



JOHN CHIANG
California State Controller

December 13, 2010

Independent Citizens Oversight Committee
210 King Street
San Francisco, CA 94107

Dear ICOC Members:

As the Chair of the Citizens Financial Oversight and Accountability Committee, I am writing to strongly recommend that you vote to suspend the Chair and Vice Chair selection process, ask the Constitutional officers to withdraw their current nominations, and begin the process anew.

It is clear that the current selection process is fundamentally flawed. The taxpayers who provide the funds for CIRM must be assured that the Chair and Vice Chair are selected in an open, transparent process – not through a backroom deal or by default because a deal has fallen apart.

The first step in a new process should be for the Governance Subcommittee to have a full, public discussion of the necessary criteria for a new Chair. The first question the Board should examine is the role of the Chair of the ICOC and how it differs from the role of the President. While I understand that Proposition 71 provides for a unique, co-leadership model, it is critical from a good governance perspective that there is a clear delineation of duties and decision-making.

What makes a governing board effective is long-term transparency and accountability. The ICOC's most important role – to provide independent oversight of CIRM management – is compromised when the ICOC chairman is essentially serving as the CIRM CEO.

It also is important to keep in mind that the Chair is but one member of the ICOC Governing Board. Good governance must rely on the actions of the whole Board, not a single member. While the current structure may have been necessary as CIRM was in start-up mode, as the Institute moves into the next phase, it is important from a good governance perspective that it be driven by a fully participating oversight board rather than a single individual, regardless of how talented that individual may be.

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The ICOC has a responsibility to the taxpayers of California to conduct its business in an open and transparent manner. The most effective way the ICOC can demonstrate that the Chair and Vice Chair selection process was fair and resulted in the best candidates is to restart the process in a public manner.

Sincerely,

Original signed by

JOHN CHIANG
California State Controller