

CIRM Accelerated Funding Program Proposal

Introduction

The biotechnology sector in California faces significant challenges arising from the credit crisis and economic downturn. Press reports suggest that venture capitalists have advised their biotechnology clients to cut costs in order to survive current economic conditions, which are expected to persist for at least the next 12 months. In order to achieve its mission, it is critical that CIRM partner with biotechnology companies in translational research, preclinical development and clinical programs. The financial stability of the industry therefore is essential to CIRM's success. In an effort to provide greater stability, CIRM proposes an Accelerated Funding Program for commercial entities.

Pursuant to this program, for-profit applicants whom the Scientific and Medical Research Funding Working Group ("Grants Working Group") recommended for funding will be eligible to elect to receive the first payment on their loan or grant award immediately upon approval of the award by CIRM's Governing Board. After review by the Grants Working Group, CIRM staff would give for-profit applicants who had been recommended for funding by the Grants Working Group the option of electing to receive the first payment on their loan or grant award immediately upon approval by the Governing Board. For those applicants who elect to participate in this program, CIRM staff and contractors would conduct an administrative review, including a full business feasibility review, prior to the meeting of the Governing Board. If the Governing Board approves the grant or loan and the applicant satisfies CIRM's administrative review, CIRM would execute the award notice and issue the first payment of the grant or loan award immediately upon Governing Board approval. If an applicant has not obtained all required approvals (*e.g.*, SCRO) prior to Governing Board approval, CIRM may, in its discretion, execute an award notice and advance funds, provided that CIRM requires the applicant to obtain such approvals prior to commencing the research component requiring such approvals.

CIRM will also endeavor to schedule meetings of the Governing Board within approximately one month of Grants Working Group review in order to expedite the advance of funds to successful applicants pursuant to this proposal.

Terms

The following terms would apply:

- The Accelerated Funding Program would be available only to for-profit applicants for grants or loans whom the Grants Working Group recommended for funding.
- Eligible applicants would be required to submit to a full business feasibility review immediately following Grants Working Group review to evaluate the applicant's background, internal controls, and credit history. In addition, CIRM

staff would conduct a pre-funding administrative review between the Grants Working Group meeting and the Governing Board meeting.

- Upon approval by the Governing Board, CIRM would execute the award notice and issue the first payment of the grant or loan award to those applicants who had satisfied CIRM's administrative review.

- CIRM may, in its discretion, execute an award notice and advance funds before an applicant has obtained all required approvals (*e.g.*, SCRO), provided that the award notice requires the applicant to obtain such approvals prior to commencing the research component requiring such approvals.