

Contact: Andy Baumert

GROW IOWA VALUES FUND PROPOSALS

Action Requested: Consider approval of universities' FY 2007 Grow Iowa Values Fund (GIVF) proposals.

Executive Summary: The 2005 Iowa General Assembly appropriated \$5 million annually through FY 2015 to the Board of Regents through the GIVF administered by the Iowa Department of Economic Development. The funds are for capacity-building infrastructure in areas related to technology commercialization, entrepreneurship, and business development for the purposes of state economic development. Each of the universities has submitted a proposal for how it will direct a share of these appropriations in FY 2007 which is the second year of funding under the program. Appropriations require a one-to-one funding match by the universities. The FY 2006 proposals from the universities total \$4.8 million. An amount of \$200,000 is reserved for the Board to allocate to research and commercialization projects submitted by private colleges and universities.

The universities' proposals are summarized here. Complete proposals, including information on matching fund sources and evaluation methods, are included in the Regent Exhibit Book.

Iowa State University: \$1.925 million

Iowa State University proposes to allocate FY 2007 GIVF funds in a manner consistent with that used in FY 2006 in which funds were focused in two primary areas: 1) Infrastructure and Entrepreneurial Culture and 2) Commercialization Competitive Grants.

Metrics used to evaluate the effectiveness of efforts in both areas will include:

- new businesses created based on ISU technology
- sales and employees of companies created with or utilizing ISU technology
- product and process improvements at companies based on ISU technology
- technologies licensed to companies with an Iowa presence
- collaborative research projects with Iowa companies

Organizations and University units receiving funding will be required to provide matching funds on a one-to-one basis.

Commercialization Competitive Grants Program (\$1.325 million)

ISU proposes to allocate \$1.325 million to build and sustain a larger pipeline of projects utilizing ISU-developed technology. A Request for Proposals process was used campus-wide to obtain proposals for the development of innovations with commercial potential and to support the expansion of existing companies which will contribute significantly to the Iowa economy.

Several projects involving Iowa companies have been selected from among those submitted under the RFP and are proposed to be funded. Examples include:

- collaborative research with a Boone company utilizing a new type of photovoltaic technology to increase solar panel efficiency by 50%
- development and manufacture by a Pella company of composite fuel pellets utilizing ethanol production by-products
- testing and marketing of a new fractionated food-grade soy protein by an Ellsworth company

- development by a Muscatine company of corn-based food grade starches which are low calorie or resistant to digestion to combat obesity
- development by a Brooklyn, Iowa of a new manufacturing polymer based on corn and soy protein
- development by several companies with Iowa soy processing plants of a new technology for improving the efficiency of protein extraction in soy processing and development of a new product from the soy whey waste stream
- development by two Iowa ethanol producing companies of a method for converting low value thin silage into a high value biomass
- assistance to an Ames company in development of biomass gasification technology that will reduce the use of natural gas in ethanol production plants

Infrastructure and Entrepreneurial Culture (\$600,000)

ISU proposes to allocate \$600,000 to further develop the infrastructure that will support the staff and activity required to grow, improve and sustain the technology transfer/commercialization efforts at ISU. Funds will be allocated to the following units:

- ISU Research Park: \$200,000
- ISU Pappajohn Center: \$200,000
- Institute for Physical Research and Technology: \$100,000
- Vice-Provost for Research: \$100,000

University of Iowa: \$1.925 million

The University of Iowa proposes to allocate funding in two principal phases tied to building the capacity for technology transfer and fostering entrepreneurship and growth of new companies.

For both phases, matching funds will be secured from outside sources including licensing revenues, industry and University startup funding, and recruitment packages. Evaluation metrics will include:

- Reported total related jobs in Iowa
- Reported total earnings
- Collaborations with Iowa-based industry
- New federal small business initiative applications and awards
- Intellectual property created and licensed
- Annual increases in taxable company revenues from identified firms

Phase 1, ISTART- Iowa Startup and Entrepreneurship Fund: (\$1.4 million)

Phase 1 features funding support for commercialization opportunities based on SUI intellectual property with priority given to private sector partnerships that promise job and business initiation and expansion in Iowa, especially in key biosciences and other areas identified by the Battelle study. Examples of qualifying projects include:

- Development of new incubator space needed to create and expand new business directly related to the commercialization of existing intellectual property. Included in this category are funds to further upgrade facilities for the College of Pharmacy Center for Drug Development.
- Expansion of services at the John Pappajohn Entrepreneurial Center which will work with faculty, student and staff entrepreneurs who are starting companies, and developing business plans, marketing strategies, and funding opportunities.

Phase 2, IGROW-Iowa Growth and Development Fund: (\$525,000)

Funding in this category is designed to foster high-tech entrepreneurship, build new networks of technical, financial, and business capabilities to sustain growth of new companies. Examples of projects qualifying for funding include:

- Recruitment of new entrepreneurial faculty who will also be relocating or creating new companies in Iowa in key bioscience areas
- Incentive program for faculty and staff who effectively provide research upgrades to startup companies that sustain measurable, top-performing growth
- Infrastructure support for entrepreneurial research activities and translational research

University of Northern Iowa: \$950,000

The University of Northern Iowa proposes to allocate \$950,000 in five project areas. Matching funds will be required of organizations and university units receiving the funding on a one-to-one basis. Specific metrics will be required in each project area and will include as examples the following:

- new products developed in partnership with Iowa companies
- intellectual property disclosures and licenses
- new business incubator tenants
- new rural companies formed and amount of commercial investment
- community leaders and entrepreneurs trained
- market research feasibility projects with Iowa companies and entrepreneurs
- number of companies involved in biobased lubricants development and marketing

Technology Transfer and Business Incubation (\$310,000)

UNI will open its new incubator for technology transfer projects and a new incubator for student businesses.

Rural Entrepreneurship (\$200,000)

Continued support will be provided for the six-county MyEntreNet program and two new counties. Web resources for MyEntreNet will be made available to service providers at no charge through a state-wide marketing campaign.

Market Research (\$110,000)

Primary emphasis will be toward assisting UNI's technology transfer and business incubation projects. Market research costs will be split between the client and GIVF funding.

Helping Regions Succeed (\$130,000)

The Institute for Decision Making will provide planning and technical service to regional-based development organizations to allow them to better focus their resources for efficiency and effectiveness.

National Ag-based Lubricants Center (\$200,000)

In FY 2007, the Center will focus on new research to create bio-based engine oils and automotive lubricants and additives and will expand its bio-lubricants testing services. A multi-year effort, which has involved John Deere, will investigate the potential use of soybean oil as a diesel engine oil. The Center will also expand the provision of fee-based testing services with the goal of achieving budget self-sufficiency in testing services.