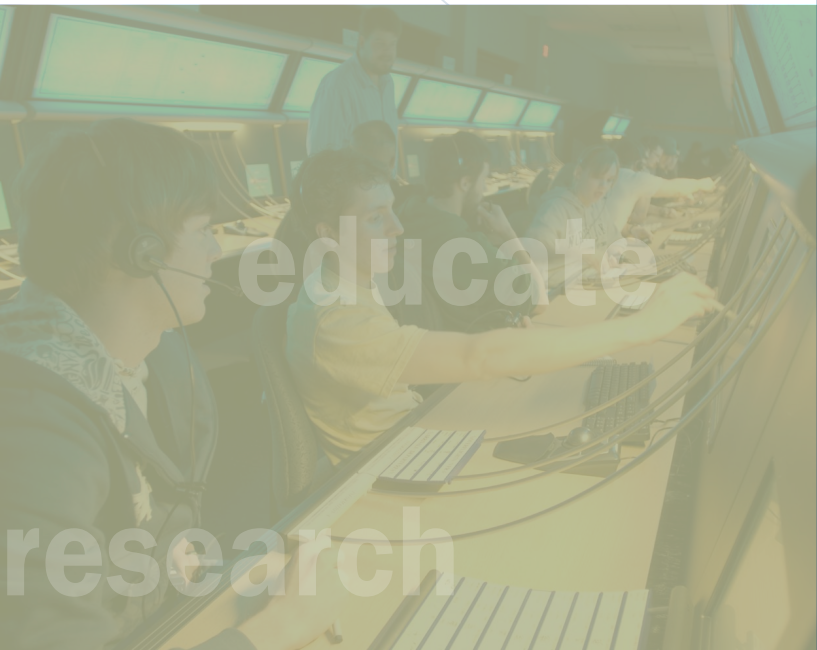


North Dakota Centers of Excellence



Program Overview

The North Dakota Centers of Excellence program combines education and economic development to create higher paying jobs and business opportunities for North Dakota citizens. The Centers are hubs of research and development on the campuses of North Dakota's 11 colleges and universities. Their objective is to research, develop, and commercialize products and services to create new jobs and other economic opportunities within the State of North Dakota.

The core of this initiative is a belief in the power of science and technology to invent the business opportunities of tomorrow that will help the next generation of North Dakotans grow and prosper.

QUICK FACT: The Centers are exploring some of the most promising areas of business development in our state. This includes research in the fields of energy, agriculture, life sciences, electronics, aerospace and manufacturing.

History

In 2005, the Hoeven Administration proposed and the Legislative Assembly passed authority for a Centers of Excellence program at North Dakota's 11 colleges and universities. They spelled out a long-term vision with a 10-year time-frame for evaluation.

Management and Oversight of Centers of Excellence

The Centers of Excellence Commission manages the application process and makes funding recommendations for state Centers of Excellence program dollars. The Commission includes three members of the State Board of Higher Education and three members of the North Dakota Economic Development Foundation.

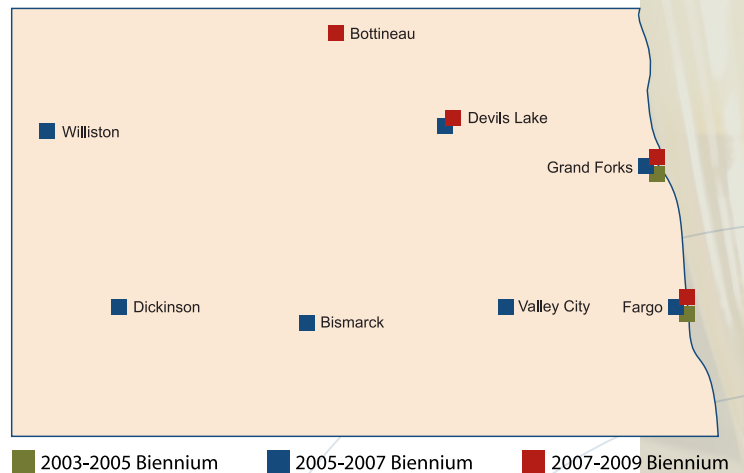
QUICK FACT: To date, the state has invested just over \$25 million, which has leveraged more than \$100 million of private-sector support and had a total economic impact of \$169 million.

The Commission is responsible for:

- Reviewing grant applications
- Approving or rejecting applications
- Making funding recommendations (approved applications)
- Directing the Department of Commerce to disburse funds to Centers
- Monitoring Centers for compliance with award requirements
- Reviewing changes to assertions made in Center applications
- Conducting post-award monitoring of Centers

The North Dakota Department of Commerce provides staffing for the Centers of Excellence commission and performs the following functions:

- Distributes, accepts, and reviews applications
- Forwards completed applications to the Commission
- Assists with pre-award reviews
- Assists with post-award monitoring
- Arranges Commission meetings
- Provides administrative support to the Commission
- Distributes information to the Commission



North Dakota Economic Development Foundation members:



Mark Nisbet
*Chairman, North Dakota
Principal Manager for Xcel Energy,
Fargo*



Tim Hennessy
*Regional President for U.S. Bank
in Western North Dakota,
Bismarck*



Kathy Gaddie
*Dealer Operator of
Ryan Chevrolet,
Minot*

State Board of Higher Education members:



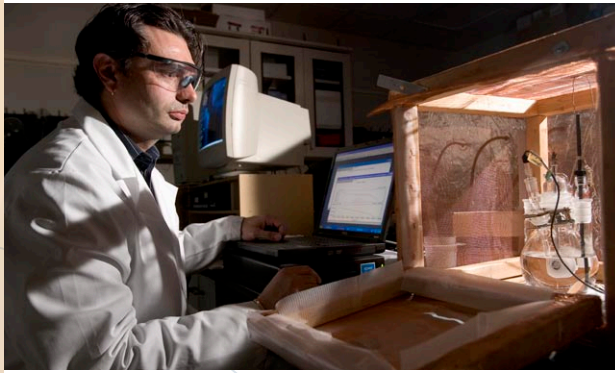
Duaine Espesgaard
*Retired Regional President,
Bremer Financial,
Grand Forks*



John Backes
*Attorney, McGee, Hankla,
Backes, & Dobrovolsky, P.C.,
Minot*



Sue Andrews
*Executive Director of the YMCA
of NDSU,
Fargo*



Eligibility Requirements and Approval Process

Applicants for COE funds must meet three eligibility requirements:

1. Be a university or college (or a related foundation) under the control of the State Board of Higher Education
2. Work in partnership with the private sector
3. Meet the required 2:1 match for funding.

The Centers of Excellence Commission reviews each proposal first, recommends whether or not it should be funded and stipulates any conditions for funding.

Commission members review applications based on the following criteria:

- Uses university or college research to promote private sector job growth, expansion of knowledge-based industries and development of new products, high-tech companies, or skilled jobs;
- Promotes commercialization of new products and services;
- Fosters and practices entrepreneurship;
- Creates high-value private-sector employment opportunities in the state;
- Provides public-private sector involvement and partnerships;
- Leverages other funding;
- Increases research and development activities that involve federal funding;
- Will become financially self-sustaining;
- Establishes and meets deadlines for acquiring and expending all public and private funds specified in application;
- Has the support of local communities; and
- Includes collaboration among institutions.

QUICK FACT:

Centers can use the funds in two ways:

- To enhance capacity
- To leverage state, federal and private sources of funding

Funds may not be used for:

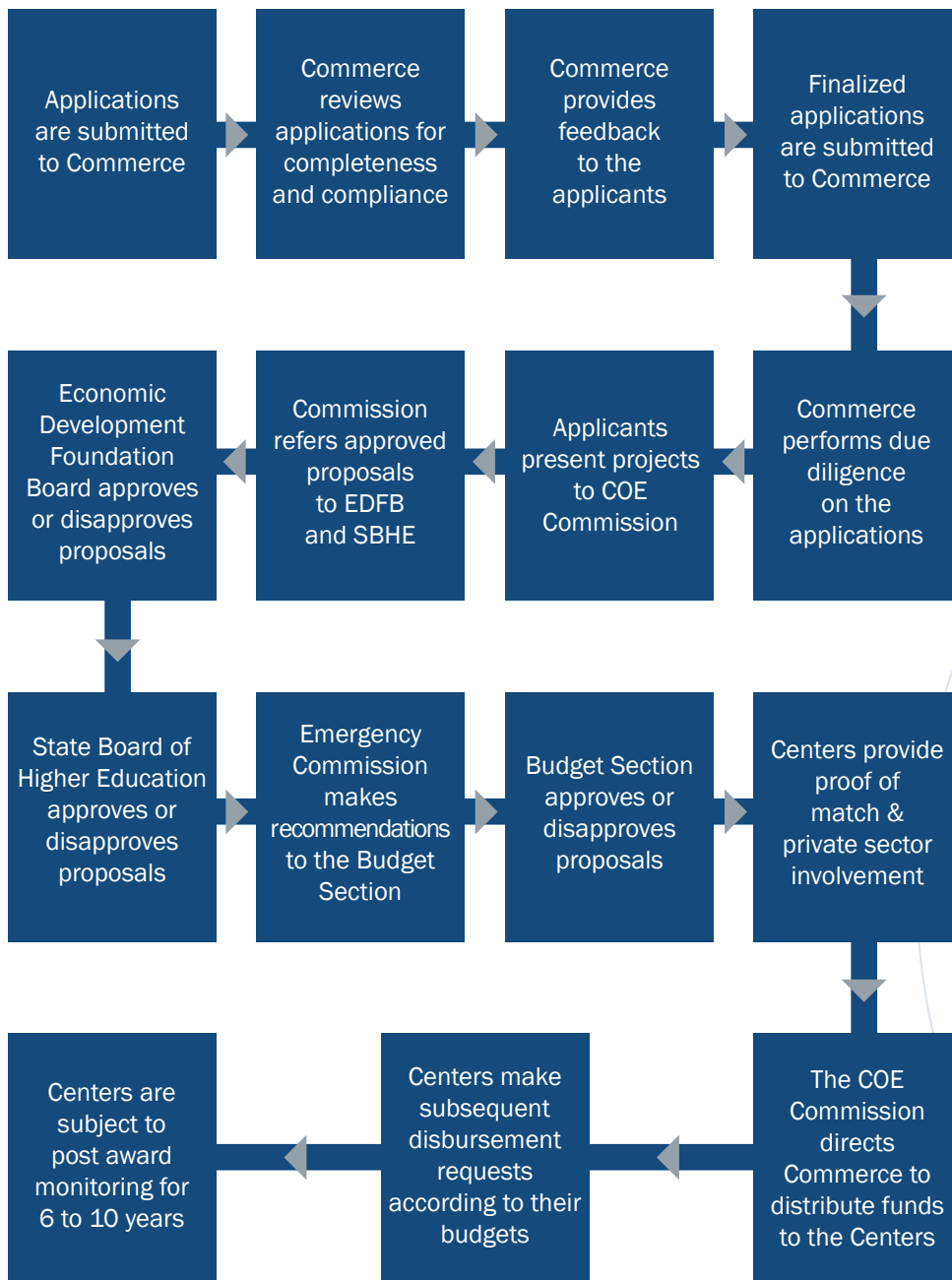
- Infrastructure
- Indirect costs
- To supplant funding for current operations or academic instructions
- Workforce may not be the primary need addressed

Each approved proposal is passed to the North Dakota Economic Development Foundation Board, the State Board of Higher Education and the Legislature's Budget Section for approval.

Upcoming Events:

- Implementation of the newly created Centers of Excellence Enhancement Grant program (fall 2009).
- Sixth round of the regular Centers of Excellence program (winter 2009-10).
- Implementations of the recommendations resulting from a performance audit currently being conducted by the State Auditor's Office (ongoing).
- Continued oversight of the COE program including post-award monitoring and consideration of disbursement requests (ongoing).

Funding Process, Start to Finish:



QUICK FACTS:

Centers of Excellence Results

Funding:

- \$25.4 million in state funding has been leveraged with \$100 million in private sector support for a total investment of \$125 million.

Private Sector Partners:

- A total of 107 private sector companies.

New Businesses:

- 16 new or expanded businesses including:
 - o 12 new companies created (five spin-offs and seven companies with a new location in North Dakota)
 - o 4 expansions

Jobs:

- 493 new direct jobs
- An estimated 771 additional new jobs through partnerships

Economic Impact:

(Based on 2009 NDSU economic impact study)

- Estimated direct economic impact of Centers and partner activities: \$59 million
- Estimated total economic impact: \$169 million
- Estimated sales and use tax collections: \$1.8 million
- Estimated personal income tax collections: \$1.9 million

