

BEFORE THE
GOVERNANCE 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: DECEMBER 2, 2015
10 A.M.

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

BRS FILE NO.: 98090

BARRISTERS' REPORTING SERVICE

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2. ROLL CALL	3
3. CONSIDERATION OF AMENDMENTS TO THE INTERNAL GOVERNANCE POLICY.	6
4. CONSIDERATION OF AMENDMENTS TO THE EMPLOYEE CONFLICT OF INTEREST POLICY.	15
5. CONSIDERATION OF AMENDMENTS TO ICOC GOVERNING BOARD BYLAWS.	4
6. CONSIDERATION OF AMENDMENTS TO EMPLOYEE COMPENSATION POLICY.	19
7. DISCUSSION OF SUMMARY OF EXTERNAL CONTRACTS AND INTERAGENCY AGREEMENTS.	23
8. PUBLIC COMMENT.	NONE

BARRISTERS' REPORTING SERVICE

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WEDNESDAY, DECEMBER 2, 2015; 10 A.M.

MR. TORRES: WHY DON'T YOU CALL THE ROLL
TO ESTABLISH A QUORUM.

MS. BONNEVILLE: SHERRY LANSING. ART
TORRES.

MR. TORRES: HERE.

MS. BONNEVILLE: AL ROWLETT.

MR. ROWLETT: YES.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD. JONATHAN
THOMAS.

CHAIRMAN THOMAS: HERE.

MS. BONNEVILLE: KRISTINA VUORI.

DR. VUORI: HERE.

MS. BONNEVILLE: WE HAVE A QUORUM.

MR. TORRES: WE HAVE A QUORUM. THANK YOU,
MEMBERS, FOR BEING HERE. AS VICE CHAIR OF THE
GOVERNANCE COMMITTEE, I'M DOING SHERRY LANSING'S
ROLE TODAY.

WE'RE GOING TO PROCEED WITHOUT OBJECTION
TO ITEM NO. 5, WHICH IS THE CONSIDERATION OF
AMENDMENTS TO THE ICOC GOVERNING BOARD BYLAWS. AND
IF YOU WILL TURN TO PAGE 2, I'M GOING TO ASK THAT

BARRISTERS' REPORTING SERVICE

1 THE PATIENT ADVOCATES WHO ARE ON THE LINE RECUSE
2 THEMSELVES, AND THAT WOULD BE MR. JEFF SHEEHY,
3 DR. OS STEWARD, AND MR. AL ROWLETT, FROM
4 PARTICIPATING IN DISCUSSION AND VOTING ON THIS
5 ISSUE.

6 IT'S REGARDING THE PATIENT ADVOCATE PER
7 DIEM BECAUSE UNDER PROPOSITION 71 AS AMENDED BY SB
8 1064, WHICH WAS OFFERED BY SENATOR ELAINE ALQUIST,
9 THE BOARD IS AUTHORIZED TO ESTABLISH A DAILY
10 CONSULTING RATE FOR THE PATIENT ADVOCATE MEMBERS OF
11 OUR BOARD, OTHER THAN THE CHAIR AND VICE CHAIR, TO
12 SERVE ON THE GRANTS WORKING GROUP.

13 WHEN THE BOARD ESTABLISHED THE
14 COMPENSATION RATE IN 2010, IT IMPOSED A CAP OF
15 15,000 PER YEAR. AT THAT TIME THIS AMOUNT WAS
16 SUFFICIENT IN LIGHT OF THE GWG MEETINGS HELD EACH
17 YEAR. SINCE WE IMPLEMENTED CIRM 2.0, HOWEVER, THE
18 DEMANDS OF THE PATIENT ADVOCATE MEMBERS HAS
19 SUBSTANTIALLY INCREASED BOTH IN TERMS OF THE NUMBER
20 OF MEETINGS AND THE ROLE OF PATIENT ADVOCATES
21 THROUGH THIS PROCESS. BEFORE THE IMPLEMENTATION OF
22 CIRM 2.0, THE GWG MET AN AVERAGE OF THREE OR FOUR
23 TIMES PER YEAR. IN 2015, BY CONTRAST, THE GWG HAS
24 ALREADY MET CLOSE TO 12 TIMES. IN ADDITION, THE
25 PATIENT ADVOCATE MEMBERS NOW SERVE AS REVIEWERS FOR

BARRISTERS' REPORTING SERVICE

1 EACH APPLICATION, WHICH REQUIRES A SIGNIFICANT TIME
2 COMMITMENT. I CAN CERTAINLY ATTEST TO THAT HAVING
3 BEEN ONE OF THE REVIEWERS.

4 IN RECOGNITION OF THE INCREASE AND THE
5 NUMBER OF MEETINGS AND THE EXPANSION OF THE PATIENT
6 ADVOCATE'S ROLE IN REVIEW MEETINGS, I WOULD PROPOSE
7 TO INCREASE THE CAP TO 30,000 AND REQUEST THAT THE
8 BOARD AUTHORIZE THIS INCREASE RETROACTIVE TO JANUARY
9 1, 2015. IS THERE A MOTION?

10 CHAIRMAN THOMAS: SO MOVED.

11 MR. TORRES: MOVED BY MR. THOMAS.

12 SECOND --

13 DR. VUORI: SECOND.

14 MR. TORRES: -- BY DR. VUORI. THANK YOU.
15 DISCUSSION?

16 CHAIRMAN THOMAS: I'D JUST LIKE TO, MR.
17 SENATOR, ECHO WHAT YOU SAID ABOUT THE VERY INCREASED
18 ROLE THAT THE PATIENT ADVOCATES NOW HAVE. THEY HAVE
19 ALWAYS, AS WE KNOW, BEEN ABSOLUTELY CENTRAL AND
20 CRITICAL TO CIRM'S MISSION. WITH THE INSTANCE NOW
21 OF CIRM 2.0 AND THE MAIN CHANGES UNDERTAKEN BY DR.
22 MILLS, THEY HAVE AN EVEN MORE CRITICAL AND CENTRAL
23 ROLE, IF THAT'S POSSIBLE. AND SO I THINK THIS
24 INCREASE IS COMPLETELY WARRANTED.

25 I WOULD NOTE THAT THE 30,000, IN THE

BARRISTERS' REPORTING SERVICE

1 MATERIALS HERE DOES INCREASE THE CAP TO 30,000. I
2 WANT TO BE CLEAR THAT'S 30,000 PER YEAR. AND SO I
3 AM STRONGLY IN FAVOR OF THIS.

4 MR. TORRES: ANY FURTHER DISCUSSION BY ANY
5 MEMBER OF THE COMMITTEE? ANY PUBLIC INPUT FROM ANY
6 OF OUR TWO LOCATIONS THAT ARE CURRENTLY LISTED AS
7 PUBLIC SITES? ALL RIGHT. THERE BEING NONE, THE
8 MOTION IS ON THE TABLE. PLEASE CALL THE ROLL.

9 MS. BONNEVILLE: SHERRY LANSING. ART
10 TORRES.

11 MR. TORRES: AYE.

12 MS. BONNEVILLE: JONATHAN THOMAS.

13 CHAIRMAN THOMAS: YES.

14 MS. BONNEVILLE: KRISTINA VUORI.

15 DR. VUORI: YES.

16 MR. TORRES: ALL RIGHT. THE MOTION
17 CARRIES.

18 NOW, IF WE COULD RETURN TO THE REGULAR
19 AGENDA, AND NOW OUR PATIENT ADVOCATES CAN
20 PARTICIPATE FULLY. THANK YOU AGAIN, PATIENT
21 ADVOCATES, FOR YOUR ROLE AND YOUR HARD WORK IN THIS
22 PROCESS.

23 CONSIDERATION OF AMENDMENTS TO THE
24 INTERNAL GOVERNANCE POLICY, WHICH I THINK YOU HAVE
25 BEFORE YOU. WHO'S PRESENTING ON THAT? JAMES, ARE

BARRISTERS' REPORTING SERVICE

1 YOU ON THE LINE?

2 MR. HARRISON: I AM, ART. THANK YOU.

3 MR. TORRES: ALL RIGHT. YOU'RE ON.

4 MR. HARRISON: GREAT. SO AS DR. RANDY
5 MILLS MENTIONED DURING THE SCIENCE SUBCOMMITTEE
6 MEETING EARLIER THIS WEEK, IN ADDITION TO ATTEMPTING
7 TO OVERHAUL AND STRENGTHEN OUR RESEARCH AND
8 DEVELOPMENT ACTIVITIES AT CIRM, WE HAVE ALSO
9 EMBARKED ON A PROCESS WHICH WE CALL 2.0 CORE TO LOOK
10 AT OUR INTERNAL OPERATING PRACTICES AND PROCEDURES
11 TO ENSURE THAT THEY ARE AS EFFECTIVE AND EFFICIENT
12 AS POSSIBLE.

13 AS PART OF THAT REVIEW, WE HAVE TAKEN A
14 FRESH LOOK AT BOTH THE INTERNAL GOVERNANCE POLICY
15 AND THE BOARD BYLAWS AND WOULD LIKE TO PROPOSE A
16 NUMBER OF AMENDMENTS FOR YOUR CONSIDERATION TODAY.
17 WE'RE PRESENTING THEM COMBINED BECAUSE THERE ARE
18 OVERLAP AMONG SOME OF THE PROVISIONS.

19 SO FIRST I'D LIKE TO START WITH WHAT WE
20 CALL THE BYLAWS VICE CHAIR. IN 2009 THE BOARD
21 AMENDED THE BYLAWS TO CREATE A SECOND VICE CHAIR
22 POSITION. UNDER PROP 71 THERE IS A CHAIR AND A VICE
23 CHAIR OF THE BOARD ELECTED BY MEMBERS OF THE BOARD
24 FROM AMONG NOMINEES MADE BY FOUR CONSTITUTIONAL
25 OFFICERS.

BARRISTERS' REPORTING SERVICE

1 IN RECOGNITION OF THE UNIQUE ROLE AND
2 CONTRIBUTIONS OF THE LATE DUANE ROTH, THE BOARD IN
3 2009 AMENDED THE BYLAWS TO CREATE A SECOND VICE
4 CHAIR POSITION. SO THIS WAS NOT A STATUTORY
5 POSITION, BUT ONE MADE OF THE BOARD'S CHOOSING.

6 SINCE DUANE'S UNFORTUNATE PASSING, THE
7 BOARD HAS NOT CHOSEN TO ELECT A REPLACEMENT, BUT THE
8 BYLAWS AND THE INTERNAL GOVERNANCE POLICY CONTINUE
9 TO REFLECT THE POSITION. SO WE WOULD PROPOSE TO AT
10 THIS POINT IN TIME ELIMINATE THE POSITION IN THE
11 BYLAWS OF VICE CHAIR SO THAT SENATOR TORRES NO
12 LONGER HAS TO REFER TO HIMSELF AS STATUTORY VICE
13 CHAIR.

14 MR. TORRES: I'M GOING TO BE SO
15 DISAPPOINTED NOT HAVING TO SAY THAT AT EVERY
16 MEETING. IS THERE A MOTION ON THIS -- OKAY. WE'RE
17 NOT GOING TO GO AD SERIATIM. WE'RE GOING TO GO AS A
18 WHOLE.

19 MR. HARRISON: YEAH. I THINK THAT WOULD
20 BE BEST, BUT I WILL PAUSE AT THIS POINT TO SEE IF
21 THERE ARE ANY QUESTIONS ON THAT PARTICULAR
22 AMENDMENT.

23 MR. TORRES: ANY QUESTIONS BY MEMBERS OF
24 THE COMMITTEE? ANY PUBLIC INPUT?

25 DR. STEWARD: NO QUESTIONS. THIS IS OS.

BARRISTERS' REPORTING SERVICE

1 I JUST JOINED THE CALL A BIT AGO.

2 MR. TORRES: WELCOME, OS.

3 DR. STEWARD: THANK YOU.

4 MR. HARRISON: I WILL PROCEED TO DESCRIBE
5 THE OTHER PROPOSED THEN. IF ANYONE HAS ANY
6 QUESTIONS DURING MY PRESENTATION, PLEASE FEEL FREE
7 TO INTERRUPT ME.

8 SO ANOTHER PROVISION WHICH WE WOULD LIKE
9 TO AMEND RELATES TO TELEPHONIC MEETINGS. WHEN THE
10 BOARD WAS FIRST ESTABLISHED IN THE EARLY DAYS OF
11 CIRM, THE BOARD MET ALMOST MONTHLY AND SOME OF THE
12 MEMBERS WILL REMEMBER OFTEN FOR TWO DAYS AT A TIME.
13 IN ORDER TO PROVIDE SOME FLEXIBILITY, IN LIGHT OF
14 THOSE DEMANDS AT THE TIME, THE BOARD APPROVED A
15 POLICY TO PERMIT TELEPHONIC PARTICIPATION AT
16 IN-PERSON BOARD MEETINGS, BUT IMPOSED CONDITIONS ON
17 THAT POLICY SUCH THAT NO MORE THAN FIVE MEMBERS
18 COULD PARTICIPATE AT ANY TIME IN TELEPHONIC
19 MEETINGS.

20 NOW, HOWEVER, WE ARE IN A DIFFERENT
21 POSITION. THE BOARD IS TO MEET IN PERSON FOUR TIMES
22 IN 2016, BUT WE HAVE AN APPLICATION REVIEW
23 SUBCOMMITTEE WHICH IS COMPOSED OF THE ENTIRE BOARD
24 WHICH MEETS TELEPHONICALLY ALMOST EVERY MONTH. AT
25 TIMES WE HAVE HAD CHALLENGES OBTAINING A QUORUM. SO

BARRISTERS' REPORTING SERVICE

1 TO INCREASE OUR FLEXIBILITY AND RESPONSIVENESS, WE
2 WOULD PROPOSE TO LIFT THE CAP ON TELEPHONIC
3 PARTICIPATION AT IN-PERSON BOARD MEETINGS. OF
4 COURSE, WE CONTINUE TO STRONGLY ENCOURAGE BOARD
5 MEMBERS TO PARTICIPATE IN PERSON, BUT WE UNDERSTAND
6 THE EXIGENCIES SOMETIMES PRESENT THEMSELVES, SO WE'D
7 LIKE TO HAVE SOME ADDITIONAL FLEXIBILITY TO ADDRESS
8 THAT WHEN NECESSARY.

9 THE NEXT CHANGE RELATES TO SUBCOMMITTEES.
10 AND THE FIRST PIECE OF THIS IS REALLY JUST A
11 CLEANUP. CURRENTLY THE BYLAWS REQUIRE APPROVAL BY
12 THE CHAIR OF THE BOARD TO EXPAND THE SIZE OF THE
13 SUBCOMMITTEE, BUT THE BYLAWS ALSO AUTHORIZE THE
14 CHAIR OF EACH SUBCOMMITTEE TO APPOINT MEMBERS OF THE
15 SUBCOMMITTEE WITH THE CONCURRENCE OF THE CHAIR OF
16 THE BOARD. SO THE PROVISION REQUIRING THE CHAIR OF
17 THE BOARD TO EXPAND THE SIZE OF THE SUBCOMMITTEE IS
18 REALLY UNNECESSARY. SO WE WOULD PROPOSE TO DELETE
19 IT.

20 ADDITIONALLY, THE BYLAWS PRESCRIBE THE
21 NUMBER OF MEETINGS PER YEAR AND THE NUMBER OF
22 MEMBERS FOR BOTH THE GOVERNANCE AND LEGISLATIVE
23 SUBCOMMITTEES. AGAIN, WE BELIEVE THESE RESTRICTIONS
24 ARE UNNECESSARY. SO WE WOULD PROPOSE TO DELETE THEM
25 TO GIVE US GREATER FLEXIBILITY.

BARRISTERS' REPORTING SERVICE

1 THE NEXT ITEM WE'D ASK YOU TO CONSIDER
2 RELATES TO THE ORGANIZATION CHART. UNDER BOTH THE
3 INTERNAL GOVERNANCE POLICY AND THE BOARD BYLAWS, THE
4 ORGANIZATION CHART IS REQUIRED TO BE PRESENTED TO
5 THE GOVERNANCE SUBCOMMITTEE IF THERE ARE ANY CHANGES
6 BEFORE BEING PRESENTED TO THE BOARD. THIS POLICY
7 SUITED CIRM IN ITS EARLY DAYS WHEN WE WERE MAKING
8 SIGNIFICANT CHANGES FROM TIME TO TIME IN THE
9 ORGANIZATIONAL STRUCTURE. HOWEVER, CIRM IS AT A
10 MORE MATURE AND STEADY STATE AT THIS POINT IN TIME,
11 AND THE BOARD RECENTLY APPROVED CHANGES TO THE
12 ORGANIZATIONAL CHART. SO WE WOULD PROPOSE TO
13 ELIMINATE THE GOVERNANCE SUBCOMMITTEE'S ROLE AND
14 PRESENT ANY CHANGES IN THE FUTURE DIRECTLY TO THE
15 BOARD.

16 NEXT, WITH RESPECT TO THE WORKING GROUP,
17 THE BYLAWS SET FORTH THE FUNCTIONS OF THE WORKING
18 GROUP. THIS JUST DUPLICATES EXISTING LAW SET FORTH
19 IN PROPOSITION 71 AND IS REALLY UNNECESSARY FOR
20 INCLUSION IN THE BYLAWS. WE WOULD PROPOSE TO DELETE
21 IT.

22 TWO MORE ITEMS. THE INTERNAL GOVERNANCE
23 POLICY CURRENTLY SPECIFIES THE NUMBER OF EMPLOYEES
24 IN THE OFFICE OF THE CHAIR. THIS POLICY WAS
25 APPROVED AT A TIME WHEN THERE WAS A 50-EMPLOYEE CAP

BARRISTERS' REPORTING SERVICE

1 AT THE AGENCY, AND THERE WAS, I THINK IT'S FAIR TO
2 SAY, SOME COMPETITION FOR BODIES. IN 2010, THE
3 LEGISLATURE REMOVED THE 50-EMPLOYEE CAP WHEN IT
4 ENACTED SB 1064. SO THAT'S NO LONGER A LIMITATION.
5 AND FURTHERMORE, CIRM IS REALLY FUNCTIONING AS A
6 SINGLE TEAM RIGHT NOW. SO WE DON'T BELIEVE IT IS
7 NECESSARY TO INCLUDE THAT LEVEL OF SPECIFICITY WITH
8 RESPECT TO THE NUMBER OF EMPLOYEES IN THE OFFICE OF
9 THE CHAIR AND WOULD PROPOSE TO DELETE IT.

10 THE LAST ITEM WE'D ASK YOU TO CONSIDER
11 RELATES TO THE COMPENSATION OF CIRM EMPLOYEES. AS
12 YOU KNOW, PROPOSITION 71 REQUIRES CIRM TO ESTABLISH
13 SALARIES FOR ITS EMPLOYEES THAT ARE COMPARABLE TO
14 SALARIES AND BENEFITS PAID TO EMPLOYEES IN SIMILAR
15 POSITIONS AT CALIFORNIA ACADEMIC AND NONPROFIT
16 RESEARCH INSTITUTIONS OF THE TYPE THAT ARE
17 REPRESENTED ON OUR BOARD. AND THEN THE PRESIDENT
18 AND CHAIR, FOR PURPOSES OF EMPLOYEES IN THE OFFICE
19 OF THE CHAIR, IS RESPONSIBLE FOR SETTING THE SALARY
20 OF SPECIFIC EMPLOYEES WITHIN A SALARY RANGE WHICH IS
21 APPROVED BY THE BOARD.

22 THE INTERNAL GOVERNANCE POLICY AND THE
23 BOARD BYLAWS CURRENTLY INCLUDE A LIMITATION ON THAT
24 AUTHORITY. WITH RESPECT TO NEW EMPLOYEES OR CURRENT
25 EMPLOYEES WHO ARE RECLASSIFIED, THE PRESIDENT AND

BARRISTERS' REPORTING SERVICE

1 THE CHAIR, FOR PURPOSES OF EMPLOYEES IN THE OFFICE
2 OF THE CHAIR, CANNOT APPOINT AN EMPLOYEE AT A SALARY
3 IN EXCESS OF 80 PERCENT OF THAT RANGE WITHOUT THE
4 APPROVAL OF THE GOVERNANCE SUBCOMMITTEE. OVER THE
5 HISTORY OF THIS POLICY, I DON'T BELIEVE THERE'S EVER
6 BEEN AN OCCASION WHERE THE GOVERNANCE SUBCOMMITTEE
7 HAS REFUSED SUCH A REQUEST, BUT IT DOES POSE AN
8 OBSTACLE TO CIRM PARTICULARLY IN COMPETITIVE
9 RECRUITMENTS BECAUSE IT NECESSITATES SCHEDULING OF A
10 MEETING WHICH CAN SOMETIMES BE CHALLENGING.

11 SO IN ORDER TO GIVE CIRM'S LEADERSHIP
12 GREATER FLEXIBILITY AND CAPACITY TO MOVE WITH
13 GREATER SPEED, WE'D PROPOSE TO LIFT THAT RESTRICTION
14 SO THAT THE PRESIDENT AND THE CHAIR CAN PROVIDE A
15 SALARY UP TO 100 PERCENT OF THE RANGE FOR EMPLOYEES
16 WITHIN THAT RANGE. OF COURSE, THE BOARD WOULD
17 CONTINUE TO HAVE AUTHORITY TO APPROVE ANY SALARY IN
18 EXCESS OF THE RANGE. BUT WE THINK THAT THIS WILL
19 ASSIST CIRM IN ITS RECRUITMENT EFFORTS, PARTICULARLY
20 AS WE GET CLOSER TO THE END OF CIRM'S EXISTING
21 FUNDING STREAM.

22 SO THOSE ARE THE PROPOSALS WE'D ASK YOU TO
23 CONSIDER TODAY. AND OUR REQUEST IS THAT YOU
24 RECOMMEND THE BOARD'S APPROVAL OF THOSE CHANGES.
25 I'D BE HAPPY TO ANSWER ANY QUESTIONS YOU HAVE.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: ANY QUESTIONS FROM COMMITTEE
2 MEMBERS? IS THERE A MOTION TO APPROVE THE REMAINING
3 PROPOSED AMENDMENTS TO OUR INTERNAL GOVERNANCE
4 POLICY?

5 MR. ROWLETT: SO MOVED.

6 MR. SHEEHY: SECOND.

7 MR. TORRES: MOVED AND SECONDED. ANY
8 DISCUSSION ON THE MOTION? ANY DISCUSSION FROM THE
9 PUBLIC?

10 MR. HARRISON: JUST TO CLARIFY, THAT'S A
11 MOTION TO RECOMMEND APPROVAL OF BOTH THE INTERNAL
12 GOVERNANCE POLICY AND THE BOARD BYLAWS AS I
13 UNDERSTAND IT.

14 MR. TORRES: CORRECT.

15 MR. HARRISON: THANK YOU.

16 MR. TORRES: ANY DISCUSSION FROM THE
17 PUBLIC SITES, PUBLIC INPUT? THERE BEING NONE, WE'LL
18 MOVE TO A VOTE. PLEASE CALL THE ROLL.

19 MS. BONNEVILLE: SHERRY LANSING. ART
20 TORRES.

21 MR. TORRES: AYE.

22 MS. BONNEVILLE: AL ROWLETT.

23 MR. ROWLETT: YES.

24 MS. BONNEVILLE: JEFF SHEEHY.

25 MR. SHEEHY: YES.

BARRISTERS' REPORTING SERVICE

1 MS. BONNEVILLE: OS STEWARD.

2 DR. STEWARD: YES.

3 MS. BONNEVILLE: JONATHAN THOMAS.

4 CHAIRMAN THOMAS: YES.

5 MS. BONNEVILLE: KRISTINA VUORI.

6 DR. VUORI: YES.

7 MR. TORRES: ALL RIGHT. THE MOTION
8 CARRIES. OUR NEXT ITEM IS ITEM NO. 4, I BELIEVE.
9 MR. TOCHER, YOU'RE ON CALL.

10 MR. TOCHER: THANK YOU, MR. CHAIRMAN. AS
11 PART OF CIRM'S REVIEW OF ALL OF ITS INTERNAL
12 POLICIES, WE'VE ALSO TAKEN A LOOK AT CIRM'S CONFLICT
13 OF INTEREST POLICY THAT APPLIES TO CIRM EMPLOYEES.
14 AS YOU MAY KNOW, AS STATE EMPLOYEES, CIRM'S TEAM
15 MEMBERS ARE GOVERNED BY CONFLICT OF INTEREST
16 PROVISIONS THAT ARE SET FORTH IN A DIFFERENT BODY OF
17 STATE LAW CALLED THE POLITICAL REFORM ACT.

18 EARLY IN THE AGENCY'S EXISTENCE, BECAUSE
19 OF CIRM'S UNIQUE MISSION AND PROFILE, WE ADOPTED A
20 POLICY WITH MORE STRINGENT STANDARDS THAT ADDRESS
21 SPECIFIC CIRCUMSTANCES THAT CIRM EMPLOYEES FACE WHEN
22 ENGAGED IN THE REVIEW AND ADMINISTRATION OF CIRM
23 GRANTS. AND SO IN THIS POLICY WE'RE PROPOSING SOME
24 AMENDMENT TO REFLECT SOME CHANGE IN STATE LAW AND
25 ITS INTERPRETATION AND ALSO TO ALIGN ITSELF WITH

BARRISTERS' REPORTING SERVICE

1 CIRM'S PRACTICES.

2 SO THE FIRST TWO AMENDMENTS THAT WE
3 SUGGEST IMPROVING ARE AREAS THAT GOVERN
4 PARTICIPATION BY AN EMPLOYEE WHERE A FAMILY MAY
5 RECEIVE A FINANCIAL BENEFIT OR WHERE A FAMILY MEMBER
6 IS AN EMPLOYEE OF THE APPLICANT INSTITUTION. OUR
7 CHANGES THERE ARE TO SIMPLY CONFORM WITH THE STATE
8 LAW DEFINITION OF THE TERM "IMMEDIATE FAMILY
9 MEMBER."

10 ANOTHER CHANGE IS IN THE CIRCUMSTANCES
11 DESCRIBING WHERE A PI IS A COLLABORATOR OR HAS BEEN
12 A COLLABORATOR OF THE EMPLOYEE. AND HERE WE'RE JUST
13 CONFORMING THAT DEFINITION OF WHAT A COLLABORATOR IS
14 TO THE BOARD'S RECENT INTERPRETATION OF THAT IN THE
15 CONTEXT OF THE GRANTS WORKING GROUP CONFLICT OF
16 INTEREST POLICY. WITH THIS AMENDMENT, THE EMPLOYEE
17 CONFLICT OF INTEREST POLICY WILL BE THE SAME AS THE
18 GRANTS WORKING GROUP CONFLICT OF INTEREST POLICY.

19 ANOTHER SET OF CHANGES OCCURS IN THE
20 CONTEXT WHERE CIRM HAS PROHIBITED OWNERSHIP OF STOCK
21 EXCEEDING \$10,000 IN VALUE IN A COMPANY THAT HAS A
22 SUBSTANTIAL INTEREST IN STEM CELL THERAPIES. THE
23 EXISTING POLICY DEFINES A SUBSTANTIAL INTEREST AS
24 HAVING 5 PERCENT OF THE COMPANY'S RESEARCH BUDGET
25 DEVOTED TO STEM CELL THERAPIES. HOWEVER, IN

BARRISTERS' REPORTING SERVICE

1 PRACTICE THIS HAS BEEN INCREDIBLY DIFFICULT TO
2 ASCERTAIN THROUGH PUBLICLY AVAILABLE INFORMATION.
3 AS A RESULT, WE ARE PROPOSING THAT THAT THRESHOLD BE
4 INCREASED TO 20 PERCENT, WHICH WILL BE EASIER FOR
5 CIRM AND EMPLOYEES TO IDENTIFY COMPANIES THAT WOULD
6 BE SUBJECT TO THIS PROHIBITION.

7 AND THEN FINALLY, A PROVISION THAT GOVERNS
8 THE CONTEXT OF EMPLOYEES WHO MAY CONSULT, TEACH, OR
9 PARTICIPATE IN ADVISORY BOARD SERVICE FOR AN
10 INSTITUTION FUNDED BY THE AGENCY. WE ARE SUGGESTING
11 CHANGES THERE THAT CONFORM TO A RECENT
12 INTERPRETATION OF THAT STATE LAW IN THE CONTEXT THAT
13 I JUST DESCRIBED.

14 AND I'M HAPPY TO TAKE ANY QUESTIONS ABOUT
15 THE SPECIFICS.

16 MR. TORRES: ON THE FAMILY, IMMEDIATE
17 FAMILY MEMBERS, CAN YOU DEFINE THAT AGAIN? IT'S
18 PARAGRAPH 2.

19 MR. TOCHER: SURE. WELL, I'M SORRY. THE
20 DEFINITION IS CONTAINED IN THE POLITICAL REFORM ACT.

21 MR. TORRES: YES. WHAT IS IT?

22 MR. HARRISON: I'VE GOT THE POLITICAL
23 REFORM ACT IN FRONT OF ME, WHICH YOU MAY NOT HAVE.
24 SO, ART, IMMEDIATE FAMILY IS DEFINED AS A SPOUSE AND
25 DEPENDENT CHILDREN.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: SO THAT'S NOT SIBLINGS OR
2 OTHERS, JUST SPOUSE OR DEPENDENT CHILDREN.

3 MR. HARRISON: CORRECT.

4 MR. TORRES: DOES THAT INCLUDE ADULT
5 CHILDREN?

6 MR. HARRISON: NO, IT DOES NOT. IT ONLY
7 INCLUDES CHILDREN THAT ARE UNDER 18 AND ARE RELIANT
8 UPON THEIR PARENTS FOR SUPPORT. SO IT WOULD BE
9 SOMEONE WHO THE OFFICIAL COULD CLAIM AS A DEPENDENT
10 ON HIS OR HER TAX RETURNS.

11 MR. TORRES: RIGHT. SO WOULD NOT INCLUDE
12 PARENTS.

13 MR. HARRISON: IT WOULD NOT INCLUDE
14 PARENTS; IT WOULD NOT INCLUDE ADULT CHILDREN.

15 MR. TORRES: ALL RIGHT. ANY QUESTIONS OF
16 MR. TOCHER ON THIS ITEM? IS THERE A MOTION?

17 CHAIRMAN THOMAS: SO MOVED.

18 MR. SHEEHY: SECOND.

19 MR. TORRES: MOVED BY MR. CHAIRMAN.
20 SECOND BY JEFF SHEEHY. OKAY. GREAT. ALL RIGHT.
21 ANY DISCUSSION ON THE MOTION BEFORE US? ANY PUBLIC
22 INPUT OR DISCUSSION AT OUR TWO PUBLIC SITES? ALL
23 RIGHT. THERE BEING NONE, PLEASE CALL THE ROLL.

24 MS. BONNEVILLE: SHERRY LANSING. ART
25 TORRES.

BARRISTERS' REPORTING SERVICE

1 MR. TORRES: AYE.
2 MS. BONNEVILLE: AL ROWLETT.
3 MR. ROWLETT: AYE.
4 MS. BONNEVILLE: JEFF SHEEHY.
5 MR. SHEEHY: YES.
6 MS. BONNEVILLE: OS STEWARD.
7 DR. STEWARD: YES.
8 MS. BONNEVILLE: JONATHAN THOMAS.
9 CHAIRMAN THOMAS: YES.
10 MS. BONNEVILLE: KRISTINA VUORI.
11 DR. VUORI: YES.
12 MR. TORRES: ALL RIGHT. THE MOTION
13 CARRIES.
14 AND WE'VE TAKEN CARE OF ITEM NO. 5,
15 CORRECT?
16 MS. BONNEVILLE: YES.
17 MR. HARRISON: THAT'S CORRECT.
18 MR. TORRES: RIGHT. SO WE'LL MOVE TO ITEM
19 NO. 6, ALEXANDRA CAMPE, OUR HUMAN RESOURCES DIRECTOR
20 EXTRAORDINAIRE.
21 DR. CAMPE: THANK YOU, MR. CHAIRMAN. AS
22 PART OF THE CORE 2.0 REVIEW, CIRM IS PROPOSING
23 CHANGES TO BOTH THEIR COMPENSATION POLICY AND THE
24 RELOCATION ALLOWANCE POLICY TO ADDRESS RECRUITMENT
25 AND RETENTION CHALLENGES AT CIRM. FOR CIRM TO BE AS

BARRISTERS' REPORTING SERVICE

1 EFFICIENT AND AS EFFECTIVE AS POSSIBLE, THE
2 PRESIDENT NEEDS TO BE ABLE TO BRING NEW EMPLOYEES IN
3 AT ANY LEVEL IN THE SALARY RANGE WITHOUT PRIOR
4 APPROVAL TO ENSURE FAST TURNAROUND AND EMPLOYMENT
5 OFFERS TO MAXIMIZE OUR RECRUITMENT EFFORTS.

6 SO WHAT I'D LIKE TO DO IS POINT OUT THE
7 SIGNIFICANT CHANGES FIRST IN OUR COMPENSATION
8 PROGRAM POLICIES. UNDER PERFORMANCE AWARDS, WHAT
9 WE'D LIKE TO DO HERE IS CHANGE THE PERFORMANCE
10 AWARDS THAT HAD BEEN ALLOWED FOR INDIVIDUALS IN
11 SALARY LEVELS 1 THROUGH 6 TO ALLOW US TO PROVIDE
12 PERFORMANCE AWARDS FOR INDIVIDUALS IN SALARY LEVELS
13 1 THROUGH 9.

14 SO THAT IS THE FIRST SIGNIFICANT CHANGE
15 WITH THE COMPENSATION POLICY. THE OTHER ONE JAMES
16 HAS ALREADY TALKED ABOUT, WHICH IS BASICALLY WE'RE
17 TAKING THE REQUIREMENT -- WE'D LIKE TO TAKE THE
18 REQUIREMENT FOR GOVERNANCE APPROVAL FOR SETTING
19 SALARY BEYOND THE 80-PERCENT RANGE, TO ALLOW THE
20 PRESIDENT TO DO THAT. AND JAMES HAS ADDRESSED THAT
21 EARLIER.

22 WE ARE TAKING -- THERE'S TWO ASPECTS OF
23 COMPENSATION POLICY WE'RE TAKING OUT FOR VERY GOOD
24 REASONS. THE SPOT AWARD IS JUST A SMALLER AWARD
25 AMOUNT WE HAD PROPOSED YEARS AGO, BUT IT'S NOT

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1 REALLY REALISTIC TO BE USED NOW. SO NOW WE'RE USING
2 THE PERFORMANCE AWARD THAT GIVES US A LITTLE BIT
3 MORE MONEY, A LITTLE BIT MORE FLEXIBILITY.

4 IN THE PROFESSIONAL DEVELOPMENT, WE'RE NOT
5 TAKING THAT OUT. JUST TO ENSURE EVERYONE HERE, WE
6 WILL CONTINUE PROVIDING PROFESSIONAL DEVELOPMENT
7 OPPORTUNITIES. I THINK THIS WAS THE CORRECT POLICY
8 TO ADDRESS THE BUDGET AND SUCH FOR PROFESSIONAL
9 DEVELOPMENT.

10 THE CIRM RELOCATION ALLOWANCE POLICY, THE
11 CHANGE IN THIS, THE ONLY CHANGE WE'RE PROPOSING IN
12 THIS POLICY IS THAT, FOR PURPOSES FOR COMPUTING
13 TOTAL GROSS INCOME, WE DO NOT WANT TO INCLUDE THE
14 RELOCATION ALLOWANCE WITH THE COMPENSATION OF THE
15 INDIVIDUAL WITH REGARDS TO DETERMINING WHETHER WE
16 NEED TO GO TO THE SUBCOMMITTEE. WE'D LIKE THIS TO
17 BE CONSIDERED SEPARATE AND NOT IN ADDITION TO THEIR
18 SALARY TO DETERMINE WHETHER IT'S OUTSIDE THE RANGE
19 WHETHER WE'D HAVE TO GO TO THE BOARD OR NOT. SO IN
20 OTHER WORDS, FOR RELOCATION, IF THIS WAS OFFERED BY
21 OUR PRESIDENT, IT WAS OFFERED AT \$30,000, WE
22 WOULDN'T ADD IT TO THEIR SALARY TO DETERMINE WHETHER
23 WE NEEDED TO GO TO THE BOARD FOR APPROVAL. IT WOULD
24 BE BASED ON THE SALARY WHETHER WE'D HAVE TO GO TO
25 THE BOARD. AND THAT WOULD ONLY BE, OF COURSE, IF IT

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1 WAS OUTSIDE THE SALARY RANGE.

2 THOSE ARE THE MAJOR CHANGES IN BOTH OF
3 THESE POLICIES. DOES ANYONE HAVE ANY QUESTIONS?

4 MR. TORRES: YES. WHAT IS THE CAP ON THE
5 RELOCATION?

6 DR. CAMPE: 75,000. POLICY ALLOWS UP TO
7 75,000 OVER A FOUR YEAR.

8 MR. TORRES: AND THAT IS ONLY FOR THE
9 INITIAL HIRE, CORRECT?

10 DR. CAMPE: CORRECT.

11 MR. TORRES: ANY OTHER QUESTIONS FROM
12 MEMBERS OF THE COMMITTEE? ANY PUBLIC INPUT AT OUR
13 TWO SITES IN LA JOLLA AND SACRAMENTO? THE CHAIR
14 WILL ENTERTAIN A MOTION. MOVED BY MR. CHAIRMAN,
15 SECONDED BY MR.

16 MR. ROWLETT: SECOND.

17 MR. TORRES: THANK YOU. ANY DISCUSSION ON
18 THE MOTION BEFORE US? THERE BEING NONE, ANY PUBLIC
19 INPUT ON THE MOTION BEFORE US? THERE BEING NONE,
20 PLEASE CALL THE ROLL.

21 MS. BONNEVILLE: SHERRY LANSING. ART
22 TORRES.

23 MR. TORRES: AYE.

24 MS. BONNEVILLE: AL ROWLETT.

25 MR. ROWLETT: YES.

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1 MS. BONNEVILLE: JEFF SHEEHY.

2 MR. SHEEHY: YES.

3 MS. BONNEVILLE: OS STEWARD.

4 DR. STEWARD: YES.

5 MS. BONNEVILLE: JONATHAN THOMAS.

6 CHAIRMAN THOMAS: YES.

7 MS. BONNEVILLE: KRISTINA VUORI.

8 DR. VUORI: YES.

9 MR. TORRES: THANK YOU. THE MOTION
10 PASSES.

11 ITEM NO. 7 IN OUR AGENDA, CYNTHIA
12 SCHAFFER, WHO IS OUR CONTRACT ADMINISTRATOR AND
13 PROJECT MANAGER. WELCOME TO THE COMMITTEE.

14 MS. SCHAFFER: THANK YOU. I'VE BEEN PROUD
15 TO BE WITH CIRM FOR MORE THAN SEVEN YEARS NOW. THIS
16 ITEM IS A REPORT TO THE GOVERNANCE SUBCOMMITTEE
17 LISTING AGREEMENTS IN THE AMOUNT ABOVE \$20,000 FOR
18 THE FIRST QUARTER OF CIRM'S '15-'16 FISCAL YEAR, SO
19 JULY, AUGUST, SEPTEMBER 2015. I'M HAPPY TO ANSWER
20 ANY QUESTIONS YOU MIGHT HAVE ABOUT THE ITEMS LISTED.

21 MR. TORRES: ANY QUESTIONS BY MEMBERS OF
22 THE COMMITTEE? ANY QUESTIONS BY THE PUBLIC AT OUR
23 TWO PUBLIC SITES?

24 I JUST WANT TO SAY THAT THESE EXPENDITURES
25 ARE VERY FISCALLY RESPONSIBLE GIVEN WHERE WE'VE BEEN

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1 AT, ESPECIALLY IN OUR MOVING AND DEALING WITH LEGAL
2 SERVICES FOR THE LEASE, AS WELL AS SOME OF THE OTHER
3 ISSUES THAT ARE BEFORE US.

4 IS THERE A MOTION TO ACCEPT THIS REPORT?

5 CHAIRMAN THOMAS: SO MOVED.

6 MR. TORRES: MOVED BY THE CHAIRMAN,
7 MR. THOMAS. OH, IT'S JUST A DISCUSSION ITEM.

8 MS. BONNEVILLE: YES. I WANTED A MOTION.
9 ALL RIGHT.

10 CHAIRMAN THOMAS: WITHDRAW MY MOTION, MR.
11 CHAIRMAN.

12 MR. TORRES: CHAIRMAN HAS WITHDRAWN HIS
13 MOTION, BUT I DO NOT WITHDRAW MY ACCOLADE FOR MS.
14 SCHAFFER. THANK YOU VERY MUCH.

15 ALL RIGHT. ITEM NO. 8, PUBLIC COMMENT.

16 CHAIR WILL ENTERTAIN A MOTION OF WHICH
17 THERE'S NEVER ANY DISSENSION. MOVED BY MR.
18 CHAIRMAN, TO ADJOURN. ALL THOSE IN FAVOR SIGNIFY BY
19 SAYING AYE. THANK YOU VERY MUCH FOR YOUR HELP,
20 MEMBERS OF THE COMMITTEE.

21 CHAIRMAN THOMAS: THANK YOU. WELL DONE,
22 MR. CHAIRMAN.

23 MR. TORRES: THANK YOU.

24 (THE MEETING WAS THEN CONCLUDED.)

25

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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 GOVERNANCE SUBCOMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON DECEMBER 2, 2015, 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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