

BEFORE THE  
LEGISLATIVE SUBCOMMITTEE OF 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: UC DAVIS M.I.N.D. INSTITUTE  
2825 50TH STREET  
SACRAMENTO, CALIFORNIA

DATE: TUESDAY, MAY 16, 2006  
10 A.M.

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

BRS FILE NO.: 75538

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1 SACRAMENTO, CALIFORNIA; TUESDAY, MAY 16, 2006

2

3 CHAIRMAN KLEIN: IF WE COULD ALL COME TO  
4 ORDER, I'D LIKE TO ASK DR. NESBITT, THE DEPUTY DIRECTOR  
5 OF THE M.I.N.D. INSTITUTE, TO OPEN THIS HEARING TODAY.  
6 THANK YOU ALL FOR COMING. DR. NESBITT IS GOING TO GIVE  
7 US A QUICK INTRODUCTION AND WELCOME TO THIS FABULOUS  
8 INSTITUTION THAT IS HOSTING US TODAY.

9 DR. NESBITT: I'M TOM NESBITT. I'M THE  
10 EXECUTIVE ASSOCIATE DEAN ACTUALLY FOR THE SCHOOL OF  
11 MEDICINE. AND I WANT TO WELCOME YOU ON BEHALF OF DR.  
12 POMEROY TO OUR INSTITUTION. AND WE ARE REALLY HAPPY TO  
13 HAVE YOU HERE. A LOT OF YOU PROBABLY HAVE NOT BEEN TO  
14 THE HEALTH SYSTEM CAMPUS BEFORE, AND WE HOPE YOU ENJOY  
15 YOUR MEETING HERE.

16 THE BUILDING THAT YOU'RE IN RIGHT NOW IS THE  
17 M.I.N.D. INSTITUTE. AND THE M.I.N.D. INSTITUTE STANDS  
18 FOR MEDICAL INVESTIGATIONS OF NEURAL DEVELOPMENTAL  
19 DISORDERS. AND THIS IS SOMETHING THAT WAS A DREAM OF  
20 FIVE FATHERS WHO HAVE CHILDREN WITH AUTISM, AND THEY  
21 WORKED VERY HARD TO GET THIS CENTER SET UP. AND THIS  
22 WAS A COMBINATION OF STATE MONEY AND HEALTH SYSTEM  
23 DOLLARS. WE'RE STILL EXPANDING THIS, BUT ONE OF THE  
24 INTERESTING THINGS ABOUT THIS BUILDING IS THAT ALL THE  
25 ART THAT IS IN THIS ENTIRE BUILDING WAS CREATED BY

1 PEOPLE WITH NEURAL DEVELOPMENTAL DISORDERS.

2 AND SO THEY'RE PEOPLE WITH AUTISM AND OTHER  
3 AUTISM SPECTRUM DISORDERS. SO WE'RE VERY PROUD OF  
4 THAT. AND I THINK AS YOU WALK AROUND, YOU WILL SEE  
5 THAT.

6 I ALSO WANT TO THANK YOU FOR YOUR WORK. WE  
7 AS A HEALTH SYSTEM, ON BEHALF OF OUR FACULTY, OUR  
8 RESEARCHERS, OUR STUDENTS, AND PARTICULARLY OUR  
9 PATIENTS, WE WANT TO THANK YOU FOR THE WORK THAT YOU'RE  
10 DOING. I KNOW SOMETIMES IN WORK LIKE THIS IT GETS  
11 HARD, AND THERE'S POTHOLES THAT YOU RUN INTO, BUT WE  
12 REALLY DO APPRECIATE IT, AND WE'RE HONORED TO HAVE YOU  
13 HERE.

14 I KNOW THAT YOUR DAY TODAY IS GOING TO  
15 INVOLVE SPENDING SOME TIME OVER AT THE CAPITOL, AND WE  
16 WISH YOU THE BEST OF LUCK OVER THERE. THE WORK YOU'RE  
17 DOING IS VERY IMPORTANT NOT ONLY SPECIFICALLY FOR THE  
18 STEM CELL WORK THAT YOU'RE DOING, BUT ALSO FOR OTHER  
19 THINGS. I KNOW THAT SENATE BILL 1822 HAS SOME  
20 POTENTIAL EFFECTS ON WHAT'S GOING ON IN THIS BUILDING.  
21 WE'RE TRYING TO DEVELOP A TISSUE BANK FOR PEOPLE WITH  
22 AUTISM AND AUTISM SPECTRUM DISORDER BECAUSE, AS WE  
23 KNOW, THE PHENOTYPE, THE WAY PEOPLE APPEAR WITH AUTISM,  
24 IT MAY ALL LOOK THE SAME, BUT WE KNOW THERE'S DIFFERENT  
25 GENOTYPES THAT PEOPLE HAVE, AND WE'RE TYING TO GET INTO

1 THAT AREA MUCH DEEPER. THERE'S A BIG PROJECT THAT WE  
2 HAVE GOING ON HERE.

3 SO I KNOW THAT YOU ALL ARE VERY DEDICATED TO  
4 THE WORK YOU'RE DOING, AND I KNOW YOU KNOW HOW MUCH IT  
5 BENEFITS US ALL, BUT I JUST WANT TO SAY ON BEHALF OF UC  
6 DAVIS HEALTH SYSTEM, WE REALLY DO APPRECIATE IT BECAUSE  
7 IT'S GOING TO BENEFIT US IN MANY WAYS, SOME OF WHICH  
8 YOU WON'T KNOW ABOUT UNTIL YEARS HAVE PAST. SO THANK  
9 YOU VERY MUCH, AND I HOPE YOU ENJOY YOUR DAY HERE.

10 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DOCTOR.

11 (APPLAUSE.)

12 CHAIRMAN KLEIN: IN CALLING THIS MEETING TO  
13 ORDER, I'D LIKE TO JUST POINT OUT THAT THIS IS THE TYPE  
14 OF SPONTANEOUS ASSOCIATION THAT YOU GET BEING IN  
15 SACRAMENTO. IN OUR AUTISM SPOTLIGHT IT WAS MENTIONED  
16 THAT A TISSUE BANK WOULD BE VERY VALUABLE TO LOOK AT  
17 THE GENETIC ROOTS OF DIFFERENT SUBTYPES OF AUTISM.  
18 SENATOR BOWEN'S BILL, SENATE BILL 1822 THAT WE'RE GOING  
19 TO DISCUSS TODAY THAT DR. NESBITT JUST REFERENCED IS  
20 ONE WHERE THE GENERAL PUBLIC, WITHOUT OUR SPECIFIC  
21 FOCUS, MIGHT NOT UNDERSTAND THE POTENTIAL RELEVANCE TO  
22 OUR WORK AND MEDICAL RESEARCH GENERALLY OF HAVING THOSE  
23 TISSUE BANK SAMPLES. SO HOPEFULLY THAT'S ONE OF THE  
24 MESSAGES WE CAN CARRY TODAY.

25 OUR PRIMARY JOB THIS MORNING IS TO BRING ALL

1 OF US AS COMMITTEE MEMBERS UP TO A COMMON LEVEL OF  
2 KNOWLEDGE ABOUT THIS LEGISLATION, HEAR FROM THE PUBLIC,  
3 AND THEN TAKE THAT MESSAGE TO THE LEGISLATORS THIS  
4 AFTERNOON.

5 WE'LL TRY AND MOVE QUICKLY THROUGH THE AGENDA  
6 TO MAXIMIZE THE OPPORTUNITY TO MEET WITH LEGISLATORS.

7 STARTING WITH A ROLL CALL. JENNIFER, WOULD  
8 YOU GO THROUGH THE ROLL.

9 MS. ROSAIA: SUSAN BRYANT.

10 DR. BRYANT: HERE.

11 MS. ROSAIA: MICHAEL GOLDBERG. BOB KLEIN.

12 CHAIRMAN KLEIN: HERE.

13 MS. ROSAIA: RICHARD MURPHY.

14 DR. MURPHY: HERE.

15 MS. ROSAIA: SHERRY LANSING. TINA NOVA.

16 DR. NOVA: HERE.

17 MS. ROSAIA: ED PENHOET. CLAIRE POMEROY.

18 FRANCISCO PRIETO. JOHN REED. JOAN SAMUELSON.

19 MS. SAMUELSON: HERE.

20 MS. ROSAIA: DAVID SERRANO-SEWELL. JEFF

21 SHEEHY. JANET WRIGHT.

22 DR. WRIGHT: HERE.

23 CHAIRMAN KLEIN: MEMBERS OF THE PUBLIC WILL  
24 BE INVITED TO PROVIDE TESTIMONY BEFORE OR DURING  
25 CONSIDERATION OF EACH AGENDA ITEM. SPEAKERS ARE ASKED

1 TO LIMIT THEIR TESTIMONY TO THREE MINUTES SO THAT WE  
2 CAN MOVE THE AGENDA WHILE GETTING THE BENEFIT OF THEIR  
3 INPUT, AND SPEAKERS ARE INVITED TO PRESENT WRITTEN  
4 COMMENTS TO AUGMENT THEIR TESTIMONY SO THAT WE CAN GET  
5 THE DEPTH OF THEIR COMMENTS IN ADDITION TO HAVING THE  
6 ITEM BROUGHT TO OUR ATTENTION AND SUMMARIZED.

7 WE'RE GOING TO START WITH CONSIDERATION OF  
8 STATE LEGISLATION, AND PERHAPS WE COULD REVERSE THE  
9 ORDER. SINCE SENATE BILL 1822 HAS JUST BEEN BROUGHT TO  
10 OUR ATTENTION, KIRK, COULD YOU JUST FOCUS ON SENATE  
11 BILL 1822, AND THEN WE'LL GO TO OTHER ITEMS.

12 MR. KLEINSCHMIDT: I BRING TO YOUR ATTENTION  
13 A PIECE THAT'S AT THE TABLE AND ALSO IN YOUR PACKETS  
14 CALLED "2006 CALIFORNIA STEM CELL RESEARCH-RELATED  
15 ACTIVE BILL UPDATE," SO THIS IS THE DOCUMENT I'LL BE  
16 REFERENCING. THE BILL THAT BOB MENTIONED, SB 1822 BY  
17 SENATOR BOWEN, IS AT THE VERY LAST PAGE OF THIS  
18 DOCUMENT ON PAGE 8.

19 IT'S A VERY SIMPLE TWO-PARAGRAPH BILL  
20 ROUGHLY. AND WHAT IT DOES IS ESTABLISHES A TASK FORCE  
21 APPOINTED BY THE GOVERNOR TO ANALYZE THE STATE'S  
22 EDUCATION RECRUITMENT EFFORTS FOR PEOPLE TO BECOME  
23 DONORS OF ORGAN, TISSUE, AND BONE MARROW. AND THEN IT  
24 REQUIRES THE TASK FORCE TO REPORT ITS FINDINGS AND  
25 RECOMMENDATIONS ON THESE EFFORTS, INCLUDING HOW BEST TO

1 OVERCOME CULTURAL, LINGUISTIC, RELIGIOUS, SOCIAL AND  
2 ECONOMIC BARRIERS TO INCREASE PARTICIPATION. AND THIS  
3 HAS BEEN ASKED TO REPORT BY JULY 1, 2008.

4 THIS BILL HAS ALREADY PASSED THE SENATE AND  
5 IS NOW IN THE ASSEMBLY, AND HAS NOT YET GOT ANY  
6 COMMITTEE ASSIGNMENTS TO MY KNOWLEDGE.

7 CHAIRMAN KLEIN: KIRK, PERHAPS WE COULD  
8 SPECIFICALLY GET DR. NESBITT'S STAFF TO PROVIDE US A  
9 SHORT WRITE-UP OF THE SPECIFIC RELEVANCE ON THE TISSUE  
10 BANK TO AUTISM STUDIES AND THE GENETIC APPLICATIONS.

11 MR. KLEINSCHMIDT: OKAY.

12 CHAIRMAN KLEIN: WE KNOW THAT, FOR EXAMPLE,  
13 WITH HIV/AIDS, THERE'S A TRIAL GOING ON AT UCLA WHERE  
14 THEY'RE USING ADULT STEM CELLS AND CUSTOM DESIGNING  
15 ADULT STEM CELLS WITH GENETIC MODIFICATIONS TO DEFEAT  
16 THE ABILITY OF THE HIV VIRUS TO PROPAGATE. POTENTIALLY  
17 THERE COULD BE THE SAME TYPE OF COMBINATION OF GENETIC  
18 RESEARCH WITH ADULT STEM CELL RESEARCH OR EMBRYONIC  
19 STEM CELL RESEARCH HERE IN DEALING WITH AUTISM.  
20 OBVIOUSLY WE'RE IN THE VERY EARLY STAGES OF LEARNING  
21 ABOUT AUTISM, AND THE TISSUE SAMPLES MAY SIMPLY PROVIDE  
22 US WITH INFORMATION ON THE GENETIC ORIGINS OF THE  
23 DISEASE, BUT IT'S SOMETHING CERTAINLY THAT WE'VE HAD  
24 CALLED TO OUR ATTENTION BEFORE TO TRY AND EMPHASIZE TO  
25 THE AUTHOR THE DIRECT APPLICATIONS HERE.



1 ANY DISCUSSION FROM THE BOARD MEMBERS ON THIS  
2 ITEM?

3 MS. SAMUELSON: THAT JUST MADE ME THINK THAT  
4 IN PARKINSON'S THERE'S IMPORTANT RESEARCH ONGOING IN  
5 THE GENE ENVIRONMENT INTERACTIONS. AND WITH AUTISM  
6 BEING -- APPEARING SUCH AN EPIDEMIC, GROWING EPIDEMIC,  
7 INCREASES INCIDENCE AND PERHAPS A CONNECTION TO  
8 ENVIRONMENTAL TOXINS AS THERE IS WITH PARKINSON'S,  
9 THERE MIGHT BE BANKING THAT WOULD TAKE SAMPLES AND  
10 CREATE CELL LINES THAT ARE SOMEHOW WORKING WITH THE  
11 GENE ENVIRONMENT INTERACTIONS AS THERE IS IN  
12 PARKINSON'S.

13 CHAIRMAN KLEIN: WELL, AND SO TISSUE BANKING  
14 RELATED TO PARKINSON'S MAY ALSO HAVE SOME DIRECT  
15 APPLICATIONS?

16 MS. SAMUELSON: IT MAY. I'M NOT THAT  
17 CONVERSANT WITH THE NEXUS BETWEEN THE GENE ENVIRONMENT  
18 INTERACTIONS AND HOW REGENERATIVE MEDICINE CAN BE USED  
19 TO TEASE THAT OUT, BUT MY HUNCH IS THERE IS SOME  
20 CONNECTION THERE.

21 CHAIRMAN KLEIN: JOAN, COULD WE CALL ON YOU,  
22 PERHAPS, WITH YOUR TREMENDOUS PARKINSON'S CONNECTIONS,  
23 WITH ACCESS TO SCIENTIFIC INPUT, AND SEE IF THERE IS A  
24 RELATIONSHIP. WE COULD GET A LETTER AS WELL TO SENATOR  
25 BOWEN'S OFFICE. KIRK CAN HELP YOU WITH THAT TASK.

1 MS. SAMUELSON: RIGHT. THERE'S ACTUALLY A  
2 NEW PROJECT BETWEEN THE NIH INSTITUTES OF -- THE GENOME  
3 INSTITUTE AND THE ENVIRONMENTAL HEALTH SCIENCES  
4 INSTITUTE TO EXPLORE THE GENE ENVIRONMENT INTERACTIONS.  
5 AND ON MY TO-DO LIST IS TO TALK TO DR. HOLMES AND  
6 DR. SCHWARTZ ABOUT THE REGENERATIVE MEDICINE  
7 IMPLICATIONS AND A ROLE WE COULD PLAY IN COLLABORATING  
8 WITH THEM.

9 CHAIRMAN KLEIN: OKAY. SO IT IS MY  
10 UNDERSTANDING THAT THERE'S NO NEGATIVE IDENTIFIED  
11 IMPACTS OF THIS BILL. WE DON'T HAVE A QUORUM HERE  
12 TODAY, SO WE'RE IN REALLY A STUDY SECTION, BUT WE COULD  
13 GO FORWARD TO THE BOARD AT ITS NEXT MEETING WITH A  
14 SENSE OF THIS SUBCOMMITTEE. WHAT IS THE FEELING OF THE  
15 COMMITTEE IN TERMS OF TAKING A RECOMMENDATION TO TRY  
16 AND PROVIDE SUPPORT TO THIS BILL?

17 DR. BRYANT: I THINK WE SHOULD SUPPORT IT. I  
18 THINK THE MORE SAMPLES THAT WE HAVE AVAILABLE FOR  
19 RESEARCH, THE BETTER OFF WE'LL BE IN THE LONG RUN,  
20 WHETHER IT RELATES DIRECTLY TO STEM CELLS OR TO  
21 TRANSPLANTS OR BASIC RESEARCH. I THINK IT'S A GOOD  
22 THING TO ENCOURAGE.

23 CHAIRMAN KLEIN: OKAY.

24 DR. NOVA: I AGREE. LET'S MOVE TO MAKE A  
25 RECOMMENDATION TO THE FULL BOARD TO SUPPORT THIS.

1           CHAIRMAN KLEIN:  OKAY.  SO I'M GOING TO DO  
2 THIS ON A STRAW POLE-TYPE BASIS SINCE WE CAN'T TAKE A  
3 VOTE.  AND BEFORE WE DO THAT, ANY COMMENTS FROM THE  
4 PUBLIC ON THIS PARTICULAR PIECE OF LEGISLATION?  SEEING  
5 NO COMMENTS FROM THE PUBLIC ON THIS PIECE OF  
6 LEGISLATION, CAN WE MOVE FORWARD TO SENATE BILL 401.

7           MR. KLEINSCHMIDT:  SURE.  SENATE BILL 401 IS  
8 ON PAGE 2 OF THE HANDOUT.  THIS, YOU RECALL, IS THE  
9 MAIN MEASURE THAT WAS DISCUSSED AT THE LAST ICOC  
10 MEETING IN APRIL.  AND AT THAT MEETING THE BOARD  
11 DECIDED TO OPPOSE SB 401 AFTER A GOOD AND HEALTHY  
12 DISCUSSION ON THE MERITS.

13           BACKGROUND, AGAIN, IS THAT THIS IS PRETTY  
14 MUCH SIMILAR TO SCA 13 FROM LAST YEAR, ALSO SPONSORED  
15 BY SENATORS ORTIZ AND RUNNER.  BUT UNLIKE LAST YEAR'S  
16 SCA, WHICH WAS A CONSTITUTIONAL AMENDMENT PROPOSAL,  
17 THIS IS A BILL.  BUT IT IS STILL A BALLOT MEASURE THAT  
18 WOULD TAKE VARIOUS ISSUES BACK TO THE VOTERS ON HOW THE  
19 CIRM IS ADMINISTERED AND HOW THE ICOC CONDUCTS ITS  
20 BUSINESS.

21           YOU MAY RECALL THAT THE BOARD TOOK A POSITION  
22 IN OPPOSITION BECAUSE, IN YOUR VIEW, IT WAS PREMATURE  
23 AND UNNECESSARY GIVEN THE REGULATIONS THAT THE BOARD IS  
24 UNDERTAKING AND THE INSTITUTE IS UNDERTAKING RIGHT NOW  
25 TO CODIFY THE POLICIES PASSED BY THE ICOC ON ISSUES

1 LIKE THE MEDICAL AND ETHICAL STANDARDS, CONFLICT OF  
2 INTEREST FOR WORKING GROUPS, AND IP POLICY FOR  
3 NONPROFIT ORGANIZATIONS THAT RECEIVE CIRM FUNDING.

4 THIS BILL WAS INTRODUCED IN MARCH VIA A  
5 GUT-AND-AMEND PROCESS WHERE AN EXISTING BILL THAT HAD  
6 ALREADY PASSED THE SENATE, THE LANGUAGE WAS REMOVED AND  
7 NEW LANGUAGE WAS INSERTED. AND SO IT WAS ALREADY IN  
8 THE STATE ASSEMBLY, HENCE OUR WORK THUS FAR WITH THE  
9 BOARD'S POSITION HAS BEEN TO ADDRESS IT THERE.

10 IT WAS HEARD IN THE ASSEMBLY HEALTH COMMITTEE  
11 LAST MONTH AND PASSED OUT OF THAT COMMITTEE BY A  
12 NINE-TO-TWO VOTE WITH THREE ABSTENTIONS OR NOT VOTING.  
13 AND TOMORROW IT WILL BE HEARD IN THE ASSEMBLY  
14 APPROPRIATIONS COMMITTEE. SO THIS IS A TIMELY MEETING  
15 FOR THIS BOARD OR THIS SUBCOMMITTEE AS WELL AS FOR OUR  
16 VISITS THIS AFTERNOON.

17 BUT, IN ESSENCE, THERE ARE MANY PARTS, AND  
18 I'M NOT SURE TO WHAT DETAIL YOU WANT ME TO GO THROUGH  
19 THIS. AND I WILL ALSO BRING TO YOUR ATTENTION A  
20 SEPARATE PIECE THAT WE HAVE THAT'S ENTITLED "SB 401  
21 OPPOSE" THAT SHOULD BE AT YOUR PLACES TOO THAT GIVES  
22 SOME OF THE HIGHER LEVEL SPEAKING POINTS THAT MIGHT BE  
23 USEFUL FOR YOU TO UNDERSTAND.

24 SO, BOB, DO YOU WANT ME TO GO IN MORE DETAIL  
25 ON WHAT THE BILL DOES, OR DO YOU WANT TO TALK MORE

1 ABOUT THESE KEY ISSUES OF CONCERN?

2 CHAIRMAN KLEIN: WELL, I THINK AS A  
3 FUNDAMENTAL FOUNDATION HERE SO THAT THOSE MEMBERS OF  
4 THE PUBLIC THAT DON'T HAVE THE BACKGROUND AND THOSE  
5 MEMBERS OF THE BOARD WHO WERE NOT AT THE PRIOR MEETING,  
6 WHY DON'T YOU WALK THROUGH THE DIFFERENT TYPES OF  
7 PUBLIC OVERSIGHT AND PUBLIC INPUT THAT THIS BOARD IS IN  
8 THE PROCESS OF RECEIVING WHERE THIS BILL, WHICH PUTS AN  
9 INITIATIVE ON THE STATE BALLOT, WOULD PREEMPT THAT  
10 PROCESS AND FREEZE INTO STATE LAW, ONLY CHANGEABLE BY  
11 ANOTHER INITIATIVE, VERY DETAILED PROVISIONS AND  
12 DIRECTIVES THAT HAVE NOT HAD THE CHANCE TO TAKE INTO  
13 ACCOUNT THE PUBLIC INPUT THAT WE'RE IN THE MIDDLE OF.

14 AND SO TO THE EXTENT THAT YOU WOULD LIKE  
15 SCOTT TOCHER TO PARTICIPATE IN THAT, WHY DON'T YOU GIVE  
16 US THAT SUMMARY.

17 MR. KLEINSCHMIDT: WELL, OF COURSE, THE ICOC  
18 IS THE ULTIMATE DECISION-MAKING BODY FOR THE CIRM  
19 PROGRAM. AND ALL DECISIONS MADE BY THE BOARD ARE MADE  
20 IN PUBLIC SESSION WITH PUBLIC INPUT, SO THAT THIS FIRST  
21 POINT IS THE BOARD IS THE ULTIMATE DECISION-MAKING  
22 GROUP. OF COURSE, YOU HAVE THREE WORKING GROUPS THAT  
23 ADVISE YOU ON VARIOUS DECISIONS THAT ARE RELEVANT TO  
24 THEIR EXPERTISE.

25 I THINK YOU'RE FAMILIAR WITH THOSE: THE

1 MEDICAL AND ETHICAL STANDARDS, THE GRANTS REVIEW  
2 WORKING GROUP, AND THE FACILITIES WORKING GROUP. THEY  
3 ALL HAVE, AGAIN, EXPERIENCE IN THOSE SUBJECT MATTERS  
4 AND BRING THAT EXPERTISE TO THE TABLE.

5 BEYOND THE FORMAL STRUCTURES THAT WERE  
6 OUTLINED ON THE BOARD LEVEL AND WORKING GROUP LEVEL, A  
7 NUMBER OF OTHER AUDITS ARE REQUIRED IN PROP 71  
8 BEGINNING WITH AN INDEPENDENT EXTERNAL AUDIT THAT IS  
9 MANDATED ON AN ANNUAL BASIS FOR THE FINANCIAL PRACTICES  
10 OF THE INSTITUTE. THAT REVIEW IS JUST COMPLETED. WE  
11 CONTRACTED WITH AN OUTSIDE VENDOR NAMED GILBERT  
12 ASSOCIATES, AND THAT REVIEW IS NOW BEING SENT TO THE  
13 STATE CONTROLLER, WHO WILL THEN COMMENT ON THE FINDINGS  
14 OF THE AUDIT INDEPENDENTLY OF WHAT THE AUDIT SAID. AND  
15 THEN ONCE HIS PIECE IS WRITTEN ON THAT, A MEETING OF  
16 THE CITIZENS FINANCIAL ACCOUNTABILITY OVERSIGHT  
17 COMMITTEE WILL BE CONVENED. AND THIS IS A GROUP OF  
18 INDIVIDUALS APPOINTED BY VARIOUS CONSTITUTIONAL  
19 OFFICERS, AS WELL AS THE SPEAKER AND THE PRESIDENT PRO  
20 TEM, THAT MEET INDEPENDENTLY ONCE A YEAR TO REVIEW THE  
21 FINANCIAL AUDIT OF THE CIRM AND MAKE ANY  
22 RECOMMENDATIONS AS FAR AS WAYS OF CHANGING BUSINESS.

23 SO THOSE ARE TO MY KNOWLEDGE --

24 CHAIRMAN KLEIN: AND, KIRK, YOU'RE TALKING  
25 ABOUT A PUBLIC HEARING WHERE THEY HAVE PUBLIC INPUT

1 FROM ANY MEMBER OF THE LEGISLATURE, THEIR COMMITTEES,  
2 OR THE GENERAL PUBLIC. IN ADDITION THERE IS AN ANNUAL  
3 PUBLIC REPORT THAT THAT COMMITTEE WILL PUBLISH ON ITS  
4 FINDINGS.

5 MR. KLEINSCHMIDT: ABSOLUTELY. ALL OF THESE  
6 MEETINGS WILL BE HELD IN PUBLIC WITH PUBLIC INPUT. AND  
7 IN ADDITION TO THE FORMAL MEETINGS, OF COURSE, THE  
8 REGULATIONS THAT I ALREADY MENTIONED WILL BE GOING  
9 THROUGH OR ARE CURRENTLY IN THE ADMINISTRATIVE  
10 PROCEDURES ACT PROCESS TO BECOME OFFICIAL STATE OF  
11 CALIFORNIA REGULATIONS. THE APA IS GOVERNED BY ANOTHER  
12 STATE AGENCY CALLED THE OFFICE OF ADMINISTRATIVE LAW.  
13 AND SCOTT CAN TALK IN A LOT MORE DETAIL ON HOW THEY DO  
14 THEIR BUSINESS. BUT, IN ESSENCE, THAT'S THE SAME  
15 PROCESS THAT'S USED FOR ANY STATE AGENCY LIKE CAL-EPA,  
16 FOR INSTANCE, IF THEY WERE COMING UP WITH A REGULATION  
17 ON AIR QUALITY, FOR INSTANCE, SO IT'S THE STANDARD  
18 PROCEDURE.

19 AND, AGAIN, OUR MEDICAL AND ETHICAL  
20 GUIDELINES, OUR IP FOR NONPROFIT ORGANIZATIONS, AND OUR  
21 CONFLICT OF INTEREST FOR WORKING GROUP MEMBERS ARE  
22 CURRENTLY IN THAT PROCESS WITH MEDICAL AND ETHICAL  
23 STANDARDS LEADING THE WAY. IN FACT, THAT FIRST 45-DAY  
24 PUBLIC COMMENT PERIOD HAS ENDED, AND THE WORKING GROUP  
25 HAS MET AGAIN TO REVIEW THOSE COMMENTS. AND NOW

1 THERE'S ANOTHER 15-DAY COMMENT PERIOD THAT WE'RE  
2 CURRENTLY IN.

3 SO, AGAIN, PLENTY OF PUBLIC INPUT AND REVIEW  
4 BY INTERESTED PARTIES. I KNOW IN THAT INSTANCE WE'VE  
5 RECEIVED QUITE A FEW PUBLIC COMMENTS THAT THE WORKING  
6 GROUP IS ACTIVELY CONSIDERING.

7 SO A PLAN BEYOND THE THREE THAT ARE IN  
8 PROCESS IS TO ALSO INCLUDE THE GRANTS ADMINISTRATIVE  
9 POLICY, THE GAP AS IT'S REFERRED TO, WHICH THIS BOARD  
10 HAS CONSIDERED AT A COUPLE OF PREVIOUS MEETINGS. THIS  
11 POLICY WOULD GOVERN THE ADMINISTRATIVE FUNCTIONS FOR  
12 ANY GRANTEE AS FAR AS REPORTING AND FISCAL ISSUES OF  
13 THOSE KINDS OF DETAIL.

14 ONCE THAT DOCUMENT IS APPROVED, THAT WILL  
15 THEN START THE APA PROCESS AS WELL.

16 CHAIRMAN KLEIN: SO, KIRK, JUST IN SUMMARY,  
17 WE HAVE THREE DIFFERENT PROCESSES GOING ON THAT ARE  
18 PUBLIC PROCESSES THAT WE'RE TRYING TO GET PUBLIC INPUT  
19 ON. ONE IS THE ADMINISTRATIVE PROCEDURES ACT PROCESS  
20 YOU JUST DESCRIBED. ONE IS THE PROCESS THAT THE  
21 CONTROLLER IS ABOUT TO START AS CHAIRMAN OF THE  
22 INDEPENDENT CITIZENS' FINANCIAL OVERSIGHT COMMITTEE,  
23 WHICH INCLUDES REPRESENTATIVES OF THE PRESIDENT PRO TEM  
24 AND THE SPEAKER, WHERE THERE WILL BE PUBLIC HEARINGS,  
25 AND THE THIRD IS A JOINT LEGISLATIVE PERFORMANCE AUDIT



1 ON OUR ENTIRE OPERATION THAT THE LEGISLATURE HAS  
2 SCHEDULED, WHICH WILL OCCUR SOMETIME BEFORE THE END OF  
3 THE YEAR. ALL OF THOSE WILL BRING GOOD, EXCELLENT  
4 PUBLIC INPUT FROM THE SCIENTIFIC COMMUNITY, THE MEDICAL  
5 COMMUNITY, AS WELL AS FROM THE CIVIC ORGANIZATIONS AND  
6 GENERAL PUBLIC. AND ALL OF THOSE PROCESSES WOULD BE  
7 PREEMPTED IF THIS INITIATIVE WERE TO GO INTO EFFECT  
8 BECAUSE NONE OF THAT INPUT IS IN PLACE AT THIS POINT.  
9 WE'RE JUST COLLECTING IT AND WILL BE THROUGH THE END OF  
10 THE YEAR.

11 IN ADDITION, BY USING AN INITIATIVE, IT  
12 FREEZES IT PERMANENTLY IN PLACE AND CAN ONLY BE CHANGED  
13 BY INITIATIVE, WHICH CREATES A REAL PROBLEM IN A  
14 TECHNICAL AND DYNAMIC AREA LIKE THIS.

15 NOW, IN TERMS OF GOING TO THE SUBSTANCE HERE,  
16 THIS BILL ADDRESSES, AMONG OTHER AREAS, THE  
17 INTELLECTUAL PROPERTY AREA. MARY MAXON, COULD YOU GIVE  
18 US A COUPLE OF EXAMPLES POSSIBLY, INCLUDING POTENTIALLY  
19 THE TECHNICAL LANGUAGE THEY HAVE ADDRESSING THE DESIRE  
20 TO HAVE A 50-PERCENT SHARE OF NET LICENSING REVENUE  
21 WHERE THE STATE SHARES ANY COST IN DEVELOPING THE  
22 PATENTS AND WHAT THE IMPLICATIONS FOR A PROVISION LIKE  
23 THAT MIGHT BE. MAYBE YOU COULD LEAD US THROUGH THAT  
24 AND A COUPLE OF OTHER EXAMPLES.

25 DR. MAXON: SURE, I'LL TRY. SO FOR THOSE OF

1 YOU WHO MAY NOT KNOW, I'M MARY MAXON. AND I'VE BEEN  
2 WORKING WITH THE INTELLECTUAL PROPERTY TASK FORCE, DRS.  
3 BRYANT AND WRIGHT, AMONG OTHER MEMBERS OF THE TASK  
4 FORCE TO DEVELOP INTELLECTUAL PROPERTY POLICIES FOR THE  
5 STATE OF CALIFORNIA'S GRANTEES.

6 AS YOU HEARD, TO DATE WE'VE ALREADY DEVELOPED  
7 AN INTELLECTUAL PROPERTY POLICY FOR NONPROFIT GRANTEES,  
8 WHICH WAS PASSED ON FEBRUARY 10TH. AND BY WAY OF A  
9 LITTLE BIT OF BACKGROUND, I'LL TELL YOU THAT WE  
10 RESEARCHED HUNDREDS OF DOCUMENTS, LITERATURE ABOUT  
11 INTELLECTUAL PROPERTY AGREEMENTS, WE CONDUCTED MORE  
12 THAN THREE DOZEN INTERVIEWS WITH EXPERTS FROM  
13 INTERNATIONAL, FEDERAL, AND EXPERTS OF FOUNDATIONS,  
14 GRANT-MAKING ENTITIES, THAT ACTUALLY GIVE GRANTS AND  
15 UNDERSTAND INTELLECTUAL PROPERTY AGREEMENTS.

16 PERHAPS THE MOST IMPORTANT THING IS THAT WE  
17 CONDUCTED MANY OPEN PUBLIC MEETINGS TO DISCUSS THE  
18 VARIOUS ASPECTS OF OUR INTELLECTUAL PROPERTY POLICY AND  
19 WHAT WE MIGHT DO IN THE FUTURE. SO BY WAY OF  
20 BACKGROUND, I WOULD SAY THAT THE PROPOSED POLICY THAT  
21 IS NOW OPEN FOR COMMENT ON THE OFFICE OF ADMINISTRATIVE  
22 LAW'S WEBSITE HAS MANY COMPONENTS THAT WERE CONTRIBUTED  
23 BY A VAST NUMBER OF STAKEHOLDERS.

24 SO THE SPECIFICS ABOUT SB 401 THAT BOB HAS  
25 ASKED ME TO LOOK INTO, I THINK WE NEED TO START AT WHAT

1 I ENVISION IS THE BIGGEST CHALLENGE PERHAPS, AND THAT  
2 IS ONE SECTION OF SB 401 REQUIRES THAT IP AGREEMENTS  
3 BETWEEN THE ICOC AND GRANTEES BE REVIEWED BY THE  
4 ATTORNEY GENERAL PRIOR TO APPROVAL. SO FIRST QUESTION  
5 THAT ONE MIGHT ASK HERE IS WHAT EXACTLY IS AN  
6 INTELLECTUAL PROPERTY AGREEMENT. DOES THAT APPLY TO  
7 NONPROFIT INSTITUTIONS AS WELL AS FOR-PROFIT  
8 INSTITUTIONS? IT'S REALLY NOT CLEAR, AND ONE CAN  
9 ALREADY IMAGINE, HAVING GIVEN OUT TRAINING GRANTS THAT  
10 ARE COVERED BY OUR INTELLECTUAL PROPERTY AGREEMENT,  
11 THAT GRANTEES HAVE ALREADY AGREED TO AN INTELLECTUAL  
12 PROPERTY AGREEMENT. AND THE ATTORNEY GENERAL WOULD  
13 THEN BE REQUIRED TO REVIEW EACH AND EVERY ONE OF THOSE  
14 IN ONE INTERPRETATION OF THAT.

15 THE SECOND, OF COURSE, IS THAT IF IT'S JUST  
16 FOR COMMERCIAL ENTITIES, THIS REPRESENTS A SIGNIFICANT  
17 CHALLENGE, I BELIEVE, TO ACHIEVING THE GOALS OF  
18 PROPOSITION 71, WHICH IS TO GET THERE USING CURES. I  
19 THINK THIS IS OPERATIONALLY UNTENABLE HAVING A THIRD  
20 PARTY, IF YOU WILL, AT THE TABLE DURING NEGOTIATIONS  
21 FOR INTELLECTUAL PROPERTY ROYALTY RATES, FOR EXAMPLE,  
22 AND THERE ARE MANY OTHER ISSUES, BUT ALSO PROVIDES  
23 SIGNIFICANT COST TO THE STATE, NOT JUST IN  
24 ADMINISTRATIVE COSTS, BUT ALSO IN OPPORTUNITY COSTS.  
25 IF COMPANIES AREN'T WILLING TO TAKE OUR GRANTS AS A

1 CONSEQUENCE OF THIS, THIS WOULD BE A MAJOR CHALLENGE TO  
2 OUR GOALS.

3 SECONDLY, THE SB 401 PROVISIONS REQUIRE THAT  
4 GRANT RECIPIENTS WOULD PROVIDE 50 PERCENT OF NET  
5 LICENSING REVENUES IF THE STATE SHARES IN THE EXPENSES  
6 OF DEVELOPING AND PROTECTING A PATENT, AS BOB  
7 MENTIONED. THE INTELLECTUAL PROPERTY POLICY THAT WE'VE  
8 PROPOSED ASKS A 25-PERCENT RETURN TO THE STATE AND  
9 MANDATES THAT THE GRANTEES ARE RESPONSIBLE FOR ALL OF  
10 THE COST OF PATENTS. SO IF SB 401 PASSES, ONE COULD  
11 IMAGINE THAT THIS WOULD SEVERELY LIMIT UC AND ACTUALLY  
12 PENALIZE THE UC SCHOOLS SINCE ONE INTERPRETATION WOULD  
13 SAY THAT THIS SINGLES OUT UC AS THE ONLY INSTITUTIONS  
14 THAT MAY HAVE TO PAY 50 PERCENT BACK TO THE STATE SINCE  
15 THEY ARE, BY DEFINITION, A STATE ENTITY USING STATE  
16 FUNDS TO PAY FOR THEIR PATENTS. THIS, I THINK, IS A  
17 SIGNIFICANT CHALLENGE FOR THE UC SCHOOLS THAT MAY NOT  
18 BE AN OBVIOUS INTERPRETATION OF THIS.

19 AND LASTLY, ONE THING THAT I'LL POINT OUT IS  
20 THAT SB 401 ALSO REQUIRES THAT A COMMERCIAL RECIPIENT  
21 OF OUR GRANTS AND LOANS PROVIDE ROYALTY PAYMENTS AT A  
22 RATE THAT IS CONSISTENT WITH RATES RECEIVED BY UC FOR  
23 RESEARCH AGREEMENTS WITH BIOTECH AND PHARMA COMMERCIAL  
24 ENTITIES FOR THAT TYPE OF RESEARCH. THIS IS ALSO A  
25 LITTLE BIT OF A CHALLENGE, I BELIEVE. IT'S NOT CLEAR

1 WHAT THOSE RATES ARE, AND I THINK THIS WOULD ACTUALLY  
2 PUT A MAJOR CONDITION AROUND OUR ABILITY TO OPERATE IN  
3 THAT IT CREATES UNCERTAINTY.

4 THERE ARE NO OTHER TECHNOLOGIES OF SIMILAR  
5 TYPE YET. THESE ARE EMBRYONIC STEM CELL TECHNOLOGIES,  
6 TECHNOLOGIES THAT ARE, BY DEFINITION, INDIVIDUAL AND  
7 UNIQUE. SO IT WOULD BE VERY UNCLEAR OPERATIONALLY HOW  
8 THIS WOULD WORK.

9 LASTLY, I THINK THE BILL WOULD REQUIRE A  
10 COMMERCIAL ENTITY THAT RECEIVES OUR FUNDING TO SELL ANY  
11 PRODUCT DEVELOPED TO STATE HEALTH PROGRAMS AT THE  
12 MEDICAID PRICE EVEN IF THE CIRM FUNDS A VERY, VERY  
13 SMALL FRACTION, EVEN SO LITTLE AS ONE DOLLAR. THIS  
14 SEEMS LIKE A CHALLENGE, I WOULD THINK, TO A COMMERCIAL  
15 ENTITY TO SIGN ON AND SAY, YEAH, THOSE ARE CONDITIONS  
16 THAT WE'D BE WILLING TO ADOPT.

17 SO I THINK OPERATIONALLY SOME OF THESE THINGS  
18 ARE QUITE CHALLENGING, AND THEY THREATEN CERTAINLY THE  
19 COMMERCIAL DEVELOPMENT WITH OUR INTELLECTUAL PROPERTY  
20 AGREEMENTS. MOST IMPORTANTLY, OUR FOR-PROFIT POLICY IS  
21 NOT YET COMPLETED. WE'RE IN THE RESEARCH PHASE OF  
22 THAT. AS BOB MENTIONED AND KIRK MENTIONED, THIS WOULD  
23 PREEMPT ALL THE PUBLIC INPUT INTO THAT, WHICH WE  
24 BELIEVE IS VERY IMPORTANT.

25 CHAIRMAN KLEIN: THANK YOU VERY MUCH, MARY.

1 IT'S ALSO IMPORTANT TO POINT OUT THAT WE'VE JUST HAD  
2 THE BENEFIT OF A GREAT LEGAL DECISION IN THE TRIAL  
3 COURT ON THE CONSTITUTIONALITY OF PROPOSITION 71. AND  
4 THE JUDGE COMMENTED AS WELL ON A NUMBER OF AS-APPLIED  
5 CHALLENGES. CLEARLY THE TYPES OF AMBIGUITIES THAT MARY  
6 HAS REFERENCED HERE WOULD OPEN NEW AVENUES OF GREAT  
7 IMAGINATION FOR LITIGATION. WE WOULD HOPE TO AVOID  
8 THAT. WE'RE TRYING TO IMPLEMENT THIS. PEOPLE  
9 DESPERATELY NEED THIS RESEARCH TO BE DONE, AND THE  
10 LITIGATION EXPERIENCE IS NOT ONE WE WISH TO REVISIT IN  
11 OUR LIFETIMES.

12 NEVERTHELESS, TO THE EXTENT THAT WE CAN, WE'D  
13 LIKE TO VERY MUCH BE OPEN AND RECEPTIVE TO LEGISLATIVE  
14 INPUT FROM THE ENTIRE LEGISLATURE, AS WE WERE LAST YEAR  
15 IN PUTTING FORTH WITH THE COMBINED BENEFIT OF ADVICE  
16 FROM SENATE PERATA'S OFFICE, SENATOR DUNN'S OFFICE,  
17 SENATOR SPEIERS' OFFICE, SENATOR BOWEN, WHO WE JUST  
18 REFERENCED WITH THIS MOST RECENT BILL, SHE'S CHAIRMAN  
19 OF THE ELECTIONS COMMITTEE, AND SENATOR ORTIZ' OFFICE,  
20 A NUMBER OF ENHANCEMENTS THAT WE THINK BENEFITED PROP  
21 71, BENEFITED THE CITIZENS OF THE STATE, AND WE  
22 APPRECIATE THE LEGISLATURE'S HELP IN THAT.

23 IN THIS CASE USING AN INITIATIVE HERE IS VERY  
24 DIFFICULT FOR US. AND MARY OBVIOUSLY MENTIONED THAT IT  
25 INVOLVES SUBSTANTIAL NEW STATE INFRASTRUCTURE BECAUSE

1 THE STATE ATTORNEY GENERAL'S OFFICE DOES NOT NOW HAVE A  
2 CADRE OF ATTORNEYS WITH GREAT EXPERTISE IN INTELLECTUAL  
3 PROPERTY, WHICH CREATES A CHALLENGE FOR THEM AND A  
4 BARRIER FOR ANY OF OUR RESEARCH INSTITUTIONS.

5 KIRK, ON THIS BILL, WOULD YOU LIKE TO COMMENT  
6 ON ANY OF THE OTHER AREAS OF CONCERN?

7 MR. KLEINSCHMIDT: I'LL JUST COMMENT ON ONE  
8 MORE ON THE IP. MARY KIND OF ALLUDED TO THIS, BUT  
9 SECTION 1(H)(2) REQUIRES THAT THE ICOC SEEK LICENSING  
10 CONDITIONS THAT WOULD PROVIDE GREATER FINANCIAL  
11 BENEFITS TO THE STATE THAN IN THE OTHER SECTIONS WHERE  
12 POSSIBLE TO DO SO WITHOUT HINDERING RESEARCH AND  
13 DEVELOPMENT. THE CONCERN THERE IS THAT'S KIND OF THE  
14 ULTIMATE UNCERTAINTY PROVISION. AND AS WE KNOW, ANY  
15 TIME THERE IS AMBIGUITY, THAT IS AN OPENING FOR FUTURE  
16 LITIGATION. SO THAT KIND OF, ALTHOUGH DIFFERENT  
17 AMOUNTS ARE MENTIONED IN OTHER PARTS OF THE BILL FOR  
18 DIFFERENT GROUPS, COMMERCIAL OR NONPROFIT, THAT SECTION  
19 ALSO KIND OF NEGATES THAT AND SUGGESTS THAT THERE  
20 SHOULD BE A DIFFERENT RATE.

21 THE OTHER TWO MAJOR AREAS OF SB 401 BESIDES  
22 THE IP, THE IP IS THE ONE AREA THAT HAS THE MOST  
23 RADICAL DIFFERENCES FROM CURRENT ICOC POLICY, THE ONE  
24 THAT ALSO IS THE BIGGEST FOCUS OF THE BILL. BUT THE  
25 OTHER TWO, IN A NUTSHELL, HAVE TO DO WITH CONFLICT OF

1 INTEREST AND THEN OPEN MEETING AND PUBLIC RECORDS.

2 THE MAJOR DIFFERENCE FOR DISCLOSURE OF  
3 ECONOMIC INTEREST IS THAT SB 401 WOULD REMOVE THE  
4 EXEMPTION FOR WORKING GROUP RECORDS FROM THE PUBLIC  
5 RECORDS ACT. IT WOULD REMOVE THE EXEMPTION THAT'S  
6 CURRENTLY IN PLACE. SO ANY RECORD OF THE WORKING  
7 GROUPS WOULD BE A PUBLIC DOCUMENT WITH SOME NOTABLE  
8 EXCEPTIONS HAVING TO DO WITH THE PEER REVIEW AND  
9 SPECIFIC ISSUES WITHIN THAT. BUT FINANCIAL RECORDS,  
10 FOR INSTANCE, WOULD BE REMOVED, AND THAT WOULD BE  
11 UNPRECEDENTED AS FAR AS WE KNOW FOR AN ADVISORY GROUP  
12 FOR THE STATE THAT'S ADVISING A PROGRAM TO HAVE THESE  
13 RECORDS NOT ONLY TO BE MADE PUBLIC.

14 ALSO, AS FAR AS THE PUBLIC INFORMATION THAT  
15 WOULD CHANGE, THERE'S A REQUIREMENT THAT EVERY GRANT  
16 RECOMMENDED BY THE WORKING GROUP WOULD BE MADE PUBLIC  
17 AS FAR AS THE NAME OF THE INVESTIGATOR AND THE  
18 INSTITUTION. SO IF YOU RECALL IN OUR LAST EXAMPLE LAST  
19 SEPTEMBER WITH THE TRAINING GRANTS, I BELIEVE THE  
20 WORKING GROUP HAD 16 -- NO -- 17 PROPOSALS. I FORGET,  
21 ZACH, WAS IT 16 OR 17?

22 DR. HALL: SIXTEEN.

23 MR. KLEINSCHMIDT: SIXTEEN PROPOSALS, AND ONE  
24 OF THOSE WAS NOT ENDORSED BY THE ICOC, AND ANOTHER ONE  
25 WAS BROUGHT UP THAT WAS NOT RECOMMENDED FOR FUNDING.



1 IN THAT CASE, THE ONE THAT WAS NOT ULTIMATELY ENDORSED  
2 BY THE ICOC WOULD BE A PUBLIC RECORD AND EVERYONE WOULD  
3 KNOW WHO THAT INVESTIGATOR WAS. AND THAT JUST WILL  
4 DISCOURAGE THAT KIND OF INVOLVEMENT IN THE FUTURE. SO  
5 THAT'S PROBABLY THE MOST EGREGIOUS EXAMPLE WITHIN THAT  
6 CASE OF CONFIDENTIALITY WOULD BE BROKEN.

7 IT ALSO REQUIRES CERTAIN REPORTING OF GRANTS.  
8 AND WHILE, AGAIN, IT'S NOT NECESSARILY A PROBLEM TO  
9 GIVE MORE DETAILED INFORMATION IN OUR ANNUAL REPORT ON  
10 THE KIND OF PROPOSALS WE HAVE IN AGGREGATE, THE CONCERN  
11 IS THAT THE INDIVIDUAL INFORMATION WOULD BE PROBLEMATIC  
12 FOR CONFIDENTIALITY REASONS.

13 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU VERY  
14 MUCH. DR. HALL, SINCE THIS TRANSCRIPT AND PORTIONS OF  
15 IT WILL BE MADE AVAILABLE TO A NUMBER OF INTERESTED  
16 PARTIES, SO THAT THEY HAVE A CLEAR UNDERSTANDING OF THE  
17 VALUE OF THE CONFIDENTIALITY OF THE GRANT APPLICATIONS  
18 DURING THE CONSIDERATION, COULD YOU PERHAPS JUST  
19 COMMENT FURTHER ON THIS ISSUE OF WHY CIRM IS CONCERNED  
20 WITH REVEALING THE NAME OF THE APPLICANT AND THE  
21 CONCERN OVER SUBJECTING THE ICOC THEN TO LOBBYING FOR  
22 OR AGAINST APPLICATIONS RATHER THAN HAVING THEM DECIDED  
23 ON THE SCIENTIFIC MERIT.

24 DR. HALL: OUR CONCERN OVERALL IS THAT THE  
25 MONEY WHICH THE PEOPLE OF THE STATE OF CALIFORNIA HAVE

1 ENTRUSTED TO US BE SPENT TO FUND THE BEST POSSIBLE  
2 SCIENCE IN THE DEVELOPMENT OF THERAPIES AND CURES. AND  
3 THE PROCEDURE THAT HAS WORKED IN AMERICAN SCIENCE FOR  
4 HALF A CENTURY NOW AND HAS REALLY MADE IT ONE OF THE  
5 LEADERS IN THE WORLD, THE LEADER, THE UNDISPUTED  
6 LEADER, I SHOULD SAY, IS THE PROCESS OF CONFIDENTIAL  
7 PEER REVIEW. AND UNDER THAT PROSPECTIVE INVESTIGATORS,  
8 APPLICANTS, ARE ENCOURAGED TO GIVE THEIR BEST THOUGHTS  
9 AND IDEAS UNDER CONFIDENTIAL CONDITIONS, AND REVIEWERS  
10 ARE ENCOURAGED TO GIVE THEIR MOST CANDID OPINION.  
11 EXPERT REVIEWERS, OUTSTANDING PEOPLE IN THE FIELD, GIVE  
12 THEIR OPINIONS ABOUT THE PROPOSED WORK.

13 AND IT IS THE GENERAL EXPERIENCE THAT THIS IS  
14 BEST DONE IN PRIVATE UNDER CONFIDENTIAL CONDITIONS  
15 WITHOUT IDENTIFYING THE PARTICULAR PERSON INVOLVED IN  
16 ANY PUBLIC WAY AND WITHOUT MAKING THE SPECIFIC COMMENTS  
17 THAT ARE MADE PUBLIC. SO WE THINK IT IS NOT A GOOD  
18 PRACTICE TO IDENTIFY INDIVIDUALS OR EVEN INSTITUTIONS.  
19 AND, IN FACT, ONE COULD ARGUE THAT THAT GIVES A KIND OF  
20 ANONYMITY TO THE FINAL PROCESS THAT EVEN ADDS TO THE  
21 PROCESS OF CHOOSING THE VERY BEST APPLICATIONS.

22 AND IN PARTICULAR, SOMETIMES EVALUATIONS ARE  
23 HARSH AND SCORES CAN BE VERY, VERY LOW. AND SUBJECTING  
24 PEOPLE TO KNOWLEDGE ABOUT THOSE DOES NOT SEEM TO BE  
25 USEFUL, AND WE THINK COULD BE EMBARRASSING TO PEOPLE

1 AND, INDEED, TO INSTITUTIONS. AND SO WE THINK THE  
2 SYSTEM AS IT'S SET UP IS A GOOD COMPROMISE. WE BALANCE  
3 THE WISH TO BE TRANSPARENT AND THE WISH TO CARRY OUT  
4 THE BEST POSSIBLE SCIENTIFIC EVALUATION, WE BALANCE  
5 THOSE TWO, AND I SHOULD SAY THAT THIS AGENCY DOES THIS  
6 IN A WAY THAT IS UNPRECEDENTED IN ITS DEGREE OF  
7 TRANSPARENCY IN THE SCIENTIFIC FUNDING WORLD.

8 AND SO WE MA -- AS SHERRY LANSING SAYS, THIS  
9 IS A WORK IN PROGRESS. IT'S A LIVING DOCUMENT. WE  
10 VERY WELL MAY NEED TO MAKE ADJUSTMENTS DOWN THE LINE.  
11 AND OUR BIGGEST CONCERN IS THAT THIS NOT BE SET IN  
12 STONE THROUGH A BALLOT MEASURE VOTED ON BY THE  
13 POPULATION IN GENERAL, BUT THAT WE HAVE SOME ROOM FOR  
14 CHANGING THESE POLICIES AS WE GO FORWARD. I WOULD NOTE  
15 THAT THEY CANNOT BE CHANGED ON A COMPLETE WHIM, BUT  
16 MUST BE DISCUSSED BY THE ICOC AND IN SOME CASES  
17 ACTUALLY INVOLVE STATE REGULATIONS AND, IN PARTICULAR,  
18 CONFLICT OF INTEREST.

19 DR. WRIGHT: THAT DISCUSSION TAKES PLACE IN A  
20 PUBLIC FORUM.

21 DR. HALL: YES. THIS IS A PUBLIC FORUM. AND  
22 I WOULD ADD THAT WE HAVE HAD DISCUSSIONS ABOUT THESE  
23 POLICIES ALL DURING THE PAST YEAR IN PUBLIC FORUMS WITH  
24 INPUT FROM THE PUBLIC. AND AS I THINK ALL OF THE BOARD  
25 MEMBERS AND PERHAPS MANY OF THE PEOPLE IN THE AUDIENCE

1 KNOW, THAT DISCUSSION, ONGOING DISCUSSION, WITH THE  
2 PUBLIC AND IN SOME CASES WITH LEGISLATORS HAS BEEN A  
3 VERY PRODUCTIVE ONE AND THAT WE HAVE PROFITED FROM IT,  
4 HAVE CHANGED OUR POLICIES IN SOME CASES IN RESPONSE TO  
5 THOSE SUGGESTIONS. WE WILL CONTINUE TO DO THAT. WE  
6 APPRECIATE AND ENJOY INPUT FROM THE PUBLIC AND WORKING  
7 WITH THE LEGISLATURE ON THESE ISSUES.

8 CHAIRMAN KLEIN: DR. HALL IS REFERRING TO THE  
9 FACT THAT THE LEGISLATIVE ENHANCEMENTS FOR PUBLIC  
10 TRANSPARENCY CAN ONLY BE CHANGED BY THIS BOARD BY A  
11 70-PERCENT VOTE AND PRIOR NOTICE TO THE LEGISLATURE,  
12 AND THAT IS INCORPORATED NOW IN OUR BYLAWS.

13 THANK YOU, DR. HALL. I'D ALSO ASK, IF WE  
14 COULD, OUR AMICUS BRIEFS IN THE LITIGATION WHICH WENT  
15 INTO THE ISSUE OF PEER REVIEW AND THAT THE COURT FOUND  
16 WAS CLEARLY IMPORTANT TO THE SCIENTIFIC PROCESS AND  
17 COMPLETELY CONSISTENT WITH STATE LAW AND THE  
18 INITIATIVE, IF WE COULD HAVE THE AMICUS BRIEFS OF THE  
19 NATIONAL PATIENT GROUPS, WHICH IS CHRISTOPHER REEVE  
20 FOUNDATION, MICHAEL J. FOX PARKINSON'S FOUNDATION,  
21 JUVENILE DIABETES RESEARCH FOUNDATION, LEUKEMIA  
22 LYMPHOMA SOCIETY, ALZHEIMER'S SOCIETY, ETC., THOSE  
23 AMICUS BRIEFS HAVE A BRILLIANT DISCUSSION OF THE  
24 IMPORTANCE OF CONFIDENTIAL PEER REVIEW IN THE COUNTRY  
25 IN FUNDING MEDICAL RESEARCH. I WOULD HOPE THOSE COULD

1 BE POSTED, THAT AMICUS BRIEF COULD BE POSTED WITH THIS  
2 TRANSCRIPT WITH A DIRECT LINK AND AN ATTACHMENT TO THIS  
3 TRANSCRIPT BECAUSE IT'S A GREAT INTELLECTUAL DISCUSSION  
4 WITH LOTS OF CITATIONS ON THE IMPORTANCE OF  
5 CONFIDENTIAL PEER REVIEW.

6 I THINK THAT SINCE THE BOARD HAS ALREADY  
7 ACTED ON THIS ITEM, I'LL ASK FOR PUBLIC COMMENT AND  
8 THEN FINAL BOARD COMMENT, AND SEE IF WE HAVE ANY.

9 MR. REED: DON REED, CALIFORNIANS FOR CURES.  
10 PAST COUPLE WEEKS KAREN MINER AND MYSELF HAVE BEEN  
11 VISITING THE LEGISLATORS EXPRESSING OPPOSITION TO SB  
12 401. AND THE ROMAN REED ACT HAS FUNDED \$9 MILLION  
13 WORTH OF RESEARCH SO FAR. WE'VE ATTRACTED \$31 MILLION  
14 IN ADDITIONAL FUNDING FOR THIS.

15 AND WHAT BRINGS SB 401 AS A THREAT TO ME IS  
16 ONE KEY EXPERIMENT THAT WE FUNDED, WHICH WAS THE DR.  
17 HANS KIERSTAD RATS THAT WALKED AGAIN. IT COST  
18 CALIFORNIA \$450,000 IN SEED MONEY. THE NEXT STEP IS  
19 TRIALS, WHICH IS PRIVATELY FUNDED TEN TO \$12 MILLION,  
20 TO DEVELOP A PRODUCT OUT OF THAT, EIGHT TO \$900  
21 MILLION. NOW, WOULD A CORPORATION WANT TO TAKE A SMALL  
22 AMOUNT OF SEED MONEY IF IT CAME WITH THAT MANY STRINGS  
23 ATTACHED? THEY'RE GOING TO RISK THIS GIGANTIC SUM OF  
24 MONEY AND NEVER GET THE PRODUCT? I DON'T THINK SO.

25 THE KEY OBJECTION THAT WE HEARD TALKING TO

1 THE LEGISLATORS WAS THAT THEY DON'T WANT TO APPEAR TO  
2 BE AGAINST OPEN GOVERNMENT. THE ICOC HAS BEEN OPEN  
3 ABOVE AND BEYOND ALL EXPECTATIONS, AND I THINK THAT'S A  
4 KEY ARGUMENT TO KEEP BRINGING IN. ABOVE ALL, THE  
5 PURPOSE OF PROP 71 IS NOT TO DEVELOP THEORIES, BUT  
6 THERAPIES; NOT TO DEVELOP CONCEPTS, BUT CURES. THAT'S  
7 ONLY POSSIBLE WITH THE INVOLVEMENT OF THE PRIVATE  
8 SECTOR. AND IF THERE'S TOO MANY WRITTEN IN STONE  
9 RESTRICTIONS, WE'RE NOT GOING TO GET THAT INVOLVEMENT.  
10 IT WILL BE LIKE THE COOPERATIVE RESEARCH DEVELOPMENT  
11 DONE IN 1989 IN WHICH THERE WERE ALL THESE RESTRICTIONS  
12 THAT WERE PUT ON, AND THE GRANTS WERE NOT PICKED UP FOR  
13 FIVE YEARS. THAT'S THE WORST POSSIBLE THING THAT THIS  
14 WONDERFUL SOURCE OF SEED MONEY MIGHT BE IGNORED BY THE  
15 VERY PEOPLE WHO CAN MAKE CURES REAL. THANK YOU.

16 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ANY  
17 OTHER PUBLIC COMMENTS? ANY OTHER BOARD COMMENTS?

18 I'D JUST LIKE TO NOTE THAT I THINK WE HAVE ON  
19 OUR WEBSITE POTENTIALLY A COPY OF THE LETTER FROM  
20 SENATOR ORTIZ ON MARCH 6TH TO ED PENHOET AND TO ME  
21 WHERE SHE SAYS THAT SHE DOESN'T CARE WHETHER THE  
22 PROVISIONS THAT SHE'S TRYING TO PROMOTE TO ENHANCE THIS  
23 INITIATIVE ARE PUT INTO REGULATIONS OF THE CIRM OR  
24 WHETHER THEY ARE PUT INTO STATUTES, JUST SO THAT THEY  
25 ARE PROTECTED AND INVOLVED THE PUBLIC PROCESS.

1 WELL, CERTAINLY THIS USE OF AN INITIATIVE IS  
2 A RADICAL CHANGE FROM THAT POSITION. AND I RECOMMEND  
3 TO HER HER ORIGINAL POSITION, WHICH SEEMS QUITE  
4 REASONABLE IN APPROACH. BUT WE SHOULD MAKE A COPY OF  
5 THAT LETTER AVAILABLE.

6 MR. KLEINSCHMIDT: THERE ARE COPIES OF THAT  
7 LETTER AT THE TABLE FOR ANYBODY. I'D ALSO JUST LIKE TO  
8 POINT OUT THE PACKET YOU HAVE IN FRONT OF YOU HAS A  
9 LITTLE BIT MORE DETAILED INFORMATION. THIS IS DESIGNED  
10 AS THE LEAVE-BEHIND FOR YOUR VISITS THIS AFTERNOON.

11 AND I'LL JUST POINT OUT A COUPLE OF KEY  
12 ITEMS. TAB 1 HAS A LETTER THAT WE'VE SENT TO ALL THE  
13 APPROPRIATIONS COMMITTEE MEMBERS, INCLUDING THE CHAIR.  
14 HER NAME IS JUDY CHU. AND THE QUOTE THAT BOB  
15 REFERENCED JUST NOW IS ALSO IN THIS LETTER IN  
16 APPROXIMATELY THE FOURTH PAGE.

17 CHAIRMAN KLEIN: IF YOU WANT TO ACTUALLY READ  
18 THE QUOTE SO WE GET IT RIGHT RATHER THAN MY  
19 PARAPHRASING IT.

20 MR. KLEINSCHMIDT: SURE. IT'S FROM A LETTER  
21 ON MARCH 6TH THAT WAS SENT TO BOTH BOB AND DR. PENHOET.  
22 "AS I HAVE SAID ON MORE THAN ONE OCCASION, IT SHOULDN'T  
23 MATTER WHETHER ENHANCEMENTS TO ADDRESS PROPOSITION 71  
24 PUBLIC ACCOUNTABILITY CONCERNS ARE ADDRESSED THROUGH  
25 LEGISLATION OR THROUGH BINDING REGULATIONS ADOPTED BY

1 THE ICOC. THE IMPORTANT THING IS FOR THE ENHANCEMENTS  
2 TO BE MADE."

3 ALSO PART OF THIS LETTER IS THE LIST OF GRANT  
4 RECIPIENTS FROM THE TRAINING GRANT PROGRAM, WHICH WAS  
5 ALSO MAILED TO THE LEGISLATORS WHO REPRESENT THESE  
6 DISTRICTS. AND THEN, FINALLY, THE RESOLUTION AND SB  
7 401 THAT THE BOARD PASSED IN APRIL.

8 THE SECOND TAB IN YOUR PACKET HAS THE LIST OF  
9 ALL THE ICOC MEMBERS, JUST TO REITERATE THAT THE 29  
10 MEMBERS OF THAT COMMITTEE ARE RESPONSIBLE, HARDWORKING  
11 EXPERTS IN THEIR FIELD WHO ARE TAKING THEIR ROLE VERY  
12 SERIOUSLY.

13 THE THIRD TAB IS A TWO-PAGE SUMMARY OF THE  
14 RECENT COURT DECISION THAT WAS FINALIZED THIS PAST  
15 FRIDAY FROM THE ORIGINAL APRIL 21ST PRELIMINARY  
16 DECISION. AND THIS SUMMARIZES IN TWO PAGES SOME OF THE  
17 KEY CONCEPTS THAT ARE ESPECIALLY RELEVANT TO SB 401.

18 THE FOURTH TAB IS THE CALIFORNIA REGULATORY  
19 NOTICE REGISTER. THIS IS PUBLICATION PUBLISHED BY OAL,  
20 THE OFFICE OF ADMINISTRATIVE LAW, THAT TRIGGERED THE  
21 PUBLIC COMMENT PERIOD. THIS FIRST NOTICE IS FOR THE  
22 WORKING GROUP CONFLICT OF INTEREST POLICIES. WE'RE  
23 CURRENTLY IN THAT COMMENT PERIOD.

24 THE FIFTH TAB IS THE SIMILAR NOTICE FOR THE  
25 IP POLICY. THIS DOES NOT INCLUDE THE ACTUAL IP POLICY.



1 IT'S JUST THE NOTICE AND SOME OF THE PRELIMINARY  
2 INFORMATION.

3 AND THEN FINALLY, IN THE SIXTH TAB ARE SOME  
4 RECENT MEDIA CLIPS, INCLUDING THE *L.A. TIMES* EDITORIAL  
5 OF APRIL 27TH THAT CONCLUDED THAT SB 401 WAS PREMATURE,  
6 AS WELL AS A *SACRAMENTO BEE* OP ED BY PATIENT ADVOCATE  
7 SUSAN DELAURENTIS, MICHAEL MANGANIELLO, AND LAWRENCE  
8 SOLER FROM THE ALLIANCE FOR STEM CELL RESEARCH, THE  
9 CHRISTOPHER REEVE FOUNDATION, AND THE JUVENILE DIABETES  
10 RESEARCH FOUNDATION.

11 LASTLY, IS A *UNION TRIBUNE* OP ED FROM MAY 8TH  
12 BY ELI BROAD AND IRWIN JACOBS, TWO OF THE BAN  
13 PURCHASERS, WHO ENABLED THE FIRST TRAINING GRANTS TO BE  
14 MADE BY THIS ORGANIZATION.

15 JUST SO YOU KNOW, BECAUSE WE COVERED A LOT OF  
16 MATERIAL, THIS IS A HELPFUL REFERENCE POINT IF YOU HAVE  
17 ANY QUESTIONS. AND STAFF WILL BE AVAILABLE AS WELL.  
18 WITH THAT --

19 CHAIRMAN KLEIN: DR. WRIGHT HAS TO LEAVE TO  
20 GO TO A LEGISLATIVE MEETING. THANK YOU, DR. WRIGHT.

21 ALL RIGHT. WITH THAT ITEM, WE MOVE ON TO  
22 SENATE BILL 1260. AND, KIRK, IF YOU WILL PLEASE, FOR  
23 THE BENEFIT OF EVERYONE HERE, PROVIDE US SOME  
24 BACKGROUND. SENATOR ORTIZ TWO YEARS AGO HAD A SENATE  
25 BILL 322.

1                   MR. KLEINSCHMIDT: SB 322 WAS IN 2003, I  
2 BELIEVE.

3                   CHAIRMAN KLEIN: 2003 IT PASSED, BUT THEN  
4 THERE WAS A QUESTION IN 2005 IN IMPLEMENTATION OF THAT,  
5 WHETHER THE BUDGET ITEM WAS GOING TO GET REDLINED. AND  
6 I PERSONALLY SUPPORTED AND I BELIEVE THAT WE SUPPORTED  
7 INSTITUTIONALLY THE IMPLEMENTATION OF THAT WITH THE NEW  
8 GOVERNOR. AND WHAT WAS IMPORTANT HERE IS THAT IT SET  
9 UP AN EXPERT COMMITTEE OF SCIENTISTS AND PHYSICIANS  
10 THAT WAS MANDATED BY THE LEGISLATURE BY A JOINT  
11 RESOLUTION TO COME UP WITH RECOMMENDATIONS ON STATE  
12 LAWS AND ETHICS RELATED TO STEM CELL RESEARCH SO THERE  
13 COULD BE SOME UNIFORMITY IN THESE AND NOT CREATE A  
14 FRACTURED PROGRAM OF A PIECEMEAL APPROACH, SO THERE  
15 WOULD BE A CONSISTENT APPROACH AND DR., JURIS DOCTOR,  
16 AND I GUESS HE HAS A PH.D. AS WELL, HANK GREELEY IS THE  
17 CHAIRMAN OF THAT COMMITTEE AT THIS POINT, WHICH IS  
18 MEETING AND HAS A NUMBER OF LEADING RESEARCHERS IN THE  
19 STATE, IRV WEISSMAN, LARRY GOLDBERG ARE ON THAT  
20 COMMITTEE ALONG WITH NUMBER OF OTHER RESEARCHERS, TO  
21 TRY AND COME UP WITH AN EXPERT RECOMMENDATION FOR STATE  
22 STANDARDS.

23                   MY UNDERSTANDING IS, IN TALKING TO HANK  
24 GREELEY, IS THAT THAT COMMITTEE IS TRYING TO RECONCILE  
25 THEIR STANDARDS TO OUR STANDARDS SO WE DON'T HAVE TWO

1 DIFFERENT MEDICAL AND ETHICAL STANDARDS FOR  
2 INSTITUTIONS, PUBLIC AND PRIVATE, TO TRY AND CONFORM  
3 TO. IT'S VERY DIFFICULT FOR RESEARCH INSTITUTIONS TO  
4 HAVE CONFLICTING STANDARDS, AS ONE CAN IMAGINE.

5 SENATE BILL 1260 WOULD PREEMPT THAT WHOLE  
6 PROCESS THAT SENATOR ORTIZ HAS PREVIOUSLY SET IN  
7 MOTION. COULD YOU EXPLAIN HOW IT WOULD PREEMPT THAT?

8 MR. KLEINSCHMIDT: SURE. JUST A BIT MORE  
9 BACKGROUND AS WELL. SB 1260, WHICH IS SPONSORED BY  
10 SENATORS ORTIZ AND RUNNER IS THE --

11 MS. SAMUELSON: ARE YOU LOOKING AT ANYTHING  
12 IN PARTICULAR RIGHT NOW?

13 CHAIRMAN KLEIN: IN THIS PACKET THERE IS  
14 SENATE BILL 1260.

15 MR. KLEINSCHMIDT: AND IT'S ALSO, JOAN, AGAIN  
16 ON THIS PIECE CALLED "2006 CALIFORNIA STEM CELL  
17 RESEARCH ACTIVE BILL." IT'S PAGE 5 OF THAT DOCUMENT.  
18 DO YOU HAVE THAT?

19 CHAIRMAN KLEIN: WHY DON'T YOU GO FORWARD AND  
20 I'LL CONFER.

21 MR. KLEINSCHMIDT: ANYWAY, SB 18 WAS A BILL  
22 LAST YEAR THAT INCLUDED A PROVISION HAVING TO DO WITH  
23 EGG DONATION FOR RESEARCH AS WELL AS A PROVISION HAVING  
24 TO CREATE AN AUDIT OF CALIFORNIA INSTITUTE OF  
25 REGENERATIVE MEDICINE. AND THIS MEASURE, AS YOU MAY

1 RECALL, PASSED THE LEGISLATURE, BUT WAS VETOED BY THE  
2 GOVERNOR BECAUSE OF THE AUDIT PROVISION. BUT HE  
3 INDICATED HIS SUPPORT FOR THE OTHER PROVISIONS IN THAT  
4 BILL.

5 FAST FORWARD TO 2006, THIS IS, IN ESSENCE,  
6 THE NEXT VERSION OF THAT, BUT THE LANGUAGE -- SO IT  
7 DOESN'T HAVE THE AUDIT LANGUAGE. IT JUST HAS THE  
8 PROVISIONS FOR EGG DONATION IN IT. AND THE LANGUAGE  
9 HAS CHANGED A LOT FROM WHAT WAS IN SB 18 LAST YEAR,  
10 HOWEVER. AND SO IT DOES REMOVE SOME OF THE SUNSET  
11 LANGUAGE FOR THE TASK FORCE THAT BOB WAS REFERENCING  
12 THAT WAS CREATED BY SB 322. AND SO IT ALLOWS THEM TO  
13 CONTINUE THEIR WORK BECAUSE ORIGINALLY THAT WAS GOING  
14 TO SUNSET IN JANUARY OF 2007. AND SO THEY WOULD HAVE  
15 HAD JUST THE REST OF THIS YEAR, BUT I THINK THERE'S A  
16 NEED FOR A RECOGNITION THAT THERE'S A NEED THAT THEY  
17 MAY HAVE TO CONTINUE BEYOND THAT POINT.

18 BUT IT GIVES THE VARIOUS DEFINITIONS OF  
19 ASSISTED OOCYTE PRODUCTION AND GIVES A LOT OF THE SAME  
20 DETAIL AS FAR AS WHAT KIND OF INFORMATION HAS TO BE  
21 GIVEN TO A POTENTIAL DONOR SO SHE CAN BE INFORMED OF  
22 THE RISKS FROM THIS PROCEDURE.

23 THERE ARE A NUMBER OF PROVISIONS THAT THEN  
24 VARY FROM OUR REGULATIONS. 1260 REQUIRES IRB'S TO  
25 REVIEW AND APPROVE ALL RESEARCH INVOLVING THE

1 DERIVATION OR USE OF HUMAN EMBRYONIC STEM CELLS. THIS  
2 REQUIREMENT EXTENDS IRB REVIEW INTO AREAS WHERE NO  
3 HUMAN SUBJECTS MAY BE INVOLVED. THERE IS NO PROVISION  
4 FOR SCRO REVIEW THAT, OF COURSE, IS PROMINENT IN THE  
5 CIRM GUIDELINES.

6 SB 1260 REQUIRES PSYCHOLOGICAL SCREENING OF  
7 ALL DONORS FOLLOWING GENERALLY RECOGNIZED STANDARDS,  
8 WHICH I DON'T BELIEVE ARE DEFINED WHAT THOSE RECOGNIZED  
9 STANDARDS ARE. IT WOULD ALSO PROHIBIT EGG DONORS FROM  
10 BEING COMPENSATED FOR LOST WAGES RESULTING FROM  
11 PARTICIPATION IN RESEARCH. AS YOU KNOW, OUR  
12 REGULATIONS ALLOW THE LOCAL ESCRO TO CONSIDER  
13 COMPENSATING FOR LOST WAGES.

14 CHAIRMAN KLEIN: IT'S ACTUAL LOST WAGES WITH  
15 DOCUMENTATION.

16 MR. KLEINSCHMIDT: 1260 ALSO REQUIRES  
17 RESEARCHERS TO OFFER SUBJECTS THE OPPORTUNITY TO  
18 DOCUMENT THEIR PREFERENCES REGARDING FUTURE USES OF  
19 THEIR DONATED MATERIALS. AND IT REQUIRES ALL EGGS  
20 PROCURED OUTSIDE THE STATE TO MEET THE STANDARDS IN THE  
21 MEASURE.

22 AND FINALLY, 1260 REQUIRES THE FOLLOWING  
23 INFORMATION TO BE MADE PUBLICLY AVAILABLE: THE  
24 DEMOGRAPHICS OF ALL DONORS, THE PROVENANCE OF GAMETES,  
25 EMBRYOS, AND SOMATIC CELLS, AND ANY ADVERSE HEALTH

1 OUTCOME OF OOCYTE RETRIEVAL.

2 DR. MURPHY: KIRK, ARE YOU STILL DEALING WITH  
3 PAGE 5 OF 8 OF THAT DOCUMENT?

4 MR. KLEINSCHMIDT: I JUST KIND OF CONTINUED  
5 ON THROUGH. IT'S PAGE 5.

6 DR. MURPHY: I'M GETTING CONFUSED OF WHERE WE  
7 ARE. WE'RE SPENDING A LOT OF TIME GOING THROUGH PAGES,  
8 AND WE'RE MISSING WHAT YOU ARE SAYING WHILE WE'RE  
9 LOOKING. I THINK WE NEED TO BE MUCH MORE ORGANIZED  
10 ABOUT HOW WE GO THROUGH THIS MATERIAL SO WE CAN BENEFIT  
11 FROM YOUR ADVICE.

12 MR. KLEINSCHMIDT: OKAY. THE BOTTOM LINE,  
13 THESE PROVISIONS THAT I'M JUST EXPLAINING THE  
14 DIFFERENCES. THE BOTTOM LINE IS WHAT HAS ALREADY BEEN  
15 MENTIONED. SB 1260 DOES NOT APPLY TO CIRM. IT ONLY  
16 AFFECTS THE RESEARCH FIELD. SO WE HAVE NOT MADE THIS  
17 PRIOR TO THIS MEETING A PRIORITY AS FAR AS OUR  
18 INVOLVEMENT BECAUSE CIRM IS SPECIFICALLY EXEMPT.

19 SO THE QUESTION THAT BOB HAS MENTIONED IS THE  
20 CONCERN OF THE DOUBLE STANDARDS WITHIN THE STATE FOR  
21 ACTUAL RESEARCHERS. SO IT'S ONE OF THESE ISSUES THAT  
22 WE'RE TRYING TO BRING ATTENTION TO IT, BUT AT THE  
23 MOMENT HAVE NOT TAKEN ANY ACTIVE INVOLVEMENT WITH THIS  
24 BILL. ALL I WAS DOING IS POINTING OUT SOME OF THE KEY  
25 DIFFERENCES BETWEEN WHAT WE HAVE IN OUR GUIDELINES

1 VERSUS SOME OF THE SPECIFIC LANGUAGE IN SB 1260.

2 DR. NOVA: SO THIS WOULD BE FOR ANY  
3 RESEARCHER, SOMEONE IN AN ACADEMIC INSTITUTION, SOMEONE  
4 IN A COMMERCIAL ENTITY? WHERE ARE THEY TRYING TO APPLY  
5 THIS?

6 MR. KLEINSCHMIDT: YES. IF IT'S NOT CIRM  
7 FUNDED.

8 CHAIRMAN KLEIN: SO, AS YOU KNOW, THE  
9 INITIATIVE SAYS THAT UNTIL THE THIRD YEAR, INTO THE  
10 THIRD YEAR THEY CANNOT USE LEGISLATION TO CHANGE THE  
11 CIRM PROCESS BECAUSE WE'RE TRYING TO CREATE A PERIOD  
12 WHERE WE CAN HAVE THOUGHTFUL CONSIDERATION OF OUR  
13 POLICIES AND PUT THEM IN PLACE AND TEST THEM BEFORE  
14 THEY'RE THEN AMENDED. WHAT THEY'VE DONE IS EXEMPTED  
15 CIRM. IT INDIRECTLY, THOUGH, CREATES A MAJOR PROBLEM  
16 FOR OUR RESEARCHERS BECAUSE THEY WOULD HAVE TWO  
17 COMPLETELY -- THEY WOULD HAVE TWO DIFFERENT STANDARDS,  
18 ONE MANDATED BY THIS BILL AND ONE MANDATED THROUGH OUR  
19 MEDICAL AND ETHICAL STANDARDS ADOPTED WITH THE HELP OF  
20 THE TASK FORCE OF THE NATIONAL ACADEMY OF SCIENCES.

21 DR. BRYANT: SO WHY ARE THEY TAKING THAT VIEW  
22 WITH THIS PARTICULAR BILL, BUT NOT WITH THE PREVIOUS  
23 ONE THAT WE DISCUSSED WHERE THEY'RE INTERFERING WITH  
24 SOMETHING THAT'S ALREADY GONE THROUGH BY CIRM?

25 CHAIRMAN KLEIN: IN THE PREVIOUS ONE THEIR

1 APPROACH IS THAT THEY'RE AVOIDING THE REQUIREMENT OF  
2 THE INITIATIVE NOT TO PASS ANY LEGISLATION THAT  
3 MODIFIES IT BECAUSE WHAT THEY'RE DOING IS PASSING  
4 LEGISLATION THAT CREATES AN INITIATIVE. AND IF THE  
5 INITIATIVE IS PASSED, THEY WOULD MODIFY IT.

6 SO NEITHER OF THEM -- THE PRIOR BILL DOESN'T  
7 REALLY RESPECT THE DIRECTIVE OF THE INITIATIVE TO GIVE  
8 US THE TIME TO THOUGHTFULLY PUT OUR PROGRAMS IN PLACE  
9 AND GET THE KIND OF PUBLIC FEEDBACK THAT WE MENTIONED  
10 FROM THREE DIFFERENT PROCESSES GOING ON RIGHT NOW TO  
11 PROVIDE PUBLIC INPUT. BUT IN THIS PARTICULAR CASE, OUR  
12 CONCERN IS MAKING IT DIFFICULT FOR PRIVATE AND PUBLIC  
13 INSTITUTIONS IN CALIFORNIA TO DO RESEARCH UNDER  
14 CONFLICTING STANDARDS.

15 NOW, WE HAVE A NUMBER OF MEMBERS ON THIS  
16 COMMITTEE REPRESENTING RESEARCH INSTITUTIONS. DO YOU  
17 HAVE ANY PARTICULAR COMMENTS THAT YOU CAN MAKE FOR THE  
18 RECORD AS TO THE DIFFICULTY IN TRYING TO OVERSEE  
19 RESEARCH WHERE YOU HAVE CONFLICTING STANDARDS?

20 DR. BRYANT: YES. IT'S IMPOSSIBLE NOW WITH  
21 CONFLICTING STANDARDS. YOU KNOW, TO ADD ANOTHER  
22 CONFLICT, WE'RE ALREADY DEALING WITH THIS INCREDIBLE  
23 NIH/CALIFORNIA GLITCH, AND MOST PEOPLE ARE DEALING WITH  
24 IT BY JUST COMPLETELY SEPARATING THOSE KINDS OF  
25 RESEARCH. IF WE HAVE TO FURTHER DIVIDE, I DON'T



1 THINK -- THE INSTITUTION WILL FRAGMENT UNDER THE WEIGHT  
2 OF ALL THESE DIFFERENT STANDARDS. IT'S CRAZY.

3 CHAIRMAN KLEIN: DR. MURPHY.

4 DR. MURPHY: NO. I THINK FOR AN ESCRO  
5 COMMITTEE, FOR EXAMPLE, THEY WOULDN'T KNOW WHICH  
6 GUIDELINES TO FOLLOW. AND I THINK THAT THEY WOULD  
7 PROBABLY BE FORCED JUST NOT TO MAKE DECISIONS. IF  
8 THERE WERE TWO SEPARATE GUIDELINES WITH ONE PRIORIZING  
9 VERSUS THE OTHER.

10 CHAIRMAN KLEIN: TINA, FROM THE PRIVATE  
11 SECTOR.

12 DR. NOVA: FROM THE COMMERCIAL STANDPOINT, TO  
13 GO THROUGH ALL THESE IRB'S IS HALF A YEAR, NINE MONTHS,  
14 AND YOUR MONEY COULD BE GONE FOR THE PROJECT THAT YOU  
15 STARTED. AND I THINK THE PRIVACY ISSUES WITH DONORS, I  
16 THINK COMMERCIAL ENTITIES WOULD NOT WANT TO BE INVOLVED  
17 WITH THAT SORT OF RULES. I THINK IT'S DETRIMENTAL ALL  
18 THE WAY AROUND.

19 CHAIRMAN KLEIN: AND THE COMMERCIAL ENTITIES  
20 ARE HAVING PROBLEMS ALREADY, AS DR. BRYANT MENTIONED,  
21 JUST DEALING WITH THE NIH STANDARDS, AND OUR STANDARDS,  
22 A THIRD SET OF STANDARDS HAVE THE SAME KIND OF IMPACT  
23 ON THE PRIVATE SECTOR, I WOULD IMAGINE.

24 DR. NOVA: YES, ABSOLUTELY.

25 CHAIRMAN KLEIN: ALL RIGHT. SO --

1 DR. HALL: COULD I MAKE A COMMENT, BOB? I  
2 THINK ONE OF THE ISSUES ALSO IS THAT THE BILL SORT OF  
3 PREEMPTS THE WORK OF THIS COMMITTEE. I MEAN IT'S MUCH  
4 LIKE SB 401 IN A CERTAIN SENSE IN THAT IT WILL -- THE  
5 COMMITTEE SET UP TO DEAL WITH THIS, IT WILL FREEZE THIS  
6 IN IN A WAY THAT I THINK DOESN'T TAKE INTO ACCOUNT THE  
7 SORT OF DELIBERATIVE PROCESS THAT'S BEING UNDERGONE.  
8 AND I KNOW BECAUSE OF THE NAMES THAT YOU MENTIONED, THE  
9 PEOPLE ON THE COMMITTEE ARE VERY CONCERNED TO HAVE  
10 PROCESSES THAT ARE COMPATIBLE.

11 AND I THINK FOR OUR PURPOSES THAT'S EXTREMELY  
12 IMPORTANT. THE LAST THING WE WANT IS TO HAVE TWO KINDS  
13 OF RESEARCH GOING ON UNDER TWO KINDS OF STANDARDS AT  
14 INSTITUTIONS. AMONG OTHER THINGS THAT ENCOURAGES  
15 PEOPLE TO DO THINGS IN ONE PROGRAM THAT THEY CAN'T DO  
16 IN ANOTHER, TO EVADE REGULATIONS. I THINK IT'S A VERY  
17 UNHEALTHY SITUATION. SO I THINK IT REALLY NEEDS TO BE  
18 APPROACHED WITH CARE AND THOUGHTFULNESS. AND I THINK  
19 THE PROCESS THAT THE LEGISLATURE HAS SET UP IS AN  
20 EXCELLENT ONE, AND I WOULD LIKE TO SEE THEM FOLLOW  
21 THROUGH.

22 CHAIRMAN KLEIN: PERHAPS WE SHOULD COMMEND  
23 THE ORIGINAL CONCURRENT RESOLUTION THAT CAME UNDER  
24 SENATE BILL 322. AND WHAT WAS THE ASSEMBLY COUNTERPART  
25 TO THAT?

1 MR. KLEINSCHMIDT: THAT'S THE BILL THAT MADE  
2 IT INTO LAW.

3 CHAIRMAN KLEIN: BUT IF WE COULD PROVIDE,  
4 BEFORE THE NEXT BOARD MEETING, A COPY TO ALL OF THE  
5 BOARD MEMBERS AND THIS COMMITTEE IN PARTICULAR  
6 IMMEDIATELY THE MEMBERSHIP OF THIS EXPERT COMMITTEE  
7 THAT'S SET UP, I THINK WE'LL ALL BE FAVORABLY IMPRESSED  
8 WITH THEIR CREDENTIALS. AND THE WORK OF THE PEOPLE OF  
9 CALIFORNIA IS BEING CARRIED OUT WITH TREMENDOUS CARE BY  
10 THIS VERY EXPERT COMMITTEE. THEIR OWN WORK COULD BE  
11 MADE NEARLY IMPOSSIBLE IF STATUTE PREEMPTS THEIR INPUT,  
12 AS DR. HALL REFERENCED, AND AS I REFERENCED EARLIER.

13 SO IN TERMS OF THE PUBLIC, IS THERE  
14 ADDITIONAL PUBLIC COMMENT ON THIS?

15 MS. SMITH-CROWLEY: SHANNON SMITH-CROWLEY  
16 REPRESENTING THE AMERICAN COLLEGE OF OBSTETRICIANS,  
17 GYNECOLOGISTS, DISTRICT 9, AND THE AMERICAN SOCIETY FOR  
18 REPRODUCTIVE MEDICINE.

19 OUR POSITION ON THE BILL HAS BEEN SUPPORT IF  
20 AMENDED, AND I EXPLAIN THAT A LITTLE BIT. PART OF THIS  
21 WE WERE LOOKING AT THIS PURELY FROM A MEDICAL  
22 PERSPECTIVE, AND THERE'S CERTAIN ASPECTS THAT WE WANTED  
23 TO MAKE SURE, FOR INSTANCE, THAT SOME OF THE STANDARDS  
24 DID NOT SPILL OVER INTO IN VITRO FERTILIZATION AND SOME  
25 OTHER AREAS AND HAVE SOME BASIC PROTECTIONS.

1                   WHEN SB 18 WAS BEING NEGOTIATED LAST YEAR,  
2                   AND WHEN THIS BILL STARTED THIS YEAR, THE SB 322  
3                   COMMITTEE HADN'T REALLY BEEN ESTABLISHED AND HADN'T HAD  
4                   AN INITIAL MEETING. SO THERE MAY HAVE BEEN SOME  
5                   CROSSOVER IN TERMS OF THE TIME OF THAT AND THE  
6                   NECESSITY FOR HAVING ANOTHER BILL WHEN NOW YOU HAVE THE  
7                   COMMITTEE. SO THAT, I THINK, IS A DISCUSSION TO HAVE.

8                   BOTH OF MY ORGANIZATIONS ARE CONTINUING TO  
9                   FIGHT THE ISSUE OF LOST WAGES. WE THINK THAT IT'S  
10                  INHERENTLY UNFAIR. THE POSITION OF OTHER PARTIES HAS  
11                  BEEN THAT IT DISCRIMINATES AGAINST WOMEN THAT MAKE LESS  
12                  THAN OTHERS. OUR POSITION IS YOU TAKE THEM AS YOU FIND  
13                  THEM. AND REIMBURSEMENT IS JUST THAT. IF YOU HAVE  
14                  ACTUAL LOST WAGES, THAT'S WHAT WE'RE FIGHTING FOR.

15                 WE ALSO DO RECOGNIZE THE NEED TO HAVE HARMONY  
16                 BETWEEN THE -- WELL, AMONGST, BECAUSE IT'S, I GUESS,  
17                 NIH ALSO, GUIDELINES AND REGULATIONS. HOWEVER, I DO  
18                 WANT TO LET YOU KNOW THAT OUR ORGANIZATIONS BELIEVE  
19                 THAT WOMEN OUGHT TO BE COMPENSATED FOR THEIR TIME AND  
20                 TROUBLE; AND ALTHOUGH WE UNDERSTAND THAT UNDER PROP 71,  
21                 YOU CAN'T DO ANYTHING ABOUT THAT AT THIS POINT IN TIME,  
22                 THAT IS AN ISSUE THAT WE ARE CONTINUING TO RAISE. AND  
23                 THE OTHER WOMEN'S RIGHTS ORGANIZATIONS ALSO HAVE  
24                 SIGNIFICANT CONCERNS ABOUT THE FAIRNESS TO WOMEN ABOUT  
25                 THIS.

1                   BUT ONE OF THE THINGS THAT'S NEEDED NOW IS  
2                   THERE HAVEN'T BEEN IN THE NEGOTIATIONS ON SB 1260 ANY  
3                   OF THE RESEARCH ORGANIZATIONS IN, AND SO THE PEOPLE  
4                   THAT ARE AT THE TABLE AND DISCUSSING THIS ARE MORE IN  
5                   SOME OF THE MEDICAL COMMUNITY AND THE CENTER FOR  
6                   GENETICS AND SOCIETY AND SUCH, AND SO I THINK NOW IS  
7                   REALLY THE TIME TO HAVE THE INPUT FROM THE RESEARCH  
8                   ORGANIZATIONS AS TO HOW THIS WOULD IMPACT YOU.

9                   THIS DID JUST GET PUT ON THE SUSPENSE  
10                  CALENDAR IN SENATE APPROPRIATIONS YESTERDAY BECAUSE OF  
11                  THE CONTINUATION OF THE COMMITTEE. AND IT SEEMS LIKE  
12                  THAT'S A CENTRAL PIECE THAT'S NEEDED IS TO HAVE THE  
13                  CONTINUATION OF THE COMMITTEE. AND WE'RE GOING TO BE  
14                  MEETING, SOME OF US, TOMORROW TO FIGURE OUT HOW TO GET  
15                  THE BILL OFF OF SUSPENSE SO THAT WE CAN GET THAT  
16                  COMMITTEE TO CONTINUE.

17                 CHAIRMAN KLEIN: LET ME, FIRST OF ALL, THANK  
18                 YOU VERY MUCH FOR YOUR PARTICIPATION. AND JUST TO  
19                 BRING US ALL UP TO DATE ON A COMMON GROUND, IN OUR  
20                 MEDICAL AND ETHICAL STANDARDS WITH THE PROPOSITION, WE  
21                 PREVENT ANYONE BEING PAID A PROFIT, BUT LOST WAGES  
22                 UNDER OUR MEDICAL AND ETHICAL STANDARDS ARE PAYABLE  
23                 UNDER PROP 71.

24                 NOW, THIS PROHIBITS THE PAYMENT OF LOST  
25                 WAGES.

1 MS. SMITH-CROWLEY: AND THAT'S SOMETHING ASRM  
2 AND ACOG IS FIGHTING AND WE CONTINUE TO FIGHT. AS IT  
3 GOES OVER TO THE ASSEMBLY SIDE, WE'LL CONTINUE TO FIGHT  
4 FOR REIMBURSEMENT OF ACTUAL LOST WAGES.

5 CHAIRMAN KLEIN: IN TERMS OF THIS BILL, IF  
6 THERE WERE A ONE-LINE BILL THAT COULD BE ON THE CONSENT  
7 CALENDAR, IT COULD CONTINUE THE EXISTENCE OF THE SENATE  
8 BILL 322 COMMITTEE.

9 ARE THERE OTHER PROVISIONS OF THIS BILL THAT  
10 ARE VERY IMPORTANT TO YOU THAT CANNOT BE DEALT WITH  
11 EITHER THROUGH OUR REGULATORY PROCESS, MEDICAL AND  
12 ETHICAL STANDARDS, OR NEED TO BE LEGISLATIVE?

13 MS. SMITH-CROWLEY: YOU KNOW, I HADN'T  
14 THOUGHT ABOUT IT FROM THAT PERSPECTIVE. YOUR  
15 GUIDELINES, THE GUIDELINES ARE VERY THOROUGH. AND SO I  
16 CAN ACTUALLY TAKE A LOOK AT 1260 AND LOOK AT IT FROM  
17 THAT PERSPECTIVE AND SEE IF THERE'S SOME CRITICAL PIECE  
18 ON THERE. BUT WE REALLY DID TRY AND LOOK AT CIRM  
19 GUIDELINES AND TAKE PIECES FROM THAT. WE DID NOT PUT  
20 ANYTHING IN ABOUT -- WE MAY STILL HAVE SOME DEBATE  
21 ABOUT THE NEED FOR A DELIBERATION PERIOD, AND A LOT OF  
22 US ARE VERY CONCERNED STILL ABOUT, EVEN WITH THE  
23 IMPROVED LANGUAGE, ABOUT A DELIBERATION PERIOD AND HOW  
24 A WOMAN, WHETHER SHE CAN CONTACT, WHETHER THE  
25 RESEARCHERS CAN CONTACT HER OR WHETHER SHE OPTS OUT,

1 HOW THAT WORKS. YOUR CIRM GUIDELINES ARE VERY  
2 THOROUGH.

3 CHAIRMAN KLEIN: WELL, WE'D BE VERY  
4 INTERESTED IN YOUR COMMENTS, PLEASE. I KNOW DR. HALL  
5 IS HIGHLY FOCUSED ON THE ISSUE OF THE DELIBERATION  
6 PERIOD AND WOULD BE VERY RECEPTIVE TO COMMENTS.

7 BUT I THINK THAT AS I HEAR THIS COMMITTEE'S  
8 COMMENTS, I THINK WE'D BE VERY SUPPORTIVE OF A BILL  
9 THAT JUST ADDRESSED THE CONTINUATION OF SENATE BILL  
10 322'S COMMITTEE BECAUSE THAT SEEMS TO BE A VERY  
11 CONSTRUCTIVE ENTERPRISE, SO THAT IF WE CAN BE  
12 SUPPORTIVE OF ANY INITIATIVE OF YOUR GROUP TO JUST  
13 ADDRESS THAT, BUT TO BRING ALL THE REST OF THIS ALONG  
14 AND WITH THE BURDENS IT CREATES IN ORDER TO ACCOMPLISH  
15 THAT GOAL MAY CREATE MUCH MORE BURDEN TO THAT SINGULAR  
16 GOAL THAN IS NECESSARY.

17 MS. SMITH-CROWLEY: I'LL GET BACK TO YOU.

18 CHAIRMAN KLEIN: THANK YOU. THANK YOU VERY  
19 MUCH.

20 SO THE SENSE OF THIS COMMITTEE TO TAKE TO THE  
21 BOARD WOULD BE THAT WE WOULD OPPOSE THIS.

22 DR. BRYANT: YES.

23 DR. NOVA: YES.

24 CHAIRMAN KLEIN: BUT WOULD SUPPORT ANYTHING  
25 THAT INDIVIDUALLY ON A CONSENT CALENDAR OR OTHERWISE

1 CONTINUES THE EXISTENCE OF THE SENATE BILL 322  
2 COMMITTEE.

3 MS. SAMUELSON: UNDERSTANDING THAT THAT  
4 DOESN'T INCREASE THE BURDEN ON THE PROP 71 MISSION.

5 CHAIRMAN KLEIN: THAT'S RIGHT. ALL RIGHT.  
6 IF WE COULD GO TO AB 2721.

7 MR. KLEINSCHMIDT: OKAY. BRIEFLY, AND I'LL  
8 START AT THE END, PER RICH'S EARLIER COMMENT. THIS  
9 BILL BY ASSEMBLYMAN GENE MULLIN DOES NOT IMPACT THE  
10 CIRM. OUR IP REGULATIONS ARE SPECIFICALLY EXEMPT FROM  
11 THIS BILL. BUT, AGAIN, A BIT OF BACKGROUND ON THIS.

12 ASSEMBLYMAN MULLIN SPONSORED ASSEMBLY  
13 CONCURRENT RESOLUTION 252 TWO YEARS AGO THAT ASKED THE  
14 CCST, THE CALIFORNIA COUNCIL ON SCIENCE AND TECHNOLOGY,  
15 TO DO A STATEWIDE REPORT ON INTELLECTUAL PROPERTY  
16 POLICY. THEN LAST YEAR, AS YOU ALL RECALL, HE  
17 SPONSORED ACR 24 AFTER THE NOVEMBER ELECTION OF 2004 TO  
18 ADD SPECIFICALLY FOR THIS COMMITTEE TO LOOK AT PROP 71  
19 PROGRAMS AS WELL.

20 THEN SUE BRYANT WAS APPOINTED TO THAT WORKING  
21 GROUP, SO SHE CAN TALK A LOT MORE ABOUT THAT COMMITTEE.  
22 THEY MET LAST YEAR AND ISSUED A REPORT FIRST FOR 71 IN  
23 AUGUST OF 2005 AND THEN FINAL REPORT IN THIS PAST  
24 JANUARY OF 2006, WITH THEIR RECOMMENDATIONS OF HOW THE  
25 STATE SHOULD HANDLE INTELLECTUAL PROPERTY POLICY.



1                   SO THIS BILL IS THE NEXT STEP OUT OF THAT  
2 HISTORY, AND WHAT IT DOES IS BASICALLY TWOFOLD. AND  
3 AGAIN, I'M NOT GOING TO GO INTO A LOT OF DETAIL BECAUSE  
4 WE HAVE BEEN TRACKING IT, BUT NOT FOLLOWING IT TOO  
5 CLOSELY. BUT, IN ESSENCE, IT ESTABLISHES THE OFFICE OF  
6 INTELLECTUAL PROPERTY IN THE BUSINESS TRANSPORTATION  
7 AND HOUSING AGENCY, AND GIVES THEM SOME  
8 RESPONSIBILITIES TO TRACK AND EVALUATE IP THAT THE  
9 STATE HAS ALREADY FUNDED OR FUTURE IP THAT IS FUNDED.  
10 AND THEN IT ALSO GETS INTO MORE DETAIL WHAT THOSE IP  
11 POLICIES COULD LOOK LIKE IN THE FUTURE.

12                   AND THAT'S ABOUT AS MUCH AS I'M GOING TO SAY  
13 AT THIS PARTICULAR MOMENT UNLESS THERE'S COMMENT. BUT,  
14 AGAIN, BECAUSE WE'RE EXEMPTED, IT'S SOMETHING THAT  
15 WE'RE WATCHING. THEY HAVE ALSO BEEN EXPLICIT IN THE  
16 FACT THAT THEY BORROWED SOME OF OUR LANGUAGE FROM OUR  
17 IP POLICY, SO OUR WORK HAS AGAIN INFLUENCED THIS BILL,  
18 BUT NOT SOMETHING THAT WILL DIRECTLY AFFECT US.

19                   CHAIRMAN KLEIN: OKAY. DO WE HAVE THE  
20 PROBLEM IN ANY AREA THAT IT'S CREATING DIFFERENT  
21 STANDARDS THAN OURS?

22                   MR. KLEINSCHMIDT: I DON'T BELIEVE SO.

23                   CHAIRMAN KLEIN: OKAY. DR. BRYANT, ANY  
24 PARTICULAR COMMENTS YOU WOULD HAVE?

25                   DR. BRYANT: WELL, I WOULD ASK YOU, SINCE

1 THIS IS THE FIRST TIME I'VE SEEN THIS, HOW CLOSELY DOES  
2 THIS FOLLOW THE RECOMMENDATIONS FROM THE CCST?

3 MR. KLEINSCHMIDT: I CAN'T REALLY ANSWER THAT  
4 BECAUSE I'M NOT -- AGAIN, I'VE READ THE CCST REPORT,  
5 BUT THAT WAS MONTHS AGO. AND I HAVEN'T LOOKED AT IT IN  
6 DETAIL AGAIN SINCE THEN. I DON'T KNOW IF, MARY, YOU  
7 HAVE ANY COMMENTS, BUT I KNOW SUSAN HACKWOOD IS AWARE  
8 OF THIS, AND THEY'RE TRACKING IT. I THINK SHE'S GIVEN  
9 IT BACK TO SOME OTHER STUDY GROUP, SO I'M NOT AWARE IF  
10 THEY'VE TAKEN --

11 DR. BRYANT: DO THAT ANALYSIS.

12 MR. KLEINSCHMIDT: -- A FORMAL POSITION ON  
13 THIS BILL. I DON'T BELIEVE THEY HAVE ACTUALLY. BUT I  
14 KNOW THEY ARE WORKING WITH MR. MULLIN ABOUT SOME  
15 SPECIFIC CONCERNS AND SPECIFIC LANGUAGE PROBLEMS THAT  
16 THEY SEE. SO THERE'S A DIALOGUE GOING ON THERE.

17 THIS MEASURE HAS EVOLVED. IT'S DEFINITELY  
18 NOT WHAT WAS INTRODUCED A COUPLE MONTHS AGO.

19 DR. BRYANT: I JUST CAN'T REALLY COMMENT ON  
20 WHETHER IT DOES TRACK IT CAREFULLY WITHOUT HAVING --

21 CHAIRMAN KLEIN: PERHAPS BEFORE THE NEXT  
22 BOARD MEETING, KIRK, YOU AND MARY COULD GET TOGETHER  
23 AND GIVE DR. BRYANT A SUMMARY OF THE COMPARISON OF THE  
24 CCST REPORT TO THIS, SO SHE'D BE IN A POSITION, IF THIS  
25 COMES UP AT OUR BOARD MEETING, TO COMMENT ON WHAT THE

1 POSITION MIGHT BE. SO ARE THERE ANY -- JOAN.

2 MS. SAMUELSON: WELL, I HAVE A COUPLE SORT OF  
3 QUESTIONS SLASH CONCERNS. ONE IS, ALTHOUGH THE  
4 LANGUAGE MAY NOT SPECIFICALLY IMPACT THE CIRM FUNDING  
5 PROCESS, LET'S SAY THERE'S SOME COLLABORATIONS GOING ON  
6 BETWEEN THE CIRM-FUNDED RESEARCHERS AND OTHER  
7 RESEARCHERS WHO AREN'T DIRECTLY GETTING PROP 71  
8 DOLLARS, BUT ARE PART OF THE STRATEGIC PLAN TO GET ALL  
9 THE WAY TO THE CLINIC WITH SOMETHING. IF THAT'S  
10 CONFUSING THAT COLLABORATION, BOGGING IT DOWN, OR  
11 SIMPLY BOGGING DOWN THE OTHER RESEARCHERS IN ANY  
12 RESPECT, THAT IS IMPAIRING OUR MISSION. SO --

13 CHAIRMAN KLEIN: THAT'S WHY I ASKED KIRK  
14 WHETHER THERE WAS ANY PROVISIONS THAT CONFLICTED WITH  
15 OUR IP, AND HE'S NOT AWARE OF ANY AT THE MOMENT.

16 MS. SAMUELSON: BUT IT SOUNDS LIKE WE'RE  
17 GOING TO HAVE TO TRACK ALL OF THAT.

18 MR. KLEINSCHMIDT: JUST TO NOTE, AND SUSAN  
19 CAN ELABORATE ON THIS, BUT THE BIGGEST STATE-FUNDED  
20 RESEARCH PROGRAM IS ACTUALLY IN THE ENERGY SECTOR, SO  
21 IT'S A LOT MORE IN THE PHYSICAL SCIENCES, FROM MY  
22 KNOWLEDGE, AS OPPOSED TO THE BIOMEDICAL OR LIFE  
23 SCIENCES. SO THE SPECIFIC STATE-FUNDED RESEARCH  
24 PROGRAM, THERE'S THE ROMAN REED ACT, OF COURSE, THAT  
25 DON MENTIONED EARLIER, AND THE UC OFFICE OF THE

1 PRESIDENT FUNDS THREE RELATIVELY SMALL BIOMEDICAL  
2 RESEARCH AND PUBLIC HEALTH PROGRAMS. BUT IT'S NOT THE  
3 MAIN FOCUS OF THE STATE. IT'S MOSTLY IN OTHER SECTORS.  
4 BUT AGAIN, CORRECT ME IF I'M WRONG, IT'S ROUGHLY 200 TO  
5 \$300 MILLION, BUT EVEN THAT NUMBER IS NOT COMPLETELY  
6 CLEAR THAT THE STATE FUNDS IN DIFFERENT RESEARCH  
7 PROGRAMS. SO IT'S A PRETTY BROAD PORTFOLIO, BUT I  
8 DON'T THINK IT'S PRIMARILY AFFECTING OUR AREA.

9 DR. HALL: I THINK THE DEPARTMENT OF  
10 TRANSPORTATION ALSO HAS MAJOR FUNDING PROGRAMS OF  
11 ENGINEERS. I THINK THAT'S A BIG ONE.

12 DR. BRYANT: SO THE POINT OF THE CCST STUDY  
13 WAS TO RECOMMEND GUIDELINES SO THERE WOULD BE A UNIFORM  
14 POLICY IN THE STATE. SO ALREADY THAT'S BREAKING DOWN  
15 HERE BECAUSE WE'RE, YOU KNOW, MAKING SOMETHING A LITTLE  
16 BIT DIFFERENT THAN CIRM OR EXEMPTING CIRM.

17 MR. KLEINSCHMIDT: JUST ON THIS NOTE, WE HAVE  
18 A MEETING WITH MR. MULLIN AT 1 O'CLOCK, SO YOU CAN  
19 DIRECTLY BRING TO HIS ATTENTION YOUR QUESTIONS AND  
20 CONCERNS IF YOU WANT.

21 CHAIRMAN KLEIN: I WOULD LIKE TO SAY  
22 ASSEMBLYMAN MULLIN HAS BEEN VERY OUTREACHING IN TRYING  
23 TO HAVE A COLLABORATIVE APPROACH TO SCIENCE AND  
24 TECHNOLOGY AND MAKING CERTAIN THAT THE LEGISLATION DOES  
25 NOT, THAT HE IS INVOLVED WITH, DOESN'T CREATE A BURDEN,

1 BUT ESSENTIALLY SUPPORTS THE OVERALL MISSION. SO HE'S  
2 SEARCHING FOR WAYS TO IMPROVE THE COORDINATION HERE,  
3 AND WE CERTAINLY SHOULD THANK HIM FOR THOSE EFFORTS.

4 SO AT THIS POINT WE DON'T HAVE ANY -- DO WE  
5 HAVE ANY PARTICULAR POINT OF VIEW HERE, OR ARE WE IN A  
6 FACT-FINDING PHASE FOR THIS POTENTIALLY?

7 DR. BRYANT: SOUNDS LIKE THE LATTER.

8 CHAIRMAN KLEIN: FACT-FINDING PHASE. ANY  
9 FINAL PUBLIC COMMENTS ON THIS ITEM? NONE. SO I THINK  
10 WE'LL GO FORWARD WITH OUR FACT-FINDING ON THIS ITEM.

11 THAT COMPLETES OUR LEGISLATIVE STATE  
12 ANALYSES. GIVEN THAT WE'RE GOING TO -- WE'RE FOCUSING  
13 HERE TODAY THIS AFTERNOON ON INTERFACING WITH THE STATE  
14 LEGISLATURE, WE'RE GOING TO HAVE A VERY SHORT PERIOD OF  
15 TIME JUST TO UPDATE THE PUBLIC AND MEMBERS OF THIS  
16 COMMITTEE ON FEDERAL LEGISLATION.

17 KIRK, DO YOU WANT TO REMIND EVERYONE WHAT HR  
18 810 IS AND SB 4715?

19 MR. KLEINSCHMIDT: ABSOLUTELY. AGAIN, YOU  
20 SHOULD HAVE IN YOUR PACKET A PIECE ENTITLED "FEDERAL  
21 LEGISLATION SUMMARY," AND IT GIVES A VERY BRIEF  
22 BREAKDOWN OF SOME OF THESE KEY STEM CELL-RELATED BILLS.  
23 THE ONE THAT BOB REFERENCED, OF COURSE, IS THE INFAMOUS  
24 CASTLE/DEGETTE MEASURE, HR 810, THAT PASSED THE HOUSE  
25 OF REPRESENTATIVES LAST MAY. WE'RE COMING UP TO THE

1 YEAR ANNIVERSARY.

2 CHAIRMAN KLEIN: RATHER THAN INFAMOUS, MAYBE  
3 FAMOUS.

4 MR. KLEINSCHMIDT: FAMOUS. MAY 24TH IS THAT  
5 ANNIVERSARY. THE VOTE WAS 238 TO 194 WITH 50  
6 REPUBLICANS VOTING FOR IT, WHICH IS OF NOTE. AND  
7 THAT'S BEEN IN THE SENATE SINCE THAT POINT. AS YOU  
8 RECALL LAST SUMMER, SENATOR FRIST INDICATED THAT HE  
9 WOULD BRING THIS UP FOR A VOTE, BUT THAT HAS NOT  
10 HAPPENED YET.

11 SO WHAT'S HAPPENING IN D.C. IS THE COALITION  
12 FOR THE ADVANCEMENT OF MEDICAL RESEARCH AND OTHER  
13 ADVOCACY GROUPS LIKE THE JUVENILE DIABETES RESEARCH  
14 FOUNDATION ARE REALLY PUSHING FOR A SENATE VOTE ON THIS  
15 PARTICULAR PIECE. THUS FAR, THERE'S NO COMMITMENT,  
16 FROM MY UNDERSTANDING, AS FAR AS THAT SPECIFIC DATE OR  
17 TIMELINE. AND DO YOU WANT ME TO SAY MORE THAN THAT?

18 CHAIRMAN KLEIN: WELL, I THINK IT'S  
19 IMPORTANT. THERE IS -- THE SENATE IS HAVING THEIR  
20 HEALTH WEEK, AND WE'RE IN THE MIDDLE OF THEIR HEALTH  
21 WEEK, BUT THEY WEREN'T ABLE TO GET THE VOTES TO BRING  
22 CASTLE/DEGETTE IN THE SENATE VERSION UP FOR A VOTE OR A  
23 DISCUSSION DURING THE HEALTH WEEK. MY UNDERSTANDING IS  
24 THAT THERE IS A COMMITMENT TO BRING IT UP AT SOME POINT  
25 DURING THIS LEGISLATIVE SESSION BY THE REPUBLICAN

1 LEADERSHIP IN THE SENATE.

2 I WOULD JUST INDICATE THAT IT'S VERY  
3 IMPORTANT FOR ALL OF THE CALIFORNIA RESEARCH  
4 INSTITUTIONS TO EXPRESS THEIR SUPPORT FOR THIS. AND  
5 SINCE THE CALIFORNIA VOTE WAS A VERY BIPARTISAN VOTE IN  
6 FAVOR OF CASTLE/DEGETTE, TO GET BOTH OUR REPUBLICAN  
7 CONGRESSIONAL REPRESENTATIVES FROM THE DIFFERENT PARTS  
8 OF THE STATE AND OUR DEMOCRATIC REPRESENTATIVES TO  
9 WEIGH IN WITH OTHER STATES' REPRESENTATIVES IN THE  
10 SENATE.

11 IN THE DISCUSSION OF WHEN THIS IS GOING TO BE  
12 BROUGHT TO A VOTE, THE BASIC ISSUE IS WHETHER 810 WILL  
13 BE BROUGHT TO A VOTE ONLY IN A SITUATION WHERE IT IS  
14 PAIRED WITH A VOTE FOR SENATE BILL 1373, THE BROWNBACK  
15 BILL. AND HR 1357, WELDON BILL, WHICH IS SENATE BILL  
16 658, THE BROWNBACK BILL, ON HUMAN CLONING PROHIBITION  
17 ACT OF 2005. THE ADVANCEMENT FOR MEDICAL RESEARCH --  
18 THE SOCIETY FOR THE ADVANCEMENT OF MEDICAL RESEARCH  
19 WANTS TO MAKE CERTAIN THAT THE SENATE HAS THE OPTION OR  
20 THE OPPORTUNITY IN THE SAME PACKAGE TO ALSO VOTE FOR  
21 SENATE BILL 876, HATCH/FEINSTEIN, WHICH IS ALSO HR  
22 1822, BONO. THAT GIVES THEM THE ABILITY TO VOTE  
23 AGAINST HUMAN CLONING AS INCORPORATED IN LAW IN  
24 CALIFORNIA LAW AND INCORPORATED IN THE INITIATIVE,  
25 WHICH BOTH PROHIBIT HUMAN REPRODUCTIVE CLONING.

1           THE ISSUE IS THAT IF THE ONLY CHOICE THAT  
2           SENATORS ARE GIVEN IS TO VOTE TO EXTEND THE LINES AND  
3           THEIR ONLY VOTE TO CONTROL THE RESEARCH IS A VOTE WHERE  
4           THEY WOULD HAVE TO VOTE TO PROHIBIT SOMATIC CELL  
5           NUCLEAR TRANSFER UNDER THE BROWNBACK OR WELDON BILLS,  
6           THEY WOULD BE IN A POSITION WHERE THEY'D WANT TO BE ON  
7           THE RECORD TO LIMITING THIS RESEARCH, AND THEY WOULD  
8           VOTE FOR THE BROWNBACK AND WELDON BILLS GIVEN THAT IT  
9           WAS THE ONLY OPTION THEY HAD OF RESTRICTING THE  
10          RESEARCH.

11           THE KEY IS THAT THEY NEED TO BE GIVEN THE  
12          OPPORTUNITY TO VOTE RESPONSIBLY TO PROHIBIT HUMAN  
13          REPRODUCTIVE CLONING WITHOUT ALSO PROHIBITING SOMATIC  
14          CELL NUCLEAR TRANSFER THROUGH THE WELDON AND BROWNBACK  
15          BILLS. AND THAT'S THE POSITION THE SENATE IS STUCK IN  
16          BECAUSE SENATOR BROWNBACK HAS NOT BEEN WILLING TO ALLOW  
17          HATCH/FEINSTEIN TO BE AN OPTION IN THE VOTING PACKAGE  
18          PUT BEFORE THE SENATE.

19           ANY PUBLIC COMMENT ON THAT?

20           DR. MURPHY: I DON'T THINK WE REALLY  
21          UNDERSTOOD WHAT YOU JUST SAID. I KNOW IT'S VERY  
22          COMPLICATED. MY RECOLLECTION OF HR -- OF THE HOUSE  
23          BILL, HR 810, WAS THAT IT DID PROHIBIT HUMAN CLONING.  
24          IT DID NOT MENTION SOMATIC CELL NUCLEAR TRANSFER. IS  
25          THAT RIGHT?



1           CHAIRMAN KLEIN: WELL, ACTUALLY BECAUSE OF A  
2 PARLIAMENTARY MOVE, HR 810 DOES NOT INCLUDE ANY MENTION  
3 OF CLONING BECAUSE ONCE YOU ALLOW THE ISSUE OF CLONING  
4 TO BE IN THE BILL, THEN THERE WOULD BE -- AMENDMENTS  
5 WOULD BE PERMITTED DEALING WITH CLONING. SO HR 810  
6 DOESN'T ADDRESS IT, WHICH IS WHY IN THE SENATE IT'S  
7 IMPORTANT TO ADDRESS IT IN ONE FASHION OR ANOTHER.

8           AND THE BASIC FIGHT IS IS THERE GOING TO BE A  
9 VOTE WHERE YOUR ONLY CHOICE IN THE PACKAGE OF BILLS PUT  
10 BEFORE YOU IS TO VOTE AGAINST THE BILL THAT PROHIBITS  
11 HUMAN CLONING AND SCNT, WHICH IS BROWNBACK/WELDON, OR  
12 WILL YOU HAVE THE CHOICE TO VOTE FOR HATCH/FEINSTEIN,  
13 WHICH PROHIBITS HUMAN CLONING, BUT ALLOWS THERAPEUTIC  
14 CLONING TO GO FORWARD.

15           AND RIGHT NOW THEY CAN'T GET PAST SENATOR  
16 BROWNBACK'S POSITION THAT HE WILL NOT ALLOW  
17 HATCH/FEINSTEIN TO BE ONE OF THE OPTIONS THAT'S VOTED  
18 IN IN THIS PACKAGE.

19           DR. MURPHY: SENATOR FRIST, THEN, MUST BE  
20 SUPPORTING BROWNBACK'S CONCERNS; IS THAT RIGHT?

21           CHAIRMAN KLEIN: SENATOR FRIST IS TRYING TO  
22 DEAL WITH THE ISSUE THAT BROWNBACK SAYS THAT HE WILL  
23 NOT ALLOW THE VOTE. HE'LL OBJECT TO THE VOTE UNDER A  
24 UNANIMOUS CONSENT, BLOCKING THE VOTE ON A NO-AMENDMENTS  
25 PROVISION WHERE PEOPLE HAVE TO VOTE UP AND DOWN 810 AND

1 UP AND DOWN HATCH/FEINSTEIN OR BROWNBACK/WELDON.

2 DR. MURPHY: THIS WILL PROBABLY NOT BE  
3 RESOLVED UNTIL AFTER NOVEMBER?

4 CHAIRMAN KLEIN: AT THIS POINT, SENATOR FRIST  
5 HAS PROMISED TO BRING IT UP DURING THIS LEGISLATIVE  
6 SESSION. UNFORTUNATELY IT MIGHT BE BROUGHT UP IN THE  
7 HOURS BEFORE A RECESS WHERE THERE'S NO NOTICE, SO THE  
8 CONCERN IS THAT, GIVEN WE HAD A VERY GOOD BIPARTISAN  
9 VOTE IN CALIFORNIA FOR 810, TO HAVE BOTH PARTIES  
10 EXPRESS TO SENATORS OF OTHER STATES THE NEED TO BRING  
11 THIS UP WITH GOOD PUBLIC NOTICE, THE OPPORTUNITY FOR  
12 PUBLIC PARTICIPATION AS SOON AS POSSIBLE.

13 WHILE THERE ARE OTHER -- THERE ARE OTHER  
14 HOUSE BILLS TO GO THROUGH, KIRK, IN SUMMARY FASHION, SO  
15 THAT WE CAN GET OVER TO THE CAPITOL IN TIME, DO YOU  
16 HAVE ANY OTHER HOUSE BILL THAT YOU'D LIKE TO ADDRESS IN  
17 SUMMARY FORM?

18 MR. KLEINSCHMIDT: THESE ARE THE MAIN ONES,  
19 AND YOU'VE ALREADY COVERED THE ONES THAT ARE ON THE  
20 AGENDA FOR TODAY. JUST WOULD NOTE THAT THE ICOC HAS  
21 ALREADY VOTED IN SUPPORT OF HR 810, AND THAT WAS MAY OF  
22 2005. SO YOU ARE ON RECORD OF THAT VERSION.

23 AND THEN THE VERY FIRST ON YOUR SHEET, SENATE  
24 BILL 1520 BY HATCH AND FEINSTEIN, ALSO THE BOARD HAS  
25 SUPPORTED THAT. AND THAT WAS IN AUGUST OF 2005. SO

1 YOU'VE ALREADY TAKEN POSITIONS ON THE TWO MAIN ONES  
2 THAT CLARIFY THE DEBATE.

3 JUST ONE FINAL POINT ON THE POINT THAT RICH  
4 BROUGHT UP. HR 810, WHICH REMOVED THE DATE FOR THE  
5 PRESIDENTIAL PROHIBITION FOR DEVELOPING STEM CELL -- ON  
6 IVF SOURCES, SO IT'S SILENT ON ANYTHING TO DO WITH  
7 CLONING OR SCNT, BUT IT WOULD ALLOW FUNDING REGARDLESS  
8 OF THE DATE.

9 DR. BRYANT: COULD I JUST ASK BEFORE WE  
10 BREAK, COULD WE JUST HAVE, LIKE, A ONE-SENTENCE SUMMARY  
11 OF EACH? I MEAN WE'VE LISTENED TO A LOT OF DISCUSSION.  
12 I JUST FEEL LIKE JUST THE MAIN THINGS THAT WE'RE GOING  
13 TO TALK TO THESE PEOPLE ABOUT.

14 CHAIRMAN KLEIN: CERTAINLY.

15 DR. BRYANT: JUST SO WE DON'T GET CONFUSED.

16 CHAIRMAN KLEIN: WELL --

17 MS. SAMUELSON: WHAT WOULD BE MOST HELPFUL IS  
18 IF WE HAD A ONE-PAGE CHEAT SHEET. AND MAYBE THAT'S  
19 IMPOSSIBLE, BUT IT'S A LOT TO TAKE IN AND, MORE  
20 IMPORTANTLY, INTELLIGENTLY SPIT BACK OUT.

21 MR. KLEINSCHMIDT: IF I COULD COMMENT.  
22 AGAIN, THE ONLY POSITION THAT THE BOARD HAS TAKEN ON A  
23 STATE BILL IS SENATE BILL 401, AND THAT'S BEING HEARD  
24 TOMORROW. SO MY RECOMMENDATION IS YOU JUST FOCUS ON  
25 SB 401. YOU DO HAVE A ONE-PAGER ON THAT AS WELL AS THE

1 PACKET I POINTED OUT EARLIER THAT GIVES SOME OF THE  
2 MATERIALS THAT WE'VE SENT TO THE COMMITTEE, THE  
3 APPROPRIATIONS COMMITTEE, AND SOME OF THE OTHER  
4 BACKGROUND. SO THAT'S WHAT I WOULD EMPHASIZE IN YOUR  
5 MEETINGS. FORGET THE FEDERAL STUFF. YOU KNOW, WE  
6 DON'T HAVE A FORMAL POSITION ON THESE OTHER BILLS WE  
7 TALKED ABOUT. WE'LL BRING THOSE TO THE BOARD IN JUNE.

8 CHAIRMAN KLEIN: WE DO HAVE, JUST REMIND  
9 EVERYONE, THIS ONE PAGE-AND-A-QUARTER SUMMARY ON SENATE  
10 BILL 401.

11 MS. SAMUELSON: I THOUGHT WE NEEDED TO BE  
12 INTELLIGENT ABOUT ALL OF THEM.

13 CHAIRMAN KLEIN: AND ON SENATE BILL 1260, I  
14 THINK IT'S LISTING -- OUR KEY MESSAGE IS WE REALLY  
15 BELIEVE THAT SENATE BILL 322 THAT CREATED THIS EXPERT  
16 COMMITTEE IS PROVIDING A VALUABLE SERVICE TO THE STATE,  
17 AND WE NEED TO CONTINUE THAT COMMITTEE, BUT WE DON'T  
18 WANT TO CREATE CONFLICTING STANDARDS FOR THE NONPROFIT  
19 RESEARCH SECTOR OR THE FOR-PROFIT RESEARCH SECTOR  
20 BECAUSE IT WILL MAKE THEIR JOB ALMOST IMPOSSIBLE  
21 DEALING WITH SEPARATE FEDERAL REGULATIONS AND  
22 STANDARDS, SEPARATE STATE REGULATIONS AND STANDARDS,  
23 AND SEPARATE CIRM REGULATIONS AND STANDARDS.

24 SO IF THE PROVISION TO CONTINUE THE EXISTENCE  
25 OF SENATE BILL 322 THAT CREATED THIS EXPERT COMMITTEE

1 WERE TO EXTEND THE LIFE OF IT, THAT WOULD BE GREAT,  
2 WHATEVER THE MOST EFFICIENT MANNER IS FOR DOING THAT.

3 AND IN TERMS OF SENATE BILL 1260, WE  
4 CERTAINLY ARE PREPARED TO FULLY COOPERATE AND  
5 COORDINATE WITH OUR SPEAKER TODAY -- THANK YOU VERY  
6 MUCH FOR THE PUBLIC INPUT -- IN TRYING TO MAKE CERTAIN  
7 THAT IF THERE'S ANY OTHER PROVISION THAT HASN'T BEEN  
8 ADEQUATELY COVERED IN OUR REGULATIONS, WE GET THE  
9 SCIENTIFIC INPUT TO TRY AND ADDRESS IT SO THAT WE  
10 COORDINATE THAT POSITION WITH THE SENATE BILL 322  
11 COMMITTEE.

12 DR. HALL: BOB, I'D JUST LIKE TO STATE MY  
13 PERSONAL VIEW, IF I MAY. AND THAT IS IT SEEMS TO ME  
14 THAT THERE ARE SORT OF TWO ISSUES. ONE OF THE THINGS  
15 THAT WE'VE HEARD THAT I THINK IS AN INCORRECT  
16 IMPRESSION THAT WE SHOULD TRY HARD TO CHANGE IS THAT  
17 WE'RE NOT INTERESTED IN COOPERATING WITH THE  
18 LEGISLATURE. I THINK THAT IS FAR FROM THE TRUTH. WE  
19 ALL KNOW, BOB HAS BEEN UP HERE, WE'VE HAD BOARD MEMBERS  
20 UP HERE, BOB'S BEEN HERE MULTIPLE TIMES, I'VE BEEN HERE  
21 MULTIPLE TIMES, ED PENHOET, MARY HAVE BEEN, ANY NUMBER  
22 OF US COME, HAVE MET WITH PEOPLE, HAVE TALKED. WE  
23 ATTENDED THE HEARING SENATOR ORTIZ PUT ON.

24 I THINK, IF ANYTHING, WE'VE BEEN AT TIMES A  
25 LITTLE SORRY THAT THERE WASN'T MORE PARTICIPATION BY

1 THE LEGISLATORS TO SOME OF OUR PUBLIC AND OPEN  
2 DISCUSSIONS, WHICH WE WOULD HAVE APPRECIATED AND  
3 BENEFITED FROM. BUT I HOPE WE CAN EMPHASIZE OUR  
4 WILLINGNESS TO WORK WITH THE LEGISLATURE AND TALK ABOUT  
5 ALL THESE ISSUES. I THINK THE REALLY BIG POINT ABOUT  
6 401, TO SETTLE THESE PROCEDURAL MATTERS AND ALL OF  
7 THESE COMPLICATED ISSUES ON IP, ON OUR PROCEDURES BY A  
8 BALLOT MEASURE, I THINK, IS JUST THE WRONG WAY TO DO  
9 IT. AND WE HAVE MADE A HUGE EFFORT TO INCLUDE THE  
10 PUBLIC AND OTHERS IN OUR DISCUSSIONS. WE MAY NOT  
11 ALWAYS GET EXACTLY THE RIGHT ANSWER. WE'RE DOING MANY  
12 OF THESE THINGS FOR THE FIRST TIME, AND WE WILL NEED TO  
13 ADJUST THEM DOWN THE LINE. IF WE HAVE TO GO BACK AND  
14 HAVE A BALLOT MEASURE EACH TIME WE DO THAT, I THINK  
15 IT'S A HUGE MISTAKE.

16 MY OWN VIEW IS THAT WE CAN GET INTO ALL THE  
17 TECHNICAL ISSUES. AND IF PEOPLE ARE INTERESTED, WE CAN  
18 TALK ABOUT THEM, BUT THAT, MORE THAN ANYTHING ELSE,  
19 FROM MY OWN PERSONAL VIEW, IS THE REAL DIFFICULTY HERE.  
20 THIS IS NOT A WAY TO SOLVE -- TO WORK OUT THESE  
21 PROBLEMS.

22 DR. NOVA: TOO COMPLEX.

23 DR. MURPHY: IN THAT REGARD, I APOLOGIZE FOR  
24 MY IGNORANCE ON THIS, BUT IF THESE BILLS PASS, WOULD  
25 THEY THEN SHOW UP ON THE STATE BALLOT AS A PROPOSITION?

1           CHAIRMAN KLEIN: JUST SENATE BILL 401 IS THE  
2 ONLY INITIATIVE. THAT'S THE ONLY ONE THAT SHOW UP ON  
3 THE NOVEMBER BALLOT.

4           DR. MURPHY: AS A PROPOSITION?

5           CHAIRMAN KLEIN: YES.

6           DR. MURPHY: OKAY. AND IT WOULD BE THE  
7 NOVEMBER BALLOT.

8           CHAIRMAN KLEIN: IT WOULD BE THE NOVEMBER  
9 BALLOT.

10          DR. MURPHY: THANK YOU.

11          MR. KLEINSCHMIDT: JUST A COMMENT ON THAT.  
12 ONE OF THE PROVISIONS THAT WAS ADDED AT THE LAST  
13 COMMITTEE HEARING WAS TO DECLARE THE NOVEMBER 2006  
14 BALLOT A SPECIAL ELECTION. SO THIS BILL WILL DECLARE A  
15 TYPICAL ELECTION THAT WOULD HAVE HAPPENED ANYWAY A  
16 SPECIAL ELECTION JUST FOR THE PURPOSE OF THIS GETTING  
17 ON THE BALLOT BECAUSE IT MISSED CERTAIN DEADLINES.

18          DR. MURPHY: SO THERE WOULD BE, THEN, THOSE  
19 FOR AND AGAINST THIS, WHICH IS A BIG, EXPENSIVE DEAL  
20 FOR EVERYONE ON EITHER SIDE.

21          CHAIRMAN KLEIN: THAT'S RIGHT.

22          DR. MURPHY: I WONDER WHERE THE MONEY WOULD  
23 COME FROM -- WELL, ON BOTH SIDES I WONDER WHERE THE  
24 MONEY WOULD COME FROM.

25          DR. HALL: I THINK THE OTHER THING IS THESE

1 VERY ARCAINE IP ISSUES, WHICH WE HAVE WORKED WITH ON THE  
2 TASK FORCE, HEARD PEOPLE ON VARIOUS SIDES OF, I MEAN  
3 THESE ARE REALLY COMPLICATED ISSUES. AND TO HAVE THAT  
4 AS PART OF A BALLOT VOTE FOR THE CALIFORNIA ELECTORATE  
5 JUST SEEMS --

6 CHAIRMAN KLEIN: I THINK WHAT'S VALUABLE HERE  
7 TOO IN TERMS OF DR. HALL'S POINT ABOUT TRYING TO  
8 ACTIVELY COOPERATE AND ENTHUSIASTICALLY RELATE TO  
9 LEGISLATIVE INITIATIVES, THAT WE CAN REFERENCE THAT  
10 CERTAINLY IF LEGISLATORS WOULD LIKE TO SPEAK WITH  
11 SENATOR DUNN'S STAFF. SENATOR DUNN IS CHAIRMAN OF THE  
12 JUDICIARY. HE'LL TALK ABOUT HOW ACTIVELY WE'VE TRIED  
13 TO SEEK HIS ADVICE AND HIS STAFF AND HIS COMMITTEE'S  
14 ADVICE. SENATOR BOWEN, SHE WILL SPEAK VERY CLEARLY  
15 ABOUT -- SHE'S CHAIRMAN OF ELECTIONS. WE'VE WORKED  
16 WITH HER STAFF AND HER COMMITTEE LAST YEAR AND THIS  
17 YEAR AND CONTINUE TO SEEK HER ADVICE. OBVIOUSLY WE'RE  
18 JUST RECOMMENDING ONE OF HER BILLS RIGHT NOW FOR  
19 ENDORSEMENT BY CIRM.

20 SENATOR SPEIER IS CHAIRMAN OF INSURANCE  
21 COMMITTEE, AND HER STAFF IS ACTIVELY INVOLVED. SENATOR  
22 PERATA'S STAFF. LEGISLATORS CAN RECONFIRM AND VALIDATE  
23 THE FACT OF OUR ONGOING COOPERATION AND OUTREACH BY  
24 TALKING TO THE STAFFS OF THESE VERY IMPORTANT MEMBERS  
25 OF THEIR BODY ON THE SENATE SIDE. AND CERTAINLY



1 ASSEMBLYMAN MULLIN, WHO WE REFERENCED EARLIER TODAY,  
2 HAS BEEN VERY PROACTIVE ON THE ASSEMBLY SIDE. AND HE  
3 AND HIS STAFF WOULD CONFIRM IT ALONG WITH OTHER MEMBERS  
4 OF THE LEGISLATURE, INCLUDING, I THINK, THE MAJORITY  
5 LEADER.

6 DR. MAXON: I'D LIKE TO JUST UNDERSCORE THE  
7 POINT THAT WAS MADE BY BOTH DR. HALL AND MR. KLEIN. WE  
8 HAVE BEEN WORKING WITH THE LEGISLATURE. IN FACT, TWO  
9 PROVISIONS ON OUR INTELLECTUAL PROPERTY POLICY FOR  
10 NONPROFIT ORGANIZATIONS CAME DIRECTLY FROM SENATOR  
11 ORTIZ' OFFICE, AND WE'RE VERY GRATEFUL FOR THEM.  
12 THEY'RE GOOD IDEAS. SO WE HAVE BEEN WORKING ALL ALONG  
13 TO ACTUALLY MAKE THIS A VERY ENGAGED PROCESS WITH THE  
14 LEGISLATURE.

15 CHAIRMAN KLEIN: OKAY.

16 MS. SAMUELSON: BOB, I THINK THAT'S A REAL  
17 IMPORTANT POINT, AND ESPECIALLY NOW THAT WE HAVE A  
18 COURT DECISION ON PROP 71 AND THE STRUCTURE IT CREATED.  
19 IT ENDORSED THE INITIATIVE'S AUTHORITY TO CREATE THAT  
20 INFRASTRUCTURE. AND TO THE EXTENT IT WAS CALLED UPON  
21 TO DO SO ENDORSED THE WAY IT'S OPERATING. AND THAT'S A  
22 VERY DIFFERENT ENVIRONMENT FROM THE PREDECISION.  
23 BECAUSE IT MAY HAVE BEEN THAT THERE WOULD BE FINDINGS  
24 THAT SOMETHING WAS BEING DONE WRONG. TO THE CONTRARY.  
25 THAT DECISION WAS ENTIRELY SUPPORTIVE OF THE PROCESS.

1                   AND IF, IN FACT, WE'VE GOT PLACES OF ACCESS  
2                   FOR THE LEGISLATURE, I UNDERSTAND THAT TO BE SAYING --  
3                   I'M TRYING TO THINK OF SOME OTHER WAY TO SAY IT -- BUTT  
4                   OUT. THIS PROCESS NEEDS TO BE ALLOWED TO SUCCEED.  
5                   THAT IS THE MANDATE OF THE PEOPLE OF THE STATE AND AS  
6                   ENDORSED BY THE COURTS. AND ALL OF THIS IS UNDERMINING  
7                   THE OVERRIDING, DEMANDING OBJECTIVE OF THAT INITIATIVE  
8                   AND THE REASON IT PASSED, WHICH IS THAT PEOPLE ARE  
9                   SUFFERING AND DYING EVERY DAY.

10                   AND I THINK WE HAVE TO KEEP THAT CONTEXT TO  
11                   THIS OUTREACH BECAUSE OTHERWISE WE GET INTO ALL THESE  
12                   TECHNICAL DETAILS, AND ALL OF THEM MAY SOUND IMPORTANT  
13                   AND USEFUL, BUT LOSING TIME IS WHAT THE PEOPLE DIDN'T  
14                   WANT TO DO.

15                   CHAIRMAN KLEIN: OKAY.

16                   DR. MURPHY: BOB, MAY I JUST ADD ONE MORE  
17                   THING? I AGREE VERY MUCH WITH WHAT JOAN SAID. I ALSO  
18                   THINK THAT WINNING THE COURT CASE HAS RECREATED THE  
19                   MOMENTUM THAT WE HAD IN NOVEMBER OF 2004 AND THAT THE  
20                   WORLD IS LOOKING. AND I THINK THE WORLD NOW HAS BECOME  
21                   CONVINCED THAT CALIFORNIA WILL GET PROPOSITION 71 ON  
22                   THE BOOKS, WE WILL GET THE BONDS, AND THAT IT'S NOW A  
23                   LIMITED AMOUNT OF TIME BEFORE WE GET TO WHERE WE ALL  
24                   WANT TO GET TO. AND DELAYING THROUGH THIS KIND OF  
25                   ADDITIONAL LEGISLATION WILL BE SEEN AS A FURTHER

1       SETBACK TO THE PROGRAM.  AND I THINK IT WILL HAVE VERY  
2       SIGNIFICANT EFFECTS, NOT ONLY ON THE MOMENTUM, BUT ON  
3       OUR ABILITY TO RECRUIT NEW PEOPLE TO THE STATE WHO WANT  
4       TO BE PART OF THIS.  I THINK THAT'S A VERY IMPORTANT  
5       POINT THAT WE NEED TO MAKE TO THE LEGISLATURE BECAUSE  
6       THERE'S NO QUESTION.  I'M SURE THAT THEY DO NOT WANT  
7       THIS TO BE SLOWED DOWN ANY FURTHER GIVEN THE MANDATE OF  
8       THE PEOPLE.

9                   CHAIRMAN KLEIN:  OKAY.  THANK YOU.  THANK YOU  
10       ALL FOR BEING HERE.  WE'LL LOOK FORWARD TO THE  
11       LEGISLATIVE MEETINGS, AND WE STAND ADJOURNED.

12                               (THE MEETING WAS THEN CONCLUDED AT 11:46  
13       A.M.)

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REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE LEGISLATIVE SUBCOMMITTEE OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

UC DAVIS M.I.N.D. INSTITUTE  
2825 50TH STREET  
SACRAMENTO, CALIFORNIA  
ON  
MAY 16, 2006

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

BETH C. DRAIN, CSR 7152  
BARRISTER'S REPORTING SERVICE  
1072 S.E. BRISTOL STREET  
SUITE 100  
SANTA ANA HEIGHTS, CALIFORNIA  
(714) 444-4100