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MEMORANDUM

To: Members, Governance Subcommittee
Governing Board
California Institute for Regenerative Medicine

From: James C. Harrison

Date: April 23, 2012

Re: Proposed Amendments to Board Bylaws
(Our File No.: 2297-0)

INTRODUCTION

In 2005, the Governing Board adopted bylaws to govern the Board's operations. At the time, the Board established two standing subcommittees – the Governance Subcommittee and the Legislative Subcommittee – and authorized the creation of additional subcommittees as the Board determined necessary. (Bylaws, art. VI.) Under the Board's bylaws, the Governance Subcommittee has the responsibility to review CIRM's budget and internal controls. (*Id.*, art. VI, § 4.) In 2007, however, the Board established the Finance Subcommittee, and for the last several years, the Finance Subcommittee has undertaken that responsibility. The Finance Subcommittee has recommended that the Board modify the Finance Subcommittee's mission statement to reflect current practice by providing that the Finance Subcommittee will review CIRM's budget and cost control programs. In order to conform the Board's bylaws with current practice and the proposed amendment to the Finance Subcommittee mission statement, we propose to amend the Board's bylaws to remove the responsibility for the review of CIRM's budget and internal controls from the jurisdiction of the Governance Subcommittee. The attachment to this memorandum reflects the proposed amendment.

We also propose to amend article IV, section 7 of the bylaws to clarify that the \$15,000 per year cap on compensation for service on the Grants Working Group by the Patient Advocate members of the Governing Board, excluding the Chair and Vice Chair, applies on a fiscal year basis. Currently, the provision is silent as to whether it applies on a fiscal year or

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calendar year basis. Because CIRM budgets on a fiscal year basis, we propose to apply the cap on a fiscal year basis as well.

RECOMMENDED ACTION

Recommend approval by the Governing Board of the proposed amendments to the Board bylaws to remove the responsibility for the review of CIRM's budget and internal controls from the jurisdiction of the Governance Subcommittee and to clarify that the \$15,000 per year cap on compensation for service on the Grants Working Group by the Patient Advocates applies on a fiscal year basis.

Attachment

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. (California 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”). (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.

(California 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, subdivision (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), subdivision (2)(D).) An ICOC member may not have more than one alternate at any one time. An ICOC member who has been elected by the ICOC to the office of Bylaws Vice Chairperson may not delegate the duties of that office, but may delegate his or her duties as an ICOC member as authorized by this section.

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

Section 4. (Conflict of Interest Code) The Act provides that the California Political Reform Act (the "PRA"; 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, subdivision (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 6. (Conflict of Interest Policy) Each ICOC member shall abide by the “Conflict of Interest Policy” adopted by the ICOC and attached as Exhibit B to these Bylaws.

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), subdivision (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), subdivision (3).)

Section 7. (Compensation and Expenses) (a) As required in the Act, each member and alternate of the ICOC, except the Chairperson and Statutory 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, subdivision (b)(2).) Therefore, each member and alternate shall be paid \$100 for the following:

- (1) 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..
- (2) Any day in which the member is engaged in additional activities that have been approved in advance by the Chairperson to be a discharge of the members’ duties.

(b) 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.

(c) The dollar amounts in subdivisions (a) and (b) shall be adjusted annually by multiplying them by a fraction, the denominator of which is the 2004 Annual Average, California Consumer Price Index - California, All Items (Los Angeles-Riverside-Orange County, San Francisco-Oakland-San Jose, San Diego (1982-84=100)) (the “Annual Index”) as prepared by the Division of Labor Statistics and Research in the California Department of Industrial Relations and the numerator of which is the 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 Index is published.

(d) In lieu of the per diem provided for in subdivisions (a) and (b), the Board may establish a daily consulting rate for ICOC members of the Grants Working Group and the ICOC co-chairs

of the Standards Working Group and the Facilities Working Group, excluding the Chair and Vice Chairs of the Board, for the time spent by the ICOC members of the working groups in service on the working groups, provided that:

1. The Board determines, on an individual basis and at a public meeting, that the ICOC member's service on the working group requires an extraordinary commitment of time;

2. The daily consulting rate for the ICOC member does not exceed seventy-five percent (75%) of the daily consulting rate established for scientific members of the Grants Working Group pursuant to article VII, section 4 of these Bylaws; and

3. Total compensation to an ICOC member for his or her service on a working group shall not exceed \$15,000 per fiscal year unless the ICOC approves an exception at a public meeting.

(e) Subdivision (d) shall become effective only upon the enactment of Senate Bill No. 1064.

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, subdivision (d)(1).) Regular meetings shall be attended in person by ICOC members or by their alternates, except as provided in Exhibit C (Policy for Teleconference Participation in Regular ICOC Meetings).

Section 2. (Open and Closed Meetings) (a) All meetings of the ICOC, except those closed sessions described below or otherwise permitted by law, shall be open and public and in conformance with law. (Health & Safety Code section 125290.30(d).) In particular, all open meetings shall conform to the Bagley-Keene Open Meeting Act, including requirements for notice of meetings, preparation and distribution of agendas and written materials, inspection of public records, closed sessions and emergency meetings, maintenance of records, and disruption of a public meeting. 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.

(b) The ICOC shall award all grants, loans, and contracts in public meetings and shall adopt all governance, scientific, medical, and regulatory standards in public meetings. (Health & Safety Code section 125290.30, subdivision (d)(3).)

(c) The ICOC may conduct closed sessions as permitted by the Bagley-Keene Open Meeting Act. (Government Code section 11126.) In addition, the ICOC may conduct closed sessions when it meets to consider or discuss:

(1) Matters involving information relating to patients or medical subjects, the disclosure of which would constitute an unwarranted invasion of personal privacy.

- (2) Matters involving confidential intellectual property or work product, whether patentable or not, including, but not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information, which is not patented, which is known only to certain individuals who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know it or use it.
- (3) Matters involving prepublication, confidential scientific research or data.
- (4) Matters concerning the appointment, employment, performance, compensation, or dismissal of institute officers and employees; however, action on compensation of the institute's officers and employees shall only be taken in open session.

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 (Government Code section 11120 through section 11132) 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 are eligible to vote. (Health & Safety Code section 125292.10, subdivision (s).)

Section 7. (Voting) (a) 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

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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. Amendments to the “policy enhancements” adopted by the ICOC at its July 12, 2005, and August 5, 2005, meetings shall only be made by a vote of seventy percent (70%) of all members present.

(b) Provided that five or fewer members have a need to place their vote before the debate has concluded and provided that the Board has taken a sampling of public comment both for and against the motion at the instant meeting or at an earlier meeting, the Chair may open the roll to record the votes of members who have to leave a meeting under one or more of the following circumstances:

1. The Board has had a prior discussion regarding the matter under consideration and has had an opportunity to review written materials in advance of the meeting; or

2. It is critical to the agency’s mission for the Board to take action on the matter at the meeting and there will be another opportunity for the Board to revisit the matter in the future.

When the roll has been opened before debate has been completed, the Board shall take additional public comment before the roll call vote is concluded.

(c) In addition, the Chair may leave the roll open after debate has concluded in order to permit a member to participate in the vote.

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 IV, 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 based on nominations by the Chairperson and self-nomination by ICOC members. The Subcommittee shall be ~~comprised~~composed 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 meet at least once 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 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)(i) The Legislative Subcommittee shall recommend to the ICOC positions on stem cell research-related policies.

(ii) The Legislative Subcommittee, with the approval of two-thirds of the members of the Subcommittee, may communicate the position of the Legislative Subcommittee on state or federal legislation or policy before the Board has considered its recommendation if it determines that it is critical to express a position before the next regularly scheduled meeting of the Board.

(d) The Legislative Subcommittee shall meet at least once per year.

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):

- (a) Scientific and Medical Research Funding Working Group.
- (b) Scientific and Medical Accountability Standards Working Group.

(c) 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, subdivision (b).)

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

(i) 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.

(ii) Nine scientists and clinicians nationally recognized in the field of pluripotent and progenitor cell research.

(iii) Four medical ethicists.

(iv) The Chairperson of the ICOC.

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

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

(i) 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.

(ii) Fifteen scientists nationally recognized in the field of stem cell research.

(iii) The Chairperson of the ICOC.

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

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

(i) Six members of the Scientific and Medical Research Funding Working Group.

(ii) 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.

(iii) The Chairperson of the ICOC.

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

Section 2. (Function) (a) The Scientific and Medical Research Funding Working Group shall have and perform the following functions:

- (i) Recommend to the ICOC interim and final criteria, standards, and requirements for considering funding applications and for awarding research grants and loans.
 - (ii) Recommend to the ICOC standards for the scientific and medical oversight of awards.
 - (iii) Recommend to the ICOC any modifications of the criteria, standards, and requirements described in paragraphs (1) and (2) above as needed.
 - (iv) Review grant and loan applications based on the criteria, requirements, and standards adopted by the ICOC and make recommendations to the ICOC for the award of research, therapy development, and clinical trial grants and loans.
 - (v) Conduct peer group progress oversight reviews of grantees to ensure compliance with the terms of the award, and report to the ICOC any recommendations for subsequent action.
 - (vi) Recommend to the ICOC standards for the evaluation of grantees to ensure that they comply with all applicable requirements. Such standards shall mandate periodic reporting by grantees and shall authorize the Scientific and Medical Research Funding Working Group to audit a grantee and forward any recommendations for action to the ICOC.
(Health & Safety Code section 125290.60, subdivision (b).)
- (b) The Scientific and Medical Accountability Standards Working Group shall have and perform following functions:
- (i) Recommend to the ICOC scientific, medical, and ethical standards.
 - (ii) Recommend to the ICOC standards for all medical, socioeconomic, and financial aspects of clinical trials and therapy delivery to patients, including, among others, standards for safe and ethical procedures for obtaining materials and cells for research and clinical efforts for the appropriate treatment of human subjects in medical research consistent with paragraph (2) of subdivision (b) of Section 125290.35 of the Act, and to ensure compliance with patient privacy laws.
 - (iii) Recommend to the ICOC modification of the standards described in paragraphs (1) and (2) as needed.
 - (iv) Make recommendations to the ICOC on the oversight of funded research to ensure compliance with the standards described in paragraphs (1) and (2).
 - (v) Advise the ICOC, the Scientific and Medical Research Funding Working Group, and the Scientific and Medical Research Facilities Working Group, on an ongoing basis, on relevant ethical and regulatory issues.
(Health & Safety Code section 125290.55, subdivision (b).)
- (c) The Scientific and Medical Research Facilities Working Group shall have and perform the following functions:
- (i) Make recommendations to the ICOC on interim and final criteria, requirements, and standards for applications for, and the awarding of, grants and loans for buildings,

building leases, and capital equipment; those standards and requirements shall include, among others:

- (A) Facility milestones and timetables for achieving such milestones.
 - (B) Priority for applications that provide for facilities that will be available for research no more than two years after the grant award.
 - (C) The requirement that all funded facilities and equipment be located solely within California.
 - (D) The requirement that grantees comply with reimbursable building cost standards, competitive building leasing standards, capital equipment cost standards, and reimbursement standards and terms recommended by the Scientific and Medical Facilities Funding Working Group, and adopted by the ICOC.
 - (E) The requirement that grantees shall pay all workers employed on construction or modification of the facility funded by facilities grants or loans of the institute, the general prevailing rate of per diem wages for work of a similar character in the locality in which work on the facility is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.
 - (F) The requirement that grantees be not-for-profit entities.
 - (G) The requirement that awards be made on a competitive basis, with the following minimum requirements:
 - (I) That the grantee secure matching funds from sources other than the institute equal to at least 20 percent of the award. Applications of equivalent merit, as determined by the Scientific and Medical Research Funding Working Group, considering research opportunities to be conducted in the proposed research facility, shall receive priority to the extent that they provide higher matching fund amounts. The Scientific and Medical Research Facilities Working Group may recommend waiving the matching fund requirement in extraordinary cases of high merit or urgency.
 - (II) That capital equipment costs and capital equipment loans be allocated when equipment costs can be recovered in part by the grantee from other users of the equipment.
 - (ii) Make recommendations to the ICOC on oversight procedures to ensure grantees' compliance with the terms of an award.
- (Health & Safety Code section 125290.65, subdivision (b).)

Section 3. (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, subdivision (d).)

Section 4. (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, subdivision (b)(3).)

Section 5. (Grounds for Removal of Members) Any member of the Scientific and Medical Accountability Standards Working Group, the Scientific and Medical Research Funding Working Group, and Scientific and Medical Facilities Working Group may be removed by the ICOC for cause. The grounds for removal are as follows:

- (a) An intentional violation or violations of the Working Group conflict of interest policy applicable to the member;
- (b) Two or more grossly negligent violations of the Working Group conflict of interest policy applicable to the member;
- (c) Consistent failure to perform the assigned duties of the Working Group member or unexcused absence from three consecutive Working Group meetings;
- (d) Violation of medical or ethical standards by the member in his or her professional capacity as determined by the appropriate research institution or the appropriate professional group;
- (e) In the case of a member of the Medical Research Funding Working Group, employment by an institution located in the State of California;
- (f) In the case of a member of the Medical Facilities Working Group, acceptance of a contract in his or her professional capacity that would create a conflict of interest under the Act and that cannot be avoided through the procedures and policies preventing actual conflict of interest at the Working Group;
- (g) The conviction of a felony or act involving serious moral turpitude.

Section 6. (Procedure for Suspension of Members) The President of the CIRM may suspend a member of a Working Group based on any of the grounds enumerated above by giving the member written notice of his or her suspension, including the grounds for the suspension. The suspension shall remain in effect until it is terminated by the President, the member resigns from the Working Group, or the ICOC has considered the permanent removal of the member pursuant to Section 7.

Section 7. (Procedure for Removal of Members) The President of CIRM may recommend to the ICOC the removal of a Working Group member based on any of the grounds enumerated above. The President must inform the member in writing that he has requested that the ICOC consider removal of the member at least 10 days prior to the ICOC's consideration of the matter. The notice must include the grounds for the recommendation. The member may address the ICOC in writing or in person during the meeting of the ICOC at which the removal of the member is considered.

Section 8. (Procedure for Temporary Leave of Absence) The President of CIRM or the chairperson of a Working Group shall consider and may, at his or her discretion, grant requests, from working group members for temporary leaves of absence, not to exceed six months, due to family or personal illness, death of a loved one, or other extenuating circumstances.

ARTICLE VIII OFFICERS AND DUTIES

Section 1. (Officers) The officers of the ICOC shall be the Chairperson, a Vice Chairperson elected pursuant to Health and Safety Code section 125290.20(a)(6) (the “Statutory Vice Chairperson”) and a co-Vice Chairperson elected pursuant to Article VIII, section 2 of these Bylaws (the “Bylaws Vice Chairperson”).

Section 2. (Selection) (a) Whenever the office of the Chairperson or Statutory Vice Chairperson is vacant, the ICOC shall elect a Chairperson or Statutory Vice Chairperson, as the case may be, from the nominees made by the Constitutional Officers (described on the attached Exhibit A).

(b) If there are more than two nominees for the office of Chairperson or Statutory Vice Chairperson, the nominee who receives the votes of a majority of a quorum of the ICOC shall be elected. If no nominee receives the votes of a majority of a quorum of the ICOC, the ICOC shall vote again, but the second vote shall be limited to the two nominees who received the highest number of votes in the first round of voting. The provisions set forth in paragraph (c) shall apply under these circumstances.

(c) If there are two nominees for the office of Chairperson or Statutory Vice Chairperson, the nominee who receives the votes of a majority of a quorum of the ICOC shall be elected. If the two nominees receive an equal number of votes, the ICOC shall vote again after a short recess in an effort to break the tie. If the ICOC does not break the tie in the second vote, the matter shall be tabled until the next meeting of the ICOC.

(d) The Chairperson and Statutory 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, subdivision (a)(6).)

(e) The ICOC may elect a Bylaws Vice Chairperson from among ICOC members appointed pursuant to subdivision (a)(1)-(5) of Section 125290.20 of the Health and Safety Code. The term of the Bylaws Vice Chairperson shall be coterminous with the Bylaws Vice Chairperson’s term as a member of the ICOC, except that it shall not exceed six years. When a vacancy occurs in the office of Bylaws Vice Chairperson, the ICOC may elect a new Bylaws Vice Chairperson from among ICOC members appointed pursuant to subdivision (a)(1)-(5) of Health and Safety Code section 125290.20.

Section 3. (Duties) (a) The Chairperson and Statutory 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. The Bylaws Vice Chairperson shall perform such duties as may be delegated by the Chairperson from among the Chairperson’s duties, as specified in the Act, and such other duties as may be approved by the ICOC.

(b) The Chairperson’s primary responsibilities are to preside over meetings of the ICOC and:

(i) 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;

- (ii) To supervise all annual reports and public accountability requirements;
 - (iii) To manage and optimize the institute's bond financing plans and funding cash flow plan;
 - (iv) To interface with the California Legislature, the United States Congress, the California health care system, and the California public;
 - (v) To optimize all financial leverage opportunities for the institute; and to lead negotiations for intellectual property agreements, policies, and contract terms;
 - (vi) 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, subdivision (b)(1)(A).)

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

(d) The Bylaws Vice Chairperson's primary responsibilities are to support the Chairperson in carrying out all duties delegated by the Chairperson from among the Chairperson's duties, as specified in the Act, and such other duties as may be approved by the ICOC.

Section 4. (Compensation) The ICOC shall set compensation for the Chairperson and Statutory 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, subdivision (b)(4).) The Bylaws Vice Chairperson shall receive the compensation allowed for ICOC members pursuant to Section 7 of Article IV of these Bylaws.

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 who shall serve at the pleasure of the Chairperson. (Government Code section 1301.)

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, subdivision (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 who shall serve at the pleasure of the Chairperson. (Government Code section 1301.)

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, subdivision (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 shall recommend to the ICOC for its approval the organizational structure of the staff of the Institute.

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, subdivision (b)(4).)

ARTICLE X DEFINITIONS

As used in these Bylaws, and otherwise by the ICOC, the following terms have the following meanings:

"Eligible to vote" means the member has been appointed and has not been restricted from voting by recusal, conflict of interest or other legal reason as determined by legal counsel for the ICOC.

"Ex-officio member" means a person who is a member by virtue of his or her office. Such member may attend and participate in meetings but such member may not make motions or vote. Such member shall not be counted in determining the number of members required for a quorum or whether a quorum is present at a meeting.

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.

(Amended 6.23.11)

[Proposed Amendment 5.3.12](#)

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

Total Members		29
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EXHIBIT B
Conflict of Interest Policy for Members of
the Independent Citizen's Oversight Committee

In order to ensure that members of the Independent Citizens' Oversight Committee ("ICOC") act pursuant to the highest ethical standards and to avoid potential conflicts of interest, the ICOC hereby adopts the following Conflict of Interest Policy for members, including alternates, of the ICOC:

1. Members of the ICOC shall not apply for or receive salary support through grants, loans or contracts from the ICOC, nor shall they act as a Principal Investigator.¹
2. Members of the ICOC shall not make, participate in making, or in any way attempt to use their official position to influence a decision regarding a grant, loan, or contract with their employer.
3. Members of the ICOC shall not make, participate in making or in any way attempt to use their official position to influence a decision regarding a grant, loan, or contract that financially benefits the member or the entity he or she represents.
4. Members of the ICOC shall not make, participate in making or in any way attempt to use their official position to influence a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the member or his or her immediate family, or on one of the member's financial interests as defined in the Political Reform Act.
5. When a member of the ICOC is precluded from participating in a decision because he or she has a conflict of interest, the member shall recuse himself or herself from discussing and voting on the matter.
6. Members of the ICOC shall not receive or accept any gift from any person or entity who is doing business with, or seeking to do business with, the California Institute for Regenerative Medicine ("CIRM") under circumstances from which it reasonably could be substantiated that the gift was intended to influence the member's future official actions or to reward the member for past ones.
7. Members of the ICOC shall not receive or accept, directly or indirectly, any gift, including money, or any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from a lobbyist who is registered to lobby the ICOC or CIRM.

¹ Senior Academic officers (including, but not limited to, chancellors, presidents of institutions, deans, chairs of departments, executive officers of research institutions, and other similar positions), who, as part of their responsibilities, oversee and advise researchers in their institution or who sign off on grants, loans or contracts shall not be deemed to have a conflict of interest under this provision. Recusal, however, is required in this situation, under Proposition 71 and points 2, 3, 4 and 5.

Proposed Amendment 5.3.12

8. Nothing in this Statement is intended to modify the express authorization in Health and Safety Code section 125290.30(g) (1) (B), which provides: “A member of the ICOC may participate in a decision to approve or award a grant, loan or contract to an entity for the purpose of research involving a disease from which a member of his or her immediate family suffers or in which the member has an interest as a representative of a disease advocacy organization.”

I have read and understand the Conflict of Interest Policy for Members of the ICOC and I certify that I will abide by it as long as I am a member of the ICOC.

Signature _____ Date _____

Print Name _____

EXHIBIT C
ICOC Meeting Telephonic Participation Policy

- The members of the ICOC have demonstrated an extraordinary commitment to the mission of Proposition 71 by participating in numerous meetings, including 40 ICOC meetings, 73 subcommittee meetings, and 35 working group meetings. (A number of members of the ICOC are also members of subcommittees and two or more working groups.)
- In order to advance the important mission entrusted to them by the voters, members of the ICOC are expected to attend as many of the ICOC's scheduled meetings as is possible. (Likewise, members of subcommittees are expected to attend as many subcommittee meetings as is possible.)
- From time to time, however, members will be unable to attend a meeting because of personal or other reasons. If a member is unable to attend a regular or special meeting of the ICOC or subcommittee, the member should notify the Executive Director of the ICOC as soon as is reasonably possible.
- ICOC members who have the power to appoint an alternate should make all appropriate efforts to have an alternate attend an ICOC meeting or subcommittee meeting if the member is unable to attend.
- Under the ICOC's bylaws, members are expected to attend regular ICOC meetings in person. (Subcommittee meetings and special board meetings may be attended by teleconference.) In recognition of the members' busy schedules and in an effort to secure a quorum, however, attendance by teleconference or videoconference (collectively referred to as "teleconference") is permitted under the following circumstances:
 1. Members who have significant medical needs may participate in regular ICOC meetings by teleconference, pursuant to Paragraph 4.
 2. Patient advocate members may participate in regular ICOC meetings by teleconference, pursuant to Paragraph 4.
 3. Other members may participate in regular ICOC meetings by teleconference, pursuant to Paragraph 4.
 4. No more than five members, excluding members who are covered by both paragraphs (1) and (2), above, may participate in a regular ICOC meeting by teleconference. Members shall be accorded priority as follows: (a) members who have significant medical needs; (b) patient advocate members; (c) members who have not previously participated by teleconference or who have participated fewer times than the other members requesting to participate by teleconference; (d) members whose alternates are unavailable to attend the meeting; and (e) members who are traveling out-of-state on the date of the meeting.

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5. The Chair of the ICOC shall have the discretion to limit the number of members attending by teleconference, except for members covered by both paragraphs (1) and (2), above, based upon his or her assessment of the importance of in-person attendance at the ICOC meeting for which the teleconference participation request was made.
6. Excluding members covered by paragraph (1) or paragraph (2), above, ICOC members may participate by teleconference in no more than two regular ICOC meetings per year.
7. Members who participate in regular ICOC meetings by teleconference shall not participate in closed session discussions of proprietary and confidential information in grant and loan applications for those meetings attended by teleconference.
8. Members who participate in regular ICOC meetings by teleconference must participate from locations that are accessible to the public.
9. This policy does not change the procedures for the conduct of subcommittee meetings or special ICOC meetings.