

ECONOMIC DEVELOPMENT POLICY COMMITTEE
Thursday, May 28, 2020
9:00 a.m. – 10:00 a.m.

Virtual/SKYPE Meeting

Call-in number: 1-323-776-6996 Access Code: 498935018#

AGENDA

1. Introductions
2. Legislative update (CEO) 5 minutes
3. Bioscience Investment Fund – Loan Agreement (CEO) 15 minutes
4. Business Relief Funds update (LACDA, DCBA) 20 minutes
5. Worker Resiliency Fund update (WDACS) 5 minutes
6. COVID-19 Portal and Website update (DCBA) 5 minutes
7. COVID-19 related Board items/report backs (various) 5 minutes
8. Public comment 5 minutes

NOTE:

Please send comments to EconomicDevelopment@ceo.lacounty.gov by Wednesday May 27 at noon. They will be shared with the Committee prior to the meeting.



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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Fifth District

June 23, 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:

**AUTHORIZE APPROVAL AND EXECUTION OF LOAN AGREEMENT
WITH THE BIOSCIENCE INVESTMENT FUND MANAGED BY MARSBIO GP LLC,
AND APPROVE FISCAL YEAR 2019-20 APPROPRIATION ADJUSTMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Approval of the recommended actions will authorize the Chief Executive Officer, or her designee, to execute the Loan Agreement (Loan Agreement) between the County of Los Angeles (County) and MarsBio Fund I LP, a Los Angeles-focused investment fund targeting early-stage bioscience companies with Seed and Series A investments (Bioscience Fund), pursuant to which the County would provide an interest bearing loan of up to \$15 million to be invested in the Bioscience Fund. The Bioscience Fund is capitalized and managed by MarsBio GP LLC (MarsBio).

IT IS RECOMMENDED THAT THE BOARD:

1. Conduct a public hearing on a proposed economic development subsidy in the form of a loan to the Bioscience Fund and provide the information to the public contained in the Economic Development Subsidy Report required pursuant to California Government Code Section 53083.

AFTER THE PUBLIC HEARING:

2. Find that the proposed actions are not a project under the California Environmental Quality Act for the reasons stated in this Board letter.

3. Find that, pursuant to California Government Code Section 26227, the recommended action to approve an economic development subsidy in the form of the Loan Agreement with the Bioscience

Fund for the public purpose of promoting local economic development, healthcare innovation, and job creation is necessary to meet the social needs of the population of the County.

4. Approve an economic development subsidy in the form of the Loan Agreement with the Bioscience Fund managed by MarsBio (Attachment I), pursuant to which the County would make an interest-bearing loan to the Bioscience Fund not to exceed \$15 million, with a term ending on March 6, 2029, with an optional two-year extension for the purpose of stimulating regional job growth and healthcare innovation.

5. Authorize the Chief Executive Officer, or her designee, to execute the Loan Agreement providing an interest-bearing loan of up to \$15 million to the Bioscience Fund, and to negotiate and execute any ancillary documents or future amendments, approved as to form by County Counsel, which are necessary to effectuate the Loan Agreement and the actions authorized hereby.

6. Approve an appropriation adjustment to transfer \$7.6 million from the CEO's Economic Development budget unit to the Nonspendable for Long-Term Loans Receivable – Bioscience account for the Bioscience Investment Program administered by the Chief Executive Office (CEO), for the loan to be made available on a drawdown basis pursuant to the terms of the Loan Agreement, and approve the allocation of County funds for the proposed funding commitment under the Loan Agreement subject to annual appropriation by the Board.

7. Authorize the Chief Executive Officer, or her designee, to approve advance requests under the Loan Agreement upon execution thereof and satisfaction of all conditions precedent thereunder, and to take all necessary steps to implement and administer the Loan Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the actions are not subject to the California Environmental Quality Act (CEQA) and will result in an economic development subsidy in the form of the Loan Agreement between the County and MarsBio Fund I LP, a Delaware limited partnership (Bioscience Fund). The Loan Agreement is necessary to meet the social needs of the population of the County. In addition, the recommended actions authorize the Chief Executive Officer, or her designee, to execute the Loan Agreement and approve advance requests thereunder, including approval of appropriation adjustments necessary to provide the loan negotiated and memorialized in the Loan Agreement.

In 2015, the Board made economic development a priority by approving a Countywide Economic and Community Development Program to stimulate regional job growth and lift residents out of poverty. Seven industries were targeted based on their proven ability to create jobs and wealth. Bioscience is the first of the targeted industry sectors selected by the County for focused support. The industry creates jobs for young and semi-skilled persons, as well as for scientists and entrepreneurs.

As part of its economic development program, the County has committed itself to the life sciences sector and earmarked up to \$15 million to invest in the Bioscience Fund. The final commitment amount will be determined as described in further detail below. While the County expects repayment of the loan, plus a modest return to offset the cost of negotiating and administering the Loan Agreement, it also has core strategic interests in local economic development and public health as a social impact.

MarsBio GP LLC, a Delaware limited liability company (MarsBio) was selected to capitalize, launch, and manage an investment fund supporting bioscience startup companies in the County pursuant to a Request for Proposals (RFP) issued in September 2018. MarsBio was founded specifically for the purpose of managing a Bioscience Fund. The leadership team at MarsBio has experience in successfully raising Seed and Series A capital for startups, and the MarsBio team has demonstrated its diverse knowledge, experience, and proven commitment to the region.

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, support 21st century innovative and socially responsible industries, and implement strategies to target and offer appropriate assistance to high-growth industries in the County.

FISCAL IMPACT/FINANCING

On October 20, 2015, the Board adopted a motion that established the County's Economic Development Trust Fund (EDTF), authorized an initial transfer of \$965,000 in Fiscal Year (FY) 2016-17, and directed the Chief Executive Officer to identify funding that would allow for the appropriation of \$4.5 million starting in FY 2016-17 and increasing to an annual amount of \$15 million by FY 2021-22 for economic development initiatives. The 2015 motion identified programs to receive future EDTF funding allocations, including a Bioscience Revolving Loan Fund (BRLF), envisioned as an investment fund for early stage bioscience companies and bioscience incubators. The annual cost to capitalize a BRLF was estimated at \$1 million in FY 2016-17 and increasing to \$4 million by FY 2021-22. On September 26, 2017, the Chief Executive Officer repositioned the BRLF as a "fund-of-funds" and re-characterized the fund as a "Bioscience Investment Fund." The County has earmarked up to \$15 million for investment in the Bioscience Fund, with \$7.6 million of these funds available in FY 2019-20. An additional \$3.4 million will become available in FY 2020-21, with the remaining \$4 million scheduled for FY 2021-22.

Upon approval of the recommended actions by the Board, an appropriation adjustment will transfer \$7.6 million from the CEO's Economic Development budget unit to the Nonspendable for Long-Term Loans Receivable – Bioscience account for the Bioscience Investment Program administered by the CEO. The funds in this account will be available on a drawdown basis pursuant to the terms of the Loan Agreement. The remaining \$7.4 million will be incorporated in future budgeting processes.

Upon approval of the recommended actions by the Board, the County anticipates the first advance request by the Bioscience Fund at \$500,000. However, the first request may be larger based on verified fundraising by MarsBio from their Limited Partners (LPs), who are other investors in the Bioscience Fund. While MarsBio continues their fundraising efforts for private capital investment in the Bioscience Fund, their LPs have committed \$1.2 million for investment in the Bioscience Fund, as reported in due diligence. The Chief Executive Officer, or her designee, will be authorized to approve future advance requests under the Loan Agreement upon satisfaction of all conditions precedent, including verifiable commitments of at least \$2.00 from LPs for every \$1.00 of funds requested from the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to California Government Code Section 26227, the Board may expend money to fund non-County programs that are deemed necessary to meet the social needs of its residents. The

Loan Agreement with the Bioscience Fund meets the social needs of the County because it will serve the public purpose of encouraging economic development, job creation, and healthcare innovation. Based on the positive economic history of bioscience jobs, the Loan Agreement with the Bioscience Fund also signals to the financial marketplace that the Los Angeles region is a positive environment for early stage and growth companies in the bioscience sector.

On September 17, 2018, the CEO issued an RFP for organizations qualified to capitalize, launch, and manage an investment fund supporting bioscience startup companies in the County, and selected MarsBio pursuant to the RFP process. On September 3, 2019, the Board authorized the Chief Executive Officer, or her designee, to negotiate a 90-day Exclusive Negotiating Agreement (ENA) with MarsBio to establish the terms of a loan agreement and any associated agreements for up to \$15 million of County funds to be invested in a Fund managed by MarsBio. On October 11, 2019, the County entered into the ENA with MarsBio and the CEO retained Angel City Advisors, an economic development consultant from the CEO's Master Services Agreement for Economic Development Services, to perform due diligence on MarsBio. Orrick, Herrington & Sutcliffe LLP was retained to assist in all aspects of the negotiation and drafting of the Loan Agreement in conjunction with County Counsel.

On January 6, 2020, the due diligence report to the County recommended approval of the County's investment of up to \$15 million into the Bioscience Fund. The CEO and County Counsel reviewed the report, which highlighted findings and recommendations for discussion with MarsBio during the ENA term. The report provided an assessment of the strength of MarsBio's management team and organizational platform. It also recommended that the County's total commitment should remain available to MarsBio for a reasonable period before sunseting; that cash deployment should be tied to verifiable external investor commitments of at least \$2.00 for every \$1.00 of County funds deployed; that the County should request an observational Board seat to monitor operations and investment decisions; and that a monitoring plan should be required to track the County's debt investment.

On January 7, 2020, the term of the ENA was extended for an additional two months. On March 10, 2020, the Board authorized the Chief Executive Officer to amend the ENA to extend the term to May 29, 2020, with an optional two-month extension, to provide the County and MarsBio additional time to negotiate the terms of the Loan Agreement. On May 29, 2020, the Chief Executive Officer extended the ENA period for an additional two months. The following is a summary of the terms of the Loan Agreement:

Loan Terms

The Loan Agreement provides a loan to the Bioscience Fund targeting early-stage bioscience companies with Seed and Series A investments. The maximum loan amount will be \$15 million, but the total County commitment will be capped one year after execution of the Loan Agreement and will equal 50 percent of the aggregate amount of investment capital raised by MarsBio from their LPs. For example, if MarsBio raises \$20 million from other LPs to invest in the Bioscience Fund by the one-year mark, the County's commitment under the Loan Agreement would be capped at \$10 million. The County's commitment shall not exceed \$7.6 million during FY 2019-20, \$11 million during FY 2020-21, and \$15 million during FY 2021-22, as appropriated and made available by the Board. MarsBio has a fundraising target of \$50 million for the Bioscience Fund. The one-year sunset date from the Loan Agreement's execution to set the County's total commitment will give MarsBio a reasonable period to fundraise and provide verifiable external investor commitments of at least \$2.00 for every \$1.00 of capital requested from the County, as recommended in the due diligence report.

The Bioscience Fund will have access to the set loan amount on a multi-draw basis over the term of the Loan Agreement, which ends on the earlier of March 6, 2029, plus an optional two-year extension, or the dissolution of the Bioscience Fund. The County expects that shortly after execution of the Loan Agreement, the Bioscience Fund will make the first drawdown/advance request for \$500,000, or another verified fundraising amount. Other than the initial drawdown request which shall be for at least \$500,000, each subsequent drawdown under the Loan Agreement shall be for at least \$1 million. Each drawdown will accrue interest at a rate of one percent above the United States ten-year Treasury Note (as such rate may change from time to time).

Both principal and interest will be repaid *pari passu* (equally managed without preference) according to the County's debt investment when capital is returned to the LPs, or no later than the end of the Loan Agreement term. If the Bioscience Fund defaults on its obligations under the Loan Agreement, the County has the right to accelerate the loan and cause all principal and interest on the loan to be immediately due and payable. The loan to the Bioscience Fund is an unsecured loan and there is no recourse beyond the investment fund corpus if the Bioscience Fund fails to perform and return investor capital.

Drawdowns on the loan may be repaid and reborrowed during the term of the Loan Agreement. The Bioscience Fund will be charged a non-refundable commitment fee in connection with each drawdown of funds, equal to one percent of the principal amount of each advance, or the portion of each advance that the County has not previously advanced to the Bioscience Fund. In addition, a non-refundable drawdown fee will be charged in connection with each drawdown by the Bioscience Fund equal to two percent of the principal amount of each advance. The drawdown fee will be paid each time an advance of funds is requested.

At minimum, the percentage of the County's committed investment in the total Bioscience Fund size must be invested in Los Angeles-based companies focused on bioscience. The County expects to receive reporting of both financial and impact metrics from MarsBio. The County will have an observational seat on the Bioscience Fund's Advisory Committee for so long as any principal or interest remains outstanding under the Loan Agreement. County funds will not be used to pay management fees to MarsBio as General Partner of the Bioscience Fund. As General Partner, MarsBio will invest at least one percent at-risk capital into the Bioscience Fund. The County will take no equity position in any investments of the Bioscience Fund as local agencies are generally prohibited from making equity investments under California Government Code Section 53601.6. Other LPs in the Bioscience Fund will provide equity capital in a manner consistent with industry norms.

The County must comply with the notice, hearing, and reporting requirements under California Government Code Section 53083 prior to approving an economic development subsidy such as the Loan Agreement. Notice of a public hearing was provided and the Economic Development Subsidy Report (Attachment II) was made available to the public and posted on the County Economic Development website's Bioscience page pursuant to Government Code Section 53083. No later than five years after approval of the Loan Agreement and again at the end of its term, the County shall issue another economic development subsidy report and hold a public hearing to consider any comments on the report.

After execution of the Loan Agreement and other ancillary documents, the CEO or its consultant will track, monitor, and report on the performance of the Bioscience Fund. In addition, MarsBio staff has agreed to track, for each investment it makes, the jobs created and the demographic data of the employees from the point of its investment through to exit. In this way the County will have a record

of the jobs created, in part, as a result of its investment.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not subject to the CEQA because they are activities that are excluded from the definition of a project by Section 21065 of the Public Resources Code, and Section 15378(b) of the State CEQA Guidelines. The proposed actions would create a government funding mechanism that does not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment and are organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed activities are not anticipated to have any impact on current services.

CONCLUSION

Upon approval, please return two adopted stamped copies of the Board letter to the CEO's Economic Development and Affordable Housing Division.

Respectfully submitted,

SAH:FAD:AEC
JO:DC:acn

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

ATTACHMENT I

Loan Agreement

LOAN AGREEMENT

This LOAN AGREEMENT (as the same may be amended, restated, supplemented or otherwise modified from time to time, this “Agreement”) dated as of _____, 2020, is entered into by and between THE COUNTY OF LOS ANGELES, a body corporate and politic (“Lender”), and MARSBIO FUND I LP, a Delaware limited partnership (“Borrower”) and provides the terms on which Lender shall lend to Borrower and Borrower shall repay Lender.

WITNESSETH

WHEREAS, pursuant to Section 26227 of the Government Code of the State of California (the “Government Code”), the Board of Supervisors of Lender may appropriate and expend money from the general fund of Lender to fund programs deemed by the Board of Supervisors to be necessary to meet the social needs of the population of the County of Los Angeles, including the stimulation of regional job growth and healthcare innovation; and

WHEREAS, pursuant to Government Code Sections 26227 and 53083, Lender intends to provide an economic development subsidy in the form of a loan to Borrower for the public purpose of promoting economic development and job creation by investing in early-stage bioscience companies located in the County of Los Angeles and to attract additional capital investment to the region; and

WHEREAS, Lender is willing to provide, and Borrower desires to obtain, a loan upon the terms and subject to the conditions set forth below; and

WHEREAS, this Agreement and the related documents to be delivered by Borrower hereunder constitute the “Loan Documents”; and

WHEREAS, all obligations of Borrower to pay all amounts payable to Lender arising under or pursuant to this Agreement are created under and will be evidenced by this Agreement all in accordance with the terms and conditions hereof.

NOW, THEREFORE, in consideration of the payments to be made hereunder and the mutual covenants contained herein, the parties agree as follows:

1. DEFINITIONS

1.1 Accounting Terms and Other Definitions. Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in this Section 1.1. As used in the Loan Documents, the word “shall” is mandatory, the word “may” is permissive, the word “or” is not exclusive, the words “includes” and “including” are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

“**Advance**” or “**Advances**” is a cash advance (or advances) under the Committed Line requested by Borrower under this Agreement.

“**Advance Request Form**” is that certain form attached hereto as Exhibit A.

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, including, without limitation, any parallel fund, related fund, or management company of a Person (or such other Person responsible for its management), and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Agreement**” is defined in the preamble hereof.

“**Annual Financial Statements**” is defined in Section 5.3(b).

“**Applicable Rate**” is equal to the United States 10-year Treasury Note (as such rate may change from time to time) plus one percentage point (1.00%).

“**Availability Amount**” is (a) the Committed Line, minus (b) the outstanding principal balance of any Advances.

“**Board of Supervisors**” is the Board of Supervisors of the County of Los Angeles.

“**Borrower**” is defined in the preamble hereof.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“**Business Day**” is any day that is not a Saturday, Sunday or a day on which the offices of Lender are closed.

“**Callable Capital**” is the remaining amount of Capital Contribution Proceeds, excluding capital attributable to Defaulting Partners, that Borrower has a right to obtain from the Partners, without condition, upon the making of Capital Calls in accordance with the Partnership Agreement.

“**Capital Call**” is a request by General Partner to the Partners under the Partnership Agreement for a Capital Contribution.

“**Capital Commitment Report**” is a report, in form and substance reasonably acceptable to Lender, certified by at least two (2) Key Persons, containing, at a minimum the amount of each Capital Commitment that remains uncalled.

“**Capital Commitments**” are the aggregate cash committed by the Partners to contribute to the capital of Borrower under the Partnership Agreement.

“Capital Contribution” is a capital contribution which has been or may be made by the Partners to Borrower pursuant to a Capital Call.

“Capital Contribution Proceeds” are the cash proceeds of Capital Contributions.

“Cash Equivalents” are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; and (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.

“Change of Control” is (a) any circumstance in which General Partner ceases to be the general partner of Borrower or the Management Company ceases to manage the operations of Borrower, (b) any change in management that (i) causes the Investment Period to be terminated, reduced or suspended, (ii) causes the dissolution of Borrower or (iii) permits any Partner to suspend or terminate the Investment Period or dissolve Borrower under the Partnership Agreement or otherwise, (c) any transfer or withdrawal by Limited Partners of more than five percent (5.0%) of the aggregate Capital Commitments, (d) any transfer by any Partner of all or a portion of its interest in Borrower to a Sanctioned Person or which would result in a material violation of any applicable Law or (e) if Robert Rhinehart ceases to be actively engaged in the management of Borrower and General Partner.

“Committed Line” is the commitment to make an Advance or Advances in an amount (subject to Section 11.16) equal to fifty percent (50%) of aggregate Capital Commitments in place on or prior to the first anniversary of the Effective Date but not to exceed Fifteen Million Dollars (\$15,000,000); provided, however, that the Committed Line shall not exceed Seven Million Six Hundred Thousand Dollars (\$7,600,000) during Lender’s Fiscal Year 2019-20, Eleven Million Dollars (\$11,000,000) during Fiscal Year 2020-21, and Fifteen Million Dollars (\$15,000,000) during Fiscal Year 2021-22.

“Commitment Fee” is defined in Section 2.5(a).

“Compliance Certificate” is that certain certificate in the form attached hereto as Exhibit B.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated

liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“**Default Rate**” is defined in Section 2.4(f).

“**Defaulting Partner**” is any Partner who has previously failed to comply in all respects with any portion of a Capital Call made by General Partner, unless (a) such failure has been cured, or (b) Lender elects in writing, in its sole discretion, to waive any such non-compliance.

“**Digital Assets**” is defined in Section 14.23 of the Partnership Agreement.

“**Dollars,**” “**dollars**” or use of the sign “**\$**” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “**\$**” sign to denote its currency or may be readily converted into lawful money of the United States.

“**Drawdown Fee**” is defined in Section 2.5(b).

“**Effective Date**” is the effective date of this Agreement as set forth on the first page hereof.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

“**Event of Default**” is defined in Section 7.

“**Fiscal Year**” is the twelve-month period beginning each July 1 and ending the following June 30.

“**Funding Date**” is any date on which an Advance is made to or for the account of Borrower which shall be the first Business Day of a month.

“**GAAP**” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“**General Partner**” is MarsBio GP LLC, a Delaware limited liability company.

“**Governmental Approval**” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“**Governmental Authority**” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

“Indemnified Person” is defined in Section 11.2.

“Insolvency Proceeding” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency Law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Investment” is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

“Investment Period” is the period, as set forth in the Partnership Agreement, during which General Partner may make Capital Calls to the Limited Partners for purposes of making new Investments, whether defined in the Partnership Agreement as an “investment period”, “commitment period” or otherwise.

“Key Persons” are each of (i) Llewellyn Cox, (ii) Arye Lipman and (iii) Robert Rhinehart.

“LA County Companies” are companies focused on biotechnologies including diagnostics and therapeutics, medical devices, health technologies like medtech, bioinformatics and digital health, biofuels, farm yield technologies, and other commercial sectors that exist at the confluence of scientific research and health, especially companies that are emerging from Los Angeles County universities, research institutions, incubators and accelerators that are either (i) domiciled, or to be domiciled, in Los Angeles County or (ii) which have a majority of their management and/or business teams based in Los Angeles County.

“Laws” are as to any Person, the organizational or governing documents of such Person, and all federal, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Lender” is defined in the preamble hereof.

“Lender Expenses” are all audit fees and expenses, costs, and expenses (including reasonable attorneys’ fees and expenses) for defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

“Lien” is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of Law or otherwise against any property.

“**Limited Partners**” are the limited partners set forth in the Partnership Agreement, as may be amended from time to time.

“**Loan Documents**” are, collectively, this Agreement and any other present or future agreement between Borrower and/or for the benefit of Lender in connection with this Agreement, all as amended, restated, or otherwise modified.

“**Management Company**” is MarsBio Management LLC, a Delaware limited liability company, or any successor thereto approved by Lender in its sole discretion.

“**Material Adverse Change**” is any one or more of (a) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; (b) a material adverse change in the prospect of repayment of any portion of the Obligations; and (c) at any time after the Effective Date, any member of the General Partner commits an act of public disrepute or becomes the subject of a scandal such that Lender reasonably believes that Lender’s involvement with Borrower has been or will be negatively affected.

“**Maturity Date**” is the earlier of (a) ten (10) years from the Activation Date (as defined in the Partnership Agreement) of March 6, 2019 plus one (1) year for each additional year that Borrower’s term is extended by General Partner beyond ten (10) years in accordance with Section 10.1 of the Partnership Agreement, but not to exceed twelve (12) years; and (b) the dissolution of Borrower.

“**Obligations**” are Borrower’s obligations to pay when due any debts, principal, interest, Lender Expenses, and other amounts Borrower owes Lender now or later, whether under this Agreement, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin, and to perform Borrower’s duties under the Loan Documents.

“**OFAC**” is the Office of Foreign Assets Control of the United States Department of the Treasury.

“**Operating Documents**” are, for any Person, such Person’s formation documents, as certified with the Secretary of State of such Person’s state of formation on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“**Partners**” are the Limited Partners and General Partner.

“**Partnership Agreement**” is, the Second Amended and Restated Limited Partnership Agreement of Borrower dated as of November 1, 2019, as amended, by and among the Partners.

“**Partnership Expenses**” are expenses defined in Section 14.16 of the Partnership Agreement together with any portion of the “Management Fee” defined in Section 6.1 of the Partnership Agreement.

“Permitted Indebtedness” is:

- (a) Borrower’s indebtedness to Lender under this Agreement and the other Loan Documents; and
- (b) Portfolio Obligations.

“Permitted Investments” are:

- (a) Investments consisting of Cash Equivalents; and
- (b) any Investments permitted pursuant to the Partnership Agreement, as amended from time to time.

“Permitted Liens” are Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder.

“Person” is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency or political subdivision thereof.

“Plan” is an employee pension benefit plan which is covered by Title I of ERISA or subject to Section 4975 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder.

“Portfolio Guaranty” is any guaranty by Borrower of the Indebtedness of one or more Investments.

“Portfolio Investment” is a Person or Persons (excluding Special Purpose Entities) in which Borrower or a Special Purpose Entity holds an Investment directly in its own name.

“Portfolio Obligations” is the aggregate amount of Borrower’s actual and Contingent Obligations pursuant to Portfolio Guarantees.

“Quarterly Financial Statements” is defined in Section 5.3(a).

“Registered Organization” is any “registered organization” as defined in the California Uniform Commercial Code with such additions to such term as may hereafter be made.

“SAFE” is a simple agreement for future equity.

“Sanctioned Person” is any Person named on the list of Specially Designated Nationals maintained by OFAC.

“**Sanctioned State**” is any country, state or sovereign entity that is subject to a country sanctions program administered or enforced by OFAC, any agency thereof or any Person domiciled in or controlled thereby.

“**Special Purpose Entity**” is a corporation, partnership, limited liability company or other entity, including, without limitation, any subsidiary, special purpose vehicle, or alternate investment vehicle, in each case that holds Portfolio Investments of or on behalf of, or which are otherwise beneficially owned directly or indirectly by, or controlled by, Borrower.

“**Subscription Agreement**” is, with respect to each Partner, any agreement evidencing the Capital Commitment of such Partner.

2. LOAN AND TERMS OF PAYMENT

2.1 Use of Proceeds. Proceeds of the Advances under the Committed Line shall be used by Borrower to make Portfolio Investments alongside Capital Contributions made by the Limited Partners at a ratio set forth in Section 2.3 below; provided, however, that an amount equivalent to at least one-third of the sum of (i) proceeds of the Advances under the Committed Line plus (ii) Capital Contributions shall be used to make “seed” and “Series A” Portfolio Investments in emerging LA County Companies. For the avoidance of doubt, in no event may any portion of the Advances be used by Borrower to fund Partnership Expenses or to invest in Digital Assets.

2.2 Making of Advances. Subject to the terms and conditions of this Agreement, Lender shall make Advances from time to time on any Funding Date in amounts equal to the amount requested by Borrower pursuant to an Advance Request Form, provided that such amount does not exceed the Availability Amount. The aggregate amount of all outstanding Advances shall not exceed the Availability Amount at any time. Amounts borrowed under the Committed Line may be repaid and, prior to the Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein. Prior to their disbursement, amounts to be loaned by Lender to Borrower pursuant to this Agreement will be held by Lender in the “Bioscience Program Fund” established as a separate account within the County Treasury. Any moneys held in the Bioscience Program Fund will be invested by Lender, on behalf of Borrower, in the Los Angeles County Pooled Surplus Investment Portfolio. Lender shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this section. Any interest received with respect to investments of the Bioscience Program Fund will be retained in the Bioscience Program Fund.

2.3 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower shall notify Lender (which notice shall be irrevocable) by electronic mail by 12:00 p.m. Pacific time at least ten (10) Business Days prior to the proposed Funding Date of the Advance. Together with any such electronic notification, Borrower shall deliver to Lender by electronic mail a completed Advance Request Form executed by at least two of the Key Persons pursuant to which such executing Key Persons certify that the corresponding Portfolio Investment(s) to be made by Borrower has been approved by at least two of the Key Persons. Each request for an Advance (which shall be in a minimum amount of at least One Million Dollars (\$1,000,000) other than the

initial Advance which shall be in a minimum amount of at least Five Hundred Thousand Dollars (\$500,000)) shall be made only upon receipt by Lender of evidence that the Limited Partners have made a corresponding Capital Contribution to Borrower to make Portfolio Investments, in which case Lender shall advance funds to Borrower based on the following ratio: \$1.00 of Advances for every \$2.00 of Capital Contributions (including, without limitation, “recycled” Capital Contributions) made by the Limited Partners for the purpose of making Portfolio Investments in the form of equity, convertible notes or SAFEs . For the avoidance of doubt, Borrower shall not request, and Lender shall not make, any Advances to pay Partnership Expenses or to invest in Digital Assets.

2.4 Payment of Principal and Interest.

(a) Promise to Pay. Borrower unconditionally promises to pay Lender the outstanding principal amount of all Advances and accrued and unpaid interest thereon as and when due in accordance with this Agreement. All payments due under this Agreement are to be paid to Lender by wire transfer in accordance with wire transfer instructions to be provided by Lender to Borrower in writing. No recourse shall be had by Borrower for any claim based on this Agreement against any supervisor, director, officer, employee or agent of Lender alleging personal liability on the part of such person. Notwithstanding any dispute between Borrower and Lender or any other person, Borrower shall make all payments when due and shall not withhold any payments pending final resolution of such dispute, nor shall Borrower assert any right of setoff or counterclaim against its obligation to make such payments required under this Agreement.

(b) Overadvance. At any time that the sum of aggregate outstanding Advances exceeds the Availability Amount, Borrower shall immediately pay to Lender in cash the amount of such excess upon discovery of such excess by Borrower or following written notice of the same from Lender.

(c) Termination. Lender’s obligation to make Advances to Borrower under this Agreement terminates on the earlier of the Maturity Date or the date on which Borrower’s Investment Period is terminated or suspended. In addition, while an Event of Default occurs and continues Lender may stop advancing money for Borrower's benefit under this Agreement as set forth in Section 8.1(b).

(d) Repayment of Principal and Interest. Principal on the Advances shall be repaid (i) by the next Business Day as and when capital is returned to the Limited Partners with respect to returns on Investments based on the following ratio: \$1.00 of outstanding principal on Advances to be repaid for every \$2.00 of capital returned by Borrower to its Limited Partners with respect to Investments; and (ii) on the Maturity Date. Unless otherwise subsequently agreed to by Lender, interest is payable on the same Business Day as and when principal on the Advances are repaid by Borrower. All repayments shall first be applied to accrued and unpaid interest until paid in full and then to outstanding principal. Borrower shall notify Lender at least five (5) Business Days prior to the proposed repayment date whereupon Lender shall provide Borrower with a calculation of all interest then due.

(e) Interest Rate. Subject to Section 2.4(f), the principal amount outstanding under each Advance of the Committed Line shall accrue interest at a per annum rate equal to the

then Applicable Rate on the Funding Date of each such Advance and fixed on such date, which interest shall be payable in accordance with Section 2.4(d).

(f) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.0%) above the rate that is otherwise applicable thereto (the “Default Rate”) unless Lender otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.4(f) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Lender.

(g) Time of Payment. All payments (including prepayments) to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due pursuant to clause (d) above. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(h) Computation; 360-Day Year. In computing interest, the Funding Date of any Advance shall be included and the date of payment shall be excluded; *provided, however*, that if any Advance is repaid on the same day on which it is funded, such day shall be included in computing interest on such Advance. Interest shall be computed with simple interest on the basis of a 360-day year for the actual number of days elapsed.

(i) Voluntary Prepayment. Borrower shall have the option to prepay the Advances advanced by Lender, in whole or in part, in minimum increments of One Hundred Thousand Dollars (\$100,000), provided Borrower (A) delivers written notice to Lender of its election to prepay all or a portion of such Advances at least ten (10) Business Days prior to such prepayment (whereupon Lender shall provide Borrower with a calculation of all current interest accrued), and (B) pays, on the date of such prepayment all outstanding principal in whole or in part in connection with the portion of the Advances being prepaid, plus accrued and unpaid interest thereon. Voluntary prepayment amounts shall first be applied to accrued and unpaid interest until paid in full and then to outstanding principal.

(j) Mandatory Prepayment. Borrower shall prepay all outstanding Obligations in full after the occurrence of an Event of Default if Lender makes such a demand pursuant to Section 8.1 by paying a prepayment price equal to the principal amount thereof, plus accrued interest, and all other amounts due hereunder (but if an Event of Default described in Section 7.5 occurs all Obligations are immediately due and payable without any action by Lender). Mandatory prepayment amounts shall first be applied to accrued and unpaid interest until paid in full and then to outstanding principal.

2.5 Fees. Borrower shall pay to Lender:

(a) Commitment Fee. A fully earned, non-refundable commitment fee, payable on the date of, and in connection with, each Advance equal to one percent (1%) of the principal amount of each Advance, or the portion of each Advance that previously has not been advanced by Lender to Borrower hereunder, as applicable. By way of example, if Borrower requests a \$5,000,000 Advance and Lender previously advanced \$3,000,000 to Borrower that has since been repaid, the Commitment Fee of one percent (1%) shall only be paid on the incremental \$2,000,000 portion of the Advance.

(b) Drawdown Fee. A fully earned, non-refundable drawdown fee, payable on the date of, and in connection with, each Advance equal to two percent (2%) of the principal amount of each Advance. The Drawdown Fee shall be paid each time an Advance is requested by Borrower.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent to Effectiveness of this Agreement. Lender's execution of this Agreement and obligation to make the initial Advance is subject to the condition precedent that Lender shall have received, in form and substance satisfactory to Lender, such documents, and completion of such other matters, as Lender may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed original signatures to this Agreement;

(b) Operating Documents of Borrower and General Partner and good standing certificates of Borrower and General Partner certified by the Secretary of State of the State of Delaware and the Secretary of State (or equivalent agency) of each other jurisdiction in which Borrower and/or General Partner is qualified to conduct business, in each case as of a date no earlier than thirty (30) days prior to the Effective Date;

(c) duly executed original signatures to a certificate of General Partner with respect to certificate of limited partnership, Partnership Agreement, incumbency and resolutions authorizing the execution and delivery of this Agreement, the Loan Documents, and all transactions related thereto;

(d) true and correct copies of each Subscription Agreement setting forth the correct legal name and Capital Commitment of each Partner, which Subscription Agreements shall evidence Capital Commitments to Borrower in an amount of at least \$1,000,000;

(e) certified copies, dated as of a recent date, of financing statement searches, as Lender shall request, of Borrower and General Partner, accompanied by written evidence (including any UCC termination statements) that the assets of such entities are free and clear of any Liens;

(f) evidence that the initial closing of Borrower has occurred and that the General Partner has a binding commitment to fund capital to Borrower in cash of at least 1.00% of the combined Capital Commitments of the Limited Partners;

(g) A legal opinion from counsel to Borrower in form and substance satisfactory to Lender (covering (i) due organization, valid existence and good standing, (ii) power and authority, (iii) due authorization, execution and delivery, and (iv) enforceability), together with copies of all legal opinions (if any) delivered to one or more investors in Borrower;

(h) evidence that a representative of Lender has been granted irrevocable observer rights to all meetings of the Borrower's "limited partner advisory committee;"

(i) evidence that the Partnership Agreement of Borrower has been amended to add the revisions described on Schedule 3.1(i) hereto; and

(j) evidence that Borrower maintains the insurance required pursuant to Section 5.9.

3.2 Conditions Precedent to Each Advance. Lender's obligation to make each Advance, including the initial Advance, is subject to the following conditions precedent:

(a) timely receipt by Chief Executive Office Economic Development and Affordable Housing Division of an Advance Request Form, duly executed by at least two of the Key Persons pursuant to which such executing Key Persons certify that the corresponding Portfolio Investment to be made by Borrower has been approved by at least two (2) of the Key Persons and Lender has received evidence that the Borrower is in compliance with the requirement set forth in Sections 2.1 and 2.3 above;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Advance Request Form and on the Funding Date of each Advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Advance. The submission of each Advance Request Form is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(c) in Lender's sole but reasonable discretion, there has not been any Material Adverse Change; and

(d) the commitment of Lender to make Advances hereunder shall not have terminated pursuant to Section 8.1 hereof.

3.3 Covenant to Deliver. Borrower and/or General Partner shall each deliver to Lender each item required to be delivered to Lender under this Agreement as a condition precedent to any Advance. An Advance made prior to the receipt by Lender of any such item shall not constitute a waiver by Lender of Borrower's and/or General Partner's obligation to deliver such

item, and the making of any Advance in the absence of a required item shall be in Lender's sole discretion.

4. REPRESENTATIONS AND WARRANTIES

Borrower and General Partner each represents and warrants as follows:

4.1 Due Organization, Authorization; Power and Authority. Borrower and General Partner each is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified, except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. The execution, delivery and performance by each of Borrower and General Partner of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's or General Partner's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Laws, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or General Partner or any of its property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority, or (v) constitute an event of default under any material agreement by which Borrower or General Partner is bound. Borrower has obtained all necessary consents from its Partners to enter into this Agreement, and there are no restrictions in the Partnership Agreement on Borrower or General Partner entering into and performing their respective obligations under this Agreement. Neither Borrower nor General Partner is in default under any agreement to which it is a party or by which it may be bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business. Upon execution of this Agreement by Borrower, it shall constitute the valid and binding obligation of Borrower, enforceable in accordance with their terms (except (i) as may be limited by bankruptcy, insolvency and similar Laws affecting the enforcement of creditors' rights in general; (ii) as limited by Laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) subject to general principles of equity).

4.2 Partner Information. The signature page to the Subscription Agreement of each Partner delivered to Lender truly, accurately and completely sets forth such Partner's Capital Commitment and correct legal name.

4.3 Assets. Borrower and General Partner each has good title to their respective assets, free and clear of any and all Liens.

4.4 Litigation. There are no actions or proceedings pending or, to the knowledge of the Key Persons, threatened in writing by or against or affecting Borrower or General Partner or their assets or operations, which if determined adversely to them or their interests, could have a material adverse effect upon their financial condition, assets or operations. As of the date hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the Key Persons, threatened against Borrower or General Partner, or affecting or seeking to prohibit,

restrain or enjoin the execution or delivery of the Loan Documents or in any way contesting or affecting the validity or enforceability of the Loan Documents.

4.5 Financial Statements; Financial Condition. All financial statements for Borrower delivered to Lender fairly present in all material respects Borrower's financial condition and Borrower's results of operations. There has not been any material deterioration in Borrower's financial condition since the date of the most recent financial statements submitted to Lender.

4.6 Solvency. The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its respective liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its respective debts (including trade debts) as they mature.

4.7 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). None of Borrower, General Partner, any other Partner or any of their respective Affiliates (a) is in violation of any of the country- or list-based economic or trade sanctions administered by OFAC, (b) is a Sanctioned Person, (c) has assets located in a Sanctioned State or (d) derives revenue from investments in, or transactions with, Sanctioned Persons or Sanctioned States. Borrower has not violated any Laws, the violation of which would reasonably be expected to have a material adverse effect on its business. Each of Borrower and General Partner has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Government Authorities that are necessary to continue its business as currently conducted. No Partner of Borrower is a Plan. The entering into this Agreement, the transactions contemplated hereby, the performance by each of Borrower and General Partner of its respective obligations hereunder or under any other Loan Document, do not and will not violate any provisions of ERISA.

4.8 Investments. Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments. Borrower holds all of its Investments (including all of its Investments in Portfolio Investments) directly or through a Special Purpose Entity. No Investment proposed to be made in whole or in part with the proceeds of any Advance is subject to excuse, exclusion or cancellation by or on behalf of any Partner.

4.9 Tax Returns and Payments. Each of Borrower and General Partner has timely filed all required tax returns and reports, and each of Borrower and General Partner has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by such Person. Each of Borrower and General Partner may defer payment of any contested taxes, provided that each of Borrower and General Partner (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Lender in writing of the commencement of, and any material development in, the proceedings, (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of such Person's assets. Each of Borrower and General Partner is unaware of any claims or adjustments proposed for any of such Person's prior tax years which could result in additional taxes becoming due and payable by such Person.

4.10 Partnership Agreement; Callable Capital. Except for amendments permitted under this Agreement, the Partnership Agreement is in full force and effect in the form presented to Lender as of the Effective Date, each Subscription Agreement is in the exact form as the form of Subscription Agreement delivered by Borrower to Lender on or prior to the Effective Date and the Partnership Agreement and applicable Subscription Agreement constitute binding obligations of each Partner, enforceable according to its respective terms. There are no provisions in the Partnership Agreement or any Subscription Agreement, side letter or other agreement with any Partner restricting either Borrower or General Partner from entering into and performing its respective obligations under this Agreement. No Partner has failed to make any Capital Contributions in accordance with any Capital Calls. There are no rights of first refusal or other restrictions with respect to the Capital Calls. All Callable Capital is due and owing to Borrower directly. There are no conditions to each Partner's obligation to make Capital Contributions to Borrower, except as provided in the Partnership Agreement, and no side letters or other agreements affecting, limiting or reducing any Capital Commitments or the obligation of any Partner to make, or the right of Borrower to receive, any Capital Contributions are in effect. No Person other than Borrower or General Partner on behalf of Borrower is entitled to receive Capital Contributions or has rights to Callable Capital. Each Partner is obligated to comply with its respective Capital Commitments and fund Capital Calls in an amount up to the remaining Callable Capital of such Partner without setoff, counterclaim or defense.

4.11 Investment Period. No expiration, termination or suspension of the Investment Period has occurred, and no fact, event or circumstance exists or has occurred or is likely to occur, that would or reasonably could result in the expiration, termination or suspension of the Investment Period, including, without limitation, the departure of any Key Person, in accordance with the Partnership Agreement. No Partner has the right under the Partnership Agreement to refuse to fund its portion of a Capital Call based upon the occurrence of the expiration, termination or suspension of the Investment Period. Each Investment made by Borrower using the proceeds of any Advance will be of the kind and nature such that the Partners are unconditionally obligated by the Partnership Agreement to fund a Capital Call regardless of whether such Capital Call is made before or after expiration or termination of the Investment Period or during a suspension of the Investment Period.

4.12 Full Disclosure. No written representation, warranty or other statement of Borrower or General Partner in any certificate or written statement given to Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Lender that the projections and forecasts provided by Borrower or General Partner in good faith and based upon reasonable assumptions are not viewed as facts or guarantees of results and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

4.13 Advance Request Form. Each Advance Request Form and each receipt of the funds requested thereby shall constitute an affirmation that the foregoing representations and warranties of Borrower set forth herein are true and correct as of the date of the Advance Request Form and, unless Lender is notified to the contrary prior to the Funding Date of the Advance, will be so on the Funding Date.

5. AFFIRMATIVE COVENANTS

Borrower and General Partner shall each do all of the following:

5.1 Use of Proceeds. Cause the proceeds of the Advances to be used as described in Section 2.1.

5.2 Government Compliance. (a) Maintain its legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations and (b) comply with all Laws to which it is subject, noncompliance with which would reasonably be expected to have a material adverse effect on Borrower's business.

5.3 Financial Statements, Reports, Certificates. Deliver to Lender:

(a) Quarterly Financial Statements. As soon as available, but no later than sixty (60) days after the last day of each fiscal quarter of Borrower (except for the fourth (4th) quarter), an internally prepared balance sheet and income statement covering Borrower's operations for such quarter, certified by at least two (2) of the Key Persons and in a form acceptable to Lender, together with valuation schedules for Portfolio Investments, an updated list of Limited Partners including the names thereof and their Capital Commitments, and any reports delivered during such fiscal quarter to Partners according to the terms of the Partnership Agreement (collectively, the "**Quarterly Financial Statements**");

(b) Annual Audited Financial Statements. As soon as available, but no later than one hundred twenty (120) days after the last day of each fiscal year of Borrower, audited financial statements of Borrower, prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Lender in its reasonable discretion and together with valuation schedules for Portfolio Investments, an updated list of Limited Partners including the names thereof and their Capital Commitments, and any reports delivered to Partners according to the terms of the Partnership Agreement with respect to such fiscal year not otherwise delivered to Lender pursuant to Section 5.3(a) (collectively, the "**Annual Financial Statements**");

(c) Capital Commitment Reports. Together with the Quarterly Financial Statements and the Annual Financial Statements, a Capital Commitment Report for such period;

(d) Compliance Certificates. Together with the Quarterly Financial Statements and the Annual Financial Statements, a duly completed Compliance Certificate signed by at least two (2) of the Key Persons;

(e) Legal Action Notice. A prompt report of any legal actions or proceedings pending or threatened in writing against Borrower or General Partner that could have a material adverse effect upon Borrower's business, operations, assets, or condition, financial or otherwise;

(f) Investment Period Notice. A prompt notice of the expiration, termination or suspension of the Investment Period;

(g) Partner Transfer Notice. A prompt notice of (a) any transfer of any Partner's interest in Borrower that exceeds five percent (5%) of the Capital Commitments, and (b) the identity of any Person that acquires an interest in Borrower after the Effective Date which interest exceeds five percent (5%) of the Capital Commitments;

(h) Capital Call Notice. Prompt notice of each Capital Call via e-mail at the address specified in Section 9;

(i) Partner Default Notice. A prompt notice of (i) any failure to receive any Capital Contributions within ten (10) Business Days of the date when such Capital Contributions are due in accordance with a Capital Call (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise), and (ii) the identity of any Partner that fails to make its Capital Contribution when due in connection with a Capital Call (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise);

(j) Economic Development Subsidy Information. Such information as Lender may request in order to enable Lender or its consultants to prepare economic development subsidy reports required under California Government Code Section 53083; and

(k) Other Information. Other information requested by Lender as part of ongoing tracking, reporting and monitoring of Borrower and General Partner by Lender, including without limitation information described in the Tracking-Reporting-Monitoring (TRM) Plan contained in that certain Memorandum from Angel City Advisors to Lender dated as of March 23, 2020 a copy of which has been provided to Borrower.

5.4 Borrower's Books; Inspection and Examination; Audit; Deliverables Upon Expiration or Termination. Borrower will keep Borrower's Books, including use of proceeds of the Advances, and such other matters as Lender may from time to time request in accordance with GAAP consistently applied. In connection with the monitoring of Borrower's performance under this Agreement, Borrower shall permit, following reasonable advance notice from Lender, any officer, employee, attorney, advisor or accountant for Lender to audit and review Borrower's Books at all times during ordinary business hours, and to discuss the affairs of Borrower with any of its directors, officers, employees, advisors or agents. Unless Lender's written permission is given to dispose of Borrower's Books, each document comprising Borrower's Books shall be kept and maintained by Borrower and shall be made available to Lender for a period of seven (7) years from the date such document was created or modified. Borrower shall maintain all books and records in accordance with standard industry practice and at a location in the County of Los Angeles; provided, however, Borrower shall have the right to deposit books and records with a third party storage company reasonably acceptable to Lender. Borrower's obligations under this Section shall survive the expiration or earlier termination of the Agreement.

5.5 Taxes. Cause all required tax returns and reports of Borrower to be timely filed and timely pay all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower, except for deferred payment of any taxes contested pursuant to the terms of Section 4.9 hereof, and shall deliver to Lender, on demand, appropriate certificates attesting to such payments.

5.6 Partnership Agreement. Cause the Partners to comply in all material respects with the Partnership Agreement and perform their respective duties and obligations under the Partnership Agreement, including, without limitation, all duties and obligations necessary for Borrower to comply with each provision of this Agreement.

5.7 Presence in Los Angeles County. Borrower shall, at all times, maintain an office (or other physical presence acceptable to Lender) in Los Angeles County.

5.8 Litigation Cooperation. Make available to Lender from time to time, without expense to Lender, General Partner's officers, employees and agents, to the extent that Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Lender with respect to this Agreement or relating to Borrower or General Partner.

5.9 Insurance. Keep its business and activities insured for risks and in amounts standard for venture capital funds that are similar in size and investment focus as Borrower. Insurance policies shall be in a form, with financially sound and reputable insurance companies, and in amounts that are satisfactory to Lender in its good faith discretion.

5.10 Further Assurances. Execute any further instruments and take further action as Lender reasonably requests to effect the purposes of this Agreement.

6. NEGATIVE COVENANTS

Borrower shall not do any of the following and General Partner shall not permit Borrower to do any of the following or do any of the following expressly applicable to it:

6.1 Dispositions. Convey, sell, lease, transfer, assign or otherwise dispose of all or any part of Borrower's business or property, or permit any Special Purpose Entity to do any of the foregoing, other than (i) Permitted Investments and (ii) distributions permitted under Section 6.7.

6.2 Changes in Business, Control. (a) Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto; (b) liquidate or dissolve; (c) permit, allow or suffer to occur a Change of Control; or (d) without at least thirty (30) days prior written notice to Lender, (1) add any new Borrower or General Partner offices or business locations, (2) change the jurisdiction of organization of either Borrower or General Partner, (3) change the organizational structure or type of either Borrower or General Partner, (4) change the legal name of either Borrower or General Partner, or (5) change any organizational number (if any) assigned by the jurisdiction of organization of either Borrower or General Partner.

6.3 Mergers. Merge or consolidate with any other Person or permit any Special Purpose Entity to do so.

6.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, other than Permitted Indebtedness, or permit any Special Purpose Entity to do so.

6.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property or assign or convey any right to receive income, except for Permitted Liens, or permit any Special Purpose Entity to do so.

6.6 Investments. Directly or indirectly make any Investment, other than Permitted Investments or permit any Special Purpose Entity to do so.

6.7 Distributions. Make any distribution or payment, except for distributions to the Partners in the ordinary course of business as permitted by the Partnership Agreement, provided no such distribution or payment may be made if an Event of Default is outstanding or would exist after giving effect thereto, or permit any Special Purpose Entity to do so (other than distributions or payments to Borrower).

6.8 Partnership Agreement. (a) Permit the amendment of any of the provisions of the Partnership Agreement or any Subscription Agreement, side letter or other agreement with any Partner if the result of such amendment adversely affects the rights of Lender under this Agreement, or (b) allow any Person other than Borrower to acquire (i) the right to receive any Capital Contribution Proceeds, or (ii) rights to the Callable Capital.

6.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

6.10 Compliance. (a) Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, (b) undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Advance for that purpose, (c) permit a Reportable Event or Prohibited Transaction (each as defined in ERISA), to occur, (d) become a Sanctioned Person or use proceeds from any Advance to fund any operation, investment or activity in a Sanctioned State or make any payments to a Sanctioned Person or (e) violate any other Law, if such violation would reasonably be expected to have a material adverse effect on Borrower's business.

7. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement. Any Event of Default for which no cure period is specified in this Section 7 shall have no cure period:

7.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Advance on the date when due pursuant to Sections 2.4(b), 2.4(d), or 2.4(j) and such default is not cured within three (3) Business Days, or (b) pay any other Obligations within five (5) Business Days after such Obligations are due and payable (which cure periods shall not apply to payments due on the Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (a) or (b) hereunder is not an Event of Default (but no Advances will be made during the cure period);

7.2 Covenant Default.

(a) Borrower or General Partner fails or neglects to perform any obligation in Sections 5.6 or 5.7, or violates any covenant in Section 6; or

(b) Borrower or General Partner fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, including Sections 5.1 through 5.5 and Sections 5.8 through 5.10 hereof, and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof. Cure periods provided under this Section 7.2(b) shall not apply, among other things, to any provisions set forth in clause (a) above or any Event of Default for which no cure period is specified in this Section 7;

7.3 Material Adverse Change. A Material Adverse Change occurs;

7.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or General Partner or of any entity under the control of Borrower or General Partner, or (ii) a notice of lien or levy is filed against any of Borrower's or General Partner's assets by any government agency, and the same under subclauses (a) and (a) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Advances shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's or General Partner's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or General Partner from conducting any material part of its business;

7.5 Insolvency. (a) Borrower or General Partner is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent or Borrower or General Partner fails to be solvent as described under Section 4.6 hereof; (b) Borrower or General Partner begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or General Partner and not dismissed or stayed within thirty (30) days (but no Advances shall be made while any of the conditions described in clause 7.5 exist or until any Insolvency Proceeding is dismissed);

7.6 Other Agreements. There is, under any agreement to which Borrower or General Partner is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of One Hundred Thousand Dollars (\$100,000); or (b) any default by Borrower or General Partner, the result of which would reasonably be expected to have a material adverse effect on Borrower's or General Partner's business;

7.7 Judgments. One or more final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Thousand Dollars (\$100,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower or General Partner and the

same are not, within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Advances will be made prior to the discharge, stay, or bonding of such judgment, order, or decree);

7.8 Partnership Agreement. If (a) General Partner fails to remain general partner of Borrower, or (b) any event occurs which results in the termination of: (i) Borrower's status as a limited partnership, or (ii) the Partnership Agreement;

7.9 Capital Call Funding. If (a) greater than or equal to five percent (5%) of any Capital Call issued by General Partner on behalf of Borrower is not funded within ten (10) Business Days of the date when due under the terms of such Capital Call (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise), provided, however, that such failure shall not be deemed an Event of Default if another Limited Partner purchases such Defaulting Limited Partner's Capital Contribution prior to such deadline, or (b) General Partner, Management Company, or any Affiliate of Borrower or General Partner fails to fund any portion of a Capital Contribution due from such General Partner, Management Company, or Affiliate within ten (10) Business Days of the date such Capital Contribution is due (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise);

7.10 Cross-Default. A default or an Event of Default occurs under any loan arrangement between Lender and any Affiliate of Borrower, which has not been cured within a period of ten (10) Business Days;

7.11 Investment Period. Borrower's Investment Period is terminated or suspended for any reason; or

7.12 Assignment without Consent. Borrower assigns all or any part of its interest or rights under this Agreement or delegates its obligations hereunder without Lender's prior written consent; or

7.13 Misrepresentations. Borrower, General Partner or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Lender or to induce Lender to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made.

8. LENDER'S RIGHTS AND REMEDIES

8.1 Rights and Remedies. While an Event of Default occurs and continues (which, for the avoidance of doubt, is after giving effect to the applicable cure periods set forth in Section 7 above) Lender may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 7.5 occurs all Obligations are immediately due and payable without any action by Lender);

- (b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Lender;
- (c) demand and receive possession of Borrower's Books; and
- (d) exercise all rights and remedies available to Lender under the Loan Documents or at law or equity.

8.2 Application of Payments and Proceeds Upon an Event of Default. If an Event of Default has occurred and is continuing, Lender may apply any of Borrower's funds in its possession to the Obligations in such order as Lender shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Lender for any deficiency.

8.3 No Waiver; Remedies Cumulative. Lender's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Lender's rights and remedies under this Agreement and the other Loan Documents are cumulative. Lender has all rights and remedies provided by law or in equity. Lender's exercise of one right or remedy is not an election and shall not preclude Lender from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Lender's waiver of any Event of Default is not a continuing waiver. Lender's delay in exercising any remedy is not a waiver, election, or acquiescence. All remedies reserved to Lender shall survive the termination of this Agreement.

9. NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or email address indicated below. Lender or Borrower may change its mailing or electronic mail address by giving the other party written notice thereof in accordance with the terms of this Section 9. In addition to any other non-email method of delivery, each party hereto shall endeavor to also send a copy of all notices pursuant to this Section 9 by electronic mail to the address below.

If to Borrower: MarsBio Fund I LP
c/o MarsBio GP LLC
2684 Lacy Street #210
Los Angeles, CA 90031
Attn: Llewellyn Cox
Email: llewellyn@marsbio.vc

If to Lender: County of Los Angeles
Chief Executive Office, Economic Development and
Affordable Housing Division
500 West Temple Street, Room 754
Los Angeles, CA 90012
Attn: Allison Clark
Email: allison.clark@ceo.lacounty.gov

10. CHOICE OF LAW AND VENUE

California law governs the Loan Documents without regard to principles of conflicts of law. Borrower, General Partner and Lender each submit to the exclusive jurisdiction of the State of California and Federal courts in Los Angeles County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Lender from bringing suit or taking other legal action in any other jurisdiction or to enforce a judgment or other court order in favor of Lender. Each of Borrower and General Partner submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and each of Borrower and General Partner waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or *forum non conveniens*. Borrower waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in Section 9 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid. Each party hereto shall endeavor to send a copy of any summons, complaint, or other process issued hereunder via electronic mail to the address in Section 9, in addition to the personal service or service by registered or certified mail of such documents.

This Section 10 shall survive the termination of this Agreement.

11. GENERAL PROVISIONS

11.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party hereto. Borrower may not assign its rights under this Agreement or delegate its obligations hereunder without Lender's prior written consent. Lender may, without the consent of or notice to Borrower or General Partner, sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights, and benefits under this Agreement and the other Loan Documents.

11.2 Indemnification. Each of Borrower and General Partner shall indemnify, defend and hold Lender and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Lender (each, an "**Indemnified Person**") harmless against: (a) all

obligations, demands, claims, suits, causes of action and liabilities claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all costs, damages, losses or expenses (including Lender Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from the transactions contemplated by the Loan Documents (including reasonable attorneys' fees and expenses), except for obligations, demands, claims, suits, causes of action and liabilities and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

11.3 Fund as Obligor. For the avoidance of doubt, MarsBio Fund I LP is the Borrower and only obligor under this Agreement. To the extent Lender seeks to enforce this Agreement, it shall only have recourse as to the assets of the Borrower, and not the General Partner or the Limited Partners of Borrower, nor their respective members, managers, shareholders, partners, directors, officers or employees (except arising under or pursuant to the Delaware Revised Uniform Limited Partnership Act).

11.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

11.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

11.6 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

11.7 Counterparts; Electronic Transmission of Signatures. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. This Agreement, and any waiver of any provision herein or consents or notifications hereunder, to the extent signed and delivered by facsimile or email transmission with PDF attachment, shall be treated in all manner and respects as an original and shall be considered to have the same binding legal effect as if it were the original signed version thereof. At the request of any party, each of the parties hereto agrees to additionally execute, and deliver, original copies of this Agreement circulated subsequent to its initial execution and delivery by facsimile or email.

11.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations

(other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligations of Borrower and General Partner in Section 11.2 to indemnify Lender shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

11.9 Confidentiality. In handling any documents and information submitted by Borrower, or obtained in connection with Lender's right to audit and inspect Borrower's Books, Lender shall exercise the same degree of care that it exercises for its own information, but disclosure of information may be made: (a) to Lender's Affiliates; (b) to prospective transferees or purchasers of any interest in the Advances (provided, however, that any prospective transferee or purchaser shall have entered into an agreement containing provisions substantially the same as those in this Section); (c) as required by Law, including the California Public Records Act ("PRA"), regulation, subpoena, or other order; (d) to Lender's regulators or as otherwise required in connection with Lender's examination or audit; (e) as Lender considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Lender as necessary to perform services for Lender. Any documents submitted by Borrower and all information obtained in connection with Lender's right to audit and inspect Borrower's Books become the exclusive property of Lender. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (PRA) and which are marked "trade secret," "confidential," or "proprietary." Lender shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by Law, or by an order issued by a court of competent jurisdiction. Lender agrees to first provide Borrower and General Partner with reasonable advance notice before the disclosure of any public record that Borrower has marked "trade secret," "confidential," or "proprietary," so that Borrower and/or General Partner may challenge the Law or order or otherwise seek a protective order. In the event Lender is required to defend an action on a PRA request for any of the aforementioned documents, information, books, or records marked "trade secret," "confidential," or "proprietary," Borrower agrees to defend and indemnify Lender from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the PRA.

11.10 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

11.11 Construction of Agreement. The parties hereto mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

11.12 Further Assurance and Corrective Instruments. Borrower agrees that it will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, and assurances, as Lender reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this Agreement and any rights of Lender hereunder or thereunder.

11.13 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency,

partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

11.14 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

11.15 Nondiscrimination. Each of Borrower and General Partner shall not discriminate, in any way, against any person on the basis of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation in compliance with all applicable Federal and State anti-discrimination Laws, in connection with or related to the performance of this Agreement.

11.16 Advances Contingent on Appropriation of Funds. The performance of any obligation of Lender under this Agreement shall be contingent upon appropriation of funds by the Board of Supervisors of Los Angeles County for each fiscal year. Lender shall take reasonable steps to secure the appropriation of adequate funds to continue to meet its funding obligations pursuant to this Agreement. Nevertheless, in the event that funds are not appropriated for this Agreement, Lender's obligation to make additional Advances under this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. Lender shall notify Borrower in writing of any such non-allocation of funds at the earliest possible date. Absence of appropriation of funds shall not relieve Borrower from any obligations under this Agreement. No liability shall accrue to the County in case funds are not appropriated.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

LENDER:

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Sachi A. Hamai
Chief Executive Officer

APPROVED AS TO FORM:
[On behalf of Lender]

MARY C. WICKHAM
County Counsel

By: _____
Deputy County Counsel

APPROVED AS TO FORM:
ORRICK HERRINGTON SUTCLIFFE LLP

By: _____

BORROWER:

MARSBIO FUND I LP
By: MarsBio GP LLC, its General Partner

By: _____
Name _____
Title: _____

GENERAL PARTNER:

MARSBIO GP LLC, a Delaware limited liability company

By: _____
Name _____
Title: _____

APPROVED AS TO FORM:
[On behalf of Borrower]

SEDDIGH ARBETTER LLP

By: _____

Schedule 3.1(i)

Amend Section 8.5 of the Partnership Agreement to expressly permit the Partnership to enter into this Agreement and borrow the Advances.

EXHIBIT A

ADVANCE REQUEST FORM

DEADLINE IS NOON PACIFIC TIME 10 BUSINESS DAYS BEFORE ADVANCE FUNDING DATE

County of Los Angeles
Chief Executive Office, Economic Development and Affordable Housing Division
500 West Temple Street, Room 754
Los Angeles, CA 90012
Email To: allison.clark@ceo.lacounty.gov

Date: _____

The undersigned refers to the Loan Agreement, dated as of _____, 2020 (together with any amendments or supplements thereto, the "Agreement"), by and between the County of Los Angeles ("Lender") and MarsBio Fund I LP, a Delaware limited partnership ("Borrower"). Borrower requests that Lender make an Advance under the Agreement. Capitalized terms used and not defined herein have the meaning given to them in the Agreement.

LOAN ADVANCE:

To Bank with ABA# _____
To Account # _____
Address: _____

Amount of Requested Advance (can't exceed Line 2 below) \$ _____

Date of corresponding Capital Call: _____

As of the date of this Advance Request Form:

1. Amount of Capital Call \$ _____.
2. 1/2 of Line 1 \$ _____.
3. Committed Line: \$ _____.
4. Outstanding Advances previously made pursuant to the Agreement (including Advances): \$ _____.
5. Availability Amount (No. 3 minus No. 4): \$ _____.

Use of proceeds: _____

Borrower certifies that the corresponding Portfolio Investment to be made by Borrower has been approved by at least two of the Key Persons and Lender has received evidence that Borrower is in compliance with the requirement set forth in Sections 2.1 and 2.3 of the Agreement as to use of Advance proceeds.

All Borrower's representations and warranties in the Loan Agreement are true, accurate and complete in all material respects on the date of the request for the Advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Advance:

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

APPROVED BY LENDER:

Authorized Signature: _____ Date: _____

Print Name/Title: _____

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: THE COUNTY OF LOS ANGELES Date: _____
FROM: MARSBIO FUND I LP

The undersigned authorized officers of MARSBIO GP LLC, the General Partner of MARSBIO FUND I LP (“**Borrower**”) certify that under the terms and conditions of the Loan Agreement, dated as of _____, 2020, by and between Borrower and Lender (the “**Agreement**”):

(1) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below; (2) there are no Events of Default; and (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under “Complies” column.

<u>Reporting Covenant</u>	<u>Required</u>	<u>Complies</u>
Quarterly Financial Statements with Compliance Certificate, valuation schedules, Limited Partner lists and Partner Reports	Within 60 days of the end of each fiscal quarter (except for the 4 th quarter)	Yes No
Annual Financial Statements (CPA Audited) with Compliance Certificate, valuation schedules, Limited Partner lists and Partner Reports	Within 120 days of the end of each fiscal year	Yes No

Please complete the section below.

As of the date of this Compliance Certificate:

1. Amount of Capital Called to date \$_____.
2. Callable Capital \$_____.
3. Callable Capital attributable to Defaulting Partners: \$_____.
4. Callable Capital attributable to non-defaulting Partners (No. 2 minus No. 3): \$_____.
5. Indebtedness other than Advances: \$_____.

6. Committed Line: \$_____
7. Outstanding Advances: \$_____
8. Availability Amount (No. 6 minus No. 7): \$_____. If a negative number, Borrower shall immediately pay Lender the amount of that overadvance.

Transfers of Partner's Capital Commitments in excess of 5% of Capital Commitments? Yes/No

If Yes, which Partner, Amount of Capital Commitment, Name of New Partner: _____ :

Portfolio Guarantees: Portfolio Investment Lender Maximum Amount of Guaranty

_____	_____	_____
_____	_____	_____
_____	_____	_____

Were Capital Contributions with respect to any Capital Call not fully funded within 10 Business Days of the date when due (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise)?

Yes/No

If Yes, please provide date/amount of Capital Call and the names of each Partner that did not fund such Capital Call as required above:

Were all Capital Contributions from General Partner and any Affiliate of Borrower or General Partner funded when due (regardless of any grace period or notice requirement set forth in the Partnership Agreement or otherwise)?

Yes/No

If No, please provide name of General Partner/Affiliate that failed to fund Capital Contributions as required above and due date and amount of Capital Contribution not funded as required above:

The following Special Purpose Entities were created:

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

MARSBIO FUND I LP
By: MarsBio GP LLC, its General
Partner

By: _____
Name:
Title:

LENDER USE ONLY

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____

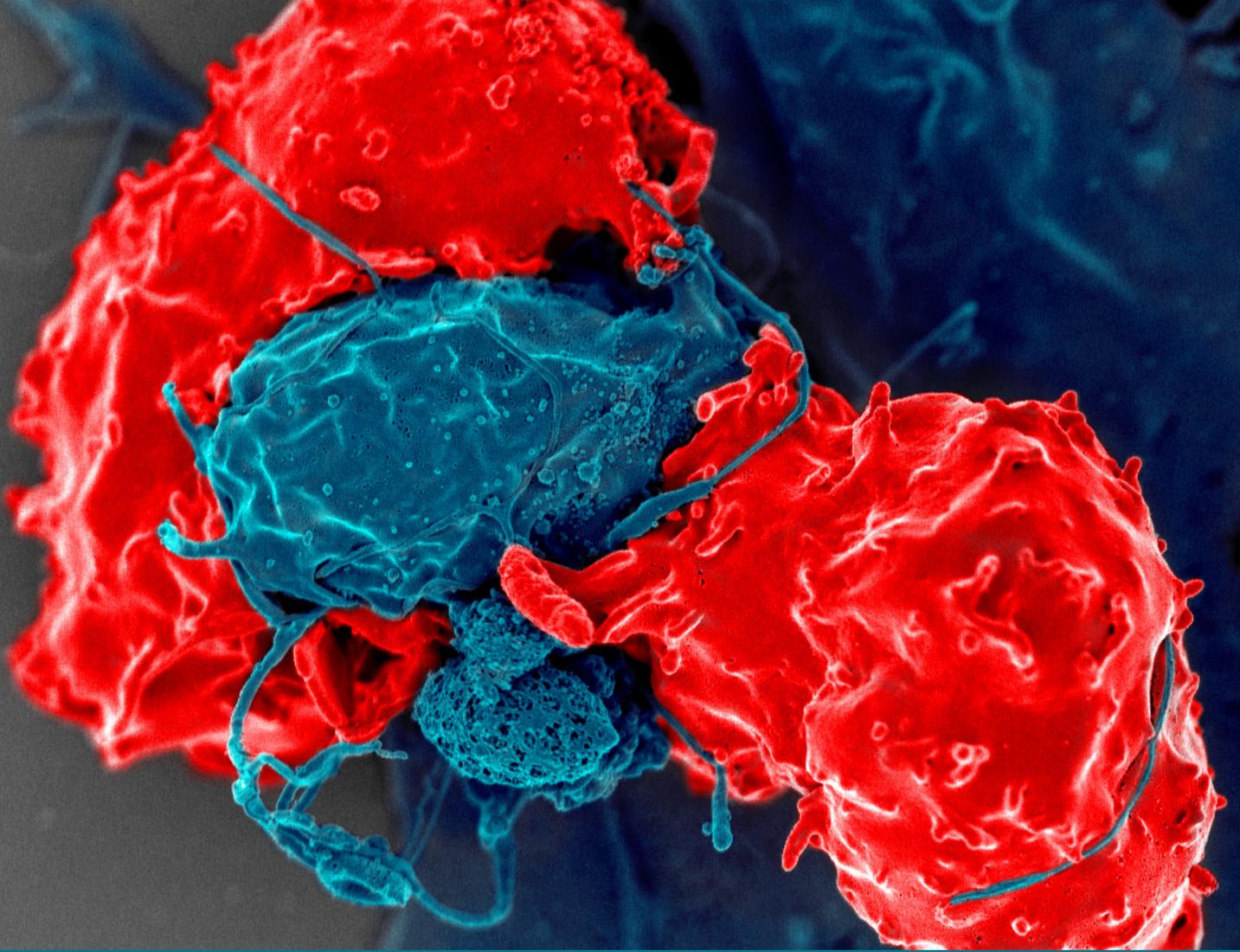
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

ATTACHMENT II

Economic Development Subsidy Report



County of Los Angeles
Chief Executive Office

Bioscience Investment Fund Economic Development Subsidy Report

Pursuant to California Government Code Section 53083

INTRODUCTION

This Economic Development Subsidy Report has been prepared pursuant to California Government Code Section 53083, which requires local agencies to provide specific information to the public before approving an economic development subsidy within its jurisdiction. The report sets forth certain details of the proposed Loan Agreement (the "Agreement") by and between the County of Los Angeles (the "County") and MarsBio Fund I LP, a Delaware limited partnership.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard to the Agreement. This report shall remain available to the public in written form on file with the County's Executive Officer-Clerk of the Board of Supervisors and posted on the County's website for the entire term of the economic development subsidy.

In accordance with Government Code Section 53083, the report includes:

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.
2. The start and end dates and schedule, if applicable, for the economic development subsidy.
3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the County of Los Angeles as a result of the economic development subsidy.
4. A statement of the public purposes for the economic development subsidy.
5. Projected tax revenue to the County as a result of the economic development subsidy.
6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

SUBSIDY REPORT COMPONENTS

1. Name and address of beneficiary of the economic development subsidy.

MarsBio Fund I LP
2684 Lacy Street, #210
Los Angeles CA 90031

The Agreement is with MarsBio Fund I LP, a Delaware limited partnership (the “Bioscience Fund”), which is a Los Angeles-focused venture capital fund that will benefit from the economic development subsidy. The Bioscience Fund is managed by MarsBio GP LLC, a Delaware limited liability company (“MarsBio”). MarsBio was selected pursuant to a County solicitation to capitalize, launch, and manage a Los Angeles-focused bioscience investment fund for which the County would provide a lead investment.

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

The Agreement will commence upon execution by all parties after the County Board of Supervisors’ approval of its terms, anticipated to be in June 2020. The term of the Agreement ends on March 6, 2029, with an optional extension of up to two years. The loan made pursuant to the Agreement would be repaid no later than March 2031. The Agreement includes conditions for disbursement of the loan: MarsBio must raise investor funds in a two-to-one match to County loan funds in order to trigger the funds availability for disbursement. The total County commitment under the Agreement is anticipated to be up to \$15 million. However, that total commitment will not exceed \$7.6 million by Fiscal Year 2019-20, \$11 million by Fiscal Year 2020-21, and \$15 million by Fiscal Year 2021-22.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the County of Los Angeles as a result of the economic development subsidy.

The Agreement contemplates disbursements not to exceed \$15 million total, contingent on MarsBio raising \$2 for every dollar borrowed from the County. Outstanding debt will accrue interest at a rate of 1% above the 10-year U.S. Treasury Note at the time of each drawdown of funds, as such rate may change from time to time. Both principal and interest are to be repaid at the end of the loan term, unless the Bioscience Fund makes early distributions to its limited partners, in which case the County of Los Angeles will be repaid *pari passu* according to its investment.

In addition, the County will be paid transaction fees. A non-refundable commitment fee will be charged in connection with each drawdown of funds by the Bioscience Fund equal to 1% of the principal amount of each advance, or the portion of each advance that the County has not previously advanced to the Bioscience Fund (up to the \$15 million commitment). This would result in up to \$150,000 in fee revenue to the County. Also, a non-refundable drawdown fee will be charged in connection with each drawdown of funds by the Bioscience Fund equal to 2% of the principal amount of each advance (up to the \$15 million commitment). The drawdown fee is paid each time an advance of funds is requested. This would result in up to an additional \$300,000 in fee revenue to the County, or more than \$300,000 in fee revenue if principal has been repaid and reborrowed pursuant to the Agreement.

The County's \$15 million commitment will be reassessed as of one year from the effective date of the Agreement. If the requisite 2:1 match (i.e. \$30 million) of private capital has not been secured, then the County loan commitment will be reduced permanently to maintain the 2:1 leverage requirement at that date.

The loan is an unsecured loan and there is no recourse beyond the investment fund corpus if the Bioscience Fund fails to perform and return investor capital.

4. A statement of the public purposes for the economic development subsidy.

In 2015, the County established economic development as a priority to stimulate regional job growth and lift residents out of poverty. Seven local industries were targeted based on their demonstrated ability to create jobs and wealth.

Bioscience (also sometimes referred to as the life sciences) was the first of the targeted industry sectors selected by the County for focused support. As part of its economic development program, the County has committed itself to the life sciences sector and identified up to \$15 million of funding to go towards launching the Bioscience Fund which will be focused on investing in emerging companies in the County focused on biotech and/or life sciences, especially companies that are emerging from County universities, research institutions, incubators and accelerators. The interest-earning loan is being provided to the Bioscience Fund to invest in early-stage bioscience companies located in the County, and to attract additional early stage private capital into the Los Angeles region's life science ecosystem. While the County expects repayment of its capital plus a modest return, it also has policy interests in funding programs necessary to meet the social needs of the County's population, including supporting local economic development and stimulating regional job growth and public health innovations.

As part of its bioscience initiative, the County is committed to strategically expanding the availability of early stage capital for researchers and young companies in the process of product development and commercialization. Southern California has substantial investment capital at its disposal, but a relatively modest proportion of the Los Angeles region's high-risk capital is placed in the life sciences sector. This condition can create a dynamic where small companies are forced to follow capital to other ecosystems and depart the region. Given its world class research and talent pool, the County believes Los Angeles can assert a regional competitive advantage by signaling its interest in (and support of) early stage life science companies. By becoming an intentional investor in bioscience, the County can make a national policy statement that it is an engaged and active protagonist in bioscience innovation. The County also wants to signal to the financial marketplace that investors can find investable

early-stage and growth companies in the Los Angeles region, on par with life science pipelines from Northern California, Boston, or other recognized innovation hubs.

The capitalization of a Los Angeles-based investment fund used to attract additional private investors and provide risk capital to a variety of early stage bioscience companies helps increase job creation, capital investment and increased tax revenues in the County, thus achieving a public purpose.

5. The projected tax revenue to the County as a result of the economic development subsidy.

The loan is expected to be repaid in full and to generate interest and fee revenues for the County. If the loan amount is disbursed up to the maximum allowed under the Agreement, the interest rate is three percent, and the Bioscience Fund performs as expected, the County can expect to generate \$450,000 in fees and approximately \$2 million in interest payments.

MarsBio intends to deploy investments of \$500,000 on average to companies. If the County invests \$15 million into the Bioscience Fund, which is then leveraged at a minimum 2:1 ratio for a projected fund size of \$45 million, we can assume that \$500,000 investments will be made into approximately 90 companies in the Los Angeles County region.

Capital investments are not taxable income, and venture capital investments are typically invested in early-stage companies that are pre-revenue and pre-profit. Therefore we cannot accurately project future tax revenue based on this capital investment. However, it is reasonable to assume some positive revenue and taxable income from this economic development subsidy. MarsBio is targeting a 2x to 3x return on its investment (i.e. a \$45 million fund will return \$90 million to \$135 million), which would result in significant taxable income generated within the County and beyond it.

In addition, \$45 million of capital investment into 90 early stage companies would likely result in increased hiring to advance research and development of bioscience products. Such an investment would also result in local spending on laboratory, technical, administrative, and other services taking place outside of the investee companies. These types of jobs, quantified below, would result in taxable earned income from a growing bioscience workforce.

6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The proposed loan to the Bioscience Fund will create four new full-time jobs at MarsBio with the potential to create more through the investments the Bioscience Fund makes. MarsBio staff has agreed to track, for each investment it makes, the jobs created and the demographic data of the employees from the point of its investment through to exit. In this way the County of Los Angeles will have a record of the jobs created, in part, as a result of its investment.

A conservative projection would anticipate that each \$500,000 investment made by the Bioscience Fund creates a minimum of one full-time job and one indirect part-time job. Across the life of the investment, these investments are estimated to result in 90 full-time jobs and 90 part-time jobs in the bioscience sector.

ATTACHMENT III

Budget Adjustment

June 23, 2020

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFORE
FY 2019-20
3 - VOTES**

SOURCES		USES	
ECONOMIC DEVELOPMENT		GENERAL FUND	
A01-AM-2000-10170		A01-303M	
SERVICES & SUPPLIES		NONSPENDABLE FOR LT LOANS RECEIVABLE – BIOSCIENCE	
DECREASE APPROPRIATION	6,485,000	INCREASE OBLIGATED FUND BALANCE	7,600,000
ECONOMIC DEVELOPMENT			
A01-AM-5500-10170			
OTHER CHARGES			
DECREASE APPROPRIATION	1,115,000		
SOURCES TOTAL	\$ 7,600,000	USES TOTAL	\$ 7,600,000

JUSTIFICATION

Reflects the transfer of \$7.6 million from the Economic Development budget unit to the Nonspendable for Long-Term Loans Receivable – Bioscience account for a bioscience investment, targeting Los Angeles focused early stage bioscience companies, per the October 20, 2015 Board Motion.

AUTHORIZED SIGNATURE

Allison Clark, Senior Manager, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---

ACTION

APPROVED AS REQUESTED

RECOMMENDATION

APPROVED AS REVISED

AUDITOR-CONTROLLER

BY _____

CHIEF EXECUTIVE OFFICER

BY _____

B.A. NO. _____

DATE _____

DATE _____