

MINUTES
CALIFORNIA STEM CELL RESEARCH AND CURES FINANCE COMMITTEE

California Stem Cell Research and Cures Act of 2004

Date: May 9, 2005
Time: 10:00 a.m.
Place: State Treasurer's Building
915 Capitol Mall, Room 587

1. Pursuant to Call of Chairperson, Philip Angelides, Treasurer of the State of California, and in accordance with notice duly given to all members of the Committee, the Committee, under the California Stem Cell Research and Cures Act (2004) convened in Room 587, 915 Capitol Mall, Sacramento, California on May 9, 2005. Chairperson Angelides called the meeting to order at 10:12 a.m. A quorum was present.

2. MEMBERS PRESENT

PHILIP ANGELIDES, State Treasurer

VINCE BROWN, representing the State Controller

ANNE SHEEHAN, representing the Director of Finance

ROBERT KLEIN, Chairperson Independent Citizens Oversight Committee, Governing Body of the California Institute for Regenerative Medicine

MICHAEL A. FRIEDMAN M.D., member Independent Citizens' Oversight Committee

TED W. LOVE M.D., member Independent Citizens' Oversight Committee

Chairperson Angelides informed the public that they would be given an opportunity to provide comment prior to agenda item number seven.

3. The Committee unanimously approved the election of Mark Bullen of the Treasurer's staff to serve as finance committee secretary.
4. The Committee unanimously approved the designation of Mark Bullen of the Treasurer's staff to serve as a clerk, officer, or employee of the Committee for purposes of keeping a minute book of any closed session.
5. Chairperson Angelides announced that a copy of the Bagley-Keene Open Meeting Act has been provided to each board member of the Committee. Molly Arnold from the Attorney General's Office acknowledged that the provided guide also had the updated statute attached.
6. The Committee unanimously approved authorization for the State Treasurer to employ bond counsel for legal opinions related to the sale of bonds and commercial paper under the California Stem Cell Research Act of 2004.

Robert Klein addressed the Committee to state that it is critical that the Committee authorize the bond considerations before it. He stated that without such authorization the California Institute of Regenerative Medicine (CIRM) would not be able to meet the mandate of the seven million voters approving Proposition 71 to advance critical medical therapies.

7. Chairperson Angelides invited public comments prior to the Committee's consideration of Agenda Item No. 7.

Speaker #1: Don Reed of Californians for Cures, spoke of how people suffered in the past by the blocking of the practice of internal medicine and how Proposition 71 faces similar obstacles. Mr. Reed spoke of his sister Barbara who had breast cancer and his son Roman who has spinal cord injuries. He urged everyone to move forward.

Speaker #2: Charles Halpirm, submitted a letter to the Chairman and the other members of the Committee. Mr. Halpirm stated that the issue of pending litigation and its impact on the bonds needs to be addressed prior to a vote on the resolutions before the committee. He said that the Attorney General on behalf of the ICOC has stated that no bonds are saleable so long as there is pending litigation challenging the constitutionality of the structure of the CIRM. Second, Mr. Halpirm stated that he wanted to draw attention to the language of Proposition 71, which calls on the Committee to make a determination that it is necessary and desirable to sell a certain amount of bonds after a certain amount of time. He said that there is no plan that the ICOC has approved and put forward suggesting how the proceeds from any bond considerations before the Committee would be utilized, therefore it was premature for the Committee to authorize \$3 billion and offer for sale \$200 million at the current time. Thirdly, Mr. Halpirm stated that he wanted to point out that the Bagley-Keene law requires that the agenda be limited to items that have been noticed in advance of the meeting, 10 days notice specifically. Mr. Halpirm stated that nothing on the agenda suggested that an alternative financing scheme, a non-bond financing scheme, would be considered at the meeting and therefore the Committee at the meeting should not consider such a scheme. Mr. Halpirm's last point related to a purported conflict-of-interest between Chairperson Angelides and Robert Klein due to campaign contributions received by Chairperson Angelides from Mr. Klein. Mr. Halpirm suggested that Chairperson Angelides's participation in the Committee doesn't carry with it the assurance of full autonomy without any possibility of gratitude for past gifts or expectations or hopes for future gifts. Mr. Halpirm urged Chairperson Angelides and Mr. Westly (State Controller) to take steps to reassure the public that there is no financial connection between Chairperson Angelides and Robert Klein or any other member of the ICOC.

Chair: Chairperson Angelides made a comment as a matter of personal privilege stating that he has known Robert Klein for thirty years as both persons had a long and active career involved in the development of affordable housing. Chairperson Angelides stated that secondly, his job was to do the best job for the people of California and he intended to do it. He further explained that he has a very strong belief with respect to the Committee's mission to authorize financing for stem cell research. He said that he believes that the Committee needs to do everything possible to fulfill the will of the seven million Californians who voted for the initiative and for the millions of people who suffer from debilitating diseases for which stem cell research provides hope

Speaker #2: Mr. Halpirm responded with two points in response to Chairperson Angelides comments. First, Mr. Halpirm stated that the people of California who voted for Proposition 71 expected the Committee to make an independent determination that there is desirability and necessity for issuing bonds. He explained that he did not believe the record was made prior to the meeting and that he thought that the material distributed that morning, the estimated expenditures for 2005-06 including a statement about grants, which had not been presented to the ICOC, did not

constitute a factual foundation on which the Committee could make its determination. On his second point Mr. Halpirn stated that with regard to the conflict-of-interest issue, he wanted to emphasize that the question was one of appearance, that in a situation where conflict-of-interest had been a much debated subject regarding the operation of the ICOC, he thought that it was very important there be no appearance of anything other than full autonomy and independence in the Committee's deliberation.

Chair: Chairperson Angelides commented briefly reminding everyone that the State of California is one that calls for full disclosure and that everything was on the table in terms of knowledge. He voiced a concern that people seemed to have forgotten what the stem cell issue was all about. Chairperson Angelides stated that the November 2004 election was historic; that in the wake of President Bush's decision not to fund certain kinds of stem cell research, the State of California stood-up. He explained that seven million Californians affirmed that the state would provide the resources to fund life-saving, suffering alleviating stem cell research that could improve the quality of lives of millions of Californians and Americans, create new jobs in California, and reduce health-care costs. He defined November 2004 as a watershed moment. Chairperson Angelides further explained that since the passage of the measure there had been a concerted, rear-guard action to block the will of the people and that as an elected official of the State of California, he would keep the focus of his office on carrying out the will of the voters to move stem cell research forward to find a cure for suffering, alleviate disease, and build the economy of California. He stated he believes that is what it's all about. He explained that the Committee had such an open process of disclosure that anyone who wanted to constantly pick-at and stage a rear-guard action had ample opportunity to do so; but as Chair of the Committee he would not lose focus of what it was all about - the will of the people and potential for cures that stem cell research extended. He stated that he believed that was the Committee's governing principle.

Speaker #3: Raymond Bargrow, representing the Stem Cell Action Network, a nation-wide patients advocacy organization, stated that patients and their families & friends applaud the work being done by CIRM. Mr. Bargrow stated that CIRM should be allowed to do its work and expressed concern over opposition to stem cell research.

Chair: Chairperson Angelides made an announcement that two documents available to Committee members were also available at the back of the room for the public: (1) projected expenditures of CIRM for fiscal years 2004-05 and 2005-06, (2) a listing of estimated grant program expenditures for the 2005-06 fiscal year, subject to the formal approval of the ICOC. Chairperson Angelides then explained to members of the public the normal procedures for bond financing programs. He explained that upon voter approval of a general obligation bond, almost without exception the bond measures include a Finance Committee that is with rare exception Chaired by the Treasurer. Upon approval by the voters the Treasurer's office moves forward to authorize the financing under the bond measures. He stated that his office works with the relevant departments (i.e. in the case of water projects, the Department of Water Resources; in the case of parks, the Department of Parks and Recreation) to determine what the departments cash flow needs are so that his office could make funds available to them if needed. Chairperson Angelides stated that if the Committee votes to authorize the bonds today, there is still a matter of litigation challenging the statute and bringing a challenge to affect the state's ability to issue bonds. He explained that once those legal hurdles are cleared, his office would work with the affected agencies to provide cash, generally in the form of either commercial paper or loans from the Pooled Money Investment Board, as the

agencies needed. He stated that at a certain point the Treasurer's office would aggregate enough advances to then go sell general obligation bonds. Chairperson Angelides explained that there is a custom that has gone on for decades in which the Treasurer's office makes money available to the institute or other agencies so they can meet cash flow needs. He further stated that the matter of pending litigation would affect his office's ability to move cash to the institute and the matter of litigation would be discussed in closed-session. Chairman Angelides concluded his remarks by stating that the Committee would make an announcement following the closed-session with regard to any action taken by the Committee in closed-session.

Juan Fernandez: Juan Fernandez, Treasurer's staff, informed the Committee and members of the public that copies of the actual resolutions to be considered in agenda items seven through nine before the Committee were also available at the back of the room.

Speaker #4: Jesse Reynolds, representing the Center for Genetics Society, a research advocacy organization. Mr. Reynolds expressed concern over a proposed bridge financing outlined by Robert Klein at an earlier meeting.

Chair: Chairperson Angelides advised Mr. Reynolds that he could address the issue later on in the meeting.

Speaker #5: Fran Lopes, co-founder of Research for Cure, a non-profit organization whose sole purpose is to raise money for medical research. Mr. Lopes stated that he has seen rats with MS and spinal cord injuries walk and applauds Californians' for what they have done and what they need to do.

Speaker #6: Karen Miner, works with Don Reed in Californians for Cures and is a partner with Fran Lopes in Research for Cure. Ms. Miner has a spinal cord injury and expressed joy that Proposition 71 passed and voiced frustration with groups opposing stem cell research.

Speaker #7: Roman Reed, the namesake of the Roman Reed Spinal Cord Injuries Research Act of 1999. Mr. Reed voiced his opinion that progress is stopped in the traffic and gridlock of rhetoric and that the group should not stop a cure from happening because everybody is wasting time speaking. Mr. Reed implored the Committee to listen to the majority of California and fight for stem cell research.

Speaker #8: Jeff Sheehee, a person living with HIV and the Senate's appointee representing people living with HIV and AIDS. Mr. Sheehee thanked Treasurer Angelides and Controller Westly for moving quickly on the stem cell bond measure. Mr. Sheehee's stated that his father has Alzheimer's and after speaking with his father about research being done he could sense his father's mind grasp that there is hope for a cure. Mr. Sheehee stated that hope is therapy and hope would allow his father to hold on longer.

Speaker #9: Francisco Prieto, serves on a stem cell committee as an advocate for people with diabetes. Mr. Prieto stated that there are 18 million Americans with diabetes, over a million of whom with type-1 diabetes. He said that hey along with millions of people afflicted with cancer, Parkinson's disease, and other chronic diseases live with the fear that they will never wake up to a cure for their disease. Mr. Prieto believes the initiative and research offers hope and every year that it is delayed by legal strategies means that thousands of people will have died prematurely and unnecessarily as a result of the aforementioned diseases.

Chair: After there was no further public comment on agenda item number seven, Chairperson Angelides read the consideration to the Committee. He then stated that as Chair of the Committee and Treasurer of the State of California, who will be charged with bringing the bonds to market and working with the institute (CIRM) to provide short-term financing, he believed the work ahead was very important. He stated that the Committee was convened at an early time because the parties involved desired the formal authorization for the Treasurer's office to move ahead to carry out the will of the voters and ensure that funding is made available for life-saving stem cell research that can alleviate pain and suffering of millions of Californians. Chairperson Angelides elaborated that the issues involved were not something that affected few in society, but that many Californians and Americans were directly affected by what the institute and elected officials who believe in the cause were trying to accomplish. He stated that California is a state where 160,000 people suffer from Type-1 diabetes, 125,000 people suffer with Parkinson's disease, over a half-a-million have Alzheimer's, and where 31,000 people suffer with spinal cord injuries. Chairperson Angelides suggested that when one begins to look at diseases like heart disease, it is something that affects how each and every one of us in our families must live. He stated that the will of the people is clear. He explained that he is deeply concerned with litigation that has been filed by narrow, anti-choice activists that could make it difficult to move forward on the bonds. Chairman Angelides concluded his remarks by saying that the Treasurer's and Attorney General's offices are committed to clearing the legal hurdles so that the will of the people would be served and the important work of the institute (CIRM) could move forward.

After motion to approve, which was seconded, the Committee voted 6-0 in favor of Resolution I under the California Stem Cell Research and Cures Bond Act of 2004, authorizing the issuance of State of California Stem Cell Research and Cures or Commercial Paper Notes In the Aggregate Principal Amount Not to Exceed \$3,000,000,000. (Including provisions authorizing the agency to obtain loans from the Pooled Money Investment Account or the General Fund).

8. Chairperson Angelides invited public comments prior to the Committee's consideration of Agenda Item No. 8. There were none.

After motion to approve, which was seconded, the Committee voted 6-0 in favor of Resolution II under the California Stem Cell Research and Cures Bond Act of 2004, authorizing the issuance of State of California Stem Cell Research and Cures Refunding Bonds In the Aggregate Principal Amount Not to Exceed \$3,000,000,000.

9. Chairperson Angelides invited public comments prior to the Committee's consideration of Agenda Item No. 9.

Chair: That Chairperson spoke briefly on the item before moving to public comment. Chairperson Angelides stated that the agenda item would allow the Treasurer's office to issue Bond Anticipation Notes (BANs) in the principal amount of \$300,000,000. He stated that subsequent to the posting of the agenda item the principal amount of the resolution had been reduced to \$200,000,000. Chairperson Angelides explained that the item was placed on the agenda as one method of interim financing that could be provided to CIRM as litigation would have to be resolved before any bonds could be issued. Chairperson Angelides voiced that parties are looking at whether there are credible, reasonable, transparent ways that interim financing could be provided, and that one way was through BANs. He stated that the current agenda item is limited to whether or

not the Committee would authorize the BANs and that the Committee could not take action beyond what is noticed on the agenda.

- Speaker #1: (Unknown) A question from an unnamed speaker requested discussion of an item not on the agenda relating to Robert Klein's proposal of a possible \$100,000,000 in loans from philanthropic organizations.
- Chair: Chairperson Angelides noted that the only items that could be acted on at the current meeting were those outlined on the agenda. He stated that under Agenda Item No. 12, other non-action items could be discussed, but the Committee would take no action on such discussions.
- Mr. Klein: Mr. Klein noted in commenting on the question that charitable organizations could purchase BANs, as an example, to advance their funds as a loan to the state. He elaborated that there are many ways to implement charitable organizations trying to advance stem cell research. He stated that the core mission of such organizations is to advance funds for research of therapies to cure chronic disease. He elaborated that charitable organizations could, in that structure, use such funds to purchase BANs giving the state the money necessary to move forward.
- Chair: Chairperson Angelides explained that the BANs would be issued by the state and bought by entities that would take the risk of whether or not any long-term bonds would ultimately be issued. He stated that if for some reason legal challenges prevailed which precluded the state from selling bonds, the buyers of the BANs would take the risk of loss, not the state.
- Speaker #2: Jessie Reynolds, representing the Center for Genetic Society. Mr. Reynolds stated that his organization supports embryonic stem cell research, and its public funding, and while they sympathize with the desire to move as rapidly as possible on the matter, they have concerns about the alternative financing proposal as outlined by Mr. Klein at another meeting on Friday. He stated that his group feels that the plan maybe inappropriate and irresponsible. Mr. Reynolds elaborated that if there was specific fund raising activity conducted by the leadership of the institute (CIRM), such activity could create a situation where there may be a built-in conflict-of-interest, in that explicit loans may come with implicit strings attached and perhaps favors to be returned later. Mr. Reynolds stated that his group feels there is a pattern of behavior exhibited by the leadership of the institute of acting in haste and as acting as a private enterprise. He stated his organization feels that such reckless behavior may turn allies into enemies and could endanger the mission of the institute.
- Chair: Chairperson Angelides commented that what is currently before the Committee is the issuance of BANs by the Treasurer's office under terms and conditions negotiated by the Treasurer's office, and under terms and conditions that are fully transparent. He summarized that this action item would be an issuance by the State of California in which those buying the BANs would be fully at risk. The BANs would be repaid when bonds were issued, if they were issued. The Chairperson further explained that the Treasurer's office often does interim financing in the normal course of business and as the Treasurer's office would be charged with the implementation of the financing, it would be a public enterprise. He said that the Treasurer's office has a long non-partisan history of issuing debt and bonds for the people of California in a cost-effective and transparent way. He explained that the Treasurer's office would be involved in interim financing to the extent that one

could expect, that the interim financing would be fully vetted, and that the public would understand all terms and conditions. Chairperson Angelides urged the speaker to keep any hypothetical concerns about hypothetical interim financing mechanisms on hold at least until the speaker could actually see what is up for consideration. He stated that the only item up for consideration today is the authorization for the Treasurer's office to go to the market to issue BANs to buyers who would be willing to take the risk of loss if in fact the ultimate bonds did not sell. He explained that essentially the buyers would be looking at the bonds and making their own judgment about whether or not they want to buy the BANs.

- Mr. Klein: Mr. Klein commented that the CIRM has a number of firewalls to protect the judgment of the institute and to make certain that its judgment is made on the best science to advance medical therapies. He stated that the peer review committee that looks at scientific proposals to be funded was seated at the last board member meeting (ICOC). Mr. Klein explained that this peer review committee is comprised of fifteen scientists and physician scientists, all from outside California. He said the arrangement ensures that there are no relationships between the members of the peer review committee and representatives from California institutions. He stated that the seated scientists are some of the most distinguished people in the nation and world. Mr. Klein explained that in addition to those scientists, there are also seven alternates and ad-hoc member assistants; people drawn from the Sloan-Kettering Cancer Institute, Harvard University, Princeton, the great mid-western universities – people who have dedicated their lives to advancing medical therapies for people with chronic illness. Mr. Klein elaborated that those people are the ones who are going to recommend to the board (ICOC) the best science. He stated that the board (ICOC) is comprised of twenty-nine independent members representing ten different patient areas individually but advocating for seventy different areas of disease. He said that the board is comprised of five medical school deans from the U.C. system, the deans of the USC and Stanford medical schools, the president of the City of Hope, Michael Friedman, and the head of neurosurgery for Cedars-Sinai, a famous southern California research institution. Mr. Klein explained that the institutions the twenty-nine members of the ICOC are from represent tremendous organizations with great independence and a long record - 50 years, of dedication to the people of California. He stated that he believes there are good structures in place to ensure the independence of the decisions to be made, fully dedicated to medical science.
- Speaker #3: Don Reed, of Californians for Cures, speaking to ease those with concerns, stated that to his knowledge there have been twenty-three meetings open to public comment concerning the stem cell initiative.
- Anne Sheehan: Ms. Sheehan requested that the Committee go into closed-session before taking action on Agenda Item No. 9 so that she could better understand from the Attorney General's Office the state of litigation on the timing and interaction with the issuance of financing options.
- Chair: Chairperson Angelides announced that the Committee would delay further open-session discussion on Agenda Item No. 9 until after the closed-session. Upon request from Charles Halpirm to comment specifically on Agenda Item No. 9, Chairperson Angelides allowed quick comments before convening the closed-session.
- Speaker #2: Charles Halpirm stated that he wanted to be clear that he was not fighting any rear-guard actions in opposition to Proposition 71 or its program. He explained that he

avored stem cell research and that he wanted to see it and the program succeed. Mr. Halpirn voiced that his participation in the program was with the goal of it being done correctly. He stated that in regard to the interim financing, for the reasons Chairperson Angelides's suggested, it seemed highly likely that the BANs the Committee were considering would carry a higher interest rate than ordinary bonds simply because there was a much greater risk that the anticipatory bond holder assumed. Mr. Halpirn suggested that in the interest of maximizing the long-term value and the value given to California taxpayers, that the Committee keep interest costs minimal. He voiced that he was pleased that the Committee had revised the principal amount considered for BANs to \$200,000,000 from \$300,000,000. Mr. Halpirn suggested that the BANs should be limited to \$100,000,000 following the funding scenario outlined in the left-hand column of one of the supporting documents provided earlier in the meeting. He said that he felt that \$100,000,000 seemed appropriate and more consistent with a start-up operation. Mr. Halpirn concluded by remarking that the argument of what funding scenario best meets the necessary and desirable test regarding the issuance of interim financing notes is much stronger at \$100,000,000 than \$200,000,000.

Chair: Chairperson Angelides stated that he wanted to make one thing clear to the public. He explained that once voters approve a bond measure, the Treasurer's office takes its job seriously, and whether the bond measure is for expansion of transit systems or the acquisition of open space, the office moves diligently to make sure bonds can be sold. The office often faced legal challenges to the ability to move forward in selling bonds, and worked with Attorney General's office to clear away such hurdles. Chairperson Angelides elaborated that the Treasurer's office pursued all methods of interim financing, that the job of the office is to finance the public purposes approved by the voters, as well by the Governor and the Legislature. He stated that what proponents of stem cell research faced in the form of opposition, objection, and legal challenges, were a very committed group of anti-choice activists with a very deliberate agenda opposing stem cell research. He said that that he anticipated that it would be a hard fight but that he intended to win for California and what's at stake.

10. Adjournment to Closed Session

Chair: Chairperson Angelides announced that the Committee would go into closed-session. He stated that Agenda Item No. 10 was adjournment to a closed-session to confer with legal counsel and he requested that members of the audience other than Committee members, approved counsel, and the Committee secretary please exit to the lobby area. He explained that upon adjournment of the closed-session, he would instruct the Committee secretary to notify audience members waiting outside that the open-session was ready to reconvene. Chairperson Angelides then announced to the public what the committee would be considering in closed-session. He said that the Committee would be adjourning to a closed session to confer with legal counsel pursuant to government code 11126(e)(2)(C) regarding the possibility of initiating litigation pursuant to the Code of Civil Procedure Section 860 *et seq.* to determine the validity of any bonds that it may determine to issue and contracts it may determine to authorize pursuant to agenda items seven, eight and nine and matters pertaining to such litigation. Chairperson Angelides then asked everyone who was not authorized to be in the closed-session to leave the room and stated that the Committee would call everyone back immediately upon adjournment of the closed-session. He also announced that he and the Attorney General would be giving a briefing upon adjournment of the open-session.

The Committee adjourned to closed session at approximately 11:20 am.

11. Reconvene Open Session

The Committee reconvened the-open session at approximately 11:36 am.

Chair: Chairperson Angelides confirmed for the record that all Committee members were present as the open-session reconvened. He announced that during the closed session the Committee determined that it would take all actions necessary to clear away the legal hurdles that might delay or stop the issuance of stem cell bonds. Chairperson Angelides stated that the Committee would then consider Agenda Item No. 9, a resolution authorizing the issuance of State of California Stem Cell Research and Cures bond anticipation notes in the aggregate principal amount not to exceed \$300,000,000 as originally noticed. He noted that subsequent to the posting of the agenda item, the principal amount of the resolution had been reduced to \$200,000,000. He stated that the resolution would authorize the Treasurer's office to move ahead with the BANs if in fact they were feasible and practical.

Mr. Klein: Mr. Klein commented for general understanding that with any interim financing solution, including charitable donors, it is his intent to come back to the Committee before there is any innovative financing structure put in place that may help avoid litigation delays and ensure a consensus of the Committee.

Ms. Sheehan: Ms. Sheehan questioned if what Mr. Klein outlined would transpire before the BANs are sold.

Chair: Chairperson Angelides answered that the Treasurer's office could certainly do that. He observed that with the passing of the BANs resolution, pending such action by the Committee, there would be a significant amount of work, given the legal challenges, to even get in a position to sell the BANs. Chairperson Angelides stated that it would be his intent as Treasurer to come back before the Committee, even if the BANs are the method by which his office determines to proceed. He stated that he would come back to the Committee and outline the structure of the BANs as well as the anticipated costs. He explained that the resolution before the Committee currently would authorize his office to begin working with the institute and other parties to see if they could begin to structure an interim financing method using BANs. Chairperson Angelides stated that if in fact there are other alternatives, then those will be brought back before the Committee.

Ms. Sheehan: Ms. Sheehan commented that she is reluctant to move forward on the BANs while other interim financing options are investigated because it may not be necessary to issue the BANs. She stated that it might be premature to move forward on the BANs until some of the other interim financing options, attributed to Mr. Klein in the newspapers, are pursued. The question in her mind is whether there are other mechanisms available that can be moved forward with before moving forward on the BANs. Ms. Sheehan stated that there are a number of questions in terms of the BANs, such as, would they have to be validated, what are some of the actions, and would there be actions taken against the BANs. She questioned how movement could take place considering those questions. Ms. Sheehan stated that she believes the Committee agrees, while some in the audience may disagree, that the goal is to get the money flowing as soon as possible, but the main issue is how to accomplish that in the most prudent manor. Ms. Sheehan said that she has a number of questions in terms of budget issues and other actions regarding moving forward with the institute, and that perhaps staff can answer those for her after the meeting.

- Chair: Chairperson Angelides stated that he views the BANs resolution as authorizing the Treasurer's office to move forward. He committed to Ms. Sheehan and the Committee that well before his office goes to market with any BANs, he will come back to the Committee to explain where things stand with the BANs and the time frame for issuance. He stated that coming back before the Committee may also be in the context of reconvening the Committee to consider other financing structures. Chairperson Angelides explained that the current BANs resolution before the Committee would at minimum allow his office to go down the route of beginning to pursue that one structure. He stated that there may be many financing structures, but that Ms. Sheehan has his assurance that the Committee will meet well before any kind of final judgment point and his office will do nothing to preclude the Committee from changing course. Chairperson Angelides said that taking this action would enable his office to move forward and send a signal that they are going to be pursuing legitimate, reasonable, cost-effective, interim financing measures.
- Ms. Sheehan: Ms. Sheehan commented that they are in agreement on that final point.
- Mr. Klein: Mr. Klein asked counsel from the Attorney General's office if on the BANS the statement is sufficient enough for the State to move forward on the validation of the BANs along with the other methods of financing.
- Ms. Arnold: Ms. Arnold answered that she does have questions as to whether or not that is sufficient authorization for the BANs to come into existence for purpose of any validation action this committee should choose to take.
- Mr. Klein: Mr. Klein commented that he shared this concern from his understanding of the law, that the Committee would have a need to authorize the BANs.
- Ms. Arnold: Ms. Arnold suggested that the return to the Committee could be to report on the progress of the issuance of BANs; that the Committee could seek to rescind its resolution at that point in time, but that the resolution adopted today would be to absolutely authorize the Treasurer to issue BANs subject to a report and the ability to rescind.
- Mr. Klein: Mr. Klein responded that he thought that essential.
- Chair: Chairperson Angelides committed that Committee members would bring it back and stated that the Committee would obviously have the ability to do that.
- Ms. Arnold: Ms. Arnold added that the Committee could rescind the existing resolution at that point in time if that is what the Committee decided to do.
- Chair: Chairperson Angelides stated that he hoped the Committee would reconvene within thirty days with at least some alternatives for the Committee to discuss.
- Mr. Klein: Mr. Klein questioned for clarification if his understanding is correct that the Committee would be authorizing the BANs but that the Committee would reconvene and have the opportunity to rescind the BANs if another option becomes available.

Chair: Chairperson Angelides stated that anything is rescindable until it is done. He stated that as Treasurer he would reconvene the Committee well before any BANs were issued.

Ms. Sheehan: Ms. Sheehan stated for the record that as she would like to consider any other interim financing options before authorizing the BANs, that she would abstain on the current vote before the Committee for the time being. She explained that BANs may not be necessary and it would be preferable to consider the other options before approving the BANs.

Chair: Chairperson Angelides stated that he does not view the BANs resolution as precluding other interim financing options. He explained that he views the BANs option as a structure that the Committee believes has promise and that the Committee would like to pursue as staff considers other alternatives. Chairperson Angelides stated that in the end, any other alternatives considered would be brought before the Committee as well as the current consideration.

After motion to approve, which was seconded, the Committee voted 5-0-1 in favor of Resolution III under the California Stem Cell Research and Cures Bond Act of 2004, authorizing the issuance of State of California Stem Cell Research and Cures Bond Anticipation Notes in the Aggregate Principal Amount Not to Exceed \$200,000,000. All Committee members voted in favor of the resolution except for Anne Sheehan, representing the Director of Finance, who abstained.

12. There were no other non-action brought before the Committee
13. There being no further business to come before the Committee, the meeting was adjourned by Chairperson Angelides at approximately 11:45 a.m.

Secretary (Mark Bullen)