

MISSOURI TECHNOLOGY INCENTIVE PROGRAM (MoTIP) FOR SMALL BUSINESSES

SOLICITATION FOR PHASE I/II BRIDGE LOAN PROPOSALS

Solicitation No. SBIR-B-08-1

ISSUED BY THE MISSOURI TECHNOLOGY CORPORATION

January 1, 2008

1.0 INTRODUCTION AND BACKGROUND

The Missouri Technology Corporation (MTC) has instituted and funded the Missouri Technology Incentive Program (MoTIP) to increase the number of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards granted to small businesses in the State of Missouri. MoTIP's purpose is to generate high-quality SBIR/STTR proposals and to broaden participation from Missouri small businesses through Phase 0 competition assistance grants and Phase I/II Bridge Loans.

This document solicits Phase I/II Bridge Loan (up to \$50,000) proposals for MoTIP.

The SBIR and STTR programs will provide R&D financial resources of more than \$2.2 billion to U.S. small businesses in FY2008. Through these programs, 12 federal agencies provide funding for a wide range of proposal topic areas. These programs provide excellent opportunities to nurture the development of innovative businesses in Missouri, offer employment opportunities for our university and community college graduates and enable economic development and diversification.

Only for-profit proprietorships, small businesses and manufacturers (fewer than 500 employees) qualify for SBIR and STTR funding. These programs provide a unique source of seed capital for Missouri citizens and small businesses to explore and develop innovative product concepts. These programs are particularly important to Missouri businesses in which innovation capital is in very short supply. Although SBIR and STTR funding comes with certain requirements, obligations and restrictions, the grantee may not be obligated to repay the award or issue equity in exchange for the award. Most intellectual property rights generated on funded projects remain with the small business.

The MTC is funding MoTIP in 2008 to stimulate and improve SBIR/STTR results in Missouri. MTC has contracted with the Missouri Small Business and Technology Development Centers (MO FAST) effort to provide technical assistance and assist with accepting applications.

Further information on the SBIR/STTR programs is available at the following website:
<http://www.missouribusiness.net/fast/>

2.0 PROGRAM DESCRIPTION

MoTIP solicits proposals each quarter for Phase I/II Bridge Loans. The total amount currently expected to be available in each of 2008 and 2009 for all Phase 0 grants and Phase I/II Bridge Loans is \$625,000 per year. Any uncommitted funds may be carried forward to subsequent periods. Individual Phase I/II Bridge Loans will not exceed \$50,000. Proposals are due by 5 PM

(Central time) on the day as specified at <http://www.missouribusiness.net/fast/tip.asp>, regardless of the day of the week or if it is a holiday; awards will be announced after the proposals have been reviewed, usually by the end of the following month.

The Phase I/II Bridge Loan provides gap funding to maintain the momentum of technology development begun as a Phase I SBIR grant funded project and to build toward Phase II of the federal funding. Bridge loan funding is meant to support translational project that contribute data used to either contribute to a competitive Phase II grant application or enable complementary research activities that represent a logical and critical extension of the Phase I project.

A company may request up to \$50,000 to support research activities lasting up to six months. These funds may be applied to the direct costs associated with research and development activities that refine Phase I project results and/or initiate work on Phase II project objectives. Due to legal constraints, funds provided under the Bridge Loan funding cannot be applied to many business activities.

Prohibited charges include, but are not limited to:

- Purchase or lease of real estate, building construction or renovations
- Salaries of administrative personnel; provided, however, that for entrepreneurs serving in both administrative and research capacities, salary funds may be requested for the portion of time the individual actually devotes to technical and research-related activities.
- Overhead or indirect costs at a rate greater than allowed by the federal agency that approved the Phase I award
- Patenting costs
- Subcontracts in excess of \$500 for personnel, facilities, equipment or services located outside Missouri, unless approved in advance, in writing, by the MoTIP Committee.
- Specific activities for which sufficient SBIR funding has already been secured. A company may choose to apply to multiple agencies for funding consideration for a given project, however, accepting redundant support for identical activities is not permissible and requires an adjustment to the specific aims of one of the proposals.

3.0 ELIGIBILITY

All individuals and small businesses resident in the State of Missouri who are eligible to participate in the federal SBIR/STTR programs are eligible to participate in MoTIP. One of the primary goals of the program is to enlist first-time SBIR/STTR participants from as broad a demographic and geographic cross-section of the state as possible. Therefore, all proposing individuals, small business entities, and manufacturers will be limited to two Phase I/II Bridge Loans per calendar year. Subsidiaries of a qualifying parent entity may be eligible to participate in MoTIP.

4.0 PROPOSAL PREPARATION INSTRUCTIONS

Proposals submitted in response to this solicitation must not have type smaller than 12 point size using Times New Roman, Arial, or Courier font with margins not less than one inch on all sides, regardless of line spacing. Applicants are discouraged from disclosing confidential or other proprietary information in proposals. Confidential or proprietary information will not be accepted by the MoTIP Committee unless you send advance written notice to the MoTIP Committee at motip@missouri.edu and suitable arrangements are made prior to such submission. In the absence of such advance notice and arrangement, neither MoTIP nor MTC shall be responsible for any confidential or proprietary information submitted to them. All proposals must include the following:

PART 1: COVER PAGE (Use continuation page if necessary)

1. Name and complete address of the proposing person – include telephone, fax and email
2. Name of proposing small business
3. Target Federal Agency Solicitation, Topic, Due Date and Solicitation URL
4. Phase I/II Bridge Loan Project Title
5. Proposed Phase I/II Bridge Loan Budget
6. Benefits to Missouri: Describe the way the proposed research project will benefit the citizens of Missouri. Include Missouri targeted industries, potential for receiving a Phase II grant, commercial potential of the product or service, potential to create new jobs, potential to add industrial capability in Missouri and facilitation of technology transfer. Further details may be provided in the Commercialization Plan.
7. Phase I/II Bridge Loan Budget Justification (Explanation of major cost elements)
8. Phase I/II Bridge Loan Schedule (Identify major milestones)
9. For Phase II applications, a description of satisfaction of Phase I milestones
10. Abstract: In no more than 200 words, provide a well drafted description of the problem or opportunity, project objectives, description of the effort, anticipated results and potential commercial applications for the project. (Note: The abstract should be prepared with particular care because it introduces the project to the reviewers and first impressions are often critical to the review outcome.)
11. MTC MoTIP Proprietary or Non proprietary acknowledgment form as appropriate. The form may be downloaded from at <http://www.missouribusiness.net/fast/tip.asp>
12. Phase II SBIR/STTR draft and commercialization plan – Note: there is a brief Commercialization section included in the template. Participant may submit an accompanying document outlining the detailed commercialization information. In addition, a draft of the Phase II research plan submission must be provided.

PART 2: PROJECT DESCRIPTION AND DISCUSSION (4-page limit)

Provide a clear and concise discussion of the proposed project. Tie the discussion to the specific SBIR/STTR agency solicitation and topic targeted by the project. Follow the proposal outline in the targeted Phase II solicitation for the project work, which may include the following items:

- Identification and significance of the problem
- Background
- Phase II objectives
- Phase II work plan
- Related research or R&D
- Key personnel for the Bridge Loan period and Phase II
- Importance of Bridge Loan for Phase II proposal
- Facilities
- Commercialization potential
- Applicant's previous SBIR/STTR Phase 0, Phase I, Phase II and Phase III competition/award history

PART 3: RESUMES (5-page limit)

Include brief resumes for key persons (including consultants) who will work on the project and those who will be involved in the Phase II project to be proposed.

5.0 PROPOSAL SUBMISSION AND RESUBMISSION

Electronic communications capability is critical to SBIR/STTR competition. Currently, most SBIR/STTR agencies release their solicitations only electronically and require electronic submission of proposals. For this reason and to accommodate efficient administration of MoTIP, proposals must be submitted electronically **in PDF format**. If you do not have conversion to PDF capabilities, contact the MoTIP Committee for assistance. Small businesses lacking electronic communications capability may request assistance from the regional offices of the Missouri Small Business and Technology Development Centers (MO SBTDC). For contact information, see Sections 8.0 & 9.0, below.

A Phase I/II Bridge Loan proposal template is provided on the MO SBTDC website www.missouribusiness.net/fast/ under the MoTIP link. Use of this template is recommended.

Proposals may be submitted at any time. Proposals received by 5 PM (Central time) on the day as specified at <http://www.missouribusiness.net/fast/tip.asp>, regardless of the day of the week or if it is a holiday will be evaluated as set forth in Section 6.0 below. Proposals received after that deadline will be evaluated in the following proposal evaluation and selection cycle..

Proposals must be sent via email to:

c/o MoTIP Committee
Email: motip@missouri.edu
Phone: 573-882-7096

Verification of receipt of your proposal will be sent via email. Contact the MoTIP Committee if you do not receive verification. Proposals and other submitted materials will not be returned to you.

Proposals not awarded a Phase I/II Bridge Loan may be resubmitted during a subsequent proposal evaluation and selection cycle for re-evaluation. Resubmitted proposals must be accompanied by a cover letter of not more than one page describing the changes made to the revised proposal to address comments, if any, and concerns expressed by the previous reviewers.

6.0 METHOD OF SELECTION AND EVALUATION CRITERIA

The criteria to be used in evaluating and ranking the proposals are as follows:

1. Clear and compelling abstract
2. Significance of the proposed innovation
3. Technical merit, topic responsiveness and timeline
4. Concise, coherent presentation (graphics where appropriate)
5. Team and available resources; qualifications and balance of personnel
6. Detailed Bridge Loan plan and outline of Phase II plan and timeline
7. Missouri Targeted Industries: Preference will be given to companies in the following industries, however, Phase I/II Bridge Loans will not necessarily be limited to such industries: plant and life sciences, information technology, defense and homeland security, and alternative energy.
8. Potential for Receiving Phase II Award: The MTC SBIR Bridge Loan Committee will assess the potential for the applicant to receive the federal Phase II grant by reviewing the criteria the particular federal agency uses in selecting proposals, satisfaction of Phase I milestones, and by evaluating the relative values of the proposal to that agency.
9. Commercial Potential of the product or service: The Committee will assess the commercial viability of the opportunity and whether it can be expected to be brought to market within a reasonable amount of time with reasonable cost.

10. Potential to Create New Jobs: The Committee will evaluate the project's potential to create jobs, as well the potential to create high-paying jobs.
11. Adding Capability to the State of Missouri: The Committee will evaluate the ability of the specific project to add to the overall strength and capacity of Missouri in the given technology or industry.
12. Facilitation of Technology Transfer: The Committee will give favorable consideration to opportunities that enhance technology transfer from any Missouri university.

For Phase I/II Bridge Loans, each period the MoTIP Committee will evaluate the proposals received from eligible proposing entities and recommend proposals for award. A recommendation on the selection for award(s) will be compiled by the MoTIP Committee and submitted to MTC generally by the 9th day of the month following the submission date. Awards, if any, will be announced on or about the 30th of that following month. MoTIP reserves the right to not grant any Phase I/II Bridge Loans in a period if the proposals are not deemed satisfactory by the MoTIP Committee.

7.0 DELIVERABLES AND PAYMENT

Deliverables for Phase I/II Bridge Loans include:

1. All Phase I/II Bridge Loan documents, fully executed by MoTIP and the Phase I/II Bridge
2. Loan recipient;
3. A narrative report documenting the completion of the detailed Bridge Loan Plan deliverables set forth in the proposal;
4. The submission of a Phase II proposal to the applicable federal agency and delivery of a
5. copy of such proposal to the MoTIP Coordinator;
6. A financial report submitted six months after the completion of the Bridge Loan timeline showing the use of the Bridge Loan funds, detailing expenditures in accordance with proposed budget; and
7. A copy of the notification of award or rejection of the Phase II application by the agency when received.

Successful applicants will receive loans of up to \$50,000. If the Phase II proposal is not successful and all deliverables set forth above are made, the loan will be forgiven. If the Phase II proposal is successful, the applicant will be required to repay the loan at the same rate as reimbursed for the applicant's costs on the Phase II contract from the awarding agency. The repayments will be prorated over the length of the Phase II contract (e.g., for a 24 month Phase II cost contract, invoiced monthly, the repayment would be approximately \$2,083.33 per month on a \$50,000 Bridge Loan). So long as loan payments are made at such rate, no interest will be charged on the loan.

8.0 FURTHER INFORMATION

Direct any questions about MoTIP to:

Paul W. Rehrig, MoTIP Coordinator
Phone: 573-882-7096
Direct: 573-882-9976
Fax: 307-766-2530
Email: motip@missouri.edu

9.0 REGIONAL OFFICE CONTACT INFORMATION

University of Missouri-Columbia SBTDC
Mary Paulsell, Director
Phone: 573-882-7096
Email: paulsellm@missouri.edu

University of Missouri-Kansas City SBTDC
Carmen DeHart, Director
Phone: 816-235-6063
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St. Louis Regional SBTDC
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