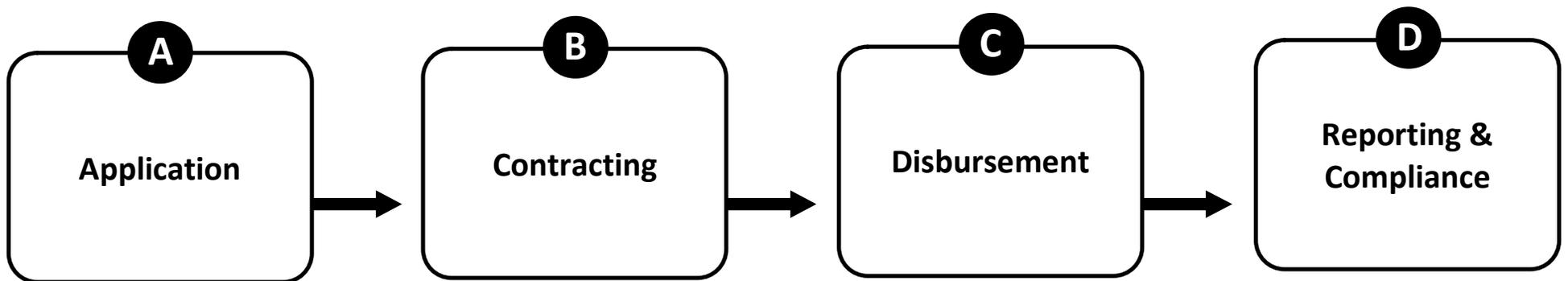




TEXAS
EMERGING
TECHNOLOGY FUND

Sub-Chapter F

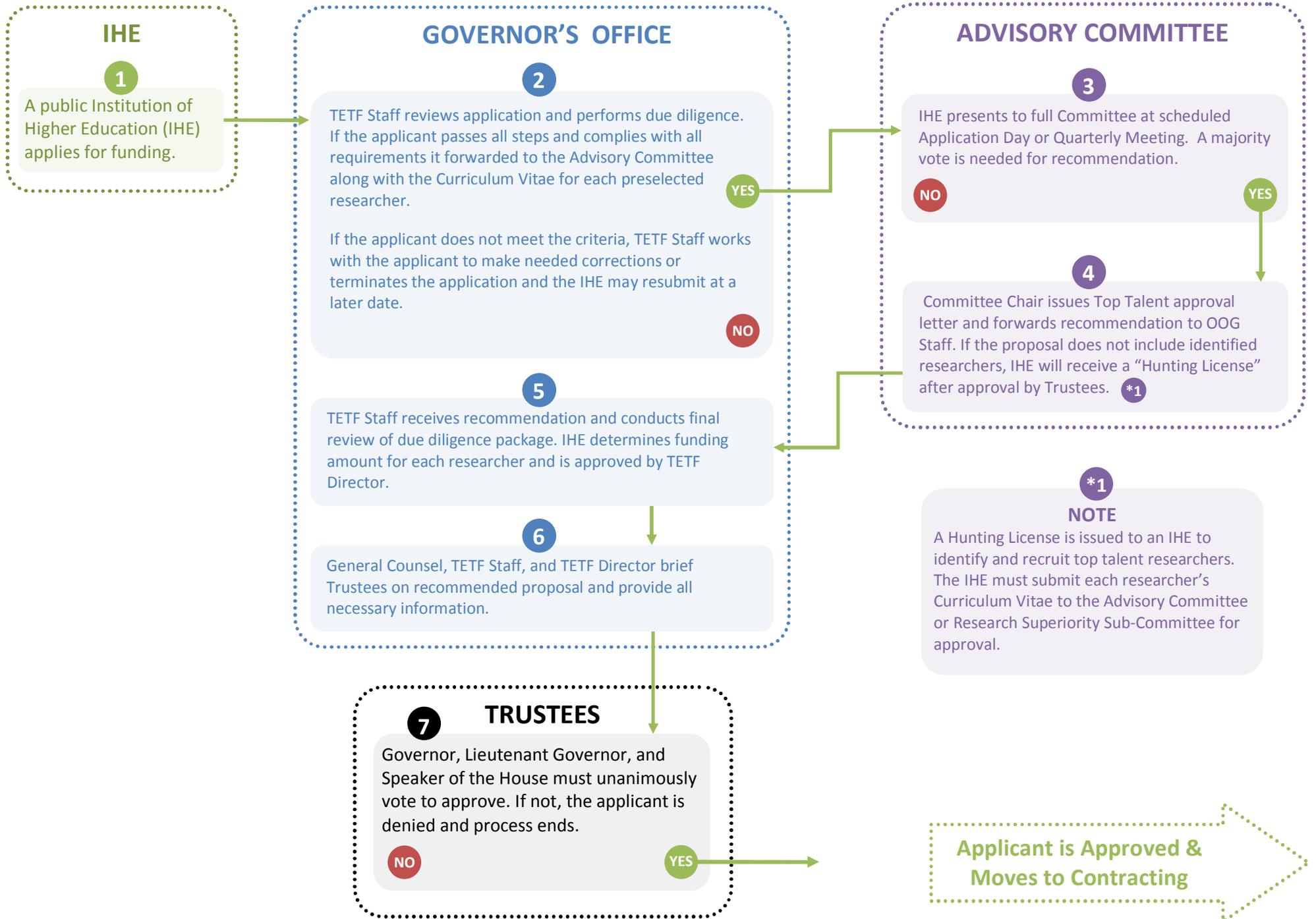
Operational Procedure Chart



Office of the Governor
Texas Emerging Technology Fund
1100 San Jacinto
Austin, Texas 78701
(512) 463-2000

A

APPLICATION PROCESS



B CONTRACTING

TRUSTEES

2

Governor, Lieutenant Governor, and Speaker of the House all sign the Commitment letter and route it to TETF Staff.

YES

IHE

5

Develops and submits milestones to TETF Staff for approval. If milestone are not acceptable TETF Staff assists IHE with milestone development. IHE separately submits accounting forms.

7A

If IHE agrees to terms it signs and returns original copies to GC.

YES

If IHE disagrees with the terms it may request a change to GC.

NO

*1

NOTE

Hunting License allows IHE to recruit researchers for 2 years; thereafter all undistributed funds may be forfeited.

GOVERNOR'S OFFICE

1

Constituent Communication Staff and TETF Staff form Commitment letter and route it to Trustees.

3

TETF provides letter, financial terms and all other info to General Counsel and Financial Services.

4

General Counsel develops contract and requests accounting forms from IHE. If all researchers have not been recruited, a Hunting License is issued. *1

6

TETF reevaluates and approves milestones. GC routes agreement to IHE for review. GC receives accounting forms separately.

7B

GC reviews requested changes by company. If OK sends to Adv. Com & TETF Director for approval; if not OK, company can accept deal as is or pass.

8

GC receives IHE acceptance and routes the Commitment Letter to Compliance and accounting forms to Financial Services.

9

Compliance creates contract review & assurance sheet, contract routing form, compliance checklist, and payment approval form.

10

After primary and secondary compliance review, the contract is routed for approval. *2

11

After approval, Compliance adds GC approved execution date to file. The IHE is now under contract and is obligated to all contractual terms and conditions.

12

If IHE has identified researcher(s) and has remained compliant, Compliance notifies Accounts Payable for disbursement; if not disbursement is delayed until researchers are identified and approved, and until IHE cures compliance issue(s).

*2

Required Signatures for Approval

- ✓ Budget Director
- ✓ Chief Financial Officer
- ✓ TETF Director
- ✓ EDT Director
- ✓ General Counsel
- ✓ Chief of Staff

Moves Forward to Disbursement

C

DISBURSEMENT

ADVISORY COMMITTEE

2A

Receives CVs of researchers and reviews each individual. Majority vote approves and routes paperwork to OOG Staff.

NO

YES

4A

Forms sub-comm to reevaluate researcher. Approval brings researcher back in front of full-comm; rejection ends researcher's application process.

IHE

3A

IHE may appeal decision ONCE or recruit a new researcher. Appeals are routed back to Committee; new recruits must start the approval process by submitting CVs to OOG.

5

IHE has received funding. This process is repeated for all disbursements including: additional Top Talent, 5% commercialization capacity building, and additional contractual funding. The IHE must continue reporting and maintain compliance to receive funds.

GOVERNOR'S OFFICE

1

Compliant IHEs are cleared by OOG Staff for Advisory Committee recruit evaluation. IHEs not recruiting do not need evaluation by AC and proceed directly to disbursement process.

Recruit Approval

Disbursement

2B

TETF receives and submits researcher milestones, Top Talent approval letter, accounting forms, and TETF Director approved disbursement form to Compliance Staff. *1

3B

Compliance routes all verified documentation to be approved by leadership and routes accounting forms to Financial Services; who gives IHE a TINS number and vender status. *2

4B

After approval: Compliance makes copies and routes documents to Accounts Payable. Accounts Payable Manager processes disbursement and funds are sent to IHE.

*1

NOTE

Milestone approval by TETF Staff triggers 5% incentive for commercialization capacity building contract to be drafted by GC. IHE must have at least 1 researcher recruited and be in compliance to receive funds. Amount is 5% of total grant and is contracted separately, specifically for tech transfer and commercialization. Funds are distributed through the same means as all disbursements.

*2

Required Signatures for Approval

- ✓ Compliance Staff
- ✓ Budget Director
- ✓ Chief Financial Officer
- ✓ TETF Director
- ✓ EDT Director
- ✓ General Counsel
- ✓ Chief of Staff

Moves Forward to Reporting & Compliance

D

REPORTING & COMPLIANCE

*1

NOTE

-IHE must report: after 1st six months and annually based on; milestones, financials, proof of employment, and federal fund raising efforts.

-All reports are due no later than January 31 after reporting year end.

*2

NOTE

The “clawback” clause ensures the return of TETF funding, plus 5% compounded annually, to the State in the event of a default by the IHE.

GOVERNOR'S OFFICE

1

Compliance reviews all IHE submitted reports and compares it to the contract. *1
Site checks, investigative research, and overall due diligence are performed to ensure contractual compliance.

2B

Compliance Staff works with IHE to get IHE into compliance. If unsuccessful, Compliance notifies GC and TETF Staff. Recruit approvals and funding are on hold until IHE is in compliance.

2A

IHE is compliant and no holds are issued. Reporting is filed by Compliance Staff

2C

TETF Staff and General Counsel determine if non-compliance issue triggers an Event of Default.

2D

Default Letter is issued detailing compliance issue. Compliance Staff works with IHE to cure issue(s). If cured the IHE is in compliance; failure to cure issue(s) results in activation of the “clawback” clause and the return of all or partial funding. *2

YES

NO

IHE

3

Has fulfilled reporting obligations. Annual reporting continues for 5 years after last disbursement date. All employment and financial changes must be reported to OOG Staff and Advisory Committee. This process is repeated until the contract comes to term.

Contract comes to term 5 years after final disbursement. IHE must submit a closeout report 3 months after contract coming to term. All unused funds are returned to the State. The IHE no longer has any contractual obligations to the State.