

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST

GRANT AGREEMENT (the "Agreement")
AGREEMENT NUMBER -2013-000023

This Grant Agreement (this "Agreement"), dated as of March 8, 2013, by and between the Puerto Rico Science Technology and Research Trust (the "TRUST"), which TRUST was mandated by Act No. 214-2004, as amended ("Act 214"), and constituted by the Trust Constitution Deed Number 23 executed on December 31, 2004 before Notary Public Jaime Arturo Riera-Seivane ("Constitution Deed"); represented in this act by its Acting Executive Director, Iván Ríos Mena, Esq. authorized to appear in the present Agreement by virtue of the power conferred by the Board of Trustees pursuant to a resolution dated January 31st, 2013; the University of Puerto Rico - Mayaguez Campus (the "UPR-MAYAGUEZ-Mayaguez"), a public educational institution created under Act No.1-1966 ("Act of the University of Puerto Rico"), herein represented by its Chancellor, Dr. Jorge Rivera Santos, of legal age, married executive and a resident of Mayaguez, Puerto Rico, duly authorized to appear in representation of UPR-MAYAGUEZ by; and Dr. Franklin Carrero, of legal age, a resident of Mayagüez, Puerto Rico, as principal investigator ("PI").

WITNESSETH

WHEREAS, the TRUST is authorized to enter into this Agreement pursuant to the Constitution of Deed and Act No. 214, to pursue its delegated duties of advancing science, technology and research;

WHEREAS, the PI was awarded and accepted the 2012-2013 AAAS Roger Revelle Fellow in Global Stewardship, a fellowship designed to provide a unique opportunity for an accomplished scientist to address global stewardship issues by applying his broad, multidisciplinary background towards solutions to important societal problems including sustainable development and global climate change. As a Roger Revelle Fellow the PI is to work cooperatively with scientists, engineers and policy-makers with a joint appointment between the U.S. National Academy of Sciences, Development, Security and Cooperation division and the Office of the Science and Technology Adviser to the U.S. Secretary of State, to address unprecedented challenges that threaten the welfare of all people.

WHEREAS, The UPR-MAYAGUEZ has granted the PI a sabbatical leave for the period September 1, 2012 through August 30, 2013, as approved by the UPR Board of Trustees through resolution number 11-12-375, dated July 2nd, 2012.

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Agreement No.: 2013-000023

Parties to Agreement: The Puerto Rico Science, Technology and Research Trust, the University of Puerto Rico and Dr. Franklin Carrero

GRANT AGREEMENT

by and between

THE PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST

and

THE UNIVERSITY OF PUERTO RICO – MAYAGUEZ CAMPUS

and

**DR. FRANKLIN CARRERO
("PI")**

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WITNESSETH

WHEREAS, the TRUST is authorized to enter into this Agreement pursuant to the Constitution of Deed and Act No. 214, to pursue its delegated duties of advancing science, technology and research;

 **WHEREAS**, the PI was awarded and accepted the 2012-2013 AAAS Roger Revelle Fellow in Global Stewardship, a fellowship designed to provide a unique opportunity for an accomplished scientist to address global stewardship issues by applying his broad, multidisciplinary background towards solutions to important societal problems including sustainable development and global climate change. As a Roger Revelle Fellow the PI is to work cooperatively with scientists, engineers and policy-makers with a joint appointment between the U.S. National Academy of Sciences, Development, Security and Cooperation division and the Office of the Science and Technology Adviser to the U.S. Secretary of State, to address unprecedented challenges that threaten the welfare of all people.

WHEREAS, The UPR-MAYAGUEZ has granted the PI a sabbatical leave for the period September 1, 2012 through August 30, 2013, as approved by the UPR Board of Trustees through resolution number 11-12-375, dated July 2nd, 2012.



WHEREAS, The UPR-MAYAGUEZ contacted the TRUST to request funding to defray the cost of the PI's sabbatical leave.

WHEREAS, \$80,000 will be disbursed to the UPR-MAYAGUEZ under the Centenary Fund (the "Funding"), in connection with the PI's Sabbatical Leave and the Parties wish to subject the entire funding to the terms of this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the TRUST and UPR-MAYAGUEZ (together, the "Parties") agree as follows:

TERMS AND CONDITIONS


1. Term: (a) The term of this Agreement begins on the date hereof and ends on August 31, 2013 (the "Expiration Date").

(b) Notwithstanding the above, the TRUST reserves the right to immediately cancel this Agreement, if: (i) either the UPR-MAYAGUEZ or PI fails to comply with any of the terms, covenants, conditions or stipulations of this Agreement, including the specifications of uses of the Funding (as defined below) or (ii) any of the representations and warranties given to the TRUST are false or misleading. In such cases, the TRUST shall give UPR-MAYAGUEZ and PI a Notice of Early Termination in which case the date stated in such notice shall be the Date of Early Termination. The TRUST may also immediately terminate this Agreement for lack of funds to disburse to UPR-MAYAGUEZ and PI under this Agreement, provided, however, that the cancellation right the TRUST has on the basis of lack of funds shall not grant the TRUST a right to request reimbursement of Funding already disbursed unless any of the other causes for termination and reimbursement of the Funding indicated in this Agreement are present.

2. Other UPR-MAYAGUEZ and PI Obligations: UPR-MAYAGUEZ will exclusively use the Funding for the uses described herein. Furthermore, the PI, during the term of this contract, shall assist the Trust with the following:

- (a) Act as a scientific adviser in areas of technical expertise to:
 - i. Enable the Trust to identify technologies, usually from startups and small and medium-sized businesses.
 - ii. Explore the potential impact of emergent and transformational local technologies.
- (b) Contribute to the development and sustainability of a Science, Technology and Innovation ecosystem.

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- (c) Draft information memos and policy recommendations for the Trust.
 - (d) Review and make recommendations to the Puerto Rico Science and Technology Policy.
 - (e) Collaborate in the implementation of the proposed 'Small Research Grant Program'.
 - (f) Identify institutional, large-scale grant opportunities at the Local, State and Federal levels where the Trust could leverage investment.
 - (g) Analyze current and emerging trends in federal funding policy decisions, to inform Trust activities to better leverage the potential impact of those trends.
 - (h) Other areas as agreed upon between the Trust and the PI.
3. Funding Commitment: The TRUST shall disburse to the UPR-MAYAGUEZ EIGHTY THOUSAND DOLLARS (\$80,000.00) to be disbursed as follows:
- (a) **Initial Disbursement:** \$40,000 at the time of execution of this Agreement to cover sabbatical leave costs for the period of September 1, 2012 through February 28, 2013.
 - (b) **Second Disbursement:** \$20,000 payable as of March 15, 2013 to cover sabbatical leave costs for the period of March 1, 2013 through May 31, 2013. This second installment will be subject to the presentation of an invoice from the UPR-MAYAGUEZ and a progress report from the PI with a summary of the activities conducted by the PI for the period September 1, 2012 through February 28, 2013.
 -  (c) **Third Disbursement:** \$20,000 payable as of June 15, 2013 to cover sabbatical leave costs for the period of June 1, 2013 through August 31, 2013. This third installment will be subject to the presentation of an invoice from the UPR-MAYAGUEZ and a progress report from the PI with a summary of the activities conducted by the PI for the period March 1, 2013 through May 31, 2013.

Payments made as part of the Funding and those remaining to be made shall all be made solely against funds of the TRUST from Account Number 25099479-52276 for the Centenary Fund. The Trustees shall not be personally liable for any payment or liability under this Agreement.

4. Uses and Further Conditions for Granting the Funding: UPR-MAYAGUEZ and PI agree to expend the Funding exclusively to cover the Approved Uses and within the Term of this Agreement. During the Term of this Agreement, UPR-MAYAGUEZ and PI will inform the TRUST, in writing, of any proposed material changes to Approved Uses for the Funding. UPR-MAYAGUEZ or PI may not make any

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material changes in the purposes, activities or budget of the Initiative that may impact the Approved Uses without the prior consent of the TRUST and which the TRUST shall not withhold unreasonably. Should this clause be breached, the TRUST shall immediately terminate this Agreement and UPR-MAYAGUEZ shall return, at the TRUST request, all Funding disbursed under this Agreement. Furthermore, should the PI cease to be PI to the Research, the UPR-MAYAGUEZ shall reimburse the Trust the pro-rata amount of the funding corresponding to the period left under this Agreement.

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5. Policies Terms and Conditions: Upon approval thereof by the Board of Trustees, the TRUST shall deliver to UPR-MAYAGUEZ and PI any applicable policy which UPR-MAYAGUEZ and PI shall follow as recipient of Trust funds. Thereupon, terms and conditions of such policies shall be deemed incorporated herein as an integral part of this Agreement and UPR-MAYAGUEZ and PI shall comply with such policies.
 6. Credit, Publicity and Participation by the Trust: In further consideration for the Funding, UPR-MAYAGUEZ and PI agree and consent that the TRUST may use the names and description of UPR-MAYAGUEZ and PI and the Research for information and promotion purposes without the prior approval of UPR-MAYAGUEZ or PI, except with respect to confidential information previously identified as such by UPR-MAYAGUEZ and PI. UPR-MAYAGUEZ and PI shall give proper credit to the TRUST in any and all marketing, publication, public or private communication, regardless of the medium used in connection with the Research, provided, however, that UPR-MAYAGUEZ and PI agree to provide the TRUST, prior to their publication to the extent applicable, with copies of materials, abstracts, reviews and other press materials, distribution brochures, and awards, and any other pertinent information that may be published in connection with the Research.
 7. Recordkeeping and Reporting.
 - (a) In addition to reports issuable and invoices to be submitted in connection with disbursement of the Funding, UPR-MAYAGUEZ and PI further agree to provide the TRUST:
 - (i) copy of non-confidential presentations and studies distributed, issued or published in connection with the Research;
 - (ii) a final written report describing the outcome of the Research and the benefits to UPR-MAYAGUEZ, PI and Science; and
 - (ii) such other information or reports reasonable requested by the Trust.
 - (b) UPR-MAYAGUEZ and PI agree that all documents and records pertaining in whole or in part to this Agreement and related to the Funding under this Agreement not delivered to the TRUST by the Expiration Date under this Agreement shall be
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retained and properly maintained by UPR-MAYAGUEZ and PI for a period of six (6) years after the Expiration Date.

8. Liability. UPR-MAYAGUEZ and PI are liable for any and all debts and obligations incurred by it in connection with the Research or otherwise, and the TRUST commitment hereunder shall be limited to the Funding, provided the conditions to disbursement of the Funding are complied with by UPR-MAYAGUEZ and PI.
9. Insurance. UPR-MAYAGUEZ shall obtain adequate general liability insurance and any other commercially recommended insurance to cover risks in connection with the Research. UPR-MAYAGUEZ as applicable, shall upon the TRUST's request cause any such policy of insurance to name the TRUST as additional insured under the policies.
10. Taxes. UPR-MAYAGUEZ as applicable, shall be responsible for the payment of all taxes, fees, charges and duties that may be required by law to be paid in connection with the Funding received, as applicable. UPR-MAYAGUEZ and PI hold the TRUST safe and harmless regarding any possible taxes, fees, charges and duties that may be imposed on the TRUST as a result of the Funding specified in this agreement. This Agreement does not constitute and shall not be construed as constituting a partnership, employer/employee or principal/agent relationship nor joint venture between the TRUST, UPR-MAYAGUEZ and PI. All persons furnished, used, retained or hired by or on behalf of UPR-MAYAGUEZ or PI shall be considered to be solely the employees or agents of UPR-MAYAGUEZ or PI, as applicable, and UPR-MAYAGUEZ and/or PI, as applicable, shall be responsible for the payment of any and all unemployment, social security and other payroll taxes for such persons, including any related assessments or contributions required by law.
11. Indemnification. UPR-MAYAGUEZ and PI hereby irrevocably and unconditionally agree, to the fullest extent permitted by law, to defend, indemnify and hold harmless the TRUST, its officers, trustees, employees and agents, from and against any and all claims, demands, liabilities, judgments, proceedings, damages, costs, losses and expenses and/or suits, including reasonable attorney's fees, directly, indirectly, wholly or partially arising from or in connection with any act or omission of UPR-MAYAGUEZ or PI, its employees or agents, in connection with the Research, or otherwise, and in connection with any act or omission in implementing the terms and conditions of this Agreement. This obligation shall extend beyond the termination or expiration of this Agreement.
12. Conflicts of Interests.
 - (a) UPR-MAYAGUEZ and PI represent and warrant that neither has any relationship, affiliation or agreement with any of the Trustees or employees of the

TRUST that could represent a conflict of interest, other than the UPR-MAYAGUEZ holding a position as member of the Board of Trustees but that any matter in connection with this Agreement has followed and will continue to follow the provisions of the Trust Conflict of Interest Policy. UPR-MAYAGUEZ and PI shall disclose promptly in writing to the TRUST any relationship, affiliation, interest (personal, economic or institutional) or agreement previously existing, arising or coming to its attention after the date of this Agreement which would represent a conflict of interest. The TRUST will acknowledge receipt of such disclosure, and will indicate if it believes that there is a conflict of interest or the appearance of a conflict of interest. Such determination of conflict of interest by the TRUST will be discussed by the Parties and an appropriate remedy or correction will be implemented. If the TRUST determines that the conflict was knowingly entered into or permitted in disregard of this contractual obligation, UPR-MAYAGUEZ may be asked to return the Funding.

(b) No *ex officio* TRUSTEE has evaluated, considered, approved or executed this Agreement with UPR-MAYAGUEZ if Act No. 1-2012, as amended, or the Trust Conflict of Interest Policy prohibits it. UPR-MAYAGUEZ and PI represent and warrant that no Trustee has or has had pecuniary, institutional or personal interest in UPR-MAYAGUEZ, the Research or in this Agreement.

13. Representation and Warranties.

(a) The TRUST hereby represents and warrants that its sole motivation for entering into this Agreement is to advance its mission of promoting science, technology, research, and transfer and commercialization of products and ideas that result from local research performed in Puerto Rico, in order to develop Puerto Rico's competitiveness in the knowledge economy, and that its support is non-partisan and not for commercial purposes.

(b) PI hereby represents that as of the date of execution of this Agreement, and to the extent applicable, it has filed all the tax returns required by law with the Puerto Rico Treasury Department for the past five (5) years. PI further represents that it does not have any past due debt nor is it under any payment plan in connection with any fiscal debt with the Commonwealth of Puerto Rico or any of its instrumentalities, including, but not limited to, with the Puerto Rico Treasury Department, the Municipal Tax Collection Center (known by its Spanish acronym, CRIM), the Puerto Rico Department of Labor and Human Resources and the Puerto Rico State Insurance Fund. UPR-MAYAGUEZ is also in compliance with any payment and/or retention and remittal obligation, as applicable with the *Administración para el Sustento de Menores (ASUME)*.



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(c) PI shall provide the TRUST with copies of certifications issued by the applicable government agencies demonstrating the veracity of the above representations. Therefore, PI hereby agrees that these certifications will become an essential part of this Agreement and shall be made part of this Agreement as **Appendix B**. UPR-MAYAGUEZ shall have ten (10) days from the execution of this Agreement to provide the TRUST with the certifications of **Appendix B**.

(d) UPR-MAYAGUEZ hereby certifies that it is duly authorized under the Law of the University of Puerto Rico to execute, deliver and perform this Agreement, which is within its authorized powers and is not in contravention of law.

(e) PI represents and warrants that at the execution of this Agreement it has not been convicted of, nor has pleaded guilty to, any crimes related to the public treasury, the public trust, a public function, or that involves public funds or property in Puerto Rico, a state, a federal forum in any jurisdiction of the United States of America or any other jurisdiction. In addition, PI represents and warrants that as of the execution to this Agreement it has no knowledge of being the subject of any investigation by a legislative, judicial or administrative body, in the United States of America, the Commonwealth of Puerto Rico or any other jurisdiction, of the crimes indicated above. PI shall execute and submit the Sworn Statement included in **Appendix C** as confirmation of the previous representation. It is expressly acknowledged that although the Trust is not a government entity, because the TRUST receives public funds and it has been entrusted duties for the benefit of the People of Puerto Rico, this certification has been voluntarily determined by the TRUST to be an essential condition of this Agreement. If this representation is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for the TRUST to terminate this Agreement immediately, without prior notice, and UPR-MAYAGUEZ and PI shall have to reimburse the TRUST any amount of money received under this Agreement. This Agreement will be immediately terminated if PI is convicted of or pleads guilty to any of the aforementioned offenses during the term of this Agreement. If the status of PI with regards to the crimes previously mentioned changes at any time during the term of the Agreement, UPR-MAYAGUEZ and PI shall notify the TRUST immediately. Failure to disclose to the TRUST within ten (10) days from the date when the first of UPR-MAYAGUEZ or PI becomes aware that PI is under investigation or that it has been charged with committing any crime referred above, constitutes a violation of this Article, and shall result in the immediate termination of this Agreement and the reimbursement of the Funding to the TRUST.

(f) It shall be an indispensable requirement for UPR-MAYAGUEZ and PI to make a commitment to the ethical principles outlined in **Appendix D** of this


Agreement. Therefore, by execution of this Agreement, UPR-MAYAGUEZ commits to comply with such principles.

14. Project Material:

(a) Project Materials, as defined in (b) below, shall not become the property of the Trust by virtue of the Funding under this Agreement.

(b) For purposes of this Agreement, the term "Project Materials" shall mean all products, programs, concepts, ideas, studies, text, reports, designs, processes, techniques or know-how, documents, writings, information, drawings, programs, campaigns, trademarks, service marks, slogans, artwork, written materials, drawings, photographs, graphic materials, audio-visual works, transcriptions, or other materials produced by UPR-MAYAGUEZ or PI in connection with the Research and funded with the Funding committed hereunder, whether prepared by UPR-MAYAGUEZ and/or PI alone or with others, and whether completed or in progress (each, "Work"), and all drafts, notebooks, data, copies and other physical embodiments thereof, including, without limitation, all Project Materials supplied or produced in connection with any proposal submitted or work performed directly or indirectly by UPR-MAYAGUEZ and/or PI with the Funding, whether or not patentable or registrable under copyright or similar statutes.

(c) UPR-MAYAGUEZ and PI shall indemnify the TRUST against any claim or suit alleging that any of the Project Material infringes upon patents, copyrights, trademarks, trade secrets or other proprietary rights of others. UPR-MAYAGUEZ and/or PI shall pay all costs and damages, including reasonable attorney's fees.




15. Audit. UPR-MAYAGUEZ and PI shall allow the TRUST, the Office of the Comptroller of Puerto Rico, or any of their duly authorized representatives, to inspect and audit all data and records of UPR-MAYAGUEZ or PI pertaining to the use of the Funding and the compliance with the terms and conditions of this Agreement.

16. Entire Agreement. This Agreement and its Attachments constitute the entire agreement of the Parties and supersedes all prior agreements, negotiations, and understandings between the Parties with regard to the subject matter hereof. This Agreement may only be modified by a separate writing signed by the Parties.

17. No Assignment. This Agreement, and any right or obligations hereunder, is not assignable by the Parties. This Agreement is for the benefit of and is binding upon the parties hereto and their successors.



18. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Puerto Rico without regard to conflicts of law principles therein.
19. Headings. Headings have been inserted herein solely for convenience and reference and shall not be construed to affect the meanings, construction, or effect of this Agreement.
20. Severability. If and to the extent that any court of competent jurisdiction holds any provision or any part hereof to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement, or said validity in any other jurisdiction.
21. Waiver. The failure by any Party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement, or to exercise any right or remedy upon the breach thereof, shall not be construed as a waiver or relinquishment of the rights to require performance thereof or obtain remedies under law or this Agreement.
22. Notices. Any notices, requests, demands and other communications to be given hereunder shall be deemed effective upon receipt or refusal thereof, and shall be (i.) personally delivered, (ii.) sent by certified or registered U.S. mail, return receipt requested, postage prepaid, (iii) by reputable courier service or (iv) by facsimile (transmission confirmed), or email confirmed the same or following day by one of the methods in (i), (ii) or (iii), to the address set forth below:



To the TRUST:
P.O. Box 363475
San Juan, Puerto Rico 00936-3475
Facsimile No.: (787) 523-1599
Telephone No.: (787) 523-1593
Attn: Iván Ríos Mena, Esq.
Acting Executive Director
Email: irios@prsciencetrust.org

To the UPR-MAYAGUEZ:
PO Box 9000
Mayagüez, PR 00681-9000
Universidad de Puerto Rico
Chancellor's Office
Tel. No.: (787) 832-4040 x.3131
Attn: Dr. Jorge Rivera Santos, Chancellor



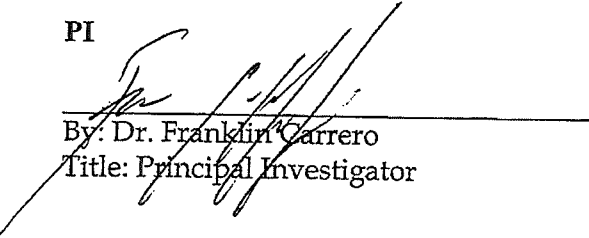
IN WITNESS THEREOF, the parties hereof sign this Agreement, in San Juan, Puerto Rico, this 8th day of March 2013.

**UNIVERSITY OF PUERTO RICO – MAYAGUEZ
CAMPUS**



By: Dr. Jorge Rivera Santos
Title: Chancellor

PI



By: Dr. Franklin Carrero
Title: Principal Investigator

**PUERTO RICO SCIENCE TECHNOLOGY AND
RESEARCH TRUST**

By: Iván Ríos Mena, Esq.
Title: Acting Executive Director