

BYLAWS

INDEPENDENT CITIZEN’S OVERSIGHT COMMITTEE
(CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE)

ARTICLE I: AUTHORITY

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

Section 2. The Independent Citizen’s Oversight Committee (the “ICOC”) for the Institute was created by the California Stem Cell Research and Cures Act (the “Act”; Calif. Health & Safety Code section 125290.10 to section 125290.70).

ARTICLE II: PURPOSES

Section 1. The purposes of the Institute are the following:

- (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.
- (Calif. Constitution, article XXXV, section 2)

Section 2. The purpose of the ICOC is to govern the Institute. (Health & Safety Code section 125290.15)

ARTICLE III: FUNCTIONS

The ICOC shall perform the following functions:

- (a) Oversee the operations of the institute.
- (b) Develop annual and long-term strategic research and financial plans for the institute.
- (c) Make final decisions on research standards and grant awards in California.
- (d) Ensure the completion of an annual financial audit of the institute’s operations.
- (e) Issue public reports on the activities of the institute.
- (f) Establish policies regarding intellectual property rights arising from research funded by the institute.
- (g) Establish rules and guidelines for the operation of the ICOC and its working groups.

(h) Perform all other acts necessary or appropriate in the exercise of its power, authority, and jurisdiction over the institute.

(i) Select members of the working groups.

(j) Adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of this chapter, and to govern the procedures of the ICOC.

(k) Request the issuance of bonds from the California Stem Cell Research and Cures Finance Committee and loans from the Pooled Money Investment Board.

(m) Modify as it sees appropriate its funding and finance programs to optimize the institute's ability to achieve the objective that its activities be revenue-positive for the State of California during its first five years of operation without jeopardizing the progress of its core medical and scientific research program.

(n) Accept additional revenue and real and personal property, including, but not limited to, gifts, royalties, interest, and appropriations that may be used to supplement annual research grant funding and the operations of the institute.

(Health & Safety Code section 125290.40)

ARTICLE IV: MEMBERS

Section 1. (Appointment) The ICOC shall have 29 members appointed as set forth in the Act. (Health & Safety Code section 125290.20(a)). A short summary of persons making appointments, nominations and elections and the respective appointees is attached as Exhibit A to these Bylaws for reference.

Section 2. (Delegation of Authority) Any ICOC member who is an executive officer of a California university, a nonprofit research institution or life science commercial entity may from time to time delegate those duties to an executive officer of the entity or to the dean of the medical school, as applicable (an "alternate"). (Health & Safety Code section 125290.20(a)(2)(D).) An ICOC member may not have more than one alternate at any one time. **[Should the phrase "from time to time be defined? Not more frequently than twice in a row or four times in any 12 month period?"] [JH suggestion: and may not delegate his or her duties to an alternate more than four times in a calendar year.]**

Section 3. (Oath of Allegiance) Each ICOC member and alternate shall take the oath of allegiance required by the California Constitution. (Calif. Constitution article XX section 3)

Section 4. (Conflict of Interest Code) The Act provides that the California Political Reform Act (the "PRA"; Calif. Government Code section 81000 through section 91014) shall apply to the Institute and to the ICOC except as provided in section 125290.30 of the Act and in subdivision (e) of section 125290.50 of the Act. (Health & Safety Code section 125290.30(g).) The PRA requires state and local governmental agencies to adopt and promulgate conflict of interest codes. Each ICOC member and alternate shall file a statement of economic interest as required by any conflict of interest code adopted by the ICOC pursuant to the PRA.

Section 5. (Vacancies) If a vacancy occurs within a term and has not been filled in accordance with the Act, the ICOC shall proceed to operate with the remaining members, provided that at

least 60 percent of the members have been appointed. (Health & Safety Code section 125290.20(b)(1).

Section 6. (Expiration of Term) ICOC members whose terms have expired shall continue to serve until their replacements are appointed. (Health & Safety Code section 125290.20(b)(3).)

Section 7. (Compensation and Expenses) As required in the Act, each member and alternate of the ICOC, except the Chairperson and Vice Chairperson, shall receive a per diem of one hundred dollars (\$100) per day for each day actually spent in the discharge of the member's or alternate's duties, plus reasonable and necessary travel and other expenses incurred in the performance of the member's or alternate's duties. (Health & Safety Code section 125290.45(b)(2).) Therefore, each member and alternate shall be paid \$100 for the following:

- Any day on which a member attends a meeting of the full ICOC, an ICOC subcommittee or an ICOC working group to which the member is appointed or performs an activity which has been pre-determined by the Chairperson as a discharge of the member's duties..
- Any day in which the member is engaged in additional activities that have been approved in advance by the Chairman to be a discharge of the members' duties.

Furthermore, each member and alternate shall be paid \$12.50 per hour for time spent in preparation for a meeting of the full ICOC, an ICOC subcommittee, or an ICOC working group to which the member or alternate is appointed.

These dollar amounts shall be adjusted annually by multiplying them by a fraction, the denominator of which is the 2004 Annual California Consumer Price Index, All Items (San Francisco-Oakland-San Jose-Los Angeles-Riverside-Orange County-San Diego (1982-84=100) as prepared by the Division of Labor Statistics and Research in the California Department of Industrial Relations and the numerator of which is such Annual Index published for each subsequent year in which the adjustment is to be computed and made. The resulting daily and hourly figures will be carried two decimal places and rounded up or down to the next whole dollar (.50 and above will be rounded up; less than .50 will be rounded down). In no instance will the computation for an hourly activity exceed the amount available for a daily meeting. The new daily and hourly per diems will become effective in the month following the month in which the Annual California Consumer Price Index, All Items is published.

ARTICLE V MEETINGS

Section 1. (Regular Meetings) The ICOC shall hold at least two public meetings per year, one of which will be designated as the Institute's annual meeting. The ICOC may hold additional meetings as it determines are necessary or appropriate. (Health & Safety Code section 125290.30(d)(1).) Regular meetings shall be attended in person by ICOC members or their alternates.

Section 2. (Open Meetings) All meetings of the ICOC, except those closed sessions permitted by law, shall be open and public and in conformance with law. In particular, all meetings shall conform to the Bagley-Keene Open Meeting Act (Government Code section 11120 through section 11132), including requirements for notice of meetings, preparation and distribution of agendas and written materials, inspection of public records, closed sessions and emergency

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meetings, maintenance of records, and disruption of a public meeting. (Health & Safety Code section 125290.30(d).) The public shall be invited to comment upon each item on the agenda and each individual speaker so commenting may be required to limit their comments to as few as three minutes.

Section 3. (Teleconference Meetings) Teleconference meetings shall be held for the benefit of the ICOC and the public as determined by the Chairperson or the chair of a subcommittee where applicable. Generally, teleconference meetings shall be attended from locations within the State of California. The Chairperson or the chair of a subcommittee where applicable may make exceptions to this rule for ICOC members traveling out of state who have a particularly important connection to an issue under discussion. Such exceptions shall be discouraged, however, because of the positive benefits to the ICOC and the public of conducting in-person meetings for final approval of ICOC decisions.

Section 4. (Notice of Meetings) At least 10 days in advance of each regular meeting of the ICOC, notice of the meeting shall be given to any person or organization who requests that notice in writing and also made available on the Internet. The notice shall include the name, address, and telephone number of any person who can provide further information prior to the meeting and a specific agenda for the meeting, containing a brief description of the items of business to be transacted or discussed in either open or closed session. The written notice shall additionally include the address of the Internet site where notices required by this article are made available and otherwise comply with the Bagley-Keene Open Meeting Act. If the agenda for any meeting includes consideration of any amendment to the “policy enhancements” adopted by the ICOC at its July 12, 2005, and August 5, 2005, meetings, notice of the meeting shall also be given to the President pro Tempore of the California Senate and the Speaker of the California Assembly at least 10 days in advance of the meeting.

Section 5. (Special and Emergency Meetings) Special and emergency meetings may be called by the Chair if compliance with the 10-day notice would impose a substantial hardship on the ICOC or if immediate action is required to protect the public interest. These meetings shall conform to the requirements of the Bagley-Keene Open Meeting Act applicable to special and emergency meetings.

Section 6. (Quorum) A quorum of the ICOC shall be at least sixty five percent (65%) of the ICOC members who have been appointed.

Section 7. (Voting) All actions of the ICOC shall be taken at properly called meetings at which there is a quorum. Unless a greater number is required by the Act or these Bylaws, the ICOC shall act by a majority vote of all members present. Amendments to pending motions may be made with the concurrence of the maker of the motion and the second, unless a member of the ICOC requests a vote on the proposed amendment, in which case, action on the proposed amendment shall be taken by a majority vote of all members present before the vote on the pending motion.

Section 8. (Rules of Order) Debate and proceedings before the ICOC shall be conducted in accordance with Robert’s Rules of Order Newly Revised (10th Edition) except to the extent in conflict with the Act, these Bylaws, other rules of the ICOC or other statutory requirements.

ARTICLE VI SUBCOMMITTEES

Section 1. (Establishment) The ICOC may establish subcommittees to facilitate the work of the board. The ICOC shall determine the size, mission, and jurisdiction of each subcommittee, including whether it exercises advisory or delegated power. The chairperson of a subcommittee may expand the size of the subcommittee, with the concurrence of the Chairperson of the ICOC, in order to obtain specific expertise that is not otherwise represented on the subcommittee, subject to the right of the ICOC thereafter to expand or reduce the size of the subcommittee.

Section 2. (Members) For each subcommittee (other than the Governance Subcommittee, the ICOC shall appoint the chairperson of the subcommittee based upon the recommendations of the members of the ICOC. The chairperson of the subcommittee shall then appoint the other members of the subcommittee with the concurrence of the Chairperson. Members of the ICOC may volunteer for service on subcommittees. If the ICOC reduces the size of a subcommittee, the ICOC shall determine the membership of the subcommittee.

Section 3. (Compensation and Expenses) Members of subcommittees shall receive a per diem of one hundred dollars (\$100) per day (adjusted annually as set forth in Article III, Section 7 above) for each day actually spent in the discharge of the member's duties, plus reasonable and necessary travel and other expenses incurred in the performance of the member's duties.

Section 4. (Governance Subcommittee) (a) The Governance Subcommittee reviews language and makes comments upon policies related to management of the ICOC and the Institute. The Subcommittee's corporate governance responsibilities involve (i) making recommendations on the Institute's mission statement and core principles, organizational chart and strategic plan, organizational budget, compensation policy and contracting policies; (ii) working with the President to establish goals for the management of the Institute; and (iii) monitoring the achievement of these goals in order to optimize performance. The Governance Subcommittee's recommendations shall be considered by the board at regular ICOC meetings. The Governance Subcommittee shall make regular reports back to the ICOC, as appropriate.

(b) The Governance Subcommittee shall be composed of the Chairperson, a chairperson chosen by the ICOC and 3 to 12 other ICOC members chosen by such chairperson [see **Section 2 above for the general rule**] based on nominations by the Chairperson and self-nomination by ICOC members. The Subcommittee shall be comprised of ICOC members with experience and/or demonstrated interest in organizational management and expertise in human resources and financial oversight.

(c) The Governance Subcommittee shall develop and present to the ICOC for its consideration for adoption the following: Institute Mission Statement and Core Principles; Institute Organizational Chart and Strategic Plan; Institute Compensation Policy and Monitoring Process; Institute Contracting Policies; Institute Budget; Institute Governance Policies; related reports for the ICOC; ICOC Bylaws and Procedures.

(d) The Governance Subcommittee shall meet at least 3 times per year.

Section 5. (Legislative Subcommittee) (a) The Legislative Subcommittee shall review proposed state and federal legislation and major public policy issues relating to stem cell

research and the operations of the Institute and make recommendations to the ICOC on positions on policies and legislation to be considered at regular ICOC meetings.

(b) The Legislative Subcommittee shall be composed of a chairperson chosen by the ICOC and 8 to 13 other ICOC members chosen by such chairman [see Section 2 above for the general rule] based on nominations by the Chairperson and self-nomination by ICOC members. The Subcommittee shall be comprised of ICOC members with experience and/or demonstrated interest in public policy.

(c) The Legislative Subcommittee shall recommend to the ICOC positions on stem cell research-related policies.

(d) The Legislative Subcommittee shall meet not less than 3 times per year

Section 6. [Other standing subcommittees?]

ARTICLE VII WORKING GROUPS

Section 1. (Establishment) The Institute has the following three separate scientific and medical working groups. (Health & Safety Code section 125290.50):

- (1) Scientific and Medical Research Funding Working Group.
- (2) Scientific and Medical Accountability Standards Working Group.
- (3) Scientific and Medical Research Facilities Working Group.

Section 2. (Appointment of Members) (a) The ICOC shall appoint members of each working group by a majority vote of all members present. (Health & Safety Code section 125290.50(b).)

(b) The Scientific and Medical Accountability Standards Working Group shall have 19 members as follows:

- (1) Five ICOC members from the 10 disease advocacy group members described in paragraphs (3), (4), and (5) of subdivision (a) of section 125290.20 of the Health & Safety Code.
- (2) Nine scientists and clinicians nationally recognized in the field of pluripotent and progenitor cell research.
- (3) Four medical ethicists.
- (4) The Chairperson of the ICOC.

(Health & Safety Code section 125290.55(a).)

(c) The Scientific and Medical Research Funding Working Group shall have 23 members as follows:

- (1) Seven ICOC members from the 10 disease advocacy group members described in paragraphs (3), (4), and (5) of subdivision (a) of section 125290.20 of the Health & Safety Code.
- (2) Fifteen scientists nationally recognized in the field of stem cell research.
- (3) The Chairperson of the ICOC.

(Health & Safety Code section 125290.60(a).)

(d) The Scientific and Medical Research Facilities Working Group shall have 11 members as follows:

- (1) Six members of the Scientific and Medical Research Funding Working Group.
- (2) Four real estate specialists. To be eligible to serve on the Scientific and Medical Research Facilities Working Group, a real estate specialist shall be a resident of California, shall be prohibited from receiving compensation from any construction or development entity providing specialized services for medical research facilities, and shall not provide real estate facilities brokerage services for any applicant for, or any funding by the Scientific and Medical Research Facilities Working Group and shall not receive compensation from any recipient of institute funding grants.

(Health & Safety Code section 125290.65(a).)

[Consider listing the functions of the Working Groups as set forth in Proposition 71 for convenience.]

Section 2. (Meetings) The ICOC shall adopt rules, procedures and practices for each working group based on recommendations made by that working group. (Health & Safety Code section 125290.50(d).)

Section 3. (Reimbursement) The ICOC shall establish daily consulting rates and expense reimbursement standards for the non-ICOC members of its working groups. (Health & Safety Code section 125290.45(b)(3).)

ARTICLE VIII OFFICERS AND DUTIES

Section 1. (Officers) The officers of the ICOC shall be the Chairperson and Vice Chairperson.

Section 2. (Selection) Whenever the office of the Chairperson or Vice Chairperson is vacant, the ICOC shall elect a Chairperson or Vice Chairperson, as the case may be, from the nominees made by the Constitutional Officers (described on the attached Exhibit A). The Chairperson and Vice Chairperson shall each serve a term of six years and may be compensated as full or part time employees. (Health & Safety Code section 125290.20(A)(6).)

Section 3. (Duties) (a) The Chairperson and Vice Chairperson shall perform the duties of their respective offices as set forth in the Act and such other duties as may be approved by the ICOC.

(b) The following are the Chairperson's and Vice Chairperson's primary responsibilities:

- (1) to manage the ICOC agenda and work flow including all evaluations and approvals of scientific and medical working group grants, loans, facilities, and standards evaluations;
- (2) To supervise all annual reports and public accountability requirements;
- (3) To manage and optimize the institute's bond financing plans and funding cash flow plan;
- (4) To interface with the California Legislature, the United States Congress, the California health care system, and the California public;

(5) To optimize all financial leverage opportunities for the institute; and to lead negotiations for intellectual property agreements, policies, and contract terms;

(6) To serve as a member of the Scientific and Medical Accountability Standards Working Group and the Scientific and Medical Research Facilities Working Group and as an ex-officio member of the Scientific and Medical Research Funding Working Group.

(Health & Safety Code section 125290.45(b)(1)(A).)

(c) The Vice Chairperson's primary responsibilities are to support the Chairperson in all of the above duties and to carry out those duties in the Chairperson's absence. (Health & Safety Code section 125290.45(b)(1)(A).)

(d) The Chairperson shall preside over the meetings of the ICOC.

Section 4. (Compensation) The ICOC shall set compensation for the Chairperson and Vice Chairperson within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the University of California system and the nonprofit academic and research institutions described in paragraph (2) of subdivision (a) of section 125290.20 of the Health & Safety Code. (Health & Safety Code section 125290.45(b)(4).)

Section 5. (Citizen's Financial Accountability Oversight Committee) The Act establishes a Citizens' Financial Accountability Oversight Committee (the "Oversight Committee") chaired by the State Controller to review the annual financial audit, the State Controller's report and evaluation of that audit, and the financial practices of the Institute. (Health & Safety Code section 125290.30 (c).) The Chairperson shall appoint a public member of the committee.

Section 6. (California Stem Cell Research and Cures Finance Committee) The California Stem Cell Research and Cures Bond Act of 2004 (the "Bond Act"; Health & Safety Code section 125291.10 through section 125290.85) creates the California Stem Cell Research and Cures Finance Committee (the "Finance Committee") solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds and interim debt authorized by the Bond Act (Health & Safety Code section 125291.40(a).) The Chairperson shall serve on the Finance Committee and shall appoint two members of the ICOC or their alternates to serve on the Finance Committee.

[JH: Delete the following:]

ARTICLE IX ORGANIZATION OF INSTITUTE

Section 1. (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 set forth in Health & Safety Code section 125290.45(b)(1)(B). The President shall be elected by the ICOC and serve as an ex-officio member of each of the Institute's working groups.

Section 2. (Administrative Structure) The President with the concurrence of the Chairperson shall recommend to the ICOC for its approval the organizational structure of the staff of the Institute.

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Section 3. (Employee Compensation) The President shall make employee compensation recommendations to the ICOC. The ICOC shall set compensation for the president and other Institute officers, and for the scientific, medical, technical, and administrative staff of the Institute, within the range of compensation levels for executive officers and scientific, medical, technical, and administrative staff of medical schools within the University of California system and the nonprofit academic and research institutions described in paragraph (2) of subdivision (a) of section 125290.20 of the Health & Safety Code. (Health & Safety Code section 125290.45(b)(4).)

ARTICLE X AMENDMENTS

These Bylaws may be amended or repealed by the ICOC at any duly-noticed regular or special meeting by a majority vote of all members present.

EXHIBIT A
Appointment, Nomination and Election of ICOC Members

Person Making Appointment	Appointee Criteria	Subtotal
<u>Chancellor of the University of California at:</u> San Francisco Davis San Diego Los Angeles Irvine	Appoints one executive officer from the respective campus.	5
<u>Constitutional Officer</u> Governor Lieutenant Governor Treasurer Controller	Each appoints one executive officer from each of the following categories: - A California university that is not one of five campuses of the University of California listed above - A California nonprofit academic and research institution that is not a part of the University of California - A California life science commercial entity	12
	Each appoints one representative from each of two California regional, state, or national disease advocacy groups.	8
	Each nominates one person for Chairperson and one person for Vice Chairman of the ICOC, each person meeting the criteria of the Act. (Health & Safety Code section 125290.20(a)(6)(A).).	
Speaker of the Assembly	Appoints one representative of a California regional, state, or national mental health disease advocacy group.	1
President Pro Tem	Appoints one representative of a California regional, state, or national HIV/AIDS disease advocacy group.	1
ICOC Members	Elect the Chairperson and Vice Chairperson of ICOC from the nominees made by the Constitutional Officers.	2

Agenda Item #5
Governance Subcommittee Meeting
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Total Members		29
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