

Maine Technology Asset Fund

Questions and Answers

Rev: 03/24/08

Topic Areas:

- Notice of Intent
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Please Note: MTI offers these answers to questions asked during workshops and via email in an effort to provide a general interpretation of the Request for Applications (RFA). MTI cannot guarantee that the general responses will apply in the case of each individual project; when there is a contradiction the RFA will rule. Please refer back to the Q&A periodically as MTI will be updating the answers and adding additional questions and answers until March 21, 2008.

Notice of Intent Questions

1. Is there a weeding out process at the Notice of Intent stage?

No, the Notice of Intent will only be used to help MTI and the American Association for the Advancement of Science (AAAS) secure reviewers as well as to help MTI plan for the administration of the remainder of the review process. However, MTI staff members will contact applicants whose projects appear ineligible for more information.

2. The Notice of Intent guideline requests information with respect to collaborators on the projects. Must all collaborators be listed on the Notice of Intent or may some be added to the final application that were not listed on the Notice of Intent?

All collaborators do not have to have been identified by the Notice of Intent deadline, but may be included in the formal application.

3. May I choose more than one technology sector on the notice of intent form?

For the purposes of the Notice of Intent form, we ask you to select one primary technology sector. You are welcome to include other applicable technology areas in the scientific discipline field.

4. Do you post statistics about your Intent to Apply submissions, and if so, when?

The Notices of Intent are used as an internal tool for MTI to help determine appropriate reviewers. At this point we are processing the Notices and checking for completeness, eliminating duplicates, and other administrative functions. MTI received 105 Notices of Intent and because Notices of Intent are just that, and not binding, we do not plan to post detailed statistics.

- 5. What defines a “conflict of interest” for suggested reviewers? If a suggested reviewer is unaffiliated with our organization now, but was on our Board of Directors five years ago, does that qualify, for example?**

While the candidate reviewer may not technically have a conflict, there may be an appearance of a conflict. MTI will not choose reviewers with either an appearance of conflict or a direct conflict with the applicant.

- 6. Will anyone outside of the MTI staff see the content of the Notice of Intent?**

The Notices of Intent are considered non-confidential and may be shared publicly.

- 7. We are debating between two technology sectors. Can we still change from what we said in the Notice of Intent?**

The Notice of Intent information was used to help guide the reviewer selection process in anticipation of the application. Any changes to the technology description should be adequately described in the application.

- 8. In the final proposal, can we exceed the amount of funding we said we thought we would pursue in the notice of intent or is the number in the notice of intent binding?**

The amount requested in the Notice of Intent is not binding. The application, however, should indicate the actual amount requested.

Eligibility-Related Questions

- 9. Are there quotas associated with MTAF funding?**

There are no quotas in terms of sector, geography, applicant or project size associated with MTAF funds.

- 10. What if by the time this comes around, we already spent the money we asked for?**

Qualifying expenses relating to the proposed project may be incurred anytime after the date of application submission. Likewise, funds in hand, but unspent at the time of application submission, may be used as matching funds if subsequently used for a project-related purpose as per the approved project budget. Pre-award expenditures are made at the applicant’s risk.

- 11. Would a collaborative project between a non-profit organization with strengths in grant and project administration, and multiple companies with interests in similar technologies fulfill the requirements of collaboration?**

Although the above example would serve to show organizational administrative abilities and clearly serve as a collaboration, the applicant would still need to demonstrate the strong scientific and technical merit of the project and the scientific and technical expertise of the team.

- 12. For the value of collaboration...do collaborators need to be on board and identified as part of application?**

Collaborators do need to be identified as part of the application, and level of commitment does need to be discussed in the body of the application. All details of collaborative

agreements do not need to be in place at the time of application, but will need to be agreed to as part of the award contract negotiation.

13. Can you clarify the use of “eligible expenses?” Capital expenditures that may be depreciated are typically “hard.” Capital expenditures that can be amortized typically are not. Both are considered capital assets. Is the grant only to be used for “hard” assets?

The RFA outlines specific eligible costs under the MTAF program on page eight, but those are generally considered assets that may be depreciated. Capital equipment is further defined as equipment that has a useful life of at least one year. Please contact MTI with specific examples if further clarification is needed.

14. If engineering studies are fundable within this grant program, are management studies, leading to management process improvements, also fundable? For example, what about a branding initiative to increase long term viability (competitiveness) of technology?

An engineering study that is directly related to a specific capital improvement or the installation of a specific capital asset in the project is an eligible cost, as outlined on page 8 of the RFA. A branding initiative would not be eligible but could be considered as matching funds in some circumstances.

15. May the “research institution” be out of state (the commercialization and assets will be in Maine)?

Yes, a collaborating research institution may be out of state, but the applicant must be within the State.

16. What has to be new and innovative? It seems like the money is for capital assets.

The MTAF program is intended to help fund capital expenditures supporting research, development and commercialization projects that will lead to significant economic benefits in Maine. The investment must be associated with a technology project that can be evaluated for its science and engineering merit and feasibility.

17. Is the scoring of the application weighted more heavily towards commercialization projects, than traditional R&D projects?

Projects that move discoveries farthest along the continuum from research to development to commercialization will be most competitive. Each application should make a strong case for the economic impact of the project.

18. Does the MTAF cover software and hardware?

Computer equipment with a useful life of a year or more is an eligible use of program funds.

19. Can a company submit multiple applications if we are building in several different areas?

Yes, a company may submit multiple applications. Those doing so will need a letter from the institution addressing how the project fits within the overall institution’s strategic research and development plan, and verifying its ability to manage multiple projects simultaneously.

20. How much R&D do you have to be doing?

Projects do not have to involve original or basic research, but must involve the application of new knowledge to solve a problem. Similarly, applications that request assets that don't support a specific scientific project or program will not be competitive. Please see pages five and six of the RFA for more information.

21. What is the difference between the MTAF, a cluster award and a development award?

A cluster award is for an industry-led project that ultimately benefits many Maine companies in a particular sector, and the funds can be used to cover both capital and operating expenses. A development award is for research and development leading to commercialization of a new product, service or process improvement by one company. It can be used for both capital and operating expenses and has an upper limit of \$500k.

22. How will MTAF view new startup companies established to pursue a line of R&D, with an end goal of commercialization? Will a newly registered company (new start up), have a more difficult time competing for this award than an established company? What, if anything, will MTAF be looking for from new startups to make them attractive and viable contenders?

With Team and Institutional Merit and Commitment a 20 point criteria, startup companies with no track record may be slightly less competitive. However, assembling a team with high qualifications and experiences from past positions or experiences, and collaboration with appropriate institutions to bring necessary expertise to bear on the project should make a start up a viable contender.

23. Can the R&D technology come from out of state, but be developed here in Maine?

Yes.

24. Do all the "legal dealings" between collaborators (for IP ownership, etc.) have to be completed before application is due?

No. All legal relationships between collaborators do not have to be completed before the application is due, but would need to be resolved before an award contract is executed. Potentially, completion of all legal agreements could be made a condition of award.

Matching Fund Questions

25. How do we handle difficulties such as not being able to get a commitment out of a government office?

Applicants have six months from the award approval date to secure and document all sources of matching funds.

26. Can venture capital be used as match? What if they pull out or others get in?

Venture capital can be indicated as match on the application in the budget and as evidenced in letters of interest or intent, as described in the RFA. Changes in matching fund sources that develop during the life of the project will be governed by the award agreement contract and dealt with on a case-by-case basis.

27. If existing equipment is going to be transferred to the project, can its value be counted as matching fund? Similarly, can the value of an existing laboratory used for the project be counted as matching funds?

Because the intent of the bond is to leverage new dollars, existing equipment or laboratory space would not be eligible as match.

28. How closely related to the project do outside sources of matching funds have to be?

Matching funds should relate fairly directly to the proposed project. Applicants should not use grants for other non-related projects as matching fund.

29. Are North Star Alliance Initiative (NSAI) funds available as match?

Yes, if appropriate. NSAI funds come from the federal government though they are channeled through the state.

30. A project period may extend up to five years. Do match funds have to be spent concurrently with awarded funds or may they be spent primarily in later years, for example as operating support, if ultimately we do meet the 50/50 match requirement?

Matching funds do not have to be spent concurrently with awarded funds, but must be verified as spent by the end of the agreed upon grant period.

31. Is 1:1 matching funds requirement over entire company or overall project?

1:1 matching fund basis is for the actual project for which funds are requested, not the entire company.

32. Do you have to have matching funds lined up before submitting the application?

MTI will accept letters of commitment and letters of interest up to the time of the interview process. All matching funds commitments must be in place six months from the contract date.

33. Do matching funds have the same restrictions as bond funds?

No. Matching funds do not have to be for capital expenditures, but can be for operating expenses related to the project. Expenses directly attributable to the proposed project may be counted as matching funds. Matching funds may be used to fund project activities as well as a portion of the capital expenditures enable by the award. See the RFA page nine and 30-31 for further clarification.

34. Can state funds be used as matching funds?

No. Other MTI or Maine state government funds, except for state funds appropriated to higher education institutions' operating funds, are not eligible as matching funds for the MTAF awards.

35. Can matching funds be retroactive for a period of time? For example, if a company has already invested time and expenses for R&D can these be used as matching funds?

Qualifying expenses relating to the proposed project may be incurred anytime after the date of application submission and be used as matching funds. Likewise, funds in hand, but unspent at the time of application submission, may be used as matching funds if subsequently used for a project-related purpose as per the approved project budget. Pre-award expenditures are made at the applicant's risk.

36. If an applicant asks a lending institution to provide the matching funds, that institution will want a first security interest in the assets. I presume MTAF will want a security interest too. Will the MTAF subordinate their security interest to the lending institution?

Each situation will be handled on an individual basis. MTI will make every attempt to work with the grant recipient to move the project forward, while still protecting the interests of the taxpayer.

37. Will the value of a license agreement to use patented technology and intellectual property be considered for matching value?

Items considered for the purpose of matching must have a clear and documentable method of valuation, both in the application and under the award contract. As indicated in Appendix C of the RFA, although financial support not described specifically in the RFA and Appendix may qualify as Matching Funds, it must have prior MTI approval and will be determined on a case-by-case basis.

38. How do we go about finding matching funds? Can MTI help with this?

Securing matching funds is the responsibility of the applicant.

39. Can Community Development Block Grant (CDBG) funding be used as a match?

Yes, if appropriate. CDBG funds come from the Federal Government though they are channeled through the State.

40. Can a State agency contribute federal funding they receive towards the project and count it as match?

An applicant may use federal funds, such as North Star Alliance Initiative Funds (NSAI) or Community Development Block Grants (CDGB) for matching funds as applicable to the project.

Interview Questions

41. Are the last two criteria not scored until the review interview?

The two criteria, Relevance to Maine Innovation Economy Needs and Collaboration, are not scored as part of the Written Review process. They will be scored as part of the Interview Panel process by reviewers from Maine.

42. Are the discussions with the interview panel in July open to the public?

No.

43. Is there a list of who the Maine reviewers will be?

AAAS and Maine reviewers will be selected once the applications have been received. Background information for review panelists will be available prior to the interview panels.

44. Who will be able to participate in the interview, just one individual representing a company or organization, or several people?

Applicants participating in the interview stage of the review process may bring as many people as appropriate. MTI also reserves the right to request that certain individuals be present or available for the interview.

45. Will there be any funding or assistance for travel costs associated with the interview for applicants from areas located in more remote places?

Applicants must cover costs associated with participating in an interview. Efforts will be made to schedule interviews for those traveling the longest distances at a time that will not require overnight accommodations.

Application and Review Process Questions

46. Is AAAS going to be well-suited to judge commercialization? Will the AAAS have input from MTI as to how to evaluate the proposals, given that they haven't participated in other MTI programs?

AAAS has a wealth of experience running review competitions such as this one, including running two competitions of the Maine Marine Research Fund, an MTI program funded with past bonds proceeds. Reviewers will be recruited from technical experts around the country, including those well-versed in tech transfer and commercialization, and MTI will approve the scoring rubric developed by AAAS and oversee AAAS training of reviewers on the use of the rubric.

47. Is AAAS going to assign point criteria relevant to Maine's economy?

AAAS will review applications for potential economic growth and impact.

48. Who provides the nondisclosure form?

All reviewers will be asked to sign MTI's conflict of interest and confidentiality agreement forms.

49. Will the MTI Board of Directors adjust the amount of the award?

Per the Request for Applications, page five, "MTI reserves the right to fund any application in full or in part...."

50. How will the American Association for the Advancement of Science (AAAS) know about the local impact of proposed projects?

The AAAS will be scoring applications on overall economic growth and impact potential, scientific and engineering merit and feasibility, and team and institutional merit and commitment using a standard evaluation form. Panelists from within the State of Maine with deep knowledge of Maine's innovation economy and research needs will score applications on the relevance to Maine's Innovation Economy and collaboration.

51. Can MTI staff look over my draft application for objective guidance?

MTI staff members are available to answer questions pertaining to the application and the application process, but will not review draft applications.

Application Questions

52. Are there specific, sanctioned sources for determining Maine's Innovation Economy Needs?

The Maine Office of Innovation website is a good source for State economic priorities information and links, and also lists the 2005 Science and Technology Action Plan for Maine cited in the statutory language passed by the Legislature establishing this program. Other than that, there are no specifically sanctioned sources for determining these priorities. Applicants should indicate sources of data and assertions in the body of the application.

53. What happens to monies that have been repaid after commercialization?

Funds repaid will be returned to the State's General Fund.

54. How many pages of supporting documentation can we have?

All page limits are indicated in the application instruction portion of the RFA.

55. What does "sharing of assets" mean?

"Sharing of assets" can look differently, depending on the individual situations, and can be approached creatively. At the very least it should mean that a mechanism has been put into place to allow multiple organizations to have access to the asset. For example, a piece of diagnostic equipment may reside with a non-profit research institution, but an agreement may be in place to allow a company, or companies access to the use of that equipment.

56. Is training in the use of an asset an eligible cost?

The initial training on the use of equipment can be bundled into the up-front cost of the equipment. On-going training costs that would be associated with operating costs are not allowable.

57. How do we identify the level of collaborators?

Applicants should incorporate information regarding collaborating partners in the body of the application, as well as list collaborators on the cover page. In addition, curriculum vitae of collaborators should be included as appendices, as indicated in the RFA.

58. Has MTI placed a cap on the amount of funds awarded under each tier?

MTI has not set funding amounts for each tier.

59. If equipment purchased with MTAF funds will be used for university-based lab/bench testing for cluster consortia, is it acceptable for the university to charge maintenance and service fees to the users, as is the usual practice?

It is acceptable for universities or non-profit research institutions to follow their usual practice of charging fees for use of equipment and associated services for equipment purchased with MTAF support. Some thought should be given, however, to how access agreements are put together for projects where the cluster consortia is providing a portion of the matching funds.

60. Is there a preferred style or formatting for the curricula vitae in the appendices?

No, whatever format provides the appropriate information most clearly is acceptable.

61. Will you accept letters of support/letters of collaboration as part of the application? If not, how do applicants demonstrate collaborators who are not providing matching funds?

The application guidelines call for letters of commitment and letters of intent or interest, but not letters of support. In the application, collaboration should be demonstrated by listing collaborators on the cover page, discussion of collaborating partners in the scope of work, and including letters of commitment or interest/intent from collaborators as appendices if they are providing matching funds. Applicants who wish to bring project collaborators or potential supporters to the interview as part of the project team are welcome to do so.

62. Given that the external reviewers will be professionals in the areas described in the application, should the application narrative give the level of technical detail of an NIH or NSF proposal?

Applicants are encouraged to read through the review sections of the RFA to get a sense of the audience for whom you are writing. Although the level of technical detail should be sufficient to give a professional in the field a good idea of the project's scientific and technical underpinnings, the level should also allow the less technical reader who is judging the economic impact, or relevance to Maine's economy to understand the project and its implications for the State of Maine.

63. The RFA has very little detail regarding construction/renovation information required within the application. What level of design detail does MTI want for a renovation/construction project request?

The emphasis of the application should be on the project enabled by the renovation, not the renovation as an end in itself. Design detail should be adequate for reviewers to judge how the proposed research, development and/or commercialization project will be

enabled and then managed. The timetable and milestones section should provide for both infrastructure acquisition activities and resulting research, development and/or commercialization activities.

64. Can the Notice of Intent and application be submitted prior to deadline?

Yes.

65. If there is a potential range to our budget, what is the best way to present that? In other words, you mentioned that you could fund all or part of the request, how can we address that potential decision up front?

The budget section of the application allows for a supporting budget narrative of up to two pages. If there is a potential range to the budget, you can address it in the supporting narrative.

66. Is there a date set for the 2nd RFA?

The second RFA will be released in late 2008/early 2009.

67. What if my courier is late getting my application to you?

All applications must be received by 5 PM on April 17th. Late applications will not be accepted.

68. Can proposals be in color?

Per the RFA, page 17, all proposals must be black and white or grayscale.

69. What sort of things go into the appendix?

See the RFA, page 18 for a list of appendices and pages 26 and 27 for the details of appendices content.

70. What can be done to protect the confidentiality of prospective key team members that are currently employed in another high profile position?

Please note on the application cover page the names of individuals and institutions from whom that the application should be withheld. In addition, please do not list confidential names or proprietary information in the Notice of Intent or Executive Summary portion of the application. Applicants are encouraged to mark all other pages of the application as “confidential.”

71. Can one entity apply for both rounds for different stages of the same project?

Yes, although the applicant will need to explain how the first project would move forward if the second application is not funded. Applicants should not, however, submit multiple proposals for the same project for consideration for both Tier One and Tier Two funding during the same round.

72. What is the difference between tier 1 and tier 2 applications?

The main difference between the two tiers is in the award amount. They will be scored using the same criteria, but in separate pools of applications.

73. In the instructions for the budget, under the information about overhead rates, to what do we apply the 20% overhead rate?

For the purposes of the MTAF program you may claim up to a maximum of 20% of total project costs for overhead. Total project costs are determined by adding the total project costs from each fund source including MTAF. We understand that within a project an institution may have a higher federally negotiated rate. However the total overhead captured as matching funds for purposes of this program are limited to 20%. MTAF funds cannot be used to pay overhead costs.

74. Is an applicant eligible to apply for the MTAF program if they are in the process but are not yet incorporated

The applicant will need to be incorporated by the time the award is made. It should be noted in the application that the effort is underway and what the expected time frame is.

75. I am assuming that in filing the Notice of Intent that we would have the flexibility to change the lead institution in the final application. The project director would remain the same. Am I correct in my assumption?

Yes, but changes will need to be noted in the final application.

76. Is there a limit on the number of supporting letters we can submit?

The application does not make provision for supporting letters. Please see the RFA for required sections and page limitations.

77. Can bond-funded space be reshuffled with existing equivalent space to allow for more strategic clustering of investigators? If allowed, must this reshuffling be described in the application or can it be sorted out with MTI after an award is made?

The application should clearly indicate how bond funds will be used to support a project, and should be clearly related to the project. In this scenario, the bond funds would not be directly related to the project and therefore the re-shuffling as described would not be allowable. All award recipients will be bound to a statement of work as part of the award contract, and any requested changes to a funded project must be submitted in writing to MTI and approved in writing by MTI before being initiated by the award recipient.

78. Although the actual facility will be located in one legislative and senatorial district, the work being done will be statewide. Do you want the district of the home base/facility, only, listed on the cover page?

The legislative and senatorial districts should be for the home base or facility only.

Contract Administration Questions

79. What about collaboration halfway through the project? For example, one collaborator drops out, another signs on?

This situation would be governed by the award agreement contract, and would be handled on a case-by-case basis. Most likely, the grant recipient would need to get MTI permission to make changes to project personnel and/or collaborating partners.

80. Will MTI take a lien on an asset (i.e.: land)?

This situation would be governed by the award agreement contract, and handled on a case-by-case basis. In general, MTI would most likely not take a lien on an asset that is being used a matching funds, but likely will take a lien on an asset valued at over \$5,000 that is purchased with MTAF funds.

81. What are the reporting requirements after receiving funding?

Final reporting requirements will be finalized in the award contract, but will include at a minimum: quarterly reports including progress and economic impact measures and milestones met, matching funds documentation, quarterly financial forecasts (i.e., timing of future milestone payments) and annual reports.

82. Do repayment decisions get made as part of the application or at the time of contract?

Generally, applications can make the case in the application as to whether or not the project falls within one of the repayment scenarios, but the award contract will be the place where details of repayment will be outlined and agreed upon.

83. How is repayment handled if a business applicant fails to commercialize the proposed project or service, but the asset can be used in future projects?

Commercialization is the trigger for repayment, so repayment would not be required if the business fails to commercialize. In some cases, however, MTI may require that a mechanism be put in place to allow ongoing public access to funded assets if no repayment is required.

84. At the end of the project, if there is no commercialization, does the property and equipment obtained with the grant funds become the property of MTI or any other entity?

As long as grant recipient complies with the terms of the award contract, all property and equipment obtained with grant funds remains the property of the grant recipient or collaborators. As per the RFA, applications must provide detail regarding the ownership, location and accessibility of the project assets during the five-year project period, as well as the disposition/ownership of those assets once the project has been completed.

85. Are buildings, equipment, land, etc., purchased with grant money, the permanent property of the entity approved for the grant? If so, can they be used as assets or collateral to show value to potential investors and venture capitalists?

Capital assets purchased with grant money can be used to show value to potential investors and venture capitalists, subject to any liens or security agreements entered into as part of the award contract.

86. Are there any significant tax implications involved? Any tax breaks?

We recommend you contact your tax specialist. There are no tax credits associated with this program.

RFA Interpretation Questions

87. As the end goal seems to be commercialization, is commercialization of a product more attractive than commercialization of a service?

No.

88. Can MTI provide some guidance around the use of the terms “principal investigator” vs. “project manager” as the primary contact?

The use of both terms is allowable for the primary contact, as MTI recognizes that different types of organizations use different terminology, and that either could potentially be the primary contact for a project. Applicants are welcome to use either term.

89. On page 21, Item E, last bullet: “Capitalizing on national research priorities.” What does this guideline mean?

Projects or programs in areas of national priority, that is, research priorities of federal funding agencies or other national funding sources, may be able to leverage additional funds and/or position the State of Maine to compete in the national economy

90. How is the term “commercialization” defined?

“Commercialization” is defined as the transition from research to market entry and market competitiveness of new technology processes, products and services. Please see the Research, Development and Commercialization Continuum section of the RFA, pages five and six for clarification of commercialization.

91. Are there specific, sanctioned sources for determining Maine’s Innovation Economy needs?

The Maine Office of Innovation website is a good source for State economic priorities information and links, and also lists the 2005 Science and Technology Action Plan for Maine cited in the statutory language passed by the Legislature establishing this program. Other than that, there are no specifically sanctioned sources for determining these priorities. Applicants should indicate sources of data and assertions.