

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: AS INDICATED ON THE AGENDA

DATE: FRIDAY, DECEMBER 19, 2008

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

BRS FILE NO.: 83340

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM	DESCRIPTION	PAGE NO.
CALL TO ORDER		3
ROLL CALL		3
CONSIDERATION OF REQUEST FROM LITTLE HOOVER COMMISSION FOR ADDITIONAL INFORMATION REGARDING FIRM GOVERNANCE, BOARD APPOINTMENT STRUCTURE, AND OTHER POLICIES		4

BARRISTERS' REPORTING SERVICE

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

FRI DAY, DECEMBER 19, 2008

3 P. M.

CHAIRMAN KLEIN: WE'RE GOING TO START THE MEETING TODAY, WHICH WE'RE GOING TO TRY AND KEEP VERY SHORT. WE'RE GOING TO PLACE -- THIS IS BOB KLEIN, AND WE WILL PLACE A NUMBER OF ITEMS INTO A STUDY MODE FOR REASONS THAT I'LL OUTLINE DURING THIS DISCUSSION. I THINK THE LEGISLATION AT THE FEDERAL LEVEL IS GOING TO GO MUCH QUICKER POTENTIALLY IN SOME AREAS THAN WE HAD EXPECTED.

SO I'M GOING TO ASK IF MELISSA KING WOULD CALL THE ROLL SO WE CAN SEE THE SITES THAT ARE ON BOARD.

MS. KING: JACOB LEVIN FOR SUSAN BRYANT.

DR. LEVIN: HERE.

MS. KING: MICHAEL GOLDBERG.

MR. GOLDBERG: HERE.

MS. KING: BOB KLEIN.

CHAIRMAN KLEIN: HERE.

MS. KING: SHERRY LANSING. CLAIRE POMEROY.

DR. POMEROY: HERE.

MS. KING: FRANCISCO PRIETO.

DR. PRIETO: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: JEANNIE FONTANA FOR JOHN REED.
2 JOAN SAMUELSON. JEFF SHEEHY.

3 MR. SHEEHY: HERE.

4 CHAIRMAN KLEIN: OKAY.

5 MS. KING: JUST FOR THE RECORD, WE DO HAVE
6 A QUORUM.

7 CHAIRMAN KLEIN: ALL RIGHT. FOR CONTEXT,
8 WE'RE GOING TO DISCUSS TWO CATEGORIES OF INFORMATION
9 TODAY. ONE TO START A PROCESS OF COMING UP WITH
10 POTENTIAL SUGGESTIONS FOR THE LITTLE HOOVER
11 COMMISSION AND, NO. 2, TO ADDRESS FEDERAL
12 LEGISLATIVE OPPORTUNITIES IN PLACING A TIMEFRAME
13 AROUND THESE TWO SUBJECTS.

14 I'D LIKE TO SAY THAT THE LATEST AND
15 PENDING INFORMATION INDICATES THAT CONGRESS MAY TRY
16 AND PASS A GROUP OF LEGISLATIVE INITIATIVES PRIOR TO
17 THE PRESIDENT'S INAUGURATION, SO IMMEDIATELY UPON
18 STEPPING INTO OFFICE, HE COULD SIGN THOSE. THAT'S
19 NOT BEEN FULLY DETERMINED, BUT IT IS CERTAINLY ONE
20 OF THE PROPOSALS THAT'S PENDING THAT WE HAVE TO TAKE
21 INTO ACCOUNT.

22 STARTING WITH THE LEGISLATIVE OPPORTUNITY
23 AREA, THE EMBRYONIC STEM CELL BILL, THE
24 CASTLE-DEGETTE BILL AND ITS COMPANION IN THE SENATE,
25 WHICH WILL NOW BE RENAMED WITH THE DEMOCRATIC NAMES

BARRISTERS' REPORTING SERVICE

1 AT THE BEGINNING, ARE GOING TO BE BROUGHT UP.
2 SPEAKER PELOSI HAS INDICATED SHE' LL BRING THE BILL
3 UP AS ONE OF HER TOP FIVE. THERE ARE, OF COURSE, A
4 NUMBER OF EXTRAORDINARILY IMPORTANT INITIATIVES
5 PENDING, SO THE FINAL ORDER OF WHAT' S BROUGHT UP IS
6 CONSTANTLY SUBJECT TO CHANGE.

7 BUT WE PREVIOUSLY ENDORSED THE EMBRYONIC
8 STEM CELL BILLS INITIATED BY THE LEADERSHIP IN BOTH
9 HOUSES THAT WERE VETOED LAST YEAR. AS A MATTER OF
10 PROCESS, WE SHOULD, HOWEVER, JUST CONSIDER A FORMAL
11 MOTION, IF IT' S APPROPRIATE, AND THEN TO BE
12 DISCUSSED, TO SUPPORT THOSE BILLS THIS YEAR.
13 PARTICULARLY BECAUSE THE BOARD MEETING WILL
14 POTENTIALLY COME AFTER WHAT WE NEED TO TAKE SOME
15 ADVISORY ACTION.

16 BECAUSE WE' VE PREVIOUSLY APPROVED THESE
17 BILLS AT THE BOARD LEVEL, I JUST WANT TO MAKE
18 CERTAIN THAT THERE' S BEEN NO CHANGE THAT ANY OF THE
19 MEMBERS OF THIS COMMITTEE ARE AWARE OF. AND WE MAY,
20 IF NECESSARY, ON OTHER ACTIONS CALL A TELEPHONIC
21 BOARD MEETING BEFORE OUR BOARD MEETING AT THE END OF
22 JANUARY IF, IN FACT, WE HAVE CONFIRMED THAT
23 CONGRESSIONAL ACTION IS ANTICIPATED ON SEVERAL OTHER
24 BILLS THAT MAY BE MUCH MORE COMPLEX AND NEW TO US IN
25 TERMS OF SUBJECT AND SCOPE.

BARRISTERS' REPORTING SERVICE

1 BUT IS THERE A MOTION TO RENEW AND EXTEND
2 OUR APPROVAL OF THE SPECIFIC BILL HERE? AND I WILL
3 AGAIN ASK DID YOU GET THROUGH THE WHOLE LIST,
4 MELISSA?

5 MS. KING: I DID GET THROUGH THE WHOLE
6 LIST, AND WE HAVE A QUORUM.

7 DR. PRIETO: I'LL SO MOVE.

8 CHAIRMAN KLEIN: WE CAN DO -- JAMES IS
9 INDICATING THAT SINCE WE DIDN'T SPECIFICALLY
10 AGENDIZE THAT ITEM, IT'S REALLY A STRAW VOTE, NOT A
11 FORMAL -- IT'S NOT GOING TO HAVE THE SAME IMPACT AS
12 A FORMAL RESOLUTION.

13 DR. PRIETO: SENSE OF THE COMMITTEE.

14 CHAIRMAN KLEIN: SENSE OF THE COMMITTEE.
15 SO, FRANCISCO, YOU PUT IT ON THE TABLE. IS THERE
16 ESSENTIALLY AN INFORMAL SECOND ON THAT?

17 DR. POMEROY: INFORMALLY SECONDED.

18 CHAIRMAN KLEIN: OKAY. THANK YOU.
19 DISCUSSION?

20 DR. PRIETO: HOPE THIS HAPPENS SOON.

21 CHAIRMAN KLEIN: I DON'T THINK THERE'S
22 ANYTHING SUBSTANTIVELY TO ADD TO THIS. IF THE BILL
23 IS PUBLISHED IN A DIFFERENT FORM THAT GOES A GREAT
24 DEAL FURTHER THAN THE PRIOR BILL, WE'RE GOING TO
25 BRING THIS BACK. SO IT IS VERY IMPORTANT TO REALIZE

BARRISTERS' REPORTING SERVICE

1 THAT THESE BILLS MAY CHANGE SUBSTANTIALLY FROM LAST
2 YEAR. AND IF THEY DO, THEY'RE GOING TO COME BACK
3 HERE.

4 OKAY. I DON'T THINK THERE'S ANYTHING
5 CONTROVERSIAL ABOUT THIS, BUT ANY PUBLIC COMMENT?

6 MS. KING: NOT HERE IN SAN FRANCISCO. ANY
7 PUBLIC COMMENT AT ANY OF THE OTHER SITES?

8 DR. PRIETO: NOT HERE.

9 DR. POMEROY: NO COMMENTS.

10 CHAIRMAN KLEIN: OKAY. ALL RIGHT. SO
11 WE'RE GOING TO JUST ASK IS THERE, SINCE WE'RE --
12 THIS IS NOT A FORMAL MOTION. WE REALLY DON'T NEED
13 TO GO THROUGH A ROLL CALL VOTE. BUT IS THERE
14 CONSENT ON THE COMMITTEE AS THE SENSE OF THE
15 COMMITTEE, IF YOU WILL PLEASE SAY YES.

16 (ALL MEMBERS ON THE CALL RESPOND
17 YES.)

18 CHAIRMAN KLEIN: ANY OPPOSITION? THANK
19 YOU. SO WE'RE GOING TO TRY AND GET, AS SOON AS
20 SOMETHING IS IN PRINT, DISTRIBUTION TO ALL THE
21 MEMBERS ON THAT.

22 NOW, IN PREPARATION FOR DISCUSSION AT THE
23 JANUARY BOARD MEETING, I ASKED DR. SUSAN BRYANT TO
24 IDENTIFY SPEAKERS ON THE NIH BUDGET AND THE CRITICAL
25 NEED TO INCREASE THAT BUDGET. IS THERE ANYONE ELSE

BARRISTERS' REPORTING SERVICE

1 WHO WOULD LIKE TO VOLUNTEER TO HELP IDENTIFY ONE OR
2 TWO EXPERT SPEAKERS WHO CAN SPEAK TO THE BOARD ON
3 THE 29TH OR THE 30TH OF JANUARY ON THE CRITICAL NEED
4 TO INCREASE THE NIH BUDGET? HEARING NO ADDITIONAL
5 VOLUNTEERS, JACOB, ARE YOU ON?

6 DR. LEVIN: YES, I AM.

7 CHAIRMAN KLEIN: JACOB LEVIN IS ON FOR
8 SUSAN BRYANT. SO SUSAN HAS THE POINT POSITION ON
9 THIS, BUT I WILL BACKSTOP THAT, JACOB.

10 ON THE ISSUE OF FDA STAFFING, IN THIS CASE
11 AS WELL AS THE NIH, IF WE HAVE ANOTHER MEETING
12 BEFORE OUR BOARD MEETING IN JANUARY AND HAVE A BILL
13 IN PRINT, WE'RE GOING TO HAVE THE BILL IN FRONT OF
14 US. THAT WOULD OBVIOUSLY SUBSTANTIALLY HELP OUR
15 DISCUSSION.

16 IN ADDITION, FROM THE ADMINISTRATION SIDE,
17 THERE'S BEEN A DISCUSSION OF PLACING SOME NIH
18 FUNDING FOR MEDICAL RESEARCH IN THE STIMULUS
19 PACKAGE. WE DON'T KNOW IF THAT'S GOING TO OCCUR
20 YET; BUT IF THE STIMULUS PACKAGE IN DRAFT IS
21 AVAILABLE, WE WILL ALSO DISTRIBUTE THAT.

22 ANOTHER ISSUE OF SIGNIFICANT IMPORTANCE
23 THAT WE HAVE PREVIOUSLY BROUGHT UP FOR THE BOARD IN
24 THE MIDST OF OTHER DISCUSSIONS, BUT NOT AS
25 SIGNIFICANT FOCUS, IS INCREASING THE FDA FUNDING.

BARRISTERS' REPORTING SERVICE

1 DR. FRIEDMAN HAS VOLUNTEERED TO IDENTIFY INDIVIDUALS
2 WHO CAN SPEAK TO THE BOARD ON JANUARY THE 29TH ON
3 FDA STAFFING. IS THERE ANYONE ELSE WHO WOULD HELP
4 DR. FRIEDMAN ON FDA STAFFING? IS THERE ANYONE ELSE
5 WHO WOULD VOLUNTEER TO HELP IDENTIFY ADDITIONAL
6 EXPERTS ON FDA STAFFING NEEDS? ALL RIGHT. DR.
7 FRIEDMAN HAS RESPONSIBILITY, FAIRLY FOCUSED, AND
8 OBVIOUSLY, AS A FORMER FDA COMMISSIONER, HE'S GOT
9 TREMENDOUS CONTACTS IN THAT AREA.

10 IN TERMS OF FDA STAFFING, DOES ANY BOARD
11 MEMBER OR ANY MEMBER OF THE PUBLIC AT THIS TIME WANT
12 TO DISCUSS ANY ELEMENTS OF THAT THEY WOULD LIKE TO
13 SEE DISCUSSED AT THE JANUARY BOARD MEETING? OKAY.
14 NO SPECIFIC FOCUS.

15 LET ME DESCRIBE TWO OTHER AREAS THAT HAVE
16 BEEN BROUGHT UP ONLY IN BASIC REFERENCES IN THE
17 PRIOR BOARD MEETINGS. ONE IS ON OUR LOAN PROGRAM.
18 CURRENTLY WE HAVE A PRICE WATERHOUSE ANALYSIS THAT
19 ANTICIPATES THAT EVEN WITH A VERY HIGH
20 NONPERFORMANCE RATE ON THE LOAN PROGRAMS WE PUT OUT
21 THERE, THAT IN OVER A SEVEN- TO TEN-YEAR CYCLE FOR
22 THOSE LOANS THAT DO PAY, WE SHOULD FROM PRINCIPAL,
23 INTEREST, AND FROM STOCK WARRANT REVENUE GAIN ENOUGH
24 REVENUE TO, IN FACT, RETURN OUR CAPITAL AND HAVE
25 ABOUT A 20-PERCENT GROWTH IN OUR FUND.

BARRISTERS' REPORTING SERVICE

1 NOW, IN FACT, RIGHT NOW WE'RE FUNDING A
2 HUNDRED PERCENT OF THESE LOANS. SO WE'RE IN A
3 POSITION THAT IF THESE LOANS DON'T REACH THAT
4 PERFORMANCE LEVEL, IF WE GOT BACK HALF OF OUR
5 CAPITAL, WE WOULD BE 50 PERCENT AHEAD OF WHERE WE
6 WOULD BE ON GRANTS BECAUSE AT LEAST WE'D HAVE THAT
7 PORTION OF OUR PORTFOLIO THAT WE WOULD HAVE
8 RECOVERED TO READVANCE AS LOANS.

9 WITH THE BROAD USE OF LOAN GUARANTEES AT
10 THE FEDERAL LEVEL FOR A NUMBER OF INDUSTRIES,
11 HOWEVER, THERE IS A POTENTIAL THAT WITHIN THE
12 ADMINISTRATION'S PACKAGE OR WITHIN THE CONGRESSIONAL
13 PACKAGE THAT LOAN GUARANTEES OF STATE OR GOVERNMENT
14 ENTITIES FOR MEDICAL SCIENTIFIC RESEARCH COULD BE
15 INCLUDED. THE LINE OF LEAST RESISTANCE WOULD BE TO
16 HAVE THE FEDERAL GOVERNMENT GUARANTEE THE BOTTOM 50
17 PERCENT OF ANY LOAN PORTFOLIO BECAUSE AT THAT POINT
18 THEY'D BE IN A MUCH BETTER POSITION THAN THEY WOULD
19 HAVE BEEN IN WITH THE OTHER LOAN PROGRAMS WHERE
20 THEY'RE COMING IN WITH THE TOP PERCENTAGE OF THE
21 LOAN GUARANTEED.

22 DR. PRIETO: BOB, COULD YOU DEFINE WHAT
23 YOU MEAN BY THAT, BY BOTTOM AND TOP OF THE LOAN
24 PORTFOLIO?

25 CHAIRMAN KLEIN: SURE. IF YOU HAVE A LOAN

BARRISTERS' REPORTING SERVICE

1 FOR \$20 MILLION UNDER DISEASE TEAMS, IF THE FEDERAL
2 GOVERNMENT WERE PREPARED TO COME IN WITH A BOTTOM 50
3 PERCENT GUARANTEE, THAT MEANS THAT ON THAT LOAN THEY
4 WOULD GUARANTEE THE BOTTOM 10 MILLION OF THAT \$20
5 MILLION LOAN. ON TAKING THAT TO THE PORTFOLIO
6 LEVEL, IF WE WERE PREPARED TO ADVANCE \$500 MILLION
7 OF LOANS, THAT COULD BE CONSIDERED THE TOP 50
8 PERCENT OF A BILLION-DOLLAR PORTFOLIO. SO IF THE
9 FEDERAL GOVERNMENT WERE TO GUARANTEE THE BOTTOM 50
10 PERCENT OF THAT PORTFOLIO, IT MEANS THAT IF WE
11 ORIGINATE A BILLION DOLLARS WORTH OF LOANS, AND WE
12 GET \$600 MILLION IN PAYBACK, ACCORDING TO THE PRICE
13 WATERHOUSE PROJECTIONS, THAT WE ESSENTIALLY WOULD
14 TAKE THE TOP LOSS, WHICH WOULD MEAN WE WOULD TAKE
15 \$400 MILLION OF LOSS, WE'D GET BACK A HUNDRED
16 MILLION, AND THE FEDERAL GOVERNMENT WOULD NOT HAVE
17 SUFFERED A LOSS. ALL RIGHT.

18 DR. PRIETO: SO THEY WOULD BE LIKE THE
19 FIRST CREDITOR.

20 CHAIRMAN KLEIN: THEY WOULD BE A SUPERIOR
21 CREDITOR. THAT'S RIGHT.

22 DR. PRIETO: OKAY.

23 CHAIRMAN KLEIN: NOW, THE KEY HERE IS THAT
24 WHAT IT DOES FOR US IS IT ALLOWS US TO SUBSTANTIALLY
25 ENHANCE THE VOLUME OF OUR LOAN PROGRAM. AND DURING

BARRISTERS' REPORTING SERVICE

1 THIS PARTICULAR TIME PERIOD WE'RE IN, IF WE HAD LOAN
2 GUARANTEES, IT COULD SIGNIFICANTLY INCREASE THE
3 FUNDS WE HAD AVAILABLE FOR FUNDING TO OUR GRANTEE
4 INSTITUTIONS. SO, FOR EXAMPLE, LET US SAY THAT WE
5 NEEDED \$300 MILLION FOR FISCAL YEAR '09-'10, BUT
6 BECAUSE OF CREDIT RATIONING, WE COULD ONLY GET \$200
7 MILLION. IF THE LOAN PROGRAM GUARANTEES WERE IN
8 PLACE AND WE DID A HUNDRED MILLION, WE WERE ABLE TO
9 PUT UP A HUNDRED MILLION OF OUR 200 MILLION INTO A
10 LOAN PROGRAM, THE FEDERAL GUARANTEES WOULD MEAN THAT
11 WE COULD RAISE ANOTHER HUNDRED MILLION BECAUSE OF
12 FEDERAL GUARANTEES THROUGH PRIVATE BANKING
13 INSTITUTIONS, WHO WOULD, IN FACT, PICK UP THE BOTTOM
14 50 PERCENT BECAUSE THEY WOULD NOT HAVE A LOSS
15 EXPOSURE ON IT.

16 NOW, OBVIOUSLY WE COULD NEGOTIATE THE
17 ALLOCATION OF THAT 500 MILLION -- OF THAT LOAN
18 GUARANTEE BY THE FEDERAL GOVERNMENT SO THAT THE
19 INSTITUTIONS MIGHT HAVE 95 PERCENT OF THEIR MONEY
20 COVERED BY THE FEDERAL GUARANTEE AND A 5-PERCENT
21 EXPOSURE. BUT IN A SIMPLISTIC VIEWPOINT, HAVING A
22 LOAN GUARANTEE PROGRAM IN PLACE EFFECTIVELY MEANS
23 THAT WHATEVER WE PUT OUT IN LOANS, WE CAN DOUBLE
24 THAT AMOUNT IN OUR PROGRAM APPROVALS. SO ONLY IF WE
25 CAN ONLY GET 200 MILLION FROM THE BOND MARKET, THAT

BARRISTERS' REPORTING SERVICE

1 OTHER HUNDRED MILLION MEANS WE CAN HAVE A \$300
2 MILLION PROGRAM IN THAT YEAR. ALL RIGHT.

3 DR. PRIETO: OKAY.

4 CHAIRMAN KLEIN: IS THERE ANYONE WHO WOULD
5 BE WILLING TO WORK ON THIS PARTICULAR ITEM IN
6 ADDITION TO THE TIME THAT I SPEND ON IT? NOT AN
7 AREA THAT EVERYONE DEALS WITH EVERY DAY.

8 DR. PRIETO: NO.

9 MS. KING: I WAS GOING TO SAY YOU MIGHT
10 JUST WANT TO DESCRIBE IN A LITTLE BIT MORE DETAIL TO
11 THE MEMBERS WHAT THAT MIGHT INVOLVE.

12 CHAIRMAN KLEIN: WELL, OBVIOUSLY THIS IS
13 CHANGING DAILY IN TERMS OF WASHINGTON, D.C., BOTH IN
14 THE ADMINISTRATION SIDE AND IN TERMS OF THE
15 CONGRESSIONAL SIDE WITH HUNDREDS OF BILLIONS OF
16 DOLLARS IN PROPOSALS THAT HAVE BEEN PUT INTO A
17 PRIORITY POSITION AND HUNDREDS OF BILLIONS OF
18 DOLLARS OF PROPOSALS THAT ARE ESSENTIALLY IN FLUX.

19 SO ESSENTIALLY THAT ADDITIONAL PERSON
20 WOULD ACT AS A SOUNDING BOARD IN TERMS OF THE
21 POTENTIAL OPPORTUNITIES WE MIGHT HAVE AND STRUCTURES
22 WE MIGHT HAVE IN CARRYING OUT SOME LOAN GUARANTEE
23 PROGRAM WITH THE FEDERAL GOVERNMENT.

24 OF THE PEOPLE ON THE LINE, MICHAEL
25 GOLDBERG, ARE YOU THERE?

BARRISTERS' REPORTING SERVICE

1 MS. KING: HE'S THERE. HE MAY HAVE MUTED.

2 MR. GOLDBERG: I'M HERE.

3 CHAIRMAN KLEIN: OKAY. MICHAEL, YOUR
4 SPECIFIC BACKGROUND IS PROBABLY THE MOST APPROPRIATE
5 FOR THIS AREA.

6 MR. GOLDBERG: WELL, I WAS ON MUTE, BUT I
7 VOLUNTEERED. SORRY. I DIDN'T KNOW.

8 CHAIRMAN KLEIN: OKAY. GREAT. SO,
9 MICHAEL, THAT WOULD BE GREAT IF YOU WOULD WORK ON
10 THAT AREA. AS CHAIR OF THE FINANCE SUBCOMMITTEE,
11 IT'S PROBABLY PARTICULARLY APPROPRIATE TO HAVE YOU
12 WORKING ON THIS.

13 THE OTHER AREA OF INNOVATIVE POLICY THAT
14 IS UNDER CONSIDERATION IS A MODIFICATION OF THE
15 EXISTING R & D TAX CREDIT RULES. THIS PARTICULAR
16 IDEA I PUT INTO THE INNOVATIVE, BUT NOT HIGHLY
17 PROBABLE OUTCOME RANGE BECAUSE THERE ARE MAJOR
18 PLAYERS ON THE OPPOSITION SIDE WHO MIGHT OPPOSE IT
19 OR WOULD PREDICTABLY OPPOSE IT.

20 BUT SPECIFICALLY IN THE R & D TAX CREDIT
21 AREA RIGHT NOW, IT'S MAJOR PHARMA AND MAJOR, VERY
22 LARGE-SCALE BIOTECH WHO HAVE THE PROFITS THAT CAN
23 USE IT. BUT GIVEN WE HAVE A BIOTECH CREDIT CRISIS
24 NOW DEALING WITH SMALL COMPANIES AND A SCARCITY OF
25 FUNDS FOR THE RESEARCH COMMUNITY TO BRING THERAPY

BARRISTERS' REPORTING SERVICE

1 DEVELOPMENT THROUGH PHASE I AND PHASE II OR II A AND
2 II B TRIALS, WE HAVE A MISALIGNMENT OF WHERE THE
3 CREDIT SCARCITY IS WITH WHERE THE SUBSIDIES ARE
4 GOING INTO THE SYSTEM.

5 SO THERE'S EXISTING LARGE-SCALE R & D TAX
6 CREDIT SUBSIDIES THAT MAJOR PHARMA IS USING THOSE
7 DOLLARS WITHOUT INCREASING THE ALLOCATION TO THAT
8 USE. IF THEY WERE DECOUPLED FROM THE ENTITY THAT --
9 IF THE TAX BENEFITS WERE DECOUPLED FROM THE ENTITY
10 THAT DOES THE EXPENDITURE, WE COULD HAVE THE
11 OPPORTUNITY FOR SMALL BIOTECH COMPANIES WHO CANNOT
12 USE THE TAX CREDIT TO SELL THOSE R & D TAX CREDITS.

13 SO, FOR EXAMPLE, IN OUR DISEASE TEAMS,
14 THIS COULD BE A SUBSTANTIAL SUPPLEMENTAL FUNDING
15 SOURCE BECAUSE THE EXPENDITURES MADE THERE COULD
16 QUALIFY THEM FOR SIGNIFICANT R & D TAX CREDITS WHICH
17 COULD BE SOLD, PROVIDING ANOTHER SOURCE OF CAPITAL.

18 DR. PRIETO: CAN I ASK A QUESTION ABOUT
19 THAT, BOB? I'M NOT SURE I'M CLEAR WHO THEY WOULD
20 SELL THOSE TO AND HOW THE BUYER -- I GATHER -- I
21 THINK I UNDERSTAND THAT THEY WOULDN'T BE ABLE TO USE
22 THE TAX CREDITS BECAUSE THEY DON'T HAVE THE PROFITS
23 TO PAY TAXES ON, BUT HOW WOULD THE BUYER BENEFIT?

24 CHAIRMAN KLEIN: SO LET'S TAKE BY ANALOGY
25 THE AFFORDABLE HOUSING AREA WHERE FOR EVEN NONPROFIT

BARRISTERS' REPORTING SERVICE

1 ORGANIZATIONS WHO DEVELOP AFFORDABLE HOUSING
2 PROPERTIES, THEY QUALIFY FOR TAX CREDITS AS A
3 FEDERAL SUBSIDY. THEY THEN SELL THOSE CREDITS TO
4 COMPANIES WHO NEED THE TAX CREDITS ON THE OPEN
5 NATIONAL CORPORATE MARKET, AND THEY TAKE THE FUNDS
6 AND USE IT AS ONE OF THEIR PRINCIPAL FUNDING
7 RESOURCES FOR THAT AFFORDABLE HOUSING PROJECT.

8 DR. PRIETO: DID THEY SELL THEM AT A
9 DISCOUNT? IS THAT HOW IT WORKS SO THAT YOU GET A
10 DOLLAR'S WORTH OF TAX CREDIT FOR 80 CENTS OR
11 SOMETHING LIKE THAT?

12 CHAIRMAN KLEIN: WHAT THEY DO IS THEY SELL
13 THEM EFFECTIVELY FOR A DISCOUNT TO PAR, BUT WHAT
14 THEY ALSO DO IS THE PURCHASERS OF THEM AT TIMES WILL
15 PICK UP A SMALL RESIDUAL INTEREST IN THE FUTURE
16 PROJECT.

17 DR. PRIETO: OKAY. A LITTLE IP INTEREST
18 OR STOCK IN THE COMPANY?

19 CHAIRMAN KLEIN: IN OUR CASE THE MODEL
20 WOULD PERMIT A SMALL IP INTEREST IF ANY IP WERE
21 PRODUCED. BUT ESSENTIALLY THESE -- WHEN THE MARKET
22 WAS EFFICIENT, THESE TAX CREDITS WERE BEING SOLD,
23 TAKING THE TAX BENEFITS OVER A NUMBER OF YEARS AND
24 DISCOUNTING THEM AT AN 8-PERCENT DISCOUNT RATE, 8-
25 TO 10-PERCENT DISCOUNT RATE. SO BASICALLY IF A

BARRISTERS' REPORTING SERVICE

1 COMPANY COULD GO OUT AND BORROW MONEY AT 4 PERCENT
2 AND THEY BUY THEM WITH TAX CREDITS DISCOUNTED AT AN
3 8-PERCENT RATE OR A 10-PERCENT RATE, THEY WOULD PICK
4 UP THE DIFFERENTIAL BETWEEN THOSE TWO RATES.

5 NOW, THE ISSCR IS GOING TO SPECIFICALLY
6 LOOK AT THE R & D TAX CREDITS AND THIS DECOUPLING.
7 BETH SIDENBERG, WHO IS WITH KLEINER PERKINS,
8 CONSULTED ALREADY WITH THEIR OUTSIDE TAX ATTORNEYS.
9 AND THIS IS SOMETHING THAT SHE REPORTS HAS
10 PREVIOUSLY BEEN DONE IN CANADA. SO THE HOPE IS THAT
11 IN REAL-TIME HERE WE'LL PICK UP FROM THEM SOME OF
12 THIS INFORMATION. BUT WHEN I INITIALLY RAISED THIS
13 IDEA TO SEE WHAT INTEREST THEY WOULD HAVE IN THIS,
14 WITHOUT TAKING ANY POSITION, JUST PUTTING IT ON THE
15 TABLE AS A WAY TO GET MORE CAPITAL INTO THIS SECTOR
16 AT A TIME WHEN WE HAVE A CAPITAL SCARCITY AND
17 PARTICULARLY WHEN STEM CELL THERAPIES AS A NEW
18 THERAPY DEVELOPMENT TYPE ARE IN A CLASS CONSIDERED
19 TO BE HIGH RISK, AND IT WAS VERY DIFFICULT TO FIND
20 CAPITAL, THIS IS JUST ANOTHER TOOL.

21 WHAT WE WOULD NEED IS FEDERAL LEGISLATION
22 TO BROADEN THE SCOPE. YOU CAN EXPECT THAT PHARMA
23 AND BIG BIOTECH COMPANIES WILL OPPOSE THIS BECAUSE
24 RIGHT NOW THEY HAVE A RELATIVE LOCK ON THIS MARKET.
25 SO THIS IS --

BARRISTERS' REPORTING SERVICE

1 DR. LEVIN: SMALL COMPANIES CAN ALSO DO
2 IT.

3 CHAIRMAN KLEIN: WHAT'S THAT?

4 DR. LEVIN: I DON'T SEE HOW IT WOULD HURT
5 PHARMA AND LARGE BIOTECH IF THE SMALL COMPANIES CAN
6 ALSO GET THE R & D TAX CREDIT.

7 CHAIRMAN KLEIN: BECAUSE THERE'S A MAXIMUM
8 DOLLAR ALLOCATION TO THIS PROGRAM.

9 MS. KING: COULD THE PERSON ASKING THAT
10 QUESTION JUST FOR THE RECORD, STATE YOUR NAME,
11 PLEASE?

12 CHAIRMAN KLEIN: WHO JUST SPOKE?

13 DR. LEVIN: JACOB FROM UCI.

14 CHAIRMAN KLEIN: SO THIS IS AN EXPLORATORY
15 ITEM AT THIS POINT TO TRY AND FIND ADDITIONAL TOOLS
16 TO DEAL WITH THIS CREDIT CRISIS PERIOD WE'RE IN.
17 AND, MICHAEL GOLDBERG, SINCE THIS IS ANOTHER STRICT
18 FINANCE ITEM, MAYBE I COULD RECRUIT YOU TO WORK ON
19 THIS ONE AS WELL?

20 MR. GOLDBERG: SURE.

21 CHAIRMAN KLEIN: IS THERE ANYONE ELSE THAT
22 WOULD BE WILLING TO WORK ON THIS ITEM?

23 MR. SHEEHY: I WOULD BE, BUT I GUESS I
24 DON'T UNDERSTAND WHAT KIND OF PROCESS WE WOULD BE
25 INITIATING. THIS SOUNDS LIKE WE'D BE LOBBYING

BARRISTERS' REPORTING SERVICE

1 SPECIFIC LEGISLATORS?

2 CHAIRMAN KLEIN: THE FIRST PHASE OF THIS
3 IS INVESTIGATION. OKAY. THEN WE COME BACK TO THIS
4 COMMITTEE AND REPORT ON THE FEASIBILITY, BUT
5 ESSENTIALLY THIS IS SIMILAR TO TAKING A POSITION ON
6 THE EMBRYONIC STEM CELL BILL IN THAT WE WOULD BE
7 TAKING A POSITION ON LEGISLATION OR ON AN
8 ADMINISTRATION PROGRAM THAT WOULD INCLUDE THIS AS AN
9 ELEMENT THAT WOULD PROVIDE MORE LIQUIDITY FOR THE
10 BIOTECH SECTOR.

11 MR. SHEEHY: IS THERE SOMEONE CARRYING
12 LEGISLATION TO DO THIS OR IN THE EARLY STAGES OF
13 PREPARING LEGISLATION FOR THIS?

14 CHAIRMAN KLEIN: NO, THERE ISN'T. I
15 TALKED TO THE CHAIRMAN OF THE U.S. SENATE FINANCE
16 COMMITTEE ABOUT BOTH IDEAS TO ASK HIM WHETHER THERE
17 WAS ANY LEGISLATION ON EITHER OF THESE, THE LOAN
18 GUARANTEE OR THE R & D TAX CREDIT. HE'S VERY
19 INTERESTED IN IT. WE WANT TO HAVE HIS STAFF WORK
20 WITH US ON IT, BUT THERE'S NOTHING PENDING.

21 SO THESE ARE IDEAS THAT WE WOULD BE
22 INTRODUCING FOR INVESTIGATION AT THIS POINT, NOT FOR
23 ACTION, BECAUSE WE HAVE TO INVESTIGATE WHAT THE
24 POTENTIAL IS AND REPORT BACK TO THIS COMMITTEE AND
25 THE BOARD FOR AUTHORIZATION TO TAKE A POSITION.

BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: I'M WILLING TO HELP OUT.

2 CHAIRMAN KLEIN: OKAY. THAT WOULD BE
3 GREAT. THAT WOULD BE GREAT.

4 SO WHERE WE ARE HERE IS WE'RE IN A VERY
5 FAST-MOVING PERIOD WITH BOTH THE ADMINISTRATION AND
6 THE CONGRESS. AND BY HAVING INDIVIDUALS THAT CAN
7 PARTICIPATE IN THIS, WE'RE GOING TO CERTAINLY GET
8 FURTHER DOWNSTREAM MUCH FASTER AND BE ABLE TO REPORT
9 ON ACTION TO THIS COMMITTEE. THERE IS NO SPECIFIC
10 ACTION THAT IS ANTICIPATED AT THIS POINT OTHER THAN
11 JUST INITIATING THE INVESTIGATIVE STAGE EFFORTS.

12 IS THERE ANY MEMBER OF THE PUBLIC OR ANY
13 MEMBER OF THE BOARD WHO'D LIKE TO TALK OR INTRODUCE
14 ANY ITEM FOR FOCUS ON FEDERAL LEGISLATION FOR THIS
15 BOARD TO CONSIDER BEFORE WE GO ON TO THE AGENDIZED
16 ITEM THAT DEALS WITH THE LITTLE HOOVER COMMISSION?

17 DR. LEVIN: I GUESS I HAVE A QUESTION. IS
18 THERE GOING TO BE SOME SORT OF DISCUSSION OF
19 MODIFICATION OF THE STRATEGIC PLAN BASED ON ANY SORT
20 OF STEM CELL BILL THAT'S PASSING FEDERALLY? IS THAT
21 ONGOING, OR IS THERE A PLAN FOR THE ICOC AS A WHOLE
22 TO DISCUSS THAT?

23 CHAIRMAN KLEIN: THE ICOC AT THE NEXT
24 MEETING, AS I UNDERSTOOD THE OUTCOME OF THE PRIOR
25 MEETING, IS GOING TO CONSIDER A PROCESS FOR

BARRISTERS' REPORTING SERVICE

1 DEVELOPING THAT PLAN. I THINK THERE WAS A LOT OF
2 INPUT FROM THE BOARD TO THE STAFF, AND HOPEFULLY
3 THEY' LL COME BACK WITH A PLAN OR ALTERNATIVE PLAN
4 THAT IS RESPONSIVE TO THE BOARD INPUT.

5 DR. LEVIN: SPECIFICALLY I'M THINKING OF
6 CHANGES FEDERALLY THAT IT SOUNDS LIKE YOU THINK WE
7 MIGHT LEARN ABOUT BEFORE JANUARY.

8 CHAIRMAN KLEIN: THE FEDERAL LEGISLATIVE
9 INITIATIVES MAY, IN FACT, CREATE SOME OPPORTUNITIES
10 THAT ARE NOT THERE AT THAT TIME. AND I CAN
11 CERTAINLY PASS ON A MESSAGE THAT IF THERE ARE ANY
12 STRATEGIC OPPORTUNITIES THAT ARE OPENED UP BECAUSE
13 OF FUNDING THAT IS SHORT-TERM DIRECTED, THAT THE
14 STAFF SHOULD COME BACK WITH A REPORT TO THE BOARD AT
15 THE JANUARY MEETING.

16 BUT IF YOU CAN IDENTIFY ANY OF THOSE
17 OPPORTUNITIES, THAT WOULD BE OBVIOUSLY VERY HELPFUL.

18 JACOB, THE BOARD MIGHT, DEPENDING UPON
19 WHAT'S APPROPRIATE, MIGHT BRING -- THE STAFF MIGHT
20 COME BACK AND SUGGEST USING SOME OF THE SPECIAL
21 FUNDS ACCESS TO BROADEN THE EXISTING PROPOSED RFA'S,
22 OR IT MAY FIT INTO A LONGER TERM BASIS WHERE IT
23 WOULD THEN BE INTEGRATED INTO THE DISCUSSION OF THE
24 STRATEGIC PLAN.

25 IN SAN FRANCISCO WE HAVE A PUBLIC COMMENT.

BARRISTERS' REPORTING SERVICE

1 BEFORE WE GET TO SAN FRANCISCO, IS THERE PUBLIC
2 COMMENT ANYWHERE ELSE?

3 DR. PRIETO: NOT HERE.

4 CHAIRMAN KLEIN: IN SAN FRANCISCO, DON
5 REED.

6 MR. REED: AT AN EARLIER MEETING WE
7 MENTIONED THE POSSIBILITY THAT THE DICKEY-WICKER
8 AMENDMENT MIGHT BE EITHER DISPENSED WITH, NOT TACKED
9 ONTO ANY FURTHER BILLS, OR THAT IT MIGHT BE ALTERED
10 SO THAT IT WOULD NOT BE HARMFUL; FOR INSTANCE, THE
11 SCNT LANGUAGE SHOULD BE MODIFIED. YOU MENTIONED THE
12 POSSIBILITY FOR THE FEDERAL DISCUSSION.

13 CHAIRMAN KLEIN: BECAUSE THE DICKEY-WICKER
14 AMENDMENT WOULD REQUIRE A HIGHLY CONTENTIOUS CLOTURE
15 VOTE IN THE SENATE, I DON'T BELIEVE THAT IT'S CLEAR
16 WHETHER THAT'S GOING TO BE BROUGHT UP AT THE
17 BEGINNING OF THE SESSION. IT MAY BE A LATER ITEM.
18 I'M NOT AWARE IT'S GOING TO BE BROUGHT UP AT THIS
19 TIME AT THE BEGINNING OF THE SESSION. SO TRYING TO
20 FOCUS FOR THE MOMENT ON WHAT APPEARS TO BE MORE
21 IMMEDIATE LEGISLATIVE PRIORITIES.

22 SO THE FUNDAMENTAL ITEM DRIVING THE AGENDA
23 FOR TODAY WAS THE REQUEST FROM THE LITTLE HOOVER
24 COMMISSION TO CONSIDER ADDITIONAL OPTIONS RELATED TO
25 BOARD GOVERNANCE, AND THERE WAS A NUMBER OF ITEMS

BARRISTERS' REPORTING SERVICE

1 THAT THE LITTLE HOOVER ASKED ABOUT. I THINK IT'S IN
2 THE MATERIALS FOR AGENDA ITEM 3 THAT YOU'VE
3 PREVIOUSLY SEEN. THERE WAS FIVE SPECIFIC ITEMS THAT
4 WERE INITIALLY INCLUDED IN EFFECTIVELY A DERIVATIVE
5 FROM THE LITTLE HOOVER COMMISSION LETTER.

6 SO BREAKING THOSE DOWN INTO THE
7 INCREMENTAL ITEMS THAT WERE RAISED WITH THE LITTLE
8 HOOVER COMMISSION, THEY'RE ASKING IF -- THEY ASKED
9 ME SPECIFICALLY IF I WROTE THIS BILL TODAY, IS THERE
10 ANY PRACTICE THAT YOU WOULD DO DIFFERENTLY. THE
11 FIRST ITEM WAS IN THEIR QUESTIONS RELATED TO PATIENT
12 ADVOCATES.

13 JEFF, WOULD YOU LIKE TO ADDRESS THAT TOPIC
14 BECAUSE WE'VE DISCUSSED PREVIOUSLY THE ISSUE? WE'VE
15 PREVIOUSLY DISCUSSED THE ISSUE OF PATIENT ADVOCATES.
16 THIS COMES AS A QUESTION DIRECTLY OUT OF THE LITTLE
17 HOOVER COMMISSION MEETING.

18 MR. SHEEHY: WHAT WAS THAT AGAIN, BOB?

19 CHAIRMAN KLEIN: IN THE LITTLE HOOVER
20 COMMISSION MEETING, ONE OF THE THINGS THAT THEY
21 ASKED ME WAS IF I WROTE THIS AGAIN, WOULD I, IN
22 FACT, CHANGE ANY OF THE PROVISIONS RELATED TO
23 PATIENT ADVOCATES. I MEAN ONE OF THE THINGS WE'VE
24 TALKED ABOUT IS ALTERNATES FOR PATIENT ADVOCATES.
25 RIGHT?

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: I HAVE A QUESTION. ARE YOU
2 REFERRING TO THE NOVEMBER 26TH LETTER THAT WE
3 RECEIVED?

4 CHAIRMAN KLEIN: WELL, THE NOVEMBER 26TH
5 LETTER WAS AN OUTCOME FROM THE LITTLE HOOVER
6 COMMISSION HEARING. AND IN THE AREA OF THE BOARD
7 GOVERNANCE, ONE OF THE THINGS THEY ASKED ABOUT WAS
8 THE QUESTION OF PATIENT ADVOCATES BECAUSE THERE WAS
9 QUITE A BIT OF CRITICISM IN THE PUBLIC TESTIMONY
10 ABOUT PUBLIC PATIENT ADVOCATES NOT BEING ABLE TO
11 MAKE ALL THE MEETINGS.

12 NOW, OBVIOUSLY, WITH THE NEW GOVERNANCE
13 POLICY THAT ALLOWS TELECONFERENCING, WE HAVE TAKEN
14 AN ACTION TO ADDRESS THAT BECAUSE WE RECOGNIZE THAT
15 PATIENT ADVOCATES PER SE HAVE MORE CHRONIC DISEASE
16 IN THEIR FAMILY OR ARE THEMSELVES THE VICTIM OF
17 CHRONIC DISEASE OR INJURY AND, THEREFORE, NEEDED THE
18 ACCOMMODATION OF TELECONFERENCING TO FULLY HAVE
19 ACCESS TO OUR MEETINGS AS A BOARD MEMBER.

20 DR. POMEROY: THAT DOES NOT APPEAR -- IN
21 THE NOVEMBER 26TH LETTER I HAVE, THAT WASN'T ONE OF
22 THE THINGS THAT THEY QUESTIONED.

23 CHAIRMAN KLEIN: THERE WAS A COMPLETE
24 HEARING, CLAIRE, THAT WE ATTENDED AND GAVE
25 TESTIMONY. DR. SUSAN BRYANT GAVE TESTIMONY.

BARRISTERS' REPORTING SERVICE

1 DR. POMEROY: RIGHT. RIGHT. SO ARE WE
2 TALKING ABOUT THIS LETTER, OR ARE YOU TALKING ABOUT
3 SOMETHING THAT'S NOT IN THE LETTER?

4 CHAIRMAN KLEIN: I'M TALKING -- I'M GIVING
5 YOU SOME CONTEXT FOR THE LETTER AND WHAT WAS
6 DISCUSSED IN THE LETTER.

7 MR. SHEEHY: HOW COME A PATIENT ADVOCATE
8 WASN'T INVITED TO TESTIFY BEFORE THE HOOVER
9 COMMISSION? THAT'S MY FIRST. AND, YOU KNOW, I HAVE
10 TO SAY, AND, YOU KNOW, I KNOW YOU'RE STRUGGLING WITH
11 THIS, BOB, BUT THIS WHOLE PROCESS OF LIKE WHICH
12 PIECE OF PROP 71 DO WE WANT TO CHANGE IN WHAT WAY,
13 AND ACTUALLY I DON'T THINK THE ATTENDANCE OF THE
14 PATIENT ADVOCATES IS WORSE THAN FOR SOME OF THE
15 ACADEMIC APPOINTMENTS AND SOME OF THE OTHER FOLKS
16 WHO CAN ACTUALLY -- TINA NOVA, WHO IS AN INDUSTRY
17 PERSON, HAS SOME OF THE WORST ATTENDANCE OF ANYONE,
18 AND THE SALK REPRESENTATIVE HARDLY EVER SHOWS UP.

19 SO I THINK PATIENT ADVOCATES AS A GROUP
20 PROBABLY SHOW UP MORE THAN OTHER FOLKS. THAT SEEMS
21 LIKE A TOTAL MISREPRESENTATION OF REALITY.

22 CHAIRMAN KLEIN: JEFF, I DID TAKE EXACT --
23 I TOOK THE POSITION -- FIRST OF ALL, TO ANSWER YOUR
24 QUESTION, WE HAD ZERO CONTROL OVER WHO WAS INVITED
25 TO THE LITTLE HOOVER COMMISSION HEARING. THEY

BARRISTERS' REPORTING SERVICE

1 SPECIFIED WHO WOULD TALK AND WHAT ORDER THEY WOULD
2 TALK AND HOW LONG THEY COULD TALK.

3 JOHN SIMPSON SPOKE. OBVIOUSLY WE HAVE
4 HEARD HIS POSITIONS BEFORE ON THIS TOPIC. JESSE
5 REYNOLDS SPOKE. TAYMOR SPOKE AND A PROFESSOR FROM
6 STANFORD SPOKE ALL BEFORE DR. BRYANT SPOKE, AND THEN
7 A REPRESENTATIVE OF THE BUCK INSTITUTE WAS INVITED
8 AND WHO SPOKE FOLLOWED BY DR. TROUNSON AND FOLLOWED
9 BY ME.

10 MR. SHEEHY: WAS TAYMOR IDENTIFIED AS A
11 LOBBYIST FOR THE CSU SYSTEM WHEN HE SPOKE?

12 CHAIRMAN KLEIN: NO.

13 MR. SHEEHY: HE PERFORMED THAT, WHICH I
14 ALSO THINK IS A LITTLE SUSPECT ABOUT THAT PROCESS
15 WHEN -- YOU KNOW, GIVEN SOME OF THE BACK AND FORTH
16 WE HAVE HAD WITH CSU, THAT THEIR PAID LOBBYIST, YOU
17 KNOW, IS MAKING NEGATIVE REPRESENTATIONS ABOUT THE
18 BOARD. I'M VERY UNCOMFORTABLE WITH SOME OF THESE
19 PROCESSES.

20 CHAIRMAN KLEIN: SO, JEFF, BASICALLY I
21 WENT THROUGH AND EXPLAINED THAT THE ISSUES RELATED
22 TO PATIENT ADVOCACY AND HOW IMPORTANT IT IS. I LED
23 OFF A WRITTEN RESPONSE TO THE BOARD WITH A WHOLE
24 DESCRIPTION ABOUT THE PATIENT ADVOCATES AND HOW WE
25 ARE ALL, AS PATIENT ADVOCATES, SEEKING A

BARRISTERS' REPORTING SERVICE

1 BREAKTHROUGH IN STEM CELL RESEARCH BECAUSE A
2 BREAKTHROUGH IN ANY AREA HELPS ALL OF THE DISEASE
3 RESEARCH AS IT INFORMS US ON THE PATH TO POTENTIAL
4 THERAPIES.

5 SO PLEASE BELIEVE THAT THE POSITION THAT
6 PATIENT ADVOCATES ARE HIGHLY STRESSED, ARE ON THE
7 BOARD AND A NUMBER OF -- ON ALL THE WORKING GROUPS
8 WAS WELL REPRESENTED. I SPECIFICALLY TOOK THE
9 POSITION THE PATIENT ADVOCATES HAVE THE LARGEST
10 INDIVIDUAL BURDEN.

11 BUT IN TERMS OF DEALING WITH THIS ISSUE,
12 WHAT I WANTED TO DO IS RAISE THIS ISSUE SO THAT WE
13 COULD ADDRESS IT SPECIFICALLY IN THE RESPONSE TO THE
14 BOARD. AND RATHER THAN LOOKING AT THE OBSTACLES TO
15 OTHER PARTS OF THE BOARD BEING ABLE TO ATTEND ALL
16 THE MEETINGS, WHICH HOPEFULLY WILL ALSO BE MITIGATED
17 BY THE TELECONFERENCING CAPACITY, I WAS TRYING TO
18 FOCUS ON WHETHER WE WANTED TO RESPOND TO THEM ABOUT
19 PATIENT ADVOCATES AND THE ISSUE OF ALTERNATES.

20 PERHAPS WHAT I SHOULD DO, THOUGH, IS ASK
21 JAMES TO GIVE US THE LEGAL CONTEXT THAT I WAS
22 WRITING THE INITIATIVE AND HAD TO ADDRESS AND WAS
23 LIMITED IN SO YOU UNDERSTAND WHY IN THE INITIAL
24 DRAFT IT DID NOT INCLUDE ALTERNATES FOR PATIENT
25 ADVOCATES.

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: AS WE WERE DRAFTING THE
2 MEASURE, WE WERE OBVIOUSLY AWARE OF THE LIKELIHOOD
3 THAT THE MEASURE, IF IT WERE ENACTED, WOULD BE
4 CHALLENGED ON CONSTITUTIONAL GROUNDS. AND WHILE WE
5 UNDERSTOOD THE DESIRE FOR ALTERNATES AND MADE AN
6 EFFORT TO ACCOMMODATE THEM IN CONNECTION WITH THE
7 MEMBERS WHO ARE APPOINTED FROM INSTITUTIONS, WE WERE
8 CONCERNED ABOUT THE POSSIBILITY OF A LEGAL CHALLENGE
9 IF WE AFFORDED THE PATIENT ADVOCATES THE SAME
10 OPPORTUNITY FOR THE FOLLOWING REASON.

11 FOR THE MEMBERS WHO ARE APPOINTED FROM
12 INSTITUTIONS, THE CRITERIA THAT ARE SET FORTH FOR
13 APPOINTMENT IN A SENSE RELATE TO THE INSTITUTIONS
14 THEMSELVES. THAT IS, THE OFFICIAL HAS TO BE AN
15 EXECUTIVE OFFICER OF AN INSTITUTION THAT HAS A
16 CERTAIN CAPACITY IN TERMS OF MEDICAL RESEARCH
17 FUNDING AS A PROXY FOR THE EXPERIENCE THAT THE
18 INDIVIDUAL WOULD HAVE.

19 WITH RESPECT TO THE PATIENT ADVOCATES, THE
20 CRITERIA AREN'T SPECIFIC TO AN INSTITUTION, THAT
21 THERE ARE CRITERIA THAT RELATE TO THE INDIVIDUAL IN
22 TERMS OF MEMBERSHIP IN A STATE, LOCAL, OR REGIONAL
23 PATIENT ADVOCACY GROUP IN ONE OF TEN DIFFERENT
24 DISEASE CATEGORIES.

25 SO WE WERE CONCERNED WHEN WE WERE DRAFTING

BARRISTERS' REPORTING SERVICE

1 THE MEASURE ABOUT INCLUDING ALTERNATES FOR PATIENT
2 ADVOCATES FOR THAT REASON. HOWEVER, SINCE THEN, OF
3 COURSE, THE COURT OF APPEAL HAS UPHELD PROP 71 AND
4 SPECIFICALLY UPHELD THE LAW AGAINST A CHALLENGE
5 RELATED TO THE ABILITY OF MEMBERS WHO ARE APPOINTED
6 FROM INSTITUTIONS TO APPOINT ALTERNATES. SO WE'VE
7 PASSED THAT LEGAL CHALLENGE AT THIS POINT IN TIME.

8 MR. SHEEHY: I GUESS I JUST FEEL REALLY
9 UNCOMFORTABLE ABOUT THIS PROCESS. WE'RE DISCUSSING
10 PATIENT ADVOCATES WHEN MOST OF THE PATIENT ADVOCATES
11 AREN'T ON THIS CALL AND THEY'RE NOT AWARE THAT THIS
12 SUBJECT IS UNDER CONSIDERATION. YOU KNOW, I THINK
13 IF WE'RE GOING TO TALK ABOUT PROPOSING CHANGES TO
14 PROP 71 ON BEHALF OF THE ADVOCATES, SINCE THE
15 ADVOCATES ARE A SUBJECT OF THE DISCUSSION, WHICH I
16 WAS NOT AWARE OF UNTIL THIS MOMENT WE WERE A
17 PARTICULAR FOCUS AT THE LITTLE HOOVER COMMISSION.

18 YOU KNOW, I'M VERY UNCOMFORTABLE WITH THIS
19 PROCESS.

20 CHAIRMAN KLEIN: JEFF, THE PROCESS IS TO
21 IDENTIFY AREAS OF INTEREST HERE AND THEN BRING IT TO
22 THE BOARD WHERE EVERYONE IS PRESENT. SO WE'RE NOT
23 GOING TO MAKE ANY DEFINITIVE RESPONSES. THIS IS
24 JUST PART OF A PROCESS TO TRY AND IDENTIFY AREAS.

25 THE REASON THAT I SPECIFICALLY ASKED YOU

BARRISTERS' REPORTING SERVICE

1 IS THAT YOU'VE PREVIOUSLY RAISED THE ISSUE OF
2 ALTERNATES.

3 MR. SHEEHY: I HAVE NOT ACTUALLY.

4 DR. PRIETO: JEFF, COULD I SPEAK FOR A
5 MINUTE BECAUSE I THINK I'M THE ONE WHO'S RAISED THE
6 ISSUE. AND, CLAIRE, IF I'M NOT MISTAKEN, WAS YOUR
7 QUESTION JUST WHETHER THIS WAS PROPERLY AGENDIZED?

8 DR. POMEROY: WELL, I'M JUST TRYING TO
9 CLARIFY WHAT WE'RE RESPONDING TO, YES.

10 DR. PRIETO: JUST TO GIVE MY OPINION, ONE,
11 I THINK IT WAS PROPERLY AGENDIZED. IF YOU READ THE
12 LETTER, IT JUST ASKS -- THE FIRST POINT ON THE
13 NOVEMBER 26TH LETTER IS PRETTY OPEN-ENDED SAYING
14 WOULD YOU WRITE ANYTHING DIFFERENTLY IN THE
15 INITIATIVE, AND THEN GOING INTO A FEW GENERAL AREAS,
16 BUT NOT SO MUCH SPECIFICS.

17 SO I THINK WE'RE CERTAINLY WITHIN OUR
18 RIGHTS DISCUSSING THIS. AS YOU KNOW, I'VE DISCUSSED
19 THIS WITH SOME OF THE OTHER ADVOCATES AND HAVE
20 BROUGHT IT UP IN MEETINGS. I UNDERSTAND JAMES --
21 JAMES HAS EXPLAINED TO ME BEFORE THE LEGAL REASONING
22 THAT HE JUST LAID OUT. AND I GUESS I SORT OF
23 ACCEPTED IT GRUDGINGLY, BUT I DON'T PARTICULARLY
24 LIKE IT.

25 I THINK THAT I HAD HEARD THAT THERE WAS

BARRISTERS' REPORTING SERVICE

1 SOME CRITICISM OF ADVOCATES FOR NOT HAVING GOOD
2 ATTENDANCE. WHEN I'VE HEARD THAT, MY RESPONSE HAS
3 BEEN I THINK THE PEOPLE WHO HAVE HAD ATTENDANCE
4 PROBLEMS ARE ADVOCATES WHO HAVE PARTICULAR
5 CHALLENGES THAT MAKE IT VERY EITHER PERSONAL OR
6 FAMILY WITH REGARDS TO THE CHRONIC DISEASE THEY'VE
7 ADVOCATED FOR THAT MAKE IT VERY UNDERSTANDABLE THAT
8 THEY CAN'T MAKE ALL THE MEETINGS.

9 AND I WOULD THINK, AND THIS WOULD BE UP TO
10 JAMES OR SOME OF OUR COUNSEL, THAT THERE WOULD BE
11 LANGUAGE THAT COULD BE WRITTEN THAT WOULD
12 ACCOMMODATE AN ALTERNATE BEING APPOINTED FOR AN
13 ADVOCATE WHO FELT THEY MIGHT NEED ONE WHO WOULD COME
14 FROM THE ADVOCACY COMMUNITY AROUND THE SAME DISEASE
15 OBVIOUSLY. IT WOULD NOT NECESSARILY BE SOMEBODY
16 FROM THE SAME ORGANIZATION. IN SOME CASES THERE MAY
17 NOT EVEN BE AN ORGANIZATION, BUT SOMEBODY WHO HAS A
18 RECORD OF ADVOCACY AROUND THE ISSUE.

19 CHAIRMAN KLEIN: FRANCISCO, IF IT WERE
20 HANDLED IN THE SAME MANNER WITH THE OTHER
21 APPOINTMENTS TO THE BOARD, THE ADVOCATES THEMSELVES
22 COULD APPOINT THEIR OWN ALTERNATE.

23 DR. PRIETO: WELL, IF THAT WOULD PASS
24 LEGAL MUSTER, SURE, I'M ALL FOR THAT. I MEAN
25 OBVIOUSLY I KNOW THE SOURCES IN MY ASSOCIATION AND

BARRISTERS' REPORTING SERVICE

1 IN DIABETES ADVOCACY IN GENERAL WHO I WOULD GO BACK
2 TO TO SOLICIT NAMES AND RECOMMENDATIONS. BUT, YOU
3 KNOW, WHATEVER PROCESS. THE PROCESS WOULD HAVE TO
4 BE, YOU KNOW, WHATEVER COUNSEL TOLD US WOULD BE
5 APPROPRIATE. AND THEN I THINK IT WOULD BE A BENEFIT
6 FOR US.

7 CHAIRMAN KLEIN: AND JUST FOR
8 CLARIFICATION, THE OUTCOME OF THE DISCUSSION WE'RE
9 IN IS THEORETICALLY TO BRING IDEAS BACK TO THE BOARD
10 FOR DISCUSSION AT THE FULL BOARD. THERE'S NOT AN
11 IDEA THAT WE'RE GOING TO WRITE LANGUAGE HERE TODAY.
12 THERE'S NOT AN IDEA THAT WE'RE GOING TO PASS SOME
13 VERY SPECIFIC RECOMMENDATION. THIS IS A -- IF YOU
14 LOOK AT THIS LETTER FROM NOVEMBER 26TH AND YOU LOOK
15 AT THE HOURS OF TESTIMONY IN THE HEARING, THIS IS A
16 PRETTY COMPLICATED QUESTION THEY'RE ASKING.

17 SO ANOTHER --

18 DR. PRIETO: QUITE OPEN-ENDED.

19 CHAIRMAN KLEIN: TO PUT ANOTHER ISSUE ON
20 THE TABLE HERE, ONE OF THE OTHER -- ANOTHER ISSUE ON
21 GOVERNANCE THEY ASKED IS WHAT ABOUT STAGGERED TERMS.
22 NOW, WE DO HAVE STAGGERED TERMS OF SIX- AND
23 EIGHT-YEAR APPOINTMENTS. HOWEVER, THE POINT, I
24 THINK, THAT THEY HAD IMPLICIT IN THAT, IF I
25 UNDERSTAND PROPERLY, IS THAT WHILE I WROTE IT TO GET

BARRISTERS' REPORTING SERVICE

1 SOME INITIAL STABILITY FOR A LONG PERIOD IN THE
2 BEGINNING OF THIS INSTITUTION, WHAT WILL HAPPEN IS
3 AT SIX YEARS, THERE WILL BE A SUBSTANTIAL PORTION OF
4 THE BOARD, NOT HALF BECAUSE THE FIVE DEANS SIT
5 PERMANENTLY, AND AT EIGHT YEARS YOU HAVE A VERY
6 SUBSTANTIAL TURNOVER IN THE BOARD. SHOULD THERE BE
7 MORE STAGGERING TO THE BOARD TERMS ON TURNOVER SO
8 THAT SOME OF THOSE POSITIONS BECOME FOUR-YEAR
9 APPOINTMENTS, SOME ARE FOUR, SOME ARE SIX, SO YOU
10 GET BETTER CONTINUITY? IT'S ANOTHER QUESTION THAT
11 THEY PUT ON THE TABLE.

12 IS THERE ANY DISCUSSION ON THAT POINT?

13 MR. SHEEHY: HOW ARE WE DECIDING WHICH
14 QUESTIONS THAT CAN BE ON THE TABLE? I MEAN IT JUST
15 SEEMS SOMEWHAT RANDOM AND SCATTER SHOT.

16 CHAIRMAN KLEIN: WHAT I'M TRYING TO DO IS
17 GO THROUGH FOR YOU AND HIGHLIGHT POINTS THAT THEY
18 RAISED AT MULTIPLE HOUR DISCUSSIONS. THEY DID NOT
19 PRIORITIZE THESE POINTS, JEFF. WHAT I'M TRYING TO
20 DO IS IDENTIFY POINTS FOR DISCUSSION AT THIS POINT.

21 DR. POMEROY: BOB, THIS IS CLAIRE. SO MY
22 QUESTION IS THIS. THIS LETTER WAS WRITTEN TO YOU,
23 AND IT ASKS YOUR OPINION ON THINGS. IS YOUR
24 INTENTION TO WRITE A LETTER IN RESPONSE THAT
25 EXPRESSES YOUR OPINION, OR IS IT YOUR INTENTION TO

BARRISTERS' REPORTING SERVICE

1 WRITE A LETTER IN RESPONSE THAT EXPRESSES THE
2 LEGISLATIVE SUBCOMMITTEE'S OPINION, OR IS IT YOUR
3 INTENTION TO ASK THE GOVERNANCE SUBCOMMITTEE TO LOOK
4 AT THIS, OR TO WRITE A LETTER ON BEHALF OF THE
5 ENTIRE BOARD? I'M CONFUSED ABOUT WHAT THE GOAL IS
6 HERE.

7 CHAIRMAN KLEIN: THE GOAL OF THIS IS TO
8 IDENTIFY IN THIS COMMITTEE -- THEY MADE IT VERY
9 CLEAR THAT WHAT THEY WERE LOOKING FOR IS WHAT WOULD
10 THEY RECOMMEND IN TERMS OF LEGISLATIVE CHANGES. SO
11 ULTIMATELY WHAT WILL HAPPEN IS THEY'RE SUGGESTING
12 THAT AMONG THEIR RECOMMENDATIONS WILL BE SOME
13 LEGISLATIVE CHANGES. AND THEY ASKED ME SPECIFICALLY
14 HOW WOULD YOU CHANGE THE LEGISLATION.

15 DR. POMEROY: THEY ASKED YOU. SO ARE YOU
16 WRITING A LETTER ON BEHALF --

17 CHAIRMAN KLEIN: NO, I'M NOT. I'M NOT. I
18 MADE IT VERY CLEAR TO THEM THAT IT WOULD BE
19 INAPPROPRIATE, IN MY VIEW, FOR ME TO RESPOND
20 INDIVIDUALLY, THAT I NEEDED TO TAKE IT THROUGH THE
21 LEGISLATIVE COMMITTEE AND TO THE BOARD AND GET
22 FURTHER DISCUSSION, MAYBE EVEN CREATE A SUBCOMMITTEE
23 OF THE BOARD TO ADDRESS THIS. THEY WANT TO KNOW ON
24 LEGISLATION SPECIFICALLY WHAT CHANGES IN THE
25 LEGISLATION WOULD WE RECOMMEND.

BARRISTERS' REPORTING SERVICE

1 I WAS UNWILLING TO TAKE A POSITION BECAUSE
2 I FELT THAT IT SHOULD GO THROUGH A PROCESS WITHIN
3 OUR OWN BOARD. AND WHAT WE'RE DOING TODAY IS
4 INITIATING DISCUSSION ON WHAT ITEMS WE WILL HAVE IN
5 A LATER DISCUSSION WITH THE BOARD.

6 MR. SHEEHY: YOU'RE IDENTIFYING THE ITEMS,
7 BOB. SO I WOULD RATHER YOU JUST WROTE THE LETTER
8 BASED ON THE ITEMS THAT YOU THINK ARE IMPORTANT
9 RATHER THAN GET -- YOU KNOW, YOU'RE NOT IDENTIFYING
10 ANY OF THE ITEMS THAT I, BASED ON MY EXPERIENCE IN
11 THE WORKING GROUPS AND THE MEETINGS OF THE BOARD
12 THAT I'VE ATTENDED, THAT I MIGHT THINK ARE IMPORTANT
13 CHANGES THAT NEED TO BE MADE TO MAKE THE BOARD RUN
14 BETTER OR MAKE THE STRUCTURE BETTER. I WOULD RATHER
15 LEAVE IT ALONE.

16 YOU KNOW, OTHER MEMBERS, WE PRESUMABLY
17 HAVE 29 SEPARATE OPINIONS ON WHAT CHANGES MIGHT WORK
18 FOR MAKING THE ICOC STRUCTURE BETTER. I JUST FEEL
19 REALLY UNCOMFORTABLE. I MEAN I FEEL LIKE I'M KIND
20 OF -- YOU'RE ASKING ME TO AGREE WITH THE CHANGES
21 THAT YOU'VE IDENTIFIED IN THE DISCUSSIONS YOU HAD
22 WITH THE HOOVER COMMISSION THAT I WASN'T AT. WILL I
23 GO ALONG WITH THOSE WHEN I MAY HAVE OTHER ISSUES
24 THAT ARE MUCH MORE IMPORTANT TO ME THAT I WOULD LIKE
25 TO SEE CHANGED?

BARRISTERS' REPORTING SERVICE

1 IF WE'RE GOING TO HAVE A PROCESS TO CHANGE
2 THIS, I THINK WE SHOULD -- FIRST OF ALL, I THINK IT
3 SHOULD START IN GOVERNANCE BECAUSE THAT'S WHERE THE
4 GOVERNANCE OF THE BOARD HAS BEEN ENTRUSTED AND, YOU
5 KNOW, WHERE ISSUES WHERE THE BOARD MAY NOT BE
6 FUNCTIONING WELL HAVE BEEN IDENTIFIED.

7 BUT, AGAIN, I DON'T SEE -- I GOT TO TELL
8 YOU FRANKLY I DON'T SEE A BIG, LONG PROCESS ABOUT A
9 WISH LIST FOR WHAT WOULD MAKE PROP 71 BETTER BEING A
10 GOOD USE OF THIS BOARD'S TIME AT THIS JUNCTURE. WE
11 HAVE A LOT MORE SIGNIFICANT CHALLENGES IN FRONT OF
12 US, AND WHAT I WOULD PREFER IS -- THEY'RE NOT -- IF
13 THEY REALLY WANT TO ENGAGE US ON A PROCESS, A
14 COOPERATIVE PROCESS OF CHANGING PROP 71, THEN THEY
15 SHOULD APPOINT SOME MEMBERS OF THEIR BOARD WITH SOME
16 MEMBERS OF OUR BOARD AND START A REAL PROCESS. BUT
17 IF IT'S JUST ASKING US FOR SOME COMMENTS, I THINK
18 IT'S NOT A GOOD, FAIR PROCESS. AND I'D RATHER SAY
19 THAT WHAT WE HAVE NOW IS WORKING, WHICH IT IS, AND
20 PLEASE LET US DO OUR WORK THAN GET THIS TRIM AROUND
21 THE EDGES, THIS ONE, THAT ONE.

22 IF IT'S NOT GOING TO BE AN EXHAUSTIVE
23 DETAILED LOOK AT THE SHORTCOMINGS AND THE STRONG
24 POINTS OF PROP 71 WITH A COMPLETE PROCESS WITH SOME
25 BUY-IN TO MAKE CHANGES, THEN I THINK THIS IS AN

BARRISTERS' REPORTING SERVICE

1 INCREDIBLE WASTE OF OUR TIME WHEN, AS YOU TALK -- AS
2 WE'VE ALREADY NOTED, THERE ARE THINGS THAT NEED TO
3 BE DONE AT THE FEDERAL LEVEL. YOU KNOW, WE'RE STILL
4 WORKING -- WE'RE STILL WORKING ON TRYING TO GET A
5 STRATEGIC PLAN FOR THIS INSTITUTE. YOU KNOW, I MEAN
6 I CAN GO DOWN THE LIST. WE'RE STILL TRYING TO GET
7 GRANTS OUT. WE'RE STILL TRYING TO FIGURE OUT A
8 PRESCREENING PROCESS.

9 SO THERE'S A LOT OF THE NITTY-GRITTY STUFF
10 ABOUT OUR WORK WE NEED TO DO. AND I -- GIVEN THAT I
11 DON'T THINK ANYTHING WILL PASS THE LEGISLATURE, I
12 WOULD RATHER TAKE THE OPINION, THANKS, BUT NO THANKS
13 RIGHT NOW.

14 CHAIRMAN KLEIN: OKAY. HOW DO OTHER
15 MEMBERS FEEL?

16 DR. PRIETO: WELL, I HAVE, YOU KNOW, MY
17 PARTICULAR ISSUE THAT I BROUGHT UP. AND I, YOU
18 KNOW, WOULD LIKE TO SEE THAT ADDRESSED IN SOME WAY.
19 I'M NOT GOING TO SAY THAT IT IS THE HIGHEST PRIORITY
20 OF THE BOARD. I'D CERTAINLY BE WILLING TO TALK WITH
21 YOU, JEFF, OR ANYONE ELSE ABOUT WHAT'S THE MOST
22 APPROPRIATE PROCESS FOR PROPOSING CHANGES LIKE THAT.
23 THIS LITTLE HOOVER COMMISSION QUESTION, I THINK,
24 JUST SORT OF OPENED THE DOOR FOR US TO RESPOND.

25 MR. SHEEHY: I CAN THINK OF FIVE OR SIX

BARRISTERS' REPORTING SERVICE

1 THINGS. I MEAN I WOULD LIKE TO DO AWAY WITH THE
2 PROHIBITION ON COMPENSATION FOR RESEARCH DONATIONS.
3 IS THAT APPROPRIATE, YOU KNOW? AND HOW WILL PEOPLE
4 REACT IF THAT'S PART OF THIS? YET WE'RE SEEING IN
5 THE STANDARDS WORKING GROUP THAT THAT ACTUALLY MAY
6 HAVE A NEGATIVE IMPACT ON SOMATIC CELL DONATIONS FOR
7 IPS EXPERIMENTS.

8 DR. PRIETO: WHAT WOULD BE A PROCESS WHERE
9 WE COULD, YOU KNOW, LOOK AT THESE MORE
10 SYSTEMATICALLY AND PROPOSE SOME CHANGES?

11 CHAIRMAN KLEIN: SO, JEFF, YOU KNOW, HOW
12 WOULD YOU FEEL IF WE WERE TO COLLECT LEGISLATIVE
13 CHANGES THAT YOU WOULD SUGGEST? YOU KNOW, THERE ARE
14 POTENTIAL CHANGES BECAUSE OF THE FACT THAT THEY JUST
15 FROZE THE PMI PROGRAM. WE DON'T HAVE FUNDS AT THE
16 MOMENT TIED UP IN THE PMI PROGRAM, BUT THERE ARE
17 POTENTIAL CHANGES THAT WE COULD MAKE THAT MIGHT BE
18 HELPFUL IN THE FINANCE AREA. YOU JUST TALKED ABOUT
19 THE DONATION, FINANCIAL DONATION AREA. FRANCISCO
20 HAS TALKED ABOUT PREVIOUSLY IN BOARD MEETINGS
21 ALTERNATES.

22 PERHAPS WHAT WE SHOULD DO IS TWO THINGS.
23 ONE, GET EVERYONE A COPY OF THE TRANSCRIPT OF THAT
24 MEETING SO YOU CAN SEE IN GREAT DEAL WHAT THE
25 CRITICISMS WERE AND WHAT THE RESPONSES WERE AND GET

BARRISTERS' REPORTING SERVICE

1 THE INDIVIDUAL MEMBERS TO, AS A FIRST STEP, GIVE US
2 A BULLET POINT LETTER JUST CAPTURING IDEAS ON THINGS
3 THAT THEY THINK WOULD ENHANCE OUR OVERALL FUNCTION.

4 LEGISLATION IS THE SUBJECT OF THIS
5 PARTICULAR REQUEST THEY'RE MAKING THAT I'M INVOLVED
6 IN.

7 MR. SHEEHY: THEY DIRECTED THIS TO YOU,
8 BOB, AND THEY HAVEN'T REALLY ENGAGED US AS A BOARD.
9 AND I'M UNCOMFORTABLE GIVEN THAT THEY HAVEN'T ASKED
10 US AS A BOARD TO RESPOND. I MEAN YOU CAN RESPOND AS
11 YOU WOULD LIKE, BUT I REALLY DON'T THINK THIS IS A
12 BOARD MATTER AT THIS TIME. SO ULTIMATELY BECAUSE
13 THE REQUEST IS TO YOU, I MEAN, IN ALL FAIRNESS, WE
14 CAN'T DIRECT YOU AS A BOARD ON HOW TO RESPOND TO
15 THIS. YOU'RE THE PERSON WHO WROTE THE PROPOSITION.

16 SO I THINK THIS IS -- AGAIN, I COME TO USE
17 OF TIME, I MEAN, AND FAIRNESS AND ALL OF THESE
18 THINGS. YOU KNOW, I JUST DON'T THINK THAT WE REALLY
19 ARE INITIATING A GOOD FAITH ENDEAVOR TO TRY TO OFFER
20 UP COOPERATIVELY AMENDMENTS TO PROP 71 THAT MIGHT
21 ENHANCE ITS FUNCTION. IT SEEMS MORE LIKE -- IT
22 DOESN'T HAVE THAT FEEL. THERE HASN'T BEEN ENOUGH
23 DIALOGUE WITH THE BOARD AS A WHOLE WITH THE LITTLE
24 HOOVER COMMISSION TO SUGGEST THAT WE'RE STARTING ON
25 THAT PROCESS.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: WELL, JEFF, WE'VE GOT TO
2 ALWAYS START A PROCESS SOMEWHERE. RATHER THAN GOING
3 TO THE BOARD WITHOUT ANY BACKGROUND DISCUSSION, THE
4 DESIRE WAS TO FIRST GO TO THE LEGISLATIVE COMMITTEE
5 BECAUSE THEY'RE LOOKING AT LEGISLATION THAT HAS A
6 BROAD SCOPE TO IT BETWEEN FINANCE ISSUES,
7 APPOINTMENT PROCESS, TERMS OF APPOINTEES, ISSUES
8 THAT YOU JUST RAISED.

9 SO HERE'S WHAT I'D LIKE TO DO IS, FIRST OF
10 ALL, WE'VE HEARD FROM TWO OF THE MEMBERS ON THIS
11 CALL. I'D LIKE TO SEE IF ANY OF THE OTHER MEMBERS
12 WOULD LIKE TO SPEAK TO IT, BUT WHAT I'D LIKE TO DO
13 IS GET EVERYONE A FULL TRANSCRIPT.

14 DR. POMEROY: BOB, WHY DON'T WE SPEAK TO
15 IT FIRST BEFORE YOU PUT YOUR PROPOSAL OUT. I'D LIKE
16 TO SPEAK TO IT. SO, YOU KNOW, THIS IS MY CONFUSION
17 IS THAT TO ME IT APPEARS THAT THIS LETTER IS WRITTEN
18 TO YOU ABOUT YOUR TESTIMONY. AND IT'S ASKING YOUR
19 OPINION ABOUT WRITING THE INITIATIVE, WHICH WAS THE
20 PROCESS THAT HAPPENED BEFORE THE BOARD EVEN EXISTED.
21 SO IT SEEMS TO ME THAT IT IS APPROPRIATE FOR YOU TO
22 CLARIFY YOUR PERSONAL TESTIMONY IN RESPONSE TO THIS
23 LETTER.

24 I'M SURE, SINCE THERE ARE LITTLE HOOVER
25 COMMISSION MEMBERS HERE, THAT IF THEY WISH TO HEAR

BARRISTERS' REPORTING SERVICE

1 FROM THE ENTIRE MEMBERSHIP OF THE BOARD, THEY CAN
2 WRITE LETTERS TO THE ENTIRE BOARD. BUT I INTERPRET
3 THIS LETTER AS A LETTER TO YOU ABOUT YOUR PERSONAL
4 TESTIMONY.

5 CHAIRMAN KLEIN: OKAY. WELL, DR. POMEROY,
6 IN RESPONSE TO THE QUESTIONS THAT IS AT THE HEART OF
7 THIS LETTER TO ME, I TOOK THE POSITION IN MY
8 TESTIMONY THAT PRIOR TO MAKING ANY RECOMMENDATIONS
9 ON LEGISLATIVE CHANGES, THAT I FELT IT WAS IMPORTANT
10 FOR ME TO CONFER WITH THE LEGISLATIVE COMMITTEE AND
11 THE BOARD TO TRY AND GET A SENSE OF THE BOARD
12 BECAUSE I FELT IT WAS APPROPRIATE TO UNDERSTAND FROM
13 EVERYONE'S EXPERTISE AND LEARNING EXPERIENCE IN
14 DEALING WITH THIS INSTITUTION, LIKE FRANCISCO'S VERY
15 IMPORTANT POSITION THAT THE ALTERNATES TO THE BOARD
16 ARE AT THE HIGHEST STRESS LEVEL OF ANY PART OF THE
17 MEMBERSHIP BECAUSE THEY PARTICIPATE IN ALL THE
18 WORKING GROUPS PLUS -- PATIENT ADVOCATES ARE AT THE
19 HIGHEST STRESS LEVEL BECAUSE THEY PARTICIPATE IN ALL
20 THE WORKING GROUPS, PLUS THE SUBCOMMITTEES, PLUS THE
21 BOARD.

22 SO MY POSITION TO THE LITTLE HOOVER
23 COMMISSION WAS THAT I DIDN'T WANT TO RESPOND
24 INDIVIDUALLY. I WANTED TO RESPOND FROM
25 UNDERSTANDING AT THE BOARD LEVEL WHAT THE CONSENSUS

BARRISTERS' REPORTING SERVICE

1 WAS. I'M JUST TRYING TO START THAT DISCUSSION AT
2 THIS POINT. THAT'S WHY I SUGGEST THAT IF EVERYONE
3 HAS A COPY OF THE TESTIMONY THAT OCCURRED AT THE
4 LITTLE HOOVER COMMISSION, IT MIGHT PROVIDE THEM WITH
5 THE DEPTH OF WHAT THE ISSUES WERE THAT WERE LOOKED
6 AT AND WHAT THE RESPONSES WERE AT THE TIME.

7 MR. SHEEHY: ISN'T THE QUESTION YOU'RE
8 ASKING US IS REALLY IN A WAY THE SAME QUESTION THAT
9 YOU WERE ASKED BY THE LITTLE HOOVER COMMISSION?
10 WHAT WOULD YOU CHANGE? SO WHATEVER TESTIMONY THAT
11 TOOK PLACE AT THE LITTLE HOOVER COMMISSION IS,
12 FRANKLY, IRRELEVANT BASED ON OUR OWN PERSONAL
13 EXPERIENCE OF TRYING TO WORK THROUGH IN THE TIME
14 THAT WE'VE BEEN ON THIS BOARD WHATEVER ISSUES OR
15 CHALLENGES WE'VE BEEN CONFRONTED WITH.

16 DR. PRIETO: NOT TO PUT WORDS IN BOB'S
17 MOUTH, BUT I THINK WHAT HE'S SAYING IS THAT BEFORE
18 HE WOULD ANSWER THAT QUESTION, HE'D WANT TO KNOW
19 WHAT THE BOARD THINKS OR THE MEMBERS OF THE BOARD
20 WHO ARE MORE DIRECTLY AFFECTED BY SOME OF THESE
21 QUESTIONS. YOU KNOW, SINCE I HAVE AN OPINION ON ONE
22 PARTICULAR ISSUE ESPECIALLY, I GUESS I APPRECIATE
23 THAT. I THINK THAT'S A REASONABLE QUESTION TO ASK
24 AND PROCESS TO START, TO ASK US TO SORT OF TOSS THE
25 BALL IN OUR COURT AND SAY, WELL, OKAY. I THINK I'D

BARRISTERS' REPORTING SERVICE

1 WANT TO KNOW WHAT THE BOARD THINKS AND WHAT DOES THE
2 BOARD THINK?

3 CHAIRMAN KLEIN: EXACTLY. WE'RE JUST
4 STARTING A PROCESS TO UNDERSTAND WHAT THE BOARD
5 THINKS SO THAT WE CAN GIVE THEM -- SO THAT THE
6 RESPONSE CAN REALLY BE REPRESENTATIVE OF A SPECTRUM.
7 THE BOARD DOES NOT NECESSARILY NEED TO COME TO A
8 UNIFORM RESPONSE ON EVERYTHING. WE COULD GIVE THEM
9 MAJORITY RESPONSE AND MINORITY RESPONSE. TRYING TO
10 BE -- I'M TRYING TO BE OPENLY RESPONSIVE TO THE
11 BOARD AND MAKE SURE THAT I GET ALL THE IDEAS. I'M
12 TRYING TO BE OPEN AND RESPONSIVE TO THE LITTLE
13 HOOVER COMMISSION AND TRYING TO GET ALL THE IDEAS OF
14 THE TREMENDOUS EXPERTISE AND EXPERIENCE THAT THIS
15 BOARD HAS ACCUMULATED.

16 SO AT THIS POINT ARE THERE ANY OTHER
17 MEMBERS WHO WOULD LIKE TO COMMENT ON THIS, OR IS
18 THERE ANY -- AT LEAST WHAT I WOULD LIKE TO DO, AS I
19 SAID, IS SEE WHAT THE RESPONSES OF THE MEMBERS ARE
20 AFTER THEY HAVE THE LITTLE HOOVER COMMISSION
21 TESTIMONY, AND THAT ANY RESPONSES FROM INDIVIDUAL
22 MEMBERS OF THE BOARD THAT ARE HELPFUL IN IDENTIFYING
23 ISSUES, WHETHER THEY WERE RAISED IN THE LITTLE
24 HOOVER COMMISSION OR NOT, WHETHER THEY WERE RAISED
25 BY THE COMMISSION OR NOT, WE NEED TO GET SOME ISSUES

BARRISTERS' REPORTING SERVICE

1 ON THE TABLE TO BEGIN TO DISCUSS THEM.

2 I DO AGREE WITH JEFF'S POSITION, THAT WE
3 CLEARLY HAVE A HUGE NUMBER OF PRIORITIES ON US RIGHT
4 NOW. THAT POINT WAS MADE BY DR. TROUNSON TO THE
5 COMMITTEE, AND I THINK THAT THEY UNDERSTAND THAT.
6 I'M JUST TRYING TO BE RESPECTFULLY RESPONSIVE. AND
7 I THINK FRANCISCO DID AN EXCELLENT JOB OF
8 SUMMARIZING IT.

9 SO IS THERE ANY OTHER DISCUSSION FROM THE
10 BOARD? OTHERWISE, WE WILL TABLE THIS UNTIL WE CAN
11 GET AN ADDITIONAL RESPONSE -- UNTIL PEOPLE HAVE THE
12 ABILITY TO LOOK AT THE LITTLE HOOVER COMMISSION AND
13 REALLY DECIDE IF THEY HAVE A PARTICULAR RESPONSE TO
14 ANY OF THESE ISSUES.

15 DR. POMEROY: WHAT WILL THE PROCESS BE
16 AFTER THAT?

17 CHAIRMAN KLEIN: WELL, IF THERE'S AN
18 IDENTIFICATION OF ISSUES, IT WILL THEN GO TO THE
19 BOARD. AND THE BOARD WILL BE -- WE'LL MAKE
20 AVAILABLE TO THE WHOLE BOARD ALL OF THE TESTIMONY.
21 AND THEN THE BOARD AS A WHOLE, I THINK, CAN BRING UP
22 ANY QUESTIONS OR POINTS THEY HAVE FROM FINANCE
23 THROUGH APPOINTMENTS. AND THEN WE PROBABLY WOULD
24 HAVE A SUBCOMMITTEE THAT GETS SET UP TO TRY AND DEAL
25 WITH THIS ISSUE TO DEVELOP, PERHAPS IN A PUBLIC

BARRISTERS' REPORTING SERVICE

1 HEARING, SOME DISCUSSION. I DON'T WANT TO PREJUDGE
2 THE PROCESS FOR THE BOARD.

3 DR. POMEROY: I GUESS MY QUESTION, BOB, IS
4 HOW TO DO THIS EXPEDITIOUSLY. SO I HEAR WHAT YOU
5 ARE SAYING, WHICH IS THAT YOU WANT TO GET BROADER
6 INPUT INTO YOUR RESPONSE. SO IF YOU DISTRIBUTE THE
7 TESTIMONY WHICH GIVES US SOME BACKGROUND, AND JAMES
8 MAY HAVE TO ANSWER THIS QUESTION, CAN WE ALL E-MAIL
9 YOU WITH OUR TOP FIVE IDEAS AND THEY SOMEHOW GET
10 INCORPORATED FOR A DISCUSSION? IT JUST SEEMS LIKE
11 THERE'S A MORE EFFICIENT WAY TO DO THIS.

12 CHAIRMAN KLEIN: YOU CAN E-MAIL ME YOUR
13 TOP FIVE OR TEN IDEAS. THE ISSUE IS WE CAN'T HAVE
14 CROSS DISCUSSION BETWEEN LARGE NUMBERS OF MEMBERS
15 BECAUSE OF BAGLEY-KEENE. BUT IF THOSE IDEAS ARE
16 SENT TO ME, I WILL AGGREGATE THOSE IDEAS SO THAT WE
17 CAN COME BACK WITH A PUBLIC DISCUSSION OF THEM.

18 DR. POMEROY: ARE YOU PLANNING TO DO THIS
19 JUST TO THE LEGISLATIVE SUBCOMMITTEE MEMBERS OR TO
20 ALL THE BOARD MEMBERS?

21 CHAIRMAN KLEIN: WELL, INITIALLY JUST
22 THROUGH THE LEGISLATIVE SUBCOMMITTEE TO GET SOME
23 STARTING POINTS TO DEVELOP SOME INFORMATION. THEN
24 I'M GOING TO ASK -- WHEN IT GOES TO THE BOARD, WE'RE
25 GOING TO ASK ALL THE BOARD MEMBERS TO COME UP WITH

BARRISTERS' REPORTING SERVICE

1 THEIR IDEAS SO THAT WE CAN GET THE ENTIRE SCOPE.
2 I'D ALSO ASK THE STAFF TO COME UP WITH ANY IDEAS
3 BECAUSE I DON'T THINK THIS SHOULD BE PIECEMEAL. SO
4 THAT IF THERE ARE A LIST OF ITEMS WITH OUR
5 EXPERIENCE WITH OVER FOUR YEARS NOW THAT WOULD BE
6 HELPFUL ACROSS THE SPECTRUM, WHETHER DEALING WITH
7 PEER REVIEW OR FINANCE OR ANY OTHER AREA, THAT WE
8 CAN INTEGRATE THEM.

9 I DO KNOW IN THE FINANCE AREA THERE'S SOME
10 ITEMS NOW THAT WOULD BE VERY HELPFUL.

11 DR. LEVIN: IT SEEMS TO ME THAT IF -- I
12 AGREE WITH JEFF AND CLAIRE ABOUT THAT THIS WAS A
13 REQUEST TO YOU ABOUT WHAT YOU THINK SHOULD HAVE BEEN
14 CHANGED OR SHOULD MAYBE BE CHANGED MOVING FORWARD TO
15 PROP 71. AND IF YOUR INTENTION IS JUST TO GET
16 EVERYBODY ELSE'S INPUT INTO THAT BEFORE YOU GIVE
17 YOUR RESPONSE, THEN IT SEEMS THE BEST WAY AND
18 EASIEST WAY TO DO THAT IS JUST PUT A BROAD CALL OUT
19 TO ALL ICOC MEMBERS AND ALL STAFF MEMBERS AT CIRM TO
20 PLEASE ANSWER THESE QUESTIONS OR GIVE YOUR TOP FIVE
21 OR TEN SUGGESTIONS OF WHAT COULD BE CHANGED, SEND
22 THEM ALL IN BY E-MAIL. YOU CAN COLLECT THEM AND
23 THEN MAKE THAT AN AGENDA ITEM TO DISCUSS IN JANUARY
24 THE TOP TEN THINGS THAT CAME UP FROM EVERYBODY.

25 CHAIRMAN KLEIN: OKAY. THAT SOUNDS LIKE A

BARRISTERS' REPORTING SERVICE

1 GOOD STARTING POINT. THAT GETS US A BROADER SCOPE
2 IMMEDIATELY.

3 DOES ANYONE HAVE AN OBJECTION TO ASKING
4 EVERYONE AT THIS TIME FOR THEIR RESPONSE TO THAT?

5 MR. SHEEHY: I DON'T. BUT I REALLY,
6 REALLY HAVE TO SAY THAT I THINK THAT THIS IS A VERY,
7 VERY BAD IDEA. THAT THE WHOLE PROCESS -- I THINK IF
8 WE'RE GOING TO GO THROUGH A PERIOD OF
9 SELF-EXAMINATION, THAT IT SHOULD HAVE A COHERENT
10 STRUCTURE, A COHERENT PLAN. I ACTUALLY THINK THAT
11 WE'RE FUNCTIONING, THAT WE ARE ACHIEVING OUR
12 MISSION, THAT WE HAVE AN ENORMOUS SET OF CHALLENGES
13 IN FRONT OF US IF WE'RE GOING TO FULFILL THE
14 PROMISES THAT WE MADE TO THE VOTERS BOTH IN THE
15 STRATEGIC PLAN AND THAT YOU DID WHEN YOU PASSED PROP
16 71.

17 AND TO ENGAGE IN THIS PROCESS AT THIS TIME
18 WILL BE DESTRUCTIVE, THAT IT WILL NOT BE --
19 ESPECIALLY IN THE WAY IT'S BEING CONSTRUCTED, THAT
20 MY PERSONAL PREFERENCE WOULD BE TO SAY, WHICH IS
21 WHAT WE SAID WHEN THE ISSUE OF THE LITTLE HOOVER
22 COMMISSION CAME UP LAST YEAR IN LEGISLATION, IS THAT
23 AT THIS TIME WE WERE NOT PREPARED TO ENGAGE IN
24 EXAMINATION AND REWRITING OF PROP 71. I JUST SIMPLY
25 THINK THE KIND OF EXHAUSTIVE ANALYSIS THAT REALLY

BARRISTERS' REPORTING SERVICE

1 SHOULD BE DONE BEFORE WE START TALKING ABOUT
2 CHANGING SOME OF THE THINGS THAT WE'RE DOING ISN'T
3 TAKING PLACE.

4 AND, YOU KNOW, I CAN ANTICIPATE NEGATIVE
5 OUTCOMES TO THIS PROCESS, AND I WOULD RATHER SAY
6 THANKS, BUT NO THANKS RATHER THAN GET THIS BOARD
7 CAUGHT UP IN ANY KIND OF INTERNAL CONTROVERSY OR
8 INTERNAL -- YOU KNOW, THIS IS AN ISSUE THAT WE DON'T
9 NEED TO ADDRESS, WE HAVE NOT BEEN ASKED TO ADDRESS.
10 AND IT'S REALLY UP TO YOU BECAUSE THEY'VE ASKED YOU
11 FOR YOUR COMMENTS. IF YOU REALLY WANT TO BRING THIS
12 AND MAKE THIS A BIG PART OF WHAT THE BOARD IS GOING
13 TO BE DEALING WITH BECAUSE YOU'RE JUST OPENING UP
14 PANDORA'S BOX.

15 CHAIRMAN KLEIN: LET ME SAY THIS, JEFF.
16 MAYBE WE CAN SEPARATE THIS INTO TWO PARTS TO
17 POTENTIALLY BE RESPONSIVE. BECAUSE THEY'RE GOING TO
18 COME UP WITH THEIR RECOMMENDATIONS. TO THE EXTENT
19 THAT WE TRY AND BE RESPONSIVE, I THINK THERE MIGHT
20 BE A BETTER RECEPTION FOR US. BUT POTENTIALLY THERE
21 ARE TWO POINTS. ONE WE CAN SAY FOR LONG-TERM
22 CHANGES, WE NEED TO GET TO A STUDY PERIOD AND REPORT
23 BACK TO YOU NEXT YEAR. FOR SHORT-TERM CHANGES,
24 DEALING LIKE WITH ALTERNATES FOR THE -- IF THERE'S A
25 SENSE THAT PATIENT ADVOCATES SHOULD BE ABLE TO HAVE

BARRISTERS' REPORTING SERVICE

1 AN ALTERNATE, AND THAT IS PUTTING IMMEDIATE STRESS
2 ON THE SYSTEM, MAYBE WE COULD ADDRESS THOSE ITEMS
3 IMMEDIATELY AND SAY, YOU KNOW, FOR A MORE IN-DEPTH
4 ANALYSIS, THESE OTHER ITEMS ARE NOT URGENT, WE'RE
5 FUNCTIONING WELL, WE PERFORM VERY WELL, WE'VE HAD A
6 GREAT DEAL OF ACCOMPLISHMENTS.

7 AND THOSE LONGER IN-DEPTH ITEMS WE CAN
8 SAY, QUITE PROPERLY, WE NEED QUITE A BIT OF TIME TO
9 STUDY THEM TO GET BACK TO THEM WITH A THOUGHTFUL
10 RESPONSE.

11 SO I THINK WE'VE HAD A REASONABLE
12 DISCUSSION OF THIS. I'D LIKE TO SEE IF THERE'S ANY
13 PUBLIC COMMENT, AND THEN WE CAN HAVE SOME CONCLUDING
14 REMARKS, AND HOPEFULLY ADJOURN BECAUSE IT IS A
15 FRIDAY AFTERNOON BEFORE CHRISTMAS. I'M TRYING TO BE
16 SENSITIVE WHILE INTRODUCING THE TOPIC ON THE
17 SCHEDULE THAT IS CONSISTENT WITH WHAT THE LITTLE
18 HOOVER COMMISSION WAS LOOKING FOR.

19 IS THERE ANY PUBLIC COMMENT IN ANY OF THE
20 OTHER LOCATIONS OTHER THAN SAN FRANCISCO?

21 DR. PRIETO: NOT HERE.

22 CHAIRMAN KLEIN: HEARING NONE, DON REED,
23 YOU HAVE SOME COMMENTS.

24 MR. REED: AS SOMEBODY WHO ATTENDED THE
25 HEARING, I FELT THAT THEY WERE ASKING A COUPLE

BARRISTERS' REPORTING SERVICE

1 THINGS. THEY WANTED TO KNOW YOUR PERSONAL OPINIONS,
2 BUT ALSO THE KEY THRUST OF THE ATTACKS ON US FROM
3 THE CRITICS WAS JUST THAT THE BOARD IS UNWIELDY AND
4 IT'S NOT VERY EFFICIENT. THEY HAD CRITICAL COMMENTS
5 TO MAKE ABOUT IT.

6 I THINK THAT THERE'S AN IMPORTANT POINT TO
7 BE MADE HERE IS THAT THE BOARD DOES WORK WELL AND
8 GETS THINGS DONE. IT WRESTLES THINGS BACK AND FORTH
9 AND FINDS ANSWERS. AND I THINK THAT THAT IS AN
10 APPROPRIATE RESPONSE. JUST SAY BASICALLY IT'S
11 WORKING. WE'LL ALWAYS FIND WAYS TO IMPROVE IT, BUT
12 IT IS WORKING. I THINK THAT SHOULD BE ONE OF THE
13 POINTS HERE.

14 AS FAR AS LONG-TERM THINGS, WE'RE NOT IN
15 THE LONG TERM. WE'RE JUST BARELY GETTING STARTED.
16 ONLY BEEN WORKING 20 MONTHS. I THINK WE HAVE TO
17 HAVE TIME -- TEN YEARS FROM NOW, EIGHT YEARS FROM
18 NOW, THAT'S WHEN EVERYBODY SHOULD EVALUATE AND SEE
19 HOW WE'RE DOING. IT'S NOT UP TO US. RIGHT NOW
20 WE'RE JUST DOING WHAT WE SHOULD BE DOING, AND THAT'S
21 WHAT WE SHOULD BE DOING.

22 CHAIRMAN KLEIN: I WOULD ALSO SAY THAT
23 UNDERLYING THE FACT THAT THE BOARD HAS BEEN HIGHLY
24 PRODUCTIVE, STRESS, JEFF, YOUR POINT, THAT RIGHT NOW
25 WE'RE UNDER STRESS OF A LOT OF BUSINESS. AND, YOU

BARRISTERS' REPORTING SERVICE

1 KNOW, I THINK THAT THERE COULD BE SUBSTANTIAL MERIT
2 IN THINGS THAT WE DON'T CRITICALLY NEED TO ADDRESS
3 IMMEDIATELY IF THE LITTLE HOOVER COMMISSION IS
4 RESPONSIVE, AND I WOULD INTEND TO MEET WITH THEM AND
5 SEE WHAT THE RESPONSE IS, TO TRY AND ADDRESS THOSE
6 THINGS THAT WE NEED TO ADDRESS IMMEDIATELY, AND HAVE
7 THE LONG-TERM, THOUGHTFUL DISCUSSION, JEFF, THAT YOU
8 SUGGEST IS NECESSARY AND APPROPRIATE WITH PUBLIC
9 COMMENT MAYBE OVER A LONGER PERIOD OF TIME.

10 IS THERE ANY OTHER BOARD COMMENT? I THANK
11 YOU. AND I WOULD SAY THAT WE HAD SOME SEVERE
12 CRITICISM AT THE BEGINNING OF THE LITTLE HOOVER
13 COMMISSION. I HOPE YOU WILL SEE THAT BY THE END OF
14 THE LITTLE HOOVER COMMISSION WE HAD SOME VERY
15 SUPPORTIVE COMMENTS. AND THEN THERE WAS A MEETING
16 AFTER THAT, A WORKING GROUP MEETING OF THE LITTLE
17 HOOVER COMMISSION. AND, DON, YOU WERE AT THAT
18 WORKING GROUP AFTER THE FORMAL HEARING WHERE THE
19 BOARD OPENLY DISCUSSED WITH STAFF WITH THE PUBLIC
20 PRESENT WHAT THEIR FEELINGS WERE.

21 WOULD YOU LIKE TO COMMENT ON THE TENOR OF
22 THAT FOLLOW-UP SESSION?

23 MR. GIBBONS: WELL, I THINK THEY WERE
24 FEELING THAT CIRM WAS PROBABLY DOING ITS JOB. THEY
25 WERE STILL CURIOUS TO SEE IF THERE'S MORE

BARRISTERS' REPORTING SERVICE

1 EFFICIENCIES, BUT I THINK THEY WERE EQUALLY CURIOUS
2 TO SEE IF THERE WAS THINGS THAT CIRM WAS DOING RIGHT
3 THAT THEY COULD MAYBE ADOPT TO OTHER STATE AGENCIES.

4 SO I THINK THEY HAD A VERY OPEN MIND AT
5 THE END OF THE HEARING IN TERMS OF, YOU KNOW, CIRM
6 IS GETTING SOME THINGS CLEARLY RIGHT, AND THEY WERE
7 REALLY CURIOUS ABOUT SOME OF THE BOARD ISSUES. BUT
8 I DON'T THINK THEY FELT THAT THEY WERE THINGS THAT
9 WERE DRASTIC OR HAD TO BE CORRECTED NOW. I THINK
10 THEY FELT THAT IN ONE BOARD MEMBER'S COMMENTS, I SAW
11 THE RED FLAGS. SO I THINK THAT WAS THE BOTTOM LINE.

12 CHAIRMAN KLEIN: OKAY. WELL, SO WE THANK
13 YOU VERY MUCH. WE DID TELL LITTLE HOOVER COMMISSION
14 WE WOULD TRY AND INITIATE THIS PROCESS REASONABLY
15 QUICKLY. APPRECIATE ALL OF YOUR COMMENTS AND VIEWS,
16 A LOT OF DIVERGENT VIEWS ON THIS COMMITTEE THAT
17 REPRESENT THE RICHNESS OF IDEAS OF THE BOARD
18 MEMBERS. AND WE WILL ASK THAT, AFTER LOOKING AT THE
19 TESTIMONY, IF INDIVIDUALS COULD SEND WHAT THEY THINK
20 ARE CRITICAL SHORT-TERM ITEMS THAT NEED TO BE
21 ADDRESSED. WE'LL TRY AND FIRST FOCUS ON THOSE GIVEN
22 CRITICAL TIME, THE MOVEMENT OF FEDERAL LEGISLATION
23 THAT IS TERRIBLY IMPORTANT TO US, AND OUR OTHER
24 AGENDA ITEMS. BUT I THANK YOU, AND I WISH ALL OF
25 YOU THE BEST HOLIDAY POSSIBLE AS WE GO FORWARD.

BARRISTERS' REPORTING SERVICE

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

DR. POMEROY: HAVE A GOOD HOLIDAY, BOB.

MR. GOLDBERG: THANK YOU, BOB.

DR. PRIETO: THANK YOU, BOB.

MR. SHEEHY: THANK YOU, BOB.

(THE MEETING WAS THEN CONCLUDED AT
04: 22 P. M.)

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE LEGISLATIVE SUBCOMMITTEE TO THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON FRIDAY, DECEMBER 19, 2008, 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 BRISTOL STREET
SUITE 100
COSTA MESA, CALIFORNIA
(714) 444-4100