



Governor's Office of Economic Development

Centers of Excellence

Centers of Excellence Program Licensee Grants

Initial list of documentation needed for demonstration of appropriate matching funds August 2009

Note to all COE Licensee Grant Recipients: In general, the COE invoice approval process is a complex and time consuming process to ensure that the interests of the taxpayer are protected. Please ensure that the company has sufficient funds in hand and do not rely on the COE funds as "emergency" capital. Emails to the Director demanding rapid processing of the invoice due to a capital crisis cannot be accommodated.

Before COE Licensee Grant funds can be disbursed, the Director must receive proof that the Licensee has received the appropriate matching funds as described in and required by the solicitation and contract. The Director may request any documentation necessary to establish a) the appropriateness of the matching funds and b) the actual receipt by the Licensee of the matching funds. All Licensee Grant Recipients must also demonstrate complete compliance with Federal and State Securities regulations and all other requirements of the COE solicitation and COE/State contract with Grant recipient.

When submitting an invoice, it is the responsibility of the Licensee to establish for the COE Director and GOED executive team that all such requirements have been met. When submitting such documentation, it is incumbent on the Licensee to not only send "raw documents", but to highlight and annotate each document, referring to other documents as necessary, so that the Director can quickly assemble the picture of the Licensee in compliance with all requirements. If the Director cannot assemble such a picture, the Director will not process the invoice and will inform the Licensee of this situation.

Given the time consuming nature of processing invoices, the Director attempts to process invoices in the order received, once the complete documentation is received. If the Director begins to process a Licensee invoice, and the documentation is incomplete, the Director will generally move that invoice to the back of the queue of invoices, and will not re-examine such an invoice until the other, pending invoices, have been processed, and until complete documentation has been received. **There fore it is incumbent upon the Licensee to provide the required documentation and necessary annotation and details in order for the invoice to be processed in a timely fashion**

For the efficiency of the invoicing process, please send documentation in a single email with several attachments (not a single large attachment) – appropriately labeled, such as "contract", "bank statements", investor documentation" etc. Please be sure to include the name of the LICENSEE in EACH file name and in the title of each email sent to the Director. The Director is responsible for over 15 outstanding contracts and receives many emails and documents each day, compliance with these requirements helps ensure smooth functioning of the program.



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The following is a list that serves as a starting point for establishing the matching funds and compliance issues before COE grant funds can be disbursed. Additional documentation may be required by the Director. All Documentation must be in electronic form. All documentation should be marked as "business confidential" as described in the solicitation documentation.

Must be provided by all Licensee Grant Recipients:

- Copy of the contract with college/university for License of technology described in the proposal provided during the solicitation process OR, if the license is a sub-license, then a copy of the MASTER license between the university and the original Licensee AND a copy of the sub-license from the original Licensee and the sub-Licensee which is receiving the Grant funding. For Second Year Grant Recipients, please send a letter confirming that there are NO CHANGES to the license that was submitted last year, OR, if there were any changes in the last year, please provide a complete update to the license and a letter explaining the changes and reason for the changes.
- Bank statements for the month before the receipt by the Licensee of matching funds,
- Bank statements during the month(s) of the receipt of matching funds
- Bank Statements for the month following the receipt of the funds (a minimum of 3 bank statements). Note that neither matching funds nor COE grant funds may be "off-shored" or kept in an offshore bank or other non-traditional financial institution. Bank statement title must match the Licensee's legal description and the bank must be deemed to be a legitimate financial institution. Individuals may NOT be co-owners of or on the title of the corporate bank account.
- Matching funds documentation
 - If matching funds are from a contract, revenue, Federal grant etc the Licensee must provide a copy of the contract(s) or invoice(s) that generated the proposed matching funds and a summary explanation of the source of the matching funds as well as the above bank statements showing receipt of the corresponding funds.
 - If matching funds are investment funds, including either founder capital contribution or outside investment the Licensee must provide
 - a complete set of Investor documentation–
 - this includes the terms of the investment and
 - a full set of investment documentation such as sales agreement (to verify that the funds are equity and not a loan or convertible note or otherwise ineligible),
 - copy of accredited investor questionnaire (one copy of the full questionnaire plus signature pages of all investors),



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- certification letter from the CEO that all investors are accredited, No non-accredited investors may be accepted by the company prior to receiving the COE Licensee Grant.
- list of investors and investment amounts,
- copies of checks showing deposit of the matching funds
- Complete and up to date capitalization table
- If matching equity funds are provided by a venture fund, and that venture fund has received investment from one of Utah's colleges or universities, the COE program has a review process that must be performed on the Venture fund itself (see solicitation for details of the conditions), and no invoice can be processed until this fund review process is completed.

If the company is a startup/spinout created primarily for the commercialization of the supported technology (all materials marked Business Confidential), regardless of the source of the matching funds. For companies which are 2nd year Grant Recipients, please provide any UPDATES or CHANGES to any and all corporate documents.

- All Corporate creation documentation (complete set including articles of incorporation, by-laws, Operating agreement etc depending upon the form of the corporation).
- Good corporate legal practices must be followed to ensure protection of taxpayer funds. As evidence of this, please provide a list of corporate advisors, including Legal firm (corporate, IP etc), accounting and tax advisors etc..
- If the Director does not feel that corporate documents are complete or in order, the Director will decline to process the invoice until good corporate legal practices are in place.
- Complete Capitalization Table as of the invoice date (must be after receipt of matching funds). If significant changes to the cap table are contemplated, a summary of these changes should also be included.
- Please note that the Director will read ALL provided documentation and that this is a time consuming process.

If the Licensee ALSO received approval for a grant to fund work by the university team for the benefit of the commercialization process, and IF the Licensee has selected option 2b (contract by the Licensee back to the university), the Licensee must provide a Copy of contract specifying work to be done at the university under sponsored research or service contract. The university will also be required to later provide proof of receipt of funds per the contract.

Excerpt from Contract Concerning Matching Funds

4. 1) Matching funds of 1:1 are required. For every \$1 of COE grant support, another \$1 from any of the following sources is required:



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- Revenue that is substantially related to the licensed technology and proposed business plan (including contracts such as an SBIR, development contracts etc)
- Founder capital contributions (equity) in CASH (NOT in-kind)
- Outside/arms length equity funding (cash).

Matching funds may NOT be a loan, but must be either equity or revenue (that is, there can be no repayment clause). NO in kind contributions will be considered for matching for this grant. University contributions, funds from a university foundation such as USURF or UURF and other state grants will NOT be counted as matching funds, but CONTRACTS may be permitted if they are revenue producing contracts, see details below . The goal of the matching provision is that the COE funds will be used to leverage the private sector and accelerate the "go to market" success of these technologies.

Grants, of any kind, to the university team will NOT be eligible as matching funds. COE grant funds may be drawn down as matching funds are received and are not required to be received before the grant is awarded. As funds come in, say from multiple closes of an equity round or from sales over time, the COE funds can be delivered to the company.

The 30 day "invoice period" will not begin until all appropriate documentation has been received and verified by the Director. This match can be contributed any time from April 1, 2009 (3 months before the grant funding is available) or at any time during the fiscal year until June 30, 2010.



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Checklist – Include Name of company Here and include with submitted documents

- Copy of the contract with college/university
- Bank statements for the month before the receipt by the Licensee of matching funds,
- Bank statements during the month(s) of the receipt of matching funds
- Bank Statements for the month following the receipt of the funds

Matching funds documentation

- For Revenue Matching Funds: Copy of contract(s) or invoice(s) that generated the proposed matching funds and a summary explanation of the source of the matching funds
- For Investment matching funds, including either founder capital contribution or outside investment
 - A complete set of Investor documentation–
 - Copy of accredited investor questionnaire (one copy of the full questionnaire plus signature pages of all investors),
 - Certification letter from the CEO that all investors are accredited,
 - List of investors and investment amounts,
 - Copies of checks showing deposit of the matching funds
 - Complete and up to date capitalization table

If the company is a startup/spinout created primarily for the commercialization of the supported technology :

- All Corporate creation documentation (
 - Articles of incorporation,
 - By-laws or Operating agreement
 - Other as needed
- List of corporate advisors, including Legal firm (corporate, IP etc), accounting and tax advisors etc..
- Complete Capitalization Table as of the invoice date

For Licensees with a University sub-contract, where the Licensee is receiving all the COE funds and then sub-contracting back to the university a portion of the COE funds:

- Copy of contract specifying work to be done at the university under sponsored research or service contract.