



## **Kentucky SBIR/STTR Match Overview:**

**[Updated April 2018]**

### **Anticipated Calendar:**

- April 2018
  - Public call with interested parties
  - Request for “Expressions of Interest”
- May 2018
  - Publication of program guidance
  - Release of short form submissions
  - SBIR/STTR awards received prior to January 1, 2018 are ineligible for the 2018 match program (according to the Notice of Award date)
- June 2018
  - Evaluation of short form submissions begins
  - Requests for additional information
  - Release of long form applications on a rolling basis
- July 2018
  - Panel evaluation of long form applications begins
  - Company/Cabinet meetings and interviews begin
  - Approvals initiated on a rolling basis
- August 2018
  - Application window closes for 2018
- December 2018
  - 2019-01 Round opens for applications
- February 2019
  - 2019-01 Round application window closes
- June 2019
  - 2019-02 Round opens
- August 2019
  - 2019-02 Round application window closes

## Summary of Program Guidelines:

- 1:1 dollar match available for Phase 1 and Phase 2 federal awards
  - Phase 1 match available up to \$125,000; Phase 2 up to \$500,000
- Companies will be limited to 1 award per phase per calendar year (2 total per year)
- Companies will be limited to 4 awards lifetime total
- Evaluations will tilt towards Company's ability to commercialize
- Phase 1 evaluations will be based on review by a panel of experts, including a mix of technical and business reviewers
- Phase 2 evaluations will be based on review of a panel of business experts, including accredited investors
- General eligibility for Kentucky SBIR match funding:
  - Businesses must contribute to the general economic development of Kentucky and further the mission of the Office of Entrepreneurship to support technology commercialization, improve the innovation environment and accelerate the number of innovation-driven business start-ups
    - Phase 1 businesses must commit to being located in Kentucky for 3 years
    - Phase 2 match funding available to:
      - Businesses based in Kentucky, or;
      - Businesses with a "demonstrable and significant" portion of operations in Kentucky, or;
      - Businesses commercializing intellectual property developed in Kentucky
  - Requirement to be based in Kentucky will be waived upon conversion
- Companies will be required to provide quarterly reporting to Office of Entrepreneurship
- Office of Entrepreneurship will reserve the option to require a funded business to work with relevant resources/mentors in order to improve/accelerate success
- With respect to Phase 2 match awards:
  - Year 1 will require additional non-federal capital (e.g. investment, bank, owner financing);
  - Year 2 will require outside investment capital;
  - Matches for Phase 2 awards will take the form of a combination forgivable/convertible note with an equity kicker (equity conversion amount not to exceed 20% of the match amount in year 1 and 40% of the match amount in year 2) and with a value pegged to the most recent valuation or a future investment event if no current valuation exists. Equity will be capped at 10% of total company equity, with terms equivalent to other first entrant investors;
  - Office of Entrepreneurship will maintain right to call note in event of default;
  - Phase 2, Year 1 awards will initiate an "observer seat" for Office of Entrepreneurship or its designee with information access and future Board rights;
  - Phase 2, Year 2 awards will initiate a full board seat for Office of Entrepreneurship or its designee.