CALL TO ORDER

Jim Traynor, Vice Chairman, called the meeting to order at 10:05am.

Commissioners Present in Person: Jim Traynor, Casey Ryan, Kevin Melicher, Mike Ness, Tommy Kenville (Alternate Commissioner)

Commissioners Present by Skype: Danita Bye

Commissioners Absent: Tim Hennessy

Guests Present in Person: Jay Schuler, Justin Dever, Christopher Kalash, Rachael Flagstad, Michael Moore, Jolynne Tschetter, Brian Kalk, Kouhyar Tavakolian, Siamak Arzanpour, Jim Albrecht, Richard Glynn

APPROVAL OF MEETING MINUTES

The COE Commission meeting minutes from the June 14, 2017 meeting were reviewed. Kevin Melicher moved to approve the meeting minutes. Mike Ness seconded the motion. The motion carried on a voice vote.

CONSENT AGENDA

Chris Kalash provided an overview of the consent agenda items.

- Change Requests
  - Timeline extension – Research ND – Application of Unmanned Aerial Systems (UAS) to Electric Distribution Infrastructure Damage Assessment and Restoration
- Disbursement Requests
  - Research and Development of Immunotherapeutic and Vaccine Candidates for Porcine Epidemic Diarrhea Virus ($198,209.69)
  - SmartSealz: Pilot/Operator Navigation Augmentation and Physiological Monitoring Headset ($50,000)
  - A Low Cost and Reproducible Synthetic Procedure for Mass Production of Lithium ion Batteries ($49,270.50)

Casey Ryan moved to approve the consent agenda items. Mike Ness seconded the motion. The motion carried on a voice vote.

COMMISSION BUSINESS

Chris Kalash presented the commission business items.

- Change Requests – Timeline extensions
  - Using UAS Imagery to Identify Weed Infestations in Cropland
    - They are requesting a timeline extension of six months to December 31, 2017. The primary graduate student who is conducting the research has been absent due to a terminal illness of his father. He returned home to Iran in June 2017 and will not be able to return to the United States until late August, 2017; this is the end date of the project. Other graduate students in the department have collected the remote sensing imagery and field data in his absence, but he needs additional time to complete the data analysis.
    - Casey Ryan moved to approve the timeline extension to December 31, 2017, unless the graduate student has not come back to NDSU by October 1, 2017, in that case
they need to come back to the COE Commission. Kevin Melicher seconded the motion. The motion carried on a voice vote.

- Research and Development of Immunotherapeutic and Vaccine Candidates for Porcine Epidemic Diarrhea Virus
  - They are requesting a timeline extension to March 31, 2017. They would like to backdate the extension. The original end date was December 31, 2016. The work continued until March 31, 2017. They would like to retroactively change their end date. During the extension period, work was completed on a second and third candidate, although it was successful, they did further evaluation with the animal work. Adding time between January 1, 2017 and March 31, 2017 will allow UND and Zymefast to appropriately track the time and effort put forth to this project. This additional time also allows them to say they successfully completed the proposed scope of work within the timeline.
  - In response to Casey Ryan, Chris Kalash answered this did not come to the COE Commission previously. They are asking for approval on actions that have been completed.
  - Jim Traynor added he is concerned that something was added to the proposal after the approval.
  - Chris Kalash explained the work was behind schedule and a timeline extension was not requested. They did finish the work, which means they are ready to move forward to the next set of trials.
  - In response to Kevin Melicher, Chris Kalash stated there is not any money outstanding on this project.
  - Casey Ryan requested that future grants come from applicants who are following the rules and Chris Kalash to inform the Commission.
  - **Casey Ryan moved to approve the timeline extension with communication of a reprimand.** Mike Ness seconded the motion. The motion carried on a voice vote.

- **Change Request – Add a new partner**
  - Center for Technologically Innovative Processes and Products (CTIPP)
    - Dr. Aelony of Dark Horse Technologies is one of three inventors of the total ankle replacement joint. According to the Verification Form, Dark Horse is looking to procure data to support the safety and efficacy of the product so they can launch a business. Safety and efficacy testing would be required by the FDA before any marketing could be done. The project could provide crucial progress toward the rigorous and time consuming FDA process. It is a quite small project, worth $2,000. This is adding a new partner.
    - **Casey Ryan moved to approve the request of a new partner.** Tommy Kenville seconded the motion. The motion carried on a voice vote.

- **Change Request – Budget modification and PI change**
  - Powerline Component Failure Identification – UAS
    - They are requesting a short timeline extension. SharperShape is doing some of the flying and SkySkopes is doing some of the flying for the Powerline Component Inspection project. They are reallocating whether the funding that is being paid out is going to SharperShape or SkySkopes, based on workload. They are also requesting to change the PI. Doug Olsen has left the University of North Dakota. They want to change the PI to Zachary Waller, who is with the school of Aerospace Sciences. The budget change was under 20%, but it is included in Commission Business because of the change of the PI. The Commission needs to act on the change of PI on the project.
    - **Kevin Melicher moved to approve the request to change the PI.** Mike Ness seconded the motion. The motion carried on a voice vote.

- An addition discussion was added to the agenda.
  - Simulation of Hydraulic Fracturing and Re-frac Operations to Enhance Oil Production from Bakken and Three Forks Formations – Vamegh Rasouli
    - The award was made on February 27, 2017. Chris Kalash gave the draft agreement to the University of North Dakota on March 2, 2017. After reviewing the draft agreement, one of the two partners, McKenzie Energy Partners LLC, backed out. After the partner backed out, Chris Kalash did not receive communication regarding the agreement. Chris
Kalash’s recommendation to Vamegh Rasouli was if one partner has backed out but the other partner is interested, Dr. Rasouli should decline the grant and come back during a future round with the one partner, Schlumberger. Otherwise, there is no agreement and no grant for the Commission to approve changes to. Dr. Rasouli was working with Schlumberger on whether or not they could cover the entire $300,078.00 in match. Chris Kalash had a conversation with Schlumberger regarding the difference between in-kind and cash reserved. On July 25, 2017, Chris Kalash informed Dr. Rasouli the drop dead date of receiving a signed agreement was August 10, 2017. An agreement was not received. On August 17, 2017 Chris Kalash informed Dr. Rasouli he will inform the Commission that Dr. Rasouli has declined the grant. Dr. Rasouli responded he has not declined the grant, he is still working with Schlumberger. No funds have been distributed.

- Justin Dever added the COE Commission has a policy that gives recipients 60 days to finalize agreements. This is past the 60 days.
- **Casey Ryan moved to rescind the grant and the individual be informed that if he so chooses, he can reapply. It should be noted he is being rescinded because he did not follow the rules.** Mike Ness seconded the motion. The motion carried on a voice vote.
- Mike Ness added he thought this was a good proposal and hopes they come back to the Commission.

**Updates to Research ND Policies and Procedures**
- Chris Kalash presented proposed changes to the Research ND Policies and Procedures. See Appendix A.
- The items highlighted in yellow are housekeeping updates.
- Casey Ryan suggested to change the edits on page 12 from “Written responses will be accepted by email” to “Written responses must be submitted by email.”
- Justin Dever suggested on page 14 to change $500,000 to $300,000.
- Casey Ryan pointed out the changes on page 16 vary from the changes on page 12. Chris Kalash will change page 16 to be the same as page 12.
- Jay Schuler provided an introduction to I-Corps. The Department of Commerce will provide more information to the Commission regarding this at the next meeting.
- **Casey Ryan moved to approve the changes to Research ND Policies and Procedures as presented and discussed.** Tommy Kenville seconded the motion. The motion carried on a voice vote.

**Discussion of limits on travel in grant budgets**
- This was discussed while reviewing the proposed changes to the Research ND Policies and Procedures. In the past, there were limits to travel. The current application does not have a limit to travel. On occasion, Commission members have questioned this. Chris Kalash asked the Commission members if they would like to have a limit of travel a PI can submit with a project. The prior instruction included $2,000 for travel.
- In response to Kevin Melicher, Chris Kalash answered it would include travel to meetings to promote the products and make contacts.
- Mike Ness added the projects vary and to set a $2,000 limit ties the Commission's hands. He suggested it is something the Commission should scrutinize on each proposal. He does not agree with a set limit. Tommy Kenville agreed.
- Kevin Melicher suggested adding something to the effect that any travel above a specific percentage needs to be approved by the Department of Commerce.
- Danita Bye suggested adding additional language as a protection for everyone.
- Mike Ness reiterated the Commission could scrutinize all travel without a set amount.
- Chris Kalash will leave it as is and scrutiny will be applied.
- Casey Ryan suggested to add, “Travel will be closely monitored.” Commission members agreed.
ADMINISTRATIVELY APPROVED ITEMS

Chris Kalash presented the administratively approved items.

- **First Disbursements**
  - RND BIO – RD&C of Antibody Therapy of Metabolic Stimulation in Animals ($425,000)
  - RND – Optimization of the Production of Cyclohexasilaine (CHS) from Trichlorosilaine in Partnership with 3DIcon Corp. ($75,000)
  - RND – Additive Manufacturing for Mattress Comfort Customization ($16,000)
  - RND – Design and Development a low-cost, high reliability, high accuracy IMU ($51,729)
  - VPI – An Integrated Software Package for Data Processing, Modeling and Simulation of Unconventional Reservoirs ($50,000)

- **Minor Budget Changes**
  - Research ND BIO – RD&C of Antibody Therapy for Metabolic Stimulation in Animals
  - An Integrated Software Package for Data Processing, Modeling and Simulation of Unconventional Reservoirs

- **Payment for Technical Review of May 2017 application**
  - Chris Kalash added Solix is no longer in the business of technical reviews.

OTHER INFORMATION

Chris Kalash presented the other information.

- **Fund Status**
  - Chris Kalash provided an update on the fund status for the Centers of Excellence, Centers of Research Excellence, and Research North Dakota and answered questions from the Commissioners.
  - Casey Ryan requested page numbers be included on the agenda.

- **Research ND BIO Interim Report - RD&C of Antibody Therapy for Metabolic Stimulation in Animals (#1)**

- **Research ND Interim Reports**
  - Management and Monitoring of Psoriasis and Melanoma Patient Treatment Using Smartphones (#1)
  - Enabling UAS Operations through support of a UAS Network Infrastructure (#1)
  - Powerline Component Failure Identification – UAS (#2)
  - Design and Development of Accelerated Degradation Test Methodology for Hydro-Static System (#4)
  - Evaluation of the Effectiveness of Sports Vision Programs in Improving Performance and Health in ND Youth Athletes (#5)

- **Venture Grant Phase I Interim Reports**
  - Development of A Novel Carbon Adsorbent for Removal of Pharmaceuticals, Herbicides and Other Emerging Contaminants from Drinking Water (#1)
  - Discovery and Development New Cancer Therapeutic Drugs via Inhibiting D5D and Targeting Over-expressed COX-2 (#1)
  - An Innovative Approach to Heal Nonunion Bone Defects in Humans (#1)
  - Low-Cost Self-Cooling for Microchips Using Advanced Composite Coating (#1)
  - ElectroMagnetic Inducible Digital Protein Expression Switch or EMID ProSwitch (#2)
  - Commercialization of Novel Lignin Reinforced Bioplastics by Using Game Changing Additive Manufacturing Practices (#2)
In response to Mike Ness, Chris Kalash does not have any major concerns regarding the reports.

The Commission took a break for lunch at 12:15pm.

PRESENTATION

The meeting resumed at 1:00pm.


Pressure ulcers (PU) are one of the leading complications in healthcare systems around the globe. It is estimated that every year over 7.4M patients become hospitalized for pressure ulcers in the globe (excluding developing countries). In US only, 2.5M people will suffer from PUs each year and 60,000 die annually. About 15% of acute care facilities’ patients and 29% of long term care facilities will experience PU. 50% of all admissions and 8% of all deaths at specialized spinal cord-injury hospitals are due to pressure ulcers. Statistics show that the treatment of the problem only in the US costs about 11 billion (USO) dollars every year whereas prevention would cost one-tenth of this.

The goal of this project is to develop a commercially viable seating system for preventing/healing of pressure ulcer. So far, a minimally viable prototype of a seating system is designed and its laboratory tests has demonstrated promising performances. At this project, the original design will be improved by providing proper pressure distribution on the seating area and incorporating other features such as pressure alternation and pressure relief. The seating system will also be instrumented with sensors to monitor the seating condition. An intelligent algorithm will be developed to reduce the dependency of users to caregivers. In this project the research team, led by Dr. Tavakolian will collaborate with MobiSafe Systems Inc., and ComDel Innovations Inc. to achieve the goals and milestones of the project. The research team will be in charge of developing smart algorithms for the cushion, as well as integration of the seating system components and laboratory and clinical testing. MobiSafe System will lead the electronic design and prototyping the control until hardware. ComDel Innovations will work on the cushion design and fabrication. A clinical verification is considered for the third year of the project.
In response to Jim Traynor, Siamak Arzanpour explained the regulations on this product depend on the claims.

Casey Ryan asked if the zone plan is set by the occupational therapists. Kouhyar Tavakolian responded that what is being done with the Roho, currently the most known brand in this area, is that the cells are inflated manually. It is very subjective. When the caregiver leaves, there is no guarantee how long the pressure will remain. With the product they are working on, the pressure is constantly measured. If for any reason the pressure is lost, an alarm will sound or it will automatically inflate to the pressure level required. The system would know if a patient had changed positions.

Kevin Melicher mentioned for a medical device like this to move forward, it seems to need to be approved by Medicare, insurance companies or by some form to receive payment. If that is not done, what is the approximate retail payment? Kouhyar Tavakolian answered stating that Siamak Arzanpour has approached some of the companies who are making such cushions to learn about their distribution channels. If technology works for them, this project could go through the same channel that others are already selling, like Roho. Siamak Arzanpour added that in Canada, if an occupational therapist recommends a cushion, insurance needs to pay for it. He has visited with many occupational therapists and they have told him that this is the best product.

Casey Ryan added he can see where this could replace some of the expensive air cushion beds in hospitals. If you were selling in that area, it would need Medicare approval.

Mike Ness requested information regarding the budget. Kouhyar Tavakolian explained the total is $436,000.00. Matching funds are coming from the two companies, $100,000.00 worth of engineering time and facility use provided from ComDel, the remaining from MobiSafe as cash and time. Kouhyar Tavakolian will be recruiting two UND graduate students and one post doctoral fellow.

In response to Mike Ness, Kouhyar Tavakolian responded that this device will be better than current commercial devices. Roho, for example, is based on equal distribution of pressure on a patient. However, if a pressure ulcer has already started, pressure needs to be taken off of those regions. This solution has all of the good features of available technologies. This product can have control of different parts of the cushion, which is not available in the current solution.

Jim Traynor asked, what is perceived to the biggest challenge to get this to market? Kouhyar Tavakolian responded there are different things they would like to do with this. He is not worried about the cushion that you have control over and you can check for the pressure inside the cushion. There is a large market and it is the same product as others, plus the product makes sure you don't lose pressure and sets an alarm. To look at a smaller product, which has all of the features of the other one, plus monitoring. The other part is to make the product intelligent in order to reduce the load of occupational therapy and to come up with creative patterns that will change based on the need of the patient is the challenge Kouhyar Tavakolian will be working on this in the coming years. The ideal final product is that you give a cushion to a patient and the cushion learns the pattern of the shape of the patient and it changes the pressure.

In response to Kevin Melicher, Kouhyar Tavakolian responded in terms of being near to commercialization, the basic product is almost ready. It needs to be better presented. To make it smart, Kouhyar Tavakolian needs two to three years to do a trial and plans to use 15 prototypes.

Jim Albrecht addressed Kevin Melicher’s question regarding the difficulty of manufacturing at this point at ComDel. It is development work that is left. Technology that needs to be evolved to understand the construction of the product that can be manufactured at ComDel. Give yourself about six months to figure out how to make the mattress, then another approximately six months to transition. Then, it is about finding a market. The timeframe until it is on the market would be one to one and a half years. ComDel first visited with the partners regarding this project in April. They have tried to put together a strategy of how they will work in North Dakota. This is the culmination of that.

In response to Casey Ryan, Siamak Arzanpour answered the product is about $3,000 if Medicare did not approve it.
Kevin Melicher asked, if the Commission accepts this proposal and the project moves forward, is there a possibility that the work can be done in Wahpeton right away? Kouhyar Tavakolian responded yes, the goal is to have the work done in North Dakota.

Tommy Kenville stated he has little concern the product will get built, but more concern the product will get sold. He asked for more information regarding MobiSafe. Siamak Arzanpour responded they have done surveys from patients and caregivers. The competition has also reached out to them to see what they have and if they could collaborate. These are good signs.

Glynn added he is incorporating them in the state at this time.

Kouhyar Tavakolian explained there is a patent that will be transferred to the North Dakota company in response to Casey Ryan questioning the competition creating a similar product.

Jim Traynor asked, what would happen if the amount approved by the Commission is half of what was requested? Kouhyar Tavakolian responded it will affect the amount of personnel. He needs staff with different qualities: one with a mechanical engineering background, one to work with MobiSafe with an electronics background, and he needs someone with more experience and a PhD. These are the main costs. They have cut corners as much as they could in response to the number of matching funds available. With half of the amount they cannot move forward, but some number in between could be possible.

Tommy Kenville asked Jim Albrecht what his concerns are. Jim responded technically they have done a great job establishing a product. The challenge is that the market is saturated with low-cost cushions and mats. It creates confusion. They need to separate themselves, sell to someone, and inform them that this is going to allow treatment or prevention of sores. The education process is the biggest challenge for this field.

In response to Kevin Melicher, Jim Albrecht explained the final integration would be done at ComDel. They look to their regional partners for the electronics. Regarding the air mattress, it depends if the process is consistent to equipment ComDel already owns.

COMMISSION BUSINESS CONTINUED

The Commission viewed a short video regarding SmartSealz.

Justin Dever reported the scores. The average score was 72.5 out of a possible 105. The average Commissioner score was 47.5 out of a possible 70. Looking at the past few funding rounds, this score is comparable to the middle. The highest score in the past few rounds has been 92.25, the lowest was 36. The Commission has funded most of them above 72.5 in the past, with the exception of one at 74. Below a score of 72.5, some proposals have been funded and some have been declined.

Tommy Kenville stated he thought the presentation was good, it helped with the technical scoring. ComDel is a solid partner. The worry is the market, but Casey Ryan confirmed it is a good size. He would like the Commission to invest in them, but at a lower level.

Casey Ryan added the market is very big, but how do you get to it. The product needs approval to be used in hospitals.

Kevin Melicher stated he thinks it is a valuable product. Jim Albrecht answered questions about it being manufactured in North Dakota, which is the purpose of the Commission. He agrees with Casey Ryan that it is a
valuable need. The Commission’s budget is $1.1 million, so this would take a couple hundred thousand dollars off of that. He feels good about it generating jobs and opportunities in North Dakota.

Mike Ness agreed that it is a good product. He thinks they will complete the job. He suggested the Commission split the request in half; giving them $100,000 to work on the product, then they can come back to ask for the other $100,000 in six months and tell the Commission where they are at and the next step to commercialization.

Danita Bye agreed with the steps and milestones idea. The key is commercialization.

Kevin Melicher moved to approve $104,000 with the opportunity to come back in six months for the other $104,000 of the funds. Mike Ness seconded the motion.

Danita Bye added the Commission does not have enough information on the market and the commercialization plan. Could the Commission request this information be submitted when they come back for the second half? Commission members agreed.

Tommy Kenville stated he is in support of this project, but not certain the total amount of the award. He was thinking $140,000 or $180,000, with $100,000 at the beginning.

Kouhyar Tavakolian responded that he will need to recruit personnel, and this would allow him to better plan for the long-term.

Chris Kalash added this is a three-year project and $158,000 of the $208,000 is personnel.

Justin Dever clarified that with this motion, the Commission is only approving $104,000 and not setting aside the other $104,000.

Danita Bye added that it is somewhat conditional, with the condition being the increased comfort in terms of the market study and commercialization, as the reason to split the funding. Another option would be to decline the proposal at this point and they can reapply and include that information.

Tommy Kenville stated his suggestion is to approve the project at $175,000 and give them $100,000 or $125,000 now and receive reports before the remaining funds are dispersed. This would be approving to fund a three-year project but with a lesser amount.

Justin Dever added that based on their budget, two out of the three years would be $178,112.

Jim Traynor added he respects the timeframe, needing to hire people and have assurances that they will remain on the job. He agrees with Tommy Kenville’s proposal.

Chris Kalash explained if the Commission funds the entire $208,000, when the private company, University, and Commerce have signed the agreement, the University can request the first half of the funds, $104,000. When the University has spent that amount and the private partners have shown they have matched that amount, the University can request the second half of the funding to continue the work.

Kevin Melicher withdrew his motion. Mike Ness withdrew the second to the motion.
Tommy Kenville made a motion to fund AltaAir: Prevention and Treatment of Pressure Ulcer Using a Smart Seating System, Research ND Grant for $178,000 with $100,000 disbursed up front, and the remaining $78,000 tied to submitting an acceptable commercialization plan and how they will get to market and demonstrating North Dakota involvement. Mike Ness seconded the motion. The motion carried on a roll-call vote as follows:

Danita Bye – yes
Mike Ness – yes
Kevin Melicher – yes
Casey Ryan – yes
Jim Traynor – yes
Tommy Kenville – yes

ADJOURNMENT

There being no further business Vice Chairman Jim Traynor adjourned the meeting at 2:31pm.

Jim Traynor, Vice Chairman
Rachael Flagstad, Recording Secretary
TABLE OF CONTENTS

RND 1.0 General Provisions................................................................. 5
  1.01 Program Purpose ...................................................................... 5
  1.02 Legislation .............................................................................. 5
    1.02a N.D.C.C. § 54-65-06 Research North Dakota Grants................ 5
    1.02b N.D.C.C. § 54-65-07 Research North Dakota Venture Grants ....... 5
  1.03 Research ND Fund .................................................................. 5
  1.04 Program Descriptions ............................................................. 6
    1.04a Research ND .................................................................. 6
    1.04b Research ND BIO .......................................................... 6
    1.04c FAST Track ................................................................ 6
    1.04d Venture Grants ............................................................... 6
  1.05 Rights to Intellectual Property ............................................... 6
  1.06 Definitions ............................................................................ 6
  1.07 Abbreviations ....................................................................... 8
  1.08 Costs of Application Preparation ........................................... 8
  1.09 Acceptance and Rejection of Applications ............................. 8
  1.10 Application Ownership .......................................................... 8
  1.11 Reservation of Funds ............................................................. 8
  1.12 Program Administration ........................................................ 8

RND 2.0 Research ND ...................................................................... 9
  2.01 Program Description ............................................................. 9
  2.02 Eligible Applicants .................................................................. 9
  2.03 Eligible and Ineligible Projects for Research ND ...................... 9
  2.04 Matching Award Amounts ...................................................... 9
  2.05 Special Project Funding (suspended for 2017-19 biennium) ....... 9
  2.06 Private Sector Funding Requirements .................................... 10
  2.07 Funds Ineligible for Matching through Research ND ............... 10
  2.08 Required Documentation ...................................................... 10
  2.09 Application Requirements ................................................... 10
  2.10 Application Submission ........................................................ 11
  2.11 Application Deadlines ........................................................... 11
  2.12 Review Process ................................................................... 11
    2.12a Initial Review ................................................................. 11
    2.12b Review for North Dakota Priorities .................................... 11
    2.12c Technical Review ............................................................ 12
    2.12d Response to Technical Review ......................................... 12
    2.12e Review of Applications by Commission ............................. 12
2.12f Presentations to the Commission ........................................................................ 12
2.12g Commission Decisions ......................................................................................... 13

RND 3.0 Research ND BIO ............................................................................................... 13
3.01 Program Description ................................................................................................. 13
3.02 Eligible Applicants ..................................................................................................... 13
3.03 Eligible and Ineligible Projects ............................................................................... 13
3.04 Matching Award Amounts ......................................................................................... 13
3.05 Special Requirements for Projects Requesting in Excess of $500,000 ......................... 14
3.06 Private Sector Funding Requirements ...................................................................... 14
3.07 Funds Ineligible for Matching through Research ND ............................................... 14
3.08 Required Documentation ......................................................................................... 14
3.09 Application Requirements ....................................................................................... 14
3.10 Application Submission ............................................................................................ 15
3.11 Application Deadlines ............................................................................................... 15
3.12 Review Process ......................................................................................................... 15
3.12a Initial Review .......................................................................................................... 15
3.12b Review for North Dakota Priorities .......................................................................... 15
3.12c Technical Review .................................................................................................... 15
3.12d Response to Technical Review ............................................................................... 16
3.12e Review of Applications by Commission .................................................................... 16
3.12f Presentations to the Commission .......................................................................... 16
3.12g Commission Decisions ........................................................................................... 17

RND 4.0 FAST Track ........................................................................................................ 17
4.01 Program Description ................................................................................................. 17
4.02 Eligible Applicants .................................................................................................... 17
4.03 Eligible and Ineligible Projects for FAST Track ...................................................... 17
4.04 Matching Award Amounts ....................................................................................... 17
4.05 Private Sector Funding Requirements ...................................................................... 18
4.06 Funds Ineligible for Matching through FAST Track ............................................... 18
4.07 Required Documentation ......................................................................................... 18
4.08 Application Requirements ....................................................................................... 18
4.09 Application Submission ............................................................................................ 18
4.10 Application Deadlines ............................................................................................. 18
4.11 Review Process ........................................................................................................ 19
4.11a Expedited Review .................................................................................................. 19
4.11b Ratification by the Commission .......................................................................... 19

RND 5.0 Venture Grants .................................................................................................... 19
5.01 Program Descriptions .............................................................................................. 19
5.02 Eligible Applicants for Research ND Venture Grants ............................................. 19
5.03 Eligible and Ineligible Projects for Research ND Venture Grants ........................................ 20
5.04 Grant Award and Matching Fund Award Amounts ................................................................. 20
5.05 Private Sector Funding Requirements .................................................................................. 20
  5.05a Venture Grant Phase I ........................................................................................................ 20
  5.05b Venture Grant Phase II ..................................................................................................... 20
  5.05c Venture Grant Phase I/II .................................................................................................. 21
5.06 Funds Ineligible for Matching through Research ND ......................................................... 21
5.07 Required Documentation .................................................................................................... 21
  5.08 Application Requirements ................................................................................................. 21
    5.08a Venture Grant Phase I ................................................................................................... 21
    5.08b Venture Grant Phase II (I/II) ....................................................................................... 22
5.09 Application Deadlines .......................................................................................................... 22
5.10 Review Process .................................................................................................................... 22
  5.10a Initial Application Review ............................................................................................... 22
  5.10b Technical Review .......................................................................................................... 22
  5.10c Review of Venture Grant Applications by Review Committee .................................. 23
5.10c Review of Venture Grant Applications by Review Committee .................................. 23
  5.10c Review of Venture Grant Applications by Review Committee .................................. 23
5.10c Review of Venture Grant Applications by Review Committee .................................. 23
  5.11e Presentations to the Commission .................................................................................... 23
  5.11f Commission Decisions .................................................................................................. 24
RND 6.0 Award Process ............................................................................................................. 24
  6.01 Award Agreements ............................................................................................................ 24
  6.02 Disbursement of Funds ...................................................................................................... 24
  6.03 Project Duration ............................................................................................................... 25
  6.04 Partially Funded Projects ................................................................................................. 25
  6.05 Delayed Projects .............................................................................................................. 25

RND 7.0 Reporting and Auditing Requirements ........................................................................ 25
  7.01 Interim Project Reports .................................................................................................... 25
  7.02 Final Project Reports ...................................................................................................... 25
  7.03 Auditing Requirements .................................................................................................. 26

RND 8.0 Economic Development ............................................................................................. 26
  8.01 Economic Impact Reports ............................................................................................... 26
  8.02 Facilitating Commercialization ...................................................................................... 26
RND 1.0 GENERAL PROVISIONS

1.01 PROGRAM PURPOSE
Research ND promotes the development and commercialization of products and processes through industry/university research partnerships. Research ND provides matching funds to help companies pay for the university research. Projects are initiated by the companies to meet their own research and development goals.

Through Research ND, firms have the opportunity to leverage their research, development and commercialization funds and gain access to the creative talents and extensive research base of North Dakota’s Research Universities. Research ND matching funds are awarded on a competitive basis for projects based on proposals submitted jointly by researchers from one North Dakota’s Research Universities and a Private Sector Partner.

The overall goal of Research ND, Research ND BIO, FAST Track and the Venture Grant programs is to have a long term positive economic impact on the State and Private Sector through various means including, but not limited to; economic diversification, improved production factors, and the development of new markets

1.02 LEGISLATION
1.02a N.D.C.C. § 54-65-06 Research North Dakota Grants
“The department shall establish and administer a research North Dakota grant program to provide grants to a research university for research, development, and commercialization activities related to a private sector partner. The centers of excellence commission, established under chapter 15-69, shall make grant award determinations under this section. The department shall work with the centers of excellence commission in establishing guidelines to qualify for a grant under this section, including the requirement that an application must be accompanied by a partnership agreement between the private sector partner and a research university. The agreement must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. The commission may approve changes to the scope of the work or the budget only to the extent that the changes are agreed upon by the private sector partner and the research university. Before the commission directs the department to distribute funds awarded under this section, the research university shall provide the commission with detailed documentation of private sector participation and the availability of one dollar of matching funds for each dollar of state funds to be distributed. Matching funds must be in the form of cash and may not include in-kind assets.”

1.02b N.D.C.C. § 54-65-07 Research North Dakota Venture Grants
“The department shall establish and administer a research North Dakota venture grant program to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota. The department shall collaborate with the centers of excellence commission in establishing guidelines to qualify for a grant under this section.”

1.03 RESEARCH ND FUND
Funding for the 2017-19 biennium includes $1.7 million for Research North Dakota projects. $800,000 is available for Research North Dakota, Research North Dakota BIO grants and FAST Track grants. $400,000 from the Commissioner’s discretionary budget has been made available specifically for Venture Grant Phase II. To be eligible for Venture Grant Phase II, researcher at a research university must have successfully completed a Venture Grant Phase I project. $500,000 is
available for the Energy and Environmental Research Center for economic development and diversification of the North Dakota economy.

The Commission may utilize up to 2.5% of the funds appropriated to the Research ND fund during the 2013-2015 biennium for administrative expenses. Administrative costs may include economic impact studies, printing expenses, audits, or attorney’s fees. Commerce shall have the authority to pay program-related administrative expenses up to $2,500 without prior direction from the Commission. Commerce shall notify the Commission of any such expenditure during a subsequent Commission meeting.

1.04 PROGRAM DESCRIPTIONS

1.04a Research ND
Research ND promotes the development and commercialization of products and processes through industry/university research partnerships. This program is open to all industry sectors with priority being granted to industry sectors that are targeted or identified within the Economic Development Foundations current strategic plan (www.commerce.nd.gov/about/foundation/).

1.04b Research ND BIO
A sub-program of Research ND specifically to provide matching grants to a Research University “to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious disease; or other pathogens, including bacteria, mycobacteria, fungi and parasites” (Section 30 of Chapter 49 of the 2013 Session Laws) in conjunction with a Private Sector Partner.

1.04c FAST Track
The FAST Track program has been designed as a sub-program under Research ND for projects with a limited budget, short duration and a compelling need to begin on short notice.

1.04d Venture Grants
The Research ND Venture Grant program was established by the 63rd Legislative Assembly (N.D.C.C. § 54-65-07) with intent to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and either startup or spinoff business operating in North Dakota.

1.05 RIGHTS TO INTELLECTUAL PROPERTY
Matters with regard to Intellectual Property (e.g. intellectual property ownership, distribution of royalty payments, licensing fees) shall be defined in a binding agreement between the Research University and the PSP before the application is submitted. The Research University shall abide by State Board of Higher Education policy 611.2. The Commission and the North Department of Commerce do not reserve the right to any of the Intellectual Property that may be generated as part of funding through Research ND or any of its subprograms.

1.06 DEFINITIONS

**Applicant:** A Research University in partnership with the private sector which is applying for a matching grant from the Research ND Fund.

**Application:** The written document that is submitted to the Commission for consideration under the Research ND program.

**Authorized Representative:** An individual from either the Research University or the Private Sector Partner authorized by their representative organization to sign agreements.

Approved xx/xx/2017
Award: Funds distributed after a grant application has been approved and an agreement signed.

Award Agreement: A document describing the rights and duties of the Commission, Research University and Private Sector Partner. This document must be signed by all parties after a grant application has been approved and prior to award funds being distributed.

Cash: Funds from the Private Sector Partner provided to the Research University for use on the project’s scope of work.

Cash reserved: Cash to be spent by the Private Sector Partner on expenses directly related to the approved project.

Commission: The Centers of Excellence Commission or its representatives.

Fund: Means the Research North Dakota Fund available to the Commission to provide funding for the Program as authorized in N.D.C.C. § 54-65-06.

Grant: The monetary award made by the Commission to a Research University under the Program.

Grantee: The Research University which has been awarded a Grant from the Fund.

Errors: Significant inaccuracies, inconsistencies, omissions, or incorrect formatting identified in the application.

Matching Funds: Funds provided to the Research University from the Fund for work on an approved project.

Partnership Agreement: An agreement between the Private Sector Partner and a Research University that must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. (As defined in N.D.C.C. § 54-65-06.)

Principal Investigator: The Research University’s lead scientific contact.

Private Sector: Businesses and industries that are not owned or controlled by the government.

Private Sector Funds: Any combination or Cash or Cash Reserved invested in a project by the Private Sector Partner in an amount of at least $1 for every $1 of matching funds requested by the Application in accordance with N.D.C.C. § 54-65-06.

Private Sector Partner: Any private sector entity that has entered into a Partnership Agreement with a Research University and submitted an application under one of the Research ND programs.

Project Budget: Total of Private Sector Funds and Research ND Funds to be applied to a project.

Project Director: The lead scientific contact from the Private Sector Partner (required for Research ND, Research ND BIO, Venture Grant Phase II and Venture Grant Phase I/II).

Program: Any of the programs under the authority of the Commission utilizing Research ND funds.

Program Manager: The person designated by the Commerce Commissioner to provide the Commission with technical, administrative and economic development support.

Research University: An institution under the control of the North Dakota State Board of Higher Education which has a full-time student enrollment in excess of nine thousand students.

Approved xx/xx/2017
Research University Budget: The total of Cash from the Private Sector Partner and Matching Funds provided by Research ND.

Significance: The importance of the problem or critical barrier to progress that the proposed project addresses.

Spinoff business: The creation of an independent company through the sale or distribution of new shares of an existing business/division of a parent company. A spinoff is a type of divestiture.

Startup business: A company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand.

Subcontract: The term subcontract will be used to represent subcontracts, sub-awards, and consortium for the purposes of these policies.

Substantial Presence: The business must have its principal office in North Dakota and have the majority of its business activity performed in this state, except sales activity, or have a significant operation in North Dakota that has or is projected to have more than ten employees or $150,000 of sales annually.

Technical Reviewers: Independent technical reviewers contracted through a third party to review the merits of the application.

1.07 Abbreviations
PI – Principal Investigator
PD – Project Director
PSP – Private Sector Partner

1.08 Costs of Application Preparation
The Commission is not liable for any cost including costs of preparation of applications, incurred by the applicants prior to issuance of an Award Agreement. The Commission will be liable only for those costs and expenses expressly identified by the Award Agreement.

1.09 Acceptance and Rejection of Applications
These policies do not commit the Commission to award funds. The Commission reserves the right to accept or reject any or all applications received as a result of the Program and to negotiate with any and all qualified applicants.

1.10 Application Ownership
Information contained in all applications, both successful and unsuccessful, will remain the property of the applicant but the Commission will retain file copies of all applications, findings and reports. Except with regard to confidential information, applications are public information and are available to the public upon request and payment of copying charges.

1.11 Reservation of Funds
The Commission is not obligated to award the total amount of funds made available under this Program. Funds not awarded will be reserved for future grants under the Program.

1.12 Program Administration
Decisions related to Research ND and all of its subprograms will be made by the Commission except as to where the Commission has authorized others in these policies. Program administration will be

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RND 2.0 RESEARCH ND

2.01 PROGRAM DESCRIPTION
The Research ND program was established by the 63rd Legislative Assembly (N.D.C.C § 54-65-06). It is intended to provide grants to a Research University for research, development and commercialization activities related to a Private Sector Partner (PSP).

2.02 ELIGIBLE APPLICANTS
To be eligible for funding under the Program, Applications must be jointly submitted by a Research University and a PSP.

2.03 ELIGIBLE AND INELIGIBLE PROJECTS FOR RESEARCH ND
Any project in partnership with a Research University proposing research, development or commercialization activities is eligible for funding under this Program. In all cases, projects must demonstrate a reasonable probability of advancing to a commercially viable stage. The application must include information about how the proposed work fits into the overall plan for commercialization of the product or process.

Research ND will not accept similar grant applications with essentially the same focus from the same PSP. Individual applications from a single Research University with different PSP may have similar research focus as long as the work on the projects is being done independently.

The following activities or uses are ineligible for funding under this Program:
- Receiving funding for the same project from other North Dakota state grant programs
- Indirect costs
- Sub-awards or subcontracts to the PSP
- Activities illegal under North Dakota State law
- Sponsorship of conferences
  - Unallowable expenses include:
    1) food and beverages
    2) travel unless directly related to the achievement of the project
    3) subcontracts that amount to more than 30% of the requested funds

2.04 MATCHING AWARD AMOUNTS
Research ND: Matching funds may be granted up to $300,000 per project.

2.05 SPECIAL PROJECT FUNDING (SUSPENDED FOR 2017-19 BIENNIAL)
The Commission may review Applications for Research ND funding requesting up to $500,000 in matching funds. Any projects requesting funding in excess of $300,000 shall have to strongly justify the need for Matching Funds in excess of the $300,000 award limit.
The Commission reserves the right to request that any proposal submitted for funding in excess of $300,000 be broken down into Phases. The project may then be approved in its entirety but each Phase of the proposal will be funded as if it were a separate project according to the Programs disbursement policy. Funding for each subsequent Phase of the project is contingent upon the Commission’s agreement that the milestones, objectives and goals of the previous Phase have been completed and there is sufficient cause for the project to continue.

The Commission reserves the right to revoke Section 2.05 without notice.

2.06 PRIVATE SECTOR FUNDING REQUIREMENTS
The Private Sector Funds designated to the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:

1. Cash to the university for use on the approved project;
2. Cash Reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries and benefits (apportioned to work on project), travel, direct expenses);
3. A combination of the above to meet the match requirements in statute.

2.07 FUNDS INELIGIBLE FOR MATCHING THROUGH RESEARCH ND
The following funds are ineligible to count as Private Sector Funds:

- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

2.08 REQUIRED DOCUMENTATION
The Application must provide adequate documentation validating the Private Sector Funds, including letters of commitment from all funding sources. The Application will be in error if the documentation is not provided with the submission of the Application.

The Commission may later request additional documentation of Private Sector Funds as it deems necessary. Failure to provide all requested information to the Commission may result in termination of the award process.

2.09 APPLICATION REQUIREMENTS
An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at www.ResearchND.com or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12. The Application must be prepared according to the instructions that can be downloaded from the same website.

Research ND applications are a joint application between a ND Research University and a PSP where the submitting Applicant is the Research University. The application needs to present a cohesive picture of the work to be done, the impact to the private sector, and clearly delineate the responsibilities of the Research University and the PSP. The completed application should be reviewed through both the Research University and PSP’s organizational review process prior to submission through the Research University’s normal grant submission process.

Applications materials, instructions and other information about the Research ND program can be found at www.ResearchND.com.
2.10 APPLICATION SUBMISSION
Applications will be submitted through a secure FTP site managed by the Department of Commerce by designated personnel at the Research University to the Department of Commerce. An Authorized Representative of the Research University shall contact the Program Manager to request the URL and login information for the Research ND program and all of its sub-programs.

2.11 APPLICATION DEADLINES
Applications will be accepted on a quarterly basis for Research ND depending on the availability of funds.

Applications will be considered on time if they are time stamped by the FTP server on or before 5:00 PM local time for the submitting Research University on the submission deadline dates as listed under Programs on www.ResearchND.com.

2.12 REVIEW PROCESS
All Research ND applications will be evaluated according the criteria set forth in N.D.C.C. § 54-65-06 and the criteria established by the Commission as stated in these policies. All Commission decisions are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundation’s current strategic plan (www.commerce.nd.gov/about/foundation/). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

2.12a Initial Review.
The applications will initially be reviewed to ensure that the applications are complete and meet the eligibility requirements of the program. If errors are found in the application, amended applications can either be returned within two (2) business days of receiving an error notification or be held for resubmission for a later funding round assuming funds are still available.

Failure to include the fully executed partnership agreement at the time of submission will result in the application being returned un-reviewed and an amended application will not be accepted until the next submission deadline.

The results of the initial application review will be emailed to the PI, PD, and the Authorized Representatives for both the Research University and the PSP.

2.12b Review for North Dakota Priorities
The Program Manager will assess and score all applications for North Dakota priorities as outlined in these policies.

Ten (10) points will be given to grant applications that have as their PSP a business that has a substantial presence in ND.

Ten (10) points will be given to grant applications focus on industry sectors that are targeted or identified within the Economic Development Foundation’s current strategic plan (www.commerce.nd.gov/about/foundation/).

Up to ten (10) points will be given to grant applications that have a clearly defined direct economic impact to North Dakota.

Up to five (5) points will be given to applications that exceed the required dollar for dollar match required in statute.

Approved xx/xx/2017
2.12c Technical Review
Approximately two weeks after the submission deadline grant applications will be sent out for technical review. The Office of Innovation and Entrepreneurship will contract with a third party to provide the technical review of all submissions to the Research ND Program that were not rejected in the initial review process.

The technical review of the application will address (at a minimum) the following as they relate to the proposed project:

- technical feasibility
- quality of methodology
- budget
- likelihood of success,
- the background of both the PI, PD and other key personnel
- the project management plan
- facilities and equipment

If a research proposal receives unanimous ‘Do Not Fund’ recommendations from the technical reviewers the application will not be forwarded to the COE Commission for consideration of funding. These proposals will be returned to the Principal Investigator with the comments from the technical reviewers. The proposal may be submitted for a future funding round. If the proposal is resubmitted, a letter from the Principal Investigator outlining the changes made to the proposal as a result of earlier reviewers’ comments should be included.

2.12d Response to Technical Review
Once the Technical Reviews have been returned, the reviewers’ comments will be compiled by the Program Manager and sent to the applicants. Applicants will have ten (10) business days to submit responses to the Technical Reviewers’ comments. Responses must be in writing and shall be limited to providing clarification of the application as it relates to the reviewers’ comments. No response within 10 business days from the applicant will mean that the applicant accepts the Technical Reviewers’ comments.

Written response will be accepted by email. If responses are sent by mail they should be addressed to Program Manager as identified in the application instructions. Mailed responses to the technical review will be considered on time if the date on the post mark falls within 10 business day deadline.

The Commission reserves the right return the applicant’s clarifications to the technical reviewers.

2.12e Review of Applications by Commission
The Commission shall consider, but is not bound by, the recommendations of the Technical Reviewers in deciding to either fund or not fund a particular project.

The applications will be sent to the Commission for review once the summary of Technical Reviewer’s comments, the written response to the Technical Review (if provided), and the Review for North Dakota priorities are complete.

2.12f Presentations to the Commission
Applicants will be required to present their project to the Commission. Presentations will be scheduled for the next regularly scheduled Commission meeting provided that the application material is available for the Commission to review at least two (2) weeks before the scheduled meeting. If the next Commission meeting is scheduled less than two (2) weeks from when the compiled application and review material is available, presentations will be scheduled for the following regularly scheduled meeting.

Approved xx/xx/2017
The Commission members will submit Project Score Sheet to the Program Manager after the presentation. The Project Score Sheet will score the applications on three criteria: Probability and Extent of New Wealth Creation, Timeliness and Merit.

2.12g Commission Decisions
Following the presentation and any subsequent discussion, the Commission will decide to either vote on the presented project or to continue the discussion and vote on the proposal at the next scheduled Commission meeting. Projects that are approved for funding at this point will begin the Award Agreement process. All Commission funding decisions are final.

RND 3.0 RESEARCH ND BIO

3.01 PROGRAM DESCRIPTION
A sub-program of Research ND specifically to provide grants to a Research University “to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious disease; or other pathogens, including bacteria, mycobacteria, fungi and parasites” (Section 30 of Chapter 49 of the 2013 Session Laws) in conjunction with a PSP.

3.02 ELIGIBLE APPLICANTS
To be eligible for funding under the Program, Applications must be jointly submitted by a Research University and a PSP.

3.03 ELIGIBLE AND INELIGIBLE PROJECTS
Any project to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious disease; or other pathogens, including bacteria, mycobacteria, fungi and parasites in partnership with a Research University is eligible for funding under this sub-program. In all cases, projects must demonstrate a reasonable probability of advancing to a commercially viable stage. The application must include enough information about how the proposed work will advance the project towards being commercially viable and how the project fits into the overall plan towards commercialization.

Research ND will not accept similar grant applications with essentially the same research focus from the same PSP. Individual applications from a single Research University with different PSPs may have similar research focus as long as the work on the projects is being done independently.

The following activities or uses are ineligible for funding under this Program:
- Receiving funding for the same project from other North Dakota state grant programs
- Indirect costs
- Sub-awards or subcontracts to the PSP
- Activities illegal under North Dakota State law
- Sponsorship of conferences
- Unallowable expenses include:
  1) food and beverages
  2) travel unless directly related to the achievement of the project (FOR DISCUSSION-limit?)
  3) subcontracts that amount to more than 30% of the requested funds

3.04 MATCHING AWARD AMOUNTS
Research ND BIO: Matching funds may be granted up to $300,000 per project.

Approved xx/xx/2017
3.05 SPECIAL REQUIREMENTS FOR PROJECTS REQUESTING IN EXCESS OF $500,000
(SUSPENDED FOR THE 2017-19 BIENNIAL)
Applications for Research ND BIO funding in excess of $500,000 shall submit a single proposal encompassing the entire project that is broken down into Phases where the Research ND BIO portion of the budget is limited to no more than $500,000. The project may be approved in its entirety but each Phase of the proposal will be funded as if it were a separate project according to the Programs disbursement policy. Funding for each subsequent Phase of the project is contingent upon the Commission’s agreement that the milestones, objectives and goals of the previous Phase have been completed and there is sufficient cause for the project to continue.

3.06 PRIVATE SECTOR FUNDING REQUIREMENTS
The PSP's portion of the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:
1. Cash to the university for use on the approved project;
2. Cash reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries and benefits (apportioned to work on project), travel, direct expenses); or
3. A combination of the above to meet the match requirements in statute.

3.07 FUNDS INELIGIBLE FOR MATCHING THROUGH RESEARCH ND
The following funds are ineligible to count as Private Sector Funds:
- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

3.08 REQUIRED DOCUMENTATION
The Application must provide adequate documentation validating the Private Sector Funds, including letters of commitment from all funding sources. The Application will be in Error if the documentation is not provided with the submission of the Application.

The Commission may later request additional documentation of Private Sector Funds as it deems necessary. Failure to provide all requested information to the Commission may result in termination of the award process.

3.09 APPLICATION REQUIREMENTS
An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at www.ResearchND.com under the Research ND Resources tab or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12. It must be prepared according to the instructions that can be downloaded from the same website.

Research ND applications are a joint application between a ND Research University and a PSP where the submitting Applicant is the Research University. The application needs to present a cohesive picture of the work to be done, the impact to the private sector, and clearly delineate the responsibilities of the Research University and the PSP. The completed application should be reviewed through both the Research University and PSP’s organizational review process prior to submission through the Research University’s normal grant submission process.
3.10 **APPLICATION SUBMISSION**
Applications will be submitted through a secure FTP site managed by the Department of Commerce by designated personnel at the Research University to the Department of Commerce. An Authorized Representative of the Research University shall contact the Program Manager to request the URL and login information for the Research ND program and all of its sub-programs.

3.11 **APPLICATION DEADLINES**
Applications will be accepted on a quarterly basis for Research ND BIO depending on the availability of funds.

Applications will be considered on time if they are time stamped by FTP server on before 5:00 PM local time for the submitting Research University on the Submission Deadline dates as listed under Programs on [www.ResearchND.com](http://www.ResearchND.com).

3.12 **REVIEW PROCESS**
All Research ND applications will be evaluated according the criteria set forth in N.D.C.C. § 54-65-06 and the criteria established by the Commission as stated in these policies. All Commission decisions are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundations current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

3.12a **Initial Review.**
The applications will initially be reviewed to insure that the applications are complete and meet the eligibility requirements of the program. If errors are found in the application, amended applications can either be returned within two (2) business days of receiving an error notification or resubmitted for a later funding round assuming funds are still available.

Failure to include the fully executed partnership agreement at the time of submission will result in the application being returned un-reviewed and an amended application will not be accepted until the next submission deadline.

The results of the initial application review will be emailed to the PI, PD, and the Authorized Representatives for both the Research University and the PSP.

3.12b **Review for North Dakota Priorities**
The Program Manager will assess and score all applications for North Dakota priorities as outlined in these policies.

Ten (10) points will be given to grant applications that have as their PSP a business that has a substantial presence in ND.

Up to ten (10) points will be given to grant applications that have a clearly defined direct economic impact to North Dakota.

Up to five (5) points will be given to applications that exceed the required dollar for dollar match required in statute.

3.12c **Technical Review**
Approximately two weeks after the submission deadline grant applications will be sent out for technical review The Office of Innovation and Entrepreneurship will contract with a third party to

Approved xx/xx/2017
provide the technical review of all submissions to the Research ND Program that were not rejected in the initial review process.

The technical review of the application will address (at minimum) the following as they relate to the proposed project:

- technical feasibility
- quality of methodology
- budget
- likelihood of success,
- the background of both the PI, PD and other key personnel as they relate to the proposed project
- the project management plan
- facilities and equipment

If a research proposal receives unanimous 'Do Not Fund' recommendations from the technical reviewers the application will not be forwarded to the COE Commission for consideration of funding. These proposals will be returned to the Principal Investigator with the comments from the technical reviewers. The proposal may be submitted for a future funding round. If the proposal is resubmitted, a letter from the Principal Investigator outlining the changes made to the proposal as a result of earlier reviewers' comments should be included.

3.1.2d Response to Technical Review.
Once the Technical Reviews have been returned, the reviewers’ comments will be compiled by the Program Manager and sent to the applicants. Applicants will have ten (10) business days to submit responses to the Technical Reviewers’ comments. Responses must be in writing and shall be limited to providing clarification of the application as it relates to the reviewer’s comments. No response within a 10 business days from the applicant will mean that the applicant accepts the Technical Reviewers’ comments.

Written response will be accepted by email or mail. If responses are sent by mail they should be addressed to Program Manager as identified in the application instructions. Mailed responses to the technical review will be considered on time if the date on the post mark falls within 10 business day deadline.

The Commission reserves the right return the applicant’s clarifications to the technical reviewers.

3.1.2e Review of Applications by Commission
The Commission shall consider, but is not bound by, the recommendations of the Technical Reviewers in deciding to either fund or not fund a particular project.

The applications will be sent to the Commission for review once the summary of Technical Reviewer’s comments, the written response to the Technical Review (if provided), and the Review for North Dakota priorities are complete.

3.1.2f Presentations to the Commission
Applicants will be required to present their project to the Commission. Presentations will be scheduled for the next regularly scheduled Commission meeting provided that the application material is available for the Commission to review at least two (2) weeks before the scheduled meeting. If the next Commission meeting is scheduled less than two (2) weeks from when the compiled application and review material is available, presentations will be scheduled for the following regularly scheduled meeting.
The Commission members will submit Project Score Sheet to the Program Manager after the presentation. The Project Score Sheet will score the applications on three criteria: Probability and Extent of New Wealth Creation, Timeliness and Merit.

3.12g Commission Decisions
Following the presentation and any subsequent discussion, the Commission will decide to either vote on the presented project or to continue the discussion and vote on the proposal at the next scheduled Commission meeting. Projects that are approved for funding at this point will begin the Award Agreement process. All Commission funding decisions are final.

RND 4.0 FAST TRACK

4.01 PROGRAM DESCRIPTION
The FAST Track program has been designed as a sub-program under Research ND for projects which applications may be administratively approved if the project meets all the criteria in Section 4.0 of these policies.

4.02 ELIGIBLE APPLICANTS
To be eligible for funding under the Program, Applications must be jointly submitted by a Research University and a PSP with a Substantial Presence in North Dakota.

4.03 ELIGIBLE AND INELIGIBLE PROJECTS FOR FAST TRACK
Any project in partnership with a Research University proposing research, development or commercialization activities is eligible for funding under this Program provided it meets the additional criteria outlined in these policies. In all cases, projects must demonstrate a reasonable probability of advancing to a commercially viable stage. The application must include enough information about how the proposed work will advance the project towards being commercially viable and how the project fits into the overall plan towards commercialization.

FAST Track proposals must meet a compelling private sector need, be of short duration (no more than one year), and provide a compelling reason to begin immediately.

FAST Track will not accept similar grant applications with essentially the same research focus from the same PSP. Individual applications from a single Research University with different PSPs may have similar research focus as long as the work on the projects is being done independently.

The following activities or uses are ineligible for funding under this Program:
   - Receiving funding for the same project from other North Dakota state grant programs
   - Indirect costs
   - Sub-awards or subcontracts to the PSP
   - Activities illegal under North Dakota State law
   - Sponsorship of conferences
     - Unallowable expenses include:
       1) food and beverages
       2) travel unless directly related to the achievement of the project
       3) subcontracts that amount to more than 30% of the requested funds

4.04 MATCHING AWARD AMOUNTS
FAST Track Program: Matching funds may be granted up to $50,000 per project.

Approved xx/xx/2017
4.05 Private Sector Funding Requirements
A grant may not exceed fifty percent of the total project cost. Commission funding must be matched with non-state funds.

For FAST Track applications all Private Sector Funds must be in the form of Cash to the Research University.

4.06 Funds Ineligible for Matching through FAST Track
The following funds are ineligible to count as Private Sector Funds:

- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

4.07 Required Documentation
The Application must provide adequate documentation validating the matching funds, including letters of commitment from all funding sources. The Application will be in Error if the documentation is not provided with the submission of the Application.

The Commission may later request additional documentation of Private Sector Funds as it deems necessary.

4.08 Application Requirements
An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at www.ResearchND.com or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12. It must be prepared according to the instructions that can be downloaded from the same website.

Research ND applications are a joint application between a ND Research University and a PSP where the submitting Applicant is the Research University. The application needs to present a cohesive picture of the work to be done, the impact to the private sector, and clearly delineate the responsibilities of the Research University and the PSP. The completed application should be reviewed through both the Research University and PSP’s organizational review process prior to submission through the Research University’s normal grant submission process.

4.09 Application Submission
Applications will be submitted through a secure FTP site managed by the Department of Commerce. An authorized representative of the Research University shall contact the Program Manager to request the URL and login information for the Research ND program and all of its sub-programs.

4.10 Application Deadlines
FAST Track applications will be accepted throughout the biennium depending on the availability of funds.

Please contact the Program Manager if considering a FAST Track application so arrangements can be made to ensure funding decisions can be made as quickly as possible.

Approved xx/xx/2017
4.11 REVIEW PROCESS
All Research ND applications will be evaluated according the criteria set forth in N.D.C.C. § 54-65-06 and the criteria established by the Commission as stated in these policies. All Commission decisions are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundation’s current strategic plan (www.commerce.nd.gov/about/foundation/). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

4.11a Expedited Review
FAST Track Applications will not be reviewed through the technical review described above. To expedite the approval process the applications will be reviewed for the following criteria.

1. Is the expected duration of the project less than 1 year?
2. Does the PSP have a substantial presence in North Dakota or have an active collaboration/partnership with a North Dakota manufacturer?
3. Is the requested grant from the State of North Dakota $50,000 or less?
4. Are the matching funds being provided as a cash payment to the Research University?
5. Does the application provide a compelling reason that the project needs to start immediately?

The Application will be reviewed by the Program Manager. If the project meets all of the criteria above, the application will be administratively approved by the Program Manager. The application will be placed on the agenda of the next regularly scheduled Commission meeting for ratification of the decision by the Commission.

4.11b Ratification by the Commission
If the application is administratively approved, the application will be placed on the agenda of the next regularly scheduled Commission meeting for ratification of the decision.

RND 5.0 VENTURE GRANTS

5.01 PROGRAM DESCRIPTIONS
The Research ND Venture Grant program was established by the 63rd Legislative Assembly (N.D.C.C. § 54-65-07) with intent to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and either startup or spinoff business operating in North Dakota.

Due to limited funding no Phase I awards will be made during the 2017-19 biennium.

5.02 ELIGIBLE APPLICANTS FOR RESEARCH ND VENTURE GRANTS
Any Research University proposing to pursue further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota.

ND Venture grant funds are ONLY available to startup or spinoff businesses operating in North Dakota.

Phase I applications may be submitted by the Research University alone or with an identified PSP.

Due to limited funding no Phase I awards will be made during the 2017-19 biennium.

Approved xx/xx/2017
Phase II applications must be a joint submission between the Research University and the PSP.

5.03 **ELIGIBLE AND INELIGIBLE PROJECTS FOR RESEARCH ND VENTURE GRANTS**

Phase I awards will be granted to a Research University for the purpose of pursuing information related to the feasibility of building a business around a specific piece of technology. Eligible activities for Phase I awards are generally to pursue information related to the feasibility of building a business around a specific piece of technology or intellectual property. Activities that would be funded under a Phase I award would include, but may not be limited to, market assessment, costs related to securing IP protection, and further development of the product including “proof of concept”.

Phase II applications will only be accepted from a Research University that has successfully completed the goals, milestones and objectives of the initial Phase I award.

The Commission recognizes that this is a new program and the Research University along with the private sector may have made significant strides in moving technologies toward the market prior to the inception of this program. Therefore, a Phase I/II combined program is available for FY 14. The Phase I/II program will allow a joint application to be filed by a Research University and the private sector.

The following activities or uses are ineligible for funding under this Program:

- Receiving funding for the same project from other North Dakota state grant programs
- Indirect costs
- Sub-awards or subcontracts to the PSP (if established)
- Activities illegal under North Dakota State law
- Sponsorship of conferences

Unallowable expenses include:

1. Food and beverages
2. Travel unless directly related to the achievement of the project
3. Subcontracts that amount to more than 30% of the requested funds

5.04 **GRANT AWARD AND MATCHING FUND AWARD AMOUNTS**

**Venture Grants Phase I:** Due to limited funding no Phase I awards will be made during the 2017-19 biennium.

**Venture Grants Phase II:** Matching funds may be granted up to $100,000 per project.

**Venture Grants Phase I/II:** Phase I Awards may be granted up to $50,000 and Phase II Matching funds may be granted up to $150,000. Due to limited funding no Phase I awards will be made during the 2017-19 biennium, therefore no Phase I/II awards will be made.

5.05 **PRIVATE SECTOR FUNDING REQUIREMENTS**

**5.05a Venture Grant Phase I**
There are no Private Sector funds required for the Venture Grant Phase I program. Due to limited funding no Phase I awards will be made during the 2017-19 biennium.

**5.05b Venture Grant Phase II**
The PSP’s portion of the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:

1. Cash to the university for use on the approved project;

Approved xx/xx/2017
2. Cash reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries, benefits, travel, direct expenses); or
3. A combination of the above to meet the match requirements in statute.

Private sector funds that will be considered for matching by Research ND are limited to those expenses directly related to the project.

5.05c Venture Grant Phase I/II
Private Sector Funds are not required for the Phase I portion of the project.

For the portion of the budget designated as Phase II, the PSP’s portion of the project budget must be equal to or greater than 50% of the total project budget. The PSP portion of the budget may be provided as:

1. Cash to the university for use on the approved project;
2. Cash reserved by the private sector to be spent on expenses directly related to the approved project (e.g. salaries, benefits, travel, direct expenses); or
3. A combination of the above to meet the match requirements in statute.

5.06 FUNDS INELIGIBLE FOR MATCHING THROUGH RESEARCH ND
The following funds are ineligible to count as Private Sector Funds:

- Private sector funds spent prior to the Application being submitted to Research ND;
- Unrecovered indirect costs on monies supplied to the Research University through the Research ND Fund; or
- Salaries and benefits of Research University personnel even if paid by non-state funds.

5.07 REQUIRED DOCUMENTATION
The Application must provide adequate documentation validating the Private Sector Matching Funds for Phase I/II and Phase II applications, including letters of commitment from all funding sources. The Application will be in Error if the documentation is not provided with the submission of the Application.

The Commission may later request additional documentation of Matching Funds as it deems necessary. Failure to provide all requested information to the Commission may result in termination of the award process.

5.08 APPLICATION REQUIREMENTS
An application must be direct, concise, and informative. The application form, instructions and other documents required by the Program are available at www.ResearchND.com or may be obtained by contacting the North Dakota Department of Commerce at the address in Section 1.12. It must be prepared according to the instructions that can be downloaded from the same website.

5.08a Venture Grant Phase I
Phase I awards only require the Research University to be included on the application. However, if a potential PSP has been identified they can be included on the application.

The completed application should be reviewed through the Research University’s organizational review process prior to submission through the Research University’s normal grant submission process.

Approved xx/xx/2017
5.08b Venture Grant Phase II (I/II)
Venture Grant Phase I/II and II applications are a joint application between a ND Research University and a PSP where the submitting Applicant is the Research University. The application needs to present a cohesive picture of the work to be done, the impact to the private sector, and clearly delineate the responsibilities of the Research University and the PSP. The completed application should be reviewed through both the Research University and PSP’s organizational review process prior to submission through the Research University’s normal grant submission process.

5.09 APPLICATION DEADLINES
Applications will be accepted on a quarterly basis for Venture grants depending on the availability of funds. Submission deadlines are listed under Programs at [www.ResearchND.com](http://www.ResearchND.com).

Applications will be considered on time if they are time stamped by the FTP server on or before 5:00 PM.

5.10 REVIEW PROCESS
All Venture Grant Phase I, Phase I/II and Phase II applications will be evaluated according the criteria set forth in N.D.C.C. § 54-65-07 and the criteria established by the Commission as stated in these policies. The Commission will be provided with a summary of the independent review committee’s comments prior to a decision being made on the proposal. All Commission decision are final.

Priority will be given to applications that focus on industry sectors that are targeted or identified within the Economic Development Foundation’s current strategic plan ([www.commerce.nd.gov/about/foundation/](http://www.commerce.nd.gov/about/foundation/)). These include targeted industries such as advanced manufacturing, technology-based business, value-added agriculture, and energy.

5.10a Initial Application Review
The applications will initially be reviewed after submission to ensure that the applications are complete and meet the eligibility requirements of the program. If errors are found in the application, amended applications can either be returned within two (2) business days of receiving error notification or resubmit the application for a later funding round assuming funds are still available.

For Phase I/II and II applications, failure to include the fully executed partnership agreement at the time of submission will result in the application being returned un-reviewed and the application will not be accepted for submission until the next submission deadline.

For Phase I applications, the results of the initial application review will be emailed to the PI and the Authorized Representatives for the Research University. For Phase I/II and II applications, the initial application review will be email to the PI, PD, and the Authorized Representatives for the Research University and the PSP.

5.10b Technical Review
Approximately two weeks after the submission deadline grant applications will be sent out for technical review. The Office of Innovation and Entrepreneurship will contract with a third party to provide the technical review of all submissions to the Research ND Program that were not rejected in the initial review process.

The technical review of the application will address (at minimum) the following as they relate to the proposed project:

- technical feasibility
- quality of methodology
- budget
• likelihood of success
• the background of key personnel as they relate to the proposed project
  o PI and other key personnel for Venture Phase I applications
  o PI, PD and other key personnel for Phase I/II and Phase II applications
• the project management plan
• facilities and equipment

If a research proposal receives unanimous ‘Do Not Fund’ recommendations from the technical reviewers the application will not be forwarded to the COE Commission for consideration of funding. These proposals will be returned to the Principal Investigator with the comments from the technical reviewers. The proposal may be submitted for a future funding round. If the proposal is resubmitted, a letter from the Principal Investigator outlining the changes made to the proposal as a result of earlier reviewers’ comments should be included.

5.10c Review of Venture Grant Applications by Review Committee
Venture Grant applications will be reviewed by a review committee which will be made up of representative from each of the Research Universities, the Program Manager, and a representative from the North Dakota Development Fund. The review committee will assess if the technology meets the criteria set forth in N.D.C.C. § 54-65-07, commercialization potential, market need and feasibility of building a business around the described core technology.

5.10c Response to Technical Review and Review Committee.
Once the reviews from the technical reviewers and review committee have been returned, the reviewers’ comments will be compiled by the Program Manager and sent to the applicants. Applicants will have ten (10) business days to submit responses to the Technical Reviewers’ comments. Responses must be in writing and shall be limited to providing clarification of the application as it relates to the reviewer’s comments. No response within a 10 business days from the applicant will mean that the applicant accepts the Technical Reviewers’ and Review Committee’s comments.

Written response will be accepted by email. If responses are sent by mail they should be addressed to Program Manager as identified in the application instructions. Mailed responses to the technical review will be considered on time if the date on the post mark falls within 10 business day deadline.

The Commission reserves the right return the applicant’s clarifications to the technical reviewers.

5.10d Review of Applications by Commission
The Commission shall consider, but is not bound by, the recommendations of the Technical Reviewers and Review Committee in deciding to either fund or not a particular project.

The applications will be sent to the Commission for review once the summary of Technical Reviewer’s comments, the summary of the Review Committees comments and the any written response from the Principal Investigator (if provided) are complete.

5.11e Presentations to the Commission
Applicants will be required to present their project to the Commission. Presentations will be scheduled for the next regularly scheduled Commission meeting provided that the application material is available for the Commission to review at least two (2) weeks before the scheduled meeting. If the next Commission meeting is scheduled less than two (2) weeks from when the compiled application and review material is available, presentations will be scheduled for the following regularly scheduled meeting.

Approved xx/xx/2017
Commissioner members will submit Project Score Sheet to the Program Manager. The Project Score Sheet will score the applications on three criteria: Probability and Extent of New Wealth Creation, Timeliness and Merit.

5.11f Commission Decisions
Following the presentation and any subsequent discussion, the Commission will decide to either vote on the presented project or to continue the discussion and vote on the proposal at the next scheduled Commission meeting. Projects that are approved for funding at this point will begin the Award Agreement process. All Commission funding decisions are final.

**RND 6.0 AWARD PROCESS**

**6.01 AWARD AGREEMENTS**
An Award Agreement will be executed between the Research University, PSP, and the Commission outlining the rights and obligations of each party. The application and supporting documents will be an integral part of the Award Agreement outlining expectations and timelines for the work to be accomplished. Failure to provide all requested information to the Commission may result in termination of the award process.

The Award Agreement will include language directing the Department of Commerce to distribute funds to the Research University as outlined in Research ND Policy or as stipulated in the Award Agreement. Once executed, changes to the scope of work will need to be approved as follows:

1. Minor changes to the project not resulting in changes to the budget or overall scope of work can be agreed upon between the Research University and private sector.
2. Changes to the project altering the budget by no more than 20% of the total project budget may be approved administratively by the Program Manager provided the change is submitted jointly by the Research University and PSP.
3. Substantial changes to the scope of work, budget or timeline will need to be jointly submitted by the grantees and are subject to approval by the Commission.

*FOR DISCUSSION* The Award Agreement must be signed by all parties within sixty (60) days of the approvals of an application by the Commission, or within any additional time granted by the Commission. If the supporting materials are not received or the Award Agreement is not signed within the time specified, approval lapses and no grant may be made.

**6.02 DISBURSEMENT OF FUNDS**
Projects with a projected duration of six months or less will have all of the Matching funds released to the Research University in a single lump sum following the completion of the Award Agreement and submission of a completed Disbursal Request to the Program Manager.

Projects with a projected duration of greater than six months will have half of the funds released to the Research University following the completion of the Award Agreement and submission of a completed Disbursal Request to the Program Manager. The remaining funds will be disbursed to the Research University following a disbursal request from the Research University submitted with a signed affidavit from the PSP indicating that half of the matching funds have been spent.

Any deviations from this disbursement policy must be approved by the Commission and be specified in the Award Agreement.
State funds provided through this grant program will be subject to the regular purchasing policies and procedures of the Research University.

Disbursements may be withheld if the Commission deems the grantee has not complied with these policies or the Award Agreement.

**6.03 PROJECT DURATION**
The project must be completed within the time specified in the Award Agreement. If the project cannot be completed within the time specified in the Award Agreement, the grantee may request, in writing, one (1) no cost extension for up to one year beyond the “Expiration Date” on the fully executed Agreement. The Commission may, at its discretion, grant longer extensions. These decisions will be made on a case by case basis.

**6.04 PARTIALLY FUNDED PROJECTS**
If the Commission grant is less than the amount requested, the applicant may decline the award or proceed with the project as proposed, notwithstanding the reduced award.

If the applicant decides to move forward with the reduced level of funding a revised budget will need to be presented to the Commission prior to the next regularly scheduled meeting. The revised budget must outline how the State funds will be spent and include a narrative indicating how the budget shortfall will be made without interfering with the overall integrity of the project.

**6.05 DELAYED PROJECTS**
Failure of a grantee to proceed with the project in a timely manner or to comply with Award Agreement terms or the rules established by the Commission entitles the Commission to cancel the grant and Award Agreement and to receive from the Research University any unspent funds related to the project.

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**RND 7.0 REPORTING AND AUDITING REQUIREMENTS**

**7.01 INTERIM PROJECT REPORTS**
Research ND and Research ND BIO projects with an expected duration of one year or greater are required to submit semi-annual reports outlining progress towards the project goals. This report should focus on the progress towards goals, milestones and objectives, issues that have arisen affecting the timeline of the project, and an assessment of the project’s progress compared to the original proposed timeline. The Research University must include the total amount of state funds expended to date, the amount of Cash received from the PSP and amount of PSP Cash that has been expended by the Research University. The PSP must include the amount of funds expended on the project as Cash Reserved for meeting the matching requirements of the program.

**7.02 FINAL PROJECT REPORTS**
All projects, regardless of duration, will be required to file a final report outlining the major outcomes of the completed work within 60 days of the Project End Date. This report needs to take into account the goals and milestones in the initial application detailing the progress that was made, and any issues that arose affecting the project.

All projects, regardless of duration, will also be required to submit final financial statements prepared separately by the Research University and PSP (if included on project). These reports will be due within 90 days of the Project End Date. The Financial Report from the Research University shall be...
include a reporting of expenditures of all state and matching funds provided to the Research University for the purpose of the project. The Financial Report from the PSP shall provide a record of all Cash and Cash Reserved expended on behalf of the project.

**7.03 AUDITING REQUIREMENTS**
Projects awarded funding through Research ND or any of its subprograms will be subject to a random audit process. The Commission may request supporting documentation for specified transactions from either the Research University or the PSP as part of an ongoing auditing process. The Program Manager may request the PSP and/or Research University provide supporting documentation for a list of project specific transactions. The list shall be limited to no more than ten (10) percent of a project’s transactions.

Additionally, each year, the Commission may select one or more ongoing projects for auditing to assess both the spending of state funds and PSP matching funds. The cost of random audits will be covered by the 2.5% of Research ND program funds reserved for administrative use.

Documentation provided to the Program Manager or Auditor must provide sufficient evidence that Private Sector Funds or Matching Funds were expended by the PSP or Research University on expenses directly related to the project.

**RND 8.0 ECONOMIC DEVELOPMENT**

It is the intent that if a Research ND project results in commercialization of a product that North Dakota sees an economic impact as a result of that success.

**8.01 ECONOMIC IMPACT REPORTS**
PSP utilizing the Research ND and Research ND BIO agree to provide information that can be used for economic impact analysis of the Program for no more than five (5) years following submission of the Final Project Report. Data for the economic impact analysis shall be sent directly to the Program Manager. The specific information required the economic impact analysis will be specified in the Award Agreement. Economic impact information will only be reported in aggregated as one of the ways to assess the success of the Program.

Under N.D.C.C. § 44-04-18.4 trade secrets, proprietary, commercial and financial information is confidential if it is of privileged nature and not previously publicly disclosed.

**8.02 FACILITATING COMMERCIALIZATION**
The North Dakota Department of Commerce leads the state's efforts to attract, retain and expand economic wealth. Charged with coordinating and focusing the state's economic development resources, the business development team works closely with national and local partners to accomplish that task.

Business incentives, government accessibility, and workforce performance, combined with North Dakota's favorable position as one of the lowest cost states for operating a business, are driving top companies to establish operations in North Dakota. The Economic Development and Finance division provides full service site location, incentive packaging and business liaison assistance.

Research ND projects nearing the commercialization stage will be paired with a professional economic developer from the Economic Development and Finance division to help the PSP with any expansion or relocation needs.

Approved xx/xx/2017