



MEMORANDUM

TO:	Members, Governing Board
FROM:	James C. Harrison, General Counsel
SUBJECT:	Acceptance of Gift from Donor
DATE:	December 7, 2015

Under CIRM's gift policy, the Board must approve CIRM's acceptance of gifts with a value of \$3 million or more. CIRM's gift policy also precludes CIRM from accepting gifts from individuals or institutions that have received CIRM funding or that intend to apply for CIRM funding. This policy is intended to prevent even the appearance of a conflict of interest.

In an effort to ensure that CIRM has sufficient administrative funding for as long as necessary to oversee awards funded by CIRM, Chairman Thomas and his team are working to ensure that CIRM has commitments for gifts totaling at least \$30 million. To date, Chairman Thomas and his team have secured commitments totaling \$7 million (\$5 million from the William K. Bowes, Jr. Foundation and \$2 million from the Franklin and Catherine Johnson Foundation). These gifts are contingent upon CIRM raising an additional \$23 million before June 30, 2019 and not having access to additional funds for its administrative costs.

Because the gift from the Bowes Foundation exceeds \$3 million, we seek Board approval of CIRM's acceptance of the gift. The gift commitment is attached to this memorandum.

Requested Action: Adopt motion to accept a gift of \$5 million from the William K. Bowes, Jr. Foundation subject to the terms set forth in the gift commitment.

Attachment

Donor Agreement

The California Institute for Regenerative Medicine (the “CIRM”), an agency of the State of California, and the William K. Bowes, Jr. Foundation (“Donor”), agree to enter into this Letter of Commitment, as of October 23, 2015.

RECITALS

WHEREAS, on November 2, 2004, California voters overwhelmingly approved Proposition 71, which established the California Institute for Regenerative Medicine (“CIRM”) in state government and authorized the issuance of \$3 billion of bonds to fund stem cell research in California;

WHEREAS, CIRM’s mission is to accelerate the development of stem cell therapies for patients with unmet medical needs;

WHEREAS, Proposition 71 established the Independent Citizens’ Oversight Committee (the “ICOC”) to act as the governing board of CIRM and to approve all grants, loans and contracts;

WHEREAS, Proposition 71 imposed a six percent (6%) cap on CIRM’s administrative expenses;

WHEREAS, opponents of stem cell research challenged the constitutionality of Proposition 71, impeding the State’s ability to issue bonds on behalf of CIRM;

WHEREAS, although CIRM ultimately prevailed in the litigation, the State did not issue bonds to support CIRM’s programs until 2007, delaying the implementation of CIRM’s research and facilities award programs;

WHEREAS, as a result of these delays, CIRM now anticipates issuing its last awards in 2020;

WHEREAS, because these awards are funded over multiple years, continued oversight will be required through at least the end of 2023;

WHEREAS, as a result of the cap on CIRM’s administrative expenses and the delay in the implementation of its research and facilities awards programs, CIRM anticipates that it will fully utilize its authorized administrative funds prior to 2024;

WHEREAS, Health & Safety Code section 125290.40(n) authorizes the ICOC to accept real and personal property, including but not limited to gifts, royalties, interest and appropriations that may be used to supplement annual research grant funding and for the operations of CIRM;

WHEREAS, Donor is committed to advancing medical science through stem cell research;

WHEREAS, the ICOC has established strict conflict of interest rules to prevent even the appearance of impropriety and Donor shall have no opportunity to influence CIRM funding decisions;

WHEREAS, in order to enable CIRM to continue its operations through the end of 2023 and to fulfill the voters' mandate to accelerate the development of stem cell therapies for patients with unmet medical needs, Donor is prepared to make a gift of \$5 million to CIRM;

WHEREAS, Donor agrees that the State, the CIRM, the ICOC, and their officers, employees, agents, advisors, and counsel, and the CIRM's grant recipients, are under no obligation to repay this gift;

WHEREAS, Donor agrees that CIRM's acceptance of this gift is contingent upon the ICOC's approval of the gift, which is anticipated to occur on December 17, 2015, and

WHEREAS, CIRM, the ICOC, and millions of California families whose loved ones suffer from chronic disease and injury, are grateful for Donor's generosity and commitment to the advancement of medical science through stem cell research.

TERMS

In consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Donor agrees to make a gift of \$5 million to CIRM to be paid in four equal annual installments of \$1.25 million per year, on or before June 30, 2019, June 30, 2020, June 30, 2021, and June 30, 2022, provided that, prior to June 30, 2019: (a) CIRM has obtained signed commitments from other donors in a total amount of \$25 million and (b) the voters have not approved additional administrative funding for CIRM or CIRM has not obtained sufficient funding from alternative sources.

2. CIRM shall use the funds, in its sole discretion, for the purposes authorized by Proposition 71, including the costs of operations and grant administration.

3. Donor agrees that the State, CIRM, the ICOC, and their officers, employees, agents, advisors, and counsel, and CIRM's grant recipients, shall have no obligation, whatsoever, to repay this gift at anytime.

4. Donor certifies that it is not now nor will it be in the future a recipient of or applicant for CIRM funding.

5. Donor agrees that it will not have an opportunity, and will not attempt, to influence CIRM, the ICOC, and their officers, employees, agents, advisors (including members of working groups), and counsel with respect to any decision to award a grant, loan, or contract.

6. Donor certifies that it is not a biotechnology company that devotes five percent or more of its annual budget to stem cell research.

7. Donor acknowledges that this gift is subject to the approval of the ICOC at a public meeting and shall not be deemed accepted by CIRM subject to these terms until it is approved by the ICOC.

DONOR:

William K. Bowes, Jr. Foundation

By: _____
William K. Bowes, Jr.

Date: _____

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

By: _____
C. Randal Mills, Ph.D
President & CEO

Date: _____