



MEMORANDUM

TO: ICOC

FROM: JONATHAN THOMAS

SUBJECT: Consideration of amendments to administrative funds donor agreement and disclosure of funds received from donors.

DATE: OCTOBER 29, 2019

EXECUTIVE SUMMARY

On November 15, 2015, Franklin “Pitch” Johnson executed a \$2M pledge to CIRM to help cover administrative expenses through a possible wind down of the Agency in the event a November 20, 2020 ballot initiative authorizing additional funding did not pass (the “Initiative”). That gift was amended on September 11, 2017 (the “First Amendment”) to modify some of the terms of the original agreement, including the timing of the payments. Per the First Amendment, Mr. Johnson would make a \$1M payment on or before March 30, 2019 and a second \$1M payment on or before March 30, 2020.

I recently received a call from Tarah Evans, Executive Director of the Franklin and Catherine Johnson Foundation relaying a request from Mr. Johnson that the second payment be rescheduled to December 31, 2020 and only be due if the Initiative failed. I told her that we wanted to honor Mr. Johnson’s request but that I needed to check with our VP of Finance to see if that delay would trigger any cash flow issues on our end if indeed the Initiative failed. In talking to Chila, she informed me that that revised timetable worked for CIRM. Accordingly, we prepared a second amendment reflecting that change (the “Second Amendment”). That Second Amendment requires Board approval.

Amendment to Donor Agreement

This agreement between the California Institute for Regenerative Medicine (the "CIRM"), an agency of the State of California, and Franklin P. Johnson, Jr. ("Donor"), dated November 16, 2015 and amended September 11 2017, is hereby amended further effective October __, 2019.

RECITALS

WHEREAS, on November 16, 2015, Donor agreed to make a gift of \$2 million to CIRM in order to allow CIRM to finance its operations through the end of 2023, when CIRM expects to have disbursed the last of its research funds;

WHEREAS, CIRM and Donor amended the Agreement on September 11, 2017 to remove certain contingencies regarding the gift;

WHEREAS, an initiative that would authorize \$5.5 billion in general obligation bonds to support CIRM and its work was filed with the Attorney General on October 10, 2019, and if it qualifies, will appear on the November 5, 2020 ballot (the "Initiative");

WHEREAS, the Donor has requested a modification of the terms of the Agreement in light of the filing of the Initiative;

WHEREAS, all other terms of the Agreement shall remain in full force and effect;

NOW, THEREFORE, in reliance on the mutual representations, warranties and agreements herein contained, the parties agree as follows:

1. Paragraph 1 of the Agreement shall read as follows:

1. Donor agrees to make a gift of \$2 million to CIRM to be paid in two equal annual installments of \$1,000,000 per year, the first on or before March 30, 2019, provided that, prior to that date, the voters have not approved additional administrative funding for CIRM or CIRM has not obtained sufficient administrative funding, as determined by CIRM, from alternative sources; the second installment to be paid on or before December 31, 2020, provided that if the Initiative is approved by the voters, Donor will no longer have the obligation to make the second installment payment.

2. This amendment is subject to the approval of the Independent Citizens' Oversight Committee.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

DONOR:

Franklin P. Johnson, Jr.

By: 

Franklin P. Johnson, Jr.

Date: 10/29/19

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

By: _____

Dr. Maria Millan
President & CEO

Date: _____