

Summary of MTAF2.0 Awards

OVERVIEW

The Maine Technology Institute (MTI) recently announced 18 grant awards resulting from the \$45 million bond-funded Maine Technology Asset Fund 20 (MTAF2.0) program. The impacts from the investments will have a game-changing effect on the State of Maine over the next three years and beyond, creating over 5,350 jobs by 2021 and generating \$1.37 billion in economic impact. The investments in infrastructure and equipment will bolster businesses in Maine's precision manufacturing, biotechnology, information technology, marine technology, forest products, and composites and advanced materials sectors.

BACKGROUND

The Maine Technology Institute (MTI) is currently administering \$45 million in voter approved general fund bond dollars provided through a public law approved by the Maine Legislature, signed by the Governor 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."

MTI MTAF2.0 SOLICITATION OF PROPOSALS AND DILIGENCE

To try to get the Maine Technology Asset Fund 2.0 (MTAF2.0) funds quickly on the street for projects that will have particularly high impact on the four desired bond outcomes - - gain and hold market share, increase revenues, expand employment, or preserve jobs - - MTI launched a "Lightning Round" to

solicit proposals from Maine companies and organizations that will have demonstrable, direct high impacts on the desired outcomes. The Lightning Round application portal, which required applicants to submit a 10-slide pitch deck, opened on October 2, 2017 and closed on December 8, 2017. During the application period, MTI received 183 MTAF2.0 proposals seeking just under \$400 million. The proposals came from all 16 Maine counties and from outside of Maine, and from companies of all maturity levels, from startups to mature enterprises.

Decision-Making Principles

Projects that met the program parameters and had potential for the strongest demonstrable program outputs were selected for challenge grant awards. MTI looked at the “bang for the buck” – or amount requested balanced against the projected economic outputs.

Beyond the required outputs criteria, MTI used a portfolio approach to decision-making, balancing various factors in its award decisions, taking into consideration the following factors:

- Geography
- Business attraction with business retention
- Far-to-market with near-to-market economic outputs
- Big bets with sure bets
- Company maturity level

Projects approved went through extensive due diligence, with primary focus on the stated desired economic outputs of growth or retention of market share, increased revenues, expanded employment and retained jobs, and the feasibility of the proposed projects to achieve their projected outputs. Requests were ranked against standard criteria and then against each other in terms of meeting the guiding principles established for the program.

ECONOMIC IMPACT OF AWARDS

Ultimately, MTI made 18 MTAF2.0 investments totaling \$46,063,836. MTI used \$1,063,836 of its core funding to augment the \$45 million in available bond funding.

According to an independent economic analysis, these projects will generate more than 5,350 jobs and will result in a collective \$1.37 billion in economic output for the State of Maine. They will provide extraordinary economic benefits to Maine and its citizens in regions from North Berwick to Bangor, from Western Maine to Downeast.

SUMMARY OF AWARDS

C & L Aerospace Holdings, LLC
Bangor
Contact: Pat Lemieux (207) 217 6147

Award Amount \$2,634,500
Total Project Cost: \$5,669,000

C&L Aviation Group plans to increase its technical capabilities, including product development that will lead to additional on-site manufacturing and aircraft modifications. The resulting products and capabilities will spur additional growth in the aviation market for C&L, while also generating many additional jobs at the Bangor headquarters. Specifically, the funds from this

grant will be allocated to expand the current facility with the purchase of necessary equipment to support the increased engineering and production efforts. Company revenue is expected to grow 50% over the next three years.

Good To-Go LLC

Kittery

Contact: Jennifer Scism (207) 451-9060

Award Amount: \$150,000

Total Project Cost: \$300,000

Good To-Go has been creating and manufacturing gourmet dehydrated meals in Maine since 2014. Over the last year, they've realized their major bottle-neck was their inability to package their product efficiently. They could cook enough meals, but just couldn't get them in the bags fast enough. They are now solving that problem by building on to their facility a USDA compliant packaging room which will house a semi-automated filler/bagging machine. This will increase Good To-Go's packaging capacity by 300% enabling them to meet consumer demand while increasing sales. Four years ago, it was just the two founders, Jen and David, today they have 15 staff and growing.

Hyperlite Mountain Gear

Biddeford

Contact: Dan St. Pierre (800) 464-9208

Award Amount: \$177,670

Total Project Cost: \$355,341

Hyperlite Mountain Gear, based in Biddeford, is a manufacturer of 100% USA-made ultralight outdoor equipment. Using high-tech material technologies and designs, they are allowing a wide range of hardcore outdoor adventurers to weekend outdoor enthusiasts increase their performance, efficiency and enjoyment in the outdoors. The company's MTAF 2.0 award is for a production automation and efficiency project that will help further commercialize manufacturability and market competitiveness of their high-tech, high-quality, high-performance gear line

Jackson Laboratory

Bar Harbor

Contact: Sarah Laskowski at 860-837-2102

Award Amount: \$12,500,000

Total Project Cost: \$60,000,000

The Jackson Laboratory (JAX) is constructing a state-of-the-art research mouse production facility in Ellsworth, Maine. The facility will include innovative, automated systems for handling production materials. These systems will significantly increase production safety and efficiency and enhance product quality and consequently will advance the Laboratory's position as the global leader in research mouse production. JAX has committed \$75 million to phase 1 of the 3-phase project and will match the \$12.5 million grant from MTAF with an additional \$47.5 million, to complete the project's second phase.

Vets First Choice

Portland

Contact: Andrew Wilson (917) 607-6601

Award Amount: \$9,000,000

Total Project Cost: \$20,000,000

Vets First Choice plans to build a new corporate facility on the peninsula in Portland, Maine. This multi-million-dollar project will include an automated fulfillment center, state-of-the-art specialty pharmacy, and a world-class science, technology, engineering and math center. This

major expansion will create hundreds of high-quality jobs in Maine. Vets First Choice has formed a strategic collaboration with the University of New England College of Pharmacy for residency, training and development programs. Vets First Choice is a leading provider of technology-enabled healthcare services for companion and equine veterinary practitioners. Founded in 2010, the company partners with veterinarians to create insight into gaps in patient care and offers professionalized pro-active prescription management to drive client engagement and improve compliance.

Arcast

Oxford

Contact: Sasha Long (207) 539-9638

Award Amount: \$187,500

Total Project Cost: \$500,000

Arcast Inc., based in Oxford ME, is a relatively young company, but one that has made its mark in the field of metallurgical processing. The company has built an international portfolio of customers for its process equipment, which includes arc-melting systems and inert-gas-atomizers for the production of high purity metal powders. Arcast is now expanding operations into powder production, employing its own technological developments. The MTI-MTAF-2.0 funding will greatly accelerate that ambition at the cutting edge of manufacturing technology, such as additive layer manufacturing (3D printing).

Ready Seafood Company

Saco

Contact: Curtis Brown (207) 653-7354

Award Amount: \$2,250,000

Total Project Cost: \$6,000,000

Ready Seafood has recently purchased a 40-acre property to develop a Maine Lobster Full Utilization Campus. The goal of this project is to maximize the value of Maine's lobster resource by collaborating with Maine's top lobster scientists to develop holding methods to ensure that more of Maine's lobster harvest can be shipped and processed to meet the demands of growing markets. This new facility will create 40 new full-time positions and generate tens of millions of dollars in additional revenue. The campus will include an innovative lobster holding mechanism, a new lobster processing plant, a research lab, a lobster shell dehydration plant and a logistics hub. Ready Seafood is committed to the future of Maine's lobster industry and supports collaborative research projects focusing on improving lobster quality, value and sustainability.

SaviLinx

Brunswick

Contact: Alison Harris (207) 831-2427

Award Amount: \$95,000

Total Project Cost: \$245,239

SaviLinx was founded on Brunswick Landing by Maine native Heather Blease in 2013 as a HUBZone Certified, Woman Owned Small Business providing business process outsourcing contact services to the public and private sectors. The company's operational success led to its rank as the 28th fastest growing company in the US by Inc. Magazine with over 400 employees in less than five years. The MTAF 2.0 Grant enables SaviLinx to create an innovative system called the SaviLinx Enterprise Information Management System ("SEIMS") that will enable the delivery of enhanced professional services providing strategic information and analytics to their clients.

Sea Bags

Portland

Contact: Kristan Vermeulen (207) 780-0744 Ext. 218

Award Amount: \$1,000,000

Total Project Cost: \$4,000,000

Sea Bags has been handcrafting totes and accessories from recycled sails on Custom House Wharf in Portland since 1999. The company's MTAF 2.0 award will be used to develop new precision manufacturing capabilities to build capacity and accelerate growth in customized products, which are already the top seller and competitive differentiator at the company. Sea Bags plans to commercialize "mass customization" of one-of-a-kind products, by developing systems to track each used sail from its origin, and to design, manufacture, and ultimately ship to the purchaser, a final product that meets their unique design specifications through flexible, digitally controlled manufacturing processes that integrate on-line design capabilities with Sea Bags' unique raw material supply chain.

SmartLam

Site to be Determined

Contact: Kari Green (406) 892-2241

MaineCLT@smartlam.com

Award Amount \$3,000,000

Total Project Cost: \$22,500,000

Founded in 2012, SmartLam is the first manufacturer of Cross-Laminated Timber (CLT) in the United States. CLT is an engineered wood building material and sustainable alternative to traditional building materials like steel, concrete and masonry. As the demand for CLT continues to grow, SmartLam has decided to expand their operations with a new manufacturing facility in Maine. This expansion will allow the Montana-based company to fuel the adoption of the material on the East Coast while creating employment opportunities for Maine's ambitious workforce. Site selection for the facility is in process and will be completed within the next 2 months.

Verso Corporation

Jay

Contact: Kathi Rowzie 937-528-3700

kathi.rowzie@versoco.com

Award Amount: \$4,000,000

Total Project Cost: \$17,000,000

The Verso Androscoggin Mill currently manufactures specialty and graphic papers for converters, commercial printers, paper merchants and brokers, publishers and other end users. The project supported by this MTI grant will include capital upgrades to the shuttered pulp line and No. 3 Paper Machine at the mill, allowing this equipment to restart for the manufacture of packaging grades. This increased production will create approximately 120 full-time jobs at the Androscoggin Mill and additional jobs throughout the Maine forest products supply chain. The completed project will improve the economics of the Androscoggin Mill and help Verso continue to diversify its product mix into growing market segments. The estimated total capital cost of the project is approximately \$17 million. For more information on Verso Corporation, visit versoco.com.

Bristol Seafood
Portland
Contact: Peter Handy (207) 200-2555

Award Amount: \$743,698.50
Total Project Cost: \$4,859,243.00

Since its founding in 1992 on the waterfront in Portland, Bristol built a nationwide following for its steadfast adherence to its uncompromising Maine standards. Bristol is committed to sustainable business practices. It is the first to earn a Fair Trade certification for seafood harvested in US waters and its plant meets MSC guidelines. This grant along with capital committed by the company will support continued growth through better product quality, innovative packaging capabilities, and new verticals. As a result of these investments, the company expects to create over 40 new jobs over the next five years.

DeepWater Buoyancy, Inc.
Biddeford
Contact: David Capotosto (207) 468 8545

Award Amount: \$187,500
Total Project Cost: \$500,000

DeepWater Buoyancy, Inc. is the world's largest producer of subsea buoyancy products for the oceanographic industry and has a vast line of buoyancy solutions for offshore oil & gas and other marine companies. DeepWater Buoyancy is seeing opportunities for new products in existing markets and demand for their products in new markets. As such, a substantial capital investment program is beginning to upgrade facilities, add equipment, and introduce new processes. Improvements will also ensure retention of current share of existing markets. The result should be a significant increase in revenues and the addition of numerous technical, professional and production jobs.

Hussey Seating
North Berwick
Contact: Chris Robinson (207) 676-2271

Award Amount: \$2,812,500
Total Project Cost: \$8,200,000

Hussey Seating Company is embarking on a comprehensive innovation project aimed at modernizing equipment, facilities and processes to ensure the company's continued capability to compete successfully on the global stage while remaining a Maine-based manufacturer. A 6th generation family-owned business founded in 1835, Hussey has operated continuously in North Berwick Maine for over 182 years, where it currently employs 280 people. This multi-phased innovation project will have an immediate impact on preservation of market share and job retention, and is ultimately expected to have a significant positive impact on revenue and full-time employment.

J S McCarthy
Augusta
Contact: Jonathan Tardiff (207) 248-4527

Award Amount: \$1,500,000
Total Project Cost: \$5,600,000

J.S. McCarthy Printers, headquartered in Augusta, ME, was awarded \$1.5 Million from the MTI 2.0 Program to assist in the purchase of a Heidelberg printing press as part of a \$6 million investment. J.S McCarthy and Heidelberg collaborated to develop innovative proprietary technology which will be 50% more productive than the Company's current equipment. The purchase will allow J.S. McCarthy to increase overall capacity to substantially grow sales,

creating new jobs in Maine. For over 60 years, J.S. McCarthy has grown to be one of the largest sheetfed printing operations on the east coast with 230 full-time employees operating 24/7.

On Semiconductor

South Portland

Contact: Joshua Madore (207) 775-8100

Award Amount: \$1,000,000

Total Project Cost: \$23,200,000

ON Semiconductor plans to invest \$23.2M of capital for equipment and facilities infrastructure to enable the introduction and volume manufacturing of two new technologies at the South Portland Maine Wafer fab. The introduction of the new technologies will advance factory capability, improve factory utilization and create more than 25 jobs. The \$1 million MTA grant will be used to support capital costs.

Pleasant River Lumber Company

Dover Foxcroft

Contact: Jason Brochu (207) 564-8520

Award Amount \$4,226,000

Total Project Cost: \$12,000,000

Pleasant River Lumber is a Maine business with facilities in Dover-Foxcroft, Jackman, Sanford, Hancock and Clinton. They have grown since 2004 to employ over 300 people throughout the State. They will be expanding and modernizing their Dover-Foxcroft facility with the addition of a new planer mill, continuous dry kiln, and high speed small log sawing line. By utilizing the latest technology, they will be able to efficiently process small logs and balsam fir, both of which currently lack sufficient markets in Maine. This will help meet the needs of Maine landowners and also provide by-products for the recovering paper mill industry and lumber for the growing Cross Laminated Timber markets.

Tilson

Portland

Contact: Liza Quinn equinn@tilsontech.com

Award Amount: \$602,737.50

Total Project Cost: \$1,607,300

Tilson is on a mission to build America's information infrastructure. Tilson is a high-growth, 400 employee technology professionals headquartered in Portland, Maine. Tilson has been recognized on the Inc. 5000 list of fastest growing private companies in the U.S. for seven years. Tilson takes on network deployment and information technology projects nationwide. Tilson's project invests in mission critical assets to equip its Portland engineering center of excellence to increase its global competitiveness, reduce cost and add engineering jobs in Maine, by building systems to automate broadband network engineering, ultimately capturing additional market in network design-build projects across the country.