



Item: VIII.

Wednesday, January 30, 2008

**SUBJECT: RESEARCH COMMERCIALIZATION ASSISTANCE GRANT PROGRAM**

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**PROPOSED BOARD ACTION**

Approve as a consent agenda item, the attached Proposed Board Resolution delegating to President Brogan the authority to approve University submissions to the State University Research Commercialization Assistance Grant Program.

**BACKGROUND INFORMATION**

Section 1004.226(7)(b), Florida Statutes, allows any state university to submit a request for a grant to the Florida Technology, Research, and Scholarship Board, "upon approval of its board of trustees." The Florida Board of Governors sent an email to the university Presidents, attached, suggesting that to avoid delay each Board of Trustees approve a resolution similar to the one before this Board.

**IMPLEMENTATION PLAN/DATE**

Board approval, President, or his designee, will be authorized to approve submissions for the Commercialization Assistance Grant Program.

**FISCAL IMPLICATIONS**

Passage of this resolution will not have negative fiscal implications for FAU. Passage of the resolution will allow for submissions for grant assistance to commercialize University research.

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**Supporting Documentation:**

1. The Proposed Board Resolution
2. The email from the Board of Governors to the SUS Presidents
3. The suggested board resolution from the Board of Governors
4. Section 1004.226(7), Florida Statutes

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**To the SUS Presidents:**

**This is a follow-up from yesterday's E-mail in which you were copied regarding the State University Research Commercialization Assistance Grant Program. I was responding to Jack Sullivan, President of the Florida Research Consortium, regarding language in the legislation (F.S. 1004.226(7)(b)), which states:**

***"Any state university, upon approval of its board of trustees, may submit a request to the board [i.e., the Florida Technology, Research, and Scholarship Board] for a grant to facilitate the commercialization of a university research product or the commercialization of a patent held by a state agency under a cooperative agreement between the state agency and the university."***

**The RFP submission procedures for the Commercialization Assistance Grant Program are being developed and include early 2008 deadlines. I would be concerned if the submission process was slowed at the campus level in order to strictly comply with the language regarding BOT approval. Further, I do not believe that the authors of this language intended that BOT approval was crucial, and I expect that this potential for slowing down the process was not considered. The activities associated with the Program obviously encompass procedures and deliverables routinely and carefully handled by your research and technology transfer offices.**

**In an abundance of caution, I am suggesting that a consent agenda item be placed on the next scheduled meeting of each university board of trustees that delegates submission authority for the Program to the appropriate university administrative offices.**

**To assist you, I am providing suggested language for a consent agenda item below.**

**Thanks,  
R.E.**

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**Thanks,  
R.E.**

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The State University Research Commercialization Assistance Grant Program was established by the 2007 Florida Legislature within the 21<sup>st</sup> Century Technology, Research, and Scholarship Enhancement Act (F.S. 1004.226). The Program is designed to promote the commercialization of university research products for the purpose of enhancing the state's economy and creating a more vital link between venture capitalists, industry, and Florida's state universities. Under the Program, a state university, or a cooperative of state universities, may apply for early stage capital funding for the purpose of developing products and services resulting from university research.

Addressing the grant proposal submission process, the legislation (Section 1004.226(7) (b)) states that, "*Any state university, upon approval of its board of trustees, may submit a request....*"

In order to facilitate the submission of grant proposals to the Florida Technology, Research, and Scholarship Board and to avoid potential delays, it is recommended that the University Board of Trustees delegate approval authority to the appropriate university administrative office for the submission of Research Commercialization Assistance Grant Program proposals.

(e) The board shall recommend to the Board of Governors for approval and funding those proposals that meet the criteria approved by the Board of Governors.

(f) If no proposal is judged worthy of approval during a solicitation cycle, an approval need not be made. This act does not establish a limit for an investment amount; however, any approval for a single Center of Excellence exceeding \$20 million must be documented to have superior prospects for success in its field of research and offer outstanding opportunities to leverage state dollars.

**(7) State University Research Commercialization Assistance Grant Program.** --The State University Research Commercialization Assistance Grant Program is established to promote the commercialization of university research products for the purpose of enhancing the state's economy and the state's public universities. All Phase Two and Phase Three grants established by this program require \$1 in private investment for each \$1 in state funding provided. A state university may apply for early stage capital funding for the purpose of developing products and services resulting from university research. An application may include joint participation in the development of products and services by a cooperating university. Grant funds awarded under this subsection may be used by the university for a variety of pre-marketing activities, including, but not limited to, securing patents, establishing startup companies, developing license agreements, attracting private investment, and supporting other activities that are necessary to establish commercially viable ventures for the marketing and sale of products resulting from university research. Funds may not be used for research or development.

(a) State University Research Commercialization Assistance Grants may be provided under the following categories:

1. Phase One grants, which may not exceed \$50,000 per project, shall be available to assist with early market research, independent evaluation, consultation, and other initial activities that may be required to develop an initial business model for a university research product that has the potential for commercialization.
2. Phase Two grants, which may not exceed \$100,000 per project, shall be available to assist with the development of a complete business plan for the commercialization of a university research product.
3. Phase Three grants, which may not exceed \$250,000 per project, shall be available for the implementation and execution of a completed business plan for a university research product.

(b) Based on the availability of funds, the board shall periodically solicit proposals from state universities for State University Research Commercialization Assistance Grants. The board shall establish guidelines prescribing the criteria and format for the submission of grant applications by state universities. Any state university, upon approval of its board of trustees, may submit a request to the board for a grant to facilitate the commercialization of a university research product or the commercialization of a patent held by a state agency under a cooperative agreement between the state agency and the university. A state university need not receive prior stage grants to be eligible for Phase Two or Phase Three grants. When evaluating the applications submitted for funding, the board shall consider the following criteria:

1. The potential return to the university which may be reasonably assumed based on the business case presented in support of the proposed project.
2. The potential for the creation of high-wage jobs resulting from the success of the proposed project.
3. The potential of the proposed project to address pressing needs of the residents of the state.
4. The potential of the proposed project to enhance the economic competitiveness of the state and the university.
5. The technical, financial, organizational, and marketing feasibility of the project and its business plan.
6. The potential of the proposed project to create other related business enterprises.

Each proposed project shall be evaluated on its individual merits.

(c) The board shall negotiate and execute contracts with state universities governing the terms of State University Research Commercial Assistance Grants. The board may not execute the contract unless the contract is approved by the affirmative vote of at least 6 of the 11 members of the board. Each contract, at a minimum, must contain provisions that:

1. Specify the procedures and schedules that govern the disbursement of funds under this section and specify the conditions or deliverables that the state university must satisfy before the release of each disbursement.
2. Require the state university to submit a business plan in a form and manner prescribed by the board.
3. Require the state university to submit data to the board concerning the activities and performance of projects funded pursuant to this section and to provide to the board an annual accounting of the expenditure of funds disbursed under this subsection.
4. Require the state university to negotiate repayment to the General Revenue Fund of the amount of the grant awarded to a project when the project generates sufficient revenues to sustain a profitable operation.
5. Require the state university to expend 95 percent of grant proceeds for described uses in the approved grant application and not otherwise reduce grant proceeds with facilities charges or fees by the university.

(d) Upon verification by the Board of Governors that a state university has executed a contract with the board for a State University Research Commercialization Assistance Grant, the Board of Governors shall release grant funds to the university.

**(8) Exemptions from public records and public meetings requirements; State University Research Commercialization Assistance Grant Program.--**

(a) The following information held by the Florida Technology, Research, and Scholarship Board is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution:

1. Materials that relate to methods of manufacture or production, potential trade secrets, patentable material, trade secrets as defined in s. 688.002, or proprietary information received, generated, ascertained, or discovered by or through state university research projects submitted for funding under the State University Research Commercialization Assistance Grant Program.
2. Information that would identify an investor or potential investor, who desires to remain anonymous, in projects reviewed by the Florida Technology, Research, and Scholarship Board.
3. Any information received from a person or another state or nation or the Federal Government which is otherwise confidential or exempt under the laws of that state or nation or under federal law.

(b) 1. That portion of a meeting of the Florida Technology, Research, and Scholarship Board at which information is discussed that is confidential and exempt under subsection (1) is exempt from s. 286.011 and s. 24(b), Art. I of the State Constitution.

2. Any records generated during that portion of an exempt meeting are confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

(c) 1. Information made confidential and exempt pursuant to this section may be released to a governmental entity in the furtherance of its duties and responsibilities.

2. Any public officer or employee who willfully and knowingly releases such confidential and exempt information, in violation of this subsection, commits a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

(d) This section is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and shall stand repealed on October 2, 2012, unless reviewed and saved from repeal through reenactment by the