



1 organization and meetings of the board of  
2 directors; specifying the powers and duties of  
3 the corporation; requiring the corporation to  
4 invest certain funds; providing requirements  
5 for the award of grants; requiring an annual  
6 report to the Governor and the Legislature;  
7 providing that disbursement of funds by the  
8 corporation is not a debt or obligation of the  
9 state or a political subdivision thereof;  
10 prohibiting the corporation from incurring  
11 debt; creating s. 288.9623, F.S.; creating the  
12 State University Research Commercialization  
13 Assistance Grants; providing for the award of  
14 grants under specified categories and in  
15 certain amounts; requiring matching funds under  
16 certain circumstances; creating s. 288.9624,  
17 F.S.; providing a process for the application  
18 and approval of grants; requiring that the  
19 corporation solicit proposals from state  
20 universities; providing requirements for the  
21 corporation in making final determinations for  
22 awarding grants; providing requirements for  
23 evaluating proposals; providing for funding the  
24 program through the General Appropriations Act;  
25 providing an effective date.

26  
27 Be It Enacted by the Legislature of the State of Florida:  
28

29 Section 1. Section 288.9621, Florida Statutes, is  
30 created to read:  
31

1           288.9621 State University Research Commercialization  
2 Program.--

3           (1) The State University Research Commercialization  
4 Program is established to promote the commercialization of  
5 university research products for the purpose of enhancing the  
6 state's economy and the state's public universities.

7           (2) A state university may apply for funding through  
8 the not-for-profit corporation established in s. 288.9622 for  
9 the purpose of developing products and services resulting from  
10 university research. An application may include joint  
11 participation in the development of products and services by a  
12 cooperating university. Such funding may be used by the  
13 university to secure patents, establish start-up companies,  
14 develop license agreements, attract private investment, and  
15 support other activities that are necessary to establish  
16 commercially viable ventures for the marketing and sale of  
17 products resulting from university research.

18           Section 2. Section 288.9622, Florida Statutes, is  
19 created to read:

20           288.9622 State University Research Commercialization  
21 Funding Corporation.--

22           (1) CREATION.--There is created a not-for-profit  
23 corporation known as the State University Research  
24 Commercialization Funding Corporation, which shall be  
25 registered, incorporated, organized, and operated under  
26 chapter 617.

27           (a) The corporation is not a unit or entity of state  
28 government. However, the corporation is subject to the  
29 provisions of s. 24, Art. I of the State Constitution and  
30 chapter 119, relating to public meetings and records, and the  
31

1 provisions of chapter 286 relating to public meetings and  
2 records.

3 (b) The corporation must establish at least one  
4 corporate office in this state and appoint a registered agent.

5 (c) The corporation shall hire or contract for all  
6 staff necessary for the proper execution of its powers and  
7 duties within the funds appropriated to implement ss.  
8 288.9621-288.9624 and shall require that all officers,  
9 directors, and employees of the corporation comply with the  
10 code of ethics for public officers and employees under part  
11 III of chapter 112. In no case may the corporation expend more  
12 than \$300,000 per year for staffing and necessary  
13 administrative expenditures, including, but not limited to,  
14 travel and per diem and audit expenditures, using funds  
15 appropriated to administer this section.

16 (d) The State Board of Administration shall provide  
17 administrative support to the corporation as requested by the  
18 corporation. Such administrative support shall consist of  
19 moneys and investment guidance as needed by the corporation.  
20 In the event of the dissolution of the corporation, the State  
21 Board of Administration shall be the corporation's successor  
22 in interest and shall assume all rights, duties, and  
23 obligations of the corporation under any contract to which the  
24 corporation is then a party and under law.

25 (2) PURPOSE.--The corporation shall be organized to  
26 receive, hold, invest, administer, and disburse funds  
27 appropriated by the Legislature for the State University  
28 Research Commercialization Program.

29 (3) BOARD; MEMBERSHIP.--The corporation shall be  
30 governed by a board of directors.

31

1           (a) The board of directors shall consist of nine  
2 voting members, of whom the Governor shall appoint three, the  
3 President of the Senate shall appoint three, and the Speaker  
4 of the House of Representatives shall appoint three.

5           (b) To be eligible for appointment to the board of  
6 directors, an individual must have prior experience in early  
7 stage business investment, corporate management, the fiduciary  
8 management of investment funds, or the commercialization of  
9 research products.

10           (c) Each member of the board of directors shall be  
11 appointed to a 4-year term, except that initially the  
12 Governor, the President of the Senate, and the Speaker of the  
13 House of Representatives shall each appoint one member for a  
14 term of 1 year, one member for a term of 2 years, and one  
15 member for a term of 4 years in order to achieve staggered  
16 terms among the members of the board. The Governor, the  
17 President of the Senate, and the Speaker of the House of  
18 Representatives shall make their initial appointments to the  
19 board by July 31, 2007.

20           (d) The Governor, the President of the Senate, or the  
21 Speaker of the House of Representatives, respectively, shall  
22 fill a vacancy on the board of directors, according to who  
23 appointed the member whose vacancy is to be filled or whose  
24 term has expired. A vacancy that occurs before the scheduled  
25 expiration of the term of the member shall be filled for the  
26 remainder of the unexpired term.

27           (e) Each member of the board of directors who is not  
28 otherwise required to file financial disclosure under s. 8,  
29 Art. II of the State Constitution or s. 112.3144 shall file  
30 disclosure of financial interests under s. 112.3145.  
31

1           (f) A person appointed to the board of directors must  
2 agree to refrain from having any direct interest in any  
3 contract, franchise, privilege, or other benefit arising from  
4 a university project receiving funding from the board during  
5 the term of his or her appointment and for 3 years after the  
6 termination of such appointment. It is a misdemeanor of the  
7 first degree, punishable as provided in s. 775.082 or s.  
8 775.083, for a person to accept appointment to the board of  
9 directors in violation of this paragraph or to accept a direct  
10 interest in any contract, franchise, privilege, or other  
11 benefit granted by the institution or affiliate within 3 years  
12 after the termination of his or her service on the board.

13           (g) Each member of the board of directors shall serve  
14 without compensation, but is entitled to receive travel and  
15 per diem expenses as provided in s. 112.061 while in the  
16 performance of his or her duties.

17           (h) Each member of the board of directors is  
18 accountable for the proper performance of the duties of  
19 office, and each member owes a fiduciary duty to the people of  
20 the state to ensure that funds provided in furtherance of this  
21 section are disbursed and used as prescribed by law and  
22 contract. The Governor, the President of the Senate, or the  
23 Speaker of the House of Representatives, according to which  
24 officer appointed the member, may remove a member for  
25 malfeasance, misfeasance, neglect of duty, incompetence,  
26 permanent inability to perform official duties, unexcused  
27 absence from three consecutive meetings of the board, arrest  
28 or indictment for a crime that is a felony or a misdemeanor  
29 involving theft or a crime of dishonesty, or pleading nolo  
30 contendere to, or being found guilty of, any crime.

31           (4) ORGANIZATION; MEETINGS.--

1           (a)1. The board of directors shall annually elect a  
2 chairperson and a vice chairperson from among the board's  
3 members. The members may, by a vote of five of the nine board  
4 members, remove a member from the position of chairperson or  
5 vice chairperson prior to the expiration of his or her term as  
6 chairperson or vice chairperson. His or her successor shall be  
7 elected to serve for the balance of the removed chairperson's  
8 or vice chairperson's term.

9           2. The chairperson shall ensure that records are kept  
10 of the proceedings of the board of directors and is the  
11 custodian of all books, documents, and papers filed with the  
12 board; the minutes of meetings of the board; and the official  
13 seal of the corporation.

14           (b)1. The board of directors shall meet upon the call  
15 of the chairperson or at the request of a majority of the  
16 members, but no less than two times per calendar year if a  
17 university request for funding pursuant to this section is  
18 pending.

19           2. A majority of the voting members of the board of  
20 directors constitutes a quorum. Except as otherwise provided  
21 in this section, the board may take official action by a  
22 majority vote of the members present at any meeting at which a  
23 quorum is present. Members may not vote by proxy.

24           3. A member of the board may participate in a meeting  
25 of the board by telephone or videoconference through which  
26 each member may hear every other member.

27           (5) POWERS AND DUTIES.--The corporation is organized  
28 to receive, hold, invest, administer, and disburse funds  
29 appropriated by the Legislature in support of ss.  
30 288.9621-288.9624 and to disburse any income generated from  
31 the investment of these funds consistent with the purpose and

1 provisions of this section. In addition to the powers and  
2 duties prescribed in chapter 617 and the articles and bylaws  
3 adopted under that chapter, the corporation:

4 (a) May make and enter into contracts and assume any  
5 other functions that are necessary to carry out the provisions  
6 of this section.

7 (b) May enter into leases and contracts for the  
8 purchase of real property and hold notes, mortgages,  
9 guarantees, or security agreements to secure the performance  
10 of obligations of the grantee under a contract.

11 (c) May perform all acts and things necessary or  
12 convenient to carry out the powers expressly granted in ss.  
13 288.9621-288.9624 and in a contract entered into between the  
14 corporation and a grantee.

15 (d) May make expenditures from funds provided by the  
16 Legislature, including any necessary administrative  
17 expenditures consistent with its powers.

18 (e) May indemnify, and purchase and maintain insurance  
19 on behalf of, directors, officers, and employees of the  
20 corporation against any personal liability or accountability.

21 (f) Shall disburse funds pursuant to the provisions of  
22 this section and a contract entered into between the  
23 corporation and a grantee.

24 (g) Shall receive and review reports and financial  
25 documentation provided by a grantee to ensure compliance with  
26 the provisions of this section and provisions of a contract.

27 (h) Shall prepare an annual report as prescribed in  
28 subsection (8).

29 (i) May accept gifts, grants, donations, in-kind  
30 services, or other goods and services for carrying out its  
31 purposes.



1           (6) INVESTMENT OF FUNDS.--The corporation must enter  
2 into an agreement with the State Board of Administration under  
3 which funds received by the corporation which are not  
4 disbursed to a grantee shall be invested by the State Board of  
5 Administration on behalf of the corporation. Funds shall be  
6 invested in suitable instruments authorized under s. 215.47  
7 and specified in investment guidelines established and agreed  
8 to by the State Board of Administration and the corporation.

9           (7) CONTRACTS FOR THE AWARD OF GRANTS.--

10           (a) The corporation shall negotiate and execute  
11 contracts with state universities governing the terms of  
12 grants provided pursuant to ss. 288.9621-288.9624. The  
13 corporation may not execute the contract unless the contract  
14 is approved by the affirmative vote of at least six of the  
15 nine members of the board of directors.

16           (b) Each contract, at a minimum, must contain  
17 provisions:

18           1. Specifying the procedures and schedules that govern  
19 the disbursement of funds under this section and specifying  
20 the conditions or deliverables that the state university must  
21 satisfy before the release of each disbursement.

22           2. Requiring the state university to submit to the  
23 corporation a business plan in a form and manner prescribed by  
24 the corporation.

25           3. Requiring the state university to submit data to  
26 the corporation concerning the activities and performance of  
27 projects funded pursuant to this section and to provide to the  
28 corporation an annual accounting of the expenditure of funds  
29 disbursed under this section.

30           4. Requiring grant recipients to negotiate repayment  
31 to the State University Research Commercialization Trust Fund

1 of the amount of the grant awarded to a project when the  
2 project generates sufficient revenues to sustain a profitable  
3 operation.

4 (8) ANNUAL REPORT.--By December 1 of each year, the  
5 corporation shall prepare a report of the activities and  
6 outcomes under ss. 288.9621-288.9624 for the preceding fiscal  
7 year. The report, at a minimum, must include:

8 (a) An accounting of the amount of grants awarded and  
9 disbursed during the preceding fiscal year by project and  
10 university.

11 (b) Information concerning the amount and nature of  
12 economic activity generated through projects receiving funding  
13 pursuant to ss. 288.9621-288.9624.

14 (c) Project level summaries of the information  
15 reported by grant recipients in paragraph (7)(b).

16 (d) An accounting of funds disbursed during the  
17 preceding fiscal year for staffing, administration, and  
18 operational costs of the corporation.

19  
20 The corporation shall submit the report to the Governor, the  
21 President of the Senate, and the Speaker of the House of  
22 Representatives.

23 (9) LIABILITY.--

24 (a) The appropriation or disbursement of funds under  
25 this section does not constitute a debt, liability, or  
26 obligation of the State of Florida, any political subdivision  
27 thereof, or the corporation or a pledge of the faith and  
28 credit of the state or of any such political subdivision.

29 (b) The appropriation or disbursement of funds under  
30 this section does not subject the State of Florida, any  
31 political subdivision thereof, or the corporation to liability

1 related to the research activities and research products that  
2 receive funding pursuant to this section.

3 (10) DEBT.--The corporation is prohibited from  
4 incurring long-term debt.

5 Section 3. Section 288.9623, Florida Statutes, is  
6 created to read:

7 288.9623 State University Research Commercialization  
8 Assistance Grants.--State University Research  
9 Commercialization Assistance Grants are established to provide  
10 early stage capital funding to support the commercialization  
11 of university research products. Grants may be provided under  
12 the following categories:

13 (1) Phase One grants, which may not exceed \$50,000 per  
14 project, shall be used to assist with early market research,  
15 independent evaluation, consultation, and other initial  
16 activities that may be required to develop an initial business  
17 model for a university research product that has the potential  
18 for commercialization.

19 (2) Phase Two grants, which may not exceed \$100,000  
20 per project, shall be available to match private investment in  
21 a university research commercialization proposal that has been  
22 successfully evaluated and developed into the level of  
23 readiness contemplated for projects that have received Phase  
24 One grants. Phase Two grants shall be used to assist with the  
25 development of a complete business plan for the  
26 commercialization of a university research product. One dollar  
27 in private support is required to match each \$1 in state  
28 funding provided for a Phase Two grant.

29 (3) Phase Three grants, which may not exceed \$250,000  
30 per project, shall be available to match private investment  
31 relating to the implementation and execution of a completed

1 business plan for a university research product. One dollar in  
2 private support is required to match each \$1 in state funding  
3 provided for a Phase Three grant.

4 Section 4. Section 288.9624, Florida Statutes, is  
5 created to read:

6 288.9624 Process for the application and approval of  
7 State University Research Commercialization Assistance  
8 Grants.--

9 (1) Based on the availability of funds, the  
10 corporation shall periodically solicit proposals from state  
11 universities for grants through the State University Research  
12 Commercialization Program.

13 (a) The corporation shall solicit proposals from state  
14 universities and meet for the purpose of awarding grants once  
15 every 6 months when the uncommitted balance exceeds \$750,000.  
16 The minimum time between the notification for the solicitation  
17 of proposals and the deadline for the submission of proposals  
18 by state universities shall be 60 days. The maximum time  
19 between the deadline for receiving proposals during a  
20 solicitation period and final determination by the corporation  
21 to approve or deny a request that is timely submitted in  
22 proper form shall be 60 days. However, by a majority vote of  
23 the board of directors, the deadline for approval or denial of  
24 a specific application may be extended up to an additional 60  
25 days for complex proposals that require additional time to  
26 properly evaluate.

27 (b) The corporation shall establish guidelines  
28 prescribing the criteria and format for the submission of  
29 proposed projects by state universities.

30 (2) Any state university, upon approval of its board  
31 of trustees, may submit a request to the State University

1 Research Commercialization Corporation for a grant to  
2 facilitate the commercialization of a university research  
3 product or the commercialization of a patent held by a state  
4 agency under a cooperative agreement between the state agency  
5 and the university.

6 (3) When evaluating the projects submitted for funding  
7 support through the State University Research  
8 Commercialization Program, the corporation shall consider the  
9 following criteria:

10 (a) The potential return to the university which may  
11 be reasonably assumed based on the business case presented in  
12 support of the proposed project;

13 (b) The potential for the creation of high-wage jobs  
14 resulting from the success of the proposed project;

15 (c) The potential of the proposed project to address  
16 pressing needs of the residents of the state;

17 (d) The potential of the proposed project to enhance  
18 the economic competitiveness of the state and the university;

19 and

20 (e) The technical, financial, organizational, and  
21 marketing feasibility of the project and its business plan.

22  
23 Each proposed project shall be evaluated on its individual  
24 merits.

25 Section 5. Funding for the State University Research  
26 Commercialization Program shall be as specified in the General  
27 Appropriations Act. The funds shall be appropriated to the  
28 Department of Education for the State University Research  
29 Commercialization Funding Corporation to be used pursuant to  
30 the provisions of ss. 288.9621-288.9624, Florida Statutes. The  
31 Department of Education shall provide the funds to the

1 corporation upon receiving a copy of the signed agreement  
2 entered into by the corporation and the State Board of  
3 Administration pursuant to s. 288.9622(6), Florida Statutes.

4 Section 6. This act shall take effect July 1, 2007.

5  
6 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
7 COMMITTEE SUBSTITUTE FOR  
8 SB 1074

9 The committee substitute creates the State University Research  
10 Commercialization Program to promote the commercialization of  
11 university research products in order to enhance the state's  
12 economy and public universities. The program will be  
13 administered by a not-for-profit corporation known as the  
14 State University Research Commercialization Funding  
15 Corporation. The corporation shall be governed by a board of  
16 directors which will consist of nine voting members.

17 If funding for the program is appropriated in the General  
18 Appropriations Act, a state university may apply for a State  
19 University Research Commercialization Assistance Grant through  
20 the corporation to assist in developing products and services  
21 resulting from university research. These early stage capital  
22 grants may be used by the university to secure patents,  
23 establish start-up companies, develop license agreements,  
24 attract private investment, and support other activities  
25 necessary to establish commercially viable ventures for the  
26 marketing and sale of products resulting from university  
27 research.