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## HOUSE BILL NO. 2275

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Science and Technology  
on January 29, 2007)

(Patron Prior to Substitute—Delegate Purkey)

A BILL to amend the Code of Virginia by adding in Chapter 22 of Title 2.2 an article numbered 10, consisting of sections numbered 2.2-2336 through 2.2-2353, relating to the Virginia Nanotechnology Authority; established.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 22 of Title 2.2 an article numbered 10, consisting of sections numbered 2.2-2336 through 2.2-2353, as follows:

Article 10.

Virginia Nanotechnology Authority Act of 2007.

§ 2.2-2336. Short title; definitions.

This article may be cited as the "Virginia Nanotechnology Authority Act of 2007."

For purposes of this article "nanotechnology" means the manipulation of particles at the less-than-100-nanometer scale and "nanotechnology company" means (i) an entity that manufactures, processes, or assembles products incorporating the use of nanotechnology; (ii) a commercial enterprise making sales or providing services to industries described in clause (i); (iii) an enterprise for research and development in nanotechnology, including but not limited to scientific laboratories; (iv) a not-for-profit entity operating in the Commonwealth that promotes nanotechnology; or (v) such other businesses as will be in furtherance of the public purposes of this article.

§ 2.2-2337. Declaration of public purpose; Authority created.

A. It is found and determined by the General Assembly that there exists in the Commonwealth of Virginia a need to (i) advise the General Assembly, federal, state, and local agencies, nonprofit organizations, private industry and other potential users of nanotechnology; (ii) coordinate the research efforts of institutions of higher education in the field of nanotechnology; (iii) define and develop a state strategic plan and core competencies in nanotechnology; (iv) mobilize support for nanotechnology industries to commercialize new products and processes, including organizing assistance for small businesses and supporting select industry sectors and regional cluster efforts; (v) attract research and development (R&D) facilities and contracts from the federal government and private sector, including coordinating efforts to identify and compete for large federal and private sector R&D facilities, tracking federal nanotechnology initiatives and recommending state actions, and developing a statewide strategy to compete for large R&D contracts; and (vi) facilitate and coordinate the marketing, organization, utilization and development of scientific and technological research and development in the Commonwealth.

B. To achieve the objectives of subsection A, there is created and constituted a political subdivision of the Commonwealth to be known as the "Virginia Nanotechnology Authority." The Authority's exercise of powers conferred by this article shall be deemed to be the performance of an essential governmental function and matters of public necessity for which public moneys may be spent and private property acquired.

§ 2.2-2338. Board of directors; members; President.

The Authority shall be governed by a board of directors consisting of 16 members appointed for terms of five years by the Governor, two of whom shall be the presidents of major research universities in Virginia and one of whom shall represent the other public colleges or universities in Virginia. After the original appointments, all appointments of presidents of major research universities shall be for terms of five years, except that appointments to fill vacancies shall be for the unexpired terms. No president shall be eligible to serve for more than two successive five-year terms; however, after the expiration of a term of four years or less, or after the expiration of the remainder of a term to which appointed to fill a vacancy, two additional terms may be served by such member if appointed thereto. The Secretary of Education, the Secretary of Commerce and Trade, the Secretary of Technology, and the Executive Director of the State Council of Higher Education shall serve on the Board for terms coincident with their terms of office. The Governor shall appoint the nine other members of the Board for terms of four years and who shall be nominated by established industry groups and technology councils within the Commonwealth. These appointees shall include representatives of a variety of nanotechnology companies of different types, sizes, locations and stages of development. All members of the Board appointed by the Governor shall be confirmed by each chamber of the General Assembly. After the original appointments, the members of the Board shall be appointed for terms of four years. Vacancies in the membership of the Board shall be filled by appointment of the Governor for the

60 unexpired portion of the term. No member of the Board shall be eligible to serve for more than two  
61 successive terms; however, after the expiration of a term of three years or less, or after the expiration of  
62 the remainder of a term to which appointed to fill a vacancy, two additional terms may be served by  
63 such member if appointed thereto. Members of the Board shall be subject to removal from office in like  
64 manner as are state, county, town and district officers under the provisions of Article 7 (§ 24.2-230 et  
65 seq.) of Chapter 2 of Title 24.2. Immediately after appointment, the members of the Board shall enter  
66 upon the performance of their duties.

67 The Board shall annually elect from among its members a chairman and a vice-chairman. The Board  
68 shall also elect annually a secretary and treasurer, who need not be a member of the Board, and may  
69 also elect such other subordinate officers who need not be members of the Board, as it deems proper.  
70 The chairman, or in his absence the vice-chairman, shall preside at all meetings of the Board. In the  
71 absence of both the chairman and vice-chairman, the Board shall appoint a chairman pro tempore, who  
72 shall preside at such meetings.

73 The Board shall employ a President of the Authority, who shall serve at the pleasure of the Board,  
74 to direct the day-to-day operations and activities of the Authority and carry out such of the powers and  
75 duties conferred upon him by the Board. The President and employees of the Authority shall be  
76 compensated in the manner provided by the Board and shall not be subject to the provisions of the  
77 Virginia Personnel Act (§ 2.2-2900 et seq.).

78 § 2.2-2339. Powers of the Authority.

79 The Authority is granted all powers necessary or convenient for the carrying out of its statutory  
80 purposes, including, but not limited to, the following rights and powers to:

81 1. Sue and be sued, implead and be impleaded, complain and defend in all courts.

82 2. Adopt, use, and alter at will a corporate seal.

83 3. Acquire, purchase, hold, use, lease or otherwise dispose of any project and property, real,  
84 personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out  
85 the purposes of the Authority, and, without limitation of the foregoing, to lease as lessee, any project  
86 and any property, real, personal or mixed, or any interest therein, at such annual rental and on such  
87 terms and conditions as may be determined by the Board and to lease as lessor to any person, any  
88 project and any property, real, personal or mixed, tangible or intangible, or any interest therein, at any  
89 time acquired by the Authority, whether wholly or partially completed, at such annual rental and on  
90 such terms and conditions as may be determined by the Board, and to sell, transfer or convey any  
91 property, real, personal or mixed, tangible or intangible or any interest therein, at any time acquired or  
92 held by the Authority on such terms and conditions as may be determined by the Board.

93 4. Plan, develop, undertake, carry out, construct, improve, rehabilitate, repair, furnish, maintain, and  
94 operate projects.

95 5. Adopt bylaws for the management and regulation of its affairs.

96 6. Establish and maintain satellite offices within the Commonwealth.

97 7. Fix, alter, charge, and collect rates, rentals, and other charges for the use of projects of, or for  
98 the sale of products of or for the services rendered by, the Authority, at rates to be determined by it for  
99 the purpose of providing for the payment of the expenses of the Authority; the planning, development,  
100 construction, improvement, rehabilitation, repair, furnishing, maintenance, and operation of its projects  
101 and properties; the payment of the costs of carrying out its purposes as set forth in § 2.2-2337; the  
102 payment of the principal of and interest on its obligations; and to fulfill the terms and provisions of any  
103 agreements made with the purchasers or holders of any such obligations.

104 8. Borrow money, make and issue bonds including bonds as the Authority may determine to issue for  
105 the purpose of carrying out the purposes set forth in § 2.2-2337 or of refunding bonds previously issued  
106 by the Authority, and to secure the payment of all bonds, or any part thereof, by pledge or deed of trust  
107 of all or any of its revenues, rentals, and receipts or of any project or property, real, personal or mixed,  
108 tangible or intangible, or any interest therein, and to make agreements with the purchasers or holders  
109 of such bonds or with others in connection with any such bonds, whether issued or to be issued, as the  
110 Authority deems advisable, and in general to provide for the security for the bonds and the rights of  
111 holders thereof.

112 9. Make and enter into all contracts and agreements necessary or incidental to the performance of  
113 its duties, the furtherance of its purposes, and the execution of its powers under this article, including  
114 agreements with any person or federal agency.

115 10. Employ, in its discretion, consultants, attorneys, architects, engineers, accountants, financial  
116 experts, investment bankers, superintendents, managers, and such other employees and agents as may be  
117 necessary, and to fix their compensation to be payable from funds made available to the Authority.

118 11. Receive and accept from any federal or private agency, foundation, corporation, association or  
119 person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept  
120 from the Commonwealth or any state, and any municipality, county or other political subdivision thereof  
121 and from any other source, aid or contributions of either money, property, or other things of value, to

be held, used, and applied only for the purposes for which such grants and contributions may be made.

12. Render advice and assistance and provide services to institutions of higher education and to other persons providing services or facilities for scientific and technological research or graduate education, provided that credit towards a degree, certificate or diploma shall be granted only if such education is provided in conjunction with an institution of higher education authorized to operate in Virginia.

13. Develop, undertake, and provide nanotechnology programs, alone or in conjunction with any person or federal agency, for scientific and technological research, technology management, continuing education and in-service training, provided that credit towards a degree, certificate or diploma shall be granted only if such education is provided in conjunction with an institution of higher education authorized to operate in Virginia; to foster the utilization of scientific and technological research information, discoveries and data and to obtain patents, copyrights and trademarks thereon; to coordinate the scientific and technological research efforts of public institutions and private industry; and to collect and maintain data on the development and utilization of scientific and technological research capabilities.

14. Pledge or otherwise encumber all or any of the revenues or receipts of the Authority as security for all or any of the obligations of the Authority.

15. Receive, administer, and market any interest in patents, copyrights and materials that were patented, copyrighted, or developed by or for state agencies, public institutions of higher education, and political subdivisions of the Commonwealth. The Authority shall return to the agency, institution or political subdivision any revenue in excess of its administrative and marketing costs. When general funds are used to develop the patent or copyright or material that was potentially patentable or copyrightable, any state agency, except a public institution of higher education in Virginia, shall return any revenues it receives from the Authority to the general fund unless the Governor authorizes a percentage of the net royalties to be shared with the developer of the patented, copyrighted, or potentially patentable or copyrightable property.

16. Do all acts and things necessary or convenient to carry out the powers granted to it by law.

§ 2.2-2340. Reporting requirement for the Virginia Nanotechnology Authority.

The president of the Virginia Nanotechnology Authority shall report annually to the Joint Commission on Technology and Science, created pursuant to § 30-85, regarding a review of the Authority's initiatives and projects, its work plan for the year and the expected results therefrom, and an overview of the results that it has achieved to date, to assist the Commission in its effort to stimulate, encourage, and promote the development of technology and science in the Commonwealth and sound public policies related thereto.

§ 2.2-2341. Form, terms, execution and sale of bonds; use of proceeds; interim receipts or temporary bonds; lost or destroyed bonds; faith and credit of state and political subdivisions not pledged; expenses.

The Authority shall have the power to issue bonds which shall be dated, shall bear interest at such rates as shall be fixed by the Authority, shall mature at such time not exceeding 40 years from their date of issue as may be determined by the Authority, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority prior to the issuance of the bonds. The Authority shall determine the form of bonds and their manner of execution, and shall fix the denomination of the bonds and the place of payment of principal and interest, which may be at any bank or trust company within or without the Commonwealth. The bonds shall be signed by the chairman or vice-chairman of the Authority, or if so authorized by the Authority, shall bear his facsimile signature, and the official seal of the Authority, or, if so authorized by the Authority, a facsimile signature thereof shall be impressed or imprinted thereon and attested by the secretary or any assistant secretary of the Authority, or, if so authorized by the Authority, with the facsimile signature of such secretary or assistant secretary. Any coupons attached to bonds issued by the Authority shall bear the signature of the chairman or vice-chairman of the Authority or a facsimile thereof. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The bonds may be issued in coupon or in registered form, or both, as the Authority may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of registered and coupon bonds. The Authority may sell such bonds in such manner, either at public or private sale, and for such price, as it may determine will best effect the purposes of this article.

The proceeds of the bonds of each issue shall be used solely for the purposes, and in furtherance of the powers, of the Authority as may be provided in the resolution authorizing the issuance of such bonds

183 or in the trust agreement authorized by § 2.2-2342 securing the bonds.

184 In addition to the above powers, the Authority may issue interim receipts or temporary bonds as  
185 provided in § 15.2-2616 and execute and deliver new bonds in place of bonds mutilated, lost or  
186 destroyed, as provided in § 15.2-2621.

187 No obligation of the Authority shall be deemed to constitute a debt, or pledge of the faith and credit,  
188 of the Commonwealth or of any political subdivision thereof, but shall be payable solely from the  
189 revenue and other funds of the Authority pledged thereto. All such obligations shall contain on the face  
190 thereof a statement to the effect that the Commonwealth, political subdivisions thereof, and the Authority  
191 shall not be obligated to pay the same or the interest thereon except from revenues and other funds of  
192 the Authority pledged thereto, and that neither the faith and credit nor the taxing power of the  
193 Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or  
194 the interest on such obligations.

195 All expenses incurred in carrying out the provisions of this article shall be payable solely from funds  
196 provided under the provisions of this article and no liability shall be incurred by the Authority beyond  
197 the extent to which moneys have been provided under the provisions of this article.

198 § 2.2-2342. Trust agreement securing bonds.

199 In the discretion of the Authority any bonds issued under the provisions of this article may be  
200 secured by a trust agreement by and between the Authority and a corporate trustee, which may be any  
201 trust company or bank having the powers of a trust company within or without the Commonwealth. The  
202 trust agreement or the resolution providing for the issuance of the bonds may (i) pledge or assign the  
203 revenues to be received and provide for the mortgage of any project or property or any part thereof and  
204 (ii) contain provisions for protecting and enforcing the rights and remedies of the bondholders as may  
205 be reasonable and proper and not in violation of law, including covenants setting forth the duties of the  
206 Authority in relation to the acquisition of property and the planning, development, acquisition,  
207 construction, rehabilitation, establishment, improvement, extension, enlargement, maintenance, repair,  
208 operation and insurance of the project in connection with which the bonds have been authorized, the  
209 rates and fees to be charged, the custody, safeguarding and application of all moneys, and conditions or  
210 limitations with respect to the issuance of additional bonds. It shall be lawful for any bank or trust  
211 company incorporated under the laws of the Commonwealth, which may act as depository of the  
212 proceeds of bonds or of revenue, to furnish the indemnifying bonds or to pledge the securities required  
213 by the Authority. Any trust agreement may set forth the rights of action by bondholders. In addition to  
214 the foregoing, any trust agreement or resolution may contain such other provisions as the Authority may  
215 deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out  
216 the provisions of the trust agreement or resolution may be treated as a part of the cost of the operation  
217 of the project or projects.

218 § 2.2-2343. Moneys received deemed trust funds.

219 All moneys received as proceeds from the sale of bonds shall be deemed to be trust funds to be held  
220 and applied solely as provided in this article. The resolution authorizing the bonds of any issue or the  
221 trust agreement securing such bonds shall provide that any officer with whom, or any bank or trust  
222 company with which, such moneys shall be deposited shall act as a trustee of such moneys and shall  
223 hold and apply the same for the purposes hereof, subject to the regulations that this article and the  
224 resolution or trust agreement may provide.

225 § 2.2-2344. Proceedings by bondholder or trustee to enforce rights.

226 Any holder of bonds issued under the provisions of this article or any of the coupons appertaining  
227 thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be  
228 restricted by the trust agreement or the resolution authorizing the issuance of such bonds, may either at  
229 law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights  
230 under the laws of the Commonwealth or granted hereunder or under the trust agreement or resolution,  
231 and may enforce and compel the performance of all duties required by this article or by the trust  
232 agreement or resolution to be performed by the Authority or by any officer thereof, including the fixing,  
233 charging, and collecting of rates, rentals, and other charges.

234 § 2.2-2345. Bonds made securities for investment and deposit.

235 Bonds issued by the Authority under the provisions of this article shall be securities in which all  
236 public officers and public bodies of the Commonwealth and its political subdivisions, all insurance  
237 companies, trust companies, banking associations, investment companies, executors, administrators,  
238 trustees, and other fiduciaries may properly and legally invest funds, including capital in their control  
239 or belonging to them. Such bonds shall be securities that may properly and legally be deposited with  
240 and received by any state or municipal officer or any agency or political subdivision of the  
241 Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is  
242 now or may be authorized by law.

243 § 2.2-2346. Revenue refunding bonds; bonds for refunding and for cost of additional projects.

244 The Authority may provide for the issuance of revenue refunding bonds for the purpose of refunding

any bonds then outstanding that have been issued under the provisions of this article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds, and, if deemed advisable by the Authority, for the additional purpose of constructing improvements, extensions, or enlargements of the project or projects in connection with which the bonds to be refunded shall have been issued. The Authority may provide by resolution for the issuance of its revenue bonds for the combined purpose of (i) refunding any bonds then outstanding that shall have been issued under the provisions of this article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of the bonds, and (ii) paying all or any part of the cost of any additional project or any portion thereof. The issuance of the bonds, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the Authority in respect of the same shall be governed by the provisions of this article insofar as they may be applicable.

§ 2.2-2347. Grants or loans of public or private funds.

The Authority may accept, receive, receipt for, disburse, and expend federal and state moneys and other moneys, public or private, made available by grant or loan or both or otherwise, to accomplish, in whole or in part, any of the purposes of this article. All federal moneys accepted under this section shall be accepted and expended by the Authority upon such terms and conditions as are prescribed by the United States and as are consistent with state law; and all state moneys accepted under this section shall be accepted and expended by the Authority upon such terms and conditions as are prescribed by the Commonwealth.

§ 2.2-2348. Moneys of Authority; examination of books by the Auditor of Public Accounts.

All moneys of the Authority, from whatever source derived, shall be paid to the treasurer of the Authority. Such moneys shall be deposited by the treasurer in one or more banks or trust companies, the Fund, or other special accounts. All banks and trust companies are authorized to give such security for such deposits, if required by the Authority. The moneys in such accounts shall be paid out on the warrant or other order of the treasurer of the Authority or of other persons as the Authority may authorize to execute such warrants or orders. The Auditor of Public Accounts or his legally authorized representatives, shall examine the accounts and books of the Authority.

§ 2.2-2349. Exemption from taxes or assessments.

The exercise of the powers granted by this article shall be in all respects for the benefit of the people of the Commonwealth, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of projects by the Authority and the undertaking of activities in furtherance of the purpose of the Authority constitute the performance of essential governmental functions, the Authority shall not be required to pay any taxes or assessments upon any project or any property acquired or used by the Authority under the provisions of this article or upon the income therefrom, including sales and use taxes on tangible personal property used in the operations of the Authority, and any bonds issued under the provisions of this article, their transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from state and local taxation. The exemption granted in this section shall not be construed to extend to persons conducting on the premises of a facility businesses for which local or state taxes would otherwise be required.

§ 2.2-2350. Exemption of Authority from personnel and procurement procedures.

The provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.) and the Virginia Public Procurement Act (§ 2.2-4300 et seq.) shall not apply to the Authority in the exercise of any power conferred under this article.

§ 2.2-2351. Auxiliaries.

A. The Governor may provide for the formation of a nonstock corporation to carry out the purposes of this article. The board of directors of the nonstock corporation shall consist of the 16 members of the Board of the Authority. The articles of incorporation of the nonstock corporation shall provide that upon dissolution the net assets of the corporation shall be transferred to the Commonwealth. The nonstock corporation shall ensure that the economic benefits attributable to the income and property rights arising from any transactions in which the nonstock corporation is involved are allocated on a basis that is equitable in the reasonable business judgment of the board of directors, with due account being given to the interest of the citizens of the Commonwealth and the needs of the nonstock corporation. Any such nonstock corporation shall not be deemed to be a state or governmental agency, advisory agency, public body or agency or instrumentality for purposes of Chapters 8 (§ 2.2-800 et seq.), 18 (§ 2.2-1800 et seq.), 24 (§ 2.2-2400 et seq.), 29 (§ 2.2-2900 et seq.), 31 (§ 2.2-3100 et seq.), 37 (§ 2.2-3700 et seq.), 38 (§ 2.2-3800 et seq.), 43 (§ 2.2-4300 et seq.), 44 (§ 2.2-4400 et seq.), 45 (§ 2.2-4500 et seq.), 46 (§ 2.2-4600 et seq.), and 47 (§ 2.2-4700 et seq.), Chapter 14 (§ 30-130 et seq.) of Title 30, or Chapter 1 (§ 51.1-124.1 et seq.) of Title 51.1. No director, officer or employee of any such nonstock corporation or entity shall be deemed to be an officer or employee for purposes of

Chapter 31 (§ 2.2-3100 et seq.). Notwithstanding the foregoing, the Auditor of Public Accounts, or his legally authorized representatives, shall annually audit the financial accounts of the Authority and any such nonstock corporation entity, provided that the working papers and files of the Auditor of Public Accounts relating to such audits shall not be subject to the provisions of the Freedom of Information Act (§ 2.2-3700 et seq.).

B. Notwithstanding the provisions of subsection A, as an entity receiving state funds, any such nonstock corporation shall be subject to periodic external review either (i) under the provisions of the Legislative Program Review and Evaluation Act (§ 30-64 et seq.) or (ii) by an entity appointed for that purpose by the Governor. Any such nonstock corporation shall be deemed to be an institution of higher education within the meaning of §§ 23-3.1 and 23-9.2, but only for the limited purposes therein stated.

§ 2.2-2352. Nanotechnology Users Network created.

The president of the Authority shall establish the Virginia Nanotechnology Users Network to provide a virtual shared-use laboratory to advance university research, industry application development and education involving the synthesis, characterization and fabrication of nanoscale materials, intermediates and devices and related program activities. The president shall conduct a feasibility study and develop a business planning model leading to the establishment of such network, including strategies for securing investments from the federal government and private entities. On or before January 1, 2009, the president shall submit the results of such study to the Joint Commission on Technology and Science.

§ 2.2-2353. Nanotechnology Development Fund; created; purposes; report.

A. From such funds as may be appropriated by the General Assembly and any gifts, grants, or donations from public or private sources, there is created in the state treasury a special nonreverting, permanent fund, to be known as the Nanotechnology Development Fund (the Fund), to be administered by the Authority. The Fund shall be established on the books of the Comptroller. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which may consist of grants or loans, shall be made by the State Treasurer on warrants issued by the Comptroller upon written request bearing the signature of the chairman or the vice-chairman of the Authority, or, if so authorized by the Authority, bearing his facsimile signature, and the official seal of the Authority.

B. Moneys in the Fund shall be used for the purpose of (i) attracting public and private research funding for institutions of higher education, in order to increase technological and economic development in Virginia; (ii) commercializing intellectual property at institutions of higher education and nanotechnology companies in Virginia; (iii) supporting development of existing companies specializing in nanotechnology and those companies seeking to perform research and development in nanotechnology; or (iv) attracting and supporting talented individuals through educational programs, scholarships, and student outreach.

C. For purposes of awards, the Fund shall have five components:

1. A grant program to provide a flexible source of funding for the creation and generation of talent in institutions of higher education and, with appropriate connections to vocational-technical schools and other secondary schools, for student outreach and development. Grants pursuant to this subsection shall be awarded to institutions of higher education and may be used to establish nanotechnology postsecondary education programs and a clearinghouse for curriculum development, scholarships and student outreach.

2. A grant program to provide funding for the promotion of collaborative research applications between industry and institutions of higher education. Grants pursuant to this subsection shall be awarded to institutions of higher education, technology-focused organizations and business entities.

3. Discovery grants, not to exceed \$50,000, to support postdoctorate or graduate students working with industry on nanotechnology projects under the supervision of faculty members. Each discovery grant shall be matched with a direct or in-kind industry grant in the same amount. However, for good cause, this requirement may be waived, in whole or in part, by the chairman of the Authority, provided that such action is reported to the Chairmen of the House Appropriations and Senate Finance Committees at least 10 days prior to the award or disbursement of such funds for such purpose.

4. Collaborative grants, not to exceed \$150,000, to support university research teams working with industry on collaborative research projects focused on specific application development. Each collaborative grant shall be matched with an industry grant in the same amount. However, for good cause, this requirement may be waived, in whole or in part, by the chairman of the Authority, provided that such action is reported to the Chairmen of the House Appropriations and Senate Finance Committees at least 10 days prior to the award or disbursement of such funds for such purpose.

5. Prototype grants, not to exceed \$250,000, to enable universities and companies to demonstrate whether a prototype is functional, manufacturable, and commercially viable. Each prototype grant shall be matched with an industry grant in an amount equal to two dollars for every one dollar of such prototype grant.

Awards for the matching funds component shall be contingent upon the approval of the institution's grant proposal for federal or private funds.

D. Specific guidelines for the award of funds shall be established and maintained by the Authority, in consultation with the Virginia Economic Development Partnership and the State Council of Higher Education. These guidelines shall address, at a minimum, the application process, guidelines to be used by the Board in reviewing proposals, and give special emphasis to fostering collaboration between institutions of higher education and partnerships between institutions of higher education and business and industry.

The chairman of the Authority shall coordinate the evaluation of proposals, to be conducted by the Board on a quarterly basis. If consideration of any proposal would present a conflict of interest to any member of the Board, that member shall recuse himself from the review process.

Recommendations on the grants shall be made by representatives from the Virginia Research and Technology Advisory Commission, the Virginia Economic Development Partnership, and the State Council of Higher Education.

E. The chairman of the Authority shall provide the Governor and the General Assembly with an annual report to include a detailed list of awards committed, the amount of each approved award, a description of the approved proposals, and the amount of federal or private matching funds anticipated where applicable, and an assessment of the effectiveness of the Fund in attracting public and private research funding and increasing technological and economic development in Virginia.