

**The Walton Family Charitable Support Foundation, Inc.**  
**PO Box 2030**  
**Bentonville, AR 72712**

October 23, 2018

Mark E. Power  
Vice Chancellor for Advancement  
University of Arkansas Foundation, Inc.  
535 W. Research Center Blvd., Suite 120  
Fayetteville, AR 72701

RE: Grant # [REDACTED]

Dear Mark,

It is my pleasure to inform you that the Walton Family Charitable Support Foundation, Inc. ("Foundation") has approved a grant in the amount of \$23,746,523.00 to the University of Arkansas Foundation, Inc. ("Grantee"). The project term will be October 2018 to June 2023. This grant is subject to the following terms and conditions:

1. **Purpose:** The purpose of the grant is to fund key positions and support in the Technology Ventures Office, the Office of Economic Development and the Office of Research and Innovation; and to attract five "star" scientists. Further this grant will fund research that is expected to result in intellectual property that can be commercialized; and create a robust "gap" funding program that will serve as a beacon to both faculty and students who want to commercialize university technology. This grant is more fully described in Grantee's proposal dated October 15, 2018. Grantee agrees to use all grant funds exclusively for the grant's purposes. Any changes in these purposes must be authorized in advance by the Foundation in writing.
2. **Amount:** Twenty-Three Million, Seven Hundred Forty-Six Thousand, Five Hundred Twenty-Three Dollars (\$23,746,523.00).

Grant payments will be made as follows:

Installment	Amount	Date
#1	\$4,551,579.00	Upon completion of a signed grant agreement
#2	\$4,685,868.00	Upon approval of 2019 interim report
#3	\$4,785,868.00	Upon approval of 2020 interim report
#4	\$4,919,104.00	Upon approval of 2021 interim report
#5	\$4,804,104.00	Upon approval of 2022 interim report

3. **Payable:** Initial installment of \$4,551,579.00 shall be initiated upon receipt of this completed letter from Grantee acknowledging the terms and conditions set forth herein. Grantee should receive the initial installment electronically within 14 days of completion of this item.

Further installments shall be contingent upon the Foundation's approval of the Grantee's activities of the grant as evidenced by the reports described in paragraph 5 below and other information the Foundation may gather.

4. **Accounting:** (a) The Foundation encourages, whenever feasible, the deposit of grant funds in an interest-bearing account. For purposes of this letter, the term "grant funds" includes the grant and any income earned thereon.

(b) Grantee will maintain records of receipts and expenditures made in connection with the grant funds and will keep these records during the period covered by the Grantee's reporting obligations specified in paragraph 5 and for at least four years thereafter ("Maintenance Period"). Grantee will make its books and records in connection with the grant funds available for inspection by the Foundation during normal business hours as the Foundation may request at any time during the Maintenance Period.

5. **Reporting and Evaluation:** Grantee will provide the Foundation with financial and narrative reports due by the due dates listed in the report schedule below. Each report shall include an account of expenditures of grant funds, and a brief narrative of what was accomplished (including a description of progress made in fulfilling the purposes of the grant and a confirmation of Grantee's compliance with the terms of the grant).

Report Date	Report Type
8/1/2019	Interim Financial and Narrative for FY 2018-19
8/1/2020	Interim Financial and Narrative for FY 2019-20
8/1/2021	Interim Financial and Narrative for FY 2020-21
8/1/2022	Interim Financial and Narrative for FY 2021-22
8/1/2023	Final Financial and Narrative for FY 2022-23

Success will be measured against the Grant Reporting Metrics Document & Overview of Key Hires described in Appendix A.

All reports will be sent electronically to [REDACTED] (cc: [REDACTED]). Please reference Grant # [REDACTED] on all correspondence.

Grantee payments are always contingent upon the Foundation's approval of Grantee's operations based on the above reports and the Foundation's satisfaction with such information as it chooses to obtain from other sources.

6. **Representations:** Grantee represents and warrants to the Foundation that:

(a) Grantee is an organization in good standing, is either an organization described in section 501(c) (3) of the Internal Revenue Code ("Code") or a governmental unit, and is not a "private foundation" described in section 509(a) of the Code. Grantee will promptly notify the Foundation of any change in Grantee's tax status under the Code.

(b) In no event will Grantee use any grant funds:

(i) to carry on propaganda, or otherwise to attempt, to influence legislation;

(ii) to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drive; or

(iii) to undertake any activity other than for a charitable, educational or other exempt purpose specified in section 170(c)(2)(B) of the Code.

(c) Grantee will comply with all applicable laws and regulations.

7. **Repayment:** Grantee agrees to repay to the Foundation any portion of the grant funds not used for the grant's purposes. In addition, the Foundation may discontinue any further payments to Grantee, and may direct Grantee to repay any unexpended grant funds to the Foundation, if any of the following events occurs:

(a) Grantee ceases to maintain its tax-exempt status as described in paragraph 6(a) above;

(b) Grantee fails to comply with the terms of this letter; or

(c) There is a material change in Grantee's key personnel that in the sole opinion of the Foundation adversely affects Grantee's management of the grant.

8. **Release and Indemnity:** Unless prohibited by law, Grantee shall release, indemnify, defend and hold harmless the Foundation and its directors, officers, employees and agents from and against any and all claims, actions, suits, demands, damages, losses, expenses and liabilities, arising out of or related in any way to the actions or omissions of Grantee (or its directors, officers, employees, agents or contractors) in connection with the Grant and the project funded by the Grant, except to the extent caused by the Foundation's (or its directors', officers', employees' or agents') negligent actions or omissions. Grantee further agrees to carry insurance in such forms and amounts as are commercially reasonable and appropriate to cover Grantee's operations and to enable Grantee to indemnify and defend the Foundation as provided hereunder.

9. **Grant Publicity:** Grant publicity related to this grant consistent with Grantee's normal practice is permitted, subject to the following provisions. The Foundation expects any announcements and other publicity to focus on Grantee's work and the project or issue funded by the grant. Recognition of the Foundation's role in funding the project is permitted, provided that the timing, content and strategic focus of such publicity should be approved by the Foundation contact listed in paragraph 11. If publicized or recognized, please coordinate communications about this grant with your point of contact at the Foundation prior to any announcements.

The Foundation may ask Grantee to provide illustrations, photographs, videos, recordings, information or other materials related to the grant (collectively "Grant Work Product") for use in Foundation communications including the Foundation's website, annual report, newsletters, board materials, presentations, communications and other publications. Grantee agrees to provide the Foundation with such items upon the Foundation's reasonable request and hereby grants to the Foundation and anyone acting under the authority of the Foundation a fully paid-up, world-wide, right and license to use, reproduce, display and distribute the Grant Work Product in connection with the Foundation's charitable operations and activities. In connection therewith, Grantee shall be responsible for obtaining all necessary rights and permissions from third parties for the Foundation to use the Grant Work Product for these purposes. By signing

this Agreement, Grantee also acknowledges and agrees to use by the Foundation of historical, programmatic and other information relating to Grantee and the grant hereunder.

10. **Gratuities:** The Foundation desires that all of Grantee's resources be dedicated to accomplishing its philanthropic purposes. Therefore, Grantee agrees that it will not furnish the Foundation or its Board of Directors, officers, staff or affiliates with any type of benefit related to this grant including tickets, tables, memberships, commemorative items, recognition items, or any other benefit or gratuity of any kind.

11. **Contact:** For all communications regarding this grant, your point of contact at the Foundation will be Louise Epstein, Director of University Partnerships. She can be contacted via phone or email as follows: Telephone number [REDACTED] or [REDACTED] and Email [REDACTED]. Please reference Grant # [REDACTED] in your communication.

By electronically signing this letter, Grantee acknowledges and agrees to the terms and conditions herein. A copy of the completed documents will be emailed to the Grantee through DocuSign. If the electronic signing of these items is not completed by November 15, 2018 the Foundation will consider the Grantee to have declined the grant.

On behalf of the Foundation, I extend every good wish for the success of your organization's endeavors.

Sincerely,

[REDACTED]  
Buddy D. Philpot  
Secretary

ACKNOWLEDGED AND AGREED

By: [REDACTED]  
[REDACTED] (Date)  
University of Arkansas Foundation, Inc.

## University of Arkansas Research and Commercialization Grant Reporting Metrics Document & Overview of Key Hires

October 12, 2018

### Grant Support Hiring & Staff Support

**Grant Support Specialists:** The University will hire two specialists with proposal development experience by December 31, 2019, and the third grant specialist by June 30, 2020.

### Strategic Signature Faculty Hires & Support

**Timing:** The University will hire and fund strategic signature research area faculty members from the beginning of the grant, for a total of five by the end of 2023.

**Overview:** Signature research areas represent research foci where the University of Arkansas has identified a solid core of faculty expertise, where the university has the capacity to grow research outputs and reputation relatively quickly with strategic investments in people and facilities, and where there is potential to build a critical mass capable of driving economic development in the region. Investing in bringing individuals to the University of Arkansas who have an outstanding, innovative, and collaborative research program aligned in these signature areas is a key strategy to building the research engine resulting in successful outcomes and intellectual property.

**Allocation of Funding.** Funding will be negotiated by the University with each candidate and will be aimed at best supporting the unique needs of each candidate for ensuring their research success at the University of Arkansas. Financial support may include salary supplements; funds for instrumentation, research-related equipment, software and/or other research related costs; and financial support for graduate/doctoral students, for post-doctoral fellows, and/or for research staff.

**Characteristics of Faculty hires:** The following are the preferred qualifications of signature research faculty hired by the University:

- A senior or mid-career faculty member recognized as a leader or rising-leader in a field or sub-field encompassed by the signature research area, whose hire would create synergies with existing faculty leading to expansion of campus-wide research efforts
- A record demonstrating outstanding productivity in research outputs (e.g., publications, patents) with demonstrated impact on their field or in technology development
- Demonstrated success in resource development including obtaining external funding
- Proven experience and ability to galvanize and synergize productive and collaborative faculty teams
- Successful mentoring of doctoral students and post-doctoral fellows
- Experience in producing intellectual property that has been, or in the process of being, commercialized

**Reporting:** The University will report annually on the faculty profile(s).

### Chancellor's Innovation Fund for Commercialization

**Overview:** The Chancellor's Innovation Fund for Commercialization is aimed at increasing the flow, development and ultimately the commercialization of intellectual property at the University. Two kinds of projects can be funded: 1) high risk/high reward projects, that if successful, have a

strong-potential of producing intellectual property for commercialization: 2) Projects aimed at developing existing intellectual property where there is already an invention disclosure, and possibly a patent, to a stage where commercialization is more likely.

**Selection of Proposals:** Proposals will be evaluated for scientific/intellectual merit by a Panel of faculty experts and an initial screening of their potential for leading to potential commercialization. Projects recommended by the Panel as having high intellectual merit and appropriate for this fund will then receive further review by a panel put together by the Vice Chancellor for Economic Development to assess the potential of a successful project leading to commercialization or industry partnerships. Only projects deemed to have high intellectual merit and high potential of commercialization or industry partnerships will be supported.

**Allocation of Funding.** Funding will be provided for projects that were recommended as having high intellectual merit and high potential for commercialization or industry partnerships. Principal investigators may request funds in their proposals for instrumentation, research-related equipment, software and/or other research or technology development related costs; and financial support for graduate/doctoral students, for post-doctoral fellows, and/or for research staff. Final allocation of funds will be determined after review by the Provost, Vice Chancellor for Research and Innovation and the Vice Chancellor for Economic Development.

Measurements:	Number of applications
	Number of awards
	Description of the proposals funded and amounts
	Description of the research team composition

#### Institutional Policy Review

**Report:** Analyze and compare faculty conflict of interest policies and intellectual property ownership policies with other institutions, taking into account variation in state laws and statewide higher education policies. The purpose of the report will be to inform the university on best practices of other research universities for the purpose of revisiting existing institutional policies with regard to managing conflict of interest, intellectual property ownership, and commercialization.

#### Gap Funding for the Commercialization Pipeline

The purpose of GAP funding is to bridge the funding gap between research and commercialization to enable faculty and their teams to move forward to commercialize their technology by creating startup companies. Thus, as a threshold for receiving GAP funding under this program, teams must first successfully complete the NSF Innovation Corps National Program. Once they do, teams are eligible for up to \$100,000, consisting of three different levels of funding.

- Level 1 (up to \$30,000) is best known as a prototyping fund. It is for building/testing/advancing prototypes.

Measurements: Report on the number of teams participating in regional & national I-CORPS  
Report on the number of applications for level 1, 2 and 3 awards, respectively  
Report on the number of teams receiving award at levels 1, 2, and 3, respectively  
Report on the composition of each team

### Report on the projects submitted for funding

- Level 2 (up to \$35,000) follows Level 1, if a Level 1 grant was made. If a team has already successfully been through I-CORPS and they have advanced their prototype sufficiently, they are eligible for this award. The mandatory output of Level 2 is the submission of an SBIR/STTR grant.

Measurements: Report on the number of applications for Level 2 funding  
Report on the number of awards for Level 2 funding

- Level 3 (up to \$35,000). Eligibility open to any team that has submitted an SBIR/STTR and has not yet heard if they will receive an award. These funds support the team's efforts as they wait the customary six months to hear if they have been selected to receive an SBIR/STTR.

Measurements: Report on the number of SBIR/STTR grant applications  
Report on the number of SBIR/STTR grants received

### Technology Ventures Office Hiring Overview, Desired Personnel Qualifications

**Technology Ventures Executive Director:** The Executive Director of the Technology Ventures Office will be hired by May 31, 2019. Preferred candidates will have a minimum of 10 years of leadership experience in a technology transfer office of an aspirant university or institution.

**Technology Ventures Counsel:** Subject to UA System approval, the University will hire a staff attorney for the Technology Ventures office with at least 8 years of post-JD legal experience including at least 4 years of experience as a patent attorney. *(If approvals not obtained, then funds will be spent on outside firms for IP costs.)*

**Tech Ventures Marketing:** The University will hire a marketing/licensing specialist, preferred qualifications include at least a master's degree and five years of relevant work experience.

**Patent Fund:** The University will report annually on the following outcomes related to the patent fund:

Measurements: Report on the number of disclosures filed  
Report on the number of patents filed (provisional & utility)  
Report on the number of patents awarded  
Report on number of intellectual property licenses executed  
Report on the description of companies with whom licenses were executed  
Report on continuum timeline from disclosure to provisional patent to patent to license

**Licenses:** The goal of Tech Ventures is that each issued patent should be licensed by an external entity within 12 months including established companies and university startup companies.

**Startups:** The University will identify and report on the number of faculty-participating startups and to whom they have licensed intellectual property. The University will also identify and report on the number of startups that are not university related but to which the University has licensed intellectual property.

Measurements: Report on the number of university-related startups

Report on the number of startups born from university-licensed IP

**Outreach:** The University will describe and report ongoing activities and programs by which the Technology Ventures office connects with faculty to increase awareness of the importance of disclosing their innovations and pursuing patent/copyright protection.