GUIDELINES (FY10-2)

SOLICITATION NOTICE (FY10-2)

Notice of Availability of Funding for
The Commonwealth of Kentucky/Cabinet for Economic Development (CED)/
Department of Commercialization and Innovation (DCI)
Small Business Innovation Research (SBIR) and
Small Business Technology Transfer (STTR)
Matching Funds Program

Announcement: Solicitation Notice for inviting Applications for Kentucky SBIR-STTR Matching Funds Program Grants to be awarded by a **COMPETITIVE SELECTION PROCESS**. This is the second Solicitation for FY2010 of the Kentucky SBIR-STTR Matching Funds Program. Solicitation Announcements will be scheduled on a quarterly basis in each Fiscal Year (July-June) subject to the availability of program funds.

Statute and Guidelines: This Solicitation is issued pursuant to the established Matching Funds Award Program and the Program Guidelines that govern the administration of this Program. **The Program Guidelines are incorporated into this Solicitation by reference** as though set forth in their entirety herein. These Guidelines may be found on the Kentucky Cabinet for Economic Development/ Department of Commercialization and Innovation website: http://www.thinkkentucky.com/DCI/SBIR/SBIRSTTR.aspx

Solicitation Period: **October 1, 2009 to November 16, 2009.**

Key Dates: The closing date for receipt of Applications under this announcement is November 16, 2009 at 4:00 pm ET. No Applications submitted in response to this Solicitation will be accepted after the closing date and time. Applications are date and time stamped by the Online Application System.

Eligibility: Both Kentucky-Based and out-of-state companies who have received either a Phase 1 or Phase 2 SBIR-STTR Federal Grant, including those with a second year Phase 2 Award, or a Fast-Track grant letter dated January 1 or later in 2009, are eligible to apply subject to the program guidelines. Federal SBIR-STTR Phase 1B or 2B enhancement or similar enhancement awards are not considered eligible awards for the Kentucky Matching Funds Program.

To be eligible to apply for Kentucky Matching Funds grant when using the **second year** of the federal SBIR/STTR Phase 2 award, the company must provide evidence of receiving private

investment that is equal to the amount requested under the Kentucky SBIR-STTR Matching Funds grant. Private investment must have been made or committed no earlier than six months from the date of application for the Kentucky Matching Funds grant.

Allowable Number of Grants: An Applicant may only receive a maximum of two Kentucky SBIR-STTR Matching Funds Grants for each fiscal year (July-June).

Each Phase 1 and Phase 2 Award shall count as a separate award towards a maximum of five awards per company for the duration of the Matching Funds Award Program.

Fast-Track Awardees: Fast-Track awardees may receive Matching Funds Grants for both Phase 1 and Phase 2 under different solicitations. Each phase of a Fast-Track award will be counted separately towards the maximum of five Matching Funds Awards. The Matching Fund Application for the Phase 2 portion of the Fast-Track Federal Award should not be submitted until after the actual completion of the Phase 1 portion of the Federal Fast-Track Award.

Maximum Match Amount: **Phase 1:** up to 100% of the Federal SBIR-STTR Program Phase 1 Award, not to exceed $100,000.
Phase 2: up to 100% of the Federal SBIR-STTR Program Phase 2 Award, not to exceed $500,000.

Available Funds: The amount of funding available for awards under this current solicitation for the Matching Funds Award Program is **$2,200,000.**

Disbursement of Grant Funds: Grant disbursements will be made on a reimbursable basis, payable when invoices and financial reports are submitted each quarter. No more than 50% for Phase 1 and 25% of the grant amount for Phase 2 Awards shall be reimbursed each quarter, except for approved equipment purchases which may be invoiced when due. For Phase 1 the remaining 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Final Report, the Federal Phase 1 Final Report and the Federal Phase 2 Application. For Phase 2 Awards, the final 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Grant Final Report.

Evaluation Process: Each Application will be reviewed and scored by an out-of-state panel of reviewers based generally on the criteria listed below.

KSTC will also review the Applications and consider reviewer's comments in submitting final recommendations to DCI for funding. The final decision to fund or not to fund a proposal is made by DCI.

Evaluation Criteria and Weighting Factors:

For Phase 1 Applicants the evaluation criteria will include: technical merit (30%); commercial potential of the technology (20%); qualifications of the company, consultants and collaborators (20%); proposed budget and the potential for a Phase 2 follow on grant (25%); and type and number of projected Phase 1 jobs and salaries paid (5%).

For Phase 2 Applicants the evaluation criteria will include: technical merit (20%); commercial potential of the technology (35%); qualifications of the company, consultants and collaborators (15%); proposed budget and the amount of Private Investment to match the matching grant (15%); and type and number of projected Phase 2 jobs and salaries paid (15%).

Phase 2 Applicants are encouraged to seek Private Investment. To be eligible to apply for a Kentucky Matching Funds grant when using the second year of the federal SBIR/STTR Phase 2 grant, applicants must have received private investment or received a commitment there-of in the amount that is equal to the amount requested for the year 2 of the Kentucky SBIR-STTR Matching Funds grant. The Applications will be scored for company's ability to attract Private Investment.

Notice:

Incomplete or non-compliant Applications will not be considered and will be returned without further review.

Inquiries about the Matching Funds Program should be addressed to:

KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION
Kentucky SBIR-STTR Matching Funds Award
ATTN: Ken Ronald, Program Manager
200 West Vine Street, Suite 420
Lexington, KY 40507
kronald@kstc.com (859) 246-3252

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PROGRAM GUIDELINES
The Kentucky Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Funds Program

A. SUMMARY

The Kentucky SBIR-STTR Matching Funds Program is designed to award matching funds to for-profit, Kentucky-Based companies that have been granted Federal Small Business Innovation Research Program or Federal Small Business Technology Transfer Program (the "Federal SBIR-STTR Program") Phase 1 or Phase 2 Awards for research and technology development that are consistent with one or more of the five research and development Focus Areas as defined in the DCI 2002 Kentucky "Strategic Plan for the New Economy" and as ratified in November 2007. The five Focus Areas are: (1) Biosciences, (2) Environmental and Energy Technologies, (3) Human Health and Development, (4) Information Technology and Communications, and (5) Materials Science and Advanced Manufacturing. "Kentucky-based" is defined as "a business with its principal place of business in Kentucky and no less than 51% each of its Property and Payroll (as defined in these Program Guidelines) located in Kentucky."

The Grant Agreement for both Phase 1 and Phase 2 Kentucky SBIR-STTR Matching Funds Awards shall require the Recipient company to maintain, report and certify its Kentucky based status for 60 months (five years) after final disbursement of funds or repay the entire grant amount.

Companies located outside of Kentucky are eligible to apply. The Grant Agreement for out-of-state companies will include the stipulation that no funds will be disbursed until the company satisfies all the requirements set forth in these Guidelines. The company will have 60 days from the date of the Grant Agreement to relocate to Kentucky and meet the other eligibility requirements for the Kentucky Matching Funds Award Program. If the eligibility requirements are not met after 60 days, then the funds identified for the Grant will be forfeited and made available to other companies. A company from outside of the Commonwealth of Kentucky may not commence work on its Federal SBIR-STTR effort until after it has transferred its primary place of business to Kentucky. If an out-of-state company has already commenced work on its Federal SBIR-STTR grant before relocation to Kentucky, it will not qualify for the Kentucky Matching Funds Award Program for that specific Federal SBIR-STTR Grant**.** The company must also submit documentation showing acknowledgement from the Federal Agency regarding its physical relocation to Kentucky and transfer of the Federal Grant to Kentucky. Also required is a certification that no less than 51% of the Applicant's Property and Payroll is in Kentucky and that 51% of the Matching Funds grant activity will be conducted in the Commonwealth of Kentucky.

The Federal SBIR-STTR Program is administered by 11 Federal agencies for the purpose of providing research and development funding to small companies. Companies compete for funding under this program by submitting proposals in response to solicitations issued by participating Federal agencies. The Federal SBIR-STTR Program provides funding in two phases that are relevant to the Kentucky program: **Phase 1** - to conduct feasibility research and **Phase 2** - to expand and develop Phase 1 results and develop commercially viable innovations.

The Federal SBIR-STTR Program also includes **Phase 3** for commercializing the product or process developed in Phase 2 using non SBIR-STTR funds. More information about the Federal SBIR-STTR Program may be found at: www.sbir.gov.

The KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION (KSTC) under contract with the Kentucky Cabinet for Economic Development (CED), Department of Commercialization and Innovation (DCI), administers the Kentucky Small Business Innovation Research and Small Business Technology Transfer Matching Funds Award Program in the manner set forth in these Guidelines (the "Guidelines" or "Program Guidelines"). Companies may apply for funding under the Matching Funds Award Program by submitting an Application to KSTC in response to this solicitation developed and issued by DCI/KSTC. Under the Matching Funds Award Program, a qualified business may receive: one (1) SBIR-STTR Phase 1 Matching Funds Award (either an SBIR or an STTR Phase 1 Award) and one (1) SBIR-STTR Phase 2 Matching Funds Award (either an SBIR or an STTR Phase 2 Award) during each fiscal year of the Commonwealth of Kentucky (July-June). DCI will designate total funds for Matching Funds Program awards in each solicitation and provide dates during which Applications may be submitted in each solicitation. Applications that meet the requirements set forth in the Program Guidelines will compete for Matching Fund awards. Under the program guidelines for the Matching Funds Program, KSTC will receive and review Applications with assistance from a panel of external reviewers and make recommendations to DCI for award of matching funds to Applicants that are determined to be meritorious amongst the qualified proposals. This process will be followed upon issuance of each solicitation. Awards will be made for up to 100% of an Applicant's Federal SBIR-STTR award but shall not exceed $100,000 for Phase 1 and $500,000 for a Phase 2 Matching Funds Program award. Notification of an award shall be made within eight to ten weeks after the close of a solicitation. All Applicants will receive their reviewer comments. Companies that are not successful in receiving a Matching Funds Award can re-apply once during the next solicitation period.

All Applications shall be submitted through the Online Application and Reporting System. The system can be accessed through the link at
http://www.kintera.org/site/c.deIDLKOuGrF/b.2857105/

B. PROGRAM PURPOSE

The purpose of the Matching Funds Program is to foster job creation and economic development in Kentucky by increasing the competitiveness of Kentucky's Small Businesses in attracting Federal SBIR and STTR grants, and providing an incentive for Phase 1 and Phase 2 Award-winning companies to make further progress along the path to commercialization. The goals of the Matching Funds Award Program are to: (1) increase the number of Applications for Federal research dollars submitted by Kentucky Small Businesses conducting research and technology development in one or more of the five DCI Research Focus Areas; (2) help Kentucky companies bridge the funding gap period between the final Phase 1 payment and the first Phase 2 payment in the Federal SBIR-STTR Program; (3) increase the intensity of the research conducted under Phase 1, making Kentucky Small Businesses more competitive in the competition for Phase 2 funds; (4) augment the funds available for Phase 2 projects to help improve commercialization efforts leading to Phase 3 activities; and (5) encourage the

establishment and growth of high-quality, advanced technology companies in the Commonwealth of Kentucky.

C. DEFINITIONS

1. *Applicant* — A Small Business that submits an Application for a Matching Funds Award.
2. *Application* — The required form(s), electronic or otherwise, to be completed and any supporting materials submitted by an Applicant in response to a Matching Funds Award Program Solicitation.
3. *Cabinet for Economic Development (CED)* — An agency of the Executive Branch of the Commonwealth of Kentucky established pursuant to Kentucky revised Statues Chapter 154 and responsible for administering economic development efforts.
4. *Department of Commercialization and Innovation (DCI)* — A department within CED, authorized by the Kentucky Innovation Act and charged with leading the Commonwealth's new economy efforts.
5. *The "Fast-Track" Mechanism* — A process available through selected federal agencies. That expedites the decision and award of SBIR Phase 2 funding for scientifically meritorious proposals that have a high potential for commercialization. Fast-Track incorporates a submission and review process in which both Phase 1 and Phase 2 proposals are submitted and reviewed together. The Phase 1 portion of a Fast-Track must specify clear, measurable goals (milestones) that should be achieved prior to initiating Phase 2 work. In addition, as is required for all Phase 2 proposals, the Phase 2 portion of the Fast-Track proposal must present a commercialization plan that addresses specific points.
6. *Federal SBIR-STTR Programs* — A Federal SBIR-STTR program that provides for a three-phased approach to research and development projects: technological feasibility and concept development, the primary research effort, and the conversion of the technology to a commercial Application.
7. *Focus Areas* — The five research and development Focus Areas as defined in the 2002 Kentucky "Strategic Plan for the New Economy" and as reaffirmed in November 2007; specifically: (1) Human Health and Development, (2) Information Technology and Communications, (3) Biosciences, (4) Environmental and Energy Technologies, and (5) Materials Science and Advanced Manufacturing.
8. *Grant Agreement* — The agreement memorializing the Matching Funds Award, including but not limited the provisions set forth in Section K hereof.
9. *Kentucky-Based* — A business with its principal place of business in Kentucky and no less than fifty-one percent (51%) each of its Property and Payroll (as defined in these Program Guidelines) located in Kentucky.
10. *Kentucky Science and Technology Corporation (KSTC)* — An independent non-profit organization that promotes and funds Small Businesses and educational programs while nurturing entrepreneurial relationships between companies, universities and other agencies.
11. *Matching Funds Award* — An amount up to $100,000 for Phase 1 Awards and up to $500,000 for Phase 2 Awards which supports complementary work on a federally funded SBIR-STTR award.
12. *Matching Funds Award Program*— A program funded by the Commonwealth of Kentucky, Cabinet for Economic Development (CED)- Department of Commercialization and Innovation (DCI), which matches Federal SBIR-STTR awards for additional work and is designed to strengthen Kentucky companies and their potential to receive Phase 2 Federal Awards and

follow on commercialization efforts of the proposed technology. The main goal of the program is to bring new high technology jobs to Kentucky.
13. *Matching Funds Award Program Solicitation* — The announcement of the Kentucky SBIR-STTR Matching Funds Program for inviting Applications. The Solicitation identifies the key solicitation period open and closing dates and the total amount of grant funding available for awards.
14. *Matching Funds Award Program Solicitation Period* — The length of time the program is open for receiving Applications online.
15. *Payroll* — The number of full-time employees working directly for the company, 51% or more of whom must be bona fide Kentucky residents; AND the gross Payroll for the Applicant, fifty-one percent (51%) or more of which must be paid to bona fide Kentucky residents.
16. *Private Investment* — An award or investment of private, non-state or federal funds to the Applicant, which has been committed or received no more than six months prior to the date of an Application.
17. *Program Guidelines or Guidelines* — A detailed description of all regulations and requirements of the Kentucky Matching Funds SBIR-STTR Program.
18. *Property* — Includes real Property and other business and personal Property that are subject to depreciation under the Federal Tax Code of 2001 and any amendments thereto.
19. *Recipient* — An Applicant that has been approved to receive a Matching Funds Award.
20. *Small Business* — A Small Business concern as defined under the Federal SBIR-STTR Program Guidelines that govern the Federal program for which the Applicant is applying.

D. ELIGIBILITY

The Kentucky SBIR-STTR Matching Funds Program awards will be made on a **competitive basis**. All Applications received by the due date will compete for available funding announced in each solicitation.

An Applicant shall satisfy the following conditions to be eligible to submit an Application and be considered for a Matching Funds Award:

1. Applicant must be a small technology based business.
2. Applicant must be Kentucky-based or willing to relocate to Kentucky.
3. Applicant must be a Phase 1, Phase 2 (year one or two), or a Fast-Track Federal SBIR-STTR award winner from one of the participating Federal agencies. In addition, Applicants are eligible to apply for a Kentucky SBIR-STTR Matching Funds grant for year 2 of the federal SBIR/STTR Phase 2 grant only if they have received private investment or commitment thereof in the amount that is equal to the amount requested for year 2 of the Kentucky Matching Funds grant. Applicants must provide evidence of having received such investment no earlier than six months from the date of application for the Kentucky Matching Funds grant.
4. Applicants that already have received a total of **five** Kentucky SBIR-STTR Matching Funds Awards are not eligible to receive additional Matching Funds Awards. Also, an Applicant must not have failed to correct a material breach of a grant or award agreement under any program administered by KSTC or DCI.

E. USE OF MATCHING FUNDS AWARD

Allowable Uses of Matching Funds Award: Under the Matching Funds Program, allowable costs are those related directly to the project for which a Federal Phase 1 or Phase 2 Award has been received. These costs include but are not limited to direct costs for additional technical work, product testing and validation, intellectual Property protection, market research, patent search, business plan development, hiring of new high paying technical and business employees, reasonable travel related to the Matching Funds Award, and purchase of small equipment (up to $25,000 for Phase 1 and up to $100,000 for Phase 2), unless otherwise justified by the Applicant and approved by DCI/KSTC. Companies will not be allowed to charge a fee as allowed by the Federal agencies on their SBIR-STTR Phase Grants.

F. APPLICATION PREPARATION AND SUBMISSION

Applications should be submitted using the online Application system. In addition, an original copy of Appendix A (notarized) and Appendix E shall be mailed via US Mail or other couriers to KSTC at the address below. A return mailing address must be clearly visible on the outside of all packages and containers used in the delivery or mailing of the documents.

Kentucky Science and Technology Corporation
Kentucky SBIR-STTR Matching Funds Program
Attn: Ken Ronald
200 West Vine Street, Suite 420
Lexington, KY 40507

For **IN-STATE** companies the required documentation shall include: (Section References refer to the Online Application)

Section 1. Application Forms (fill out online).
Section 2. Certificate of Existence or Authorization and documentation of "good standing" issued by the Kentucky Secretary of State.
Section 3. Evidence of Federal Phase 1 or Phase 2 Award as applicable from the Federal agency.
Section 4. A signed CED Economic Incentive Disclosure Statement. (Appendix E).
Section 5. A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant is located.
Section 6. Supporting material: Notarized Certification (Appendix A) and CPA Certification (using the template/letter from the Online Application System).
Section 7. Copy of Federal Phase 1 or Phase 2 SBIR/STTR grant Application as applicable.
Section 8. For Phase 2 Applications, the Applicant shall provide written documentation (for example, a letter from an investor, subscription agreement, etc.) of commitments and/or receipt of Private Investment in the Applicant.

For **OUT-OF-STATE** companies the required documentation shall include: (Section References refer to the Online Application)

Section 1. Application Forms (filled out online).

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Section 3. Evidence of Federal Phase 1 or Phase 2 Award from the Federal agency.
Section 4. A signed CED Economic Incentive Disclosure Statement. (Appendix E).
Section 6. Supporting materials. (Appendix A-notarized certification).
Section 7. Copy of Federal Phase 1 or Phase 2 SBIR/STTR grant Application, as applicable.
Section 8. For Phase 2 Applications, the Applicant shall provide written documentation (for example, a letter from an investor, subscription agreement, etc.) of commitments and/or receipt of Private Investment in the Applicant.

All documents must be submitted via the Online System.
The following documents shall be submitted within 60 days of the date of the Grant Agreement.

Section 2. Certificate of Registration or Authorization and Documentation of "good standing" issued by the Kentucky Secretary of State.
Section 3. Documentation from the Federal Funding Agency acknowledging the Applicants physical move of its primary place of business to Kentucky.
Section 5. A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center that serves the region in which the Applicant is located.
Section 6. Certification of Kentucky-Based business by an independent Kentucky Certified Public Accountant (Download the template from the Online System).

G. MATCHING FUNDS DISBURSEMENT SCHEDULE

The awarded funds shall be disbursed after receipt of required documents.

1.0 Phase 1 Matching Funds Awards:

To receive **disbursements of** Phase 1 Matching Funds Award each Applicant must submit the following documents listed in sections 1.1 or 1.2 below:

1.1. IN-STATE (Kentucky) Applicants:

1. Information about the company's bank account for electronic disbursement of funds.
2. Quarterly Status Reports (See Appendix B)
3. Quarterly Invoice
4. Quarterly Financial Report

Disbursements of grant funds will be made on a reimbursable basis each quarter based on the incurred expenses. Invoices shall be submitted each quarter with documents supporting the expenses. Quarterly financial reports shall be submitted on a template attached with the Grant Agreement. Unless approved otherwise, quarterly grant reimbursements may not exceed 25% of the total grant amount minus amount budgeted for equipment. Phase 1 companies that propose equipment purchases in their Applications may submit invoices for those purchases when due. The remaining 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Final Report, the Federal Phase 1 Final Report and the Federal Phase 2 Application.

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1.2. <u>OUT-OF-STATE Applicants:</u>

The out of state awardee shall have 60 days from the date of the Grant Agreement to deliver the following documents to become eligible to receive grant funds:

1. Certification of Kentucky-Based business by Certified Public Accountant.
2. Certificate of Existence or Authorization and Documentation of "good standing" issued by the Kentucky Secretary of State.
3. Documentation from the Federal Funding Agency acknowledging the Applicants physical move of its primary place of business to Kentucky.
4. A letter of acknowledgement of the Application from the Director of the Innovation and Commercialization Center (ICC) that serves the region in which the Applicant has relocated.
5. Information about the company's bank account for electronic disbursement of funds.

No funds shall be disbursed until the following additional documents are received:

1. Quarterly Status Reports (See Appendix B)
2. Quarterly Invoice with supporting documents
3. Quarterly Financial Report

Disbursements of grant funds will be made on a reimbursable basis each quarter based on the incurred expenses. Invoices shall be submitted each quarter with documents supporting the expenses. Quarterly financial reports shall be submitted on a template attached with the Grant Agreement. Unless approved otherwise, quarterly grant reimbursements shall not exceed 25% of the total grant amount. Companies that propose equipment purchases in their Applications may submit invoices for those purchases when due. The remaining 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds final report, the Federal Phase 1 Final Report, and the Federal Phase 2 Application.

2.0 <u>Phase 2 Matching Funds Awards:</u>

To receive **disbursements of** Phase 2 Matching Funds Award each Applicant must submit the following documents listed in sections 2.1 or 2.2 below:

2.1. <u>IN-STATE (Kentucky) Applicants:</u>

1. Information about the company's bank account for electronic disbursement of funds.
2. Quarterly Status Reports (See Appendix B)
3. Quarterly Invoice
4. Quarterly Financial Report

Disbursements of grant funds will be made on a reimbursable basis each quarter based on the incurred expenses. Invoices shall be submitted each quarter with documents supporting the expenses. Quarterly financial reports shall be submitted on a template attached with the Grant Agreement. Unless approved otherwise, quarterly grant expenses shall not exceed 25% of the SBIR-STTR Phase 2 grant amount minus amount budgeted for equipment. Companies that propose equipment purchases in their Applications may submit invoices for those purchases

when due. The remaining 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Grant Final Report and the Federal Phase 2 Final Report.

2.2. OUT-OF-STATE Applicants:

The out of state awardee shall have 60 days from the date of the Grant Agreement to deliver the following documents to become eligible to receive grant funds:
1. Certification of Kentucky-Based business by Certified Public Accountant.
2. Certificate of Existence or Authorization and Documentation of "good standing" issued by the Kentucky Secretary of State.
3. Documentation from the Federal Funding Agency acknowledging the Applicant's physical move of its primary place of business to Kentucky.
4. A letter of acknowledgement of the Application from the Director of the Innovation and Center that serves the region in which the Applicant has relocated.
5. Information about the company's bank account for electronic disbursement of funds.

No funds will be disbursed until the following documents are received:
1. Quarterly Status Reports (See Appendix B)
2. Quarterly Invoice
3. Quarterly Financial Report

Disbursements of grant funds will be made on a reimbursable basis each quarter based on the incurred expenses. Invoices shall be submitted each quarter with documents supporting the expenses. Quarterly financial reports shall be submitted on a template attached with the Grant Agreement. Unless approved otherwise, quarterly grant expenses shall not exceed 25% of the SBIR-STTR Phase 2 grant amount minus equipment budget. Companies that propose equipment purchases in their Applications can submit invoices for those purchases when due. The remaining 10% of the grant amount will be reimbursed upon submission and approval of the Matching Funds Grant Final Report.

H. LIMITATIONS ON MATCHING FUNDS AWARDS

The Matching Funds Awards have the following limitations:

- An Applicant is restricted to a maximum of five (5) Matching Funds Awards over the Program lifetime. An Applicant may not receive more than two Matching Funds Awards per fiscal year.

- A Fast-Track award will count as two awards when applying for the Matching Funds Program only if both the Phase 1 and a Phase 2 Matching Funds grants are awarded. A company that has received a Fast-Track award may apply and receive either a Phase 1 or Phase 2 portion, but not both, of the federal fast track award under a given solicitation.

- The Matching Funds Program will not match a federal agency enhancement program grant such as a Phase 1B or Phase 2B grant.

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I. MATCHING FUNDS AWARD PROGRAM SOLICITATION, PERIOD, AND SUBMISSION

When funds become available for the Matching Funds Program, DCI/KSTC will issue a solicitation inviting proposals for consideration and award of Matching Funds Program grants. The Matching Funds Program Solicitation will include but not be limited to: opening and closing dates for accepting Applications for the Matching Funds Award Program and the total available funds. To qualify for an award under a Matching Funds Program Solicitation, an Applicant must be Recipient of a Federal SBIR-STTR Program Phase 1, Phase 2, or Fast-Track award on or after the date posted in the solicitation. No Applications or supplemental materials submitted in response to a Matching Funds Program Solicitation will be accepted after its closing date and time, except for supplemental material requested by KSTC and/or DCI. KSTC/DCI is not responsible for Applications or materials lost or delayed in transmission.

J. APPLICATION REVIEW AND APPROVAL

Applications will initially be reviewed to ascertain compliance with all the requirements in the Matching Funds Award Program Solicitation and guidelines. **Incomplete or non-compliant Applications will not be considered and will be returned without further review.** All Applications that are determined to be complete and in compliance will receive an external review from a panel of out-of-state reviewers. KSTC will also review and submit the recommendations to DCI for final approval.

For Phase 1 Applicants the evaluation criteria will include technical merit (30%); commercial potential of the technology (20%); qualifications of the company, consultants and collaborators (20%); proposed budget and the potential for a Phase 2 follow on grant (25%); and type and number of Phase 1 projected jobs and salaries paid (5%).

For Phase 2 Applicants the evaluation criteria will include: technical merit (20%); commercial potential of the technology (35%); qualifications of the company, consultants and collaborators (15%); proposed budget and the amount of Private Investment to match the matching grant (15%); and type and number of projected Phase 2 jobs and salaries paid (15%).

Phase 2 Applicants are encouraged to seek Private Investment. The Applications will be scored for company's ability to attract Private Investment.

Comment [KR1]:

K. GRANT AGREEMENT

The terms under which a Matching Funds Award is made will be detailed in the Grant Agreement between KSTC and the company. Terms of performance in the Grant Agreement will include but will not be limited to the following:

1. Requirement of complying with the Program Guidelines.
2. Prompt submission of quarterly status and financial reports.
3. Prompt submission of a detailed draft and final technical and financial report.
4. Submission of Company Status Reports for five years after the receipt of the final disbursement of Matching Funds.

5. Requirement of complying with the audit policy of the Commonwealth of Kentucky and providing KSTC with copies of reports of any audits.
6. Requirement of reimbursing the full amount of the Matching Funds Grant in the event an audit determines improper expenses.
7. **Requirement of retaining and annually certifying its Kentucky based status for not less than 60 months from the date of final disbursement of Matching Funds Award.**

L. GENERAL TERMS

1. No oral statement of any person shall modify or otherwise affect the terms and conditions of these Guidelines or of a Matching Funds Program Solicitation.
2. KSTC/DCI may reject any Application that does not comply with the requirements of the Matching Funds Program.
3. KSTC/DCI may refuse to approve an Application if it is not in keeping with the purpose of the Matching Funds Program.
4. KSTC/DCI may withdraw a Matching Funds Program Solicitation at any time.
5. The Matching Funds Program is funded by State appropriations and awards are contingent upon the availability of State funds for the program purposes.
6. KSTC/DCI, in its sole discretion, may waive the requirements in the Kentucky Matching Funds Program Solicitation and Program Guidelines, on a case by case basis, to remain consistent with changes or deviations in the Federal SBIR-STTR Program, as long as such adjustments are consistent with the nature and intent of the state program.

M. RELEASE OF INFORMATION

All documents submitted to KSTC/DCI, including Applications, are public records governed by Sections 61.872-61.884 of the Kentucky Revised Statutes and other applicable provisions of the Kentucky Revised Statutes protecting confidential information. When specific information in an Application is regarded by the Applicant as confidential and not subject to disclosure under the Kentucky Open Records Act, the Applicant may specifically and clearly designate it as such in writing on that portion of the Application in which the information appears. An Applicant should provide an explanation for why particular information is regarded as confidential. Applications should not be indiscriminately marked as confidential. However, the provisions of the Kentucky Open Records Act shall govern any release of information.

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Application Form: (See Online Application System)
http://www.kintera.org/site/c.deIDLKOuGrF/b.2857105/

Appendices:
Appendix A-Company Certification-Notarized
Appendix B-Quarterly Status Report
Appendix C-Draft/Final Report Template
Appendix D-Annual Company Status Report
Appendix E-Cabinet for Economic Development Economic Incentive Disclosure Statement

For assistance contact:
Kentucky SBIR-STTR Matching Funds Award Program
Attn: Ken Ronald, Program Manager
Kentucky Science and Technology Corporation
200 West Vine Street, Suite 420
Lexington, KY 40507
kronald@kstc.com (859) 246-3252

APPENDIX A: COMPANY CERTIFICATION

The Applicant certifies that all statements, representations, and warranties made by the Applicant, or on its behalf, and any materials furnished by the Applicant or on its behalf in connection with this Application, including the information provided by the Applicant in the attached **"Applicant Information Form"** are true, accurate and complete in all material respects, and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained herein or therein not materially misleading, to the best of the Applicant's knowledge and belief.

The Applicant certifies that it has reviewed and understands the Guidelines for the Kentucky SBIR-STTR Matching Funds Award, and that it meets all of the applicable eligibility requirements.

The Applicant understands that release of any grant funds is contingent upon the Applicant's execution of a Grant Agreement, and that disbursement of funds is based upon the Applicant's compliance with its terms and may be subject to recapture for non-compliance.

The Applicant has read and understands Kentucky's laws regarding the treatment of public records and confidential information and their Application to economic development projects.

The Applicant acknowledges and accepts the Commonwealth of Kentucky's absolute right in its sole discretion to withhold, discontinue, or retract and recover in part or in full any monies awarded and/or distributed pursuant to the SBIR-STTR Matching Funds Award Program if it is determined that the Applicant has engaged in unlawful conduct or conduct which violates the spirit and intent of the Matching Funds Program.

1. Name of Authorized Company Official [Please type.]	2. Company Name.
3. Title of Authorized Company Official	
4. Signature and Date of Authorized Company Official	
5. E-mail Address	

State of_____

County of _____

I, _____, Notary Public, do hereby certify that,

_____personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

This the _____ day of _____, 20___.

_____

Notary Public, State at Large

Seal (if outside Commonwealth of Kentucky)

My Commission expires: _____

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APPENDIX B: QUARTERLY STATUS REPORTS

QUARTERLY STATUS REPORT TEMPLATE FOR PHASE 1 AND PHASE 2

Grant Award KSTC-184-512-XX-XXX;
Grantee:_____
Quarter #_____ ; Dates From dd/mm/yy to dd/mm/yy
Report Submission Date:_____

PI: _____Phone:_____Email:_____

Quarterly Reports shall concentrate on reporting work conducted within the previous quarter. You may summarize work completed to date, but emphasis should be placed on work completed in the most recent quarter.

TECHNICAL/BUSINESS:

Work performed this past quarter (most recent activity to date):

Work performed to date (summary of work on total effort to date):

Work anticipated for next quarter:

Any technical or business issues and potential resolutions:

FINANCIAL:

Total Kentucky Matching Funds Award Amount:

Current funds received to date:

Total expenditures to date:

Anticipated next allotment of KY Matching funds (date and amount):

Equipment (list any major equipment purchases this quarter):

Supplies (list any major supplies/purchases this quarter, list the cost for each):

Any financial issues both good and bad (example: Outside funding was received from other agencies or Agency Matching funds received leveraging the Kentucky SBIR-STTR Matching Funds Program; additional equity investors):

SCHEDULE:
Current KY Matching Funds Grant Schedule:
What was your start date? Projected completion date?
Federal SBIR-STTR Reports:

Has your Federal Phase 2 Application been submitted? If yes, when did you submit it?
If not, has your Federal Phase 1 SBIR-STTR final report been submitted? If not, when?

Next Quarter Events:

Any Schedule Issues/Resolution/Action Plans:

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TRAVEL (list any program related travel that you undertook this past quarter):

INVENTIONS AND PATENT APPLICATIONS (list Application type, title, inventors, date applied, assigned number, and status of each Application, and details of technology etc.):

PRESENTATIONS (include conference title or location description, city, state, date, presentation title, type, and presenters for each):

NUMBER AND LEVEL OF JOBS CREATED AND SALARIES PAID WITHIN THIS QUARTER:

ANY WORK UNDERTAKEN TO RECEIVE ADDITIONAL FUNDS TO FURTHER THIS EFFORT (list any other public or private funding to continue or further this technology effort):

PROPOSED TIMEFRAME FOR COMMERCIALIZATION OF TECHNOLOGY (including other funding sources to be sought):

IDENTIFY ANY LICENSE AGREEMENTS FOR THIS TECHNOLOGY SIGNED IN THE PAST QUARTER:

COLLABORATION/PARTNERSHIPS (include name, address, phone number of any new collaborations and affiliation with Universities or companies):

COMPANY POC:_____

SIGNATURE:_____

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APPENDIX C: DRAFT/FINAL REPORT TEMPLATE

PHASE 1 AND PHASE 2-DRAFT/FINAL REPORT TEMPLATE
KENTUCKY SBIR-STTR MATCHING FUNDS PROGRAM

Grant Award KSTC-184-512-XX-XXX; Final Report
Report Submission Date:_____Period of Work From dd/mm/yy-To dd/mm/yy
Grantee:_____

PI: _____Phone:_____Email:_____

The following shall serve as the draft final report template and must be filed with the KENTUCKY SCIENCE AND TECHNOLOGY CORPORATION within 30 days of Grant Completion or during the last quarter of the proposed Gant Agreement. The draft final will be reviewed and returned with comments for incorporation into the Final Report. This Final Report must be typewritten, signed, and dated by an authorized company officer or may be submitted electronically in Microsoft Word format to KSTC within two weeks of receiving comments back from the draft report submission.

Failure of the Applicant to file a timely Final Report will impact the Applicant's ability to apply for future State SBIR-STTR Matching Funds. Please provide a thorough and complete response to each of the questions below.

1) If your Company was awarded a Federal Phase 2 contract, please state the date of award and the contract amount.
2) If a Phase 2 contract was awarded but the Company was unable or unwilling to accept the contract, please explain.
3) Please state whether the Company plans to continue the proposed research with its own or other resources if a Federal Phase 2 contract was not awarded. If this is the case will/did the Kentucky SBIR-STTR Phase 1 Matching Funds Award contribute to the Company's ability to continue the research?
4) Discuss any material effects the Kentucky SBIR-STTR Phase 1 or Phase 2 Matching Funds Award had on your Company.
5) List patent Applications that were filed or approved since the award of Matching Funds Program Grant
6) Projected date for a product or prototype?
7) Projected date for commercialization?
8) Does the Company plan to manufacture the product in Kentucky?
9) What do you expect the value of the product/services sold in the first full year of production?
10) Does the Company plan to license the technology?
11) If so, what do you estimate the value of the license(s)?
12) If you have not provided your Phase 2 Federal Business Plan, please attach it to this report.
13) Please provide any general comments you may have about this program.

TECHNICAL:
Summarize the work conducted under Matching Funds Grant Agreement (include the importance/significance of the technology):

Goals of Project (description of Grant Application original goals):

Work Performed During Grant (identify tasks and activities supporting the Federal Grant):

Any Technical Issues (both resolved and remaining for future commercialization):

FINANCIAL:

Total Kentucky Matching Funds Award:

Current Funds Received To Date:

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Total of Expenditures to Date:

FEDERAL SBIR-STTR REPORTS

If Phase 1:

When was your Federal Phase 2 Application submitted? What is the status?
Has your Federal Phase 1 SBIR-STTR final report been submitted? If yes, when? If not, when?

If Phase 2:

Has your Federal Phase 2 final report been submitted? If yes, when? If not, when?

COMMERCIALIZATION PLANS (discuss any venture funding or other funding sources identified for future commercialization of this technology):

TRAVEL (list any program related travel conducted under this project):

PRESENTATIONS (include conference title or location description, city, state, date, presentation title, type, and presenters for each):

PUBLICATIONS (please list any publications planned or published with data from this effort):

EQUIPMENT: (list any equipment purchases)

INVENTIONS AND PATENT APPLICATIONS (list Application type, title, inventors, date applied, assigned number, and status of each Application, and details of technology etc.):

NUMBER AND LEVEL OF JOBS CREATED AND SALARIES PAID DURING MATCHING FUNDS GRANT:

AMOUNT OF OUTSIDE (PRIVATE) FUNDING RAISED AS A RESULT OF THE MATCHING FUNDS GRANT:

PROJECTED ECONOMIC IMPACT IN KENTUCKY:

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APPENDIX D: ANNUAL COMPANY STATUS REPORT

PHASE 1 AND PHASE 1PHASE 2
KENTUCKY SBIR-STTR MATCHING FUNDS PROGRAM

Grant Award KSTC-184-512-XX-XXX;
Annual Company Status Report Number: 1 2 3 4 5 (please circle)
Period of Work: From dd/mm/yy To dd/mm/yy

Grantee:_____

PI: _____Phone:_____Email:_____

Number of Employees at end of Kentucky Matching Funds effort?_____

Number of Employees currently employed and salaries paid by company?_____

Number of Employees expected to be hired in the next year?_____
For each New Position, please list types of positions created and salary range. (Professional, Technician, Production, Manufacturing, Administration, Intern, Other)
Type of Position Salary Range ____
Job #1_____
Job #2_____
Job #3_____
Job #4_____
Job #5_____

Describe any activities or efforts to further commercialize, patent or license the technology funded by the Kentucky Matching Funds Program, include any additional capital sources. (SBIRs/STTRs, Venture capital, other) Please list any other program comments or technology maturation comments.
_____

_____

Please have an independent CPA fill out the letter/template which can be found/downloaded from the Online Application System. Submission of this letter is an annual requirement for the five-year period after receipt of your final payment from the Kentucky SBIR-STTR Matching Funds Program.

APPENDIX E: CABINET FOR ECONOMIC DEVELOPMENT ECONOMIC INCENTIVE DISCLOSURE STATEMENT

INSTRUCTIONS: In accordance with the Executive Branch Code of Ethics, Chapter 11A of the Kentucky Revised Statutes ("KRS"), *before* any board or authority within or attached to the Cabinet for Economic Development ("CED") takes final action on any contract or agreement by which a bond, grant, lease, loan, assessment, incentive, inducement, or tax credit is awarded (the "incentive package"), the beneficiary of the incentive package must file with the approving board or authority a disclosure statement stating: (i) the identity of the beneficiary of the incentive package, (ii) the identity of any person employed to act on behalf of the beneficiary with respect to the incentive package, (iii) the details of any financial transaction (as defined in KRS 11A.201(5)(a), see below) between the beneficiary (or any other person listed in (ii) above) and any agent or public servant of the Cabinet for Economic Development, any member of any board or authority within or attached to that Cabinet, or any other public servant involved in the negotiation of the economic incentive package. Your Application or request will not be processed until this form is filed. CED will file copies of this form with the Executive Branch Ethics Commission pursuant to KRS 11A.233(2).

NOTE: For purposes of KRS 11A.201(5)(a), the definition of "financial transaction" is activity conducted or undertaken for profit, not available to the general public on the same terms, that arises from the joint ownership, the ownership, or part ownership in common, of any real or personal Property or any commercial or business enterprise of whatever form between:

1) Beneficiary, agent or employee of the beneficiary; and

2) CED agent, employee, member of board or authority attached to CED, or other public servant involved in the negotiation of any incentive package.

Beneficiary's Legal Name:

_____

Type(s) of Economic Incentive Package(s): (include the Matching Funds Award that you are applying for)
_____

Please identify all employees or agents of the Beneficiary who have acted on behalf of the Beneficiary in its dealings with the CED or any board or authority within or attached to the CED (please attach separate sheet if additional room is needed) in regard to the above incentive package:

Name & Title: _____

Organization: _____

Name & Title: _____

Organization: _____

Name & Title: _____

Organization: _____

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Name & Title: _____

Organization: _____

Have any of the above-listed employees or agents of the Beneficiary had any “financial transactions” (as defined above) with a CED agent, employee, or a board or agency attached to CED or any other public servant involved in the negotiation of any economic incentive package?

❑ Yes ❑ No

If yes, please detail any "financial transactions" (as defined above) between the Beneficiary (or any other person listed as an employee or agent of the Beneficiary) and (i) any agent or public servant of the CED, (ii) any member of any board or authority within or attached to that Cabinet, or (iii) any other public servant involved in the negotiation of the economic incentive package (please attach separate sheet if needed):

Name of Beneficiary (Agent or Employee):
_____

Name of Cabinet (Agent, Employee or Board/Authority member):
_____

Name of Other Public Servant:
_____

Description of Financial Transaction:
_____

Name of Beneficiary (Agent or Employee):
_____

Name of Cabinet (Agent, Employee or Board/Authority member):
_____

Name of Other Public Servant:
_____

Description of Financial Transaction:
_____

Name of Beneficiary (Agent or Employee):
_____

Name of Cabinet (Agent, Employee or Board/Authority member):
_____

Name of Other Public Servant:
_____

Description of Financial Transaction:
_____

The undersigned, a duly authorized representative of the Beneficiary listed above, hereby certifies that the information set forth in this Economic Incentive Disclosure Statement has been reviewed, and is true and correct to the best of the knowledge of the undersigned.

Signature: _____ Date: _____