

Centers of
excellence

Research ND Policies and Procedures

Updated 9/29/2017

ND Economic Development Foundation
Tim Hennessey, Jim Traynor, Tommy Kenville

State Board of Higher Education Members
Kevin Melicher, Mike Ness, Casey Ryan

North Dakota
LEGENDARY

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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. \$1.1 million 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 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.

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 of 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.

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 bank rolled 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

handled by the North Dakota Department of Commerce and any questions related to Research ND can be referred to:

Research ND Program Manager
ND Department of Commerce
PO Box 2057
Bismarck, ND 58503-2057
701-328-5322

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. Travel requests in proposed budgets will be carefully considered.

 - 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 BIENNIUM)

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);
or
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.

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 by designated personnel at the Research University to the Department of Commerce.

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 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.

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 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 responses must be submitted by email.

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.

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. Travel requests in proposed budgets will be carefully considered.

 - 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.

3.05 SPECIAL REQUIREMENTS FOR PROJECTS REQUESTING IN EXCESS OF \$300,000 (SUSPENDED FOR THE 2017-19 BIENNIUM)

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.

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 by designated personnel at the Research University to the Department of Commerce.

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 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.

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/). 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 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 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 provide the technical review of all submissions 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.

3.12d 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 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 must be submitted by email.

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

3.12e 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.

3.12f 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.

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. Travel requests in proposed budgets will be carefully considered.

- 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.

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.

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.

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 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 be accepted from a Research University that has successfully completed the goals, milestones and objectives of the initial Phase I award or an active Phase I project may apply for Venture Grant Phase II funds up to 200 days before its end date if it meets the following criteria:

- 1) It is in good standing with the Commission. Required reports and all other associated paperwork must be up to date at the time of application
- 2) A startup or spinoff company has been formed and it is capable of providing the required matching funds for the program
- 3) The startup or spinoff is eligible to participate as a Venture Grant Phase II partner

The Commission makes this option available to assure that momentum is not lost on a promising opportunity to grow new businesses in North Dakota that are based on university developed technology. Failure to meet any of the above requirements will result in rejection of the Venture Grant Phase II application.

If a Venture Grant Phase II is funded, no timeline extensions will be granted to the Phase I project after the decision to fund Phase II has been made by the Commission.

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. 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. Travel requests in proposed budgets will be carefully considered.
- 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: 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;
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.

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.

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.

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/). 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 emailed 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 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
 - PI and other key personnel for Venture Phase I applications
 - 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 Response to Technical Review

Once the reviews from the technical reviewers 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 responses must be submitted by email.

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.

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.

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.

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 due within 90 days of the Project End Date. The Financial Report from the Research University shall 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.