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CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

Memorandum

To: Members of the Independent Citizens' Oversight Committee
From: Rafael Aguirre-Sacasa, General Counsel; Michelle Lewis, Director, Finance
Re: March 27, 2025
Date: Adoption of CIRM Purchasing Policy

Introduction

Under Propositions 71 and 14, CIRM is required to adopt contracting procedures based on those in use at the University of California. The Governing Board adopted the current contracting policy in 2016 based on UC procedures in place at each of those points in time, primarily UC Business and Finance Bulletin BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management.

The proposed CIRM Contracting Policy (see Exhibit 1) has been revised and streamlined, resulting in the new CIRM Purchasing Policy (the "Policy"). The new Policy removes extraneous content and operational procedures, focusing on procurement governance, transparency, and efficiency. Below is a high-level summary of the key changes.

Note: The ICOC adopted the previous version of the policy titled Policy on Contracting and Services of Independent Consultants (attached as Exhibit 2) in 2016.

1. Structural and Terminology Updates

The revised document introduces several structural and terminology modifications to make the Policy more concise and easier to navigate. The title has been updated to better reflect the scope of the Policy, and redundant definitions have been removed. The introduction now clearly outlines the Policy's alignment with relevant legal and regulatory frameworks.

- The revised document is now titled "Purchasing Policy", replacing the previous "Contracting Policy."
- The Policy is restructured to focus on procurement processes rather than operational details related to contract execution.
- The introduction aligns the Policy with Propositions 71 and 14, incorporating relevant Health and Safety Code references.

2. Streamlining of Procedural and Oversight Frameworks

To enhance efficiency, the revised Policy simplifies procedural requirements and refines oversight responsibilities. The new version establishes clear guidelines for contract duration and approval authority, ensuring greater accountability.

- Removed detailed definitions (e.g., employer-employee relationships, independent consultants) to focus on procurement governance.
- Clarified contract duration limits, establishing a maximum term of ten years for agreements, including extensions.
- Standardized approval authority to align with financial thresholds:
    - ICOC Approval for contracts exceeding $500,000.
    - Governance Subcommittee Approval for contracts exceeding $250,000 (with limited delegation authority to the President).
    - President Approval for all other agreements.
- Simplified execution and amendment processes, ensuring all agreements are in writing and aligned with procurement best practices.

3. Competitive Bidding and Contracting Standards

The revised Policy reinforces competitive bidding and supplier diversity standards to ensure transparency and cost-effectiveness in procurement decisions. Specific thresholds have been established for competitive bidding and supplier selection.

- Updated competitive bidding requirements for contracts exceeding $100,000:
    - Formal bid solicitation unless justified exemptions (e.g., sole source, professional services, emergency procurements) apply.
    - Established Small Business First Program, allowing direct awards up to $250,000 with at least two quotes from certified small businesses.
    - Expanded supplier diversity goals, setting a 25% annual target for Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) participation.
- For contracts at or below $100,000, discretion is granted to negotiate terms where competitive bidding is not deemed necessary.

4. Strengthened Compliance and Reporting Measures

To maintain accountability, the revised Policy enhances reporting and compliance requirements. It introduces stricter monitoring measures to ensure contract adherence and prevent conflicts of interest.

- Increased contract monitoring and audit requirements for agreements over $100,000 to ensure compliance with University of California procurement policies.
- Reinforced unauthorized purchase prohibitions, holding individuals financially accountable for non-compliant transactions.
- Required semi-annual and annual reports to the Governance Subcommittee and ICOC detailing executed contracts over $20,000, vendor details, and procurement methods.

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Conclusion:

We believe the revised Purchasing Policy reflects a more concise, structured, and compliance-driven approach to CIRM's procurement activities. By focusing on procurement governance, supplier diversity, and efficiency, the revised Policy eliminates unnecessary procedural details while ensuring adherence to public contracting standards.

Requested Action: CIRM requests approval of the proposed Purchasing Policy.

Exhibits to Memo:

1. **2025 CIRM Purchasing Policy**
2. **2016 CIRM Policy on Contracting and Services of Independent Consultants**

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Exhibit 1 - 2025 CIRM Purchasing Policy

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PURCHASING POLICY

I. INTRODUCTION

The purpose of this Purchasing Policy ("Policy") is to provide for the appropriate implementation and oversight required for purchasing, as defined in Proposition 71 and Proposition 14 under the California Health and Safety Code Sections 125290.10 through 125292.10. The policies in this document are based on California Business and Finance Bulletin 43. The requirements and procedures set forth in this Policy apply to the purchasing and contracting of goods and services for the California Institute for Regenerative Medicine (CIRM). This Policy does not apply to ICOC or working group members who serve internally as consultants.

II. GENERAL POLICY

CIRM follows the practice of purchasing common goods, materials, and services at the lowest overall total cost or Best Value, as applicable, while maximizing opportunities for suppliers to the State of California. This practice is governed by the following principles:

Contract Stipulations

Proper contract documentation ensures legal protection, clarity, and compliance with procurement standards:

1. **Maximum Duration** – The maximum duration of any CIRM agreement for goods or services, including the initial term and all amendments or extensions, shall not exceed ten years.
2. **Written Agreements** – All agreements for purchasing goods or services must be in writing at a level deemed appropriate by the Business Services Officer to protect CIRM's interests. The most current version of purchasing documents should be used. Payments shall only be issued upon execution of a written agreement signed by both parties.

Competitive Bidding

To ensure transparency and cost-effectiveness, competitive bidding procedures are in place for CIRM purchases:

1. **Contracts Over $100,000 Annually** – California Public Contract Code Section 10507 et seq. requires competitive bidding for agreements exceeding $100,000 annually unless an exemption applies, such as:

    - **Sole Source Justification** (if only one supplier can meet the requirement)
    - **Professional or Personal Services** (requiring specialized expertise)
    - **Emergency Procurements** (to prevent disruptions to operations)
    - **Small Business First Program** (allowing direct awards to small businesses for purchases up to **$250,000** provided that price quotations are obtained from at least two certified small businesses)

2. **Contracts at or Below $100,000 Annually** – For goods, materials, and services valued at $100,000 or less annually, negotiation is permitted. Competition may be sought if deemed necessary by the President or a designated responsible party to develop a source, validate prices, or meet other business needs.

Supplier Diversity Initiative

CIRM is committed to maintaining fairness, inclusiveness, and transparency in its contracting process. All potential contractors, including small businesses, micro businesses, women-owned businesses, minority-owned businesses, veteran-owned businesses, and businesses owned by individuals with disabilities, are encouraged to apply for purchase opportunities.

This Policy establishes a goal of awarding 25% of purchases and contracts annually to Small Businesses (SB) or Disabled Veteran Business Enterprises (DVBE). Businesses must be certified as listed on the Small Business First Program page to qualify.

III. APPROVAL REQUIREMENTS

Delegation of Approval Authority

1. **ICOC** – Approves contracts exceeding $500,000 annually or amendments causing a contract to exceed this amount in a fiscal year.
2. **Governance Subcommittee** – Approves contracts exceeding $250,000 annually or amendments causing a contract to exceed this threshold. Approval by the Governance Subcommittee authorizes the President to increase the contract amount by up to 15% or $500,000 (whichever is less) without additional approval.
3. **President** – Approves contracts or amendments not requiring ICOC or Governance Subcommittee approval.
4. **Interagency Agreements** – Approval, including amendments or extensions, is delegated to the President of CIRM.
5. **Execution of Agreements** – All agreements must be signed by the vendor and the delegated Signature Authority before services commence. Exceptions require written approval from the President.
6. **Scope and Duration** – Agreements may not be extended or amended to include unrelated work without prior written approval. For contracts exceeding 12 months, the approval threshold applies to each year separately.

IV. RESPONSIBILITIES

1. **President and CEO** – Oversees the delegation of Signature Authority for all CIRM documents and agreements.
2. **General Counsel** – Ensures that purchases and contract services comply with this Policy and other CIRM policies.
3. **Vice President of Operations & Director of Finance** – Responsible for purchasing and providing necessary goods and services in accordance with this Policy.

V. REPORTING REQUIREMENTS

The Business Services Officer shall submit reports to the Governance Subcommittee twice a year and an annual report to the ICOC. These reports must include:

- A listing of all executed contracts and amendments over $20,000 during the reporting period.
- Vendor names.
- Contract purposes.
- Total contract values and amendments executed within the reporting period.
- Expenditures made during the reporting period.
- Whether the contracts are sole source or not.

VI. Compliance and Audits

To maintain integrity and efficiency, all procurement activities must be regularly monitored and audited:

- **Contract Monitoring** – Ensuring suppliers meet contractual obligations and performance standards.
- **Supplier Audits** – Required for contracts exceeding $100,000 to verify compliance with UC procurement policies.
- **Unauthorized Purchases** – Any individual making unauthorized purchases may be held financially responsible.

VII. Separation of Interests

CIRM employees must separate their personal interests from CIRM's interests to prevent favoritism in the acquisition of goods, materials, and services.

VIII. Conflicts of Interest

Under the California Political Reform Act, employees are prohibited from making, participating in, or influencing decisions where a financial conflict of interest exists. Compliance with CIRM's Conflict of Interest Code is mandatory in contracting for consulting services.

IX. Policy Amendments

This Policy shall be reviewed periodically to ensure it remains current and effective. Amendments must be approved by the ICOC prior to implementation.

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Exhibit 2 - 2016 CIRM Policy on Contracting and Services of Independent Consultants

Approved by the ICOC on 06/15/2016
Prior version 8/9/2010

California Institute for Regenerative Medicine

POLICY on CONTRACTING and SERVICES of INDEPENDENT CONSULTANTS

I. INTRODUCTION

The contracting policies in this document are based upon University of California Business and Finance Bulletin 34. These policies provide for appropriate implementation and the oversight required for contracting as defined in Proposition 71.

II. DEFINITIONS

Certain terms appear frequently throughout this and other CIRM purchasing policy issuances and have the following meanings:

A. Employee - any individual who is presently employed by CIRM.

B. Employer-Employee Relationship –

1) Generally, under common law if an employer has the right to direct and control the work of an individual who performs the services, not only as to the results to be accomplished but also as to the methods and means by which the results are accomplished, an employer-employee relationship exists. In this respect, even if the employer does not exercise the right to direct or control the manner in which the worker performs the services, the fact that the employer retains the right to do so is sufficient.

2) On the other hand, if the individual is subject to the direction or control of another person only as to the end result, not as to the methods and means used to accomplish that result, the individual is not an employee. If the employer does not control either the manner of performance or the result of the service, an independent consultant relationship exists. Because there are no explicit statutory standards for determining a worker's status under the employment tax laws, the IRS has identified twenty classification factors, based on common law standards, which can be used to determine whether the employer has the right to direct and control the detail and means of a workers duty. The fact that more than half of the factors may point to one result does not necessarily mean that this is the correct determination; rather, all of the facts must be analyzed to determine whether certain factors may be more important than others under the particular circumstances. In addition, the fact that an individual's relationship with a business is temporary should be given little weight in making an employee/independent consultant determination. Although an independent consultant will typically have a temporary relationship with a business, so too will employees engaged on a seasonal, project, or an "as needed" basis. See Business and Finance Bulletin BUS 77 for information on the application of the twenty IRS factors and a more extensive discussion of employer/employee relationships.

C. Employee-Vendor Relationship - a relationship in which:

1) An employee, acting alone, proposes for a consideration to provide services to a CIRM department, or an employee owns or controls more than 10% interest in any business which proposes for a consideration to provide services to a CIRM department; or

2) A near relative of an employee, acting alone, proposes for a consideration to provide services to a CIRM department, or a near relative of an employee owns or controls more than 10% interest in any business which proposes for a consideration to provide services to a CIRM department, and the employee has, in any connection with his or her CIRM employment, any responsibility for, or will be involved in any manner in, the departmental decision to accomplish or approve the agreement.

D. Executing Officials - officials who are designated as Responsible Administrative Officials.

E. Independent Consultant - An independent consultant is an individual of proven professional or technical competence, who is not employed by CIRM, who provides primarily professional or technical advice to CIRM and for whom CIRM does not control either the manner of performance or the result of the service. The CIRM document used to secure the services of an independent consultant is an Independent Consultant Agreement form. A purchase order or employment type document may not be used.

F. Independent Consultant Agreement - a contract for services which are of an advisory nature, provide a recommended course of action or personal expertise, have an end product which is basically a transmittal of information either written or verbal, and which is related to CIRM administration and management.

G. Independent Contractor - An independent contractor relationship exists when CIRM has the right to control only the result of the service, not the manner of performance. Independent consultants are a special type of independent contractor and for CIRM purposes are treated somewhat differently than non-consultant independent contractors. As related to independent contractors, service is useful labor performed for another that may or may not produce a tangible commodity. Service includes, but is not limited to: use of security guards; transportation; computer programming; film processing; janitorial work; rubbish and waste removal; and service and repairs to office equipment. In general, such service is covered by CIRM's standard purchase order form and terms and conditions of purchase in accordance with the procedures described in the University of California Business and Finance Bulletin BUS 43. The CIRM document used to execute this type of relationship is a purchase order form. Neither the Independent Consultant Agreement form nor an employment type form shall be used.

H. Near Relative - a spouse or domestic partner, child, parent, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, and step-relatives in the same relationship.

I. Responsible Administrative Officials - the President, or the Vice President, Operations, as designated by the Governing Board, for the purpose of approving the purpose and content of an independent consultant agreement; this person is one of two executing officials.

J. Reasonable Payment - a payment that does not exceed that which would be incurred by a prudent person in the conduct of a competitive business. Reasonable payment can be established by market test, price or cost analysis, or the experience and judgment of the Responsible Administrative Official. Such judgment considers total value to CIRM. There is value to CIRM in agreements which meet CIRM's needs, such as those involving qualifications, experience, resources, quality, and service. A reasonable payment need not be the lowest price available, but is one which offers the highest total value to CIRM.

III. RESPONSIBILITIES

A. The President or Vice President, Operations, is responsible for assuring that the services of independent consultants are secured in accordance with the requirements of this Policy.

B. In the absence of both the President and the Vice President, Operations, one of two may appoint, for a limited time, a Responsible Administrative Official to have administrative responsibility for implementing procedures necessary to fulfill the requirements of this Bulletin in securing the services of independent consultants. This appointment and its related delegation shall be in writing and specify the length of the appointment.

C. The Responsible Administrative Official specifically shall assure that:

1) All requisite documents have been fully approved and received.

2) Sole source justification is documented if the agreement is $100,000 or more and competitive proposals have not been solicited.

3) He or she has signed all agreements, including amendments.

4) Adequate records are retained to document the transaction including, but not limited to:

    (a) the Independent Consultant Agreement and all amendments;

    (b) solicited proposals or sole source justification for all agreements in excess of $100,000;

    (c) documentation that the price to be paid is reasonable; and

    (d) a completed and signed Payee Data Record (Appendix 3).

5) The annual report and statement (see IX, below) are prepared and submitted to the Governing Board.

6) For legal services contracts, that CIRM needs specialized services not provided by the Attorney General's Office.

D. The Finance Officer shall insure that no payment to an independent consultant is made prior to the signing of an agreement, unless expressly approved in writing by the Responsible Administrative Official.

IV. SCOPE

A. The requirements and procedures set forth in this Policy apply to securing the services of independent consultants for CIRM activities for which administrative responsibility is vested in the President or Vice President, Operations.

B. The requirements and procedures set forth in this Policy do not apply to:

1) Governing Board or working group members who serve internally as consultants.

2) Employer/employee relationships, as covered in the applicable personnel policies.

V. GENERAL REQUIREMENTS

A. Arrangements to secure the services of an independent consultant may be entered into only when a determination has been made that the services are so urgent, special, temporary, or highly technical that they cannot be performed economically or satisfactorily by existing CIRM staff during the course of their normal CIRM responsibilities or duties.

B. Generally, services of a specific professional or technical nature to be performed by an independent consultant would encompass activities other than those services provided by independent contractors as defined in II, above.

C. The use of an independent consultant is expected to be infrequent and is primarily used to solve clearly-delineated problems.

D. An independent consultant shall not be used to direct or carry out a major portion of a program.

E. In general, the determination regarding employee versus independent consultant status is made by the Responsible Administrative Official. However, in cases where it is difficult to determine the correct status using the criteria provided in this Policy and the University of California Business and Finance Bulletin BUS 77, the Human Resources Department, in coordination with the General Counsel's Office and CIRM's outside counsel, can provide assistance in determining whether an employer-employee relationship exists. Only upon determination that no employer/employee relationship would be established may the proposed agreement be executed.

F. If it is determined that an employer-employee relationship would be established, CIRM shall follow the normal employment process.

G. If it is determined that an employee-vendor relationship would be established, the requirements of this section G. shall be followed:

1) Basic Policies

a. Separation of Interests - It is the policy of CIRM to separate an employee's CIRM and private interests, and to safeguard CIRM and its employees against charges of favoritism in the acquisition of goods, materials, and services.

b. Conflict of interest - The California Political Reform Act prohibits an employee from making, participating in making, or attempting to base his or her influence to affect a decision if there exists a financial conflict of interest. Requirements governing such decision making are set forth in CIRM's Conflict of Interest Code and shall be observed by CIRM in contracting for consulting services.

c. Exceptions/Approvals - No contract for consulting services shall be made with any employee-vendor as defined above unless there has been a specific determination by the Responsible Administrative Official that the goods or services are not available either from commercial sources or from CIRM's own facilities. The Responsible Administrative Official is delegated authority, within constraints imposed by the Political Reform Act, for approving an employee-vendor contract only in exceptional cases when there are unusual or extenuating circumstances.

d. Retired/Former State Employees - Various laws and regulations restrict the circumstances under which a retired or separated former State employee may provide services to CIRM as an independent consultant. The Responsible Administrative Official should verify compliance with these requirements prior to executing a Consulting Agreement with a retired or separated former State employee.

VI. REQUESTS AND APPROVAL

A. Prior to preparation of proposals, a requesting unit shall make a written presentation of its requirement for the services of an independent consultant and submit it to the Responsible Administrative Official. The request for consultant service shall be in a form which will clarify and define the problem for the benefit of the Responsible Administrative Official, and which will enable prospective independent consultants to prepare proposals. The Responsible Administrative Official shall approve the request to proceed with the preparation of proposals.

B. The request for consultant service shall include, but not necessarily be limited to, the following:

1) A description of the problem;

2) The objectives of the study or a general statement of what is expected to be accomplished;

3) An explanation of why the service cannot be performed by CIRM employees;

4) The scope of the work, including any desired approach to the problem, specific limitations, questions requiring answers, format for the completed report, and the extent to which assistance, resources and cooperation from the CIRM will be available to the consultant;

5) A firm or estimated time schedule including dates for commencement of performance, submission of progress reports, and for completion of the service;

6) The terms under which progress payments will be allowed; and

7) Account(s) and fund(s) and subaccount(s) to be charged.

C. Proposals from independent consultants shall be in writing and shall include, but not necessarily be limited to, the following:

1) A description of the consultant's qualifications, with a brief list of similar types of consulting contracts successfully concluded, a sample of such work when appropriate, and a description of the lead personnel and anticipated supporting personnel to be employed on the study;

2) An overall description of the techniques by which the consultant intends to approach the problem, consultant resources to be expended, the anticipated beginning and ending dates for the services, and, if subcontractors are contemplated, a description of these persons or firms and the portions and monetary percentages of the work to be done by them;

3) A description of the type of information, if any, to be collected about an individual, the method of collection, the physical type of the resulting record, i.e., typed or written notes, photograph, and the proposed ownership of such records. The consultant's attention shall be directed especially the Independent Consultant Agreement (see Appendix 1);

4) The total cost of the study and a breakdown of how this cost was computed, including any travel expenses, and desired method of payment;

5) The total dollar amount of consultant work contracted with the CIRM of California in the last 12 months;

6) The name and position of any officer, faculty member, or other employee of the CIRM who holds a position of director, officer, partner, trustee, manager or employee in the consultant organization, as well as the names of any near relatives who are employed by the CIRM; and

7) If the consultant is not a citizen of the United States, an explanation of the person's alien status in the United States.

D. Thresholds for solicitations: If the total amount of the contract of the independent consultant agreement:

1) Is less than $100,000, the Responsible Administrative Official shall determine that the payment is reasonable for the services to be performed. Reasonable payment is defined in II.J. above.

2) Is or will be $100,000 or more, the Responsible Administrative Official shall assure that, if possible, written proposals are solicited from three or more qualified independent consultants. When competitive proposals are not solicited, the reason for not seeking competition shall be documented and retained in the agreement file and the Responsible Administrative Official shall determine the payment is reasonable for the services to be performed. Reasonable payment is defined in II.J.

above. The scope of the agreement shall not be artificially divided so as to avoid the solicitation of competitive proposals.

E. Selection of the independent consultant shall be made on the basis of qualifications, resources, experience, needs of the CIRM, and cost to the CIRM. In the selection process, any CIRM officer or employee participating in the decision must keep in mind the disqualification requirements for financial conflict of interest of the State of California Political Reform Act of 1974. Officers and employees shall not make or participate in the making of a CIRM decision if there exists a financial conflict of interest. Questions concerning conflicts of interest and the CIRM's disqualification requirements should be raised with the General Counsel.

VII. AGREEMENT COVERING SERVICES

A. The agreement between the CIRM and an independent consultant shall be executed on the standard CIRM Independent Consultant Agreement, Appendix 1 of this Policy. Any modification of the standard agreement form or material modification of the approved scope of services shall be reviewed and approved by the Responsible Administrative Official, who shall consult with the General Counsel as appropriate.

B. The insurance requirements to be provided as set forth in the Independent Consultant Agreement shall be those set by the University of California Business and Finance Bulletin BUS-63.

C. Delegation of Approvals Required

Approval of any agreement must be granted based on the following levels

1) Governing Board: Approval is required when the amount of the contract is expected to be more than $500,000 or when an amendment will cause the contract to exceed $500,000.

2) Governance Subcommittee: Approval is required when the amount of the contract is expected to be more than $250,000 or when an amendment will cause the amount of the contract to exceed $250,000. Unless the Governance Subcommittee specifies otherwise with regard to a specific contract, approval of a contract by Governance Subcommittee includes delegation of authority to President to increase the amount of the contract up to 15% or up to $500,000 (whichever is less) without further approval of the Governance Subcommittee.

3) President: Approval by the President is required for any contract or amendment not required to be approved by the Governing Board or the Governance Subcommittee.

4) Interagency Agreements – Initial and amendments or extensions: Approval of interagency agreements is delegated to the President, CIRM.

D. When approval has been granted, the agreement between the CIRM and an independent consultant shall be signed by the consultant and the Responsible Administrative Official prior to the beginning of any service. Exception after the fact may only be granted by written approval only by the President.

E. There shall be no extension of the termination date or expansion of the scope of the original agreement or payment thereof without prior written approval by the Responsible Administrative Official (see Appendix 2 for sample format for amendment). Amendments may not be issued for work unrelated to the scope of the original agreement. When a contract has a duration greater than 12 months, the approval threshold shall be based on the contract amount authorized for the initial year and separately for each subsequent year.

VIII. PAYMENT FOR SERVICES OF INDEPENDENT CONSULTANT

A. Each vendor must submit a completed Payee Data Record (Appendix 3) before CIRM will issue payment.

B. A consultant normally shall submit an invoice setting forth the appropriate charges and indicating the agreement number and taxpayer reporting number. An invoice need not be submitted if exempted by terms of the agreement.

C. Authorization for consultant payments shall be a copy of the properly executed standard agreement form.

D. Payment shall not be made for services rendered prior to the contract period, except as expressly approved by the Responsible Administrative Official, nor shall payment be made for services rendered after expiration of the agreement.

E. Payment shall be made in accordance with the schedule set forth in Section III. of the agreement. In case of termination prior to completion of the work to be performed under the agreement, a determination shall be made of an equitable compensation to be paid for the work completed based on its value to the CIRM, provided that such compensation shall in no event exceed the total agreement price.

F. If a consultant is not a citizen of the United States, CIRM shall consult with the State Controller's Office for procedures regarding payments to aliens.

IX. REPORTING

A. The Responsible Administrative Official shall submit a report to the Governance Subcommittee two times per year and shall submit an annual report to the Governing Board. The report shall include a statement indicating compliance with the provisions of this Policy and a list of all agreements and amendments executed in the reporting period that are for amounts above
$20,000. The report shall include, as a minimum, the following information for each executed agreement or amendment:

1) A listing of each agreement and amendment executed in the reporting period;

2) The name of the vendor, contractor or consultant;

3) The purpose of the contract;

4) The total dollar amount of the agreement and amendments executed during the reporting period; and

5) Expenditures made in the reporting period.

Appendix 1

Independent Consultant Agreement (Required Form)

Appendix 2

Amendment to Independent Consultant Agreement (Sample Form)

Appendix 3

State of California Form 204, Payee Data Record

Approved by the ICOC on 06/15/2016
Prior version 8/9/2010

Approved by ICOC 8/19/2010
Prior versions approved 8/5/2005 and 12/7/2006

Appendix I

Agreement No. CIRM ____

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
INDEPENDENT CONSULTANT AGREEMENT

THIS AGREEMENT to furnish certain consultant services is made by and between the California Institute for Regenerative Medicine hereinafter called (CIRM), and _____[Name]_____ (Consultant).

I. NATURE AND PLACE(S) OF SERVICE

A. The Consultant shall furnish to CIRM the following described services including a time schedule by which the Consultant is to produce or provide specified materials or perform certain consulting services as well as reports on the progress of the services:

i. See attachment A.

B. If the Consultant is an entity other than an individual, CIRM requires that staff be assigned according to Attachment A to perform the work set forth herein. No reassignment of work to individuals other than those described in Attachment A may be made without the written approval of CIRM.

C. Place(s) of performance of such services shall be:

Consultant's location:	CIRM's location:
[ ]	210 King Street
[ ]	San Francisco, CA 94107

D. CIRM will provide working space, equipment, furniture, utilities, and services, as follows:

II. TERM OF AGREEMENT

A. The term of this Agreement shall be from _____ through _____.

B. CIRM reserves the right to terminate this Agreement subject to 30 days written notice to the Consultant. Consultant may submit a written notice to terminate this Agreement only if CIRM should substantially fail to perform its responsibilities as provided herein. In addition, CIRM may terminate this Agreement immediately for cause. The term "for cause" shall mean that the Consultant fails to meet the terms, conditions, and/or responsibilities of this Agreement. In this instance, the termination shall be effective as of the date indicated on CIRM's notification to the Consultant.

C. The term of this Agreement may be extended by the mutual, written consent of both parties.

III. COMPENSATION AND REIMBURSEMENT FOR EXPENSES

A. CIRM shall pay the Consultant for services performed on the following basis:

1. Professional Fees:

2. Other Expenses

MAXIMUM TO BE PAID UNDER THIS AGREEMENT

$_____

* Reimbursement for travel and per diem shall be in accordance with established CIRM rates and policies.

B. Payments shall be made upon the Consultant's submission of invoices indicating the Agreement Number and setting forth charges in accordance with rates detailed in Article III-A. Consultant must submit a completed Payee Data Record (State Standard Form 204) before CIRM will issue payment. Each invoice shall include the Consultant's taxpayer identification number (Social Security or employer identification number). Invoices shall be submitted not more frequently than monthly in arrears to:

California Institute for Regenerative Medicine
Finance Officer
210 King Street
San Francisco, CA 94107

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

IV. REPORTING

In performing consulting services under this Agreement, the Consultant shall be accountable to CIRM and shall provide progress reports to CIRM upon CIRM's request.

V. NOTIFICATION

Notices concerning this Agreement shall be addressed as follows:

CIRM: TO CONSULTANT:

California Institute for Regenerative Medicine
General Counsel
210 King Street
San Francisco, CA 94107

VI. TAXES

The compensation stated in Article III includes all applicable taxes and will not be changed hereafter as the result of Consultant's failure to include any applicable tax or as the result of any change in the Consultant's tax liabilities. The Consultant acknowledges that compensation payable hereunder may be subject to withholding of state and federal income tax, including state income tax subject to withholding pursuant to California Revenue and Taxation Code Sections 18661-18677.

VII. INDEPENDENT CONTRACTOR STATUS

A. Both parties agree that in the performance of this Agreement the Consultant shall not be an agent or employee of CIRM, shall not be covered by the State's Worker's Compensation Insurance or Unemployment Insurance, shall not be eligible to participate in State employee retirement programs, and shall not be entitled to any other CIRM employee benefits.

B. The Consultant shall be solely responsible for the conduct and control of the work to be performed by the Consultant under this Agreement, except that the Consultant is accountable to CIRM for the results of such work. The Consultant's services for CIRM shall be performed in accordance with currently approved methods and ethical standards applicable to the Consultant's professional capacity.

C. California State Contract Code 10515 (a) states: No person, firm, or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract on or after July 1, 2003, for the provision of services, procurement of goods or supplies, or any other related action that is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract.

VIII. ASSIGNMENT OR SUBCONTRACTING

The Consultant may not assign or transfer this Agreement, or any interest or claim, or subcontract any portion of the work, without the prior written approval of CIRM. The withholding or granting of such approval is totally discretionary with CIRM. If CIRM consents to such assignment or transfer, the terms and conditions of this Agreement shall be binding upon any assignee or transferee.

IX. PROPERTY RIGHTS, INCLUDING PATENTS AND COPYRIGHTS

All written and other tangible material ("Material") produced pursuant to this Agreement by the Consultant shall be considered a work-made-for-hire under the Copyright Act. To the extent said Material does not qualify as a work-made-for-hire, Consultant hereby assigns all right, title, and interest, including, but not limited to, copyright and all copyright rights in the Material to CIRM and shall execute any and all documents necessary to effectuate such assignment. In the event Consultant uses any individual who is not a full-time employee of Consultant or uses any other entity to perform any of the work required by Consultant hereunder, Consultant shall require said individual or entity to sign an agreement before commencing work that contains identical wording to the foregoing two sentences except that the word "Consultant" shall be replaced with the individual's or entity's name.

X. CONSULTANT'S LIABILITY AND INSURANCE REQUIREMENTS

A. The Consultant agrees to defend and, at CIRM's election, indemnify and hold harmless CIRM, its officers, agents, and employees from and against any and all claims, losses, expenses (including costs and reasonable attorney's fees), claims for injury, or damages that are caused by or result from the negligent or intentional acts or omissions or breach of this Agreement by the Consultant or its officers, employees, or agents. In addition, Consultant agrees to defend and, at CIRM's election, indemnify, and hold harmless CIRM, its officers, agents, and employees from and against any and all claims, losses, expenses (including costs and reasonable attorney's fees), claims for injury, or damages accruing or resulting to any and all contractors, subcontractors, suppliers, or any other person, firm or corporation furnishing services or supplying goods in connection with Consultant's performance of this Agreement

B. The Consultant shall furnish a Certificate of Insurance or statement of self-insurance

(contractual liability included) showing minimum coverage as follows:

1. General Liability: Comprehensive or Commercial Form (Minimum Limits)

(i)	General Aggregate (BI, PD)*	$2,000,000
(ii)	Products, Completed Operations Aggregate	$2,000,000
(iii)	Personal and Advertising Injury	$1,000,000
(iv)	Each Occurrence	$1,000,000

* (not applicable to comprehensive form)

However, if such insurance is written on a claims-made form following termination of this Agreement, coverage shall survive for a period no less than three years. Coverage must include a Primary and Non-Contributory provision and a Severability of Interest provision. Coverage shall also provide for a retroactive date of placement coinciding with the effective date of this Agreement.

2. Business Auto Liability: (Minimum Limits) for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of no less than $1,000,000 per occurrence. [Alternative: Business Auto Liability is waived because Consultant will not drive in the course of performing services for CIRM.]

3. Workers' Compensation: as required under California State Law.

4. Professional Liability Insurance: (Minimum Limits)

(1) Each occurrence	$2,000,000
(2) Project Aggregate	$2,000,000

If this insurance is written on a claims-made form, it shall continue for three years following termination of this Agreement. The insurance shall have a retroactive date of placement prior to or coinciding with the effective date of this Agreement. The insurance must include Contractual Liability Coverage and Defense and Indemnification of CIRM by the contracting party.

5. Other insurance in amounts as from time to time may reasonably be required by the mutual consent of CIRM and the Consultant against such other insurable hazards relating to performance.

6. Certificate(s) of Insurance shall name CIRM as an additional insured under 1, 2 and 4 above, obligate the insurer to notify CIRM at least thirty (30) days prior to cancellation of or changes in any of the required insurance and include a provision that the coverage will be primary and will not participate with nor be excess to any valid and collectible insurance program of self-insurance carried or maintained by CIRM. Premiums on all insurance policies shall be paid directly by the Consultant.

XI. RECORDS ABOUT INDIVIDUALS

A. The Consultant acknowledges that the creation and maintenance of records pertaining to individuals is subject to certain requirements set forth by the California Information Practices Act (Civil Code 1798, et seq.) and by CIRM policy. Such requirements include provisions governing the collection, maintenance, accuracy, dissemination, and

disclosure of information about individuals, including the right of access by the subject individuals.

B. If the Consultant creates confidential or personal records about an individual, as defined by the Information Practices Act, including notes or tape recordings, the information shall be collected to the greatest extent practicable directly from the individual who is the subject of the information. When collecting the information, the Consultant shall inform the individual that the record is being made and of the purpose of the record.

C. Records containing confidential or personal information about individuals are the property of CIRM and subject to CIRM's policies and applicable federal and state laws. The Consultant agrees to deliver all such records, including originals and all copies and summaries, to CIRM upon termination of this Agreement.

D. The Consultant shall not use recording devices in discussions with CIRM's employees without notifying all parties to the discussion that the discussion is being recorded.

XII. EXAMINATION OF RECORDS

The Consultant agrees that CIRM and its authorized agents shall have the right to review and copy any records and supporting documentation pertaining to the performance of this Agreement including, but not limited to, all documents, records and work papers whether obtained or copied from CIRM or developed by the Consultant. Consultant agrees to maintain such records for a minimum of five (5) years after final payment, unless a longer period of records retention is stipulated. Consultant agrees to allow CIRM and its authorized agent's access to such records during normal business hours. Further, Consultant agrees to include a similar right of access in any subcontract related to the performance of this Agreement.

In accordance with state law, the Consultant agrees that CIRM, its authorized agents, the State Controller's Office, and the Bureau of State Audits (collectively, the "Auditors") shall have the right, in connection with an audit, to review and copy any records and supporting documentation pertaining to the performance of this Agreement including, but not limited to, all documents, records and work papers whether obtained or copied from CIRM or developed by the Consultant. Consultant agrees to maintain such records for possible audit for a minimum of five (5) years after final payment, unless a longer period of records retention is stipulated. Consultant agrees to allow the Auditors access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Consultant agrees to include a similar right of the Auditors to audit records and interview staff in any subcontract related to the performance of this Agreement.

XIII. CONFLICT OF INTEREST

A. The Consultant will not hire any officer or employee of CIRM to perform any service covered by this Agreement. If the work is to be performed in connection with a federal or state contract or grant, the Consultant will not hire any employee of the government agency concerned to perform any service covered by this Agreement.

B. The Consultant affirms that to the best of his/her knowledge there exists no actual or potential conflict between the Consultant's family, business or financial interest and the services provided under this Agreement, and in the event of change in either private interests or service under this Agreement, any question regarding possible conflict of interest which may arise as a result of such change will be raised with CIRM.

C. The Consultant shall not be in a reporting relationship to a CIRM employee who is a near relative, nor shall the near relative be in a decision-making position with respect to the Consultant.

D. The Consultant may be required to execute a Form 700 Statement of Economic Interests as published by the Fair Political Practices Commission. Statements of Economic Interests are public documents. More information about Form 700 is available at www fppc.ca.gov.

XIV. AFFIRMATIVE ACTION

The Consultant recognizes that as a state government contractor or subcontractor, the Consultant is obligated to comply with all state laws and regulations regarding equal opportunity and affirmative action in government contracts. When applicable, the Consultant agrees that all such laws and their implementing regulations are incorporated herein as though set forth in full. These laws include the nondiscrimination requirements of Government Code sections 12990 and 11135, and the nondiscrimination program and clause required by Title 2, Division 4, Chapter 5 of the California Code of Regulations.

XV. CONFIDENTIALITY

The Consultant shall keep confidential any information provided by CIRM or any information conveyed orally to the Consultant by CIRM with oral notification of its confidentiality (the "Confidential Information"), Consultant agrees to maintain the secrecy of CIRM's Confidential Information and agrees not to use it except in performing the Services under this Agreement and not to disclose it to anyone outside CIRM or anyone within CIRM's organization who does not have a need to know it to perform under this Agreement. This non-disclosure provision shall not apply to any of the following:

1. Information which the Consultant can demonstrate by written records was known to him or her prior to the effective date of this Agreement;
2. Is currently in, or in the future enters, the public domain other than through a breach of this Agreement or through other acts or omissions of the Consultant; or
3. Is obtained lawfully from a third party.

XVI. APPLICABLE LAW

The laws of the State of California shall govern this Agreement.

XVII. TERMS TO BE EXCLUSIVE

This Agreement constitutes the entire understanding between the parties regarding the subject matter hereof and supersedes any prior understanding between the parties, oral or written, regarding the same subject matter.

XVIII. WAIVER OR MODIFICATION OF TERMS

No waiver, amendment or other modifications of the terms of this Agreement shall be binding upon either party unless expressed in writing and signed by both parties hereto.

XIX. STANDARD FOR PERFORMANCE

The parties acknowledge that CIRM, in selecting the Consultant to perform the services hereunder, is relying upon the Consultant's reputation for excellence in the performance of the services required

hereunder. The Consultant shall perform the services in the manner of one who is a recognized specialist in the types of services to be performed. All deadlines set forth in the Agreement are binding and may be modified only by subsequent written agreement of the parties. The Consultant shall devote such time to performance of its, her, or his duties under this Agreement as is reasonably necessary for the satisfactory performance of such duties within the deadlines set forth herein. Nothing in the foregoing shall be construed to alter the requirement that time is of the essence in this Agreement.

XX. EXCLUSION.

Independent Consultant warrants that it is not excluded from participation in any governmental sponsored program, including, without limitation, the Medicare, Medicaid, or Champus programs (http://exclusions.oig hhs.gov/search.aspx) and the Federal Procurement and Nonprocurement Programs (http://www.epls.gov/epls/search.do). This Agreement shall be subject to immediate termination in the event that the Independent Consultant is excluded from participation in any federal healthcare or procurement program.

XXI RESOLUTION OF DISPUTES

If the Consultant disputes any action by CIRM arising under or out of the performance of this contract, the Consultant shall notify CIRM of the dispute in writing and request a claims decision. CIRM shall issue a decision within 30 days of the Consultant's notice. If the Consultant disagrees with CIRM's claims decision, the Consultant shall submit a formal claim to the President of CIRM. The decision by the President of CIRM shall be final and conclusive on the claim unless the decision is arbitrary, capricious or grossly erroneous or if any determination of fact is unsupported by substantial evidence. The decision may encompass facts, interpretation of the contract and determinations or applications of law. The decision shall be in writing following an opportunity for the Consultant to present oral or documentary evidence and arguments in support of the claim. Consultant shall continue with the responsibilities under this Agreement during any dispute.

XXI SURVIVAL.

The following sections survive the expiration or early termination of this Agreement: IX, X, XI, XII, XV, XVI, XXI.

INDEPENDENT CONSULTANT	THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
_____	_____
Signature Date	[Name] Date [Title]
Name _____	
Title _____	
Company _____	

Item 6445-502-6047001/H&S Code 125291.20/Statutes 2004/ FY 09/10
Account/Fund to be charged

Approved by the ICOC on 06/15/2016
Prior version 8/9/2010

Approved by ICOC 8/19/2010
Prior versions approved 8/5/2005 and 12/7/2006

Appendix II

Agreement No. CIRM ____ Amendment No. 1

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

AMENDMENT TO INDEPENDENT CONSULTANT AGREEMENT

(Name)

(Address)

(City, State and Zip Code)

THIS INDEPENDENT CONSULTANT AGREEMENT IS AMENDED AS FOLLOWS:

The purpose of this amendment is to extend the (term and/or pricing of the contract through ___). (This is an extension of time only.)

The effective date of this amendment is _____. All other terms and conditions of the original agreement remain unchanged.

INDEPENDENT CONSULTANT	THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
_____	_____
Signature Date	[Authorized CIRM Official] Date

_____
Social Security or Employer Identification Number*

*Pursuant to Federal Privacy Act of 1974, you are hereby notified that disclosure of your Social Security number is mandatory. Disclosure of the Social Security number is required pursuant to Sections 6011 and 6051 of Subtitle F of the Internal Revenue Code and Regulation 4, Section 404.1256, Code of Federal Regulations, under Section 218, Title II of the Social Security Act, as amended. The Social Security number is to verify your identity. The principal uses of the Social Security number shall be to report payments you have received to the Federal and State governments.

Item 6445-502-6047001/H&S Code 125291.20/Statutes 2004/FY 06/07

Account/Fund to be charged

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9)

STD. 204 (Rev. 6-2003)

1

INSTRUCTIONS: Complete all information on this form. Sign, date, and return to the State agency (department/office) address shown at the bottom of this page. Prompt return of this **fully completed** form will prevent delays when processing payments. Information provided in this form will be used by State agencies to prepare Information Returns (1099). See reverse side for more information and Privacy Statement.

NOTE: Governmental entities, federal, State, and local (including school districts), are not required to submit this form.

2

PAYEE'S LEGAL BUSINESS NAME (Type or Print)

SOLE PROPRIETOR – ENTER NAME AS SHOWN ON SSN (Last, First, M.I.)

E-MAIL ADDRESS

MAILING ADDRESS

BUSINESS ADDRESS

CITY, STATE, ZIP CODE

CITY, STATE, ZIP C

3

PAYEE ENTITY TYPE

CHECK ONE BOX ONLY

ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN): | | – | | | | | | | |

☐ **PARTNERSHIP**

☐ **ESTATE OR TRUST**

CORPORATION:

- ❑ **MEDICAL** (e.g., dentistry, ...chotherapy, chiropractic, etc.)
- ❑ **LEGAL** (e.g., attorney servic...
- ❑ **EXEMP...**
- ❑ **ALL OTHERS**

☐ **INDIVIDUAL OR SOLE PROPRIETOR**
ENTER SOCIAL SECURITY NUMBE... | | | – | | | – | | | | |

...required by au...of California Revenue and Ta... Section 18646)

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

4

PAYEE RESIDENCY STATUS

☐ California resident - Qualified to do bu...in California ...aintains a permanent place of business in California.

☐ California nonresident (see reverse side) ...Payments to nonresidents for services may be subject to State income tax withholding.

- ❑ No services performed in California.
- ❑ Copy of Franchise Board waiver of State withholding attached.

5

I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the State agency below.

AUTHORIZED PAYEE REPRESENTATIVE'S NAME (Type or Print)

TITLE

SIGNATURE

DATE

TELEPHONE ( )

6

Please return completed form to:

Office: _____

Unit/Section: _____

Mailing Address: _____

City/State/Zip: _____

Telephone: (___) _____ **Fax:** (___) _____

E-mail Address: _____

SAMPLE

Fillable Form available for download at
http://www.documents.dgs.ca.gov/osp/pdf/std204.pdf

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

PAYEE DATA RECORD

STD. 204 (Rev. 6-2003) (REVERSE)

1

Requirement to Complete Payee Data Record, STD. 204

A completed Payee Data Record, STD. 204, is required for payments to all non-governmental entities and will be kept on file at each State agency. Since each State agency with which you do business must have a separate STD. 204 on file, it is possible for a payee to receive this form from various State agencies.

Payees who do not wish to complete the STD. 204 may elect to not do business with the State. If the payee does not complete the STD. 204 and the required payee data is not otherwise provided, payment may be reduced for federal backup withholding and nonresident State income tax withholding. Amounts reported on Information Returns (1099) are in accordance with the Internal Revenue Code and the California Revenue and Taxation Code.

2

Enter the payee's legal business name. Sole proprietorships must also include the owner's first name. An individual must list his/her full name. The mailing address should be the address at which the payee chooses to receive correspondence. Do not enter payment address or lock box information here.

3

Check the box that corresponds to the payee business type. Check only one box. Corporations must check the box that identifies the type of corporation. The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State provide their Taxpayer Identification Number (TIN). The TIN is required by the California Revenue and Taxation Code Section 18646 to facilitate tax compliance enforcement activities and the preparation of Form 1099 and other information returns as required by the Internal Revenue Code Section 6109(a).

The TIN for individuals and sole proprietorships is the Social Security Number (SSN). Only partnerships, estates, trusts, and corporations will enter their Federal Employer Identification Number (FEIN).

4

Are you a California resident or nonresident?

A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California.

A partnership is considered a resident partnership if it has a permanent place of business in California. An estate is a resident if the decedent was a California resident at time of death. A trust is a resident if at least one trustee is a California resident.

For individuals and sole proprietors, the "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a part of a contract of short duration will be considered a nonresident.

Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments for property (real or personal) located in California will have 7% of their total payments withheld for State income taxes. However, no withholding is required if total payments to the payee are $1,500 or less for the calendar year.

For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below:

Withholding Services and Compliance	1-888-792-4900	E-mail address:	wscs.gen@ftb.ca.gov
For hearing impaired with TDD, call:	1-800-822-6268	Website:	www.ftb.ca.gov

5

Provide the name, title, signature, and telephone number of the individual completing this form. Provide the date the form was completed.

6

This section must be completed by the State agency requesting the STD. 204.

Privacy Statement

Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, State, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.

It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and State law imposes noncompliance penalties of up to $20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the State agency(ies) with which you transact that business.

All questions should be referred to the requesting State agency listed on the bottom front of this form.

SAMPLE

Fillable Form available for download at
http://www.documents.dgs.ca.gov/osp/pdf/std204.pdf