

TO: Members, Governance Subcommittee

FROM: Sen. Art Torres (Ret.), Vice Chair, Governing Board

DATE: June 11, 2011

RE: Internal Governance Policy

I write to clarify several issues raised in the memorandum from Alan Trounson and Ellen Feigal regarding the proposed amendments to the Internal Governance Policy.

First, it is important to remember the context in which this issue comes to the Governance Subcommittee. At our meeting in May, the Board approved a proposed reorganization plan that had several key elements: (1) a delineation of responsibilities between the Chair and the President with respect to finance and the creation of a new position of Chief Financial Officer, which reports jointly to the Chair and the President; (2) the creation of a new position of Director of Public Communications, which reports to the Chair and the Vice Chair; (3) a transfer of authority for employment decisions (e.g., hiring, evaluation, and compensation) for staff in the Office of the Chair from the President to the Chair; and (4) a transfer of authority for the budget of the Office of the Chair from the President to the Chair. The Board directed staff to incorporate these policy changes into the Internal Governance Policy, which is exactly what staff has done.

Second, the organizational chart has always been included in the Internal Governance Policy, which is intended to define the roles and responsibilities of the Chair, President and staff and the organizational structure of the agency. It is not clear to me why the organizational structure of CIRM should be addressed in a document other than the Internal Governance Policy.

Third, the suggestion that the next Chair should not have authority for providing oversight of the public accountability requirements set forth in Proposition 71 is contrary to the plain language of the law and the public interest in transparency and accountability. As both candidates for Chair have acknowledged, oversight is one of the Chair's most important functions. Proposition 71 expressly states that the Chair is responsible for "supervis[ing] all annual reports and public accountability requirements." (Health & Saf. Code, section 125290.45(b)(1)(A).) The "public accountability requirements" are set forth in section 125290.30 ("Public and Financial Accountability Standards") and include the annual report, Open Meeting Laws, Public Records Act, and conflict of interest laws. This statutory responsibility is at the very core of the Board's oversight role. To divest the Chair of responsibility for providing leadership on these issues runs counter to Prop. 71 and the public interest.

Fourth, the Executive Director of the Board and the Director of Public Communications are extremely important positions to CIRM. Managing a 29-member Board requires great skill and leadership abilities and the Executive Director of the Board provides an integral link between Board members and staff. Likewise, as we have all recognized, the

Director of Public Communications will play a key role in helping CIRM deliver on its mission by educating the public about our progress. In my view, these are both senior positions in CIRM and the Internal Governance Policy should reflect this.

Finally, the memorandum suggests that section 3.f of the Internal Governance Policy be amended to state that employees of the Office of the Chair are subject to the “same personnel” policies as other staff members. However, section 3.e expressly states that “[a]ll employees of CIRM,” except the Chair and the Vice Chair, are subject to the agency’s human resources policies, including the compensation policy, office assignment policy, travel policy and the Employee Handbook. It is not clear why we would need to amend section 3.f to restate this.

I look forward to discussing these proposed amendments with you at the Governance Subcommittee meeting.