

**Florida Gulf Coast University Board of Trustees
January 15, 2008**

**SUBJECT: State University Research Commercialization Grant Program
within the 21st Century Technology, Research, and Scholarship
Enhancement Act (F.S. 1004.226)**

PROPOSED BOARD ACTION

Approve delegation of authority to President for submission of proposals under the State University Research Commercialization Assistance Grant Program.

BACKGROUND INFORMATION

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

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

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

Supporting Documentation Included: F.S.1004.226

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Legal Review by: General Counsel Vee Leonard (December 28, 2007)

Submitted by: Interim Provost and Vice President for Academic Affairs Peg Gray-Vickrey

The 2007 Florida Statutes

¹1004.226 The 21st Century Technology, Research, and Scholarship Enhancement Act.--

(1) LEGISLATIVE FINDINGS AND INTENT.--

(a) The Legislature finds that diversifying this state's economy requires a focus on building a growing base of high-wage jobs and on nurturing those technologies and clusters that will be the foundation of Florida's growing economic diversity and prosperity.

(b) The Legislature further finds that special programs are needed to facilitate the recruitment of exceptional talent to Florida's research universities and centers and to provide the infrastructure and resources that precipitate joint efforts and coinvestment among state research and development institutions, private industry, and government. Florida needs consistent commitment and investment in order to further the state's strategy of capitalizing on innovative research and development to build a thriving, technology-rich economy.

(2) CREATION.--The 21st Century Technology, Research, and Scholarship Enhancement Act is created for the purpose of:

(a) Investing in programs that attract world class scholars and building Centers of Excellence as an important means of increasing technology-based business in this state;

(b) Requiring coinvestment as a means of leveraging state dollars;

(c) Aligning research and development efforts with established, statewide economic development strategies, including an emphasis on identified economic clusters;

(d) Facilitating value-added job creation through continuous improvement in university research, as well as entrepreneurship and capital development programs; and

(e) Establishing Florida as a leading state for entrepreneurship and innovation, with continued commitment to university Centers of Excellence and an expanding base of research and development.

(3) DEFINITIONS.--As used in this section, the term:

(a) "A 21st Century World Class Scholar" means a principal researcher/investigator who has high academic credentials, demonstrated competence, and experience that meets the requirements established by the board for a 21st Century World Class Scholar.

(b) "Applicant" means any state university, private university located in this state, or any private or public research center, community college, or training center in this state which coordinates with a state university for purposes of this act.

(c) "Board" means the Florida Technology, Research, and Scholarship Board.

(d) "Center of Excellence" means an organization of personnel, facilities, and equipment established to accomplish the purposes and objectives of this act.

(e) "Community college" means a public community college in this state as defined in s. 1000.21.

(f) "Private university" means a baccalaureate degree-granting independent nonprofit university that is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and that is located in and chartered as a domestic corporation by the state.

(g) "Research center" means an institute, center, or clinic that includes research and development or education as a principal mission of the organization.

(h) "State university" means a public university in this state as defined in s. 1000.21.

(4) FLORIDA TECHNOLOGY, RESEARCH, AND SCHOLARSHIP BOARD.--The Florida Technology, Research, and Scholarship Board is created within the Board of Governors of the State University System to guide the establishment of Centers of Excellence, the attraction of world class scholars, and the commercialization of products and services developed from the research and development conducted at state universities.

(a) The board shall consist of 11 members. Five members shall be appointed by the Governor, one of whom the Governor shall appoint as chair of the board, one of whom must be a member of the board of directors of Enterprise Florida, Inc., and one of whom must be a member of the Board of Governors of the State University System. Three members shall be appointed by the President of the Senate, and three members shall be appointed by the Speaker of the House of Representatives. Appointed members must be representative of business leaders, industrial researchers, academic researchers, scientists, and leaders in the emerging and advanced technology sector. Appointed members may not serve for more than 4 years, and any vacancy that occurs during these appointees' terms shall be filled in the same manner as the original appointment. A majority of members constitutes a quorum.

(b) Members of the board shall serve without compensation, but are entitled to receive reimbursement for per diem and travel expenses in accordance with s. 112.061 while in the performance of their duties.

(c) The Board of Governors shall provide staff support for the activities of the board and per diem and travel expenses for board members.

(d) The board is charged with recommending criteria to the Board of Governors for the 21st Century World Class Scholars Program and with providing guidance to the Board of Governors regarding the implementation and administration of the Centers of Excellence Program.

(e) The board shall recommend to the Board of Governors the qualifications, standards, and requirements for approval of investments in Centers of Excellence under this act. The board may form committees of its members and is encouraged to consult with Enterprise Florida, Inc., the Florida Research Consortium, Bio-Florida, IT Florida, the Florida Aviation Aerospace Alliance, and any other entity whose input may be helpful in determining the requirements and standards for the program.

(f) The board shall review and approve State University Research Commercialization Assistance Grants under subsection (7). The board is encouraged to consult with Enterprise Florida, Inc.; entities with prior experience in early stage business investment; and any other entity whose input may be helpful in evaluating grant proposals.

(g) Members of the board must agree to refrain from having any direct interest in any contract, franchise, privilege, or other benefit arising from a state university project receiving a State

University Research Commercialization Assistance Grant during the term of his or her appointment and for 2 years after the termination of such appointment. It is a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083, for a person to serve on the board in violation of this paragraph or to accept a direct interest in any contract, franchise, privilege, or other benefit granted by the grant recipients within 2 years after the termination of his or her service on the board.

(5) THE 21ST CENTURY WORLD CLASS SCHOLARS PROGRAM.--

(a) This act allocates state matching funds to attract 21st Century World Class Scholars to state universities.

(b) The 21st Century World Class Scholars Program shall be used as a tool to develop the state's capabilities in science and high-technology research, emphasizing Florida's identified strengths in science and technology while also recognizing new technologies as they may emerge.

(c) The board, in consultation with senior administrators of state universities, state university foundation directors, the Office of Tourism, Trade, and Economic Development, the board of directors of Enterprise Florida, Inc., and leading members of private industry, shall develop and recommend to the Board of Governors criteria for the 21st Century World Class Scholars Program. Such criteria shall address, at a minimum, the following:

1. The presence of distinguished faculty members, including whether the university has a substantial history of external funding, along with the strong potential for attracting a scholar of national or international eminence.

2. The presence of academically outstanding students, along with the promise and potential for attracting additional highly qualified students.

3. The presence of adequate research and scholarly support services.

4. The existence of an academic environment having appropriate infrastructure, including buildings, classrooms, libraries, laboratories, and specialized equipment, that is conducive to the conduct of the highest quality of scholarship and research.

5. The demonstration of concordance with Florida's strategic plan for economic development or an emphasis on one or more emerging sciences or technologies that could favorably impact the state's economic future.

(d) A state university must raise a minimum of \$1 million to be eligible for state matching funds to recruit a 21st Century World Class Scholar. Funds raised by the university shall be eligible for a one-to-one match from the state. Revenues received from state appropriations, student tuition and fees, and state-funded contracts or grants are not eligible for state match.

(e) Upon the verification by the Board of Governors that a state university has met the criteria for a 21st Century World Class Scholar, the Board of Governors shall release matching funds to the university. Funds shall be used for the purpose of recruiting a 21st Century World Class Scholar and shall be expended according to an expenditure plan approved by the Board of Governors.

(f) This act is not intended to replace or obviate existing programs.

(6) CENTERS OF EXCELLENCE.--

(a) The purposes and objectives of a Center of Excellence include:

1. Identifying and pursuing opportunities for university scholars, research center scientists and engineers, and private businesses to form collaborative partnerships to foster and promote the research required to develop commercially promising, advanced, and innovative science and technology and to transfer those discoveries to commercial sectors.
2. Acquiring and leveraging public sector and private sector funding to provide the totality of funds, personnel, facilities, equipment, and other resources needed to support the research required to develop commercially promising, advanced, and innovative science and technology and to transfer those discoveries to commercial sectors.
3. Recruiting and retaining world class scholars, high-performing students, and leading scientists and engineers in technology disciplines to engage in research in this state and to develop commercially promising, advanced, and innovative science and technology.
4. Enhancing and expanding science and technology curricula and laboratory resources at universities and research centers in this state.
5. Increasing the number of high-performing students in science and technology disciplines who graduate from universities in this state and pursue careers in this state.
6. Stimulating and supporting the inception, growth, and diversification of science and technology-based businesses and ventures in Florida and increasing employment opportunities for the workforce needed to support such businesses.

(b) The following entities are eligible to submit proposals for a center of excellence:

1. Any state university.
2. Any private university.
3. The H. Lee Moffitt Cancer Center and Research Institute.
4. The Florida Institute for Human and Machine Cognition, Inc.
5. Any community college, training center, or other public or private research center in the state which coordinates with a state university for purposes of this act.

(c) The board shall recommend to the Board of Governors criteria for approving proposals to create or expand a Center of Excellence. Such criteria shall consider:

1. The maturity of the applicant's existing programs relating to a proposed Center of Excellence.
2. The comprehensiveness and effectiveness of site plans relating to a proposed Center of Excellence.
3. The existing amount of the applicant's resources dedicated to activities relating to a proposed Center of Excellence.

4. The regional economic structure and climate.
5. The degree to which the applicant identifies and seizes opportunities to collaborate with other public or private entities for research purposes.
6. The presence of a comprehensive performance and accountability measurement system.
7. The use of an integrated research and development strategy using multiple levels of the educational system.
8. The ability of the applicant to raise research funds and leverage public and private investment dollars to support advanced and emerging scientific and technological research and development projects.
9. The degree to which the applicant transfers advanced and emerging sciences and technologies from its laboratories to the commercial sector.
10. The degree to which the applicant stimulates and supports the creation of new ventures.
11. The existence of a plan to enhance academic curricula by improving communication between academia and industry.
12. The existence of a plan to increase the number, quality, and retention rate of faculty and graduate students in advancing and emerging science and technology-based disciplines.
13. The existence of a plan to increase the likelihood of faculty and graduate students pursuing private sector careers in the state.
14. The ability of the applicant to provide capital facilities necessary to support research and development.

(d) To call for proposals, the board shall notify the president or chief executive officer of the eligible entities identified in paragraph (b). The board shall periodically solicit proposals for Centers of Excellence.

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

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

(7) STATE UNIVERSITY RESEARCH COMMERCIALIZATION ASSISTANCE GRANT PROGRAM.--The State University Research Commercialization Assistance Grant Program is established to promote the commercialization of university research products for the purpose of enhancing the state's economy and the state's public universities. All Phase Two and Phase Three grants established by this program require \$1 in private investment for each \$1 in state funding provided. A state university may apply for early stage capital funding for the purpose of developing products and services resulting from university research. An application may include joint participation in the development of products and services by a cooperating university. Grant funds awarded under this subsection may be used by the university for a variety of pre-marketing activities, including, but

not limited to, securing patents, establishing startup companies, developing license agreements, attracting private investment, and supporting other activities that are necessary to establish commercially viable ventures for the marketing and sale of products resulting from university research. Funds may not be used for research or development.

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

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

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

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

Each proposed project shall be evaluated on its individual merits.

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

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

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

(8) EXEMPTIONS FROM PUBLIC RECORDS AND PUBLIC MEETINGS REQUIREMENTS; STATE UNIVERSITY RESEARCH COMMERCIALIZATION ASSISTANCE GRANT PROGRAM.--

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

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

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

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

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

2. Any public officer or employee who willfully and knowingly releases such confidential and

exempt information, in violation of this subsection, commits a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

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

(9) ANNUAL REPORT.--The board, in cooperation with the Board of Governors of the State University System and the state universities or research centers receiving investments under this act, shall issue an annual report by December 31 each year of the activities conducted, including the accomplishments and overall economic benefits to the state, the number of 21st Century World Class Scholars attracted, the number of Centers of Excellence created or expanded, the success of collaborations with related industries, the number and amount of State University Research Commercialization Assistance Grants awarded and repaid, and the success of these programs. The annual report shall be presented to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The annual report must include a copy of an independent audit of the board and a review of the progress of programs administered by the board.

History.--ss. 1, 6, ch. 2006-58; s. 2, ch. 2007-189; s. 3, ch. 2007-190.

¹**Note.**--Repealed June 30, 2011, by s. 6, ch. 2006-58.