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MEMORANDUM

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

From: James C. Harrison

Date: October 31, 2013

Re: Key Selection Criteria for President (Our File No.: 2297-0)

Last October, the Board adopted a presidential succession plan. Among other things, the plan contemplates that the Presidential Search Subcommittee will evaluate the key selection criteria for President and recommend criteria to the Board for its consideration. In connection with its previous searches, the Board adopted criteria regarding the qualifications for President that guided its search. Copies of the 2005 and 2007 candidate specifications prepared by Spencer Stuart, the executive search firm retained by CIRM to assist in these searches, and based on criteria approved by the Board, are attached as Exhibits 1 and 2, respectively. The current duties of the President are specified in the Internal Governance Policy as approved by the Board in amended form on October 25, 2012. A copy of the current Internal Governance Policy is attached as Exhibit 3.

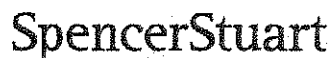
We look forward to discussing the key selection criteria for President at your meeting on November 15, 2013.

Attachments

JH:mn

(00208603)

EXHIBIT 1



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POSITION AND CANDIDATE SPECIFICATION

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE (CIRM)

PRESIDENT

Prepared by: Mimi Hancock, Ph.D.
Ira Isaacson, M.D., M.B.A.
Lisa R. Pieper, M.D., M.B.A.

Assignment: 50717-001

Date: March 2005

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Confidential: This document has been prepared for the executive use of the client named. Because it contains confidential information, its use should be controlled and limited to the executives concerned. This information is given in good faith and is believed to be correct but may require verification.

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POSITION SPECIFICATION

Client

The California Institute for Regenerative Medicine (CIRM) was created to support the California Stem Cell Research and Cures Act as an established institute that will issue bonds to support stem cell research, emphasizing pluripotent stem cell and progenitor cell research, and other vital medical technologies for the development of life-saving regenerative medical treatments and cures. The purpose and intent of the initiative is to:

- Authorize an average of \$295 million per year in bonds over a 10-year period to fund stem cell research and dedicated facilities for scientists at California's universities and other advanced medical research facilities throughout the state.
- Maximize the use of research funds by giving priority to stem cell research that has the greatest potential for therapies and cures that cannot, or are unlikely to, receive timely or sufficient federal funding, unencumbered by limitations that would impede the research. Research shall be subject to accepted patient disclosure and patient consent standards.
- Assure that research is conducted safely and ethically by including provisions to require compliance with standards based on national models that protect patient safety, patient rights, and patient privacy.
- Prohibit the use of bond proceeds of the initiative for funding of human reproductive cloning.
- Improve the California health care system and reduce the long-term health care cost burden on California through the development of therapies that treat diseases and injuries, with the ultimate goal to cure them.
- Require strict fiscal and public accountability through mandatory independent audits, open meetings, public hearings, and annual reports to the public. (i.e., Independent Citizen's Oversight Committee (ICOC)).
- Protect and benefit the California budget by: postponing general fund payments on the bonds for the first five years; by funding scientific and medical research that will significantly reduce state health care costs in the future; and by providing an opportunity for the state to benefit from royalties, patents, and licensing fees that result from the research.
- Benefit the California economy by creating projects, jobs, and therapies that will generate millions of dollars in new tax revenues for the state.
- Advance the biotechnology industry in California to a position of world leadership, serving as an economic engine for California's future.

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The Institute is governed by the Independent Citizen's Oversight Committee (ICOC). The Institute's purpose is 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.
- Support all stages of the process of developing cures, from laboratory research through successful clinical trials.
- Establish the appropriate regulatory standards and oversight bodies for research and facilities development.

The California Institute for Regenerative Medicine was created as a result of the successful passage of Proposition 71, known as the California Stem Cell Research and Cures Act, which was approved by a 59% vote in the last statewide elections in November 2004. Relevant aspects of the legislation have been included as an addendum to this document. The full text of Proposition 71 may be viewed on the following website <http://www.voterguide.ss.ca.gov/propositions/prop71text.pdf>.

The State of California is an equal opportunity employer.

Position Summary

The CIRM President will act as the chief executive and will oversee the many aspects of implementing and operating the requirements of Proposition 71, including: recruiting an exceptional team of leading scientific and medical minds in the United States for the institution's working groups; developing and managing an appropriate executive and administrative operating team for the Institute; and, developing recommendations for the grant of research monies from the Institute, as well as the corresponding licensing and intellectual property framework.

The President of the CIRM must be a nationally recognized leader with vision, scientific credibility and exceptional leadership skills, unassailable integrity, a keen appreciation of the financial and business aspects of scientific research, a sense of urgency and ability to deliver results, and a profound respect for the ethical issues involved in this project. He or she also must be comfortable operating in a very public capacity, adept at working with a board or other oversight body, have a good rapport with regulators, and sufficiently self-possessed to not be perturbed by criticism or controversy.

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Key Relationships

Reports to:

Independent Citizens Oversight Committee (ICOC), a board of 29 citizens established by Proposition 71 and composed of patient advocates, President and Deans of leading schools in the state of California, including Schools of Medicine, a Chancellor of the UC System, Presidents of Research Institutes and experienced executives from industry.

Direct reports:

The President will oversee all of the operational executives that s/he appoints to the management team. It is anticipated that this will include the key executives typical of a research organization of this size, including a Chief Scientific Officer, a Chief Operating Officer, a Chief Financial Officer, a Chief Administrative Officer, a Head of Human Resources and additional specialized counsel.

Other key relationships:

The President will oversee three key committees and working groups, including the Grants Committee, the Facilities Committee, and the Standards Committee. The President will also coordinate with the office of the Chairman (Robert Klein) of the ICOC, who manages the public policy, external communications, and non-scientific external aspects of the CIRM, as outlined in Proposition 71.

Major Responsibilities

The President's primary responsibilities are to:

- Serve as the chief executive of the institute;
- Recruit the best scientific and medical talent in the United States to serve the Institute on its working groups;
- Collaborate with the established working groups to develop recommendations on grants, loans, facilities, and standards; facilitate the evaluation of working group recommendations by the ICOC and, when approved, lead the implementation of these recommendations.
- Implement all decisions on the aforementioned and on general matters of the ICOC;
- Hire, direct and manage the staff of the Institute;
- Develop the budgets and cost control programs of the Institute;
- Participate in developing the Institute's strategic plan;

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- Manage compliance with all rules and regulations of the ICOC, including the performance of all grant recipients; manage and execute all intellectual property agreements and any other contracts pertaining to the Institute or research it funds.

CANDIDATE SPECIFICATION: KEY SELECTION CRITERIA

Ideal Experience

The successful candidate will have some combination of the following:

- Track record of setting, and effectively communicating, the vision for an organization.
- Demonstrated excellence in managing a research-based, or research-funding-based, organization in academia or industry, ideally in a multi-disciplinary and public environment.
- An MD, PhD or MD/PhD. While the specific academic discipline or area of expertise is less important than scientific accomplishments and professional reputation, there is a requirement of a personal commitment to stem cell research or related medical therapies and technologies. A demonstrated commitment to best-in-class research that positively impacts medical practice and patient care is essential.
- A firm commitment to both basic and applied research, translational medicine and moving biomedical research efforts into clinical trials and/or the development of successful therapies and/or relevant technology.
- Track record of attracting and developing top-tier scientific talent for biomedical research.
- Experience designing an organization and creating and managing the infrastructure to enable an innovative high-functioning, rapidly growing scientific enterprise.
- Public speaking and/or extensive experience communicating scientific subjects to both professional and non-technical audiences, and comfort with and tolerance of managing diverse and conflicting opinions and input.

Critical Competencies For Success

Scientific Credibility:

The successful candidate will have a reputation for scientific credibility, as demonstrated, for example, by peer-reviewed publications of their research; other relevant experience might include oversight or experience in patents/IP, contribution to the creation of successful therapeutic products, editorial board positions, relevant society memberships, leadership positions in industry or academia, or other forms of acknowledgement of stature in scientific and/or medical circles.

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Team Leadership Abilities:

Evidence of an ability to create and inspire high-performance teams is sought in the ideal candidate, as seen in a history of identifying, developing and retaining top-tier talent, removing barriers to success, providing resources to accomplish agreed-upon objectives, and using a variety of techniques to facilitate the subordination of individual needs in order to achieve a common goal. Exemplary leadership will have been demonstrated by having overcome significant complexity in forging a team-based culture.

Collaborative Skills:

The ideal candidate will work as well through influence as through direct authority. (S)he will initiate the forging of collaborations and be comfortable sharing responsibility and engaging others in successfully arriving at joint decisions. To be successful, the candidate will show an awareness of sources of conflict and an ability to constructively manage the issues and stakeholders in order to arrive at mutually beneficial outcomes. Experience in successfully overcoming cultural, historical or political barriers in forging new relationships or teams, or a leadership role in aligning disparate stakeholders in establishing innovative partnerships, is particularly valued.

Other Personal Characteristics

- Organized and results-oriented; able to prioritize and willing to hold others and self accountable regarding commitments and goals.
- An inspiring presence; confident, yet low-ego.
- A personable, inclusive style of interaction.
- A high degree of personal and professional integrity and credibility.

LOCATION

Temporary location: Emeryville, California

Permanent location: The permanent location will be in the state of California, and it is anticipated that the decision regarding the permanent location will be made by the second quarter of 2005.

COMPENSATION

The CIRM is committed to providing a competitive compensation package commensurate with the experience and accomplishments of the new President, and the challenges of establishing a new institute. Under Proposition 71, the governing board of CIRM, the Independent

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Citizens' Oversight Committee ("ICOC") has authority to establish the salary for the president "within the range of compensation levels for executive officers . . . of medical schools within the University of California system and the nonprofit academic and research institutions" from which members of the ICOC are appointed.

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ADDENDUM – ADDITIONAL INFORMATION (as excerpted directly from Proposition 71)

Role of Independent Citizens Oversight Committee (ICOC)

- Oversee the operations of the Institute.
- Develop annual and long-term strategic research and financial plans for the Institute.
- Make final decisions on research standards and grant awards in California.
- Ensure the completion of an annual financial audit of the Institute's operations.
- Issue public reports on the activities of the Institute.
- Establish policies regarding intellectual property rights arising from research funded by the Institute.
- Establish rules and guidelines for the operation of the ICOC and its working groups.
- Perform all other acts necessary or appropriate in the exercise of its power, authority, and jurisdiction over the Institute.
- Select members of the working groups.
- Adopt, amend and rescind rules and regulations to carry out the purposes and provisions and to govern the procedures of the ICOC.
- Request the issuance of bonds from the California Stem Cell Research and Cures Finance Committee and loans from the Pooled Money Investment Board.
- Modify 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 operations, without jeopardizing the progress of its core medical and scientific research program.

Role of ICOC Chairperson

The Chairperson's primary responsibilities are:

- 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.
- To supervise all annual reports and public accountability requirements.
- To manage and optimize the Institute's bond financing plans and funding cash flow plan.
- To interface with the California Legislature, the United States Congress, the California health care system and the California public.
- To optimize all financial leverage opportunities for the Institute and to lead negotiations for intellectual property agreements, policies and contract terms.

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- 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.

Role of ICOC Vice Chairperson

The Vice Chairperson's primary responsibilities are to support the Chairperson in all duties and to carry out those duties in the Chairperson's absence.

Role of CIRM President

The President's primary responsibilities are to:

- Serve as the chief executive of the Institute.
- Recruit the highest scientific and medical talent in the United States to serve the Institute on its working groups.
- Provide scientific leadership pertaining to grant programs and research standards.
- 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 and the implementation of all decisions on these and general matters of the ICOC.
- Hire, direct and manage the staff of the Institute.
- Develop the budgets and cost control programs of the Institute.
- Develop the strategic plan for the Institute.
- Manage compliance with all rules and regulations of the ICOC, including the performance of all grant recipients.
- Manage and execute all intellectual property agreements and any other contracts pertaining to the Institute or the research it funds.

For more information, please visit:

<http://www.cirm.ca.gov>

or

<http://www.voterguide.ss.ca.gov/propositions/prop71text.pdf>

EXHIBIT 2

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POSITION AND CANDIDATE SPECIFICATION



CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE (CIRM)

PRESIDENT

Prepared by: Lisa R. Pieper, MD., MBA
Mimi Hancock, Ph.D.
Ben J. Holzemer

Assignment: 50717-002

Date: March 2007

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POSITION SPECIFICATION

Client

The California Institute for Regenerative Medicine (CIRM) was created to support the California Stem Cell Research and Cures Act as an established institute that will use the proceeds of bonds to support stem cell research, as well as other related, vital medical technologies for the development of life-saving regenerative medical treatments and cures. The purpose and intent of the initiative is to:

- Authorize an average of \$295 million per year in bonds over a 10-year period to fund stem cell research and dedicated facilities for scientists at California's universities and other advanced medical research facilities throughout the state. The sale of bonds had been put on hold pending the outcome of two lawsuits questioning the constitutionality of Proposition 71. However, on April 21, 2006 the Superior Court gave Proposition 71 a resounding victory, affirming the constitutionality of Proposition 71. On February 26, 2007, the Appellate Court upheld the trial court's ruling, with an extremely favorable opinion for CIRM, and later denied the plaintiffs' request for a rehearing. The Appellate Court's decision is expected to be appealed by the Plaintiff to the California Supreme Court within 40 days. The California Supreme Court must then decide whether it will hear the case within 90 days. To bridge the funding gap, an initial closing of \$14 million in State of California BANs (Bond Anticipation Notes) was made on April 6, 2006, which will be paid off with bond proceeds after the lawsuits are resolved. These proceeds funded the first grant program, 169 stem cell research training fellowships at 26 institutions – competitively selected – throughout California. CIRM closed an additional \$41 million in BANs in November 2006, and Governor Schwarzenegger has also provided CIRM with a loan of \$150 million from the State's General Fund. This allowed CIRM to issue its initial grants of approximately \$45 million in early 2007. Together with the \$76 million of grants approved at the March 16th, 2007 ICOC meeting, CIRM has now become the largest single source of funding for embryonic stem cell research in the world.
- Provide multi-year training grants to increase the number of young investigators (pre-doctoral, post-doctoral, and clinical fellows) with the technical and academic skills necessary to conduct basic and applied stem cell research. The first year of funding for these grants was issued to the institutions on April 7, 2006.
- Maximize the use of research funds by giving priority to stem cell research that has the greatest potential for therapies and cures that cannot, or are unlikely to, receive timely or sufficient federal funding, unencumbered by limitations that would impede the research. Research shall be subject to accepted patient disclosure and patient consent standards.

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- Assure that research is conducted safely and ethically by including provisions to require compliance with standards based on national models that protect patient safety, patient rights, and patient privacy.
- Prohibit the use of bond proceeds of the initiative for funding of human reproductive cloning.
- Improve the California health care system and reduce the long-term health care cost burden on California through the development of therapies that treat diseases and injuries, with the ultimate goal to cure them.
- Require strict fiscal and public accountability through mandatory independent audits, open meetings, public hearings, and annual reports to the public. (i.e., Independent Citizen's Oversight Committee (ICOC)).
- Protect and benefit the California budget by: capitalizing general fund payments on the bonds for the first five years; by funding scientific and medical research that will significantly reduce state health care costs in the future; and by providing an opportunity for the state to benefit from royalties, patents, and licensing fees that result from the research.
- Benefit the California economy by creating projects, jobs, and therapies that will generate millions of dollars in new tax revenues for the state.
- Advance the biotechnology industry in California to a position of world leadership, serving as an economic engine for California's future.

The Institute (CIRM) is governed by the Independent Citizen's Oversight Committee (ICOC). The Institute's purpose is 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.
- Support all stages of the process of developing cures, from laboratory research through successful clinical trials.
- Establish the appropriate regulatory standards and oversight bodies for research and facilities development.

CIRM was created as a result of the successful passage of Proposition 71, known as the California Stem Cell Research and Cures Act, which was approved by a 59% vote in the statewide election in November 2004. The Act provided \$3 billion in funding for stem cell research at California universities and research institutions. Relevant aspects of the legislation have been included as an addendum to this document. The full text of

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Proposition 71 may be viewed on the following website
<http://www.voterguide.ss.ca.gov/propositions/prop71text.pdf>.

The State of California is an equal opportunity employer.

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Position Summary

The CIRM President will act as the chief executive of the Institute and will oversee the many aspects of managing the Institute to meet the goals of the California Stem Cell Research and Cures Act (Proposition 71). This position requires a visionary and highly committed individual whose leadership can transform the Institute into a catalyst not only for funding leading edge research, but also ensuring that this research leads to cures and therapies that enhances patients' lives. Specific duties to carry out this mission include: creating with the board and implementing a strategic vision to optimize achievement of the mission; recruiting an exceptional team of leading scientific and medical minds for the Institute's working groups; developing and managing an appropriate executive and administrative operating team for the Institute; and developing recommendations for the grant of research monies from the Institute, as well as the corresponding licensing and intellectual property framework.

The President of the CIRM must be a well-recognized leader with vision, scientific credibility, exceptional leadership skills, unassailable integrity, a keen appreciation of the financial and business aspects of scientific research, a sense of urgency and ability to deliver results, and a profound respect for the ground-breaking effort represented by CIRM and the ethical issues involved in this project. He or she also must be comfortable operating in a very public capacity, be adept at working with a board or other oversight body, have a solid reputation for ethics and integrity, and be sufficiently self-possessed to not be perturbed by criticism or controversy.

The next President will be expected to successfully build upon the foundation established in the first two years of the Institute's operations and by the first President, working to continue issuing grants in the context of the current legal and financial circumstances, while developing a strategy for increased activity when the legal issues are resolved, bonds are floated and increased funding is available. An initial team is in place, an operating framework has been established, and CIRM is now located in its own facilities in San Francisco. While there has been significant progress over the last two years, the next President will need to lead efforts to map a compelling long-term strategy and build the Institute to fully realize the goals established by Proposition 71 and the voters of California.

Operational Responsibilities and Key Relationships

As specifically defined in CIRM's amended Internal Governance Policy approved by the Independent Citizens Oversight Committee on March 16th, 2007:

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 ;
- (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

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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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.

Science Office, which is responsible for scientific programs, scientific review (including support for the Grants Working Group) and for grants administration.

Administrative Office, which is responsible for financial administration, personnel and facilities and for support of the Facilities Working Group.

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Communications Office, which is responsible for informing the scientific and research communities, patient advocates, the press and media, other government officials and the general public about CIRM activities.

Legal Office, which is responsible for all legal matters related to the Institute.

Policy Office, which is responsible for analyzing the impact of proposed legislation and implementing the ICOC's policy directives through outreach to the Legislature, Congress, Constitutional Officers and to other constituents, including the patient advocate, life science and public health communities.

Information Technology Office, which is responsible for the information systems of the institute, both for office functions and for the grants program.

The Senior Officers of the Institute will be the Chief Finance and Administrative Officer, the Chief Scientific Officer (and/or the Head, Scientific Program and Review), the Chief Communications Officer and the Chief Legal Officer. All Senior Officers will report directly to the President who is responsible for hiring, directing and supporting them. The hiring of the Chief Legal Officer will be subject to the concurrence of the Chairperson of the ICOC. The Chief Legal Officer's duties will include coordinating with the Chairperson in financing and litigation matters.

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 three (3) employees whose primary duties are to support the Chairperson and one (1) employee whose primary duty is 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, except the Chairperson and Vice-Chairperson of the ICOC, shall report to the President, either directly or through one of the Senior Officers of the Institute. Each Senior Officer shall be responsible to the President for management of those personnel who report to them. Each Senior Officer is 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

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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. When the ICOC 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 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 shall obtain the approval of the ICOC in order to set the salary in an amount that would exceed the maximum salary for that level.
- (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)

- (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, 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 Financial and Administrative Officer, the Chief Legal Officer, other Senior Officers or staff whom the President wishes to include, and staff whom the President, Chairperson, and Vice-Chairperson unanimously agree should be included. A member 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

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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 Finance and Administrative 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.

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CANDIDATE SPECIFICATION: KEY SELECTION CRITERIA

Ideal Experience

The successful candidate will have some combination of the following:

- Track record of setting, and effectively communicating, the vision for an organization.
- Demonstrated excellence in managing a research-based, or research-funding-based, organization in academia or industry, ideally in a multi-disciplinary and public environment.
- While an MD, PhD or MD/PhD background is ideal, equivalent industry experience or a similar body of knowledge developed in professional roles is also potentially relevant. While the specific academic discipline or area of expertise is less important than scientific accomplishments and professional reputation, there is a requirement of a personal commitment to stem cell research or related medical therapies and technologies. A demonstrated commitment to best-in-class research that positively impacts medical practice and patient care is essential.
- A background in translating basic or applied research into clinical trials and/or the development of successful therapies or relevant technology.
- Track record of identifying and, ideally, developing top-tier talent for biomedical research.
- Experience growing and transitioning an organization, including the development and management of the infrastructure to facilitate an innovative, high-functioning, and rapidly growing scientific enterprise.
- Public speaking and extensive experience communicating scientific subjects to both professional and non-technical audiences, and comfort with and tolerance of managing diverse and conflicting opinions and input.
- Track record in innovation in grant-making and/or grants administration.
- Experience managing or developing academic research institution and industry collaboration/s.

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Critical Competencies For Success

Strategic Leadership Abilities:

An executive who has demonstrated the ability to provide strategic leadership and insights in an area of rapidly evolving science, medicine or related technology by identifying early and important trends in research and development, and driving success in an organization by embracing and adopting leading-edge practices to enable successful research and development. Evidence of these abilities will be apparent from prior successes in industry or academia, where the individual was responsible for shifting an organization's strategy to capture the advantage of newly available technologies, techniques or trends, thereby helping to translate such research into the development of successful therapies.

Collaborative Skills:

The ideal candidate will work as effectively through influence as through direct authority. He or she will initiate the forging of collaborations and be comfortable sharing responsibility and engaging others in successfully arriving at joint decisions. To be successful, the candidate will show an awareness of sources of conflict and an ability to constructively manage the issues and stakeholders in order to arrive at mutually beneficial outcomes. Experience in successfully overcoming cultural, historical or political barriers in forging new relationships or teams, or a leadership role in aligning disparate stakeholders in establishing innovative partnerships, is particularly valued.

Team Leadership Abilities:

Evidence of an ability to create and inspire high-performance teams is sought in the ideal candidate, as seen in a history of identifying, developing and retaining top-tier talent, removing barriers to success, providing resources to accomplish agreed-upon objectives, and using a variety of techniques to facilitate the subordination of individual needs in order to achieve a common goal. Exemplary leadership will have been demonstrated by having overcome significant complexity in forging a team-based culture.

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Other Personal Characteristics

- A leader recognized for leveraging vision and passion to accomplish great things.
- An individual motivated primarily by the opportunity to make a significant impact by relieving the suffering of individuals through new medical and scientific advances.
- An inspiring presence; confident, yet low-ego.
- A personable, inclusive style of interaction.
- A high degree of personal and professional integrity and credibility.

LOCATION

The position is located at CIRM's headquarters in San Francisco, California.

COMPENSATION

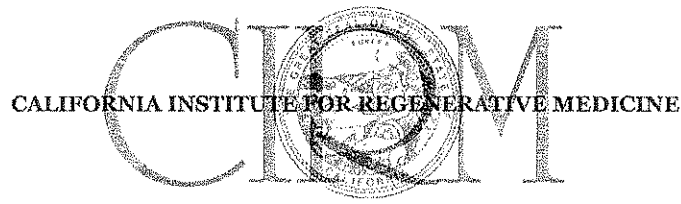
CIRM is committed to providing a competitive compensation package commensurate with the experience and accomplishments of the new President, and the challenges of managing a significant institute. This job is a Level 10 position at the CIRM. Under Proposition 71, the governing board of CIRM, the Independent Citizens' Oversight Committee ("ICOC") has authority to establish the salary for the president "within the range of compensation levels for executive officers . . . of medical schools within the University of California system and the nonprofit academic and research institutions" from which members of the ICOC are appointed.

APPLICATION CONTACT

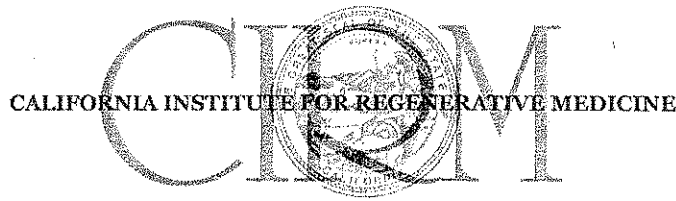
Nicole Kyner
415-495-4141
nkyner@spencerstuart.com

EXHIBIT 3

As Approved by CIRM's Governing Board on 10.25.12



INTERNAL GOVERNANCE POLICY



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

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

The purposes of CIRM 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.)

Section 2. (Organization of CIRM). The roles of the Independent Citizens' Oversight Committee (the "ICOC" or "Governing Board"), its Chair and Vice-Chairs, and the President of CIRM are generally defined by Proposition 71 and the bylaws of the Governing Board. (Health & Safety Code, §§ 125290.15 & 125290.40.) The purpose of this policy is to provide more specific guidance in particular areas.

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

- (ii) To supervise the annual report and the annual financial plan¹ of CIRM, the public accountability requirements for the Governing Board and its subcommittees, including compliance with public meeting and conflict of interest requirements, and the legal and financial accountability of the Governing Board;
 - (iii) To provide oversight for the annual audit of CIRM and for the legal and financial accountability of CIRM;
 - (iv) To manage and optimize CIRM's bond financing plans and funding cash flow plans;
 - (v) To optimize all financial leverage opportunities for CIRM;
 - (vi) To provide oversight of, and establish the policies for, CIRM with respect to legislation through the Governing Board and the Legislative Subcommittee;
 - (vii) To interface with the California healthcare system and the California public;
 - (viii) To lead negotiations for intellectual property agreements, policies and contract terms; and
 - (ix) To serve as an ex officio member of the Grants Working Group and to serve, along with the Vice Chairs of the Grants Working Group, as the Board's bridge to peer review.
- (b) The primary responsibilities of the Vice-Chairs of the Governing Board are:
- (i) To assist the Chair in carrying out his or her duties; and
 - (ii) To interface with the California Legislature and Executive Branch and the United States Congress and Executive Branch, consistent with the policies established by the Governing Board and the Legislative Subcommittee.
- (c) The President shall serve as Chief Executive of CIRM 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 Governing Board. The President's primary responsibilities are:

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).)

- i. To recruit the highest scientific and medical talent in the United States to serve CIRM on its Working Groups;
- ii. To direct the staff of CIRM's Working Groups ;
- iii. To direct CIRM 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 Governing Board's process of evaluating and acting on those recommendations, the implementation of all decisions on these and general matters of the Governing Board;
- iv. To hire, direct and manage the staff of CIRM;
- v. To develop the budgets and cost control programs of CIRM;
- vi. To manage compliance with all rules and regulations of the Governing Board, including the performance of all grant recipients;
- vii. To manage and execute all intellectual property agreements and any other contracts pertaining to CIRM or research it funds;
- viii. To implement the policies established by the Governing Board and the Legislative Subcommittee with respect to legislation.

Section 3. (Administrative Structure).

- (a) The President and the Chair shall recommend to the Governance Subcommittee for its consideration an organizational and administrative structure, which shall be reflected in an organizational chart depicting the major functional areas. The Governance Subcommittee shall recommend the organizational chart to the Governing Board for its consideration. The current organizational chart reflecting the leadership of CIRM and its major functional areas is attached as Exhibit A and is incorporated by this reference.
- (b) The Office of the Chair shall be limited to no more than twelve (12) employees whose primary duties are to support the Chair and the Vice-Chairs. The President may assign additional CIRM staff to assist the Chair or Vice-Chairs as necessary, consistent with the priorities of CIRM. The Governance Subcommittee may review these staff allocations on a periodic basis and recommend any adjustments to the Governing Board. The Chair shall be responsible for managing the personnel in the Office of the Chair, including hiring, firing and personnel management, within the parameters of the Employee Handbook and the Compensation Program for

CIRM Employees. The Chair shall also be responsible for setting the salary for all employees within the Office of the Chair as specified in Paragraph (e). The Chair shall exercise the discretion accorded to the President by the Compensation Program for CIRM Employees for the purpose of making compensation decisions for employees in the Office of the Chair.

- (c) All employees shall report to the President, either directly or indirectly, except for the Chair, the Statutory Vice-Chair, and employees of the Office of the Chair, who shall report to the Chair and Statutory Vice-Chair. The President shall have final responsibility for hiring, firing, and personnel management of CIRM employees, except the Chair and Statutory Vice-Chair of the Governing Board and staff of the Office of the Chair. All employees of CIRM, except the Chair and Statutory Vice-Chair of the Governing Board, are subject to human resource policies of CIRM whose execution for employees of the Office of the Chair is the responsibility of the Chair and for all other employees is the President. These policies include, but are not limited to, compensation policy as established by the Governing Board, merit increases, office assignment, approval for travel, parking privileges and policies in the Employee Handbook.
- (d) The President shall appoint Senior Officers responsible for major functional areas. Each Senior Officer who reports to the President shall be responsible to the President for management of those personnel who report to them and shall be 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.
- (e) The President shall be responsible for setting the salary for all employees, except the Chair and Statutory Vice-Chair of the Governing Board and employees of the Office of the Chair, and the Chair shall be responsible for setting the salary for employees of the Office of the Chair, except for the Chair and the Statutory Vice-Chair, within the range for each salary level established and approved by the Governing Board pursuant to section 125290.45(b)(4) of the Health and Safety Code, with two exceptions: (1) for new employees hired into levels 6 through 10 and for current employees in positions newly reclassified into levels 6 through 10, the Chair and the President, respectively, shall obtain the approval of the Governance Subcommittee in order to set the salary for their employees in an amount that is 80 percent or higher than the salary range for that level;²

² The following example illustrates how this amount is determined. If the salary range is \$100,000-\$150,000, 80 percent of the salary range for that level is calculated by multiplying 80 percent by the difference between the upper limit of the range and the lowest limit of the range (\$150,000 - \$100,000 =

and (2) for employees in all levels, the Chair and President, respectively, will obtain the approval of the Governing Board in order to set the salary for their employees in an amount that would exceed the maximum salary for that level.

The Chair and the President shall have the discretion to make job classification changes for their respective employees. This may include:

- Reclassifying positions between salary levels (either higher or lower) based on significant job responsibility changes.
 - Once reclassified the salary shall be set based on available salary survey data.
- (f) As part of the budget process and to ensure parity among the President and the Chair's staff, the Chair and the President will consult with one another on an annual basis before taking action to change salaries for, or to reclassify, employees for whom they are responsible. If the Chair and the President disagree, they will consult with the Chair of the Governance Subcommittee.

Section 4. (Shared Responsibilities).

- (a) Finance. The Chair and the President each have areas of financial responsibility. The Chair has primary responsibility for ensuring that CIRM has the financial resources to operate and fund awards. The President has primary responsibility for ensuring proper use of funds in accordance with the awards and operating budgets approved by the Governing Board.
- (i) The Chair is responsible for:
- A. External financial resource management and support (e.g., bond financing, cash flow plans, donor funds, matching funds, and State financial submissions supporting the bond program);
 - B. Optimizing leverage opportunities by working with institutional and private donors and others who support medical research and medical research facilities;
 - C. Coordinating with the Department of Finance, the State Treasurer's Office and the California Stem Cell Research

\$50,000), or $.80 \times \$50,000 = \$40,000$, and adding that amount (\$40,000) to the lowest limit of the range (\$100,000), or $\$40,000 + \$100,000 = \$140,000$.

and Cures Finance Committee regarding CIRM's bond funding;

- D. Managing public communications on financial issues;
- E. Developing the budget, including the travel budget, for the Office of the Chair, with the assistance of CIRM's finance staff, and presenting it to the Governing Board for approval. The Governing Board shall establish the travel budget for the Office of the Chair.³

(ii) The President is responsible for:

- A. Internal financial resource management and support (e.g., budgeting and cost control programs);
- B. Developing CIRM's research budget and resource allocation strategy;
- C. Establishing and coordinating the funding of collaborations with other countries and states, in collaboration with the Chair on the financial matters set forth in footnote 1; and
- D. Developing linkages and partnerships with the biomedical sector to cosponsor and support CIRM projects/programs for delivery of research and clinical opportunities; and
- E. Developing the budget (with the exception of the budget for the Office of the Chair) and cost controls of CIRM, with the assistance of CIRM's Finance staff, and presenting it to the Governing Board for approval, and implementing the approved budget and reporting on any significant changes in a timely manner to the Governing Board.

(b) Communications

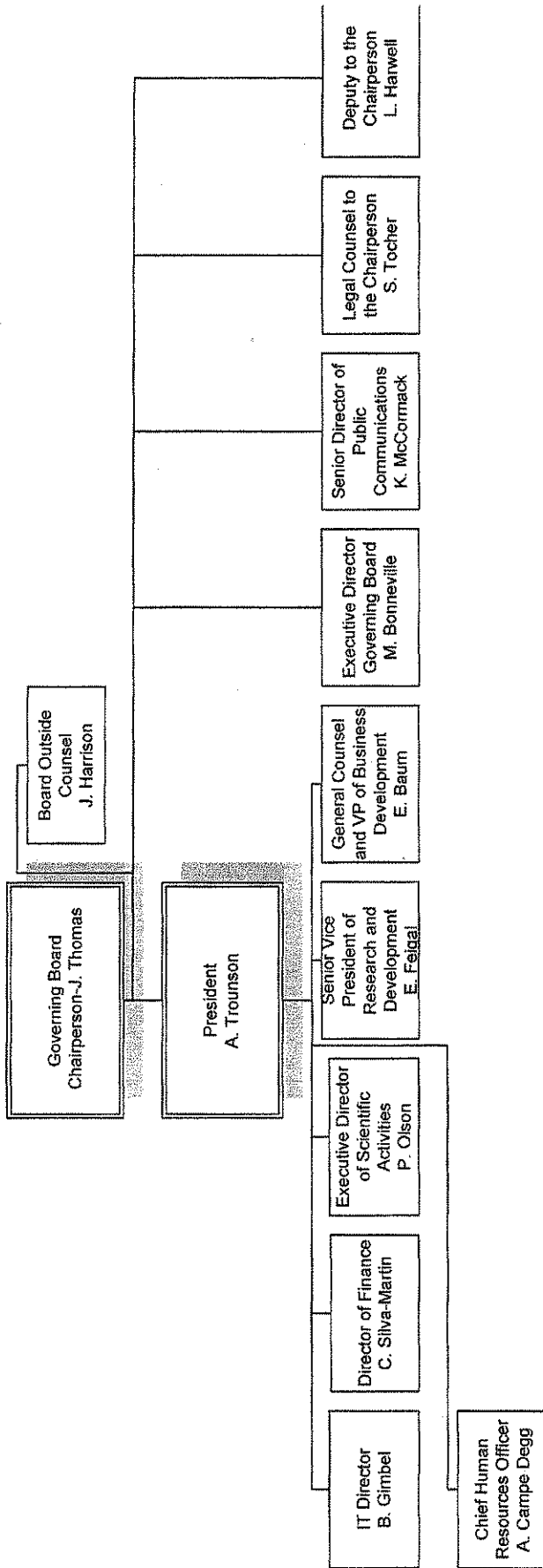
- (i) The Chair and the President each have a role to play regarding public and scientific communications. The Communications staff shall be under the joint oversight of the Office of the Chair (through the Statutory Vice-Chair) and the Office of the President (through the Senior Vice President for Research and Development).

³ The Chair shall be responsible for approving travel within the budget for employees of the Office of the Chair, with the exception of the Chair, whose travel expense claims shall be subject to the approval of the Chief Financial Officer or the President

As Approved by CIRM's Governing Board on 10.25.12

- (ii) For purposes of decisions relating to employment, the Senior Director for Public Communications and Patient Advocate Outreach, along with the other members of the communications staff, shall be considered employees of the Office of the Chair.

EXHIBIT A



Major Functional Areas
October 2012