



TO: Members of the ICOC
FROM: Rafael Aguirre-Sacasa, General Counsel
DATE: June 27, 2024
RE: Adoption of New Moving and Relocation Policy

Introduction: Moving and Relocation Policy

Proposition 14 permits the ICOC to establish moving and relocation expense limits. In support of CIRM's desire to hire the highest quality candidates, we are proposing the adoption of a new CIRM Moving and Relocation Policy, attached hereto as **Exhibit A** (the "Policy").

The Policy seeks to support CIRM's hiring practices by permitting CIRM to offer moving and relocation benefits to candidates not residing near CIRM headquarters. We believe that offering moving and relocation options could lead to a more diverse and talented candidate pool for CIRM while aligning with market conditions.

Note: This Policy applies only to new employees who would serve in an executive leadership role for CIRM (Level 9 or 10).

Requested Action: Recommend final adoption of the CIRM Moving and Relocation Policy.



Exhibit A - CIRM Moving and Relocation Policy



CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE MOVING AND RELOCATION POLICY

(Effective date _____ 2024)

1. INTRODUCTION

Under Health & Safety Code section 125290.45(b), the Independent Citizens' Oversight Committee (ICOC) has the authority to set compensation for the California Institute for Regenerative Medicine (CIRM) employees within the range of compensation levels for similar positions at the institutions from which members of the Board are appointed. This provision was intended to give the ICOC the flexibility to recruit candidates on a competitive basis with other scientific and medical research institutions in California. To compete with other scientific and medical institutions, the ICOC gives CIRM the authority to offer a "relocation allowance" under limited circumstances.

2. DEFINITIONS

- A. ICOC Chairperson** – The presiding officer of the Independent Citizens' Oversight Committee.
- B. Members of Household** - individuals who are members of the taxpayer's household, and who have the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household is any individual, including a domestic partner, residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer. 26 CFR § 1.217-2(b)(10)
- C. Moving and Relocation expenses** – expenses that are pre-approved by CIRM and which are reasonable costs (or expenses) incurred by a new employee, or by a current employee who transfers to a new CIRM location, of moving household goods and personal effects to a new residence. Such expenses also include the cost of travel (e.g. airfare, gasoline, hotels, etc.) to the CIRM location for the individual and the members of his or her household, as authorized in 26 CFR § 1.217 (b)(1).
- D. Primary Residence (Principal Residence)** - The principal dwelling where the employee lives and is considered as the legal residence for income tax purposes.

3. POLICY

- A. Reimbursement of Moving and Relocation Expenses**



Reimbursement of relocation expenses is at the sole discretion of the CIRM President and CEO and is subject to the availability of funds. CIRM may pay all or a portion of such relocation expenses. In the event the relocation expenses are related to the position of President and CEO, the Chair, at the direction of the ICOC, shall have the discretion, to offer to authorize the reimbursement thereof.

The eligibility requirements for the payment of relocation expenses, and a description of the types of expenses that may be paid, are detailed below:

1. Eligibility for Reimbursement

To be eligible for the reimbursement of moving and relocation expenses, a new full-time employee must serve in an executive leadership role for CIRM (Level 9 or 10) and must have received pre-approval from CIRM for those moving and relocation expenses, and:

a. Related to the Start of Work

The move must be made in connection with the commencement of work at a new job location and the relocation expenses must be incurred within 12 months of the employee's move.

b. Time Test

During the 12-month period immediately following the move, the individual must be employed full-time for at least 39 weeks. If the employee leaves CIRM before this 39-week period, he or she shall repay the relocation allowance he or she has received in full.

c. Distance Test

The distance between the individual's new job location and his or her former principal residence must be at least 100 miles.

2. Reimbursable Expenses

Actual and necessary relocation expenses are eligible for reimbursement, including the following:



- The cost of packing, crating, transporting, unpacking, and uncrating the employee's household goods and personal effects. Such costs are limited to one household move per employee.
- Actual and reasonable expenses related to insurance for the household goods while in transit, if incurred within any 30-day period after removal of the household goods and effects from the former primary residence.
- Actual and reasonable storage costs for household goods and personal effects for up to 30 days immediately after removal from the primary residence.
- Actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes the vehicles listed below). The vehicles may be shipped or driven. If the employee decides to drive his or her personal vehicle, the employee will be reimbursed at the mileage rate established in CIRM's travel policy.
- Actual travel expenses for the individual and his or her immediate family, but not to exceed the cost of air coach transportation. If the employee claims meal costs en route, those costs must be reimbursed in accordance with CIRM's travel policy for meals.
- The cost of furnished temporary lodging for up to 30 days and groceries for up to 30 days of residence in the temporary furnished lodging if it has cooking facilities. If the lodging is in a hotel-type facility without cooking facilities, meal reimbursements will be made in accordance with CIRM's lodging rates for each individual in the family.

The following costs are not reimbursable:

- Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, hot tubs, and storage sheds.
- Animals (except for household pets consisting of domesticated animals normally kept or permitted in a residence) or the costs associated with kenneling of pets.
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, snow machines, and jet skis.
- Canned, frozen, or bulk foodstuffs.
- Building supplies, farm equipment, and firewood.
- Plants.

All moves of the employee and members of his or her household should be completed within 12 months of the date an employee first reports to the new job, even if his or her appointment date was effective prior to the report date. All reimbursable expenses must comply with IRS guidelines to avoid taxable income



issues. When possible, CIRM's preferred vendor list should be used for moving and relocation services.

B. Reimbursable Relocation Expenses

1. Sale of Residence Costs

The CIRM may reimburse actual and reasonable selling costs directly associated with the sale of the employee's former primary residence, if the residence must be sold to relocate to the new assignment. The amount of the reimbursement will depend on prevailing practices within the area of the sale. The sale of the residence must occur within twelve (12) months of the employee's start date.

Actual and reasonable selling costs must have documentation to be reimbursed and may include:

- Reimbursement for brokerage commission will not exceed 3% of the final sales price or \$30,000, whichever is less;
- Non-recurring closing costs will not exceed 2% of the selling price or \$20,000, whichever is less.
- House inspections not to exceed \$1,000;
- Mortgage prepayment penalties not to exceed \$15,000; and
- Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by CIRM, not to exceed \$10,000.

CIRM will not reimburse income taxes, property taxes or assessments associated with the sale of the residence, or the cost of physical improvements intended to enhance salability by improving the condition or appearance of the residence.

2. Settlement of Unexpired Lease

CIRM may reimburse actual and reasonable costs directly associated with the settlement of an unexpired lease, provided the employee had no prior knowledge of the imminent relocation. CIRM will not reimburse the cost of physical improvements intended to enhance marketability of the leasehold by improving the condition or appearance of the residence.



C. Repayment Provision

A CIRM employee who voluntarily separates from the position prior to completing one year of service and does not accept another position within CIRM within 12 months from his or her initial date of appointment, shall be required to pay back 100% of the moving and relocation expenses. This clause will be explicitly stated in the employee's offer letter.

D. Deadline to Submit Reimbursement Requests

In accordance with IRS guidelines, employees seeking reimbursement must submit expense reports within 60 days of incurring the relocation expenses. Late submissions may be reimbursed at CIRM's discretion based on the facts and circumstances. 26 CFR § 1.62-2.

4. PROCEDURES

A. Payment Procedures

CIRM may pay transportation costs directly to a common carrier from CIRM's preferred vendor list. Reimbursement requests must be submitted using the Travel Expense Claim Std. 262 form, with detailed and original receipts, and approved by the authorized official.

B. Tax Reporting

CIRM shall comply with all state and federal regulations concerning the reporting and withholding of relocation expense reimbursements to ensure accurate tax reporting.