



M E M O R A N D U M

To: IP and Industry Subcommittee

FROM: Elona Baum

SUBJECT: Proposed Loan Terms Applicable To Strategic Partnership 3 Loan Recipients

DATE: August 16, 2013

CIRM's Loan Administration Policy (LAP) sets forth "guidelines" rather than absolute provisions for certain loan terms. The Intellectual Property and Industry Subcommittee ("Subcommittee"), at the request of the President, may modify such terms as it deems appropriate for specific Request for Applications ("RFAs"). If the Subcommittee does not specifically modify such terms, then the guidelines set forth in the LAP apply.

Recently the ICOC approved of the concept for the Strategic Partnership 3 RFA. This RFA included a new element referred to as "Track B." Pursuant to Track B, applicants are permitted to submit up to five separate applications. However, payment by CIRM would only occur upon the successful achievement of an agreed to milestone which would be assessed at the completion of the clinical trial. Thus disbursements would not be made throughout the project period, but rather only at the end of the clinical project if it were successful. Because of the delayed nature of the disbursements, staff recommends that the following change to the LAP loan terms are be incorporated into Strategic Partnership 3 loan agreements:

Loan Period - The LAP guidelines provide for an initial five (5) year repayment term and permits the Loan Recipient to extend the term for up to an additional five (5) years upon satisfaction of certain conditions. It is recommended that there be no right to extend the repayment period beyond five (5) years. The loan would be entered into prior to commencement of the CIRM funded project, with the loan repayment term commencing upon disbursement of the funds. No other changes are recommended.