



Development Loan

A Component of the MTI Business Innovation Program

Application Instructions

Key Dates:

Concept Review Meeting – By June 9, 2015

Application Submission – June 23, 2015 by 5:00 PM (EST)

Loan Notifications – October 16, 2015

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For more information about the Development Loan, please visit our website at
<http://www.mainetechnology.org/fund/development-loan>

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Submit online	In order to access the online submission tool log into your account at: http://www.mainetechnology.org/account/login
Delivery address	Maine Technology Institute (MTI) 8 Venture Avenue, Brunswick Landing, Brunswick, ME 04011
Application layout	Single-sided, minimum 1” margins, 12 point font Do not bind/staple or use cover pages if submitting a paper copy Single PDF file if submitted electronically through the MTI website Label each section & list the application number and company on each page Adhere to “Tips for a Strong Application” on the MTI website

NOTE: *A concept review meeting with MTI Business Innovation Program team staff **is REQUIRED** prior to submission of a Development Loan application. Please provide a draft business plan, project scope of work, and non-confidential summary prior to the concept review meeting.*

OVERVIEW OF MTI BUSINESS INNOVATION PROGRAM

Goals and objectives

The Business Innovation Program includes a suite of competitive grants, loans and equity investment for technology-based start-ups, established companies and research institutions in Maine. Managed by the Maine Technology Institute (MTI), an industry-led, state funded private non-profit, the program's suite of funding options addresses the "funding gap" that often hinders technologies from making the leap from development to commercialization.

The program consists of grants and investments that support early-stage foundational and planning activities, and helps Maine leverage external Research and Development (R&D) funding such as the Federal Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Program and equity capital raises. Applications are competitively reviewed and require at least a 1:1 ratio of external funding for every dollar of MTI investment. MTI funding helps leverage the capital required to develop and market new technologies that create a positive economic impact in Maine.

Confidentiality

MTI maintains the confidentiality of applications, reports and other information submitted to MTI, with the exception of selected text from the application cover page (Form A) and information contained in the "Non-confidential Project Summary." MTI Board of Directors, Technology Board members, peer reviewers, other consultants, and staff are required to sign and adhere to a non-disclosure agreement and conflict of interest policy statement (both forms are available at: www.mainetechnology.org).

ELIGIBILITY REQUIREMENTS FOR DEVELOPMENT LOAN

Have a pre-application concept review meeting

Prior to submission of a Development Loan application, ALL potential applicants are required to meet with Joe Migliaccio or a member of the MTI Business Ventures Group to review their business plan (draft plans are fine), draft project scope of work, and non-confidential technology project summary indicating how the technological innovation can grow their business. It is strongly encouraged that applicants provide written materials prior to the meeting. Please contact MTI for additional information or to schedule a concept review meeting with the MTI Business Ventures Group staff.

Submit a qualified Development Loan budget

Each loan requires a minimum of a 1:1 match consisting of actual cash, salaries, staff time, or equipment directly attributable to the proposed project. Match funding should be available at time of contract signing, and full loan disbursement will be contingent on MTI staff review and approval of each period scope of work completed. Funds must primarily go toward R&D activities; there is a 15% and 20% funding cap on sales/marketing and overhead costs respectively.

Register as a Maine-based organization

The applicant organization must meet one of the following criteria to be eligible for a Development Loan:

- A company with a significant base of operations located in Maine and registered to do business in the state of Maine.
- A company with no current Maine operations but demonstrating a clear plan to locate or base significant operations in Maine and implement such plans prior to execution of the Development Loan Agreement.
- A non-profit research institution or university with operations in Maine requesting funds to develop, transfer and advance technologies into the commercial market.

Provide economic benefit to Maine

Projects funded by MTI must show a high potential for significant economic benefit to Maine. The project's deliverables should include some of the following benefits:

- o Creation or retention of jobs
- o Increased competitiveness
- o Increased sales and revenue
- o Patents, trademarks and/or licenses
- o Firm survival and growth
- o Additional company investments
- o Infrastructure investments by the company
- o Increase Maine's capacity for R&D
- o Additional outside investment into company

Fit in one of seven targeted technology sectors

Projects funded by the MTI must fall within one of Maine's targeted technology sectors:

- o Advanced Technologies for Forestry & Agriculture
- o Information Technology
- o Biotechnology
- o Precision Manufacturing Technology
- o Composite Materials Technology
- o Environmental Technology
- o Aquaculture and Marine Technology

FUNDING CATEGORIES

Overview

Applicants can fall into three different categories of funding for a Development Loan:

- ***Start-up or early stage company or established companies with early stage project technology:*** Eligible for standard Development Loan funding structure.
- ***Established private or publicly traded company with demonstrated historical financial capacity for loan repayments and capable of managing complex technology projects:*** Eligible for a simple note with predefined repayment terms.
- ***Research Institutions:*** Eligible for public and private colleges/universities and non-profit institutions.

In addition, start-up or early stage companies that are awarded a Development Loan can also apply for and receive a ***Business Accelerator Grant*** to support commercialization and business development capacity-building activities that are required to advance a new technology to market. The Business Accelerator Grant can be up to 10% of the MTI funds requested in the applicant's Development Loan application.

The table on the following page outlines in more detail the Development Loan funding categories, amounts, eligibility requirements and repayment guidelines.

Summary of Development Loan Funding Category Requirements

Funding Category	Purpose	Eligible Activities	Project Duration	Eligibility ³	Loan Amount Available	Repayment Trigger and Source	Terms of Repayment
Research Institutions	R&D activity required to transfer a technology into commercial market	<ul style="list-style-type: none"> • Research & Development • Pre-commercial activities 	No longer than 2 years	Public and private colleges and universities Nonprofit research institutions	\$30,000 minimum up to \$100,000 of MTI funds	Commercialization of the new technology	Percentage of license fees accrue to MTI until loan is repaid
Established private or publicly traded company	Later stage R&D activity and preparation for sale of new product/service and process	Include one commercialization stage outlined in attachment 1	No longer than 3 years	Established private or publicly traded corporation led by an experienced entrepreneur/management team (see previous page for detailed eligibility criteria)	\$50,000 minimum up to \$500,000 of MTI funds	According to note terms	Low-interest unsecured subordinated 5 year note, with deferred principal and interest payments
Start-up or early stage company or project	Later stage R&D activity and preparation for sale of new product/service and process	<ul style="list-style-type: none"> • Research & Development • Pre-commercial activities 	No longer than 3 years	Start-up/early stage company led by a first time or less experienced entrepreneur/management team (see previous page for detailed eligibility criteria)	\$50,000 minimum up to \$250,000 of MTI funds, with exceptions up to \$500,000 ¹	Commercialization of the new technology	0% interest, until 3 years post first sale ²
Business Accelerator Grant <i>For Early Stage DL recipients</i>	Support commercialization and business organizational development activities to secure first sale and ramp-up	<ul style="list-style-type: none"> • Business Planning • Org. development • Sales activities 	Can go past timeframe of Development Loan	Grant <u>in addition to</u> MTI DL funds To request consideration for these funds as part of your DL application, see DL BAG application	Up to 10% of the awarded Development Loan	Grant (no repayment of funds required)	Grant (no repayment of funds required)

1. Should a start-up/early stage company want to be considered for funding greater than \$250,000 they are required to, as part of their application, request an exception with an explanation as to why they believe such an exception is justified.

2. Businesses have 7 (seven) years from commercialization to repay the loan. However, businesses that have not repaid the loan in 3 (three) years following commercialization will incur a 30% increase on the unpaid balance on the third anniversary of commercialization and 10% annually thereafter.

3. These guidelines (under eligibility) may not specifically define all situations and MTI reserves the right to designate the appropriate category under which an application will be considered.

REVIEW PROCESS

Overview

The Development Loan review process follows a step approach that evaluates applications using standardized review criteria. The entire process usually takes about 4 months, from submission to funding decision. Loans will be approved on a competitive basis to support efforts in any of the state's targeted technology sectors. Applicants are encouraged to view the existing score sheets available at www.mainetechnology.org/fund/development-loan.

Step 1 – Receipt of complete applications

All applications must be received by MTI no later than 5:00 pm on the deadline date. Any incomplete applications, applications received after the 5:00 deadline for any reason, applications that exceed page limits or do not follow other directions will be returned to the applicant without review.

Applications received at MTI at least 10 business days prior to the deadline will be screened for completeness. The applicant will be notified of missing information and be allowed to complete their application prior to the deadline.

MTI will send an email within one week of the application deadline to confirm applications that are complete and being forwarded for review.

Step 2 – Peer review evaluation

The American Association for the Advancement of Science (AAAS) and/or MTI staff will select qualified peer reviewers from within the technical and commercial field of each application. Peer reviewers will perform the scientific and technical evaluation and provide a brief summary statement for each application, indicating its strengths and weaknesses. The three peer reviewers will then participate in a conference call to reach a consensus vote on each application. A financial review will be conducted as well. Applicants will receive feedback from both reviews and have the opportunity to respond, in writing, prior to the next step. *Applicants scoring "worthy of consideration" or "highly recommended" will advance to step three.*

Step 3 – Technology Board Review Committee (TBRC) evaluation and interview

Volunteer technical/business advisors on the TBRC and Board of Directors will evaluate applications using MTI's Development Loan evaluation criteria and determine which projects best meet MTI's objectives. This evaluation will include a discussion of the application as well as an interview of the applicant. The Review Committee will make the funding recommendation to the Board of Directors.

Step 4 – Recommendations and Development Loan decisions

The funding recommendation from the TBRC will be provided to the MTI Board of Directors (BOD) for final consideration. The BOD will consider the highest quality applications recommended for funding across all sectors and make its funding decision based on the reviews and recommendations of the peer reviewers and the TBRC. The BOD may take an action other than that recommended by the TBRC due to availability of funds, to balance and encourage synergies across sectors or to serve in the best interests of MTI. The BOD may require that certain applicants, for example those requesting the largest loans, make an in-person presentation.

All applicants will be notified in writing of the outcome of their application. All applicants will also be provided the results of the written peer reviews and relevant comments of the TBRC on their application. MTI staff will be available for conversations by phone or in person to discuss the outcome of the process with individual applicants.

DIRECTIONS FOR WRITING DEVELOPMENT LOAN APPLICATION

The Development Loan application has six distinct parts, including a Technology Project Plan and a traditional Business Plan. By 5pm on the deadline date, please have submitted to MTI one original hard copy (via mail or personal delivery) or readable electronic PDF (via the MTI website). Applications submitted via fax or e-mail, or incomplete applications, applications exceeding page limits, or otherwise not following directions laid out within the application instructions will be returned with no further review.

Please read “Tips for a Strong Application” located at www.mainetechnology.org/fund/development-loan, for guidelines on writing a competitive application.

1. Online registration (Form A; 1 page)

All applicants must register online at the MTI website. To register, go to <http://www.mainetechnology.org/account/login>, set up an account and follow the registration instructions. As part of the registration process, you will *receive a unique application number (DLXXXX), which should be included on the upper right corner of each page of your application.*

The registration process requires the selection of a technology sector that your **project** most closely relates to. If you are unsure what sector your **project** (not your company) falls under, please reach out to a Business Ventures Group staff member to discuss in more detail. MTI reserves the right, after discussion with the applicant, to change the selected sector if the **project** is more closely related to another sector.

Once registered, complete the following:

- Print out the completed form (which will also be sent to you via email)
- Certify printed form’s truthfulness with your original signature
- Note names of individuals (e.g., potential reviewers, people associated with specific companies) from whom to withhold application information. All Technology Board and MTI Board members are listed on the MTI website (www.mainetechnology.org). Identified names will not have any access to application materials other than Section 1 of the online registration form and the non-confidential project summary.
- Use this printed Form A as the cover page of your application

Please note that “Public Information” submitted through online registration may be shared with media, MTI partner organizations, or the public on request. Information for “MTI purposes only” will only be available to MTI.

2. Non-confidential technology project summary (≤100 words)

The non-confidential summary may be included in a MTI Development Loan press release if the project is funded and could be provided to members of the public or MTI partner organizations if requested. The

summary should describe the benefit and feasibility of the project as well as clearly specify the project's goals. The summary should address the following:

- What is your product or technology?
- In which targeted sector does your technology best fit?
- What is the current stage of development?
- What is the Scope of Work outlined in the application?
- How will Maine benefit from the successful completion of your project?

3. History of previous MTI grants and loans (≤ 2 pages)

In a separate section, please submit the following information for your previously funded MTI projects:

- Project ID and title
- Relationship of previous loan(s)/grant(s) to this Development Loan application
- History of previously funded project(s), including description of scope of work proposed and accomplished
- Explanation on whether previously funded project(s) was or was not a success
- Subsequent efforts leading toward commercialization of the previously funded technology

In addition, applicants may consider including details on any relevant state, federal or other funding received in the last five years or which is currently pending.

4. Business Plan (≤16 pages + ≤ 8 appendices)

EXECUTIVE SUMMARY (≤1 page required)

To quickly engage the readers, it is essential that this section be well-written. Be sure to provide the following information in your summary:

- What is the opportunity?
- Why is this important in the market?
- What is your unique differentiator?
- How will the opportunity be achieved?

COMPANY OVERVIEW (1 page recommended)

The following information is generally provided in a company overview:

- Company origins
- Accomplishments to date
- Summary of short and long term goals/purpose
- Legal form of ownership

PRODUCTS AND/OR SERVICES (3 pages recommended)

This section should provide an overview of the company's current products/services and an in depth description of the proposed products and/or services expected to be developed using the project technology, including:

- Product attributes – features/benefits
- What is needed to complete development (reference DL project application)
- Intellectual property (IP) to be developed by the company and ownership/rights to any existing IP needed for successful product development
- Value proposition

MARKET AND MARKETING STRATEGY (3 pages recommended)

An essential part of any business plan, this section generally includes:

- General market/industry/addressable market size
- Customer motivations/typical customer
- Revenue Plan
 - Market penetration
 - Pricing strategy
- Distribution and Sales Strategy
- Overcoming strengths and weaknesses of competition

COMMERCIALIZATION STRATEGY (1-2 pages recommended)

The identified path to commercialization providing economic benefit to Maine is a key component of the application. Be sure to address the following points in this section:

- Identify how this loan will lead toward commercialization or augment the next stages of securing financing.
- Define the additional funding required to reach commercialization. Address the following points:

- Plans to secure additional matching funds for proposed project, if not already committed
 - Explanation of further funding required, if any, subsequent to project completion and expected sources of this funding
 - Explanation of whether the project will involve new capital coming into the Maine economy including sales revenue, grants and contracts from federal or other external sources, debt or equity investment from outside of Maine
- Describe the infrastructure needed to commercialize the technology (i.e., necessary equipment and facilities).

OPERATIONAL/ PRODUCTION PLAN (2 pages recommended)

Explain the daily operation of the business, its location, equipment, people, processes, and environment.

MANAGEMENT & ORGANIZATION (2 pages recommended)

This section provides backgrounds of the organizational structure, the persons responsible for executing the proposed project plan (including both company personnel and external contractors), and evidence these individuals have the relevant expertise to accomplish both business and technical objectives, including:

- Applicable management experience
- Skill gaps within the company and plans to fill these gaps (include in Development Plan objectives as needed)

FINANCIAL STATEMENTS & PROJECTIONS (≥ 3 pages required)

The financial portion of your application must include the following and must be easy to read and interpret. If you have questions about the requirements, you should discuss with an MTI representative before you submit your application. Required items:

Historical Financials (for Existing Organizations or Businesses only, does not apply to start-ups or Technology Transfer applicants):

- **Prior Year Financials:** Income Statement and Balance Sheet prepared by an accountant or for the company's federal tax return for the previous two years of operation.
- **Current Year Financials:** Year to date Management prepared Income Statement and Balance Sheet with supporting notes
- **Debt Schedule:** List all existing debt obligations with the following detail: Lender Name, Current Balance, Monthly Payment, and Loan Collateral.

Projected Project Funding and Company Financials:

- Sources and Uses of Project Funds: Should include a detailed list of total project financing/funding sources and an itemized description of work and relative costs.
- Projected Income Statement, Balance Sheet, and Cashflow Statements with detailed supporting assumptions for the project duration and subsequent 3 years of operation. Projected Cashflow Statement should be monthly for at least the first year and the following years can be in an annual format.

For Technology Transfer applicants only:

Historical financial information and Form G (Credit Authorization) are not required for Technology Transfer applicants. Full financial statements are not required for established Maine universities, colleges and research institutions.* Instead, provide a signed letter from your finance manager stating the financial resources, personnel and equipment available and dedicated to the project during the loan period as detailed in the application. However, financial projections for the proposed project technology are required to demonstrate economic feasibility of the project, economic impact to the State of Maine, and likelihood of repayment of the Development Loan.

*MTI reserves the right to request full financial submissions to ensure financial stability and resources are available and committed to carry through the project.

APPENDICES (≤ 8 pages maximum)

Appendices may include any or all of the following. Pages in excess of the maximum will be removed prior to distribution to reviewers.

- Management Team Resumes/CVs
- Product Brochures/Advertisements/Photos
- Articles from press or trade journals
- Letters of Support from Customers
- Industry/Market Research Studies

5. Development Project Plan application narrative (≤13 pages)

THE TECHNOLOGY (≤9 pages)

The technology component of the Development Loan application defines the technology, the operational system and infrastructure in which the technology needs to function, the project scope of work/work plan and other critical elements needed to move the innovation to the marketplace.

a. Scientific and technical merit of the technology

The scientific and technical merit section of the application will be peer reviewed through the American Association for the Advancement of Science (AAAS). Remember to describe the technology in enough detail to ensure the peer reviewers can clearly understand the technology and the project.

- Clearly define the specific technical problem or opportunity to be addressed through the development of the proposed technology (i.e., product, process or service)
- Describe the proposed technology and why it is unique and innovative
- State the specific technical objectives of the R&D project effort including:
 - The technical questions it will try to answer and how they will be answered
 - Any preliminary data that supports the choice of methodology and the feasibility of the project
 - Information about related or prior R&D that supports the proposed activities
 - Appropriate references from literature, other published documents, and results from tests, experiments and exercises
- Explain if your technology depends on other IP assets, whether owned or licensed to be successful and sustainable

b. Project scope of work

The scope of work should clearly articulate the necessary tasks to meet major project objectives and move the project technology towards commercialization. Experience has shown this requires advancement on three primary scales: technical readiness, market readiness, and business readiness. Thus in addition to technical development tasks and deliverables, a strong scope of work will include tasks and deliverables to validate market acceptance of the proposed technology, product, or service at key milestones, and to develop organizational capabilities and partnerships necessary for successful commercialization. For each task and milestone, this should include

- What work will be done
- Where the work will be done
- How the will be done (and who will carry it out)
- How success at each key milestone will be evaluated and determined

To this end, it will be helpful to include a chart that clearly delineates each major task, when it is to be accomplished, metrics of success, and who is responsible.

The scope of work should also discuss tasks in detail to enable a complete scientific, technical and project management evaluation. Specific issues that should be directly addressed in this section include:

- Measurable outcomes from the scope of work that support continued commitment to commercialization and growth

- Identification of major risks and risk mitigation strategies to project commercialization, including:
 - Ability to obtain funding to complete technology development
 - Ability to deliver on time within budget
- Confirmation of access to or ownership of needed equipment and facilities to carry out the work
- Identification of standards, specifications (including engineering and testing), tests and certifications that are important to commercialization
- Alternative plans in case of failure to meet the technical objectives stated in the proposed project.

Note: The description of tasks and schedule for the project should correlate to the project budget outlined in Form B, which includes a breakdown of work and expenditures in 6 month periods or natural breakpoints.

c. Economic impact

Describe how the proposed project will impact the Maine economy. Examples of economic impact: include:

- New jobs or preservation of existing jobs in Maine, or new workforce skills development
- New products, process and/or services introduced to the market
- New invention disclosures, intellectual property protection (patents, copyrights, trademarks, plant rights, etc.), licenses
- Whether it will result in additional capital investment within Maine.

This section will be augmented by the economic impact assessment form described in a later section. This form also allows up to 1 page to highlight the key assumptions used when determining economic impact and sales/revenue projections for the company.

SPECIAL NOTE - TECHNOLOGY TRANSFER APPLICANTS ONLY:

MTI's experience has shown that projects are most successful when there is a high degree of interaction between the academic or research institution and the candidate and/or target company team members. This joint activity should be clearly outlined in the description of the project. Describe the expected interaction to move the technology from the academic or research institution to the industry partners or company. Examples include reports, meetings, email exchanges, and company participation in the project.

BUDGET SUMMARY AND REQUIRED FORMS

Forms B&D: The project budget form (Forms B & D – an Excel document with multiple worksheets) includes a spreadsheet for the total project budget as well as spreadsheets to give project details for each milestone period. Form B provides MTI with the costs for each period. All costs charged against MTI funding must be directly related to the project. Forms B and D should also correlate to the project work plan periods and deliverables outlined in the project description.

Using the Excel document Form B (provided at www.mainetechnology.org/fund/development-loan), please indicate the following:

- Line-item expenses for the proposed project by expected milestone-related time period
- Number of hours and hourly rate for all employees and non-employees
- Total funds requested from MTI
- Total matching funds committed

Please note the following constraints on activities eligible for funding:

- Marketing or sales critical to project commercialization must not exceed **15%** of the MTI funding or project total
- Indirect/Overhead costs must not exceed **20%** of the MTI funding or project total. This includes ongoing expenses of operating a business.
- MTI funds **cannot be used to recoup sunk costs incurred prior to the submission deadline** and these costs may not be recovered or used as match for the MTI project. All properly documented expenses, funded by MTI or match, may be **claimed back to the application deadline date.**

Budget Justification & Supporting Documents (≤4 pages)

Documents explaining the details of information provided in Form B. Examples of budget supporting documents may include: lists of items to be purchased, purchase order agreements for materials to be used within the project, and scope of work agreements with consultants for work to be performed on the project.

WAGE / SALARY RATE GUIDELINES:

Payment of project personnel salaries/wages (including that for company principals) is a legitimate use of MTI funds. All salaries/wages, whether cash or in-kind match or paid with MTI funds, **must be the actual pay rate (based on historical paystubs), or must NOT exceed MTI limits** based on reasonable rates for the current market within Maine. MTI will verify payments and rates for personnel and consultants before issuing funds.

Note: This section and other supporting budget documents of the application will be evaluated and considered as an important component of the funding decision.

LETTERS OF COMMITMENT FOR MATCHING FUNDS:

Applicants are required to provide matching funds in the form of direct cash or in-kind support. On separate paper, please provide letters of commitment for all matching funds contributed toward the completion of the proposed project. Letters must account for all items indicated as Cash Match and In-

Kind Match on Form B, including match committed by the applicant's company. A sample commitment letter is provided in attachment 5 of this application.

Please remember that a minimum 1:1 matching contribution is required for the project to qualify for an MTI loan. Actual contracted match commitment will be based on submitted Budget Forms B and D, and the quality and amount of the match will be considered as part of the funding decision. The match must be independently verifiable and used exclusively for the proposed project.

Form C, Intellectual Property plans and proprietary positions of applicant: The IP created or required by a project is a key component to considering the technological and business potential of a technology.

Using Form C (provided at www.mainetechnology.org/fund/development-loan) describe all relevant background intellectual property (e.g., patents; include an abstract and number, copyrights, trademarks, trade secrets, licenses or any other intellectual property) owned or needed by the company, university or non-profit research institution which use is material to the applicant's ability to conduct the proposed project.

Note: Applicants requesting funds to pursue intellectual property protection, such as patent protection, must include supporting documentation from the patent attorney or agency conducting the intellectual property investigation. Agencies and/or law firms typically provide clients a Limited Assessment or Prior Art Search Report.

Form E, Repayment Plan: The Development Loan repayment guidelines vary by funding category (see below for details for each category). These repayment provisions will be part of the final Development Loan contract – any loan recipient that breaches its contract with MTI will be required to repay, with interest, the loan in full.

- **Technology Transfer Category (≤2 pages):** Applicants in this category are required to suggest a repayment plan. If revenues and/or royalties result from licensing the technology, a percentage will be applied to the Development Loan until it is repaid.
- **Start-up or early stage company or project (Form E):** Businesses will have seven years from commercialization to repay the loan. Full repayment within three years of commercialization of the new technology equals a 0% interest loan. Businesses that have not repaid the full loan amount during the first three years from commercialization will owe the unpaid balance, which will increase one time by 30% and each year thereafter be assessed a 10% annual interest rate.
- **Established private or publically traded corporation (≤1 page):** Applicants in this category may include up to 1 page as part of their proposal to suggest a time period for deferred payment of principal and interest based on the project and standard repayment guidelines.

Form F, Economic impact and key assumptions: All successful proposals will detail the project's expected economic impact in Maine for five years following completion of the project. Some factors taken into consideration include potential for job creation, the use of Maine contractors, and retention or increased wages and relevance to Maine's innovation economy. Using Form F (provided at www.mainetechnology.org/fund/development-loan), describe the following:

- Indicate the five consecutive years from project completion.
- Detail incremental business changes resulting from successful commercialization of project
- Provide any additional information that addresses the economic impact to Maine expected to result from this project.

This section also has an option to provide up to a 1 page summary highlighting key assumptions used in Form F when determining economic impact and sales/revenue projections for the technology.

Form G, Credit authorization: Locate form at www.mainetechnology.org/fund/development-loan. MTI recognizes that the credit assessment is sensitive information. This information is **not** provided to Tech Board or peer reviewers, and the principal purpose of conducting a credit check is to determine if there are any legal obstacles that must be remedied prior to execution of a Development Loan. Companies/individuals with poor credit may still execute a Development Loan contract; special accommodations in regards to the payment of the loan, however, may be made to protect the MTI investment.

MTI will conduct credit checks only on companies and principals having an ownership interest in the company (20% or more) approved for a Development Loan. MTI fund disbursement requires satisfactory review of company and principal(s) credit history.

6. Application checklist

Please use the application checklist, included as the last page of this document, to ensure that you are including all required parts of the application and staying within page limit guidelines. MTI requests that you submit a signed copy of the checklist with your application..

REQUIREMENTS IF APPLICATION APPROVED

Sign Development Loan contract

If a project is selected for a Development Loan, the contract must be signed by the applicant within six months of loan decision by the MTI Board of Directors. If the agreement is not signed within six months, the loan will be forfeited and funding reallocated. The primary purpose of the six month grace period is to provide approved loan applicants time to secure co-investment funds (i.e., matching funds) described in the application budget. The current contract Agreement(s) are available on the MTI website.

Fulfill reporting requirements to MTI

In addition to the final project report, the company is required to submit the following, which enables MTI to track project progress and steward public funds:

- Project reports, submitted upon completion of each period of expenditures
- Annual Reports (following project completion and commercialization disclosure reports)
- Online economic impact survey, for five consecutive years after project completion
- Commercialization/other disclosure reports, to comply with Section 6 of Agreement

OTHER POTENTIAL PROCESSES FOR APPLICANTS

Appeals process

MTI has a standard appeals policy. Appeals must be filed within two weeks from the date of the written notification letter. The existing policy is available at www.mainetechnology.org/docs/appeal_policy.pdf

Follow-on Development Loan applications

It is possible that one Development Loan project may lead to a follow-on Development Loan application to conduct additional work critical to bring technology to market. Applicants that are seeking a follow-on Development Loan must demonstrate that they have achieved the expected progress and/or completed the prior project, and their previous performance on MTI funded projects will be considered. An application's primary investigators must be in good standing and have completed all Development Loan reports and projects at the time of the application unless otherwise approved by MTI.

Resubmissions of previously unfunded applications

All resubmissions of previously declined applications to the Development Loan program require a mandatory meeting with MTI staff at least three weeks prior to the application deadline. The primary purpose of the meeting is to understand how and if the resubmission will address prior weaknesses. ***Resubmissions are also able to provide up to two pages of responses to the specific feedback from the previous submission***, as the original application's peer reviews and feedback will accompany the new application during the evaluation process.

ATTACHMENT 1: Commercialization Stages, Definitions & Examples

STAGE	DEFINITIONS & EXAMPLES
PROOF OF CONCEPT	Reduce to practice; test the most basic operating parameters; product design formulation; < full-scale model, inexpensive, not optimal; thorough sketches; establish performance criteria; estimate selling and manufacturing price; demonstrate for focus groups
PROTOTYPE DEVELOPMENT	1st production-like construction; generate information for final product/service design; mock-up, model, working version, one-of-a-kind, often handmade; modified sketches converted to working model; working model with key components; demonstrate key technologies; convert to generic version; hardware and software investments
ALPHA TEST	In-house function test to assess operation, performance, production requirements, stress resistance, manufacturing requirements, design specifications; pilot runs; tests of the concept and design engineering; tests with a specific customer; design with a few customers or focus group
PRODUCT DEVELOPMENT	Design and testing of full-scale completely operational models, considering manufacturing, tooling, durability, design specifications from marketing and engineering perspectives; product refinements and modifications; work needed to support a few customers' use; salaries of service team; support and installation costs; work performed for limited customers at little or no cost to them
BETA TEST	Test of full-scale product or process, made in a limited production run as close as possible to final production procedures; product or service test by potential customers; initial customer evaluation; prototype test under working conditions; build version 1; field test; field trial; convert specific product to a generic product for a wider market; addition of features and functions; facilities and equipment time
DESIGN FOR MANUFACTURING	"Blueprints" or sketches of the final design of product/service; final assembly and testing procedures; final bill of materials; pre-marketing campaigns; identify potential customers; establish marketing and distribution programs; identify and select suppliers; "scaling-up" work; installation and testing of new components; final testing prior to shipment and pilot commercial production.
SCALE-UP OF MANUFACTURING WITH LIMITED PRODUCTION	Scale up for manufacturing and limited production plans will only be considered if there are significant research and development components of the project involved.
ACADEMIC OR RESEARCH INSTITUTION TECHNOLOGY TRANSFER R&D	Technology Transfer projects by these Maine institutions may include all or some of the stages listed above. Successful transfer of technology out of institutions may result in subsequent Development Loan applications from the commercial transferee to complete the final stages of commercialization.

ATTACHMENT 2: Forms B & D Example Budget

Period Snapshot (Form B)

Project ID#: <u>DL3400</u>				Company Name: <u>Sample Company</u>			
Date Submitted: <u>October 31, 2012</u>				Project Description: <u>Sample Project</u>			
Principal Contact: <u>John Smith</u>				Phone/Email: _____			

Period 1				Budgeted Expenses				Actual Expenses (reporting only)			
Start Date: <u>Nov 1, 2012</u>		End Date: <u>May 31, 2012</u>		Total	MTI Funds	Other Match	Cash Match	Total	MTI Funds	Other Match	Cash Match
INTERNAL PROJECT PERSONNEL - <small>When reporting, please include time logs.</small>	Hours	Hourly Rate	Fringe Rate								
John Smith/Principal Investigator	880	\$50	\$0	\$44,000	\$16,000	\$17,500	\$10,500	\$0			
Al Sampson/Technical Supervisor	525	\$40	\$0	\$21,000	\$9,000	\$10,500	\$1,500	\$0			
Name/Title:	0	\$0	\$0	\$0			\$0	\$0			
Name/Title:	0	\$0	\$0	\$0			\$0	\$0			
Personnel Subtotal	1405	Avg \$46		\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
EXTERNAL CONTRACTORS & HIRED SERVICES - <small>When reporting, please include paid</small>	Hours	Hourly Rate	Fringe Rate								
David Cody/Lab Techniques, Inc.	60	\$100	\$0	\$6,000	\$2,500	\$0	\$3,500	\$0			
Dan Lewis/Patenting, Inc.	100	\$150	\$0	\$15,000	\$5,000	\$0	\$10,000	\$0			
Contractual Services Subtotal	160	Avg \$131		\$21,000	\$7,500	\$0	\$13,500	\$0	\$0	\$0	\$0
SALES & MARKETING - May not exceed 15% of MTI funds or total project. When reporting, must be documented with paid invoices.											
Booth Display at convention				\$3,500	\$1,000		\$2,500	\$0			
List/Describe:				\$0			\$0	\$0			
Sales and Marketing Subtotal				\$3,500	\$1,000	\$0	\$2,500	\$0	\$0	\$0	\$0
OVERHEAD/INDIRECT COSTS - May not exceed 20% of MTI funds or total project. When reporting, must be documented with paid invoices.											
Rent, Admin Staff, Electric				\$12,000	\$3,000		\$9,000	\$0			
List/Describe:				\$0			\$0	\$0			
Overhead/Indirect Applied Subtotal				\$12,000	\$3,000	\$0	\$9,000	\$0	\$0	\$0	\$0
CAPITAL EQUIPMENT PURCHASES - When reporting, equipment over \$10,000 will require an approved Exhibit A.											
Server: Data Processing	Serial #:			\$20,000	\$10,000		\$10,000	\$0			
Type:	Serial #:						\$0	\$0			
Capital Equipment Subtotal				\$20,000	\$10,000	\$0	\$10,000	\$0	\$0	\$0	\$0
EQUIPMENT USE, LEASE, OR SHARING - When reporting, must be documented with paid invoices.											
Spectrometer - Testing	Serial #:			\$25,000	\$12,500		\$12,500	\$0			
Type:	Serial #:						\$0	\$0			
Equipment Use, Lease, or Sharing Subtotal				\$25,000	\$12,500	\$0	\$12,500	\$0	\$0	\$0	\$0
PROJECT SUPPLIES (List category & describe) - When reporting, must be documented with paid invoices.											
Office Supplies				\$6,500	\$1,750		\$4,750	\$0			
Project Supplies Subtotal				\$6,500	\$1,750	\$0	\$4,750	\$0	\$0	\$0	\$0
TRAVEL (List where/reason) - When reporting, please include receipts & travel log.											
Boston, MA	Convention			\$500	\$250		\$250	\$0			
Travel Subtotal				\$500	\$250	\$0	\$250	\$0	\$0	\$0	\$0
OTHER DIRECT COSTS (List & describe) - When reporting, must be documented with paid invoices.											
List/Describe:							\$0	\$0			
Other Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PERIOD 1 COSTS				\$153,500	\$61,000	\$28,000	\$64,500	\$0	\$0	\$0	\$0
				Total Match			\$92,500	Total Match			\$0

By signing this document the 'grantee' represents that all resources represented are real and would be specifically dedicated to the funded project.

GRANTEE REPRESENTATIVE: _____	MTI REPRESENTATIVE: _____
PRINTED NAME : _____	PRINTED NAME : _____
DATE: _____	DATE: _____

- If you are completing this form in Excel & you require more lines for each item, click on the plus (+) sign on the far left to expose additional lines.

- If this form is being completed as part of the MTI Development Loan Request for Applications (RFA) process, please enter budget details into the following columns: Total Budget (Column G), MTI Funds (Column I), Other Match (Column J) and Cash Match (Column K). DO NOT COMPLETE the Actual Expenses columns.

- If an MTI Development Loan has been granted and this form is being submitted as part of a milestone report, please enter actual project expenses for the current milestone period into the following columns: Total Expenses (Column M), MTI Funds (Column O), Cash Match (Column Q) and Other (Column P) accordingly.

- If you require assistance contact a member of the Development Award Team at 207-582-4790.

Note: In-kind match is identified as match where no payments are made. Typical forms of in-kind match include uncompensated personnel or equipment contributed/ utilized and assigned proven reasonable rate.

Total Project Budget (Form D)

				Budget - Source of Funds Required				Actual - Source of Expenditures			
INTERNAL PROJECT PERSONNEL		Hours	Average Rate	Total Funds	MTI Funds	Cash Match	Other Match	Total Funds	MTI Funds	Cash Match	Other Match
Period #1		1,405	\$46	\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
Period #2		1,405	\$46	\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
Period #3		1,405	\$46	\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
Period #4		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #5		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #6		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal:		4,215	\$46	\$195,000	\$75,000	\$84,000	\$36,000	\$0	\$0	\$0	\$0
EXTERNAL CONTRACTORS & HIRED SERVICES		Hours	Average Rate	Total Funds	MTI Funds	Cash Match	Other Match	Total Funds	MTI Funds	Cash Match	Other Match
Period #1		160	\$131	\$21,000	\$7,500	\$0	\$13,500	\$0	\$0	\$0	\$0
Period #2		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #3		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #4		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #5		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #6		0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal:		160	\$131	\$21,000	\$7,500	\$0	\$13,500	\$0	\$0	\$0	\$0
SALES & MARKETING: ≤ 15% of MTI funds or total project											
Subtotal:				\$3,500	\$1,000	\$0	\$2,500	\$0	\$0	\$0	\$0
OH/INDIRECT COSTS: ≤ 20% of MTI funds or total project											
Subtotal:				\$12,000	\$3,000	\$0	\$9,000	\$0	\$0	\$0	\$0
CAPITAL EQUIPMENT PURCHASES > \$500											
Subtotal:				\$20,000	\$10,000	\$0	\$10,000	\$0	\$0	\$0	\$0
EQUIPMENT USE, LEASE, OR SHARING											
Subtotal:				\$25,000	\$12,500	\$0	\$12,500	\$0	\$0	\$0	\$0
PROJECT SUPPLIES											
Subtotal:				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TRAVEL											
Subtotal:				\$6,500	\$1,750	\$0	\$4,750	\$0	\$0	\$0	\$0
OTHER DIRECT COSTS											
Subtotal:				\$500	\$250	\$0	\$250	\$0	\$0	\$0	\$0
Period #1				\$153,500	\$61,000	\$28,000	\$64,500	\$0	\$0	\$0	\$0
Period #2				\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
Period #3				\$65,000	\$25,000	\$28,000	\$12,000	\$0	\$0	\$0	\$0
Period #4				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #5				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Period #6				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals - Direct and Indirect Costs				\$283,500	\$111,000	\$84,000	\$88,500	\$0	\$0	\$0	\$0

To view period d this and following click on (*) sign left hand

Grantee represents that all resources represented are real and would be specifically dedicated to the funded project.

GRANTEE			MTI		
SIGNATURE:			SIGNATURE:		
NAME:			NAME:		
DATE:			DATE:		

ATTACHMENT 3: Example Intellectual Property Form (Form C)

Please list all Patents, Copyrights, Trademarks, Trade Secrets, or any other intellectual property which use is material to the applicant’s ability to conduct the project described in the application. **NOTE: Information here will influence various scoring area of the technical and commercialization areas.**

Form C and Appendix C

INTELLECTUAL PROPERTY RELATED TO PROJECT

Please list all Patents, Copyrights, Trademarks, Trade Secrets, or any other intellectual property which use is material to the applicants ability to conduct the project described in the application.

DL #: _____

Project Title: _____

Item Description	Reference Information: U.S. Patent numbers, International numbers etc.	Comments: Licensed Technologies, or Patents, Royalty Commitments, Expiration Dates, etc.
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

MTI Representative : _____

Date: _____

Grant Recipient: _____

Date: _____

Attached Sheets if Required Yes / No (circle one)

List copies of Background IP license agreements with party names and effective dates.

MTI Development Award Form F and Appendix C 8-31-11

ATTACHMENT 4: Sample Economic Impact Form F

FORM F: MTI Economic Impact Projection for Development Awards: Project only impacts directly attributable to the project funded by MTI.

Please indicate 5 consecutive years after project completion.

Jobs Created or Retained:	Year 1:			Year 2:			Year 3:					
	Number of New Jobs	Number of Jobs Retained	Average Salary	Total Dollar Impact	Number of New Jobs	Number of Jobs Retained	Average Salary	Total Dollar Impact	Number of New Jobs	Number of Jobs Retained	Average Salary	Total Dollar Impact
Scientific / Technical / Engineering Admin		2	45,000	90,000	1	2	45,000	135,000	3	45,000	135,000	
Scientific / Technical / Engineering Support		1	70,000	70,000	1	1	70,000	140,000	2	70,000	280,000	
General Management		1	90,000	90,000	1	1	90,000	90,000	1	90,000	90,000	
Marketing				-				-	1	50,000	50,000	
Sales				-				-	2	50,000	100,000	
Manufacturing				-				-			-	
Manufacturing Support				-				-			-	
Administrative		1	30,000	30,000	1	1	30,000	60,000	2	60,000	120,000	
Clerical				-				-			-	
Indirect				-				-			-	
Other (detail)		1	90,000	90,000	1	1	90,000	90,000	1	90,000	90,000	
	-	6		370,000	3	6		515,000	5	9		865,000

Financial Changes

Type of Change in Financial Status	Year 1:			Year 2:			Year 3:		
	Amount in Dollars	Source of Funds	Date	Amount in Dollars	Source of Funds	Date	Amount in Dollars	Source of Funds	Date
Sales Revenue	100	Sales Revenue		200	Sales Revenue		500	Sales Revenue	
Decreased Costs									
Capital Raised or Invested									
Grant Funds	63			19			500		
Venture Funds									
Angel Funds									
Debt									
Public Offering (stock sale)									
Other (detail)	163			219			1,500		

Maine Corporate Income Taxes Paid

Fill in the dollar amount of taxes paid to ME	Year 1:	Year 2:	Year 3:
	2015	2016	2017
	44,000	62,000	104,000

Patents Produced

Fill in the number of new patents produced each year	Year 1:	Year 2:	Year 3:
	1	1	1

REQUIRED: Provide a separate ≤ 1 page overview of key assumptions.

ATTACHMENT 5: Commitment Letter Template

You may use a copy of this letter by replacing all italicized words with information pertaining to your application.

(insert date here)

Maine Technology Institute
8 Venture Avenue
Brunswick Landing
Brunswick, ME 04011

Dear MTI President,

This letter represents a commitment by *(insert company name here)* to provide \$ *(insert total cash + in-kind amount)* in matching support for a Development Loan project entitled “_____”. The support is provided from *(insert project start date)* to *(insert project end date here)*.

Of this support, \$_____ is committed as direct cash by *(insert cash contributors name)* to carry out its work on this project.

We are providing other in-kind support valued at \$_____, which includes salary cost of in-house personnel, use of company equipment, materials, and other services devoted to the project.

For the purpose of determining minimum cash match required, our company was founded in *(year)* and has *(_____)* full-time equivalent employees. *(Insert name and title of company representative)* will serve as the company’s contact person.

THE FOLLOWING LANGUAGE IS ONLY APPLICABLE FOR THE APPLICANT LETTER:

Our company has reviewed a copy of the Development Loan Agreement, is aware of its terms and conditions, and understands the agreement must be signed within six (6) months following the loan notification date.

Sincerely,

(please sign)

(insert name of company officer)

(insert title of company officer)

A Concept Review Meeting with MTI is required prior to submitting a Development Loan application. Please reference the following page for length requirements and a summary of the contents of each of the following sections.

Introduction

___ Form A: Cover sheet. Generated with online registration **1 page**

___ Non-confidential summary **300-Words**

___ History of previous MTI grants or loans **2 pages**

Part I. Business Plan - up to 16 pages maximum, plus 8 pages of appendices/supporting material (25 total) – Suggested page breakdown by section, below

___ Executive Summary **½-1 page**

___ Company Overview **½-1 page**

___ Products and/or Services **3 pages**

___ Market and Marketing Strategy **3 pages**

___ Commercialization **2 pages**

___ Operational/ Product Plan **2 pages**

___ Management and Organization **2 pages**

___ Financial Statements and Projections **3 pages** (not required for Tech Transfer projects)

Appendices - **8 pages max.**

___ Appendices

Part II. Technology Plan – up to 13 pages maximum (plus 1)

___ The Technology (Scientific and technical insight, detail and approach to R&D) **9 pages**

___ **Project Scope of Work and Desired Outcomes 3 pages**

___ Economic Impact **1 page** (plus, **1 page** of additional page for key economic assumptions)

Forms and Supporting Documents

- ___ Forms B&D: Project Budget
- ___ Budget Justification & Supporting Documents (**up to 4 pages**)
- ___ Letters of Commitment
- ___ Form C: Intellectual Property
- ___ Form E: Repayment Plan
- ___ Form G: Credit Check Authorization (not required for Tech Transfer projects)
- ___ Tech Transfer Only: Letter of acknowledgment from institution to confirm financial resources
- ___ Resubmissions Only: Applicant response to feedback from previous submission
- ___ Signed Application Checklist (this document)

Applicant Signature

Date of Signature

SIGNATURE: By signing below, the applicant requests MTI treats all application information as confidential under 5 MRSa Section 15302-A other than “Form A, Section I” and the “Non-confidential Summary.”(See page 5.) The applicant certifies the application has been checked for completeness. Failure to provide all required information will result in the application not being considered.