



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 March 10, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

March 10, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AUTHORIZATION TO EXTEND THE TERM OF THE EXCLUSIVE NEGOTIATING
AGREEMENT WITH MARSBIO GP LLC FOR NEGOTIATING THE TERMS OF A
LOAN FROM THE COUNTY TO A LOS ANGELES-FOCUSED
BIOSCIENCE INVESTMENT FUND
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of the recommended actions will provide authorization to extend the term of an Exclusive Negotiating Agreement between the County of Los Angeles and MarsBio GP, LLC (MarsBio) related to the terms of a proposed loan of up to \$15 million to be invested in a Los Angeles-focused bioscience investment fund capitalized and managed by MarsBio.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Chief Executive Officer (CEO), or her designee, to execute an amendment to the Exclusive Negotiating Agreement (ENA) with MarsBio to extend the term of the ENA to May 29, 2020, and if necessary, an additional two-month extension, for the exclusive right to engage in negotiations to establish the terms of a loan of up to \$15 million to be invested in a Los Angeles-focused bioscience investment fund (Bioscience Fund) capitalized and managed by MarsBio.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County and MarsBio are currently parties to an ENA for the purpose of negotiating the terms and conditions of a loan agreement pursuant to which the County would loan up to \$15 million to invest in the Bioscience Fund.

The recommended action will provide the CEO delegated authority to amend the ENA to extend the term of the ENA to May 29, 2020, with the option to extend the negotiating period for an additional two (2) months, which is necessary to finalize negotiating the essential terms of the loan agreement and other documents necessary to administer the proposed loan. Unless extended or modified pursuant to a written amendment executed by the County and MarsBio, the ENA will terminate on March 10, 2020.

Approval of the recommended action does not commit the County to any future agreement with MarsBio or any associated entity. The CEO must return to the Board for approval and execution of any loan agreement and any associated agreements that result from the negotiations conducted in connection with the ENA.

Implementation of Strategic Plan Goals

The recommended actions support the County's Strategic Plan Goal II, Foster Vibrant and Resilient Communities, by enabling the County to promote public-private partnerships, support vibrant communities, drive economic and workforce development in the County, support 21st century innovative and socially responsible industries in the County, and implement strategies to target and offer appropriate assistance to high-growth industries.

FISCAL IMPACT/FINANCING

There is no impact to the County's General Fund as a result of the actions contemplated in this letter. As delineated in the Board letter of September 3, 2019, authorizing the CEO to execute the ENA with MarsBio, if negotiations with MarsBio are successful, then the CEO will return to the Board with a proposed loan agreement and any associated agreements for review and approval and will provide the fiscal impact and financial analysis at that time.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 17, 2018, the CEO released a Request for Proposals from organizations qualified to capitalize, launch, and manage an investment fund supporting bioscience startup companies in the County. MarsBio was the selected proposer.

On September 3, 2019, the Board: 1) delegated authority to the CEO, or her designee, to negotiate, execute, implement and, if necessary, amend, extend, or terminate a 90-day ENA with MarsBio for the exclusive right to engage in negotiations to establish the terms of a loan agreement and any associated agreements for a loan of up to \$15 million of County funds to be invested in a Bioscience Fund managed by MarsBio; 2) authorized the CEO, or her designee, if negotiations did not result in a loan agreement with terms acceptable to the County and MarsBio within 90 days, to: (a) cancel the negotiations with MarsBio; (b) extend the ENA period for up to two additional months at the sole discretion of the CEO, or her designee; or (c) cancel the Request for Proposals (RFP) and commence a new competitive bidding process; 3) authorized the CEO, or her designee, to execute any and all related or ancillary documents necessary to effectuate the actions authorized by its approval, thereby; and 4) directed the CEO to return to the Board for approval to execute any loan agreement and any associated agreements that result from the negotiations conducted in connection with the ENA.

On October 11, 2019, the County entered into the ENA with MarsBio to negotiate the terms of the loan agreement and any associated agreements necessary to administer the proposed loan. At that time, the County also secured a consultant to initiate its due diligence process. On January 7, 2020, the CEO used her delegated authority to extend the term of the ENA with MarsBio for an additional two months, from January 9, 2020 to March 10, 2020, to provide the County and MarsBio the opportunity to continue exclusive negotiations for the purpose of establishing the terms and conditions of the loan agreement. Those negotiations have not yet concluded and the County and MarsBio need additional time to allow for completion of negotiations.

If negotiations with MarsBio are successful, the CEO will return to the Board with negotiated agreements for review and approval regarding the terms of the loan to the Bioscience Fund as outlined in the Board letter from September 3, 2019.

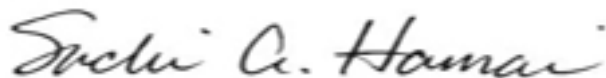
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will not have any impact on current services.

CONCLUSION

Upon approval, please return two adopted, stamped copies of the Board letter to the Chief Executive Office, Economic Development Division.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:FAD:AEC

JO:AG:acn

c: Executive Office, Board of Supervisors
County Counsel