

California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

125282.06. The bonds authorized by this article shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law except Section 16727 apply to the bonds and to this article and are hereby incorporated in this article as though set forth in full in this article.

125282.07. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds and Interim Debt authorized by this article, the California Stem Cell Research and Cures Finance Committee is hereby created. For purposes of this article, the California Stem Cell Research and Cures Finance Committee is "the Committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, the Chairperson of the California Institute for Regenerative Medicine, and two other members of the Independent Citizens Oversight Committee (as created by the Act) chosen by the Chairperson of the California Institute for Regenerative Medicine, or their designated representatives. The Treasurer shall serve as chairperson of the Committee. A majority of the Committee may act for the Committee.

(b) For purposes of the State General Obligation Bond Law, the California Institute for Regenerative Medicine is designated the "board."

125282.08. (a) The Committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this article in order to carry out the actions specified in this article and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time. The bonds may bear interest which is includable in gross income for federal income tax purposes if the Committee determines that such treatment is necessary in order to provide funds for the purposes of the Act.

(b) The total amount of the bonds authorized by Section 125282.05 which may be issued in any calendar year, commencing in 2005, shall not exceed \$350,000,000. If less than this amount of bonds is issued in any year, the remaining permitted amount may be carried over to one or more subsequent years.

(c) An interest-only floating rate bond structure will be implemented for Interim Debt and bonds until at least December 31 of the fifth full calendar year after this article takes effect, with all interest to be paid from proceeds from the sale of Interim Debt or bonds, to minimize debt service payable from the general fund during the initial period of basic research and therapy development, if the Committee determines, with the advice of the Treasurer, that this structure will result in the lowest achievable borrowing costs for the State during that five-year period considering the objective of avoiding any

bond debt service payments, by the State's general fund, during that period. Upon such initial determination, the Committee may delegate, by resolution, to the Treasurer such authority in connection with issuance of bonds as it may determine, including but not limited to the authority to implement and continue this bond financing structure (including during any time following the initial five-year period) and to determine that an alternate financing plan would result in significant lower borrowing costs for the State consistent with the objectives related to the State's general fund and to implement such alternate financing plan.

125282.09. There shall be collected each year and in the same manner and at the same time as other State revenue is collected, in addition to the ordinary revenues of the State, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

125282.10. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this article, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this article, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 125282.11 appropriated without regard to fiscal years.

125282.11. The Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the Committee to be sold for the purpose of carrying out this article. Any amount withdrawn shall be deposited in the Fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this article.

125282.12. The Institute may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purposes of carrying out this article. The amount of the request shall not exceed the amount of the unsold bonds that the Committee, by resolution, has authorized to be sold for the purpose of carrying out this article. The Institute shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the Fund to be allocated by the Institute in accordance with this article.

125282.13. All money deposited in the Fund that is derived from premium and accrued interest on bonds sold shall be reserved in the Fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

125282.14. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the State for the issuance of the bonds described in this article includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this article or any previously issued refunding bonds.

125282.15. Notwithstanding any provision of this article or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this article that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

125282.16. Inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

ARTICLE 3.

DEFINITIONS

125283.01 As used in this Chapter and in Article XXXV of the California Constitution, the following terms have the following meanings:

(a) "Act" means the California Stem Cell Research and Cures Act constituting Chapter 3 (commencing with Section 125281.01) of Part 5 of Division 106 of the Health and Safety Code.

(b) "Adult Stem Cell" means an undifferentiated cell found in a differentiated tissue in an adult organism that can renew itself and may (with certain limitations) differentiate to yield all the specialized cell types of the tissue from which it originated.

(c) "Capitalized Interest" means interest funded by bond proceeds.

(d) "Committee" means the California Stem Cell Research and Cures Finance Committee created pursuant to subdivision (a) of Section 125282.07.