THE UNIVERSITY of TENNESSEE
RESEARCH FOUNDATION
AN INDEPENDENT 501(c)3 ORGANIZATION

Student Technology Innovation & Commercialization (STIC) Program
Program Policies and Protocols
February 10, 2010

I. Introduction

The UT College of Engineering is spearheading the development of a curriculum that will both inspire and train engineering students to develop innovative technologies that will be the basis for starting new companies. This program has the potential to be expanded to other colleges and institutes within the university system. The development of these technologies will most likely require the involvement of UT research faculty and their post-docs, which will create intellectual property owned by UT and ultimately UTRF. Working with these researchers, the engineering students will utilize the SBIR (Small Business Innovation Research) and STTR (Small Business Technology Transfer Research) processes to move the technology from the research stage to the application stage.

SBIR/STTR applications must be made by small companies that meet criteria specified by the federal government. TNovation, Inc. (TNovation) is a company that complies with these guidelines and will be the mechanism to assist UT students in applying for, performing and administering SBIR grants that may be based in whole or in part on UT technology. TNovation will obtain contracts to fund development activities through the federal SBIR/STTR processes and to contract for use of UT research capacity and facilities for portions of such development activities.

UTRF, as the owner of UT's intellectual property, must work closely with both the applicable colleges/institutes at the university and TNovation to insure protection of the intellectual property. This document describes the responsibilities and deliverables required of each party in this process.

II. Vision

Sustainable economic growth is dependent upon the continued development of innovative technologies that make their way to the market. Technological innovation typically emerges from universities and national laboratories, and these technologies are often the basis for start-up company formation (which leads to economic growth).

It is the intent of the University of Tennessee to:

- create a forum for building relationships among entrepreneurs, researchers and students that result in new ideas and innovations
- establish a unique and revolutionary mechanism that will facilitate the start-up of new businesses based on those ideas and solutions .

STIC is the mechanism that provides experiential learning for student teams who will use federal funding opportunities to develop new innovations with UT researchers and ultimately launch

technology-based start-up businesses. By developing strong ties with the university and the organizations that mentor and facilitate the growth of the start-up company, the likelihood of the entrepreneurs staying in the region increases, which will reap economic benefit for both the region and the state.

III. Objectives

The objectives of the Program are:

- To provide experiential learning for students who want to be entrepreneurs
- To spur technological innovation that benefits the students, university and the region
- To launch new companies based on the innovations that generate economic returns for the participants

IV. Process Overview

An Implementation Agreement is the first step and has been signed by UT, UTRF and TNovation. Exhibit 1 illustrates the process by which technologies are selected for and implemented through the STIC program. The flow chart is segmented into two phases: Application and Implementation. Following are the responsibilities of all parties during these two phases.

III. Application Phase

The Application Phase encompasses the time from when the class starts until the students have been notified of the acceptance or rejection of their SBIR proposals.

A. Responsibilities of UT Facilitator

1. *Sign the Participation Agreement for the program.* This is a "master" document that includes the confidentiality requirements, conditions and rules for the STIC program and will be managed by UTRF. This document is signed once by the Facilitator, UT, UTRF and TNovation at the commencement of the program.
2. *Obtain student signatures for the Participation Agreement.* As students are engaged in the program during any subsequent semester, the Facilitator is responsible for obtaining signatures on one-page "joinder" agreements that state that the individual has read the Participation Agreement, understands the obligations and agrees to abide by its terms. As these documents are signed, the Facilitator will turn the originals over to UTRF and copies to TNovation.
3. *Assist students in their research for and selection of technologies for potential SBIR submissions.* At the end of this process, the Facilitator will help the teams narrow down their lists to no more than three opportunities per team.
4. *Request a list of potential UT researchers and technologies from UTRF.* The Facilitator will request a list of potential UT researchers (that are applicable to the three opportunities

identified by each student team) who may be willing to participate with the students in the SBIR application process and will work with both UTRF and the students to determine the best way to contact them. The Facilitator may also request a list from UTRF of previously disclosed technologies that may be of use in pursuing the SBIR opportunities.

5. *Ensure that students abide by the terms of the Participation Agreement.* This includes educating the students on the importance of protecting confidentiality of intellectual property; ensuring that students document all discussions involving confidential information that pertains to the UT researcher's work and intellectual property owned by UTRF, as well as communicating to UTRF any uncovered and previously undisclosed technologies to UTRF.
6. *Obtain Acknowledgement signatures from researchers and additional UT collaborators*. As UT employees are engaged at any time during the program, the Facilitator is responsible for obtaining their signatures on one-page "joinder" agreements that state that the individual UT employee has read the Participation Agreement, understands the obligations and agrees to abide by its terms. As these documents are signed, the Facilitator will turn the originals over to UTRF and copies to TNovation. If outside resources are needed to complete the project at any stage during the life of the project, the Facilitator will work with UTRF to determine and address any confidentiality requirements.
7. *Turn over all technology-related documentation to UTRFn.* The Facilitator is responsible for gathering documentation of the discussions that students conduct and record with researchers (which may include confidential information). Original documents should be turned over to UTRF.
8. *Assist students with final technology selection, as well as development and submission of SBIR proposals.* This includes identification of the appropriate principal investigator and negotiating any subcontracts, as appropriate.
9. *Inform UTRF and TNovation of selected technologies and SBIR/STTR proposal submissions.* This includes providing a copy of the SBIR/STTR submission to both UTRF and TNovation.
10. *Notify UTRF if new intellectual property is developed or uncovered*.
11. *Notify UTRF and TNovation of SBIR/STTR acceptances, rejections and resubmissions*. If a student team application has been rejected, the Facilitator will work with the team to determine if a revised Phase I proposal should be submitted and will notify both UTRF and TNovation of the decision.
12. *Inform TNovation/UTRF when options for technologies are to be relinquished*. This will occur when a student team is unsuccessful completing the Phase I project.

B. Responsibilities of UT Student Teams

1. *Sign "joinder" for Participation Agreement*. This is an acknowledgment that the student has read the Participation Agreement and agrees to abide by its terms.
2. *Research potential SBIR opportunities*. This will be done under the guidance of the Facilitator and may include reviewing confidential information regarding technologies previously disclosed to UTRF.

3. *Select up to three SBIR opportunities for further investigation*. Once selected, UTRF students will contact the appropriate UT researchers (identified by UTRF and communicated to the Facilitator) to conduct due diligence on the technologies available for meeting the opportunity.
4. *Document discussions with UT researchers and turn that information over to the Facilitator*.
5. *Select the SBIR opportunity to be pursued; write and submit Phase I SBIR proposal*. If during this Phase students identify any external resources necessary for completion, students should immediately notify the Facilitator, who will work with UTRF to ensure that any necessary confidentiality requirements are addressed.

C. Responsibilities of UTRF

1. *Sign Participation Agreement for the program*. This is a "master" document that includes the confidentiality requirements, conditions and rules for the program. UTRF will manage this document which is signed once by the Facilitator, UT, UTRF and TNovation at the commencement of the program.
2. *Provide vetted list of technologies to Facilitator* (upon receipt of request from Facilitator).
3. *Facilitate UT researcher participation in the program.* UTRF will review the selected SBIR opportunities and recommend researchers that may be able and willing to participate with the students in the SBIR/STTR proposal process. In some instances, UTRF will communicate and interact with the researchers to explain the program and enlist their support.
4. *Assist in the education of students, faculty and other participants about the importance of maintaining confidentiality of unprotected IP*.
5. *Support the Facilitator, as requested, in communicating the importance and mechanics of protecting confidential information*.
6. *Ensure that all identified technologies are properly disclosed to UT*. Should an undiscovered technology be identified during the program, UTRF will work with the appropriate UT researcher to ensure that the technology is properly disclosed to the university so that it can be licensed or assigned, when appropriate.
7. *Obtain Basic Agreement from inventors*. UTRF will ensure that the Basic Agreement among UT, UTRF and technology inventors is signed and executed.
8. *Execute option agreement with TNovation.* Once the student teams have selected an SBIR proposal to pursue and have identified the appropriate UT technology, UTRF and TNovation will sign the standardized Option Agreement for the STIC Program.
9. *Collect and maintain all legal documents relating to this Program and the involved technologies.*
10. *Assign an appropriate person to serve on the TNovation board.*

D. Responsibilities of TNovation

1. *Establish and maintain an SBIR/STTR compliant organization*.

2. *Sign Participation Agreement for the program*. This is a "master" document that includes the confidentiality requirements, conditions and rules for the program. This is signed once by the Facilitator, UT, UTRF and TNovation at the commencement of the program.
3. *Comply with the terms set forth in the Implementation Agreement signed with UT and UTRF*.
4. *Establish a board of directors for TNovation according to the terms in the Implementation Agreement*.
5. *Maintain records provided by the Facilitator and UTRF*.
6. *Negotiate TNovation cost recovery requirements with the student teams and Facilitator*.
7. *Submit SBIR proposals to appropriate funding agency*.

IV. Implementation Phase

The Implementation Phase begins once the SBIR Phase I submission has been approved by the SBIR funding agency.

A. Responsibilities of the Facilitator

1. *Work with TNovation to ensure that students and principal investigators become employees of TNovation*.
2. *Monitor/provide guidance to students during the performance of the Phase I SBIR contract*.
3. *Provide UTRF and TNovation with copies of student progress reports*.
4. *Work with student teams to determine next step at conclusion of Phase I SBIR, and notify both UTRF and TNovation of the decided course of action:*
    a. *The students submit a Phase II proposal*. Facilitator will be responsible for all of the tasks that were identified during the writing of the Phase I proposal (e.g., helping students with proposal development, negotiations with faculty, documenting and submitting discussions, and providing final copies of the proposal to UTRF and TNovation).
    b. *The students pursue external funding*. At the conclusion of this attempt, Facilitator will notify both UTRF and TNovation of the outcome.
    c. *The project is terminated*.
5. *Assist students with launching their NewCo.* Provide guidance as deemed appropriate.

B. Responsibilities of the UT Student Teams

1. *Process necessary paperwork with TNovation to become employees*.
2. *Perform the work as defined in Phase I SBIR proposal*. Report results to Facilitator.
3. *Determine future course of action upon completion*.
4. *Launch NewCo, if appropriate*.

C. Responsibilities of UTRF

1. *Maintain records and status of all options involved in the program.*
2. *Process necessary paperwork to exercise license/assignment agreement with TNovation/NewCo (if company is launched)*.
3. *Assist with research contract development, if appropriate*.
4. *Maintain the portfolio of NewCo equity interests and share net revenue with inventors and originating units in the event of NewCo liquidation*.
5. *Assign appropriately knowledgeable individuals to serve on NewCo boards*.

D. Responsibilities of TNovation

1. *Maintain SBIR/STTR compliant accounting and control systems*.
2. *Receive funding from SBIR/STTR agencies on behalf of the student teams and account for/report on all funding*.
3. *Process necessary paperwork with students to become employees*.
4. *Submit final reports on SBIR Phase I proposals to appropriate funding agency*.
5. *Submit SBIR Phase II proposals*.
6. *Notify Student Teams/Facilitator/UTRF of any accepted proposals (Phase I and/or Phase II)*.
7. *Exercise license/assignment agreement with UTRF/NewCo (if company is launched)*.
8. *Mentor NewCo*.