



**Michigan Emerging Technologies Fund  
2010 Program Guidelines  
Effective February 12, 2010**

The Michigan Small Business and Technology Development Center (MI-SBTDC) in partnership with the Michigan Economic Development Corporation (MEDC) has formed the Michigan Emerging Technologies Fund (ETF). The MI-SBTDC administers the ETF through a contractual agreement with the MEDC authorized by the Michigan Strategic Fund (MSF) Board. Funding for the program is provided through the Michigan 21st Century Jobs Fund. Since 2008, \$4.2 million has been allocated to the Emerging Technologies Fund. ETF Funds will be awarded on a first come first serve basis.

**A. Program Summary**

The ETF was created to provide matching dollars to support commercialization of SBIR/STTR projects. The ETF will match 25% of phase I SBIR/STTR awards up to \$25 thousand, and 25% of phase II SBIR/STTR awards up to \$125 thousand. ETF awards will come in the form of grants and do not need to be paid back; however, ETF Funds must be used to help bring Michigan SBIR/STTR projects to commercialization in at least one of the Four Technology Sectors supported by the ETF. These sectors are:

1. Life sciences
2. Alternative energy
3. Advanced automotive, manufacturing and materials
4. Homeland security and defense

Companies must leverage Third Party Funding to be eligible for ETF Funds. Before submitting an SBIR/STTR proposal to the federal government, a Company must first secure a commitment from the MI-SBTDC.

An ETF Award Recipient must be a Michigan company or have its principal place of business in Michigan. Applications will be accepted from companies located outside of Michigan, but a company must establish Michigan as its principal place of business prior to the disbursement of ETF funds.

**B. Program Definitions**

1. **Applicant or Company:** A technology-based small business concern submitting an application to the ETF.
2. **ETF Funds:** Funds awarded under the ETF.
3. **SBIR/STTR Contract Execution Date:** The date any contract, grant, or cooperative agreement entered into between any federal agency and any small business concern for the performance of experimental, developmental, or research work funded in whole or in part by the federal Government.

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4. **Third Party Funding:** A source of funding other than internal funds, federal funds, ETF funds or other State of Michigan funds.
5. **Third Party Leverage:** Cash or a third party commitment to provide a match upon receipt of an ETF award.
6. **ETF Award Recipient:** A Company that has met all program criteria and is awarded matching funds from the ETF.
7. **Four Technology Sectors:** Life sciences; Alternative energy; Advanced automotive, manufacturing and materials; and Homeland security and defense. For definitions of these sectors, please refer to:  
[http://main.gvsu.edu/forms/misbt/dc/MIETF\\_ORG/MIETF\\_Tech\\_Areas.pdf](http://main.gvsu.edu/forms/misbt/dc/MIETF_ORG/MIETF_Tech_Areas.pdf)
8. **ETF Commitment Letter:** A letter from the MI-SBTDC that commits ETF funds as match to an SBIR/STTR proposal.

### C. ETF Eligibility Requirements

1. The Company must meet all federal SBIR/STTR requirements;
2. The Company must be a Michigan company or have its principal place of business in Michigan prior to the disbursement of funds;
3. The Company must submit SBIR/STTR proposals in at least one of the Four Competitive Sectors;
4. The Company must use Third Party Funding to use as Third Party Leverage;
5. The Company must secure a commitment from the MI-SBTDC *prior to submitting an SBIR/STTR proposal*. To receive an ETF Commitment Letter, the Company must apply to the MI-SBTDC *no later than 10 business days before the federal submission deadlines*;
6. The company may not have more than two (2) SBIR/STTR Phase II federal grants within the previous five years; A Company may receive no more than two (2) ETF awards per twelve month period. Upon receipt of a second ETF award, all applications previously submitted to the ETF are void. The Company may begin filing new applications to the ETF; however, the company will not be eligible to receive ETF Funds until 12 months after receipt of the second ETF award.
7. ETF awards will only match the base Phase I and Phase II programs for each agency. SBIR/STTR supplemental programs including, but not limited to, Phase I Option, Phase II enhancement, Phase II PLUS, Commercialization Pilot Program (CPP), Technical Assistance Programs (TAP), Commercialization Assistance Program (CAP), Niche Assessment Program (NAP), Manufacturing Assistance Program (MAP), Cost Match Feature, and Phases IB, IIA, IIB, IIR, REU/RET/RAHSS, and IICC are not eligible for ETF Funds.

### D. ETF Matching Awards

1. If the SBIR/STTR award has been used to meet matching requirements of another program funded by the MEDC or the Michigan 21<sup>st</sup> Century Jobs Fund, only the non-committed amount of the SBIR/STTR award will be considered for an ETF award. Example: If \$250,000 of a \$500,000 phase II SBIR award is used to meet matching requirements for the Michigan Pre Seed Fund, only the \$250,000 balance will be considered for an ETF award.
2. The maximum matching grant for SBIR/STTR Phase I Applicant is 25% of the SBIR/STTR federal award with a maximum amount of \$25,000. Third party match is required.
3. The maximum matching grant for SBIR/STTR Phase II Applicant is 25% of the SBIR/STTR federal award with a maximum amount of \$125,000. Third party match is required.
4. The ETF matching awards for SBIR/STTR Phase II recipients will be distributed as follows:

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- a) A first payment of up to \$40,000 will be disbursed to the Company if it raises at least \$5,000 in Third Party Funding; and
- b) A second payment will be disbursed such that the total ETF award amounts to the total third party match raised by the Company up to 25% of the federal award or \$125,000, whichever is less. If the Company is unable raise additional Third Party Funding within twelve (12) months of the SBIR/STTR Contract Execution Date with the federal agency, it will *not* be obligated to return the initial up to \$40,000 disbursement. The Company must raise Third Party Funding within this time period to receive a second ETF payment.

### E. Third Party Funding

ETF Funds must leverage Third Party Funding within twelve (12) months of the SBIR/STTR Contract Execution Date with the federal agency. Third Party Funding cannot be cash from the Company or an officer or employee of the Company. Third Party Funding may be a loan from a bank or family and friends, but the lender may not be an officer, employee, or have a financial interest in the Company. The loan must not be collateralized by either the federal grant or ETF Funds. Furthermore, the loan cannot be repaid by proceeds from the federal grant or ETF Funds.

### F. ETF Application and Award Process

Companies interested in submitting an application to the ETF, must submit an electronic application through the Michigan Emerging Technologies Fund web site at [www.mietf.org](http://www.mietf.org). A summary of the application and award process is as follows:

1. The Company must secure a commitment from the MI-SBTDC *prior to submitting an SBIR/STTR proposal*. To receive an ETF Commitment Letter, the Company must apply to the MI-SBTDC *no later than 10 business days before the federal submission deadlines*.
2. The MI-SBTDC will review the application to determine eligibility. A Company that meets the eligibility requirements and submits a complete application will receive an ETF Commitment Letter from the MI-SBTDC within five (5) business days of the submission date.
3. Upon receiving a commitment from the MI-SBTDC, the Company should submit its SBIR/STTR proposal to the appropriate federal agency.

If a Company is successful in receiving an SBIR/STTR award, it must submit the following documents to the MI-SBTDC:

1. Proof in the form of an executed SBIR/STTR contract, grant, or cooperative agreement between the federal agency and the Company;
2. Proof of commitment/receipt of Third Party Funding. (Copy of closing documents, letter of commitment from third party, etc.); and
3. A one-page summary on the use of ETF Funds and Third Party Funding towards commercialization efforts.

Upon receiving the required documents from the Company, the MI-SBTDC will send an Emerging Technology Fund Award Agreement to the Company. Upon receipt of a signed Emerging Technology Fund Award Agreement, the MI-SBTDC will disburse the applicable amount of ETF Funds to the Company.

### G. Use of ETF Funds

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ETF Funds may only be used for commercialization purposes. Expenses used for commercialization purposes include, but are not limited to, purchase of equipment, legal costs (intellectual property protection, employee agreements, licensing agreements, etc.), sales and marketing costs (reasonable travel, trade shows, advertising, market studies, etc.), business planning costs, human resource development costs, and fundraising costs. For an STTR federal award, ETF Funds will only be provided to the Company and may not be shared with the research institute under any circumstances.

### **H. ETF Reporting Requirements**

On an annual basis for three years following the receipt of the ETF award, ETF Award Recipients will be required to provide the MI-SBTDC with a short summary report describing specific results of the work funded, documenting expenditures made with the matching award, and forecasting the next steps of the project. The report will include revenue, the number of jobs created, the number of patents submitted, and the number of patents issued resulting from the project. ETF Award Recipients are expected to accommodate reasonable requests by the MI-SBTDC staff for site visits.

### **I. Multiple ETF Submissions**

A Company is encouraged to re-apply to the ETF in the event it is not initially successful in receiving an SBIR/STTR award. If a federal agency permits resubmission of an SBIR/STTR proposal, a Company may utilize its original ETF application for that resubmission.

A Company must draw down all outstanding ETF Funds and “close-out” all ETF account(s) with the MI-SBTDC prior to receiving additional ETF awards. For example, a Company must draw down its second payment for a Phase II application prior to receiving future ETF awards.

### **J. Disclaimer Language and Additional Information**

All ETF awards are subject to availability of funds. Final determination as to eligibility will be at the discretion of the MI-SBTDC. Requests will be processed on a first come first serve basis. Maximum amounts are considered up-to amounts and may be adjusted at the discretion of the MI-SBTDC. The MI-SBTDC and MEDC at their sole discretion shall have the right to alter or amend these guidelines. Please refer to [www.mietf.org](http://www.mietf.org) for updated information and FAQ's. For information on the Four Technology Sectors see [http://main.gvsu.edu/forms/misbt/dc/MIETF\\_ORG/MIETF\\_Tech\\_Areas.pdf](http://main.gvsu.edu/forms/misbt/dc/MIETF_ORG/MIETF_Tech_Areas.pdf).