

# THE BILL OTTERSON BIOTECH LETTER

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## PAST WEEK

1. **Dr. Jonas Salk**, developer of the polio vaccine bearing his name, keynoted the *BIC/BIOCOM/CONNECT/EDC CalBioSummit* last Friday. This "first-time-ever" event drew 500 participants from all over the state.

The event brought together state and local politicians with biomedical executives to discuss the future of this booming industry and its importance to the health and well-being of California citizens -- both physical and economic. **Assembly Ways and Means Chair John Vasconcellos** (D, Silicon Valley) and **Julie Meyer Wright**, **Director of the California Department of Commerce**, came from Sacramento.

**Governor "Pete" Wilson** addressed the group by satellite, promising prompt action on resolving the Ward Valley low-level radioactive waste disposal site issue, vetoing the three Worker's Compensation proposals ("we must put the public's interests ahead of special interests"), promising "one-stop shopping" for state building permits by the end of 1993, and acknowledging the overall importance of this industry to the state.

**David Hale**, **Chairman of Gensia Pharmaceuticals**, cited the success of *AMGEN* with Epogen (EPO) in stimulating development of red blood cells, and Neupogen (GCSF) in strengthening immunity, while building employment in California. He also summarized the industry's needs, citing many cases of world class leadership in San Diego, and predicted a rapidly expanding industry. **Steve Mendell**, **Chairman and CEO** of Berkeley-based *Xoma*, said California is home to nearly half of the industry's 101,000 employees. He called for a change in attitude at the FDA towards a policy favoring "more good than harm". **Charles Quick**, Ernst & Young, said that on a nation wide basis, 65% of today's pharmaceuticals are less than 9 years old and 76% of biotech companies are "small companies".

**Wain Fishburn**, **Partner**, Cooley Godward, called for the state to pass a companion bill to the federal "Animal Enterprise Protection Act of 1992" to protect medical researchers and others from harassment by animal rights activists, and said the so-called "Be a Manager, Go to Jail" clauses in some environmental legislation scares CEOs. **Vasconcellos** described ADEPT (an Assembly Democrats' program for job creation) and said we needed a new, non-adversarial paradigm of collaboration, trust

and partnership between government and business. **Julie Wright** spoke on Ward Valley and biotech's need for a dependable source of high-quality water. **Jerry Caulder, President of Mycogen** called for "elimination of disincentives".

Prominent local elected officials attending, included **State Senator Lucy Killea, Chula Vista City Councilman David Malcolm, State Assemblyman Steve Peace, San Diego County Supervisors Susan Golding and Leon Williams, San Diego City Councilpersons Tom Behr, Abbe Wolfsheimer, Valerie Stallings, Ron Roberts and Judy McCarty.** Mayoral candidate **Peter Navarro** also attended.

Coverage of the event included all the print media as well as TV. A video, *This is Biotechnology*, featured **Jennifer**, a five-year old with a rare form of childhood leukemia. Her godfather emphasized the importance of a bone marrow library in prolonging Jennifer's life. (Jennifer's doctor used a biotech-developed product, *AMGEN's GCSF*, after her transplant.) For a copy of the video to show to your employees, investors, suppliers and elected officials, call **BIOCOM, c/o McGraw Baldwin Architects, 231-0751.**

Kudos for the event are due **Jim McGraw, President, BIOCOM; Elliott Parks, Director, Johnson & Johnson Biotechnology; Karl Higgins, President, Higgins & Associates; Ann Randolph, Principal, McQuarter Group; Wain Fishburn, Partner, Cooley Godward** and **UCSD CONNECT.** Let us know if you think this should be an annual event.

2. *Ernst & Young* and *CONNECT* released their annual survey of the biomedical industry this week indicating an expected growth of about 2,000 jobs, a 20% increase from last year. The study identified 147 biotech and biomedical companies in San Diego with total employment of nearly 14,000 people. Top concerns of the CEO's responding were availability of capital, an unfriendly business climate, overregulation, and lack of a disposal site for low-level radioactive waste. While problems still exist, some of those identified in last year's survey, and addressed at the citywide summit last March, have already shown improvement, including the city's alacrity in handling permitting requests.
3. The *San Diego Union-Tribune* carried an editorial Friday, outlining the promise and problems of the biotech industry. Worth reading.
4. **Black CONNECT**, a group of black high-tech executives, held its first organizing meeting at the Faculty Club this week. **George Liggins, Ph.D., President, Bacton Assay Systems**, one of the driving forces of the group, invites all black high-tech executives interested in learning about the group to contact him at *Bacton Assay Systems*, 471-4538.

5. **Chancellor Dick Atkinson and Director of Scripps Institution of Oceanography, Ed Frieman** greeted guests at the gala opening of the Scripps Aquarium Saturday night, assisted by *CONNECT Scientific Advisory Board members*: **Marvin Moss, Scripps Deputy Director, and Don Wilkie, Head, Scripps Aquarium.** *CONNECT Steering Committee members that attended were* **Dr. Monroe Trout, President, American Healthcare Systems; Jack Thomas, President, San Diego Gas & Electric; John Thornton, President, John M. Thornton and Associates; Mary Walshok, Associate Vice Chancellor, UCSD Extension; Jim Berglund, Partner, Enterprise Partners; Linden Blue, Vice Chairman, General Atomics; and Peter Preuss, President, Preuss Foundation** (Peggy Preuss was the Event Chairman). **Mary Walker, Partner, Luce, Forward,** was recognized by Linden Blue from her Department of Energy days (she is the former Assistant Secretary for Environment, Safety, and Health). Linden's comment: "She was quite an important person at DOE!"
6. The San Diego Chapter of the *Association of Biotechnology Companies*, in cooperation with BIOCUM and *CONNECT*, presented a seminar titled: "**Obtaining Approval of Medical Products in Europe Under the New Regulations.**" **Martin Halie, M.D.,** from the *Center for Biomedical Technology at the University of Groningen*, described progress in the EC regarding gaining approval to market drugs.

#### **WARD VALLEY UPDATE**

7. The land transfer action seems to be moving forward, thanks to calls to **Secretary of the Interior Manuel Lujan by Senator John Seymour and Congressman Duncan Hunter** .
8. Oral arguments before the Third District Court of Appeals on the lawsuits filed by *U.S. Ecology, CalRad and the National Association of Cancer Patients* will be heard Tuesday. These suits seek to overturn the need for Adjudicatory Hearings on Ward Valley. The Senate Rules Committee has filed a last-minute opinion. I will attend, along with **Abby Silverman, Partner, Baker & McKenzie,** and trial lawyer for the *National Association of Cancer Patients*.
9. The *Vasconcellos Compromise* of temporarily separating A from B from C waste is not dead yet, but not vivacious either.

#### **COMING EVENTS**

10. **County Supervisor Susan Golding and Peter Navarro, Professor of Economics at UC Irvine,** candidates for *San Diego Mayor*, will address *BIC (the Biomedical Industry Council)*, Friday, September 18, in a members-only session. For information regarding membership, call **BIC Membership Chairman, Cam Garner, President, Dura Pharmaceuticals,** at 457-2553.

11. [FINAL REPEAT] The deadline for entry into CONNECT's *Most Innovative New Product Awards Competition* is this Friday. Contact **Bruce Barton (534-6114)** if you have a biotech/biomedical product you wish to enter.
12. **Don Grimm, Chairman of Hybritech Inc.**, invites the general members of *BIC* to meet with **Dr. Gail Wilensky, U.S. Deputy Assistant for Medical Policy Development**, at *Hybritech* for a special lunch meeting. **Dr. Wilensky** is President Bush's top health care advisor and will share her perspectives on policy issues, managed care, and the President's initiatives for the future. She is anxious to hear the biotech industry's input on the Administration's health care positions. The luncheon will be held **Thursday, October 1, from 11:30a.m. to 1:30a.m.** Call **Barbara Szabo at 535-8410** for reservations and a map.
13. The *UCSD Downtown Center* opens September 14. The Director of the Center is **Barbara Bry, CONNECT's** first Associate Director. The goal of the Center is to make available the resources of the University to the downtown business, government, education, and nonprofit communities and thus contribute to the economic development of the region. A free lunchtime lecture series will feature the best of the UCSD Faculty. Well-known biologist **Dr. Paul Saltman** will kick-off the series on Tuesday, September 15 with a talk on "Fruits, Nuts, and Bologna: Are We What We Eat?" For more information call 534-5620.
14. How can you identify and approach a Japanese partner, how should you negotiate with Japanese business executives, how do you ensure that any agreement works to your mutual benefit and how can you evaluate the Japanese market? Answers to all these questions will be provided at CONNECT's seminar entitled "**The Yin and Yang of Doing Business in Japan**" on September 24th, 7:30 - 11:00 a.m. at the La Jolla Marriott. To obtain more details about the seminar or to register, call CONNECT at 534-6114.

## OTHER

15. **Jeremy Rifkin**, labelled by the Associated Press "*the country's most vociferous opponent of genetically engineered food*," is organizing a state-wide restaurant boycott of these foods. Earlier in his career he attempted to block the continued growth of the biotech industry and he contributed to a delay in the "ice minus" project at the University of California, by promoting fears of the unknown.

Could a success in this food project provide Rifkin with a springboard to attack the biotech industry in other areas? To help BIOCUM answer this question, **Lou Shoemaker**, former Director of Administration at Nissan Design and former Marketing Manager of UNOCAL's agricultural products division, has volunteered his time and talent. Let him know if this issue is important to you, c/o CONNECT.

## INTERNATIONAL AIRPORT

16. The airport issue was in the news this week with **San Diego City Councilmen Ron Roberts and Tom Behr** reporting on a meeting with Mexican authorities. *San Diego Dialogue* Director **Chuck Nathanson** has suggested the formation of a *Regional Airport Authority* using the New York Port Authority as the paradigm. City Council will discuss accepting an FAA grant to prepare studies on the border location.

## MEMBER NEWS

17. *IDEC* recently announced results of early stage preclinical research on an Antigen Formulation that appears to enhance induction of disease-fighting cellular immunity. As reported in the current issue (September 1, 1992) of *Proceedings of the National Academy of Sciences*, research in mice successfully demonstrated the use *IDEC's* Antigen Formulation to induce the production of beneficial killer-T cells (CD8+ immune cells) against the AIDS-causing human immunodeficiency virus (HIV).
18. *Ligand Pharmaceuticals* announced a five-year collaboration with *Glaxo Inc.* to develop drugs to prevent atherosclerosis.
19. *Agouron Pharmaceuticals Inc.* received a \$1.8 million NIH grant to begin a three-year AIDS research collaboration with *NeXagen* and *Selectide Corp* to focus on the discovery of novel chemical compounds that block reverse transcriptase, an enzyme required for replication of the HIV virus.
20. *Mycogen* President **Jerry Caulder** hosted **Vice-President Dan Quayle** at *Mycogen* Wednesday. *Mycogen* is the world's leading producer of environmentally safe bio-pesticides.
21. *The Immune Response Corporation* announced that it has begun treatment of patients in a Phase I/II clinical trial with a potential new therapy for rheumatoid arthritis.
22. New Members include: *Quest Technology*; *Decision Resources, Inc.*; *Z Microsystems Inc.*; *Loan Genie*; and *Western States Plasma Co., Inc.*

## SPONSOR NEWS

23. Harman Asset Management recently won a national first-place award in the Institute of Real Estate Management's annual communication and marketing awards competition, for a videotape on investment opportunities in Southern California .