



Puerto Rico
Science, Technology
& Research Trust

SBIR/STTR Phase II Matching Grant Program Procedures

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SBIR/STTR Phase II Matching Grant Program

The Puerto Rico Science, Technology and Research Trust (PRSTRT or Trust hereafter) SBIR/STTR Phase II Matching Grant program was implemented to assist local technology oriented small business firms and researchers (a) better compete for SBIR and STTR grant awards; (b) obtain critical gap funding and/or; (c) funding to strengthen their project R&D and commercialization efforts. The Trust's SBIR/STTR Phase II matching funds program aims to attain the following objectives:

- Increase Puerto Rico's Innovation capacity, by supporting and encouraging SBIR/STTR Phase I awardees firms to pursue Phase II funding.
- Increase the amount of R&D Funding in Puerto Rico, by providing a mechanism to leverage federal funds as well as private capital.
- Attract research talent by allowing companies from out of Puerto Rico apply for matching funds, subject to meeting eligibility criteria.
- Foster job creation and economic development in Puerto Rico by increasing the competitiveness of Puerto Rico's small businesses in attracting Federal SBIR and STTR grants.

Firms receiving a federal SBIR/STTR Phase II award will receive a dollar-to-dollar matching grant from the Trust, of up to \$200,000. The proposed program is structured as follows:

1. For *year one of the SBIR Phase II*: The Trust will provide up to \$100,000 matching upon applicant's submission of proof of negotiation of contract or the approval of the Phase II award. The objective of this portion of the funding is to provide critical gap funding to awardees obtaining the award.
2. For *year two of the SBIR Phase II*: The Trust will provide an additional match of up to \$100,000, subject to a dollar-to-dollar match obtained from awardees from private sources of funding. The objective of this portion of the funding is to leverage Trust funds with private capital. Third Party Funding may come from:
 - Private investors, including angel investors and/or venture capitals;
 - Strategic partners pursuant to a development contract as long as the partner provides cash (as opposed to in kind services) to the Company and the purpose of the contract is to advance the work done under the SBIR/STTR grant or contract.
 - Ineligible sources of third-party funding include: in-kind contributions, internal company funds, federal funds, Trust funds, or other State funds.

Eligibility Criteria

Eligible Phase II participants include:

1. Puerto Rico based companies or companies that have its principal place of business in Puerto Rico. To meet this standard, a Company must have all, or substantially all, of its operations and employees located within Puerto Rico.
2. Companies located outside of Puerto Rico are eligible to apply, subject to the following conditions prior the disbursement of matching funds:
 - a. The company will have 90 days from the date of the grant agreement to relocate to Puerto Rico. If this eligibility requirement is not met, then the funds allocated for the grant will be forfeited and made available to other companies.
 - b. The company must submit documentation showing acknowledgement from the Federal Agency regarding its physical relocation to Puerto Rico and transfer of the Federal Grant to Puerto Rico.
 - c. The company will be also required to designate the PI or Co-PI a Puerto Rico resident/employee.

Allowed Matching Funds Usage

Direct Costs: Awardees may utilize Phase II matching grant funds for direct costs allowed by the SBIR/STTR funding agency, plus other expenditures not normally covered by the SBIR/STTR program such as the purchase of equipment, intellectual property protection/patent costs, commercialization/ marketing costs, and other costs related to raising venture capital.

Indirect Costs: In addition, awardees will be allowed a maximum allocation of 10% of the Trust matching funds for indirect costs.

All expenses covered by the matching grant must be incurred in Puerto Rico.

Application Process

To apply for the program:

- The applicant must complete an application prior to submitting a SBIR/STTR Phase II proposal. The Trust must receive the application at least 15 days prior to the SBIR/STTR Phase II deadline submission due date.
- The application must include:
 - Copy of the SBIR/STTR Phase II proposal;
 - Matching Fund Budget and Usage: describing the use of matching funds for year and two and the planned raising of the required third-party funding match.
- Within 5 days prior to SBIR/STTR deadline submission due date, applicants will receive a letter of support from the Trust, to be included in the proponent's proposal.

Approval and Disbursement Procedures

If the applicant is successful in receiving a SBIR/STTR Phase II award, it must submit proof of notification of negotiation of the award or an executed SBIR/STTR contract, grant, or cooperative agreement between the federal agency and the applicant.

After the successful execution of an agreement between the Trust and the awardee, Phase II matching grants will be disbursed as follows:

1. For *year one of the SBIR Phase II*: The Trust will disburse 50% or \$50,000 upon notification of negotiation or signing of the matching funds agreement, and the remaining half after the awardees' presentation of progress reports submitted to the Trust, as agreed upon in the agreement.
2. For *year two of the SBIR Phase II*: The Trust will disburse 50% or \$50,000 upon awardees submitting proof of obtaining third-party funding from private sources (see explanation of third-party funding below), and the remaining half after awardees' presentation of progress reports submitted to the Trust, as agreed upon in the agreement.