

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 AND TIME: JULY 16, 2009
10 A.M.

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

BRS FILE NO.: 85034

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

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THURSDAY, JULY 16, 2009

10:00 A.M.

MR. HARRISON: WE ARE NOW LIVE IN SAN FRANCISCO FOR THE LEGISLATIVE SUBCOMMITTEE, AND I'LL TURN IT OVER TO ART TORRES. I'LL TURN IT OVER TO BOB KLEIN.

CHAIRMAN KLEIN: SO IN THIS MEETING I AM TRANSFERRING THE CHAIRMANSHIP TO ART TORRES, AND WE WILL HAVE THIS AS A PERMANENT TRANSFER AS CONFIRMED BY THE BOARD AT THE AUGUST MEETING. THE MEDICAL CHALLENGES FOR MY WIFE AND OTHER PRIORITIES WE HAVE, I THOUGHT IT WOULD BE BEST TO DRAW ON THE GREAT EXPERIENCE THAT HONORABLE SENATOR TORRES HAS AND HIS YEARS IN THE STATE ASSEMBLY AND THE STATE SENATE AND HIS GREAT LEADERSHIP OF THE STATE FOR MANY YEARS.

I WOULD LIKE TO SAY THAT IN DISCUSSIONS WITH ART ON THE LITTLE HOOVER COMMISSION THAT THERE WAS A CLEAR DESIRE HERE, AS ART AND I PERSONALLY DESCRIBED TO THE CHAIRMAN OF THE LITTLE HOOVER COMMISSION AND THE CHAIR OF THE LITTLE HOOVER COMMISSION SUBCOMMITTEE, TO WORK WITH THEM ON BRINGING TO THE BOARD ISSUES THAT WE ACTUALLY COULD ADDRESS AND HAVE CONSIDERATION FOR THE BOARD. BUT ESSENTIALLY THAT THERE WERE A CERTAIN GROUP OF

BARRISTERS' REPORTING SERVICE

1 ISSUES, FIVE KEY ISSUES IN PARTICULAR, WHERE THERE
2 WAS A CLEAR CONSTITUTIONAL BASIS THAT HAD BEEN
3 ESTABLISHED AND CONFIRMED BY NOT ONLY STATE LAW
4 PRECEDENT BUT BY THE TRIAL COURT, THE COURT OF
5 APPEALS, AND THE STATE SUPREME COURT ON THE
6 IMPORTANCE OF PROTECTING THE INITIATIVE PROCESS AND
7 THE CONSTITUTIONAL AMENDMENT THAT WAS A PART OF THAT
8 SO THAT WE CLEARLY HAVE A SITUATION WHERE PEER
9 REVIEW, THE CONFIDENTIALITY OF PEER REVIEW, AND
10 OTHER THINGS ESTABLISHED THROUGH THIS INITIATIVE ARE
11 APPROPRIATELY PROTECTED.

12 ONCE SOMEONE TAKES A POSITION THAT THERE
13 IS NO INITIATIVE PROTECTIONS AND THEY CAN RADICALLY
14 CHANGE THE STRUCTURE OF AN INITIATIVE, REDUCING THE
15 BOARD FROM 29 TO 15, THEN ARGUABLY EVERYTHING IN THE
16 INITIATIVE IS ON THE TABLE, NOTHING IS PROTECTED,
17 AND THE ENTIRE THING CAN BE SWEEP AWAY PIECEMEAL BY
18 AMENDMENTS.

19 SO THERE IS A CONCEPT THAT IS FUNDAMENTAL
20 AND CRITICALLY MISSION IMPORTANT, CONSTITUTIONALLY
21 PROTECTED INITIATIVE PROVISIONS OF THIS PROCESS,
22 THAT SHOULD NOT BE ON THE TABLE FOR DISCUSSION
23 WITHOUT GOING BACK TO THE PEOPLE. PEOPLE OF
24 CALIFORNIA HAD THE VISION TO APPROVE THIS. IT IS A
25 GREAT DEAL OF MONEY. IT WAS DEBATED IN SOME 80

BARRISTERS' REPORTING SERVICE

1 DIFFERENT EXECUTIVE COMMITTEES AND BOARDS OF PATIENT
2 GROUPS. IT WAS DEBATED IN ALL THE MAJOR CHAMBERS OF
3 COMMERCE OF THE MAJOR ENTITIES IN CALIFORNIA AND
4 THEIR EXECUTIVE COMMITTEES, SOMETIMES IN THEIR
5 SCIENCE COMMITTEE, THEIR ECONOMIC DEVELOPMENT
6 COMMITTEE, AND THEIR GOVERNMENT COMMITTEE ALL IN THE
7 SAME CHAMBER BEFORE ACTION. IT WAS DEBATED ON THE
8 EDITORIAL BOARDS OF THE MAJOR NEWSPAPERS. IT WAS
9 DEBATED ON TALK SHOWS AND IN LOCAL COMMUNITY GROUPS.
10 THE PUBLIC'S DEEP AND EXTENDED DEBATE ON THIS SHOULD
11 BE RESPECTED. THE INITIATIVE PROCESS SHOULD BE
12 RESPECTED. AND WE TRIED TO COMMUNICATE THAT.

13 SO THERE'S CLEARLY A SEGMENTATION OF THIS
14 INTO FIVE ITEMS I THINK THAT ART IS GOING TO HAVE
15 JAMES COVER, JAMES HARRISON, BOARD COUNSEL, COVER
16 THAT APPEAR TO REQUIRE TO HAVE A BALLOT MEASURE
17 FUNDAMENTALLY, THEN ITEMS THAT WOULD FALL INTO A
18 SECOND CATEGORY THAT CIRM COULD IMPLEMENT, AND ITEMS
19 THAT WOULD REQUIRE LEGISLATIVE INTERVENTION IF THEY
20 WERE GOING TO BE CHANGED AFTER BOARD DISCUSSION.

21 SO IN BEGINNING THE MEETING THIS MORNING
22 AND FRAMING IT, I'VE ASKED ART IF HE COULD LEAD THE
23 SESSION AS CHAIR AND, WITH THE BENEFIT OF COUNSEL,
24 IF WE COULD POTENTIALLY IN THE INITIAL MEETING, SO
25 WE CAN HAVE A THOUGHTFUL DISCUSSION, FOCUS ON THE

BARRISTERS' REPORTING SERVICE

1 BALLOT ISSUES, BUT THEN HAVE A LATER MEETING THAT I
2 THINK ART IS STRONGLY SUPPORTIVE OF TO DISCUSS
3 IN-DEPTH AND GIVE THE STAFF THE OPPORTUNITY FOR
4 IN-DEPTH STAFF PRESENTATIONS ON THE POTENTIAL POLICY
5 CHANGES THAT CIRM COULD CONTEMPLATE AND POLICY
6 CHANGES THAT MIGHT INVOLVE THE LEGISLATURE. SO ART.

7 CHAIRMAN TORRES: THANK YOU, VERY MUCH,
8 MR. CHAIRMAN. FIRST OF ALL, LET'S BEGIN BY CALLING
9 THE ROLL.

10 MR. WARSHAW: SUSAN BRYANT.

11 DR. BRYANT: PRESENT.

12 MR. WARSHAW: BOB KLEIN.

13 MR. KLEIN: PRESENT.

14 MR. WARSHAW: FRANCISCO PRIETO. JOHN
15 REED.

16 DR. REED: HERE.

17 MR. WARSHAW: DUANE ROTH.

18 MR. ROTH: HERE.

19 MR. WARSHAW: JOAN SAMUELSON.

20 MS. SAMUELSON: HERE.

21 MR. WARSHAW: JEFF SHEEHY.

22 MR. SHEEHY: HERE.

23 MR. WARSHAW: ART TORRES.

24 CHAIRMAN TORRES: HERE.

25 DR. POMEROY: ART, THIS IS CLAIRE POMEROY.

BARRISTERS' REPORTING SERVICE

1 I'M NOT SURE WHY I'M NOT ON YOUR LIST, BUT I AM A
2 MEMBER OF THIS COMMITTEE AND I AM HERE.

3 CHAIRMAN TORRES: WE WERE TOLD YOU MIGHT
4 NOT BE HERE, SO WE'LL CALL YOUR NAME.

5 MR. WARSHAW: CLAIRE POMEROY.

6 DR. POMEROY: HERE.

7 CHAIRMAN TORRES: AND CALL MICHAEL
8 GOLDBERG TO SEE IF HE'S HERE.

9 MR. WARSHAW: MICHAEL GOLDBERG.

10 CHAIRMAN TORRES: WE APPEAR TO HAVE A
11 QUORUM, NO. 1.

12 NO. 2, I WANT TO WELCOME NICK WARSHAW.
13 THIS IS HIS FIRST MEETING, SO WE APPRECIATE YOUR
14 PATIENCE AS HE'S LEARNING THE PROCESS HERE.

15 LET ME START OUT BY SAYING THAT WHEN I
16 CHAIRED COMMITTEES IN THE LEGISLATURE, MY INTENT WAS
17 ALWAYS NOT TO SPEAK BEFORE A HEARING ON A MATTER
18 UNTIL ALL THE MEMBERS OF THAT COMMITTEE, IN THIS
19 CASE ALL MEMBERS OF OUR BOARD, HAD AN OPPORTUNITY TO
20 REVIEW WHAT WAS BEFORE THEM.

21 NO. 2, IN MEETINGS THAT I'VE HAD WITH
22 SENATOR ALQUIST AND ASSEMBLY MEMBER JONES, WHO ARE
23 RESPECTIVE CHAIRS OF THE HEALTH COMMITTEES IN THE
24 LEGISLATURE, I ALSO INDICATED TO THEM THAT I DID NOT
25 HAVE A POSITION ON THE LITTLE HOOVER

BARRISTERS' REPORTING SERVICE

1 RECOMMENDATIONS, ALTHOUGH ANY BOARD MEMBER IS
2 PRIVILEGED TO HAVE AN OPINION ON THIS AND EXPRESS IT
3 BECAUSE THIS IS AMERICA AND THE FIRST AMENDMENT
4 PREVAILS. AS THE CHAIR OF THIS COMMITTEE, I DID NOT
5 WANT TO IN ANY WAY SAY WHAT MY POSITION WAS BECAUSE
6 I FELT IT IMPORTANT THAT WE HAVE THE INPUT OF THE
7 ENTIRE BOARD AND THERE WOULD BE A CONSENSUS IN TERMS
8 OF WHAT OUR RESPONSE SHOULD BE.

9 WHAT YOU HAVE BEFORE YOU IS A NUMBER OF
10 DOCUMENTS THAT RELATE TO THE ISSUES THAT WE'RE GOING
11 TO DISCUSS TODAY. BUT I FELT AT THE OUTSET THAT,
12 NO. 1, AS I TOLD THE MEMBERS OF THE LEGISLATURE, WE
13 TAKE VERY SERIOUSLY THE RECOMMENDATIONS OF THE
14 LITTLE HOOVER COMMISSION. IT'S A STATUTORILY
15 ENHANCED BODY OF WHICH I RESPONDED TO WHEN I WAS
16 CHAIRMAN OF THE SENATE INSURANCE COMMITTEE. IT IS A
17 BODY THAT HAS APPOINTED MEMBERS BY THE LEGISLATURE
18 AND THE EXECUTIVE BRANCH AND, THEREFORE, MERITS
19 SERIOUSNESS AND THOUGHTFUL AND REASONABLE APPROACHES
20 TO ANY RECOMMENDATIONS THAT COME FROM THAT BOARD AND
21 ITS MEMBERSHIP.

22 GIVEN THAT, I THINK IT WAS IMPORTANT ALSO
23 THAT WE GIVE IT VERY THOUGHTFUL CONSIDERATION AS A
24 BOARD. AND THEREFORE, I DIDN'T THINK IT WAS
25 POSSIBLE TO HAVE JUST ONE MEETING GIVEN OUR BOARD

BARRISTERS' REPORTING SERVICE

1 MEMBERS' TIME AND EFFORTS HERE, THAT RATHER WE
2 SHOULD SPLIT THIS UP INTO TWO MEETINGS SO THAT WE
3 GIVE IT A VERY SERIOUS CONSIDERATION AND THEN BE
4 ABLE TO REPORT BACK TO THE BOARD AT OUR AUGUST
5 MEETING AS TO WHAT WE FELT THE CONSENSUS MIGHT BE
6 FROM THIS SUBCOMMITTEE ON RESPECT TO THESE
7 RECOMMENDATIONS.

8 GIVEN THAT, I WANTED TO DIVIDE THE ISSUES
9 SUBSTANTIVELY BY DEALING FIRST WITH THE
10 CONSTITUTIONAL ISSUES THAT HAVE BEEN PRESENTED BY
11 TWO LEGAL OPINIONS, WHICH I INDICATED AND LEFT WITH
12 EACH MEMBER OF THE LEGISLATURE, SO THAT THEY KNEW
13 WHAT WAS GOVERNING AT LEAST OUR REFLECTION AND OUR
14 INFORMATION AS TO THE ISSUES THAT WE FELT THAT IT
15 WOULD REQUIRE A NEW BALLOT MEASURE. NO. 1, THAT
16 ALSO ADDRESSED SOME OF THE CONCERNS THAT MEMBERS OF
17 THE LITTLE HOOVER COMMISSION EXPRESSED, THAT THEY
18 DID NOT WANT TO PURSUE A BALLOT INITIATIVE ON ANY OF
19 THESE RECOMMENDATIONS AND IF THEY COULD HAVE
20 GUIDANCE AS WHICH ONES WE FELT WOULD BE WITHIN THAT
21 CATEGORY, THAT THAT WOULD BE AN APPROPRIATE RESPONSE
22 TO THEM.

23 SECONDLY, WE ALSO FELT THAT BY LOOKING AT
24 THESE ISSUES CAREFULLY, WE COULD THEN BEGIN TO LOOK
25 MORE SUBSTANTIVELY INTO THE RECOMMENDATIONS THAT WE

BARRISTERS' REPORTING SERVICE

1 AS A BOARD COULD INITIATE ON OUR OWN BASED UPON
2 LITTLE HOOVER RECOMMENDATIONS AND, AGAIN, THOUGHTFUL
3 INTERACTION BY THE STAFF HERE AND CLEARLY BY THE
4 BOARD AND MEMBERS.

5 THIRDLY, WE DIDN'T RULE OUT THAT THERE
6 COULD BE A LEGISLATIVE APPROACH OR INITIATIVE. AND
7 WE WANTED TO REVIEW WHAT THOSE LEGISLATIVE
8 INITIATIVES MIGHT BE, BUT NOT NECESSARILY AT THIS
9 MEETING IN-DEPTH, BUT RATHER AT OUR SUBSEQUENT
10 MEETING WHICH WE WILL TRY AND WORK ON A DATE AFTER
11 WE POLL THE MEMBERS AS TO THEIR AVAILABILITY.

12 IF WE CAN PROCEED WITH THAT UNDERSTANDING,
13 I THINK THAT WE CAN BEST USE OUR TIME. IS THERE ANY
14 COMMENT OR INPUT?

15 MS. SAMUELSON: JUST ONE THOUGHT, ART.

16 CHAIRMAN TORRES: YES, JOAN.

17 MS. SAMUELSON: WE GOT THESE MATERIALS
18 VERY LATE, AND IT CERTAINLY WASN'T POSSIBLE MY ON
19 PART TO WALK THROUGH EVERYTHING CAREFULLY. SO COULD
20 YOU JUST BEAR THAT IN MIND IN YOUR PROCEDURE AND
21 PROBABLY HAVE A WALK-THROUGH SOMEHOW?

22 CHAIRMAN TORRES: WE'RE GOING TO DO THAT
23 SHORTLY. AND I JUST WANTED TO MAKE SURE THAT WE
24 UNDERSTOOD THAT WE'RE NOT GOING TO TAKE ALL THE
25 RECOMMENDATIONS UP TODAY, BUT MERELY CONCENTRATE ON

BARRISTERS' REPORTING SERVICE

1 THE FIRST SET OF RECOMMENDATIONS WHICH WE FELT WE'RE
2 CONSTITUTIONALLY BOUND TO REVIEW. AND THAT I WANTED
3 TO TURN OVER, UNLESS THERE'S ANY OTHER COMMENT TO --
4 MR. SHEEHY.

5 MR. SHEEHY: I GUESS -- AND IT'S JUST A
6 COMMENT LESS THAN A QUESTION, BUT MY -- I APPROACH
7 THIS FROM A FRAMING POINT OF VIEW. AND IT SEEMS TO
8 ME THAT MY APPROACH TO THIS IS THAT THIS WAS AN
9 OPPORTUNITY TO DISCUSS STRUCTURAL ISSUES GIVEN THAT
10 A LOT HAS CHANGED IN THE TIME SINCE PROP 71 WAS
11 PASSED. AND, YOU KNOW, VARIOUS -- I KNOW THE
12 PATIENT ADVOCATES HAVE SUFFERED GREATLY FROM NOT
13 BEING ABLE TO APPOINT ALTERNATES. VARIOUS ISSUES
14 HAVE CROPPED UP FROM TIME TO TIME THAT HAVE BEEN
15 LIMITATIONS THAT HAVE BEEN BUILT INTO PROP 71.

16 SO MY APPROACH TO THIS WAS THIS WAS AN
17 OPPORTUNITY TO ENTER INTO A DIALOGUE, NOT SO MUCH TO
18 LOOK AT EACH INDIVIDUAL LITTLE HOOVER COMMISSION
19 RECOMMENDATION AND SAY DO WE SUPPORT THAT OR NOT
20 SUPPORT, BUT TO REALLY ASK THE LARGER QUESTION:
21 HAVE THINGS CHANGED? IS THERE A DIFFERENT NEED NOW?
22 DO WE NEED TO HAVE A DIFFERENT STRUCTURE GOING
23 FORWARD?

24 THIS WAS ORIGINALLY CONCEIVED, I THINK, AS
25 A TEN-YEAR -- REALLY ROUGHLY ABOUT A TEN-YEAR

BARRISTERS' REPORTING SERVICE

1 PROJECT. AND ONE OF THE MOST IMPRESSIVE THINGS I
2 THOUGHT ABOUT THE LITTLE HOOVER COMMISSION REPORT IS
3 THEY DIDN'T SAY DO AWAY WITH CIRM. THEY DIDN'T SAY
4 LET THE MONEY RUN OUT AND, YOU KNOW, SPEND THE MONEY
5 YOU HAVE AND THEN IT'S OVER. I SAW THIS AS A REAL
6 PAY-IN TO ROBERT KLEIN, OUR CHAIR, AND THE AMAZING
7 WORK THAT HE'S DONE IN GETTING THIS ONTO THE BALLOT
8 AND LEADING US THROUGH THESE FIRST YEARS OF
9 OPERATION.

10 I LOOKED AT THIS AS A DISCUSSION OF
11 WHAT -- AS KIND OF AN OPENING GAMBIT AND, LIKE, YOU
12 KNOW, WHAT DO YOU GUYS NEED TO HAVE SOME CHANGES IN
13 PLACE TO REALLY CREATE AN INSTITUTION THAT I HOPE
14 OUTLIVES ALL OF US, YOU KNOW, THAT REALLY WILL BE
15 HERE AS A TESTAMENT ALL OF OUR HARD WORK. AND
16 THAT'S THE TONE I TOOK FROM THIS IS THAT THIS
17 ENTERPRISE -- AND I THINK EVERYBODY ASSOCIATED WITH
18 THIS SHOULD TAKE A STEP BACK AND REALLY REMEMBER
19 WHERE WE WERE IN THE EARLY DAYS WHEN WE WERE GETTING
20 ALL THESE SLINGS AND ARROWS AND BRICK BAGS THROWN AT
21 US -- THERE WAS NO QUESTION THAT WE HAVEN'T
22 SUCCEEDED AS AN AGENCY, THAT WE HAVEN'T CREATED AN
23 ENORMOUS AMOUNT OF RESOURCE FOR PEOPLE OF CALIFORNIA
24 THAT IS OF INCREDIBLE VALUE.

25 SO I GUESS MY ONLY QUESTION IS DO WE WANT

BARRISTERS' REPORTING SERVICE

1 TO EVER ADDRESS KIND OF WHAT TO ME IS THE LARGER
2 QUESTION? DO WE WANT TO SYSTEMATICALLY LOOK AT
3 THINGS THAT ARE BUILT INTO PROP 71 THAT ARE
4 LIMITATIONS IN MANY WAYS ON HOW, LIKE THE 50-PERSON
5 RULE IS A GREAT EXAMPLE, ON HOW WE CAN OPERATE, AND
6 THEN COME BACK USING THIS -- THE LITTLE HOOVER
7 COMMISSION GAVE US AN OPENING TO HAVE THIS LARGER
8 DISCUSSION.

9 NOW, I'M FINE WITH HOW YOU SET THIS UP,
10 BUT THAT DOESN'T NECESSARILY ALLOW US TO KIND OF
11 TAKE THE LARGER STEP BACK AND SAY, OKAY, THE LITTLE
12 HOOVER -- I THINK THE MOST IMPRESSIVE THINGS ABOUT
13 THE LITTLE HOOVER COMMISSION REPORT WAS THAT THIS
14 AGENCY NEEDS TO CONTINUE. THIS AGENCY IS DOING A
15 GOOD JOB. AND THEN THEY KIND OF SUGGESTED THAT
16 PERHAPS OUR GOVERNANCE STRUCTURES WERE NOT THE MOST
17 EFFICIENT. I MEAN THAT'S DEBATABLE. THERE'S
18 CERTAINLY STRUCTURAL ISSUES, SUCH AS THE 50-PERSON
19 CAP FOR THE AGENCY THAT I THINK ARE GOING TO BECOME
20 DEBILITATING IF WE ARE GOING TO HAVE A LONG LIFE,
21 AND TO KIND OF SAY WHAT WOULD WE -- BASED ON OUR
22 EXPERIENCE, IF WE COULD MAKE CHANGES, WHAT WOULD BE
23 THE IDEAL CHANGES? MAYBE THOSE AREN'T THINGS WE CAN
24 ACHIEVE THROUGH ANY POLITICAL PROCESS, AND MAYBE
25 THAT'S NOT A WORTHWHILE ENDEAVOR. BUT THIS WAS THE

BARRISTERS' REPORTING SERVICE

1 FIRST TIME THAT WE'VE REALLY BEEN APPROACHED WITH
2 THAT OPPORTUNITY TO KIND OF LOOK AND SAY WHERE ARE
3 WE NOW? WHAT'S OUR FUTURE? AND WHAT NEEDS TO BE IN
4 PLACE TO REALLY BE SUCCESSFUL IN THE FUTURE?

5 CHAIRMAN TORRES: THANK YOU, JEFF. ANY
6 OTHER COMMENTS BEFORE WE PROCEED?

7 DR. POMEROY: ART, THIS IS CLAIRE. I'D
8 LIKE TO MAKE A COMMENT. THE FIRST THING I'D LIKE TO
9 SAY IS THANK YOU TO BOB FOR, YOU KNOW, ADDRESSING
10 THESE ISSUES. AND I MOSTLY WANTED TO SAY TO HIM
11 THAT, ALONG WITH HIS WIFE, HE'S IN OUR HEARTS AND
12 WE'RE WISHING THEM THE VERY BEST.

13 CHAIRMAN TORRES: HERE. HERE.

14 DR. POMEROY: IN TERMS OF, YOU KNOW,
15 DEALING WITH THIS REPORT, I WOULD LIKE TO JUST PUT A
16 REQUEST IN THAT WE REMEMBER WHAT OUR GOAL HERE IS.
17 AND OUR GOAL IS TO MAKE CIRM WORK THE VERY BEST WAY
18 THAT IT CAN IN ORDER TO FIND ANSWERS AND CURES. AND
19 THE GOAL, FRANKLY, FOR ME IS NOT TO PROTECT ANY
20 PARTICULAR ARTICLE IN PROP 71. IT'S TO FIGURE OUT
21 THE BEST WAY TO RUN CIRM.

22 SO I ALSO WOULD WANT TO MAKE SURE THAT WE
23 DON'T GET SIDETRACKED AND COMPLETELY IN THE WEEDS
24 WITHOUT LOOKING AT THE BIG PICTURE AND URGE US TO BE
25 AS OPEN AS WE CAN TO FINDING OUT WHAT'S TRULY THE

BARRISTERS' REPORTING SERVICE

1 BEST WAY TO RUN THIS ORGANIZATION. THANK YOU.

2 CHAIRMAN TORRES: THANK YOU VERY MUCH,
3 CLAIRE. ANY OTHER COMMENTS BEFORE WE PROCEED?

4 DR. REED: I HAD ONE. THIS IS JOHN REED,
5 IF I MAY.

6 CHAIRMAN TORRES: YES, JOHN.

7 DR. REED: I THINK I VERY MUCH AGREE WITH
8 CLAIRE'S POINT. THE ONLY CHALLENGE, OF COURSE, IS
9 THE LOGISTICS OF MAKING CHANGES TO THE WAY CIRM IS
10 STRUCTURED BECAUSE OF THE NEED TO INCORPORATE EITHER
11 THROUGH A PROPOSITION MECHANISM OR INVOLVING
12 LEGISLATURE OR COMPLICATED APPROACHES LIKE THAT THAT
13 MAKE IT PRACTICALLY IMPRACTICAL TO DO A LOT OF THE
14 THINGS THAT MIGHT OTHERWISE BE VERY READILY
15 ACCOMPLISHED. AND I THINK WE ALSO HAVE TO BE
16 REALISTIC ABOUT WHAT IT WOULD REQUIRE IN ORDER TO
17 MAKE SOME OF THE VERY SENSIBLE CHANGES THAT MIGHT
18 BE -- THAT WE MIGHT ULTIMATELY WISH TO CONSIDER.

19 SO I JUST WANTED TO ALSO PUT THAT COMMENT
20 OUT THERE FOR US TO KEEP IN THE BACK OF OUR MINDS AS
21 WE HAVE THIS DISCUSSION.

22 CHAIRMAN TORRES: THANK YOU, JOHN. ANY
23 OTHER COMMENTS BEFORE WE PROCEED?

24 JUST ONE CAVEAT, AND THAT IS THAT NO ISSUE
25 IS OUT OF BOUNDS HERE IN TERMS OF THESE TWO MEETINGS

BARRISTERS' REPORTING SERVICE

1 THAT WE'RE GOING TO HAVE ON THESE RECOMMENDATIONS.
2 AND I THINK IT'S ALSO IMPORTANT TO KEEP IN MIND, AS
3 JOHN REALLY INDICATED OR IMPLIED, AND THAT IS THE
4 BASIC QUESTION IS DO WE WANT TO FACE, IF WE'RE GOING
5 TO MOVE TOWARDS STRUCTURAL CHANGES, FACE THE
6 POSSIBILITY OF HAVING A STATEWIDE CAMPAIGN, WHICH
7 WOULD, IN MY OPINION, NOT BE THE BEST PRACTICAL WAY
8 TO ACHIEVE THE MISSION, BUT CLEARLY IS SOMETHING
9 THAT IS ON THE TABLE AND IS IN OUR DISCUSSION.

10 SO ALL OF THAT COMES INTO PLAY AS TO JUST
11 WHAT WE CAN LEGALLY DO CONSTITUTIONALLY AS A BOARD
12 AND CLEARLY WHAT THE RESTRAINTS ARE ON OUR
13 PROCEDURES. THOSE RESTRAINTS ARE NOT APPLICABLE TO
14 THE OTHER TWO CONCEPTS THAT WE'RE GOING TO CONSIDER
15 AT OUR SUBSEQUENT MEETING, WHICH IS WHAT WE CAN DO
16 AS A BOARD NOW WITHOUT ANY INTERVENTION BY ANY OTHER
17 BODY OTHER THAN OUR OWN DECISION MAKING. AND,
18 THIRDLY, JUST WHAT LEGISLATIVE INITIATIVES MIGHT BE
19 APPROPRIATE THAT COULD EVEN DEAL WITH OTHER
20 RECOMMENDATIONS THAT WE DON'T EVEN KNOW ABOUT NOW.
21 WE'RE NOT PRECLUDED, BECAUSE WE HAVE A PRETTY
22 DIVERSE AND VERY BRIGHT BOARD, WE'RE NOT PRECLUDED
23 WITH COMING UP WITH OUR OWN RECOMMENDATIONS IN
24 RESPONSE TO THE LITTLE HOOVER COMMISSION BECAUSE, AS
25 JEFF APTLY SAID, THE DOOR HAS BEEN OPENED.

BARRISTERS' REPORTING SERVICE

1 SO I'D LIKE TO PROCEED NOW, IF WE CAN, TO
2 JAMES HARRISON TO GIVE US AN OVERVIEW OF THE LEGAL
3 ISSUES SURROUNDING THE FIRST FIVE RECOMMENDATIONS OF
4 THE LITTLE HOOVER COMMISSION.

5 MR. KLEIN: ART, COULD I MAKE ONE GENERAL
6 POLICY STATEMENT? I'D LIKE TO JUST, BEFORE WE GET
7 INTO THE DETAILS OF THIS, RELATE THIS TO OVERALL
8 STRATEGIC CONSIDERATIONS THAT CLAIRE TOUCHED ON IN
9 TERMS OF OUR MISSION. AND JOHN REED, DR. REED --
10 DR. POMEROY AND DR. REED BOTH COMMENTED, BUT DR.
11 REED POINTED TO WHAT'S PRACTICAL AND ACHIEVABLE.

12 AND FIRST OF ALL, ONE OF THE THINGS THAT
13 I'D LIKE US TO FOCUS ON IS THAT THE LITTLE HOOVER
14 COMMISSION CALLS THIS INDUSTRIAL POLICY. I THINK
15 THEY MISS THE POINT. THIS IS HEALTHCARE POLICY FOR
16 THE STATE AND HOPEFULLY THE COUNTRY TO FOCUS ON
17 DEVELOPING MEDICAL THERAPIES THAT ARE
18 INTERVENTIONIST THERAPIES THAT REALLY RELIEVE HUMAN
19 SUFFERING AND AVOID MASSIVE DOWNSTREAM COST, AS WELL
20 AS USING SCIENCE RESEARCH FUNDING AS A POLICY
21 OBJECTIVE THAT REQUIRES LONG-TERM STABILITY. SO
22 IT'S HEALTHCARE POLICY, IT'S SCIENCE STRATEGIC
23 STRUCTURE, AND FUNDING. AND THIRD, IT'S INDUSTRIAL
24 POLICY AS AN OUTCOME OF INDUSTRIAL POLICY.

25 BUT IT'S VITAL AS A CONCEPT, AS A CORE

BARRISTERS' REPORTING SERVICE

1 CONCEPT THAT WAS STRESSED DURING THE CAMPAIGN AND
2 OVER THE FIRST FIVE YEARS TO REALIZE THAT STABILITY
3 OF CAPITAL IS ABSOLUTELY CRITICAL. AND
4 PREDICTABILITY OF CAPITAL IS ABSOLUTELY CRITICAL.
5 WE HAVE ATTRACTED \$900 MILLION IN DONOR AND
6 INSTITUTIONAL COMMITMENTS TO OUR MAJOR FACILITIES
7 PROGRAM BECAUSE IT'S UNDERSTOOD THERE'S A LONG-TERM,
8 STABLE COMMITMENT HERE OF SCIENTIFIC FUNDING.

9 IN A SIMILAR FASHION, IN A PERIOD WHERE
10 THERE'S SO MUCH CHAOS IN THE WORLD CAPITAL MARKETS
11 AND WHERE VENTURE CAPITAL HAS SEEN THE GREATEST DROP
12 IN THE HISTORY OF ITS RECORDED FUNDING IN THE LAST
13 QUARTER, CAPITAL STRUCTURES AND CAPITAL
14 PREDICTABILITY IS VITAL TO ATTRACTING THE PRIVATE
15 SECTOR CAPITAL. SO IF WE'RE GOING TO HAVE PROPER
16 FUNDING TO KEEP THE BIOTECH SECTOR ALIVE AND HAVE
17 THEM PARTNER WITH ACADEMIC INSTITUTIONS TO MOVE
18 THESE THERAPIES TO PATIENTS, WE NEED TO CONVEY THAT
19 THERE'S A LONG-TERM, STABLE CAPITAL STRUCTURE, WHICH
20 THE CONSTITUTIONAL AND THE INITIATIVE'S PROTECTIONS
21 WERE INTENDED TO DO.

22 SO APART FROM OPTIMIZATION CHANGES,
23 STABILITY IS A CRITICAL COMPONENT PARTICULARLY IN
24 THE FINANCIAL ENVIRONMENT THAT WE'RE IN TODAY. AS
25 ART SAYS, IT'S VITAL. AND IT'S VITAL ALSO IN A

BARRISTERS' REPORTING SERVICE

1 CONTROVERSIAL NEW FIELD GIVING THE HUMAN RESOURCES
2 IN THIS, WHICH ARE FUNDAMENTAL TO THIS ACHIEVEMENT.
3 THE YOUNG SCIENTISTS AND PHYSICIAN SCIENTISTS WHO
4 WANT TO MAKE A PERSONAL COMMITMENT TO THIS FIELD,
5 THEY NEED TO KNOW THERE'S A LONG-TERM STABILITY TO
6 THIS FUNDING TO PUT THEIR LIVES AND THEIR FAMILY'S
7 LIVES ON THE LINE SO THEY CAN MAKE A DIFFERENCE IN
8 PATIENT'S LIVES.

9 AND SO I WOULD REMIND EVERYONE THAT THOSE
10 CONSTITUTIONAL PROTECTIONS AND INITIATIVE'S
11 PROTECTIONS AND THE STABILITY OF THIS AND PUTTING
12 PARAMETERS ON THE LEGISLATURE ONLY ENHANCING THIS
13 PROVIDES THE LONG-TERM MESSAGE TO THE SCIENTIFIC
14 COMMUNITY, TO THE INSTITUTIONAL RESEARCH COMMUNITY,
15 TO THE BIOTECH COMMUNITIES, WHO ARE ALL NECESSARY TO
16 GET TO PATIENTS, WHICH IS OUR ULTIMATE GOAL, THAT
17 THIS IS A STABLE ENTERPRISE THAT WILL BE ABLE TO
18 DELIVER LONG TERM.

19 IT WAS NOT INTENDED TO BE MERELY TEN
20 YEARS. IN FACT, IT WAS INTENDED TO NOT BE EARLIER
21 THAN TEN YEARS THAT THESE FUNDS WOULD BE SPENT.
22 WHEN I WROTE THAT PROVISION ON THE INITIATIVE, IT
23 SAID YOU CANNOT ISSUE THOSE BONDS FASTER THAN TEN
24 YEARS. AND IT SPECIFICALLY PROVIDED AN AUTOMATIC
25 PROVISION, SO AS THIS LITIGATION DELAYED US, THAT

BARRISTERS' REPORTING SERVICE

1 TIMEFRAME BECAME EXTENDED. AND WITH A LOAN PROGRAM
2 AS A PART OF THIS, IT ALLOWS US TO HUSBAND MONEY AND
3 REVOLVE IT THROUGH THE SYSTEM SO THERE'S A LONGER
4 TERM STABILITY IN THE PROGRAM. SO TEN YEARS WAS A
5 MINIMUM PERIOD OF ASSURANCE THAT WE PROVIDED AS A
6 FOUNDATION TO THIS.

7 SO I WOULD REMIND EVERYONE IN TERMS OF
8 PRACTICAL, IN TERMS OF ACHIEVING OUR MISSION, THAT
9 STABILITY, PREDICTABILITY, AND PARTICULARLY GIVEN
10 THE LEGISLATIVE VOLATILITY THAT WE'RE SEEING IN THE
11 LAST YEAR IN CALIFORNIA, IT IS VITAL THAT THE
12 PARTNERS WE HAVE OUT THERE AND THE PEOPLE
13 SACRIFICING THEIR LIVES TO MAKE THIS FIELD HAPPEN
14 UNDERSTAND THAT THERE IS A CORE THAT THE COURTS HAVE
15 PROTECTED AND THAT THE PEOPLE HAVE VOTED TO HAVE
16 PROTECTED FOR CONTINUITY.

17 CHAIRMAN TORRES: THANK YOU FOR THAT
18 HISTORICAL FRAMEWORK BECAUSE IT'S ALWAYS IMPORTANT
19 WHEN PEOPLE ASK WHAT THE LAW IS, WHAT WAS YOUR
20 INTENT IN PASSING THE LAW, THE LEGISLATIVE HISTORY
21 AND THE PASSAGE OF THAT LAW IS SO SIGNIFICANT TO
22 UNDERSTANDING ITS INTENT. MR. HARRISON.

23 MR. HARRISON: THANK YOU, CHAIR TORRES.
24 FIRST, LET ME BE CLEAR. THERE ARE REALLY TWO SETS
25 OF ISSUES HERE. THERE ARE POLICY ISSUES THAT ARE

BARRISTERS' REPORTING SERVICE

1 PRESENTED BY THE LITTLE HOOVER COMMISSION'S
2 RECOMMENDATIONS AND THERE ARE LEGAL ISSUES. THIS
3 BOARD, FOR EXAMPLE, IS FREE TO SUPPORT ANY OF THE
4 RECOMMENDATIONS THAT THE LITTLE HOOVER COMMISSION
5 HAS MADE. THAT'S A POLICY MATTER.

6 THE LEGAL QUESTION IS HOW THOSE CHANGES
7 COULD BE ACCOMPLISHED. AND THAT'S WHAT CHAIR TORRES
8 HAS ASKED ME TO ADDRESS TODAY.

9 AT THE OUTSET, I WANTED TO JUST PROVIDE
10 SOME BACKGROUND BECAUSE I DO THINK IT'S CRITICAL TO
11 THIS DISCUSSION. AT THE VERY FIRST MEETING AT WHICH
12 THE LITTLE HOOVER COMMISSION TOOK UP ITS REVIEW OF
13 CIRM, AND AT EVERY SUBSEQUENT MEETING OF THE LITTLE
14 HOOVER COMMISSION, THE MEMBERS OF THE LITTLE HOOVER
15 COMMISSION MADE CLEAR THAT THEY WERE ONLY INTERESTED
16 IN PROPOSING CHANGES TO PROP 71 THAT COULD EITHER BE
17 ACCOMPLISHED BY CIRM OR BY THE LEGISLATURE. THEY
18 MADE EXPLICIT THAT THEY WERE NOT INTERESTED IN
19 PROPOSING CHANGES THAT WOULD REQUIRE ANOTHER VOTE OF
20 THE PEOPLE. AND, IN FACT, WHEN THE LITTLE HOOVER
21 COMMISSION SUBCOMMITTEE ON CIRM REVIEWED THE DRAFT
22 REPORT, THE MEMBERS STATED THIS GOAL IN VERY STRONG
23 TERMS.

24 HOWEVER, THE LITTLE HOOVER COMMISSION
25 NEVER ANALYZED THESE RECOMMENDATIONS FROM A LEGAL

BARRISTERS' REPORTING SERVICE

1 PERSPECTIVE. INSTEAD, THE STAFF POINTED OUT THE
2 STANDARD IN PROP 71 AND SAID THAT IT WAS A
3 SUBJECTIVE JUDGMENT THAT WOULD HAVE TO BE RESOLVED
4 BY THE COURTS. FOR THAT REASON, AND TO SHED SOME
5 LIGHT ON THESE LEGAL ISSUES, WE PROVIDED THE LITTLE
6 HOOVER COMMISSION WITH A LEGAL ANALYSIS OF THE
7 ISSUE. AND AT THE HEARING AT WHICH THE LITTLE
8 HOOVER COMMISSION ADOPTED ITS REPORT, THE CHAIR OF
9 THE SUBCOMMITTEE THAT WAS RESPONSIBLE FOR THE REPORT
10 NOTED THAT WE HAD RAISED LEGITIMATE ISSUES REGARDING
11 THE POWER OF THE LEGISLATURE TO ADOPT SOME OF THESE
12 RECOMMENDATIONS. AND THE ENTIRE COMMISSION AGREED
13 THAT THESE ISSUES SHOULD BE FLAGGED FOR
14 CONSIDERATION OF THE LEGISLATURE.

15 LET ME TRY TO SET FORTH IN FAIRLY BRIEF
16 TERMS THE LEGAL CONTEXT IN WHICH WE'RE OPERATING.
17 MANY PEOPLE ARE NOT AWARE THAT THE CALIFORNIA
18 CONSTITUTION ITSELF PROHIBITS THE LEGISLATURE FROM
19 AMENDING INITIATIVES UNLESS THE INITIATIVE ITSELF
20 EXPRESSLY PERMITS LEGISLATIVE AMENDMENTS. THERE ARE
21 MANY INITIATIVES THAT HAVE BEEN ADOPTED BY THE
22 VOTERS OVER THE YEARS THAT CAN NEVER BE TOUCHED BY
23 THE LEGISLATURE. TO DO ANYTHING WOULD REQUIRE
24 ANOTHER VOTE OF THE PEOPLE.

25 PROP 71 BY ITS PLAIN TERMS PERMITTED

BARRISTERS' REPORTING SERVICE

1 AMENDMENT, BUT IMPOSED CONDITIONS ON THAT. AND THE
2 WHOLE PURPOSE OF THE CONSTITUTIONAL LIMITATION IS
3 DESIGNED TO PROTECT THE PEOPLE'S POWER OF INITIATIVE
4 BY PREVENTING THE LEGISLATURE FROM UNDOING WHAT THE
5 PEOPLE HAVE DONE WITHOUT THE ELECTORATE'S CONSENT.
6 PROP 71 PERMITTED AMENDMENT OF PROP 71 BY THE
7 LEGISLATURE TO ENHANCE THE AGENCY'S ABILITY TO
8 FURTHER THEIR PURPOSES OF THE GRANTS AND LOAN
9 PROGRAMS. THE COURTS HAVE WIDELY RECOGNIZED THAT
10 THE VOTERS HAVE THE POWER TO IMPOSE WHATEVER
11 CONDITIONS THEY WANT ON THE LEGISLATURE'S AUTHORITY
12 TO AMEND THE INITIATIVE AND, IN FACT, HAVE WARNED
13 AGAINST ADOPTING A DEFERENTIAL STANDARD TO
14 LEGISLATIVE CHANGES TO INITIATIVES ON THE GROUNDS
15 THAT IT MIGHT CAUSE THE DRAFTERS OF FUTURE
16 INITIATIVES TO WITHHOLD THE AUTHORITY TO AMEND
17 INITIATIVES FROM THE LEGISLATURE COMPLETELY, A
18 RESULT THE COURTS HAVE SAID WOULD DIMINISH BOTH THE
19 INITIATIVE POWER AND THE LEGISLATIVE PROCESS.

20 IN DETERMINING WHETHER A STATUTE FURTHERS
21 THE PURPOSES OF A MEASURE, THE COURTS HAVE
22 DISTINGUISHED BETWEEN CLARIFICATIONS OF A MEASURE
23 AND ALTERATION. CLARIFICATIONS ARE PERMISSIBLE
24 WHILE ALTERATIONS ARE NOT. FOR PURPOSES OF THIS
25 RULE, WHETHER AN ASPECT OF A MEASURE IN HINDSIGHT

BARRISTERS' REPORTING SERVICE

1 TURNS OUT TO HAVE BEEN BAD POLICY IS IRRELEVANT TO
2 THE COURT'S EVALUATION. AND FINALLY, EVEN IF A
3 STATUTE ARGUABLY FURTHERS THE PURPOSE OF AN
4 INITIATIVE, THE COURTS HAVE DETERMINED THAT IT CAN
5 STILL BE IMPERMISSIBLE IF IT VIOLATES A SPECIFIC
6 PRIMARY MANDATE OF THE MEASURE.

7 WE REVIEWED THE LITTLE HOOVER COMMISSION'S
8 RECOMMENDATIONS TO EVALUATE WHETHER ANY OF THEM
9 WOULD REQUIRE ANOTHER VOTE OF THE PEOPLE. AND BASED
10 ON OUR REVIEW OF PROP 71, THE CASE LAW, AND THE
11 BALLOT MATERIALS FOR PROP 71, WE'VE CONCLUDED THAT
12 FIVE OF THE 14 RECOMMENDATIONS WOULD REQUIRE ANOTHER
13 VOTE OF THE PEOPLE. THEY ARE AS FOLLOWS.

14 THE RECOMMENDATION TO, ONE, REDUCE THE
15 SIZE OF THE BOARD FROM 29 TO 15;

16 TWO, REDUCE BOARD MEMBER'S TERMS TO FOUR
17 YEARS AFTER THE TERMS OF CURRENT BOARD MEMBERS
18 EXPIRE;

19 THREE, TO CONCENTRATE APPOINTMENT
20 AUTHORITY IN THE GOVERNOR BY AUTHORIZING THE
21 GOVERNOR TO APPOINT 11 OF THE 15 MEMBERS, TWO
22 MEMBERS, PARENTHETICALLY, WOULD BE APPOINTED BY THE
23 LEGISLATURE AND TWO WOULD BE APPOINTED BY THE
24 PRESIDENT OF UC;

25 FOUR, TO ELIMINATE THE CHAIR'S STATUTORY

BARRISTERS' REPORTING SERVICE

1 RESPONSIBILITIES;

2 AND, FIVE, TO AUTHORIZE THE BOARD TO
3 SELECT THE CHAIR AND THE VICE CHAIR FROM AMONG THE
4 15 MEMBERS AND TO ELIMINATE THE STATUTORY
5 QUALIFICATIONS FOR THE CHAIR AND VICE CHAIR.

6 THE PROPOSAL TO REDUCE THE SIZE OF THE
7 BOARD ALMOST BY HALF IS INCONSISTENT WITH THE
8 VOTERS' INTENT AS EXPRESSED BOTH BY THE PLAIN
9 LANGUAGE OF PROP 71, THE DECLARATION OF PURPOSE, AND
10 THE BALLOT MATERIALS THAT ACCOMPANIED THE MEASURE.
11 THE MAKEUP OF THE BOARD, FOR EXAMPLE, IS SPECIFIED
12 NOT ONLY IN THE TEXT OF THE MEASURE, BUT ALSO IN THE
13 STATEMENT OF PURPOSE, AND IT'S HIGHLIGHTED IN THE
14 LEGISLATIVE ANALYST'S ANALYSIS OF THE MEASURE.

15 IN ADDITION, AS YOU ALL KNOW, THE COURT OF
16 APPEAL UPHELD THE STRUCTURE OF THE BOARD AGAINST A
17 WIDERANGING CONSTITUTIONAL CHALLENGE AND CONCLUDED
18 THAT THE MAKEUP OF THE BOARD REFLECTED THE VOTERS'
19 INTENT TO REQUIRE THAT THOSE RESPONSIBLE FOR
20 PARTICIPATING IN THE DECISION-MAKING PROCESS AND
21 ALLOCATING THE FUNDS BE KNOWLEDGEABLE IN THE
22 APPLICABLE FIELDS OF SCIENCE AND MEDICINE.

23 CHAIRMAN TORRES: THE YEAR OF THAT
24 DECISION?

25 MR. HARRISON: THE YEAR OF THAT DECISION

BARRISTERS' REPORTING SERVICE

1 WAS 2007.

2 THE SIZE OF THE BOARD WAS INTENDED NOT
3 ONLY TO ENSURE THAT CIRM HAS THE EXPERTISE NECESSARY
4 TO ENCOMPASS THE SPECIFIC SCIENTIFIC AND MEDICAL
5 RESEARCH PIPELINE FROM DISCOVERY TO CLINICAL
6 APPLICATION, BUT ALSO TO PROVIDE A DIVERSITY OF
7 VIEWPOINTS THAT ENRICHES DEBATE AND IMPROVES
8 OUTCOME. IT WAS MODELED ON THE REGENTS OF THE
9 UNIVERSITY OF CALIFORNIA, WHICH IS COMPRISED OF 26
10 MEMBERS.

11 THE SAME IS TRUE OF THE CHANGE TO LIMIT
12 THE TERMS OF THE MEMBERS FROM EIGHT AND SIX YEARS TO
13 FOUR YEARS. AS THE NAME OF THIS BOARD IMPLIES, THE
14 VOTERS DESIGNED THE BOARD TO BE INDEPENDENT AND NOT
15 TO BE CAPTIVE TO ANY PARTICULAR CONSTITUTIONAL
16 OFFICER OR GROUP. AND ONE MANNER IN WHICH THEY
17 ACCOMPLISHED THAT WAS TO PROVIDE FOR TERMS THAT
18 WOULD ACTUALLY IN SOME CASES EXTEND BEYOND THE
19 APPOINTING POWER'S OWN TERM.

20 THE DIFFUSION OF APPOINTMENT AMONG THE
21 FOUR CONSTITUTIONAL OFFICERS WAS ALSO A CRITICAL
22 ELEMENT OF MAINTAINING THAT ELEMENT OF INDEPENDENCE.
23 OBVIOUSLY IF ONE WERE TO CONCENTRATE 11 OF 15
24 APPOINTMENTS IN THE GOVERNOR, IT WOULD GIVE THE
25 GOVERNOR A DISPROPORTIONATE INFLUENCE OVER THE BOARD

BARRISTERS' REPORTING SERVICE

1 AND BE INCONSISTENT WITH THE VOTERS' INTENT THAT THE
2 BOARD BE INDEPENDENT FROM ANY ONE CONSTITUTIONAL
3 OFFICER.

4 THE SAME IS ALSO TRUE FOR THE POWER OF THE
5 CONSTITUTIONAL OFFICERS TO NOMINATE CANDIDATES FOR
6 CHAIR AND VICE CHAIR. CURRENTLY FOUR CONSTITUTIONAL
7 OFFICERS HAVE THE POWER TO NOMINATE CANDIDATES.
8 UNDER THIS PROPOSAL THE BOARD WOULD ELECT A CHAIR
9 AND A VICE CHAIR FROM AMONG ITS OWN MEMBERS, THEREBY
10 DENYING THE POWER OF THREE CONSTITUTIONAL OFFICERS
11 TO MAKE APPOINTMENTS.

12 THE ASSIGNMENT OF STATUTORY
13 RESPONSIBILITIES TO THE CHAIR ALSO REFLECTS AN
14 INTENT TO ALLOCATE FINANCIAL AND LEGAL ISSUES AND
15 SCIENTIFIC ISSUES RESPECTIVELY TO INDIVIDUALS WITH
16 EXPERTISE IN THOSE FIELDS. AND THIS IS APPARENT, I
17 THINK, WHEN ONE LOOKS AT THE STATUTORY CRITERIA FOR
18 CHAIR WHICH REQUIRE EXPERTISE IN LEGAL AND FINANCIAL
19 AREAS.

20 BASED ON THIS REVIEW, WE CONCLUDED THAT
21 THESE FIVE PROPOSED CHANGES CONSTITUTE ALTERATIONS
22 RATHER THAN CLARIFICATION, AND THAT THEY ARE
23 INCONSISTENT WITH THE INTENT OF THE VOTERS AS
24 REFLECTED IN PROP 71, AND, IN THE WORDS OF THE
25 COURT, WOULD VIOLATE A PRIMARY SPECIFIC MANDATE OF

BARRISTERS' REPORTING SERVICE

1 THE MEASURE. AND FOR THAT REASON, WE CONCLUDED THAT
2 AS TO THESE FIVE RECOMMENDATIONS, THE LEGISLATURE
3 COULD ONLY ACCOMPLISH THEM BY PLACING ANOTHER
4 MEASURE ON THE BALLOT JUST AS IT DID WITH PROP 1 D
5 AND 1 E ON THE MAY 19TH BALLOT, WHICH WOULD HAVE
6 AMENDED PROP 10 AND PROP 63 RESPECTIVELY.

7 ONE FINAL POINT. AFTER WE WROTE OUR
8 OPINION, THE THIRD DISTRICT COURT OF APPEAL ISSUED
9 AN OPINION INVALIDATING SEVERAL STATUTORY PROVISIONS
10 RELATING TO PROP 116, WHICH IDENTIFIED SPECIFIC
11 FUNDS AND SET THEM ASIDE FOR TRANSPORTATION
12 PROJECTS, AND THE LEGISLATURE THROUGH STATUTORY
13 CHANGES TO PROP 116 ATTEMPTED TO DIVERT SOME OF
14 THOSE FUNDS. COURT OF APPEAL FOUND THAT THE
15 LEGISLATURE HAD EXCEEDED ITS POWER AND THAT THE
16 PROPOSED AMENDMENTS COULD ONLY BE ACCOMPLISHED BY
17 ANOTHER BALLOT MEASURE. SO JUST ANOTHER INSTANCE
18 WHERE THE COURTS HAVE ACTED TO PROTECT THE PEOPLE'S
19 POWER OF INITIATIVE.

20 I SHOULD ALSO ADD THAT AMERICANS FOR
21 CURES, WHICH IS A NONPROFIT THAT WAS INSTRUMENTAL IN
22 ORGANIZING A GROUP OF AMICI TO SUBMIT A BRIEF IN
23 CONNECTION WITH THE CHALLENGE TO PROP 71, ALSO
24 PROVIDED AN ANALYSIS WHICH REACHED THE SAME
25 CONCLUSION. THE ANALYSIS WAS PREPARED BY A

BARRISTERS' REPORTING SERVICE

1 PROMINENT GOVERNMENT LAW FIRM IN SACRAMENTO THAT HAD
2 ALSO BEEN INVOLVED IN DRAFTING PROP 71.

3 CHAIR, THAT'S MY SUMMARY. I'D BE HAPPY TO
4 ANSWER ANY QUESTIONS.

5 CHAIRMAN TORRES: WAS THERE ANOTHER
6 OPINION YOU WANTED TO REFLECT UPON AS WELL?

7 MR. HARRISON: THAT'S THE OPINION I WAS
8 REFERRING TO. IT WAS FROM THE NIELSEN MERKSAMER
9 FIRM.

10 CHAIRMAN TORRES: MR. SHEEHY. DUANE, IS
11 THAT YOU?

12 MR. ROTH: YES, IT IS.

13 CHAIRMAN TORRES: RIGHT AFTER SHEEHY THEN.

14 MR. KLEIN: WHAT I'D LIKE TO SAY TOO IS
15 THAT BEYOND THE CONSTITUTIONAL AND INITIATIVE
16 PROTECTIONS, THE SIZE OF THE BOARD AND THE SPECIFIC
17 CRITERIA FOR SELECTION OF THE BOARD, I THINK, ARE
18 FUNDAMENTAL TO ACHIEVING OUR MISSION AND HAVING
19 EXPERTISE THAT COVERS THE ENTIRE PIPELINE FROM BASIC
20 SCIENCE TO SCIENCE DEVELOPMENT OF THERAPIES,
21 KNOWLEDGE OF -- CLINICAL TRIALS KNOWLEDGE OF THE
22 BIOTECH PRODUCT DEVELOPMENT, THAT ENTIRE PIPELINE IS
23 IMPORTANT. AND HAVING SUFFICIENT MEMBERS IN EACH OF
24 THOSE CATEGORIES TO STAFF COMMITTEES IS CRITICAL TO
25 GET THE FULL DIVERSITY VIEWPOINT SO WE DON'T END UP

BARRISTERS' REPORTING SERVICE

1 SHORT IN SPECIFIC CRITICAL POLICY OR IMPLEMENTATION
2 PROGRAMS MISSING ADEQUATE PERSONNEL FROM THE BOARD
3 TO PROVIDE THAT EXPERTISE.

4 THERE IS AVAILABLE AS PUBLIC MATERIALS FOR
5 THIS MEETING A SUMMARY THAT RELATES TO THE TYPES OF
6 MEETINGS AND THE NUMBER OF MEETINGS THAT HAVE BEEN
7 ATTENDED BY BOARD MEMBERS JUST IN THE FOUR AND A
8 HALF YEARS SINCE THE PASSAGE OF THIS INITIATIVE IN
9 THE TIME THAT THE BOARD HAS BEEN FUNCTIONAL.

10 THERE'S 737 MEETINGS STATED THERE THAT GO FROM BOARD
11 MEETINGS AND SUBCOMMITTEE MEETINGS TO WORKING GROUPS
12 AND TASK FORCES TO WORKSHOPS TO LEGISLATIVE
13 HEARINGS.

14 IT IS CRITICAL, AS MANY OF THE BOARD
15 MEMBERS KNOW, TO REALIZE THAT EVEN WITH A BOARD OF
16 29, SOMETIMES IT'S DIFFICULT TO GET ENOUGH MEMBERS
17 TO PEER REVIEW. SOMETIMES IT'S DIFFICULT ENOUGH TO
18 GET MEMBERS TOGETHER FOR A TASK FORCE MEETING. WITH
19 737 MEETINGS, WE'VE STRAINED THE CAPACITY OF 29
20 PEOPLE. WE WOULD KILL 15 PEOPLE STARTING THAT
21 PROCESS. YOU TAKE AN OATH TO ENHANCE THE HEALTH OF
22 PEOPLE IN THE STATE, NOT TO KILL BOARD MEMBERS.

23 WITH THAT, I THINK THAT, YOU KNOW, IT IS
24 VERY IMPORTANT THAT YOU REALIZE THAT ON THIS BOARD
25 IT'S NOT JUST, QUOTE, SCIENTISTS WHO HAVE SCIENTIFIC

BARRISTERS' REPORTING SERVICE

1 APPOINTMENTS, BUT RESEARCH HOSPITALS THAT ARE
2 SPECIFIED, INDEPENDENT RESEARCH INSTITUTES, MEDICAL
3 SCHOOLS ARE REPRESENTED. THERE IS BACKGROUND THAT
4 REFLECTS DEPTH OF RESEARCH IN THE BASIC SCIENCES.
5 LOOK AT THE CRITERIA FOR THE BOARD MEMBERS AND THE
6 DIVERSITY OF THOSE CRITERIA IN THAT PROCESS.

7 IT'S ALSO IMPORTANT IN BREAKING THE BOARD
8 UP BETWEEN DIFFERENT CONSTITUTIONAL OFFICERS WITH
9 APPOINTMENT AUTHORITY IF THERE'S MORE THAN ONE
10 OFFICER APPOINTING IN EACH CATEGORY. SO THAT IF YOU
11 WERE TO ELECT SOMEONE, FOR EXAMPLE, WHO WAS
12 IDEOLOGICALLY OPPOSED TO EMBRYONIC STEM CELL
13 RESEARCH, YOU WOULD STILL HAVE SOMEONE IN THAT
14 RESEARCH CATEGORY APPOINTED BY INDIVIDUALS WHO HAD A
15 MORE OPEN VIEW OF THE BROAD FIELD OF SCIENCE AND
16 MEDICINE SHOULD BE ABLE TO EXPLORE.

17 SO AS BACKGROUND, I THINK IT'S IMPORTANT
18 TO ALWAYS BE ABLE TO EXPLAIN FUNCTIONALLY WHY IT'S
19 IMPORTANT TO HAVE A LARGE BOARD AND, THEREFORE, WHY
20 THE CONSTITUTIONAL PROTECTIONS OF THAT SIZE ARE
21 VITAL TO OUR MISSION.

22 CHAIRMAN TORRES: I HAVE MR. SHEEHY AND
23 MR. ROTH. ANYONE ELSE WANT TO GET ON THE LIST?

24 DR. PRIETO: MR. CHAIR, FRANCISCO PRIETO.

25 CHAIRMAN TORRES: ANYBODY ELSE?

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: I JUST WANTED TO ADD TO
2 BOB'S LIST DIVERSITY OF LIFE EXPERIENCE. THAT'S
3 ALL.

4 MR. SHEEHY: SO FIRST FOR THE COUNSEL.
5 THE CLARIFICATION STANDARD IS CASE LAW BASED ON
6 OTHER INITIATIVES, RIGHT?

7 MR. HARRISON: CORRECT.

8 MR. SHEEHY: AREN'T WE RELIEVED OF THAT
9 STANDARD WITH THE STATUTORY LANGUAGE THAT ALLOWS FOR
10 ENHANCEMENT?

11 MR. HARRISON: NO. THE CASE LAW THAT SETS
12 FORTH THE CLARIFICATION VERSUS ALTERATION STANDARD
13 APPLIED TO PROPOSITION 103, WHICH ALSO PERMITTED
14 AMENDMENT TO FURTHER ITS PURPOSES.

15 MR. SHEEHY: I GUESS I'M UNCLEAR
16 BECAUSE -- SO WE CAN ONLY AMEND TO CLARIFY EVEN
17 THOUGH THE CLEAR LANGUAGE OF THE STATUE SAYS THAT WE
18 CAN ENHANCE?

19 MR. HARRISON: THAT'S THE STANDARD THAT
20 THE COURT SET FORTH IN TRYING TO DEVINE WHAT IT
21 MEANS TO FURTHER THE PURPOSES OF A MEASURE.

22 MR. SHEEHY: THIS SAYS TO ENHANCE THE
23 ABILITY. IS THAT THE SAME LANGUAGE THAT'S USED N
24 PROP 103?

25 MR. HARRISON: PROP 103 USES THE

BARRISTERS' REPORTING SERVICE

1 TERMINOLOGY "FURTHER THE PURPOSES OF THE MEASURE."

2 MR. SHEEHY: SO IT'S NOT THE SAME
3 STANDARD.

4 MR. HARRISON: IT'S NOT IDENTICAL. OUR
5 LANGUAGE SAYS ENHANCE THE ABILITY OF THE INSTITUTE
6 TO FURTHER THE PURPOSES OF ITS GRANTS AND LOAN
7 PROGRAM.

8 MR. SHEEHY: SO ENHANCE IS THE DIFFERENCE.

9 MR. HARRISON: ENHANCE IS THE DIFFERENCE,
10 YES.

11 MR. SHEEHY: WOULDN'T ENHANCE --
12 COULDN'T -- WHO WOULD BE DETERMINATIVE OF WHETHER OR
13 NOT THIS ENHANCED THE ABILITY OF THE CIRM TO ACHIEVE
14 ITS MISSION? WHO MAKES JUDGMENT ON THAT STANDARD?

15 MR. HARRISON: WELL, YOU KNOW, THE FINAL
16 ARBITERS OF WHAT THE LAW MEANS OBVIOUSLY ARE THE
17 COURTS.

18 MR. SHEEHY: RIGHT. BUT MIGHT SOME
19 REASONABLE PERSON SAY THAT IF THERE WERE A GROUP OF
20 RECOMMENDATIONS THAT THE ICOC THOUGHT WERE
21 REASONABLE AND THAT THE LEGISLATURE THOUGHT WERE
22 REASONABLE AND THAT THE GOVERNOR -- 70 PERCENT OF
23 THE LEGISLATURE THOUGHT WERE REASONABLE AND THAT THE
24 GOVERNOR THOUGHT WAS REASONABLE, MIGHT THAT BE
25 CONSIDERED AN ENHANCEMENT? WOULD THAT HAVE

BARRISTERS' REPORTING SERVICE

1 SUFFICIENT WEIGHT TO BE CONSIDERED BY -- HOW WOULD
2 THE COURT APPROACH THAT? IF YOU HAD THE ENTIRE
3 BOARD SAYING THAT THESE ARE ENHANCEMENTS OR THE
4 BOARD BY SOME MAJORITY AND YOU HAVE THE LEGISLATURE
5 BY 70 PERCENT AND THE GOVERNOR SIGNING THIS PER
6 STATUTE, WOULD NOT THESE MEASURES BE PLAUSIBLY
7 CONSIDERED ENHANCEMENTS?

8 MR. HARRISON: FIRST, THE FRAMEWORK WITHIN
9 WHICH THE COURTS OPERATE IS, FIRST, TO ASSUME THAT
10 THE LEGISLATURE ACTS WITHIN THE CONFINES OF ITS
11 CONSTITUTIONAL AUTHORITY. SO THE COURTS DO DEFER TO
12 THE LEGISLATURE IN THAT SENSE. BUT ULTIMATELY, AS
13 HAS BEEN THE CASE WITH THREE SEPARATE EFFORTS TO
14 AMEND PROP 103, THE COURTS MAKE THEIR OWN
15 INDEPENDENT JUDGMENT ABOUT WHETHER PROPOSED CHANGES
16 TO A BALLOT MEASURE FURTHER OR IN THIS CASE ENHANCE
17 ITS PURPOSES.

18 MR. SHEEHY: IS THERE A GOVERNING BOARD
19 ASSOCIATED WITH PROP 103 IN THE SAME WAY THAT --

20 MR. HARRISON: PROP 103 ESTABLISHED AN
21 ELECTED INSURANCE COMMISSIONER. NOT A GOVERNING
22 BOARD, BUT AN ELECTED INSURANCE COMMISSIONER TO
23 OVERSEE THE MEASURE.

24 MR. SHEEHY: WELL, THEN, WHY CAN'T WE
25 TAKE -- I GUESS I JUST FIND THIS LEGAL STANDARD VERY

BARRISTERS' REPORTING SERVICE

1 SLIPPERY. I MEAN WHY SOME THINGS ARE CONSIDERED
2 CLARIFICATIONS, LIKE INCREASING THE SIZE OVER 50,
3 WHY IS THAT NOT -- WHY WOULD THAT BE CONSIDERED AN
4 ENHANCEMENT AND NOT -- WHY WOULD THAT BE CONSIDERED
5 CLARIFICATION? LANGUAGE IS VERY STRAIGHTFORWARD ON
6 THAT.

7 MR. HARRISON: FIRST OF ALL, THE CONTEXT
8 IN WHICH THE CLARIFICATION/ALTERATION STANDARD WAS
9 ADOPTED WAS, AS I SAID, PROP 103, WHICH REDUCED
10 INSURANCE RATES. AND IN THAT PARTICULAR CASE THE
11 LEGISLATURE DETERMINED THAT SURETY INSURANCE WAS NOT
12 INCLUDED WITHIN THE SCOPE OF PROPOSITION 103 BECAUSE
13 SURETY INSURANCE RATES HAD NEVER BEEN A PROBLEM. IN
14 OTHER WORDS, THEY HAD NEVER PEAKED AS AUTO INSURANCE
15 RATES HAD, FOR EXAMPLE. SO IN THAT PARTICULAR
16 INSTANCE, THE LEGISLATURE ARGUED THAT THE EXEMPTION
17 OF SURETY INSURANCE WAS MERELY A CLARIFICATION OF
18 EXISTING LAW AND FURTHERED THE PURPOSES OF THE
19 MEASURE.

20 AND THE COURT DISAGREED, LAYING DOWN A
21 STANDARD WITH RESPECT TO CLARIFICATIONS VERSUS
22 ALTERATION. AND THE COURT DETERMINED THAT THAT WAS
23 AN ALTERATION AND THAT IT DID NOT, IN FACT, FURTHER
24 THE PURPOSES OR THE INTENT OF THE VOTERS.

25 BUT THE REAL UNDERLYING ISSUE THAT THE

BARRISTERS' REPORTING SERVICE

1 COURTS TRIED TO DEVINE IS WHAT'S THE INTENT OF THE
2 VOTERS. THAT'S WHAT THEY'RE TRYING TO GIVE EFFECT
3 TO.

4 MR. SHEEHY: SO THE STRUCTURE OF THE BOARD
5 WAS CLEARLY PARAMOUNT IN THE MINDS OF CALIFORNIA
6 VOTERS WHEN THEY VOTED FOR PROP 71; WHEREAS, THE
7 IDEA OF NOT WASTING VALUABLE RESOURCES ON ADDITIONAL
8 STAFF OVER 50 WAS NOT PARAMOUNT IN THEIR MINDS? DO
9 YOU THINK THAT THEY WERE MORE THOUGHTFUL ABOUT THE
10 COMPOSITION OF THE BOARD, THE ACTUAL COMPOSITION OF
11 THE BOARD AND THE DUTIES OF THE CHAIR, THAN THEY
12 WERE ABOUT LIMITATIONS ON THE SIZE OF THE AGENCY AND
13 THEIR DESIRE TO NOT WASTE RESEARCH DOLLARS ON STAFF?

14 MR. HARRISON: LET ME RESPOND TO THAT IN
15 TWO WAYS. I THINK THAT THE STRUCTURE OF THE BOARD
16 WAS A MORE IMPORTANT ASPECT OF THE MEASURE OVERALL
17 THAN THE EMPLOYEE CAP.

18 MR. SHEEHY: BASED ON WHAT IN TERMS OF THE
19 VOTERS' INTENT?

20 MR. HARRISON: BASED ON THE WEIGHT THAT
21 THE LEGISLATIVE ANALYST AND OTHERS GAVE TO IT, THE
22 STRUCTURE OF THE MEASURE ITSELF.

23 MR. SHEEHY: THE LEGISLATIVE ANALYST IN
24 THE VOTER HANDBOOK.

25 MR. HARRISON: CORRECT. YOU HAVE TO

BARRISTERS' REPORTING SERVICE

1 UNDERSTAND, LIKE IT OR NOT, ONE OF THE THINGS THAT
2 COURTS ASSUME IN EVALUATING BALLOT MEASURES IS THAT
3 THE VOTERS READ AND UNDERSTAND EVERYTHING THAT THEY
4 VOTE ON, AND THE PLAIN LANGUAGE REFLECTS THEIR
5 INTENT. AND IN THIS CASE, IN THE CASE THAT YOU
6 CITED, THE 50-EMPLOYEE CAP, THERE'S ANOTHER ELEMENT
7 OF PROP 71 THAT ADDRESSES THAT CONCERN AS WELL,
8 WHICH IS THE CAP ON ADMINISTRATIVE EXPENDITURES.

9 MR. SHEEHY: YEAH, BUT I GUESS I JUST
10 DON'T UNDERSTAND WHY SOME CHANGES HAVE BEEN DEEMED
11 NOT ENHANCEMENTS AND WHY SOME HAVE BEEN DEEMED
12 ENHANCEMENTS. I DON'T KNOW WHERE THE AUTHORITY FOR
13 THAT COMES. I'M STILL NOT SEEING WHETHER TO INCLUDE
14 ANOTHER AREA OF INSURANCE UNDER THE PURVIEW OF THE
15 INSURANCE COMMISSIONER IS NOT THE SAME TO MAKING
16 ALTERATIONS IN THE STRUCTURAL -- IN THE BOARD OF THE
17 AGENCY GIVEN THAT THAT BOARD THAT'S BEEN SET UP
18 MIGHT SUPPORT THOSE CHANGES. IF THE BOARD SUPPORTS
19 THOSE CHANGES, I GUESS I DON'T -- I DON'T KNOW THAT
20 THE VOTERS REALLY WERE SITTING THERE THINKING THAT
21 WE NEED TO HAVE EXACTLY X NUMBER OF PEOPLE FROM X
22 NUMBER OF PLACES.

23 CHAIRMAN TORRES: I DIDN'T THINK THEY
24 WANTED TERM LIMITS, BUT THEY DID.

25 MR. SHEEHY: TERM LIMITS IS A VERY

BARRISTERS' REPORTING SERVICE

1 CLEAR-CUT CASE.

2 CHAIRMAN TORRES: IT'S JUST DEFINING THE
3 VOTERS, WHICH IS THE STANDARD THE COURTS USE WHETHER
4 WE LIKE IT OR NOT.

5 MR. SHEEHY: I UNDERSTAND IT'S DEFINING
6 THE VOTERS, BUT I THINK THAT WE ARE -- DEVINING THE
7 INTENT OF THE VOTERS A PRIORI BASED ON WHICH THINGS
8 THAT A PRIORI -- I MEAN I GUESS I DON'T UNDERSTAND
9 THIS A PRIORI SOME THINGS ARE OKAY TO BE CONSIDERED
10 CHANGEABLE AND OTHER THINGS AREN'T. I JUST DON'T --
11 I DON'T HAVE THE SAME -- YOUR LEGAL ANALYSIS DOESN'T
12 HAVE ANY STATUTORY CONTEXT. IT DOESN'T HAVE ANY
13 CASE LAW CONTEXT FOR ME OTHER THAN BEING EXTREMELY
14 ARBITRARY. I MEAN THIS ANALYSIS SAYS, WELL, WE
15 DECIDED THAT THESE THINGS WERE CLEARLY IN THE MINDS
16 OF THE VOTERS WHEN THEY VOTED, EVEN THOUGH THEY ARE
17 THE BARRIERS -- YOU CAN SAY THAT SOME OF THESE
18 THINGS ARE BARRIERS TO THE FUNCTIONING OF THE
19 AGENCY.

20 I MEAN I THINK THAT THE CHAIRMAN HAS DONE
21 AN INVALUABLE JOB, FOR INSTANCE, BUT I DON'T KNOW --
22 I REALLY FEEL LIKE THAT IN, WHAT, 15 MONTHS, 16
23 MONTHS, IF HE INDEED STEPS DOWN, WE'RE EITHER GOING
24 TO HAVE TO FORCE HIM TO ACCEPT ANOTHER APPOINTMENT
25 OR THE AGENCY WILL FAIL AS PRESENTLY CONSTRUCTED.

BARRISTERS' REPORTING SERVICE

1 THERE'S A HIGH POSSIBILITY THAT WITH THE INHERENT
2 TENSION BETWEEN THE CHAIR AND THE PRESIDENT WITH THE
3 SEPARATION OF EXECUTIVE ROLES, WE DON'T CONTROL WHO
4 APPOINTS -- NOMINATES FOR CHAIR. WE COULD GET
5 SOMEONE FOR CHAIR WHO DOESN'T HAVE THE APPROPRIATE
6 SKILL SET WHO DOESN'T WORK WELL WITH THE PRESIDENT.
7 IF WE HAVE A FAILURE OF INTERFACE, AND LUCKILY THIS
8 IS WORKING WELL NOW, BUT IF WE HAVE A FAILURE OF
9 INTERFACE BETWEEN A NEW CHAIR AND OUR CURRENT
10 PRESIDENT, THEN NOT ONLY WILL THE MISSION OF CIRM
11 NOT BE ENHANCED, IT WILL BE HURT. NOT ONLY WILL
12 CURES NOT PROCEED PRECIPITOUSLY, THEY WILL BE
13 DELAYED. YOU PUT US INTO THIS STRUCTURAL
14 CONSTITUTIONAL CRISIS, AND THERE'S NO WAY THAT THE
15 BOARD CAN GET OUT.

16 SO I DON'T KNOW WHY THAT PARTICULAR --
17 JUST TO USE THAT AS AN EXAMPLE, WE'RE REALLY
18 DEPENDENT, WE REALLY HAVE SUCCEEDED BECAUSE WE HAD
19 THE RIGHT PERSON IN THAT ROLE. IF WE DON'T HAVE THE
20 RIGHT PERSON IN THAT ROLE, THAT CAN REALLY HURT OUR
21 MISSION. SO IT'S HARD FOR ME TO SEE WHY THE VOTERS
22 INTENDED TO HAVE AN AGENCY THAT CAN'T FUNCTION
23 STRUCTURALLY BECAUSE THE GOVERNOR AND THE OTHER FOUR
24 CONSTITUTIONAL OFFICERS DIDN'T NOMINATE THE RIGHT
25 PERSON TO WORK WITH THE AGENCY AT THE STATE THE

BARRISTERS' REPORTING SERVICE

1 AGENCY WAS IN WHEN THAT PERSON WAS NOMINATED.
2 BECAUSE, YOU KNOW, SO I DON'T GET THIS LEGAL
3 STANDARD AT ALL.

4 CHAIRMAN TORRES: ALL RIGHT. MR. ROTH.

5 MR. ROTH: THANK YOU. SO I'M GOING TO
6 START BY JUST SAYING THAT I BELIEVE THAT THE
7 RECOMMENDATIONS THAT WE RECEIVED HERE ARE PROPERLY
8 CATEGORIZED. AND I SORT OF LOOK AT THE ONES WE'RE
9 DISCUSSING TODAY AS THINGS THAT WOULD CLEARLY BE IN
10 THE BYLAWS OF A CORPORATION. SO FROM THAT
11 STANDPOINT, I DO ACCEPT THE LEGAL OPINION HERE.

12 BUT I WANT TO GO A LITTLE BEYOND THAT AND
13 TALK TO THESE ISSUES MORE DIRECTLY BECAUSE I BELIEVE
14 THEY REPRESENT PHILOSOPHICAL OR OPINION DIFFERENCES
15 ABOUT GOVERNANCE IN GENERAL. AND HAVING SERVED ON
16 MANY, MANY NONPROFIT AND FOR-PROFIT BOARDS, THE SIZE
17 OF THE BOARD ALWAYS COMES DOWN TO OPINION. I HAVE
18 BEEN ON BOARDS AS LARGE AS 65 OR 70. I HAVE BEEN ON
19 BOARDS OF THREE. AND I THINK IT JUST REALLY DEPENDS
20 ON THE SCOPE AND THE MISSION OF THAT ORGANIZATION.
21 AND I THINK IT WAS PROPERLY SUMMED UP BY BOB KLEIN A
22 FEW MINUTES AGO, THAT IT IS APPROPRIATE FOR THE
23 SCOPE AND MISSION OF WHAT WE DO.

24 SO WE CAN DIFFER ON OPINION, WHETHER IT'S
25 27 OR 29 OR 13 OR 15, BUT THAT IS TRULY, IN MY MIND,

BARRISTERS' REPORTING SERVICE

1 AN OPINION AS OPPOSED TO ANYTHING THAT HAS ANY
2 RATIONAL REASONS.

3 TERM LIMITS, I THINK WE ALL HAVE BEEN
4 THROUGH THAT ON BOARDS WHERE WE HAD TERM LIMITS AND
5 THEY'RE TOO SHORT, WHICH MEANS THAT PEOPLE, BY THE
6 TIME THEY VERY MUCH GET INTO THE MEAT OF WHAT THE
7 ORGANIZATION IS DOING, IT'S TIME TO MOVE ON TO
8 SOMETHING ELSE AND YOU LOSE THAT. SO THERE NEEDS TO
9 BE A BALANCE THERE. AND I THINK ARGUMENTS ABOUT
10 FOUR YEARS OR SIX YEARS, AGAIN, IS A MATTER OF
11 OPINION OR PHILOSOPHY.

12 AND THEN IN TERMS OF NO. 3 WHERE YOU'RE
13 TALKING ABOUT THE APPOINTMENT AUTHORITY, AGAIN, IT'S
14 OPINION. I THINK THE WAY IT'S DONE NOW, TO NOT HAVE
15 THE GOVERNOR APPOINT EVERYONE, IS PROBABLY A WISE
16 THING. AND I COULD ARGUE THAT AND DEFEND THAT.
17 BUT, AGAIN, TO ME IT'S SOMEBODY'S OPINION OF WHO
18 SHOULD BE DOING THE APPOINTING, AND I THINK WE
19 THOUGHT THROUGH IT VERY WELL.

20 IN TERMS OF THIS NO. 4 THAT JEFF JUST
21 COMMENTED ON, I BELIEVE, HAVING ALL OF US BEEN
22 THROUGH SO MANY DISCUSSIONS AROUND THIS, THAT WHAT
23 WE'VE CONCLUDED IS WHAT JUST HAPPENED AN HOUR AGO
24 WHEN CHAIRMAN KLEIN PASSED ON ONE OF HIS
25 RESPONSIBILITIES. IT DIDN'T CHANGE HIS STATUTORY

BARRISTERS' REPORTING SERVICE

1 RESPONSIBILITY, BUT HE HAS THE AUTHORITY TO MOVE
2 THOSE RESPONSIBILITIES TO OTHERS. AND I BELIEVE IN
3 THE FUTURE THAT TOOL MAY BE USED BROADER THAN IT HAS
4 BEEN IN THIS PARTICULAR CASE BECAUSE OUR CURRENT
5 CHAIRMAN HAS SO MUCH BACKGROUND AND KNOWLEDGE.

6 SO I THINK WHILE WE MAY ARGUE IT WASN'T
7 OPTIMAL OR IDEAL AND WE HAVE, I THINK IT'S WORKABLE
8 AND, THEREFORE, I DON'T SEE THE NEED TO MAKE A
9 CHANGE.

10 AND THEN THE AUTHORIZATION OF THE BOARD TO
11 SELECT A CHAIR, AGAIN, THAT'S OPINION. OFTEN IT'S
12 DONE BY A NOMINATING COMMITTEE. IT CAN BE A
13 NOMINATING COMMITTEE OF THE BOARD; IT CAN BE MADE UP
14 OF PEOPLE OUTSIDE. BUT IN THIS CASE I THINK THE
15 SYSTEM WORKS PROPERLY AND WE'RE ABLE TO GET HIGH
16 QUALITY CANDIDATES NOMINATED TO VIRTUALLY A HUNDRED
17 PERCENT OF WHAT HAS TAKEN PLACE IN THE PAST. SO
18 WHILE I RESPECT THEIR OPINION AND I RESPECT THEIR
19 PHILOSOPHY, I CAN ARGUE JUST AS HARD THAT WHAT WE
20 HAVE NOW IS VERY, VERY DEFENSIBLE.

21 SO I'M VERY MUCH IN FAVOR OF ACCEPTING
22 THIS PARTICULAR ASPECT OF THEIR REPORT AS BEING AS
23 THE LEGAL OPINION IS, BUT ALSO ON THE GROUNDS OF
24 JUST OTHER OPINION ON OUR PART THAT WOULD REPRESENT
25 THAT. I THINK THE BIGGER DISCUSSIONS WILL COME IN

BARRISTERS' REPORTING SERVICE

1 SECTIONS 2 AND 3 WHERE WE PROBABLY CAN AGREE THERE
2 ARE THINGS THAT ARE POLICY OR UNDER LEGISLATIVE
3 CHANGES THAT MIGHT BE APPROPRIATE. SO THANKS FOR
4 THAT CHANCE TO GIVE MY OPINION.

5 CHAIRMAN TORRES: THANK YOU, DUANE. DR.
6 PRIETO.

7 DR. PRIETO: YES. I CERTAINLY UNDERSTAND
8 HOW SOME OF THESE FALL UNDER THE CATEGORY OF ISSUES
9 THAT WOULD REQUIRE A VOTE -- ANOTHER VOTE OF THE
10 PUBLIC, LIKE CHANGING THE SIZE OF THE BOARD AND THE
11 COMPOSITION OF THE BOARD. I JUST HAD A QUESTION,
12 AND I GUESS THIS IS REALLY DIRECTED TOWARDS JAMES
13 HARRISON, REGARDING WHETHER THE ISSUE OF QUORUM,
14 GIVEN THE ISSUES THAT WE'VE HAD AT NUMEROUS BOARD
15 MEETINGS, OF HAVING THE SIZE OF OUR QUORUM INTERFERE
16 WITH OUR ABILITY TO GET WORK DONE, WHETHER CHANGING
17 THAT COULDN'T BE CONSIDERED AN ENHANCEMENT. I
18 REALIZE SOME OF THE ARGUMENTS THAT ARE MADE AGAINST
19 THAT, AND I'M VERY MUCH IN FAVOR OF HAVING A
20 DIVERSITY OF OPINION REFLECTED IN OUR DECISIONS.
21 BUT I DON'T REALLY THINK THAT'S BEEN THE ISSUE, AND
22 QUORUM HAS BEEN JUST A LOGISTICAL FUNCTIONAL PROBLEM
23 FOR US ON NUMEROUS OCCASIONS.

24 AND THEN I JUST WANTED TO RESPOND TO
25 SOMETHING THAT JEFF SAID ABOUT THE SELECTION OF THE

BARRISTERS' REPORTING SERVICE

1 NEXT CHAIR IF BOB STEPS DOWN AS HE SAYS HE INTENDS
2 TO. THAT I'M LESS CONCERNED ABOUT THAT BECAUSE
3 REMEMBERING THAT THERE ARE SEVERAL CONSTITUTIONAL
4 OFFICERS WHO ARE GOING TO NOMINATE THE NEXT CHAIR
5 AND THEN THE BOARD WILL SELECT FROM AMONG THOSE
6 NOMINEES. I THINK THOSE OFFICERS ARE LIKELY TO
7 LISTEN TO INPUT FROM THE BOARD MAKING THE
8 NOMINATIONS, AND SO I'M NOT TOO CONCERNED ABOUT
9 THAT.

10 CHAIRMAN TORRES: THANK YOU, DOCTOR.
11 JAMES, YOU WANTED TO RESPOND?

12 MR. HARRISON: DR. PRIETO, THE LITTLE
13 HOOVER COMMISSION INITIALLY HAD DISCUSSED AS ONE OF
14 ITS POTENTIAL RECOMMENDATIONS REDUCING THE QUORUM
15 FROM 65 PERCENT TO MAJORITY. BUT AT THEIR FINAL
16 MEETING, THEY ABANDONED THAT RECOMMENDATION. AND WE
17 HAVEN'T ANALYZED IT IN-DEPTH. I WOULD SAY THAT THE
18 STRUCTURE OF PROP 71 WAS DESIGNED TO ENSURE THAT A
19 SMALL GROUP OF THE BOARD DIDN'T CAPTURE THE BOARD
20 ITSELF. AND WITH A 65-PERCENT QUORUM LEVEL, YOU'RE
21 RELATIVELY ASSURED THAT YOU'LL HAVE A REASONABLE
22 DIVERSITY OF MEMBERS WHO PARTICIPATE IN ANY ONE
23 DECISION.

24 AND JUST LIKE THE DIFFUSION OF APPOINTMENT
25 AUTHORITY AMONG THE CONSTITUTIONAL OFFICERS AND THE

BARRISTERS' REPORTING SERVICE

1 DIFFERENT SECTORS REPRESENTED ON THE BOARD, THE 65
2 PERCENT ACTS TO ENSURE THE BOARD'S INDEPENDENCE. SO
3 I THINK ONE COULD CERTAINLY MAKE THE ARGUMENT THAT
4 MODIFYING THAT WOULD REQUIRE ANOTHER BALLOT MEASURE.

5 CHAIRMAN TORRES: DID YOU HAVE A FOLLOW-UP
6 QUESTION, DR. PRIETO?

7 DR. PRIETO: I GUESS I'M NOT SURE THAT I
8 UNDERSTAND HOW A MINORITY -- IN GENERAL MY BIAS IS
9 THAT THESE SUPER MAJORITIES ARE -- TEND TO BE
10 ANTIDEMOCRATIC AND SO THAT CONCERNS ME. BUT THE
11 OTHERS, I'M NOT SURE I UNDERSTAND HOW A MINORITY
12 COULD CAPTURE THE BOARD WITHOUT THE CONSENT OF THOSE
13 MEMBERS WHO BASICALLY CONSENT BY FAILING TO SHOW UP.
14 I DON'T SEE THAT AS A REAL CONCERN.

15 CHAIRMAN TORRES: MR. KLEIN HAS AN
16 OPINION.

17 MR. KLEIN: TO ANSWER, DR. PRIETO, AS JOAN
18 WILL KNOW, BECAUSE JOAN AND I DISCUSSED THIS IN 2003
19 WHEN SHE WAS A MEMBER OF THE CAMPAIGN COMMITTEE
20 BOARD, AND ONE OF THE THINGS THAT JOAN AND CERTAIN
21 PATIENT ADVOCATES AROUND THE COUNTRY AND IN
22 CALIFORNIA WERE CONCERNED ABOUT WAS, WELL, WHAT
23 HAPPENS IF THESE MEETINGS ARE SCHEDULED SO
24 FREQUENTLY AND THAT PATIENT ADVOCATES CAN'T SHOW UP
25 AND YOU REALLY GET A -- YOU GET THE BOARD, WHICH IS

BARRISTERS' REPORTING SERVICE

1 THE CENTRAL GOVERNANCE STRUCTURE, THAT MUST APPROVE
2 IN PUBLIC MEETINGS ALL GRANTS, LOANS, AND POLICY
3 DECISIONS. SO IT'S FUNDAMENTAL TO THE PUBLIC'S
4 TRUST THAT ALL THE FINAL DECISIONS WILL BE MADE IN
5 PUBLIC.

6 HOW DO YOU MAKE SURE THAT THIS DOESN'T --
7 THE BOARD DOESN'T GET MANIPULATED? AND ONE OF THE
8 THINGS THAT'S IN THERE TO PROTECT THAT IS THE
9 65-PERCENT QUORUM BECAUSE IN ORDER TO HAVE A
10 65-PERCENT QUORUM, YOU NEED A SUBSTANTIAL NUMBER OF
11 THE PATIENT ADVOCATES TO SHOW UP. SO IT IS, IN
12 FACT, WHETHER YOU ANALYZE IT FROM THE PATIENT
13 ADVOCATE PERSPECTIVE OR FROM THE SCIENTIFIC
14 PERSPECTIVE, YOU'RE GOING TO NEED EACH OF THOSE
15 MAJOR CONSTITUENCIES TO HAVE A SIGNIFICANT NUMBER
16 SHOW UP TO HAVE THE FULL RICHNESS AND DIVERSITY, AS
17 JOAN SAYS, LIFE EXPERIENCE IN FIGHTING TO ADVANCE
18 THERAPIES AND THE SUFFERING FROM CHRONIC DISEASE AND
19 THE LIFE EXPERIENCE OF TRYING TO DRIVE SCIENCE
20 THROUGH TO PATIENT THERAPIES.

21 SO THERE WAS A FUNDAMENTAL DISCUSSION
22 ACROSS THE STATE ABOUT 65-PERCENT QUORUM AS A
23 PROTECTION OF DIVERSITY OF OPINION.

24 CHAIRMAN TORRES: JOAN SAMUELSON.

25 MS. SAMUELSON: I THINK THAT'S ALL

BARRISTERS' REPORTING SERVICE

1 ABSOLUTELY TRUE. THE OTHER THING THAT I RECALL
2 VIVIDLY WAS A RESPONSE FROM VOTERS TO THAT ISSUE OF
3 LIFE EXPERIENCE BEING IMPORTANT TO ACHIEVING THE
4 MISSION. IT REALLY RESONATED, IT SEEMED. EVERY
5 CALIFORNIAN THAT I RUN INTO, WHETHER A PERSONAL
6 FRIEND OR SOMEBODY ON THE STREET, THINKS THAT THEY
7 PERSONALLY DRAFTED THIS THING AND CAUSED IT TO
8 SUCCEED WITH SUCH AN OVERWHELMING MANDATE. PEOPLE
9 TAKE THIS INITIATIVE EXTREMELY PERSONALLY AND
10 SERIOUSLY.

11 CHAIRMAN TORRES: THAT HAS BEEN MY
12 EXPERIENCE AS WELL, JOAN, PRIOR TO COMING TO THE
13 BOARD AND EVEN MORE SO AFTER. ANYONE ELSE?

14 DR. POMEROY: I HAVE A QUESTION FOR JAMES,
15 IF I COULD. JAMES, WHEN YOU GAVE YOUR OPINION THAT
16 THESE NEEDED TO GO TO THE BALLOT TO BE CONSIDERED TO
17 THE LITTLE HOOVER COMMISSION, WHAT WAS THEIR
18 RESPONSE?

19 MR. HARRISON: CHAIRMAN KAYE, WHO WAS THE
20 CHAIRMAN OF THE SUBCOMMITTEE ON THE CIRM REPORT,
21 NOTED THAT THEY HAD RECEIVED OPINIONS FROM MY FIRM
22 AND NIELSEN MERKSAMER FIRM, THAT THEY RAISED
23 LEGITIMATE ISSUES, THAT THE LITTLE HOOVER COMMISSION
24 HAD NOT ANALYZED THEM, AND THAT THEY WERE
25 SIGNIFICANT ENOUGH, THAT CONTROVERSY WAS SIGNIFICANT

BARRISTERS' REPORTING SERVICE

1 ENOUGH TO MERIT INCLUSION IN THE REPORT OF A
2 STATEMENT REGARDING THE ISSUES SO THAT THE
3 LEGISLATURE WAS ON NOTICE THAT THERE MIGHT BE A
4 PROBLEM WITH RESPECT TO THE LEGISLATURE'S POWER TO
5 ADOPT THESE BY STATUTE.

6 DR. POMEROY: WAS THERE ANY INDICATION OF
7 WHY THEY CHOSE NOT TO GET A LEGAL OPINION THEMSELVES
8 ON THIS?

9 MR. HARRISON: WELL, THE ISSUE CAME UP
10 SOMEWHAT LATE IN THE DAY. WE PROVIDED OUR OPINIONS
11 TO THEM ON JUNE 23D. THEY MET ON THE 25TH TO
12 ULTIMATELY ADOPT THE REPORT. AND PART OF THE REASON
13 FOR THE DELAY IN GETTING AN OPINION TO THEM WAS THE
14 FACT THAT THEY HAD SET AS A GROUND RULE AT THE
15 OUTSET THAT THEY DIDN'T INTEND TO PROPOSE CHANGES
16 THAT WOULD REQUIRE ANOTHER BALLOT MEASURE. SO ONCE
17 WE KNEW WHAT THEY WERE CONTEMPLATING, WE PREPARED
18 OUR ANALYSIS AND PROVIDED IT TO THEM.

19 ONE OF THE MEMBERS COMMENTED THAT SHE
20 PERSONALLY HAD WISHED THEY HAD HAD MORE THAN FIVE
21 MINUTES AND A SANDWICH TO EVALUATE THE ISSUES. AND,
22 IN FACT, A COUPLE OF MEMBERS PROPOSED PUTTING THE
23 WHOLE REPORT OFF UNTIL THE LITTLE HOOVER
24 COMMISSION'S NEXT MEETING IN AUGUST, BUT THEY
25 ULTIMATELY DECIDED TO GO AHEAD AND APPROVE IT

BARRISTERS' REPORTING SERVICE

1 NOTWITHSTANDING THAT.

2 DR. POMEROY: AND THEY HAVE NO INTENTION
3 OF TRYING TO GET AN INDEPENDENT OPINION ABOUT
4 WHETHER THESE HAVE TO GO TO THE BALLOT?

5 MR. HARRISON: TO MY UNDERSTANDING, THEY
6 DO NOT. THEY'VE KICKED THE BALL TO THE LEGISLATURE.

7 CHAIRMAN TORRES: LET ME ADD TO THAT WITH
8 MY OWN EXPERIENCE. THE LITTLE HOOVER COMMISSION'S
9 ROLE HAS ALWAYS BEEN TO ANALYZE AND MAKE
10 RECOMMENDATIONS REGARDING A STATE AGENCY, AND THEN
11 THEY WASH THEIR HANDS OF THE REPORT BECAUSE IN THEIR
12 MINDS THEY HAVE GIVEN THIS TO THE LEGISLATURE, AND
13 THEN IT IS UP TO THE LEGISLATURE TO DETERMINE WHAT
14 TO DO WITH THAT REPORT.

15 IN MANY INSTANCES SOME OF THE
16 RECOMMENDATIONS ARE CHERRY-PICKED FROM REPORTS AND
17 PUT INTO LEGISLATION. SOMETIMES IT'S JUST TAKEN
18 UNDER CONSIDERATION AND REVIEWED AT A SUBCOMMITTEE,
19 AT THE BUDGET COMMITTEE, OR A RELEVANT POLICY
20 COMMITTEE. BUT I'VE NEVER SEEN THE LITTLE HOOVER
21 COMMISSION COME BACK ON ITS REPORT OTHER THAN TO
22 REPORT AS A WITNESS BEFORE A LEGISLATIVE HEARING
23 REGARDING THE RECOMMENDATIONS THAT MAY HAVE BEEN PUT
24 INTO LEGISLATIVE FORM.

25 ON THAT POINT I WANT TO MAKE SURE I GET

BARRISTERS' REPORTING SERVICE

1 INTO THE RECORD BECAUSE I WAS REQUESTED TO DO SO BY
2 THE SENATE MAJORITY LEADER, DEAN FLOREZ, A LETTER
3 THAT HE SENT TO THE CHAIRMAN OF THE COMMISSION ON
4 JULY 6TH. AS YOU KNOW, HE IS A MEMBER OF THE
5 COMMISSION. HE WANTED ME TO READ JUST TWO QUICK
6 PARAGRAPHS TO MAKE SURE THAT THE MEMBERS KNEW OF HIS
7 LETTER.

8 "SECOND, AS I STATED AT THE COMMISSION'S
9 MEETING ON JULY 25TH, THE COMMISSION'S
10 RECOMMENDATIONS APPEAR TO LACK A FIRM FOUNDATION.
11 FOR EXAMPLE, WHEN I ASKED WHY A 15 MEMBER BOARD WAS
12 INHERENTLY BETTER THAN A 29 MEMBER BOARD, COMMISSION
13 MEMBERS RESPONDED THAT AN ACADEMIC EXPERT ON
14 NON-PROFIT GOVERNANCE HAD TESTIFIED THAT THE IDEAL
15 BOARD SIZE WAS SEVEN TO NINE MEMBERS, BUT THE EXPERT
16 HIMSELF STATED THAT HE DID NOT HAVE SUFFICIENT
17 KNOWLEDGE OF CIRM'S OPERATIONS TO OPINE ABOUT THE
18 IDEAL BOARD SIZE FOR CIRM."

19 THE SENATOR WENT ON TO SAY, "FINALLY, I'M
20 CONCERNED ABOUT THE COMMISSION'S APPROACH AND
21 APPARENT RUSH TO CONCLUDE ITS REPORT. AS ONE MEMBER
22 SAID AT THE MEETING, FIVE MINUTES AND A SANDWICH IS
23 NOT ADEQUATE TIME FOR COMMISSION MEMBERS TO ABSORB
24 THE INFORMATION THAT WAS PRESENTED. WHILE I
25 APPRECIATE THE SUBSTANTIAL EFFORT THE COMMISSION

BARRISTERS' REPORTING SERVICE

1 MEMBERS AND STAFF HAVE PUT INTO DRAFTING THIS
2 REPORT, I AM CONCERNED THAT DUE TO ITS RUSH TO
3 APPROVE THE REPORT, THE COMMISSION GAVE
4 DISPROPORTIONATE WEIGHT TO CIRM'S CRITICS AND DID
5 NOT CONSIDER A BROADER RANGE OF VIEWS ON THE COMPLEX
6 ISSUES THAT ARE SUBJECT OF THE REPORT."

7 AS DUANE ELOQUENTLY STATED EARLIER,
8 EVERYBODY IS ENTITLED TO THEIR OPINION ON WHAT SIZE
9 A BOARD SHOULD BE. ANY FURTHER COMMENTS BEFORE WE
10 GO TO PUBLIC COMMENTS?

11 DR. PRIETO: MR. CHAIR, I JUST THOUGHT I
12 SHOULD MENTION THAT I HAVE THREE REPRESENTATIVES OF
13 THE LITTLE HOOVER COMMISSION HERE IN ELK GROVE WITH
14 ME, SO I'M SURE THEY WOULD TAKE QUESTIONS OR MAY
15 WANT TO MAKE COMMENTS THEMSELVES.

16 CHAIRMAN TORRES: MR. SHEEHY.

17 MR. SHEEHY: WELL, JUST A COUPLE OF
18 POINTS. FIRST, I GUESS I GET -- I'M A LITTLE --
19 AGAIN, I GO TO THE ISSUE OF FRAMING. TO SUGGEST
20 THAT SOME STRUCTURAL INEFFICIENCIES MAY HAVE BEEN
21 IDENTIFIED BY THE LITTLE HOOVER COMMISSION DOESN'T
22 MEAN THAT I NECESSARILY THINK THAT THEIR
23 MODIFICATIONS EACH AND EVERY ONE SHOULD BE ADOPTED,
24 BUT I HAVE TO ASK THE LARGER QUESTION. DID THEY
25 IDENTIFY STRUCTURAL INEFFICIENCIES THAT WE COULD

BARRISTERS' REPORTING SERVICE

1 COUNTER WITH IDEAS WHETHER IT'S TO DETERMINE THE
2 SIZE OF THE BOARD, DIVERSITY OF A -- FRANKLY, I
3 SUPPORT THE -- VERY STRONGLY -- I THINK THE
4 DIVERSITY OF THE BOARD HAS BEEN ONE OF ITS STRONG
5 FEATURES. SO NO MATTER WHAT THE SIZE, I SUPPORT
6 MAINTAINING THE DIVERSITY.

7 THE APPOINTING AUTHORITY IS NOT -- IS
8 ALSO -- RATHER THAN GET INTO THE WEEDS ON WHAT EACH
9 INDIVIDUAL RECOMMENDATION IS, YOU KNOW, IS THE BOARD
10 STRUCTURE, IS THE SIZE REALLY APPROPRIATE, OR WOULD
11 WE BE BETTER SERVED BY A SMALLER BOARD? I DON'T
12 KNOW.

13 WE TALK ABOUT TOO MUCH WORK FOR ALL THE
14 BOARD MEMBERS, BUT SOME BOARD MEMBERS, FRANKLY,
15 VIRTUALLY NEVER SHOW UP. SO THAT'S NO EVIDENCE THAT
16 A 29-MEMBER BOARD WORKS. AND THE BIGGEST STRUCTURAL
17 BARRIER TO BOARD MEMBERS SHOWING UP IS THE LACK OF
18 COMPENSATION AND ALTERNATES FOR PATIENT ADVOCATES
19 WHO HAVE THE BULK OF THE WORK AND ARE SACRIFICING
20 THEIR OWN CAREERS AND PERSONAL LIVES IN ORDER TO DO
21 THE WORK, WHICH I THINK IS A MAJOR STRUCTURAL FLAW
22 IN THE MEASURE. IF YOU LOOK AT ALL THESE MEETINGS
23 THAT HAVE BEEN DETAILED, I DON'T THINK YOU'RE GOING
24 TO SEE MORE THAN 20 MEMBERS DOING -- WHO HAVE
25 ATTENDED 90 PERCENT -- YOU KNOW, 95 PERCENT OF THE

BARRISTERS' REPORTING SERVICE

1 ATTENDANTS OF THOSE MEETINGS.

2 TO DR. PRIETO'S POINT ABOUT THE
3 INHERENT -- WHAT I'M TALKING ABOUT IS THE INHERENT
4 CONFLICT BETWEEN AN OPERATIONAL CHAIR AND THE
5 EXECUTIVE DUTIES OF THE PRESIDENT. AN OVERLAP IN
6 EXECUTIVE AUTHORITY DOES PRESENT A LONG-TERM
7 DILEMMA. WE'RE DOING GREAT NOW WITH THE FABULOUS,
8 BUT IF PERSONNEL CHANGE, WE CAN FIRE THE PRESIDENT.
9 WE CAN'T FIRE THE CHAIR. ONCE THE CHAIR COMES IN
10 AND THE CHAIR AND THE PRESIDENT DON'T GET ALONG, NO
11 MATTER HOW SUPPORTIVE WE MAY BE OF THE JOB THE
12 PRESIDENT IS DOING, THE CHAIR HAS BY STATUTE WRITTEN
13 INTO THE CALIFORNIA CONSTITUTION OPERATIONAL DUTIES
14 THAT CANNOT TAKEN AWAY BY THE BOARD. THE CHAIR
15 CAN'T BE REMOVED BY THE BOARD, AND THAT SETS UP A
16 SITUATION THAT COULD BE VERY DAMAGING TO OUR
17 MISSION.

18 I'M NOT TALKING ABOUT THIS YEAR. I FEEL
19 LIKE WE KEEP LOOKING AT THIS WE DON'T WANT TO CHANGE
20 RIGHT NOW. I WOULDN'T HAVE ANYONE KICKED OFF THE
21 BOARD. I WOULDN'T HAVE ANYBODY'S TERM SHORTENED;
22 BUT AS TERMS START TO EXPIRE, DO WE WANT TO
23 TRANSITION TO A DIFFERENT LOOK AND FEEL IN ORDER TO
24 CREATE AN INSTITUTION THAT HAS REAL LONG-TERM
25 STABILITY AND IS NOT DEPENDENT ON ANY SINGLE

BARRISTERS' REPORTING SERVICE

1 INDIVIDUALS? THAT TO ME IS THE LARGER QUESTION.

2 NOW, WE MAY NOT WANT TO ADDRESS THAT. WE
3 MAY DECIDE THAT LEGAL -- OUR COUNSEL'S RULING THAT
4 NONE OF THESE ISSUES CAN BE ADDRESSED BECAUSE
5 THEY'RE IMPERMISSIBLE PER CASE LAW, NOT, AS I CAN
6 SEE, BY THE CLEAR LANGUAGE OF PROP 71, BUT WE HAVE A
7 DIFFERENCE OF OPINION ON THAT, MAYBE THAT'S WHERE WE
8 ARE. BUT, YOU KNOW, I'D JUST LIKE TO SEE US SET ON
9 A PATH TO WHERE WE HAVE AN AGENCY THAT'S GOING TO
10 OUTLIVE US ALL.

11 CHAIRMAN TORRES: ANYONE IN LA JOLLA FOR
12 PUBLIC COMMENT, DUANE?

13 MR. ROTH: NO.

14 CHAIRMAN TORRES: ANYONE IN HEALDSBURG,
15 JOAN?

16 MS. SAMUELSON: I'M TAKING YOU AT YOUR
17 WORD, ART, THAT WE'RE LEAVING TO THE NEXT SESSION --

18 CHAIRMAN TORRES: THAT'S MY WORD.

19 MS. SAMUELSON: -- SUBSTANTIVE COMMENT ON
20 THE MERIT OF THE LITTLE HOOVER RECOMMENDATIONS OR
21 OUR STRATEGIC VIEW OF THAT, ETC.

22 CHAIRMAN TORRES: YES, LEAVING TO THE NEXT
23 MEETING THE CONCEPTS THAT ARE ARTICULATED IN THE
24 DOCUMENT, POLICY CHANGES THAT WE COULD IMPLEMENT AND
25 LEGISLATIVE CHANGES THAT COULD BE IMPLEMENTED. YOU

BARRISTERS' REPORTING SERVICE

1 ARE CORRECT.

2 MS. SAMUELSON: I HAVE OPINIONS ABOUT THAT
3 STUFF.

4 CHAIRMAN TORRES: I KNOW YOU DO. IS THERE
5 ANYONE AT HEALDSBURG THAT WANTS TO PUBLICLY COMMENT?

6 MS. SAMUELSON: NO.

7 CHAIRMAN TORRES: I WISH I WERE THERE,
8 JOAN. ELK GROVE? DR. PRIETO, ANYONE THERE?

9 DR. PRIETO: NO.

10 CHAIRMAN TORRES: NO COMMENTS. NOW WE'RE
11 HERE AT THE CIRM HEADQUARTERS. ANY PUBLIC COMMENT?
12 PLEASE IDENTIFY YOURSELF FOR THE RECORD.

13 MR. REED: DON REED. I'M REMINDED OF
14 WINSTON CHURCHILL'S REMARK THAT DEMOCRACY IS THE
15 WORST FORM OF GOVERNMENT EXCEPT FOR ALL THE OTHERS.
16 I THINK THAT THERE WILL ALWAYS BE WAYS TO IMPROVE
17 OUR PROGRAM HERE, BUT I THINK WE ARE ALSO SET UP IN
18 SUCH A WAY THAT CHANGE DOES HAPPEN, HAS HAPPENED.
19 EVERY CRITICISM THAT'S BEEN OFFERED HAS BEEN GIVEN
20 SERIOUS CONSIDERATION, AND SOME HAVE BROUGHT FORTH
21 IMPROVEMENTS. BUT I DO NOT THINK THAT WE DO
22 OURSELVES SERVICE BY ALTERING THE VERY FRAMEWORK
23 WHICH HAS BEEN SO SUCCESSFUL.

24 IT'S ONE THING TO GO TO THE DOCTOR AND GET
25 AN OPINION ON THINGS THAT CAN BE DONE TO BE

BARRISTERS' REPORTING SERVICE

1 HEALTHIER, BUT IT'S SOMETHING ELSE TO SAY, WELL,
2 LET'S HAVE MAJOR SURGERY ALTHOUGH WE'RE NOT ILL. NO
3 ONE, EVEN THE LITTLE HOOVER COMMISSION, HAS ANY WAY
4 TO SUGGEST THAT THIS HAS NOT BEEN AN OVERWHELMINGLY
5 SUCCESSFUL PROGRAM. SO WHY WOULD WE WANT TO REMOVE
6 THE CORE OF IT? THE ICOC IS THE ANSWER TO A
7 NARROWING OF AUTHORITY, A POTENTIALLY -- DICTATORIAL
8 FORM IS NOT RIGHT, BUT TOO NARROW OR IDEOLOGICAL
9 RESTRICTIONS PLACED ON THE RESEARCH. THAT'S ONE OF
10 THE STRONG POINTS OF IT, THAT WE HAVE A LARGE BOARD
11 SO THAT THERE CAN BE NO OVER RESTRICTION. I JUST
12 BASICALLY FEEL IF IT'S NOT BROKE, DON'T FIX IT.
13 THANK YOU.

14 CHAIRMAN TORRES: ANY OTHER PUBLIC
15 COMMENTS HERE IN SAN FRANCISCO? I'M SORRY, DR.
16 BRYANT. IS THERE ANYONE THERE AT IRVINE?

17 DR. BRYANT: NO, THERE ISN'T. BUT I WOULD
18 MYSELF ENDORSE DON REED'S COMMENTS. I JUST THINK
19 THAT I WORRY ABOUT OPENING CANS OF WORMS WHEN THINGS
20 ARE WORKING PRETTY SUCCESSFULLY, AND THAT I FEEL
21 THAT WE SHOULD DO WHATEVER WE CAN TO KEEP THINGS ON
22 THE TRACKS.

23 CHAIRMAN TORRES: DR. POMEROY, IS THERE
24 ANYONE THERE IN SACRAMENTO?

25 DR. POMEROY: NO PUBLIC.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: ANY OTHER BOARD MEMBER
2 WHERE THERE MIGHT BE A PUBLIC PRESENCE THAT WE ARE
3 UNAWARE OF?

4 DR. TROUNSON: ART, IT'S ALAN TROUNSON. I
5 JUST WONDER IF I CAN MAKE A BRIEF COMMENT. WE'VE
6 JUST RETURNED FROM BARCELONA IN SPAIN, AND IT'S VERY
7 CLEAR THAT WHAT CIRM'S DOING IS WAY UP FRONT OF THE
8 LEADERSHIP IN THE FIELD. AND THERE'S QUITE AN
9 ASTONISHING RESPONSE TO HOW WELL WE HAVE ACTUALLY
10 PERFORMED TO DATE. SO I WOULD THINK WE SHOULD COUCH
11 WHATEVER CHANGES WE WANT IN IMPROVING OUR CAPACITY,
12 WHICH IS AT THE MOMENT I THINK MOST PEOPLE WOULD
13 THINK WAS SUPERB. SO THERE MAY BE CHANGES THAT
14 COULD BE HELPFUL, BUT I THINK THEY OUGHT TO BE
15 REFLECTED IN OUR ABILITY TO CONTINUE TO DELIVER ON
16 OUR MISSION.

17 AND SO I THINK THE WORLD, THE WHOLE GLOBE
18 BELIEVES THAT WE HAVE BEEN EXTRAORDINARILY
19 EFFECTIVE, AND THAT WAS VERY GRATIFYING, I THINK,
20 FROM ALL OF THE PEOPLE THAT WERE THERE.

21 CHAIRMAN TORRES: THANK YOU VERY MUCH,
22 DOCTOR. I WANTED TO ADD MY OWN COMMENTS AND MAKE
23 THEM VERY, VERY BRIEF BECAUSE I KNOW WE'RE RUNNING
24 OUT OF TIME HERE.

25 NO. 1, AS CHAIRMAN OF THE SENATE INSURANCE

BARRISTERS' REPORTING SERVICE

1 COMMITTEE, I HAD TO DEAL WITH PROPOSITION 103. AND
2 THE INSURANCE INDUSTRY'S CONSTANT, CONSTANT BATTLING
3 TO REMOVE THE CONCEPT OF AN INSURANCE COMMISSIONER,
4 WHICH THEY NEVER WANTED IN THE FIRST PLACE. AND THE
5 STRONGEST ARGUMENT WAS, BASED ON THE COURT OPINIONS
6 AS WELL AS OUR OWN LEGISLATIVE INTENT, THAT THE
7 INSURANCE COMMISSIONER'S ROLE WAS VERY IMPORTANT TO
8 THE EFFORT AND IMPLEMENTATION OF PROPOSITION 103 AND
9 ADDED TREMENDOUS IMPACT IN TERMS OF PROTECTING THE
10 CONSUMERS.

11 NO. 2, IN MY BRIEF EXPERIENCE HERE SO FAR,
12 I AM SO IMPRESSED WITH THIS BOARD AND THE DIVERSITY
13 OF ITS MEMBERSHIP. FROM PATIENT ADVOCATES TO
14 SCIENTISTS TO LEADERS TO EDUCATORS, IT IS AN
15 INCREDIBLE BOARD OF DIVERSITY OF 29 PEOPLE WHO BRING
16 DIVERSITY OF OPINION, WHO BRING DEBATE INTO
17 PERSPECTIVE, AND YET WE RESPECT EACH OTHER'S
18 OPINIONS. AND THAT DIVERSITY ENHANCES, IN MY
19 OPINION, ESPECIALLY IN THE PATIENT ADVOCATE
20 POSITIONS, THE ABILITY TO SPEAK TO THE STATE OF
21 CALIFORNIA THAT WE ARE A REPRESENTATIVE BODY THAT IS
22 CONCERNED ABOUT THE FUTURE FOR TREATMENT AND CURES,
23 WHICH IS ULTIMATELY OUR MISSION.

24 SECONDLY, I HAVE NEVER SUPPORTED A GRAB BY
25 A GOVERNOR, WHETHER IT'S A DEMOCRAT OR REPUBLICAN,

BARRISTERS' REPORTING SERVICE

1 OF ANY AGENCY. I BELIEVE THERE NEEDS TO BE A
2 BALANCE IN THE APPOINTING POWERS, AND THAT'S WHY WE
3 HAVE THREE BRANCHES OF GOVERNMENT, TWO OF WHICH
4 RESPOND AND HAVE AUTHORITY OVER THIS INSTITUTE AND
5 CLEARLY THIS COMMISSION. I DON'T WANT TO CHANGE
6 THAT. AND I DON'T WANT TO SPEND ANOTHER 34 MILLION
7 IN '04, MAYBE 65 MILLION IN 2010 ON ANOTHER CAMPAIGN
8 THAT DIVERTS OUR ATTENTION FROM THE REAL MISSION
9 THAT WE HAVE HERE AND, SECONDLY, BODES SUSPICION AND
10 INCONFIDENCE, RATHER, IN WHETHER THE STABILITY OF
11 THIS ORGANIZATION WILL BE THERE FOR SCIENTISTS WHO
12 WANT TO BE PART OF THIS MISSION.

13 THE BOARD APPOINTMENTS FROM FOUR TO SIX I
14 OPPOSE -- SIX TO FOUR I OPPOSE FOR THE FOLLOWING
15 REASONS. THE BOARD OF REGENTS WAS ESTABLISHED FOR
16 THE UNIVERSITY OF CALIFORNIA TO ENSURE THE
17 INDEPENDENCE OF ACADEMIC IDEAS, EXPERIENCE, AND
18 PROFESSIONALISM, WHICH IS WHY THE BOARD TERMS WERE
19 12, 16 YEARS IN SOME CASES TO OUTLIVE A GOVERNOR
20 THAT MAYBE THE LEGISLATURE AND THE BOARD DISAGREED
21 WITH, AS WE'RE SEEING THIS VERY DAY HERE IN SAN
22 FRANCISCO AS THE BOARD OF REGENTS TAKES ON AN \$83
23 MILLION CUT IN CONTRAST TO OTHER MEASURES THAT ARE
24 THERE AND CLEARLY TO OTHER LEADERSHIP ISSUES THAT
25 ARE THERE.

BARRISTERS' REPORTING SERVICE

1 AND LASTLY, HAVING GONE THROUGH SO MANY OF
2 THESE OPINIONS AND CASE LAW, NOT ONLY ON THIS ISSUE,
3 BUT ON PREVIOUS INITIATIVES, I HAVE TO AGREE AND
4 SUPPORT THE LEGAL OPINIONS THAT HAVE COME FROM BOTH
5 A DEMOCRAT AND A REPUBLICAN, I MIGHT ADD, THAT
6 SUGGESTS TO US THAT WE CAN'T TINKER UNLESS WE'RE
7 WILLING TO DO A CAMPAIGN ON A STATEWIDE BASIS WITH
8 THESE FIVE ELEMENTS.

9 SO I WANTED TO MAKE SURE THAT EVERYONE ON
10 THE BOARD KNEW WHERE I WAS COMING FROM NOW AFTER
11 WE'VE SOLICITED YOUR OPINIONS AS WELL. MR. KLEIN,
12 YOU HAD A COMMENT.

13 MR. KLEIN: WELL, I'D LIKE TO MAKE A
14 MOTION THAT WE NOT ACCEPT THE MODIFICATIONS IN THE
15 FIRST FIVE BECAUSE THEY WOULD SPECIFICALLY REQUIRE A
16 BALLOT MEASURE WITHOUT GOING TO THE UNDER --
17 POTENTIAL UNDERLYING ISSUES THERE. I BELIEVE THAT
18 MY MOTION WOULD BE THAT THE FIRST FIVE
19 RECOMMENDATIONS THAT HAVE BEEN ARTICULATED AND
20 LISTED BY JAMES HARRISON, BOARD COUNSEL, AS
21 REQUIRING A NEW BALLOT MEASURE WOULD NOT -- WOULD BE
22 RECOMMENDED -- WE RECOMMEND AGAINST ACCEPTING THOSE
23 RECOMMENDATIONS. AND I TRIED TO PROVIDE A
24 SUBSTANTIVE BACKGROUND AND FUNCTIONAL BACKGROUND FOR
25 WHY I THINK THOSE SHOULDN'T BE ACCEPTED.

BARRISTERS' REPORTING SERVICE

1 BUT FROM A LEGAL VIEWPOINT, WHETHER I
2 AGREED OR NOT WITH THE CASE LAW AND HOW THE CASE LAW
3 HAS BEEN DEVELOPED IN CALIFORNIA, I SPENT MOST OF A
4 YEAR RESEARCHING IT WITH FIVE LAW FIRMS IN WRITING
5 THIS INITIATIVE. AND I THINK IT HAS TWO DIFFERENT
6 LEGAL OPINIONS EXPRESSED. IT'S PRETTY CLEAR ON
7 THESE FIVE ITEMS.

8 I LOOK FORWARD TO A VIBRANT DISCUSSION OF
9 THE OTHER ITEMS THAT ARE POLICY THAT CIRM CAN LOOK
10 AT AND THAT THE LEGISLATURE MIGHT LOOK AT. MY
11 MOTION IS TO RECOMMEND AGAINST ACCEPTANCE OF THOSE
12 FIVE THAT WOULD REQUIRE A NEW BALLOT MEASURE.

13 CHAIRMAN TORRES: IS THERE A SECOND?

14 DR. REED: SECOND.

15 CHAIRMAN TORRES: THANK YOU. DISCUSSION?

16 MS. SAMUELSON: QUESTION. THIS IS JOAN.

17 I THOUGHT THAT THEY WERE LEAVING THIS CONTENT
18 DISCUSSION -- WE WERE HONORING IT IN THE BREACH, OF
19 COURSE, BUT I THOUGHT WE WERE LEAVING THAT
20 DISCUSSION TO THE NEXT MEETING. WHAT AM I MISSING?

21 MR. KLEIN: MY MOTION ONLY, JOAN, GOES TO
22 THESE FIVE ITEMS. IT DOES NOT ADDRESS THE CIRM
23 POLICY ISSUES OR THE LEGISLATIVE, WHICH MR. TORRES
24 HAS SAID ARE GOING TO BE DISCUSSED IN DETAIL AT THE
25 NEXT MEETING. SO I'M MAKING NO MOTION OR

BARRISTERS' REPORTING SERVICE

1 RECOMMENDATION AS TO THE OTHER ITEMS.

2 MS. SAMUELSON: I SEE. OKAY.

3 CHAIRMAN TORRES: ANY FURTHER COMMENTS OR
4 DISCUSSION?

5 DR. PRIETO: I JUST WONDERED, BECAUSE I
6 THOUGHT WHILE WE'RE STILL IN PUBLIC FORUM, I MIGHT
7 ASK THE LITTLE HOOVER COMMISSION MEMBERS WHO ARE
8 HERE, FRANKLY, WHAT THEY WERE THINKING WHEN THEY
9 CAME UP WITH THE RECOMMENDATION TO CONCENTRATE THE
10 APPOINTMENT AUTHORITY IN THE GOVERNOR. AND ALSO THE
11 OTHER ISSUE THAT REALLY STUCK IN MY MIND AND WHICH
12 I'D BE VERY STRONGLY OPPOSED TO IS THE
13 RECOMMENDATION THAT THE CHAIR AND THE VICE CHAIR BE
14 PRECLUDED FROM TAKING SALARIES. I'M OPPOSED TO THAT
15 AND WROTE A LETTER TO THE EDITOR.

16 CHAIRMAN TORRES: I KNOW YOU DID, AND THEY
17 DROPPED THAT RECOMMENDATION.

18 DR. PRIETO: OKAY.

19 MR. DROWN: THIS IS STUART DROWN. I'VE
20 BEEN LISTENING WITH GREAT INTEREST TO THE
21 DISCUSSION.

22 CHAIRMAN TORRES: A LOT OF FOLKS MAY NOT
23 KNOW WHO YOU ARE, STUART, ON THE CALL. CAN YOU
24 IDENTIFY YOURSELF?

25 MR. DROWN: THIS IS STUART DROWN. I'M THE

BARRISTERS' REPORTING SERVICE

1 EXECUTIVE DIRECTOR OF THE LITTLE HOOVER COMMISSION.

2 I AM PART OF THE STAFF OF THE COMMISSION.

3 FIRST, DIRECTED TO DR. PRIETO'S CONCERN
4 ABOUT PRECLUDING THE SALARIES. THAT WAS BASED, I
5 BELIEVE, ON THE LEGAL OPINION THAT WAS DISTRIBUTED
6 TO CIRM DIRECTORS OR ICOC MEMBERS BEFORE. IT WAS
7 BASED ON THE SUBCOMMITTEE DISCUSSION AND NOT ON THE
8 FINAL REPORT. IN THE FINAL REPORT THAT'S NOT PART
9 OF THE REPORT.

10 CHAIRMAN TORRES: THANK YOU.

11 MR. DROWN: SO ON THE SECOND, I WOULD LIKE
12 TO ALSO GO TO THE LEGAL QUESTIONS TO AMPLIFY WHAT
13 YOUR LEGAL COUNSEL SAID.

14 CHAIRMAN TORRES: JAMES HARRISON.

15 MR. DROWN: CORRECT. THE COMMISSIONERS
16 FOUND THAT THE LAW WAS -- THE QUESTIONS WERE
17 SUFFICIENTLY OPEN TO PROCEED WITH THOSE
18 RECOMMENDATIONS. THEY TOOK YOUR LEGAL COUNSEL'S TWO
19 OPINIONS INTO CONSIDERATION. AND DESPITE THE FACT
20 THAT ONE OF THEM OR, I THINK, BOTH OF THEM WERE
21 WRITTEN BEFORE THE REPORT WAS OUT, AND THEY
22 ACKNOWLEDGED THAT THESE ARE CONCERNS, BUT THEY ALSO
23 FELT THAT THESE WERE AREAS THAT WERE NOT CLEARLY
24 DEFINED.

25 AND I LISTENED WITH GREAT INTEREST TO THE

BARRISTERS' REPORTING SERVICE

1 DEBATE OVER THE EVALUATION THAT CERTAIN THINGS IN
2 THE RECOMMENDATIONS COULD BE ADOPTED AS AN
3 ENHANCEMENT EVEN THOUGH THEY WERE ALTERATIONS, WHICH
4 IS THE 50-PERSON CAP, AND YET OTHERS COULDN'T, EVEN
5 THOUGH THEY MAY ENHANCE THE MISSION OF THE
6 COMMISSION OR THE INSTITUTE BECAUSE THEY WERE
7 ALTERATIONS. I THINK THAT POINTS UP EXACTLY THE
8 KIND OF OPACITY AND VAGUENESS OF THE LAW ON THIS
9 ISSUE, AND IT'S THE KIND OF THING THAT PERSUADED THE
10 COMMISSION THAT THEY NEEDED TO GO FORWARD ON THESE
11 TO START THIS VERY DISCUSSION.

12 I HOPE IT'S CLEAR, AND I THINK WE MADE IT
13 CLEAR TO MR. KLEIN AND MR. TORRES AND EVERYBODY WE
14 SPOKE TO THAT ONE OF THE MAIN GOALS OF THESE REPORTS
15 IS TO CATALYZE DISCUSSION. AND SO WE'RE VERY
16 GRATIFIED AND TAKE A CERTAIN SENSE OF VALIDATION IN
17 THE DISCUSSION THAT YOU'RE HAVING RIGHT NOW.

18 CHAIRMAN TORRES: I THINK WE INDICATED
19 THAT TO YOU IN PALO ALTO, THAT WE RESPECTED THE
20 REPORT AND ITS RECOMMENDATIONS AND IN DUE COURSE, AS
21 WE'RE DOING NOW, GIVE IT THOUGHTFUL AND INTENSIVE
22 CONSIDERATION. I THINK THAT'S WHERE WE'RE AT RIGHT
23 NOW WITH THE FIRST PART OF YOUR RECOMMENDATIONS
24 DEALING WITH THOSE ISSUES THAT WE THINK, WELL, I
25 THINK MAY BE BEYOND OUR JURISDICTION GIVEN THE

BARRISTERS' REPORTING SERVICE

1 CONSTITUTIONAL ISSUES THAT HAVE BEEN RAISED BY BOTH
2 LEGAL COUNSEL OPINIONS.

3 MR. DROWN: SURE. AND WHAT I WOULD HOPE
4 AND ENCOURAGE ALL OF YOU IS TO KEEP THOSE, TO GO
5 BACK TO MR. SHEEHY'S POINT, THAT REGARDLESS OF
6 YOUR -- OF THE OUTCOME OF THE VOTE YOU'RE ABOUT TO
7 TAKE, I'D LIKE TO ENCOURAGE YOU TO CONTINUE TO
8 CONSIDER THOSE STRUCTURAL ISSUES.

9 CHAIRMAN TORRES: STUART, I HOPE YOU'RE AT
10 OUR NEXT MEETING AS WELL BECAUSE, AS I INDICATED TO
11 YOU, AND I'M FOLLOWING UP ON THAT, THAT IS TO MAKE
12 SURE THAT WE GIVE CONSIDERATION WHERE WE CAN TAKE
13 PARTICULAR ACTION WITHOUT ANY LEGAL OPINION
14 OTHERWISE, ESPECIALLY ON THE POLICY CHANGES THAT YOU
15 THINK WE CAN IMPLEMENT AND, SECONDLY, ON THE POLICY
16 CHANGES YOU THINK THE LEGISLATURE CAN IMPLEMENT AS
17 WE DO AS WELL IN REFLECTION.

18 MR. DROWN: RIGHT. I LOOK FORWARD TO
19 THAT.

20 CHAIRMAN TORRES: I DO TOO, STUART.

21 MR. DROWN: THANKS.

22 CHAIRMAN TORRES: ANY OTHER COMMENTS THERE
23 IN ELK GROVE?

24 DR. PRIETO: NO.

25 CHAIRMAN TORRES: WE'LL PROCEED TO FURTHER

BARRISTERS' REPORTING SERVICE

1 DISCUSSION ON THE MOTION. PUBLIC COMMENT?

2 MR. JENSON: DAVID JENSON, CALIFORNIA STEM
3 CELL REPORT. WITH ALL DUE RESPECT TO JAMES HARRISON
4 AND HIS FINE LEGAL ABILITIES AND THOSE OF THE
5 MERKSAMER FIRM AS WELL, IT IS -- WE SHOULD ALL
6 UNDERSTAND AND WE CLEARLY UNDERSTAND THAT IT'S JUST
7 AN OPINION. AND WE CAN FIND EQUALLY SKILLFUL LEGAL
8 MINDS WHO WILL GIVE A CONTRARY OPINION. IT'S JUST A
9 MATTER OF FINDING THE RIGHT LAW FIRM WHO WILL DO
10 YOUR WORK FOR YOU.

11 CHAIRMAN TORRES: WELL, LET ME REFLECT ON
12 THAT. QUITE FRANKLY, IT'S ALSO BASED UPON A REVIEW
13 OF ALL THE COURT DECISIONS RELATED TO THE PAST
14 INITIATIVES.

15 MR. JENSON: AND THOSE CAN BE ANALYZED BY
16 ANOTHER ATTORNEY WITH A DIFFERENT RESULT.

17 MR. DROWN: AND DIFFERENT COURT OPINIONS
18 COULD BE INTRODUCED.

19 CHAIRMAN TORRES: LET'S SEE THEM. MAYBE
20 THAT CAN BE A TOPIC OF OUR NEXT DISCUSSION BECAUSE
21 I'D CERTAINLY LIKE TO SEE THEM IF WE HAVEN'T BEEN
22 MADE AWARE OF THEM.

23 MS. SAMUELSON: I'D LIKE TO RESPOND TO
24 THAT AS WELL. I'D LIKE TO RESPOND TO THOSE COMMENTS
25 AS WELL.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN TORRES: PLEASE, JOAN.

2 MS. SAMUELSON: OKAY. I'M A LAWYER. I
3 READ THE INITIATIVE A MILLION TIMES, AND I READ
4 EVERY COURT OPINION VERY, VERY CAREFULLY, EVERY WORD
5 SEVERAL TIMES, AND HAVE BEEN EXTREMELY INVOLVED IN
6 THE WHOLE THING. I DON'T THINK WE CAN JUST CAST OUT
7 A NET AND GET LEGAL OPINIONS ACROSS THE BOARD.
8 THESE ARE -- WE'VE HAD CAREFUL, EXTENSIVE COUNSEL
9 FROM JAMES HARRISON FOR YEARS, AND I'M FAMILIAR WITH
10 THE MERKSAMER FIRM. AND I THINK THEY'RE VERY
11 CAREFULLY THOUGHT THROUGH AND BASED ON THE IMMENSE
12 PORTFOLIO OF OPINION ON THIS ISSUE TO DATE.

13 AND FRANKLY, ONE OF THE THINGS I'M AFRAID
14 OF, IN ADDITION TO OTHER REASONS THAT HAVE ALREADY
15 BEEN EXPRESSED, ONE OF THE THINGS I'M CONCERNED
16 ABOUT IF WE WERE TO ALTER OUR VIEW ABOUT THE
17 STRUCTURE OF THE ICOC AND THE CIRM AND ETC. AS PUT
18 FORTH IN PROP 71 IS THE POSSIBILITY OF LITIGATION.
19 AT A DROP OF A HAT, THERE WERE LAWSUITS FILED
20 AGAINST US, AND THEY STOPPED US DEAD IN OUR TRACKS
21 FOR OVER TWO YEARS. WE DID NOTHING TO PURSUE THE
22 MISSION FOR MORE THAN TWO YEARS SINCE THE PEOPLE
23 ENACTED THIS, AND LIVES ARE SUFFERING BECAUSE OF
24 THAT. WE CAN'T DO THAT AGAIN.

25 WE CAN'T POSSIBLY RISK JUST AS WE'RE

BARRISTERS' REPORTING SERVICE

1 BEGINNING TO GET TO PACE ON OUR SCIENTIFIC WORK, OUR
2 SCIENTIFIC FUNDING WORK. AND I'M AFRAID OF IT AS
3 WELL THAT THERE WILL BE -- IF WE -- IF WE ADOPT SOME
4 NEW INTERPRETATION OF WORDING OF THE INITIATIVE,
5 THERE COULD BE LAWSUITS FILED JUST BASED ON THAT.
6 THE FOLKS THAT WANT TO STOP STEM CELL RESEARCH HAVE
7 PROVEN THAT THEY'LL USE ANY BASIS FOR IT WHETHER
8 THERE'S ANY COURT OPINION IN THEIR FAVOR OR NOT.
9 THEY DIDN'T CARE. AND THEY WOULD FILE SOME MORE
10 JUST TO STOP OUR WORK. AND WE HAVE TO THINK
11 CAREFULLY ABOUT THE CONSEQUENCES OF THAT.

12 CHAIRMAN TORRES: THANK YOU, JOAN.

13 MR. KLEIN: I'D LIKE TO CALL FOR A ROLL
14 CALL VOTE, MR. CHAIRMAN.

15 CHAIRMAN TORRES: IS THAT A CALL FOR THE
16 QUESTION?

17 MR. KLEIN: CALL FOR THE QUESTION.

18 DR. POMEROY: ART, BEFORE YOU DO THAT, CAN
19 YOU PLEASE SAY WHAT THE MOTION IS EXACTLY BECAUSE
20 THE WORDING IS VERY IMPORTANT TO ME TO MAKE THIS
21 VOTE.

22 MR. KLEIN: THE MOTION IS THAT WE
23 RECOMMEND AGAINST REQUIRING THE FIRST FIVE ITEMS
24 DETAILED IN THE MEMO THAT WOULD REQUIRE A NEW BALLOT
25 MEASURE, ACCORDING TO THE OPINION OF BOARD COUNSEL.

BARRISTERS' REPORTING SERVICE

1 MS. SAMUELSON: COULD YOU, JUST TO BE
2 ABSOLUTELY CLEAR, ARTICULATE WHAT A YES AND WHAT A
3 NO VOTE.

4 MR. KLEIN: A YES VOTE FOR THIS MOTION
5 WOULD SAY THAT WE WOULD RECOMMEND AGAINST THE FIRST
6 FIVE ITEMS: REDUCING THE BOARD SIZE, REDUCING THE
7 BOARD'S TERMS, CONCENTRATING APPOINTMENT WITH THE
8 GOVERNOR, LIMITING THE CHAIR'S STATUTORY
9 RESPONSIBILITIES, AND AUTHORIZING THE BOARD TO
10 SELECT THE CHAIR AND VICE CHAIR FROM AMONG THE
11 MEMBERS. A YES VOTE WOULD SAY THOSE FIVE ITEMS,
12 WHICH THE BOARD COUNSEL HAS SAID WOULD REQUIRE A
13 BALLOT MEASURE, THERE WOULD BE A RECOMMENDATION
14 AGAINST ADOPTING THOSE RECOMMENDATIONS.

15 DR. POMEROY: THIS IS CLAIRE. I'D LIKE TO
16 MAKE A FRIENDLY AMENDMENT ON THIS IF YOU WOULD BE
17 WILLING TO ENTERTAIN THAT.

18 MR. KLEIN: WHAT IS IT?

19 DR. POMEROY: WELL, JUST TO PREFACE THIS,
20 THE CONCERN I HAVE IS THERE'S A DIFFERENCE BETWEEN
21 VOTING AGAINST THE RECOMMENDATIONS VERSUS SAYING
22 BECAUSE WE'VE RECEIVED A LEGAL OPINION THAT THESE
23 WOULD REQUIRE A BALLOT MEASURE, WE DO NOT RECOMMEND
24 CONSIDERATION OF THEM AT THIS TIME. IN OTHER WORDS,
25 IT'S THE DIFFERENCE, THE MOTIVATION BEHIND THIS.

BARRISTERS' REPORTING SERVICE

1 MR. KLEIN: I ACCEPT THAT AS A FRIENDLY
2 AMENDMENT.

3 CHAIRMAN TORRES: ALL RIGHT. THE
4 SUBSTITUTE AMENDMENT HAS BEEN ACCEPTED BY THE MAIN
5 MOVER OF THE MOTION. DOES IT ALSO REFLECT THE
6 SECONDER OF THE MOTION?

7 DR. REED: YES, IT DOES.

8 CHAIRMAN TORRES: ALL RIGHT. WE'RE READY
9 FOR A VOTE. CALL THE ROLL CALL.

10 MR. WARSHAW: SUSAN BRYANT.

11 DR. BRYANT: YES.

12 MR. WARSHAW: BOB KLEIN.

13 MR. KLEIN: YES.

14 MR. WARSHAW: CLAIRE POMEROY.

15 DR. POMEROY: YES.

16 MR. WARSHAW: FRANCISCO PRIETO.

17 DR. PRIETO: YES.

18 MR. WARSHAW: JOHN REED.

19 DR. REED: YES.

20 MR. WARSHAW: DUANE ROTH.

21 MR. ROTH: YES.

22 MR. WARSHAW: JOAN SAMUELSON.

23 MS. SAMUELSON: YES.

24 MR. WARSHAW: JEFF SHEEHY.

25 MR. SHEEHY: ABSTAIN.

BARRISTERS' REPORTING SERVICE

1 MR. WARSHAW: ART TORRES.

2 CHAIRMAN TORRES: AYE.

3 ALL RIGHT. THE VOTE IS SEVEN AYES AND ONE
4 ABSTENTION. THE MOTION CARRIES. AS I SAID, WE WILL
5 PROCEED WITH THE OTHER TWO SECTIONS.

6 MR. HARRISON: 8-5.

7 CHAIRMAN TORRES: 8-5. I GOT TO GO BACK
8 TO MATH CLASS.

9 ALSO, WE WILL PROCEED WITH THE OTHER TWO
10 SECTIONS AT OUR NEXT MEETING. I WILL LET YOU ALL
11 KNOW WHEN THAT WILL BE AS SOON AS I FIGURE OUT THE
12 TIME AVAILABILITY OF EVERY MEMBER OF THE COMMITTEE.

13 SECONDLY, WE HAVE AN UPDATE. AND I WANT
14 TO THANK DUANE ROTH FOR MAKING THE EFFORT AND
15 TALKING TO MEMBERS OF THE CONGRESS ON A VERY
16 IMPORTANT ISSUE THAT WE HAVE TAKEN A POSITION ON.
17 IF YOU WANT TO GIVE US AN UPDATE ON HR 1548 AND
18 1427, DUANE.

19 MR. ROTH: YES. I'M NOT GOING TO SPEAK TO
20 THE SPECIFIC HOUSE BILLS, BUT JUST TO SAY THAT THE
21 SENATE COMMITTEE VOTED IN FAVOR OF THE 12-PLUS-YEAR
22 PROTECTION OF DATA, WHICH WAS THE KEY ISSUE WE WERE
23 CONCERNED ABOUT.

24 MR. KLEIN: DID THAT END UP BEING SENATOR
25 KENNEDY'S BILL?

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: WELL, IT WAS HATCH, AND IT WAS
2 IN KENNEDY'S BILL, BUT IT WAS PUT FORWARD BY HATCH
3 AND OTHERS. I CAN GIVE YOU -- I DON'T HAVE IT OPEN
4 HERE IN FRONT OF ME.

5 CHAIRMAN TORRES: THAT'S EXACTLY WHAT
6 OCCURRED. THAT'S A VERY GOOD DEVELOPMENT.

7 MR. ROTH: LET ME JUST SAY THAT OUR VOICE
8 ON THIS ISSUE WAS TO REALLY ALERT BOTH LEGISLATORS
9 IN THE HOUSE AND IN THE SENATE ABOUT THE IMPORTANCE
10 OF STEM CELLS IN THIS DEBATE. AND NEW REGENERATIVE
11 MEDICINE PRODUCTS REALLY, I THINK, WAS THE TURNING
12 POINT ON THIS PARTICULAR ISSUE. IT WAS WIDELY
13 DISTRIBUTED, WIDELY DISCUSSED, AND A LOT OF
14 EXTREMELY POSITIVE COMMENTS ON THE THOUGHTFULNESS IN
15 OUR LETTER THAT WE PUT FORWARD. SO NANCY KOCH AND
16 PEOPLE THAT WORKED ON THAT DESERVE A GREAT DEAL OF
17 CREDIT FOR CRAFTING THAT.

18 CHAIRMAN TORRES: HERE. HERE. I ALSO
19 WANT TO THANK SENATOR FEINSTEIN FOR FOLLOWING UP ON
20 OUR LETTER AS WELL, DUANE.

21 MR. ROTH: THAT'S RIGHT. SHE QUOTED IT IN
22 HER LETTER, AND I THINK THAT WAS, IN FACT, VERY,
23 VERY IMPORTANT IN THE VOTE THAT TOOK PLACE.

24 CHAIRMAN TORRES: YES. ANY FURTHER
25 COMMENTS? ANYTHING ELSE, DUANE?

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: NO.

2 CHAIRMAN TORRES: SECONDLY, ALSO SB 471
3 WHERE WE HAD THE TERRIFIC TESTIMONY OF -- JUST AN
4 ANNOUNCEMENT. I WANT TO THANK MR. REED AS WELL FOR
5 COMING TO SACRAMENTO TO TESTIFY ON SB 471 BY SENATOR
6 ROMERO, WHICH PASSED THE ASSEMBLY EDUCATION
7 COMMITTEE, AND ALSO TO OTHERS WHO HELPED IN THAT
8 EFFORT FROM THE BIOTECH INDUSTRY TO MAKING SURE THAT
9 WE SUPPORT CURRICULUM ADDITIONS OF STEM CELL
10 RESEARCH AND BIOTECHNOLOGY INTO THE CLASSROOMS OF
11 CALIFORNIA. MR. SHEEHY.

12 MR. SHEEHY: AM I CORRECT THAT THESE
13 PROVISIONS IN THE BIOSIMILARS BILL ARE NOW PART OF
14 THE HEALTHCARE REFORM ACT, THAT THEY'VE BEEN
15 INCLUDED IN THAT?

16 MR. ROTH: YES.

17 MR. SHEEHY: SINCE THAT IS NOW ON THE
18 TABLE, I WOULD LIKE TO ASK THAT THE BOARD FORMALLY
19 CONSIDER SUPPORTING THE ADOPTION OF A PUBLIC PLAN AS
20 PART OF THAT MEASURE SINCE WE'VE ALREADY OPINED ON
21 ONE ELEMENT OF THAT PLAN; THAT IS, A PUBLIC
22 INSURANCE PLAN WITHIN THE CONTEXT. I KNOW FOR
23 PATIENTS THAT'S GOING TO BE ESSENTIAL TO ENSURE THE
24 COSTS ARE CONTAINED, THAT FULL ACCESS TO CARE FOR
25 ALL PEOPLE IN THIS COUNTRY IS OBTAINED. AND GIVEN

BARRISTERS' REPORTING SERVICE

1 THAT BASICALLY THE BIOSIMILARS BILL WAS A STOP TO
2 INDUSTRY IN ORDER TO GET BUY-IN TO MAKE SURE THAT
3 EVERYBODY IN AMERICA CAN HAVE ACCESS TO CARE, WE
4 SHOULD HAVE SUPPORT AS A BOARD FOR THE KEY ELEMENT
5 OF ENSURING THAT PEOPLE WON'T BE EXCLUDED FOR PRIOR
6 CONDITIONS.

7 I KNOW AS A PERSON LIVING WITH HIV, I'M
8 BASICALLY TRAPPED WITHIN MY JOB BECAUSE I COULD
9 NEVER BE INSURED. THE ONLY WAY TO GUARANTEE THAT I
10 WOULD HAVE ACCESS TO INSURANCE AND ACCESS TO THESE
11 THERAPIES AS WE DEVELOP THEM, AND I'M PERFECTLY FINE
12 LETTING INDUSTRY GET ALL THAT THEY NEED FOR
13 BIOSIMILARS FOR STEM CELL RESEARCH, BUT WE NEED A
14 PUBLIC PLAN AS PART OF THE HEALTH REFORM ACT TO
15 ENSURE THAT THERE'S -- THAT THERE IS A GUARANTEED
16 ACCESS PLAN FOR ALL AMERICANS, INCLUDING ALL OF
17 CALIFORNIANS.

18 CHAIRMAN TORRES: WELL PUT. I THINK WE'LL
19 NOTICE THAT FOR THE NEXT MEETING TO BE CONSIDERED BY
20 THE LEGISLATIVE SUBCOMMITTEE IF THAT'S APPROPRIATE.

21 MR. ROTH: ART, I'M GOING TO HAVE TO DROP
22 OFF UNLESS THERE'S OTHER BUSINESS.

23 MR. KLEIN: I'D JUST LIKE TO SAY THAT I
24 THINK, JEFF, YOUR COMMENT ABOUT THE BIOSIMILARS BILL
25 MIGHT BE A WASHINGTON COMMENT BECAUSE CERTAINLY I

BARRISTERS' REPORTING SERVICE

1 THINK OUR AGENCY'S COMMITMENT TO THE BIOSIMILARS
2 BILL IN HAVING A 12-YEAR TIME PERIOD WAS BASED UPON
3 TRYING TO HAVE A LONG ENOUGH PERIOD TO RECAPTURE THE
4 INVESTMENT IN NEW CELLULAR THERAPIES, FOR EXAMPLE,
5 AND A LOT OF THE PATENT PERIOD MAY BE EATEN UP BY
6 JUST GETTING THROUGH THE DEVELOPMENT CYCLE AND
7 CLINICAL TRIALS.

8 SO I THINK WE TOOK A POSITION ON PRINCIPLE
9 AND ON THE CRITICAL DELIVERY, THE LONG DELIVERY
10 TIMETABLE FOR NEW CELLULAR THERAPIES. AND I'D JUST
11 LIKE TO SAY THAT IT'S IMPORTANT TO REMIND EVERYONE
12 THAT OURS WAS NOT A POLITICAL JUDGMENT, BUT RATHER
13 ONE COMMITTED TO OUR MISSION.

14 MR. SHEEHY: AND I AGREE, BUT I THINK
15 ULTIMATELY NONE OF THIS MEANS A THING IF PATIENTS
16 CAN'T GET ACCESS TO THESE THERAPIES.

17 CHAIRMAN TORRES: HERE. HERE.

18 MR. KLEIN: I THINK THAT'S A VERY, VERY
19 IMPORTANT DEBATE THAT MR. SHEEHY IS BRINGING US TO
20 FOCUS ON. AND THANK YOU, JEFF.

21 MS. SAMUELSON: THIS IS JOAN. I DON'T
22 WANT TO EXTEND THE LENGTH OF THE MEETING UNDULY, BUT
23 JUST QUICKLY. I HAVE TO THROW IN MY TWO CENTS HERE,
24 AND PERHAPS JUST A DIFFERENCE IN THE CURRENT SUCCESS
25 OF THE HIV/AIDS RESEARCH COMMUNITY TO DELIVER

BARRISTERS' REPORTING SERVICE

1 THERAPIES AS CONTRASTED WITH THAT OF THE PARKINSON'S
2 RESEARCH COMMUNITY WHERE WE ARE STILL RELYING ON A
3 30- TO 40-YEAR OLD DRUG AND DESPERATELY NEED
4 SIGNIFICANT BREAKTHROUGHS IN REGENERATIVE MEDICINE
5 TO BE DELIVERED TO OUR COMMUNITY AS WELL AS LOTS OF
6 OTHERS. AS A CONSEQUENCE, WE NEED A VERY STRONG
7 BIOMEDICAL RESEARCH COMMUNITY --

8 MR. SHEEHY: THE SUCCESS IS NOT THAT
9 WIDESPREAD, SO PLEASE DON'T MAKE ASSUMPTIONS ABOUT
10 THE STATUS OF MY DISEASE OR THE PEOPLE --

11 MS. SAMUELSON: I'M NOT MAKING
12 ASSUMPTIONS.

13 MR. SHEEHY: -- LIVING WITH THIS DISEASE
14 AND THE 40 MILLION PEOPLE IN THE WORLD LIVING WITH
15 THIS DISEASE. SO DON'T THINK EVERYBODY IS GETTING
16 TREATMENT. IN FACT, PEOPLE ARE LOSING ACCESS TO
17 THEIR DRUGS AS WE SPEAK DUE TO THE POLICY CHANGES
18 TAKING PLACE IN SACRAMENTO. PEOPLE ARE LOSING
19 ACCESS TO THEIR HEALTHCARE IN SACRAMENTO DUE TO THE
20 BUDGET CRISIS, SO PLEASE DON'T POSE HIV/AIDS AGAINST
21 OTHER DISEASE. I RESENT THAT.

22 MS. SAMUELSON: ALL RIGHT. I ACCEPT THAT.
23 I GUESS WE'RE POINTING OUT IT'S A VERY COMPLICATED
24 ISSUE. BUT I'D HOPE THAT WE UNDERSTAND THAT ONE
25 THING WE HAVE TO DO IS SUPPORT THE RESEARCH

BARRISTERS' REPORTING SERVICE

1 COMMUNITY AND ESPECIALLY THE BIOTECH COMMUNITY,
2 WHICH IF THEY CAN'T PROSPER IN THE CONTEXT OF OUR
3 WORK, WE WILL NOT HAVE ANY WORK PRODUCT FROM THEM.
4 AND I WAS CONVINCED AT THE LAST ICOC MEETING BY A
5 VERY ELOQUENT DISCUSSION BY TED LOVE ABOUT THE FACT
6 THAT OUR CURES OR REGENERATIVE MEDICAL CURES ARE
7 GOING TO COME THROUGH THE PIPELINE FROM THAT PART OF
8 THE RESEARCH COMMUNITY, PERIOD, AND THAT WE RELY ON
9 THEIR EXISTENCE IF WE'RE GOING TO SUCCEED.

10 SO THIS IS ALL REALLY FLOWING FROM THAT.
11 AND THEN, OF COURSE, JEFF, IT'S A VERY COMPLICATED
12 DISCUSSION BEYOND THAT.

13 CHAIRMAN TORRES: ALL RIGHT. THANK YOU
14 VERY MUCH, MEMBERS OF THE COMMITTEE. AND WE WILL
15 SEND YOU A NOTICE AS TO OUR NEXT MEETING ON THE
16 REMAINING ISSUES AS WELL AS A NOTICE ON MR. SHEEHY'S
17 RECOMMENDATIONS ON THE HEALTHCARE LEGISLATION.
18 THANK YOU.

19 (THE MEETING WAS THEN CONCLUDED AT
20 11:46 A.M.)

21
22
23
24
25

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 OF THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING ON JULY 16, 2009, 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.

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