



KY INNOVATION
CATALYST FOR GROWTH

Kentucky SBIR/STTR Match Overview

ANTICIPATED CALENDAR

June 2018	<ul style="list-style-type: none"> • Release of short form submissions • SBIR/STTR awards received prior to July 1, 2017 are ineligible for the 2018 match program (according to the Notice of Award date for granting agencies or date of the fully executed contract for contracting agencies) • Evaluation of short form submissions begins • Requests for additional information
July 2018	<ul style="list-style-type: none"> • Release of long form applications on a rolling basis 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 SBIR/STTR awards
 - Phase 1 match available up to \$150,000; 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
 - Applicants must demonstrate the business rationale for any proposed technical work
- Phase 1 evaluations will be based on review by a panel of business experts, with support from technical advisors

SUMMARY OF PROGRAM GUIDELINES CONTINUED:

- 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 may 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, including facilitation of matching meetings between the company and other executive management.
 - With respect to Phase 2 match awards:
 - Year 1 will require additional non-federal capital (e.g. investment, bank, owner financing). Match funds will be awarded in a ratio of 10:1 (state:non-state), not to exceed the amount of federal funding received or \$500,000;
 - Year 2 will require outside investment capital. Match funds will be awarded in a ratio of 5:1 (state:non-state), not to exceed the amount of federal funding received or \$500,000;
 - 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/or a limited revenue share provision. Value will be pegged to current value where a qualified third-party valuation has been completed. Where no qualified third-party valuation has been completed, valuation will be pegged at a future financing round or at a financing closed concurrently with the match award. Equity will be capped at 10% of total company equity (all match awards combined), 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.