

**Minutes for the March 30th, 2006 Governance Subcommittee Meeting
(Approved December 4th, 2006)**

Genoptix, Inc. 3398 Carmel Mountain Road San Diego, CA 92121	Stanford University Clark Center Room S361 318 Campus Drive Stanford CA, 94305	2121 Avenue of the Stars Room 160 Los Angeles, CA 90067
UC Davis Medical Center Cancer Breakout Room 4501 X Street Sacramento, CA 95817	USC, Keck School of Medicine 1975 Zonal Ave KAM 505 Los Angeles, CA 90033	UC Irvine Natural Sciences I Room 3134 Irvine,
Cedars-Sinai Medical Center 8700 Beverly Blvd. Davis Bldg., Room G 146 Los Angeles, CA 90048	CIRM 210 King Street San Francisco, CA 94107	

Sherry Lansing (Chair)	Present
Phil Pizzo	Present
Brian Henderson	Present
Os Steward	Present
Claire Pomeroy	Present
Keith Black	Absent
John Reed	Absent
Robert N. Klein	Present
Tina Nova (Vice Chair)	Present
Richard Murphy	Present

Sherry Lansing convened the meeting, took roll call, and turned first to Agenda Item 5.

Agenda Item #5: Consideration of ICOC Bylaws.

Dan Bedford, CIRM pro-bono counsel, gave a presentation on the draft ICOC bylaws. He highlighted several important issues/amendments to the posted document: inclusion of the fact that a 70% vote of the ICOC is necessary for changes to the policy enhancements, a list of ICOC functions per Proposition 71, procedures for removing working group members as adopted at the February 10th ICOC meeting, and policies for appointing working group members when there is a vacancy.

James Harrison reconfirmed that it is the ICOC's authority to enter into closed session to conduct detailed grant evaluation, as necessary.

Dan Bedford described an amendment from allowing alternates "time to time" to no more than 4 meetings in a calendar year.

Phil Pizzo added the "friendly modifier" of adding an example.

Claire Pomeroy offered the perspective that missing 4 meetings out of 6 in a calendar year means only attending 1/3 of the meetings. She added that numerous existing ICOC members had already missed more than 4 meetings since being appointed. The often "changing faces" of the committee can make working out solutions to issues more complicated.

Os Steward reminded the subcommittee that there is no provision for patient advocates, and it is important to be specific about setting the bar high for institutional representatives.

Phil Pizzo suggested that designating alternates is a right codified by Proposition 71, and it is important to note that an ICOC member designates one alternate—not multiple—and communicates with that alternate directly. Alternates are important to safeguard a quorum when scheduling conflicts arise for ICOC members.

Brian Henderson, Claire Pomeroy, Robert Klein suggested to keep alternate substitutions allowable "from time to time"—and so leave the policy as it is,

James Harrison confirmed that Proposition 71 is silent on the matter of alternates for patient advocate ICOC members.

Robert Klein and Sherry Lansing requested James Harrison to produce a legal opinion on whether an inclusion of an alternate policy for patient advocates could be implemented, and how.

Dan Bedford points to the classification of a "quorum" of members who are "eligible to vote" and leave the determination of "eligibility" to counsel.

Zach Hall suggests deleting Article IV, Section 4, paragraph C due to redundancy, and the sense of the subcommittee agreed.

Robert Klein and Claire Pomeroy confirmed the right of the ICOC to establish subcommittees, without specification but to attach a current list of subcommittees for guidance.

Don Reed, member of the public, suggested adding “decision making authority” before ICOC to clarify their role in the grant review process.

James Harrison suggests adding the clarification “at will” for the Chairman’s appointees to the Citizens’ Financial Accountability Oversight Committee and the Finance Committee, and Robert Klein accepts it.

Motion: Brian Henderson moves approval, with changes suggested. Phil Pizzo: second.

The motion passes unanimously.

Agenda Item 3: Approval of July 29th, August 31st, December 5th, 2005 and January 27th, 2006 minutes

Claire Pomeroy made one one-word correction.

Motion: Claire Pomeroy moved approval. Phil Pizzo: second.

The motion passes unanimously.

Agenda Item 4: Consideration of President’s Report, including but not limited to CIRM Employee Compensation Plan

Alexandra Campe, CIRM’s Human Resources Officer, reviewed the submitted documents regarding the proposed CIRM Employee Compensation plan: 1) summary statement, 2) a copy of the compensation survey sent to designated organizations, 3) a compilation of comparator data, 4) CIRM’s proposed salary structure. Alexandra details the process for sending out the survey, analyzing the data received, and creating a proposed salary structure for CIRM employees. She also describes several examples.

Sherry Lansing asked about how Alexandra arrived at the ranges for the Chief Communications Officer and the General Counsel.

Alexandra Campe explained that there was no comparable data for the Chief Communications position, so they considered job duties and responsibilities instead. We also received confidential information from two institutions with which ICOC members are affiliated, and they gave us positive feedback we were in the right range.

Sherry Lansing asked the subcommittee members if they should seek more data on this position.

Phil Pizzo asked about the right comparator organization for determining salary ranges. The communications position at CIRM is actually more of a challenge than those at most nonprofit organizations, so in fact it might be appropriate to compensate at a higher level. Also, when comparing the scope and role of the President of CIRM is less than the Chief Executive of a large research foundation or school of medicine, for example.

Claire Pomeroy agreed that while the research budget may be similar to that of a medical school, the CIRM President's role doesn't include compliance oversight. She expressed even more concern over the Chief of Staff and Chief Information Officer positions.

Robert Klein raised the issue of proper comparators with regards to the CIRM Chief Legal Counsel.

Brian Henderson asked if there were information on state positions and salaries for comparison.

Robert Klein responded that Proposition 71 specifically cites UC and other research hospitals as our index.

Richard Murphy offered that his institution (the Salk Institute) just went through a similar process and used a published index and is still uncomfortable with the lack of comparators, especially given the scrutiny the UC system is enduring.

Alexandra Campe said that she did gather survey data from the Radford group (for biotechnology industry), and it did in general support our ranges.

Robert Klein offered that when considering the scope of the President's role at CIRM it is important to appreciate that, in Zach's case, he is creating an agency from the ground up.

Phil Pizzo and Brian Henderson attested that none of the subcommittee members are in "stable" organizations.

Robert Klein said that because of the CIRM overhead limitations (~5.9% of issued bond funds) and limits of 50 staff members, the intent in indexing to UC and other private institutions was to attract the best and the brightest.

Brian Henderson agreed but expressed concern about misperceptions among the press.

Phil Pizzo reminded the group they should consider the pay scale is not only for the shorter-term "start up" phase but for the longer-term more mature phase, as well.

Zach Hall pointed out that the difficulty with finding comparators for the Chief Communications Officer is that most medical schools don't have the position on staff—but that function is associated with the larger university.

Richard Murphy pointed out that all 501 (c) 3 organizations have to make their salaries for senior staff public.

John Simpson (member of the public) commented that some of the Proposition 71 index organizations' salaries are too high and expressed concern about the lack of comparator data for Chief Communications officer salary range and suggests a comparison to the Chief Communications officer for the Governor of California.

Don Reed (member of the public) expressed support for the salary range comparators as described.

Zach Hall suggested changing the scales to use the same minimums or similar and to cut down the range from 60% to 50%.

Sherry Lansing expressed a wish for more data, specifically within the State of California government pay scale.

Zach Hall suggested that the CIRM go back and take another look at data so that we balance the perception risk with our need to recruit the very best possible people and also restructure the salary range formula.

Sherry Lansing expressed that she did not want a delay in this vote to inhibit Zach Hall in his hiring in any way, and Zach assured her that it would not.

Claire Pomeroy also requested educational background, years of experience, and position functions to be displayed in a spreadsheet.

Tina Nova agreed that it was a good approach to combine survey information, years of experience, and current salary.

Richard Murphy expressed the need for more surveys and to examine total benefits packages.

Phil Pizzo expressed a concern about potentially creating a morale problem for existing employees, and Alexandra Campe assured him that all current CIRM staff were within the median range of the proposed ranges.

Walter Barnes pointed out that a separate project is for staff raises, promotions, and evaluations.

Sherry Lansing summarized that Alexandra Campe will bring back more survey information and reformulated ranges at the next Governance Subcommittee meeting (May 19th, 2006).

Agenda Item 6: Consideration of proposed policy and procedure on accepting gifts of real or personal property and the naming of CIRM programs or property in connection with receipt of gifts.

Walter Barnes presented three components: 1) background narrative and recommendation, 2) proposed policy and procedure, 3) proposed commitment letter format for use in accepting real and personal property. He reminded the subcommittee that Proposition 71 does authorize the ICOC to accept real and personal property including gifts, royalties, and inters, and other things to supplement funding for grants and administrative operations. CIRM staff researched the gift and naming policies under three different groups of state agencies in formulating this proposed policy.

Robert Klein believed “naming opportunities” should go back to the ICOC to determine if the gifts are “substantial” enough, and he was not supportive of provision B.

Walter Barnes explained that in provision B, if a gift comes with initial an/or ongoing expenditures in order to maintain that gift that will likely exceed or equal the value of the gift then we believed the ICOC should not accept such gifts. Walter recommended all real property is approved by the ICOC, all naming opportunities should be approved by the ICOC and all gifts or real and personal property be approved by the ICOC with certain exceptions: 1) except gifts of cash, stock, bond, personal property up to \$5 million (approved by the unanimous consent of the Executive Committee) and gifts of less than \$5,000 can be accepted directly by the President.

Claire Pomeroy commented on the utility UC Davis’ “Naming committee” which sets minimum donation requirements.

Robert Klein agreed that it would be more efficient for the Governance Subcommittee to serve as the “Naming Committee” for the ICOC.

John Simpson (member of the public) registered his discomfort with the concept of naming.

Don Reed (member of the public) expressed his desire for a visual representation of the hope embodied within CIRM, centrally located in San Francisco.

Motion: Phil Pizzo moved approval. Claire Pomeroy: second.

The subcommittee lost a quorum by one member, but the sense of the subcommittee was for approval of the gift and naming policy and procedures.

Agenda Item 7: Consideration of update on contracts

Alexandra Campe presented a spreadsheet of current contracts and interagency agreements. There were no new or amended contracts by the President to present to the subcommittee. For contracts greater than \$100,000, there were three legal contracts: 1)

Department of Justice, 2) additional legal services with Spiegel, Liao & Kagay, and 3) Orrick Herrington & Sutcliffe. Additionally, CIRM bid for a CPA auditor and awarded a two-year contract to Gilbert & Associates.

Walter Barnes described a Strategic Plan contract which we he was going to submit to the ICOC for approval with Pricewaterhouse Coopers, who had offered to defer a substantial portion of their fees until after completion of the project. He also described the bidding and selection process.

Zach Hall explained that the CIRM team told the potential contractor they wished to spend no more than \$500,000 for the strategic planning project.

Claire Pomeroy expressed a wish for more information on the project and negotiation process.

Zach Hall said that planning the structure of the project was part of the negotiation process. The original estimate was between \$450,000 and \$550,000.

John Simpson (member of the public) expressed concern about the lack of transparency of the planning process and wished for an open competitive bidding process.

Walther Barnes reminded John and the subcommittee members that contracting procedures are based on the UC system which dictates obtaining the best possible service for the least cost.

Susan Delaurentis (member of the public) expressed support for the planning process but also a concern about allowing too little money in the strategic planning contract to do the best job possible.

Zach Hall expressed that, if necessary, the CIRM team would come back to the Governance Subcommittee and the ICOC to request more money. This is a good balance of our cash flow issues with the need to do the best job possible.

Motion: Os Steward moved approval. Claire Pomeroy: second.

The subcommittee lost a quorum, but the sense of the subcommittee was to recommend approval of the strategic planning proposal to the ICOC.

The meeting was adjourned at 6 p.m.