOUR BOOK.

1                   MR. KLEINSCHMIDT: TWO LAST POINTS. YOU HAVE  
2 THESE LEAVE-BEHIND PACKETS FOR THE VARIOUS MEMBERS THAT  
3 DETAIL OUR CONFLICT OF INTEREST POLICY, OUR WORKING  
4 GROUP MEMBERS, AND THE LIKE. AND THOSE ARE MEANT TO  
5 LEAVE BEHIND WITH THE MEMBER.

6                   MS. WILSON: HOW WILL WE KNOW --

7                   CHAIRMAN KLEIN: IF WE COULD KEEP THE NOISE  
8 DOWN.

9                   MS. WILSON: HOW WILL WE KNOW WHERE THIS  
10 MEMBER STANDS ON SCA 13?

11                  MR. KLEINSCHMIDT: HOPEFULLY THE STAFF WITH  
12 YOU CAN ANSWER THAT POINT, BUT FOR THE MOST PART,  
13 AGAIN, IT'S ON THE FLOOR RIGHT NOW OF THE SENATE. THEY  
14 HAVE NOT TAKEN A FORMAL VOTE YET, SO THERE ISN'T A  
15 POSITION FOR EVEN EVERY MEMBER OF THE SENATE, AND THE  
16 BILL HASN'T GONE TO THE ASSEMBLY SIDE AT ALL YET, SO WE  
17 DON'T ALWAYS KNOW THEIR FEELINGS. AGAIN, IT GETS BACK  
18 TO THE ISSUE THAT THE LANGUAGE HAS CHANGED SO MUCH IN  
19 THE LAST WEEK, THAT I'M NOT SURE WHAT THEY WOULD  
20 COMMENT ON ANYWAY.

21                  CHAIRMAN KLEIN: I THINK THE SHORT ANSWER IS  
22 THERE ARE SENATORS WHO HAVE TAKEN A POSITION.  
23 GENERALLY OTHER THAN THE COSPONSORS THERE IS NOT A  
24 POSITION THAT'S BEEN TAKEN, BUT THEY'RE CONSIDERING IT.  
25 TO THE EXTENT THAT THEY HAVE TAKEN A POSITION ON A

1 COMMITTEE, OUR STAFF WILL TRY AND ADVISE YOU OF THAT.  
2 BUT MANY MEMBERS ARE TRYING TO UNDERSTAND THE POSITION.  
3 UNTIL TWO WEEKS AGO, THEY DIDN'T REALLY UNDERSTAND THAT  
4 THERE WAS BROAD CONCERN AND AN OPPOSITION STATEMENT BY  
5 THE INSTITUTE. THE REPRESENTATION THEY HAD PREVIOUSLY  
6 RECEIVED WAS THAT ALL THESE, 90 PERCENT OF THE PROBLEMS  
7 HAD BEEN WORKED OUT. WE THINK THAT THERE'S GOOD FAITH  
8 EFFORTS GOING ON, BUT CERTAINLY WE'RE NOT AT ANY POINT  
9 WHERE THE MAJOR PROBLEMS HAVE BEEN WORKED OUT.

10 LIKE TO INDICATE -- DO THEY HAVE THIS IN  
11 THEIR PACKAGE, THE ITEM FROM TODAY, PROPOSED POLICIES  
12 FOR CONSIDERATION?

13 MR. KLEINSCHMIDT: I BELIEVE THAT'S ONLY IN  
14 THEIR BOARD PACKET.

15 CHAIRMAN KLEIN: IT'S IN YOUR BOARD PACKET.  
16 THERE'S COPIES IN THE BACK IF YOU WANT TO PICK IT UP ON  
17 THE WAY OUT. YOU CAN LET MEMBERS KNOW THAT WE ARE  
18 PROACTIVELY GOING TO CONSIDER POLICIES TO TRY AND  
19 FURTHER ADVANCE THE NEEDS THAT THE LEGISLATURE HAS  
20 RAISED FOR US.

21 MR. KLEINSCHMIDT: AND JUST LASTLY, THERE'S A  
22 CAFE ON THE 6TH FLOOR OF THE CAPITOL. SO IN BETWEEN  
23 YOUR VISITS, IF YOU WANT TO KICK BACK FOR A MINUTE,  
24 THAT'S WHERE ERIN AND AMY LEWIS WILL BE. AGAIN, IF YOU  
25 HAVE ANY SCHEDULING PROBLEMS, PLEASE CHECK WITH THEM

1       THERE.

2                   DR. PRICE:   HOW LONG ARE THESE MEETINGS  
3       SCHEDULED FOR?

4                   MR. KLEINSCHMIDT:  THERE IS NOT REALLY -- 30  
5       MINUTES IS THE MAXIMUM FOR ANYONE.

6                   CHAIRMAN KLEIN:  THEY'RE 15 MINUTES TO 30  
7       MINUTES.  AND WITH THOSE WHO WERE NOT ABLE TO GO TO A  
8       1:15 APPOINTMENT OR THE FEW APPOINTMENTS AT 1:45 OR  
9       1:30, WE WILL TRY AND AS A FOLLOW-UP ARRANGE A PHONE  
10      CALL FROM THE BOARD MEMBERS TO THOSE MEMBERS WHERE WE  
11      WEREN'T ABLE TO GET OUT OF SESSION IN TIME TO MAKE  
12      THOSE APPOINTMENTS.

13                  MS. DU ROSS:  DO YOU WANT TO REMIND THE BOARD  
14      MEMBERS ABOUT THE RECEPTION THAT ED PENHOET IS HOSTING  
15      AT FOUR AT THE SHERATON?

16                  CHAIRMAN KLEIN:  THERE IS A RECEPTION AT THE  
17      SHERATON, AND THE ROOM NUMBER IS?

18                  MS. DU ROSS:  IT'S THE GLIDES ROOM.

19                  CHAIRMAN KLEIN:  THE GLIDES ROOM.  RIGHT WHEN  
20      YOU WALK IN THE SHERATON AT THE GLIDES ROOM, THERE'S A  
21      RECEPTION.  DR. PENHOET IS HOSTING IT, SO THE INSTITUTE  
22      IS NOT PAYING FOR IT.  AND IT IS FOR BOARD MEMBERS, THE  
23      PUBLIC, PRESS, AND SENATORS AND ASSEMBLYMEN, AND THEIR  
24      STAFFS.  PLEASE ASK IF THEY CAN ATTEND.  OUR  
25      DISTINGUISHED PRESIDENT AND DISTINGUISHED STAFF,

1 INCLUDING ARLENE CHIU AND OTHERS, WILL ALL BE THERE WHO  
2 CAN TALK OVER, AS WELL AS BOARD MEMBERS, WHAT THE  
3 SCIENCE IS PROGRESSING THROUGH TODAY.

4 DR. PRICE: TIME OF THE RECEPTION?

5 CHAIRMAN KLEIN: FIVE TO SEVEN. 5 O'CLOCK TO  
6 7 P.M. AND STAFF IS INVITED. THERE WILL BE FOOD THERE  
7 FOR STAFF. STAFF IS OFTEN SENSITIVE TO BEING ABLE,  
8 SINCE THEY WORKED A HARD AND LONG DAY, BEING ABLE TO  
9 EAT SOMETHING. DR. LOVE.

10 DR. LOVE: BOB, I JUST WANTED TO MAKE ONE  
11 POINT OF CLARIFICATION. IT MAY BE OBVIOUS TO EVERYONE.  
12 I ASSUME OUR POSITION IS, WHILE WE SHARE THE INTENT OF  
13 MANY OF THE THINGS THAT SENATOR ORTIZ HAS IN HER  
14 PROPOSITION, WE ARE CLEAR THAT WE ARE IN OPPOSITION TO  
15 THAT, AND OUR BACKUP STRATEGY IS TO WORK ON REVISING  
16 IT, BUT OUR PRIMARY STRATEGY IS TO OPPOSE THE  
17 PROPOSITION.

18 CHAIRMAN KLEIN: WE ARE WORKING IN GOOD  
19 FAITH. WE'D LIKE TO BE IN A POSITION TO SEE IT TAKE  
20 ENOUGH TIME, MAYBE BEING ON THE JUNE OF 2006 BALLOT, SO  
21 WE HAVE THROUGH THIS LEGISLATIVE SESSION TO WORK IT OUT  
22 SO IT'S GOOD IDEAS IMPLEMENTED WELL. BUT AT THE  
23 MOMENT, BASED UPON THE LANGUAGE WE'VE SEEN TODAY,  
24 INCLUDING SOME OF THE LANGUAGE WE SPECIFICALLY  
25 DISCUSSED TODAY, WE HAVE NOT CHANGED THE POSITION.

1 DR. HENDERSON.

2 DR. HENDERSON: I'D LIKE TO JUST SAY FOR THE  
3 RECORD THAT I DON'T THINK IT'S THE INTENT OF ANY OF US  
4 TO DISAGREE WITH THE FACT THAT WE'RE COMMITTED TO  
5 TREATING THE POOR AND CARING FOR THE POOR. SO IN NO  
6 WAY DOES THAT CHANGE OUR POSITION AS A GROUP, I THINK.  
7 JUST WE DON'T THINK WE CAN REPRESENT IT IN THIS  
8 PARTICULAR SCOPE OF OUR WORK ITSELF.

9 CHAIRMAN KLEIN: I THINK THAT WE ALL -- THE  
10 MANY -- EVERYONE ON THIS BOARD HAS BEEN VERY COMMITTED  
11 WITH THEIR LIFE TO REALLY ADVANCING MEDICAL CURES,  
12 CARING FOR THE POOR. WE'RE VERY DEDICATED TO THAT  
13 COMMON END. THE ISSUE IS THAT GIVING US A  
14 RESPONSIBILITY WITHOUT THE SOURCE OF FUNDING OR THE  
15 MEANS TO EVALUATE THE COST IS AN EXTRAORDINARY TASK  
16 THAT WE HAVE NO SOLUTION FOR. AND IF WE CANNOT COMMIT  
17 WHEN WE SIGN AN INTELLECTUAL PROPERTY AGREEMENT THAT WE  
18 HAVE A SOLUTION FOR IT, WE'RE GOING TO BE IN A POSITION  
19 WHERE WE CANNOT SIGN THE CERTIFICATIONS TO ISSUE THE  
20 BONDS BECAUSE WE CAN'T CERTIFY THAT WE CAN FULFILL OUR  
21 REQUIREMENTS.

22 NOW, SENATOR ORTIZ PROPERLY SAYS IT DOESN'T  
23 CREATE A TAX PROBLEM FOR US TO PROVIDE THAT GUARANTEE,  
24 BUT IT PROVIDES A PROBLEM IN THAT WE CAN'T DO THE BASIC  
25 CERTIFICATIONS NECESSARY TO ISSUE THE BONDS, WHICH IS A

1 REQUIREMENT OF BOND COUNSEL. YOU CANNOT ISSUE BONDS  
2 THAT YOU CANNOT FILE A CERTIFICATION SHOWING THAT YOU  
3 ARE READY, ABLE, AND WILLING TO UTILIZE THE FUNDS WITH  
4 ALL THE REQUIREMENTS BEFORE YOU.

5 DR. POMEROY: YOU KNOW, IT'S VERY DIFFICULT  
6 FOR, I THINK, MANY OF US ON THIS BOARD TO UNDERSTAND  
7 BOTH -- ALL THE DIFFERENT SIDES ABOUT THE BONDS,  
8 TAXABLE VERSUS NONTAXABLE, AND SOME OF THE CONCERNS  
9 THAT THE SENATOR RAISED AND THEN SOME OF THE CONCERNS  
10 THAT YOU RAISED ABOUT IF SCA 13 WAS PASSED. DO YOU  
11 THINK WE COULD GET A PRESENTATION ON BOND 101 AT ONE OF  
12 OUR MEETINGS FROM THE BOND COUNSEL BECAUSE IT DOES SEEM  
13 TO BE SOMETHING THAT WE NEED TO UNDERSTAND?

14 CHAIRMAN KLEIN: OKAY. WHY DON'T WE TRY AND  
15 WORK WITH ORRICK HERRINGTON, THE STATE'S BOND COUNSEL,  
16 BECAUSE THEY'RE THE ONE THAT HAVE TO SIGN OUR OPINION  
17 AND TRY AND WORK THEM INTO OUR SPECIFIC SCHEDULE.

18 DR. POMEROY: THAT WOULD BE GREAT.

19 DR. PRIETO: THAT WOULD BE VERY HELPFUL.

20 CHAIRMAN KLEIN: ALL RIGHT. JOAN SAMUELSON.

21 MS. SAMUELSON: THIS IS A QUESTION THAT I  
22 DON'T THINK WE'VE RAISED TODAY. IT SEEMED TO ME THAT  
23 THE MERE FACT OF A NEW VERSION OF THE LEGISLATION  
24 GOVERNING OUR WORK WILL PROVOKE INEVITABLY ANOTHER  
25 ROUND OF LITIGATION. THAT'S A FAIR ASSESSMENT. ISN'T



1 THAT A REASON IN AND OF ITSELF THAT WILL, LISTENING TO  
2 THE PUBLIC, THEY SAID DO NOT DELAY WHAT YOU ARE DOING.  
3 THAT'S IS IN OF ITSELF, IF THIS WERE PERFECT  
4 LEGISLATION, WHICH IT'S FAR FROM --

5 CHAIRMAN KLEIN: I THINK IT'S A FAIR COMMENT.

6 MS. SAMUELSON: IF WE ARE GOING TO HEAR THE  
7 PUBLIC, THAT WE HAVE TO OPPOSE THIS MEASURE.

8 CHAIRMAN KLEIN: I THINK IT'S A VERY FAIR  
9 COMMENT.

10 DR. PIZZO: DO YOU THINK THAT THE SENATOR IS  
11 NOT AWARE OF THAT?

12 CHAIRMAN KLEIN: WELL --

13 DR. PIZZO: IF SHE WERE AWARE OF THAT, IT  
14 WOULD SEEM TO ME, THAT GIVEN EVERYTHING SHE SAID, THAT  
15 SHE WOULD WITHDRAW THE AMENDMENT IMMEDIATELY, WHICH IS  
16 WHAT EVERYONE CALLED ON HER TO DO.

17 CHAIRMAN KLEIN: I THINK THAT THE SENATOR HAS  
18 OUR VALUES. THE ISSUE HERE IS IF THE SENATOR WOULD AT  
19 LEAST GIVE US UNTIL THE END OF THIS SESSION IN  
20 SEPTEMBER TO TRY AND WORK ON THE LANGUAGE, TO TAKE IT  
21 THROUGH LITIGATION COUNSEL, BOND COUNSEL, THE  
22 INSTITUTE'S COUNSEL, COUNSEL FOR THE TREASURER, COUNSEL  
23 FOR THE CONTROLLER, ALL OF THE THINGS THAT WE DID  
24 INITIALLY AND THE CARE THAT WE PRESENTED THIS TO THE  
25 PUBLIC, IT WOULD BE QUITE HELPFUL. CURRENT LAWSUITS

1 THAT WE'RE FACING ARE VERY NARROWLY COUCHED ON  
2 CONSTITUTIONAL GROUNDS THAT HAVE PREVIOUSLY BEEN  
3 DEFEATED, WHICH IS EXTRAORDINARILY FAVORABLE FOR US.

4 I CAN'T SPEAK FOR THE SENATOR, BUT YOUR  
5 POSITION IS WELL TAKEN.

6 MR. KLEINSCHMIDT: IT'S ALMOST TEN TO, SO I  
7 WOULD RECOMMEND WE, FOR THOSE OF YOU WHO HAVE 2  
8 O'CLOCKS, THAT WE START HEADING OVER.

9 CHAIRMAN KLEIN: WE WILL ADJOURN THE MEETING.  
10 MEETING STANDS ADJOURN.

11 MS. SAMUELSON: I'M SORRY TO DELAY IT, BUT I  
12 WOULDN'T WANT TO IN MY MEETINGS LEAD ANYONE TO BELIEVE  
13 THAT WE'RE UNANIMOUS IN BELIEVING THAT THERE ARE WAYS  
14 TO RESCUE THIS BILL. I FEEL MUCH STRONGER NOW THAN I  
15 DID WHEN I WALKED IN FIRST THING THIS MORNING, AND  
16 AFTER LISTENING TO THE PUBLIC AS WELL. I WOULD LIKE TO  
17 THINK WE COULD REACH A COMPROMISE, BUT I DON'T BELIEVE  
18 WE WILL, AND I DON'T WANT TO DELUDE THEM.

19 DR. PIZZO: DO YOU THINK IT'S A TIME LINE  
20 ISSUE? I THINK WE CAN SAY THAT WE CAN'T DO IT UNDER  
21 THE TIME LINE THAT'S BEEN GIVEN.

22 MS. SAMUELSON: THAT'S CLEAR.

23 DR. PIZZO: SO WE COULD DO SOMETHING OVER A  
24 MORE RETRACTED PERIOD OF TIME.

25 CHAIRMAN KLEIN: YEAH. WE WANT TO WORK WITH

1 THE LEGISLATURE.

2 DR. PIZZO: WHICH I THINK CONVEYS THAT WE'RE  
3 WILLING TO WORK, SO IT'S JUST THAT THIS TIME LINE, THE  
4 COMPRESSED TIME LINE, IS IMPOSSIBLE.

5 DR. POMEROY: THE OTHER THING TO CONVEY MIGHT  
6 BE THERE MIGHT BE A VEHICLE OTHER THAN A STATE  
7 CONSTITUTIONAL AMENDMENT.

8 MS. SAMUELSON: EXACTLY.

9 DR. POMEROY: THAT SEEMS LIKE A GOOD POINT TO  
10 BRING UP.

11 CHAIRMAN KLEIN: AND IT IS A POINT WELL TAKEN  
12 WITH SENATOR DUNN AND SENATOR SPEIER, WHO SENATOR DUNN  
13 AND SENATOR SPEIER SAID IF THIS BODY WITH ITS GOODWILL  
14 MAKES A COMMITMENT AND DOESN'T LIVE UP TO THAT  
15 COMMITMENT, YOU COULD HAVE A CONSTITUTIONAL AMENDMENT  
16 IN 15 MINUTES, I THINK, WAS HIS SOMEWHAT STRONGLY  
17 STATED RESPONSE. SO WE'RE GOING TO EMBARK ON A  
18 LEGISLATIVE COMMITTEE IN GOOD FAITH TO TRY AND MOVE AS  
19 FAR AS WE CAN AS QUICKLY AS POSSIBLE ON RECOMMENDATIONS  
20 TO THE BOARD. SOME OF THESE POLICIES WE CONTINUE TO  
21 IMPLEMENT IN REAL TIME AS WE GO, INCLUDING THE OPEN  
22 MEETINGS PROGRESS ON THE STANDARDS COMMITTEE THAT WE  
23 DID TODAY. AND WE WOULD HOPE THAT MESSAGE COMES ACROSS  
24 AS A CLEAR SIGNAL TO THE LEGISLATURE. WE STAND  
25 ADJOURNED.

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(THE MEETING WAS THEN ADJOURNED AT 01:50

P.M.)