

As Approved by the ICOC on 12/12/07



INTERNAL GOVERNANCE POLICY

Proposed Amendments Recommended by Governance Subcommittee

*Proposed Updated Policy Reconciled to Org Chart
Developed by Murphy/Trounson and recommended
by Governance Subcommittee*

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**INTERNAL GOVERNANCE POLICY
THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE**

The California Institute for Regenerative Medicine (the Institute) was established by the California Constitution (California Constitution, article XXXV, Section 1).

The purposes of the Institute are as follows:

- (a) To make grants and loans for stem cell research, for research facilities, and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the cure for, and/or substantial mitigation of, major diseases, injuries, and orphan diseases.
- (b) To support all stages of the process of developing cures, from laboratory research through successful clinical trials.
- (c) To establish the appropriate regulatory standards and oversight bodies for research and facilities development.

(Cal. Const., art. XXXV, § 2.)

Organization of the Institute:

Section 1. (The Independent Citizens' Oversight Committee) The Institute shall be governed by its board, the Independent Citizens' Oversight Committee (ICOC). (Health & Safety Code, §§ 125290.15 & 125290.40.)

- (a) The Chairperson of the ICOC's primary responsibilities are:
 - (i) To manage the ICOC's agenda and work flow, including all evaluations and approvals of scientific and medical Working Group grants, loans, facilities, and standards evaluations;

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- (ii) To supervise the annual report and the annual financial plan¹ of the Institute, the public accountability requirements for the ICOC and its subcommittees, including compliance with public meeting and conflict of interest requirements, and the legal and financial accountability of the ICOC;
 - (iii) To provide oversight for the annual audit of the Institute and for the legal and financial accountability of the Institute;
 - (iv) To manage and optimize the Institute's bond financing plans and funding cash flow plans;
 - (v) To optimize all financial leverage opportunities for the Institute; and
 - (vi) To provide oversight of, and establish the policies for, the Institute with respect to legislation through the ICOC and the Legislative Subcommittee and, consistent with these policies, to assist in carrying them out by interfacing with the California Legislature, the United States Congress, the California healthcare system, and the California public.
- (b) The Vice-Chairperson of the ICOC's primary responsibilities are:
- (i) To assist the Chairperson in carrying out his or her duties; and
 - (ii) To lead negotiations for intellectual property agreements, policies and contract terms.

Section 2. (President) The President shall serve as Chief Executive of the Institute and shall perform the duties of his or her office as set forth in the Act and such other duties as may be approved by the ICOC. The President's primary responsibilities are:

- (a) To recruit the highest scientific and medical talent in the United States to serve the Institute on its Working Groups;
- (b) To direct the staff of the Institute's Working Groups ;

¹ The "annual financial plan" is not the annual budget or the scientific strategic plan. Rather, the annual financial plan involves the Institute's bond financing and funding cash flow plans and financial leverage opportunities. (Health & Saf. Code, § 125290.45(b)(1)(A).)

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- (c) To direct ICOC staff and participate in the process of supporting all working group requirements to develop recommendations on grants, loans, facilities, and standards as well as to direct and support the ICOC process of evaluating and acting on those recommendations, the implementation of all decisions on these and general matters of the ICOC;
- (d) To hire, direct and manage the staff of the Institute;
- (e) To develop the budgets and cost control programs of the Institute;
- (f) To manage compliance with all rules and regulations of the ICOC, including the performance of all grant recipients;
- (g) To manage and execute all intellectual property agreements and any other contracts pertaining to the Institute or research it funds;
- (h) Supervise and direct the Policy Office of the Institute and implement the policies established by the ICOC and the Legislative Subcommittee with respect to legislation.

Section 3. (Organization and Administrative Structure)

- (a) The President shall recommend to the Governance Subcommittee for its consideration the organizational structure of the Institute. The ICOC shall approve the organizational structure of the Institute based on the recommendation of the Governance Subcommittee.
- (b) The staff of the Institute, other than the President, shall be organized into the following offices as depicted in Exhibit A:

Office of the President, which is responsible for support of the President in the performance of his or her duties, and for support of the Standards Working Group.

Office of the Chair, which is responsible for support of the Chairperson and Vice-Chairperson of the ICOC in the performance of their respective duties and for support of the ICOC and its subcommittees. The Director, Finance, Legal and Governmental Affairs, the Deputy to the Chair for Finance, Policy, and Outreach, the Director, Governmental Affairs, the Executive Director of the ICOC Board, the Deputy to the Vice-Chair, the Associate Legal Counsel to the Vice-Chair, and the Senior Administrative Coordinator are within the Office of the Chair.

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Office of the Chief Scientific Officer, which is responsible for scientific programs, scientific review (including support for the Grants Working Group) and for grants administration and grants management systems. The Directors of Scientific Activities and Medical and Ethical Standards, and their staffs, are within the Office of the Chief Scientific Officer.

Office of the Chief Operating Officer, which will be responsible for administration, operational finance, legal, communications, personnel and facilities and for support of the Facilities Working Group. The Directors of Finance and Communications and the General Counsel, and their staffs, are within the Office of the Chief Operating Officer.²

The Senior Officers of the Institute will be the Chief Scientific Officer and the Chief Operating Officer. All Senior Officers will report directly to the President who is responsible for hiring, directing and supporting them.

The organization of the Offices and their reporting relationships are shown in the accompanying Organization Chart.

- (c) The Office of the Chair shall be limited to no more than six (6) employees whose primary duties are to support the Chairperson and two (2) employees whose primary duties are to support the Vice-Chairperson. The President may assign additional CIRM staff to assist the Chairperson or Vice-Chairperson as necessary, consistent with the priorities of the Institute. The Governance Subcommittee may review these staff allocations on a periodic basis and recommend any adjustments to the ICOC.
- (d) All employees shall report to the President, either directly or through one of the Senior Officers of the Institute, except for the Chair, the Vice-Chair, employees of the Office of the Chair, and the Office of Finance, Legal, and Governmental Affairs, who shall report to the Chair and Vice-Chair, and through them, to the President. The Chair and Vice-Chair and each Senior Officer shall be responsible to the President for management of those personnel who report to them. The Chair and the Vice-Chair and

² The hiring of the General Counsel will be subject to the concurrence of the Chairperson of the ICOC. The General Counsel's duties will include coordinating with the Chairperson in financing and litigation matters.

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each Senior Officer are responsible for managing the internal affairs of his or her office, including its organization, reporting relationships within the office, assignment of duties, allocation of time, employee evaluations, and recommendations for hiring, firing, salary, promotion and merit increases. The President shall have final responsibility for hiring, firing, and personnel management of Institute employees, except the Chairperson and Vice-Chairperson of the ICOC. All employees of the Institute, except the Chairperson and Vice-Chairperson of the ICOC, are subject to personnel policies of the Institute whose execution is the responsibility of the President. These policies include, but are not limited to, compensation policy as established by the ICOC, merit increases, office assignment, approval for travel, parking privileges and policies in the Personnel Handbook. The Office of the Chair shall be responsible for approving travel for the Chair and Vice-Chair and employees of the Office of the Chair and the Office of Finance, Legal, and Governmental Affairs. When the ICOC and Office of the Chair travel requests exceed the pre-approved budget, the decision authority on such requests rests with the President or the Governance Subcommittee.

- (e) The President shall be responsible for setting the salary for all employees, except the Chairperson and Vice-Chairperson of the ICOC, within the range for each salary level established and approved by the ICOC pursuant to section 125290.45(b)(4) of the Health and Safety Code, with two exceptions: (1) for new employees in levels 6 through 10, the President shall obtain the approval of the Governance Subcommittee in order to set the salary in an amount that is 80 percent or higher than the minimum salary for that level; and (2) for employees in all levels, the President ~~will~~ obtain the approval of the ICOC in order to set the salary in an amount that would exceed the maximum salary for that level.

The President shall have the discretion to make job classification changes. This may include:

- Reclassifying positions between salary ranges (either higher or lower) based on significant job responsibility changes.
- Once reclassified the salary shall be set based on available salary survey data.

- (f) Each office of the Institute is responsible for supporting the President, the Chairperson of the ICOC, and the Vice-Chairperson of the ICOC in the performance of their duties as described herein.

Section 4. (Leadership and Management Committees)

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- (a) The President and any Senior Officers he wishes to attend will be available on a regular basis for an executive committee meeting of the ICOC. The ICOC Executive Committee will meet on all board matters. The Chairperson of the ICOC shall set the agenda, chair the meeting, invite members of the Office of the Chair, and prepare the minutes for the meeting.
- (b) There shall be an “Executive Committee” of the Institute, comprised of the President of the Institute, the Chairperson of the ICOC, and the Vice-Chairperson of the ICOC, the Chief Scientific Officer, the Chief Operating Officer, the General Counsel, other staff whom the President wishes to include, and staff whom the President, Chairperson, and Vice-Chairperson unanimously agree should be included. Two members of the Chairperson’s staff of his or her choosing may attend as staff to the Chair. The Executive Committee will hold regular meetings. The President will chair the Executive Committee and shall be responsible for preparing the agenda for, and the minutes of, its meetings.
- (c) There shall be a “Senior Management Committee,” comprised of the President, the Senior Officers, and other staff members whom the President wishes to include. The President will chair the meetings of the Senior Management Committee and will be responsible for preparing the agenda for, and the minutes of, its meetings.

Section 5. (Budget)

- (a) The President, with the assistance of the Chief Operating Officer shall develop the budgets and cost controls of the Institute. Where possible, budget decisions will be made by consensus within the Executive Committee, but all final budget decisions will be made by the President.
- (b) Annual budgets will be prepared for the approval of the ICOC. The President has the responsibility to implement the approved budget and to report on any significant changes in a timely manner to the ICOC for approval.