

## **Request for Proposal**

### **Background**

Biomaterials are experiencing strong growth around the globe, charged in part by environmental concerns as well as the shift in petroleum prices. The resulting market for materials derived from biological feedstocks is estimated to reach \$50-billion by 2015.

To ensure Ontario and companies located in Ontario are in a position to lead the green-evolution of materials production and manufacturing, the Government of Ontario has committed resources to the Ontario BioAuto Council to allow for the establishment of a \$5-million investment fund that targets commercialization and market development of biomaterials, especially those destined for Ontario's automotive sector.

The Ontario BioAuto Council is a not-for profit organization working to link auto-parts manufacturers, automotive assemblers and the chemical and plastics industry with agriculture and forestry to produce materials and chemicals from biological feedstocks.

With support from its investment committee and the Board of Directors, the BioAuto Council will administer the new investment fund under the guiding principles of flexibility and responsiveness – delivering a program that is results-oriented and sensitive to the needs of industry.

BioAuto funding is intended to help diminish the risk to existing companies in their attempts to commercialize bio-based products and processes. As such the BioAuto Council will cost-share projects valued at up to \$2-million though it is expected that most proposals will be for smaller amounts. The results of the new funding program will lead to global stature for Ontario-based companies, profitability and economic enhancement for the province of Ontario.

### **Program Requirements**

#### **1. Funding Principles**

The Government of Ontario is the BioAuto Council's principal funding partner.

BioAuto funding can only be applied to eligible expenditures incurred by for-profit companies located in the province of Ontario. Publicly funded research centres, government agencies, universities and colleges are not eligible applicants. Expenses incurred by a for-profit company that are the result of a partnership with the above public entities are eligible expenditures.

BioAuto funding can be in the form of grants, loans (including interest-free or interest-bearing, and with outcome-linked conditions for repayment), or combinations of the two.

A grant or loan to any one company can range from \$150 000 to \$1 million. In exceptional cases projects valued above or below these amounts will be considered.

Ontario BioAuto Council will invest up to 50% of the total project costs. Participants are expected to contribute at least 25% of the project value as cash with the remaining matching contribution as eligible in-kind (see appendix for eligible in-kind contributions). Other sources of project funding are encouraged and their presence will make the project more attractive for Ontario BioAuto Council funding.

## **2. Membership in Ontario BioAuto Council**

The applicant of an approved project must be a member of Ontario BioAuto Council or commit to becoming a member for the duration of the project. Annual membership fee is \$500.

## **3. Scope of Project**

BioAuto Investment Fund projects are expected to commercialize bio-based<sup>1</sup> materials. This could include incorporating existing market-ready bio-based materials into Ontario-made products, application projects and new material concepts. Commercialization must be illustrated through product sales or buyer commitment at the end of the project.

Commercialization is expected before March 31, 2010.

For an overview of how the Ontario BioAuto Council views commercialization and where the BioAuto Investment Fund will target its investments, please review to the BioAuto Investment Fund presentation.

Projects that involve only proof of concept research will not be funded.

Projects that do not involve a renewable feedstock will not be funded.

Bio-fuel technologies are not eligible, though projects which involve the use of byproducts from bio-fuel production to produce other biomaterials will be welcomed.

## **4. Technical Challenge**

Projects must advance the production of bio-based materials in Ontario. A literature search, patent search and competitive analysis should be conducted and findings should be included in the project proposal.

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<sup>1</sup> Bio-based is defined as the use of renewable feedstocks for the manufacture of a material good

## 5. Project Reporting

Throughout the duration of the project – at identified milestones – participants are expected to submit status reports, including financial claims to the Ontario BioAuto Council. Report preparation is the responsibility of the participant.

## 6. Confidentiality

All reasonable methods will be taken to protect the confidentiality of application information.

## Submission

If your company potentially meets our investment criteria, we invite you to send us your project business plan. Your project plan should contain the following information (maximum 10 pages excluding appendices):

- ⊙ One-page executive summary that clearly communicates the project goals and timeline
- ⊙ Bio-based product description – with reference to literature review and competitive analysis (to be included as appended material)
- ⊙ Description of IP strategy (if applicable)
- ⊙ Market plan and analysis – the applicant is expected to demonstrate that the participants have an in-depth understanding of the market opportunity for the bio-based product, based on sound market intelligence, including the scope and scale of markets and customer needs
- ⊙ Sales forecasts
- ⊙ Organization chart and bios for staff to be involved with the project
- ⊙ Current and historical (3 years) audited financial statements (to be included as appended material)
- ⊙ Project budget – provide a detailed breakdown of the total expenditures expected for the project outlining participant contributions – inkind and cash – and requested contribution from BioAuto Council

Your project business plan should also address:

- ⊙ What will be the benefits to Ontario?
- ⊙ How can an investment from the BioAuto Council help your business?
- ⊙ What will be the other sources of funding for the project? Applicants must declare if other provincial funds will be used as part of the matching contribution.

## **Eligibility Criteria**

To be eligible for consideration for funding, proposals must meet the following mandatory criteria:

- ⊙ Proposals must be for bio-based product or process commercialization resulting in product sales.
- ⊙ Participants must adequately demonstrate their financial ability to carry out the project.
- ⊙ Publicly funded research centres, government agencies, universities and colleges are not eligible applicants.
- ⊙ Requested funding should fall in the range of \$150 000 to \$1 million
- ⊙ Projects must be led by a company located in Ontario. BioAuto funding can only support eligible expenditures of Ontario participants.
- ⊙ Participants must be a for-profit entity.

## **Deadline**

The Ontario BioAuto Council will accept proposals on the first day of every month starting on August 1, 2007 and will continue to accept applications until all funds are committed.

## **Application Process**

Applications should be completed and submitted electronically as a pdf file to **fund@bioautocouncil.com**.

BioAuto Council staff will contact you upon receipt of your application.

Projects are presented once a month to the BioAuto Council investment committee. Qualified proposals will move onto the Ontario BioAuto Council Board of Directors for final approval. It is the intention of the Ontario BioAuto Council that a decision will be made within 60 days of the submission date (assuming the application is complete).

Successful and unsuccessful applicants will be notified in writing regarding the funding of their project.

If your project is approved, you will be expected to sign an agreement with the Ontario BioAuto Council outlining the project terms and conditions, and the manner and timing of funding.

Successful projects – including applicant name, project title and project amount – will be publicly announced.

## Notes

The opportunity to use council funds to lever or match additional funding from other source, both public and private, is encouraged as a means of getting maximum value for the limited funds available. However, there are no rigid rules pertaining to the above. Each proposal will be judged on its own merits.

While the primary focus of the Council's activities is economic advancement, it is also recognized that environmental improvement is a sub-objective as is the desirability of reducing provincial industrial dependence on imported hydrocarbon feedstocks (with provincially grown biological feedstocks being the alternative).

## **Appendix A – Eligible expenditures**

### **1. Direct labour**

- a. Direct salaries and wages paid by the applicant for individuals directly involved in the project are eligible at the rates shown in payroll documents. These documents may be required for verification or audit purposes.

### **2. Benefits**

- a. Actual costs of employment benefits are eligible. Benefits costs can include the employer's portion of the following:
  - i. CPP
  - ii. EI
  - iii. Health and dental plans
  - iv. Retirement plans
  - v. WSIB
  - vi. Other costs may be proposed to the Ontario BioAuto Council but must be approved in advance by BioAuto Council

### **3. Overhead**

### **4. Direct materials**

- a. Direct materials including components required to test and produce models and prototypes that are outlined in the project plan.
- b. Copies of original invoices must be submitted with claims for amounts over \$5 000. Invoices below \$5 000 may be requested by BioAuto Council.

### **5. Consultants and sub-contractors**

- a. Work performed by a consultant or sub-contractor is an eligible expense if it is outlined in the original project plan.

### **6. Equipment**

- a. To be an eligible expense, all equipment and purchase costs must be described in detail in the original project plan.
- b. Copies of the original invoice for all equipment over \$25 000 must be submitted with project claims.

### **7. Rentals**

- a. Costs of renting equipment essential to the project plan are eligible.

### **Eligible In-kind Contribution**

- Direct labour, benefits and overhead for personnel and facilities that are essential to the project plan but that are in no way being compensated for by BioAuto funding
- Direct materials that are essential to the project plan but are in no way being purchased by BioAuto funding
- Equipment costs are eligible at the lesser of market value or book value where the equipment is essential to the project plan and which has not been purchased, leased or rented, in part or entirely with BioAuto funding
- Rental costs that are in no way being covered by BioAuto funding
- Costs associated with patent searches or filing in Canada, the U.S. and Europe are eligible if the patent search or file is directly related to the project plan and occurred within 18 months of submitting the project plan to the BioAuto Investment Fund.
- NOTE: if the value of the contribution is difficult or impossible to determine or if the participant does not provide adequate documentation, the contribution will be deemed ineligible.