



## Maine Technology Asset Fund 2.0

### Lightning Rounds September 2017-December 2017 Program Guidelines

#### Background –

The funds provided under this Maine Technology Asset Fund 2.0 (MTAF 2.0) program are general fund bond dollars provided through a public law approved by the Maine Legislature and signed by Governor LePage in 2016, and subsequently approved by Maine’s voters in June 2017:

**Law enacted (April 2016)** “An Act to Authorize a General Fund Bond Issue to Stimulate Investment in Innovation by Maine Businesses to Produce Nationally and Globally Competitive Products and Services” LD 1053, Public Law Chapter 479.

**MTI’s portion of Question 1: Bond Issue (June 2017):** “\$45,000,000 in funds for investment in research, development and commercialization in the State to be used for infrastructure, equipment and technology upgrades that enable organizations to gain and hold market share, to increase revenues and to expand employment or preserve jobs for Maine people, to be awarded through a competitive process to Maine-based public and private entities, leveraging other funds in a one-to-one ratio”

**Intent and Content Prepared by the Office of the Secretary of State in the “Maine Citizen’s Guide to the Special Referendum Election, June 13, 2017”:** “Forty-five million dollars (\$45,000,000) would be distributed by the Maine Technology Institute in the form of grants to support infrastructure, equipment and technology upgrades in the following targeted technology sectors: biotechnology, aquaculture and marine technology, composite materials technology, environmental technology, advanced technologies for forestry and agriculture, information technology, and precision manufacturing technology. Funds would be awarded to public and private entities in Maine through a competitive process, and recipients would be required to match these State dollars with an equivalent amount of federal or private funds.”

#### You asked, we listened –

MTI shared potential program design with a variety of stakeholders and potential applicants, soliciting feedback on the program’s design, within the required program parameters. In response, the Lightning Rounds feature:

- ✓ Significant outreach to multiple market segments of potential applicants
- ✓ A low-barrier 10-slide “pitch deck” to “pre-qualify” applicants and to determine appropriate level of due diligence
- ✓ Scaling due-diligence to appropriate funding request level and economic output of request
- ✓ Multiple opportunities to be considered

- ✓ Rolling submissions, reviewed each month through December 2017
- ✓ As little prescriptive design, as possible
- ✓ Technical assistance through all stages of engagement
- ✓ Support for economic modeling to prove out economic output assertions
- ✓ Challenge grants – no match required up front
- ✓ Allow cost share to be used for non-capital expenses

## **Dollars and Sense**

MTI anticipates disbursing approximately **\$20-25 million** in challenge grants during these Fall 2017 Lightning Rounds, but reserves the right to award more or less, depending on the quality and quantity of requests. MTI also recognizes that this is a new process and program and reserves the rights to amend the process and timeline if necessary. MTI will notify all applicants should there be a change.

While there is not an upper or lower limit on the dollar amount of an individual project, MTI expects that any request of over \$5 million will have very high and demonstrable economic outputs and will be subject to intensive due diligence in the decision-making process.

## **Program Outputs (awards should enable recipient to do one OR more)**

- Gain and hold market share
- Increase Revenues (preference for revenue sources outside Maine)
- Expand employment
- Preserve jobs

## **Program Parameters (established by governing language of bond or MTI Board of Directors)**

- ✓ Recipient must be a Maine organization or establish a core footprint in Maine at the time of investment<sup>1</sup>
- ✓ Recipient must provide a minimum of 1:1 cost sharing for the project (from private or Federal funds)<sup>2</sup>
- ✓ Funds must be used for infrastructure – capital construction, improvements, or equipment costs<sup>3</sup>
- ✓ Project or recipient must be associated with research, development and commercialization innovation continuum

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<sup>1</sup> “core footprint” is a facility located in the State of Maine where the Award Recipient maintains physical operations managed by a senior representative authorized to make decisions and obligate the Award recipient and its resources. The facility must be owned by the Award recipient or subject to a lease which matches or exceeds the term of the award period.

<sup>2</sup>Cost sharing not required at the time of application, all awards will be made as Challenge Grants

<sup>3</sup>For the purposes of this program, “capital” assets have a useful life of at least one year.

- ✓ Project or recipient must be within or at intersection of one or more of Maine's seven technology sectors

## Decision-Making Principles

Projects that meet the program parameters and have potential for the strongest demonstrable program outputs will be selected for challenge grant awards. MTI will look at the “bang for the buck” – or amount requested balanced against the projected economic outputs.

Beyond the required outputs criteria, MTI will use a portfolio approach to decision-making, balancing various factors in its award decisions.

- ✓ Geography
- ✓ business attraction with business retention
- ✓ far-to-market with near-to-market economic outputs
- ✓ big bets with sure bets
- ✓ company maturity level

## How to apply

- 1. Register for MTI's on-line portal [here](#). Portal will open October 2, 2017.**
  - Gives MTI your basic info and allows you to specify who should and shouldn't review your materials due to potential conflicts of interest
- 2. Submit a 10-slide deck to MTI through the on-line portal**
  - Deck should include:
    - Why you meet all program parameters
    - What you will do with the award and cost-sharing
    - How will it lead to one or more of the four required economic outputs
    - What's the timeline for the project and projected economic outputs
    - What's the estimated cost of the effort and how much will you ask from MTAF 2.0
    - Who's on your team
    - Why is MTAF 2.0 the right source of capital

## What Happens Next?

MTI will review your slide-deck and get back to you with one of three responses:

- A. You are not eligible to apply for this opportunity (with reasons);
- B. You will be considered during the Lightning Rounds and need to provide us with additional information (with reasons, details and deadlines); OR
- C. You are deferred to the next month's cohort of requests or the Spring 2018 Round (you will be provided with details).

## What Do I Do Then?

- If A. ineligible, address reasons (if possible) and resubmit a new deck at later Lightning Round, or wait and submit materials for Spring 2018 Round
- If B. MTI staff will provide you with details around additional materials, a deadline for when they will be due (likely 2 to 3 weeks from notification date), and invitation to interview (if needed)
- If C. MTI staff will provide you with feedback and application submission materials requirements at time of deferment notification

## “I want to be ready! Can you give me a hint?”

If you are selected for further due diligence during a Lightning Round, you should likely be prepared to provide:

- ✓ Financials - the most recently completed year’s financials, including income statement (P&L) and balance sheet; current year-to-date financials; cash flow statements; and projected annual financials for the period of the proposed project and economic outputs
- ✓ Inputs or data leading to projections of economic outputs
- ✓ Project budget by line item
- ✓ Detailed Scope of Work
- ✓ Details of the organization and project team

MTI will also ask you some statistics about your organization (which will be kept confidential) including number of employees, revenues and industry by NAICS code. We may ask for deidentified or aggregate compensation levels as well to fully understand economic impact.

If the proposed project is a highly complex or technical one, you should also likely be prepared to provide technical details and/or data backing up milestones of the scope of work.

While cost-share does not have to be identified at time of application, you may capture funds expended for the proposed project as cost-share from the time of application submission if the funds expended are from a private or Federal source (non-State funds).

## Lightning strikes three times

MTI will accept Lightning Round slide decks at any time beginning October 2, 2017. Requests will be considered monthly from October through December.

| <b>Dates</b> | <b>Activity</b>  |
|--------------|--|
| September 11 | Board approves program, release of Lightning Rounds Guidelines |

|                              |   |
|------------------------------|---|
| September 12-November 11     | public awareness campaign re: opportunity   |
| September                    | MTI trains partners on opportunity and providing technical assistance   |
| <b>October 2- December 8</b> | <b>MTI accepts Lightning Rounds Slide Decks on a rolling basis</b>  |
| October 2- January 8, 2018   | MTI reviews for eligibility and for appropriate level of due diligence monthly; MTI issues invitation to Lightning Round finalists to submit additional materials; materials due on a staggered basis; MTI completes further due diligence and review |
| November 13                  | First Challenge Grant recommendations considered by MTI Board of Directors  |
| November 15                  | First Challenge Grant Recipients Notified of awards or deferral   |
| December 11, Jan. 8, 2018    | Additional Challenge Grant or deferral notifications  |
| Nov. 15-July, 2018           | Award Recipients Raise Match – either execute contracts or return to Round Two pool   |
| Fall 2018                    | Evaluate Lightning Round  |

## **“I don’t want the Government to know my business”**

Good news! MTI is a public-private partnership of the State of Maine and a 501(c)(3) non-profit organization. Only basic information associated with an award is made public – you make mark any proprietary information you submit as proprietary and MTI is obligated to keep it confidential. All MTI Staff, Board of Directors, contractors and reviewers adhere to MTI’s conflict of interest and confidentiality policies.

## **Still have questions?**

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