

# MTI Presentation to the Joint Standing Committee on Appropriations & Financial Affairs

January 2021



## MTI Overview

The Maine Technology Institute is Maine's industry-led, publicly funded, nonprofit corporation. MTI offers early-stage capital and commercialization assistance in the form of grants, loans, and equity investments, as well as entrepreneurial guidance and mentorship, to achieve its core mission.

Created by the Legislature and Governor in 1999, MTI has now disbursed \$280 million in nearly 2,950 distinct projects across the State of Maine, and that funding has leveraged well-over \$1 billion in matching investment.

## Shared Goals

We support individuals, organizations & businesses who share our goals:

- Creation or retention of quality jobs statewide;
- Growth and acceleration of revenues;
- Attraction and leveraging of additional capital or other investments.

# MTI Organizational Structure

- A Board of Directors consisting of fifteen members (thirteen voting members and two non-voting members) governs MTI.
- The Governor appoints ten directors, eight representing the targeted technologies and two of whom have demonstrated finance, lending or venture capital experience.
- The Commissioner of the Maine Department of Economic and Community Development, the Chancellor of the University of Maine System, the President of the Maine Community College System, and the Director of the Office of Innovation Policy & the Future, or their designees, are ex-officio members. The MTI President is a non-voting director.
- Seven subsidiary boards, each representing a targeted technology sector support the MTI Board. Approximately 120 subject matter experts comprise the membership of these Tech Boards.
- The MTI President is employed by the Maine Department of Economic and Community Development.

## FY20 Funding Overview

Despite the challenges of the past year, it was another successful year of investing for MTI, **as investment and private sector match increased from FY19**. Following our strategic process, we were able to invest funds where and when they would have the most impact, helping diversify our state's economy and drive job growth and retention.

**\$9.6M**

deployed

**140**

distinct  
projects

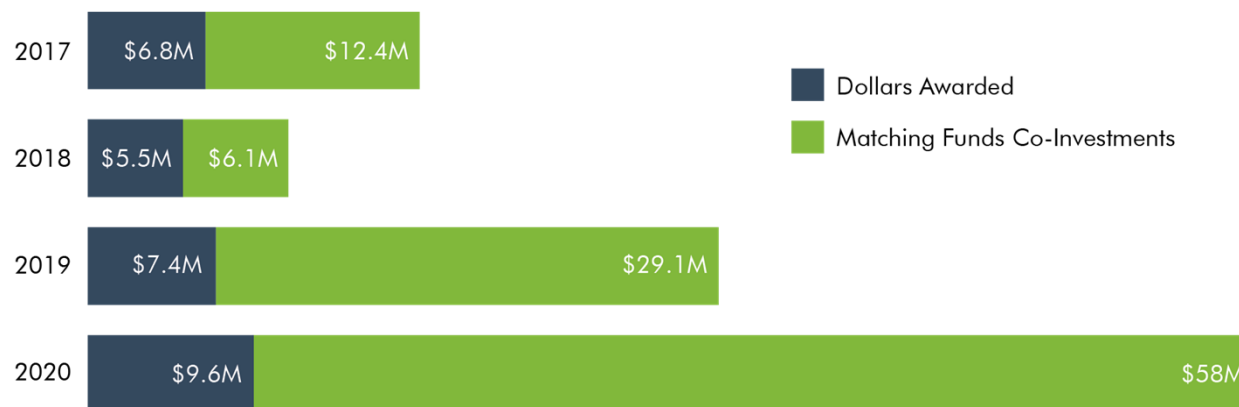
**\$58M**

private  
sector match

# Leveraging Private Matching Funds

For the fourth straight year, MTI increased the amount of private sector matching funds. In FY20, our investments attracted \$6 in private investment for every \$1 in public funding spent.

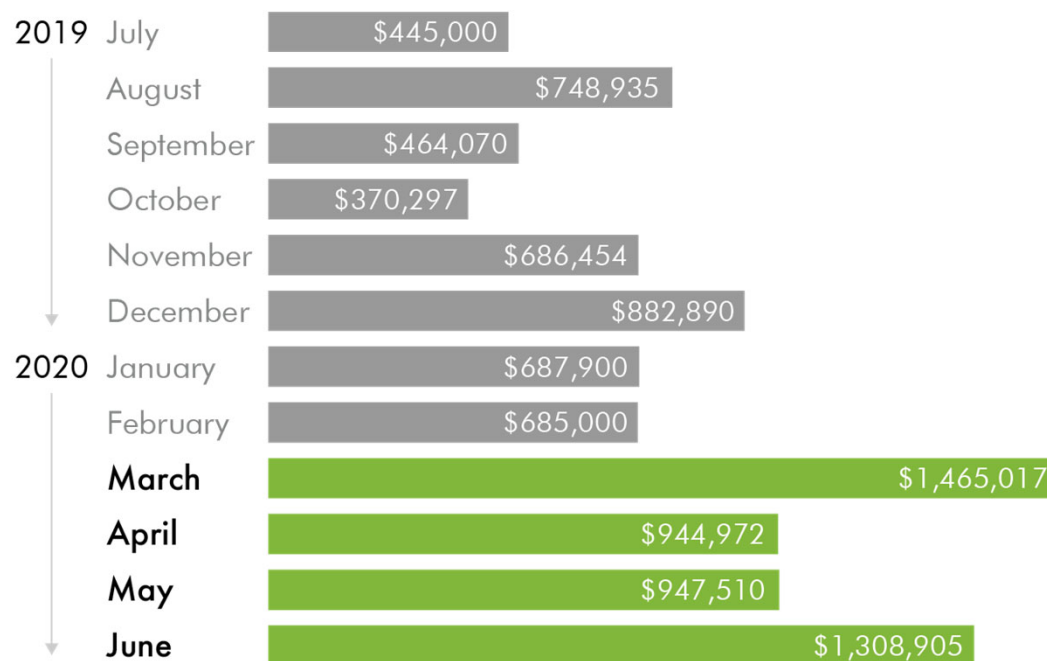
## Total Dollars Awarded/Matches by Year



# Awards by Month

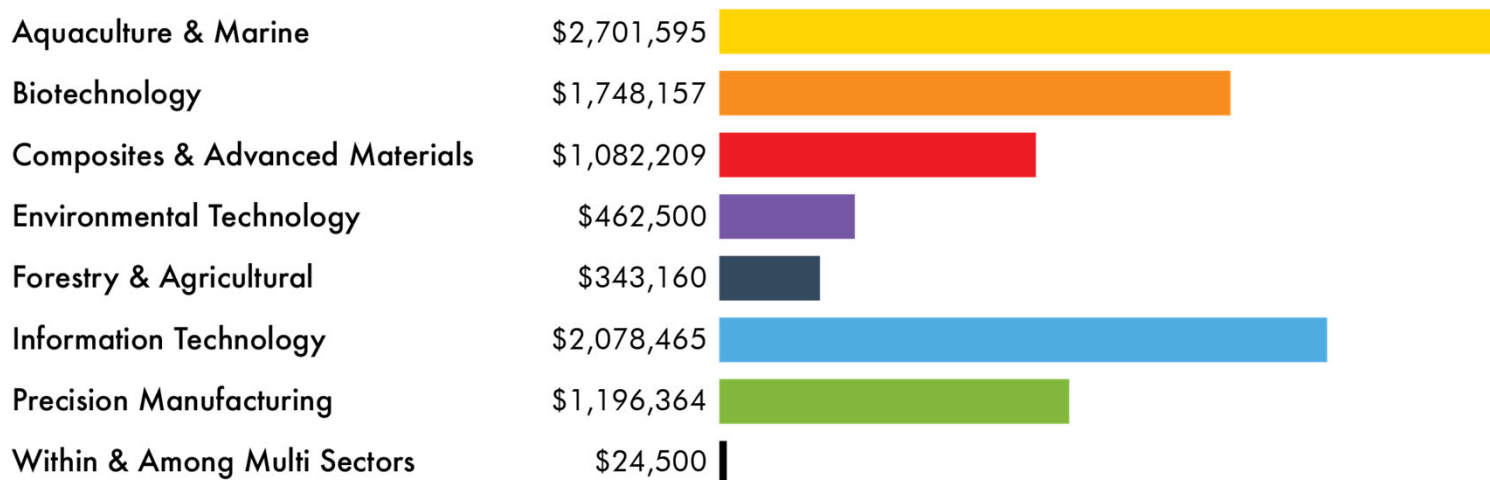
MTI was able to deploy resources when they were needed most, with nearly half our yearly investment occurring during the early months of the COVID pandemic.

During the March to June timeframe, many Maine companies pivoted to provide COVID-mitigation solutions, and MTI was able to award \$4.67 million to aid in their efforts, which was matched by nearly \$22 million in private sector matching funding in those four months alone.



# Awards by Sector

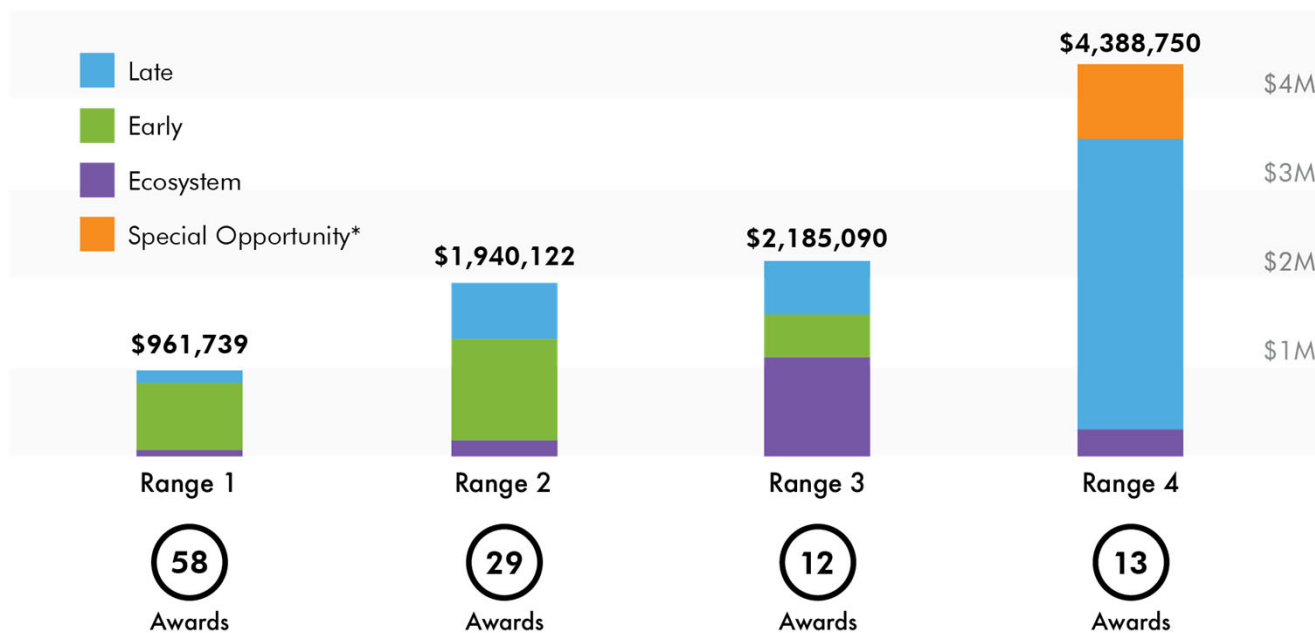
The State of Maine has targeted seven technology sectors best suited for investment and other forms of support, and in FY20, MTI invested in businesses within all these targeted sectors, helping to create a more vibrant and diversified economy.





# Awards by Range

MTI distributes funding across four ranges. Generally, we fund a greater number of projects at a lower level, then dedicate larger levels of investment to a smaller number of projects that will have a greater impact.



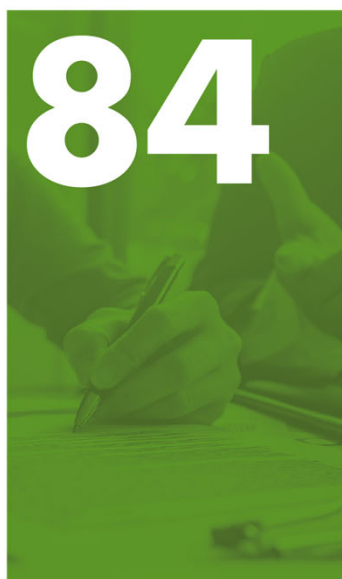
### \*Special Opportunity

MTI awarded \$837k as a loan to Our Katahdin, a community-owned industrial park that is powered by renewable energy and focuses on the future of bio-based and digital economies.

# R & D Bonds

## MTAF2.5

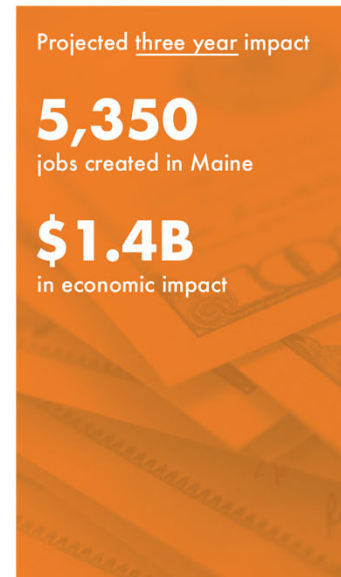
The bond-funded MTAf2.5 program provides funding to Maine organizations looking to make investments in R&D equipment, infrastructure and technology upgrades to drive innovation and generate economic impact in Maine. The funding for the MTAf2.5 program came from a research and development bond passed by the Legislature in 2016 and approved by voters in 2017. That \$45 million bond was fully awarded by MTI in 2018 but \$2 million was then made available for redeployment due to a project forfeiture.



### MTAF2.5 by the Numbers

# MTAF2.0

Approved by Maine voters in June 2017, the Maine Technology Asset Fund 2.0 (MTAF2.0) is one of several state bond funds administered by MTI. MTI solicited proposals in the fall of 2017 and received 183 applications seeking, in aggregate, nearly \$400 million. The proposals flowed in from all 16 Maine counties and represented businesses of all levels of maturity—from startups to publicly traded companies. MTI conducted extensive due diligence and made awards in early 2018.



## MTAF2.0 by the Numbers



## Other Bond Funded Program Activities

On occasion, the Maine Legislature passes research and development bond initiatives that are presented to Maine voters. Once approved by voters, MTI typically administers the funds on behalf of the State. In addition to the MTAF2.0 and MTAF2.5 bond-funded programs, the following bond initiatives have been, or continue to be, managed by MTI.

- **Marine Jobs Fund** - \$7 million bond approved in November 2014
- **Maine Cancer and Aging Resource Bond** - \$10 million bond approved in November 2014
- **Maine Biomedical Research Bond** - \$3 million bond approved in November 2014
- **Maine Technology Asset Fund (MTAF)** - \$50 million approved in 2007 and an additional \$3 million approved in 2009



## Once a Bond is Approved, What Happens Next?

In MTI's experience, once the voters have approved a bond, there is a multi-step process before MTI receives those funds to award.

Once sold on the bond market by the State Treasurer and the proceeds realized, the funds are then available for DECD to draw down and pass through to MTI via a DECD-MTI contract. Using the language in the bond bill and the "intent and content" guidance provided to voters by the Secretary of State, MTI then develops a competitive funding program and process, conducts outreach statewide, issues a request for proposals, receives proposals, conducts due diligence, and ultimately makes funding decisions.



## How are Bonds Operationalized at MTI?

Bond proceeds cannot be used to pay for staff or MTI costs to establish a program to administer bond funds. To date, MTI has used its annual general appropriation to cover the costs of developing and administering the programs to deploy the bond funds. In at least one major bond bill development, the Legislature included a supplemental general appropriation to MTI to administer the funds. In most cases, MTI has used its general appropriation and staff to cover the costs of bond programs, which can be substantial and can absorb significant staff time.

It is important to note that any interest income earned on any bond funds managed by MTI and not yet disbursed to recipients is returned to the State Treasurer each quarter.



## Uses of Bond Money?

Based on guidance MTI has received from the Maine Attorney General's Office over the past 20 years, we understand that the Maine Constitution Section 5 prohibits the use of bond proceeds to fund current expenditures, and that bond proceeds must be used for capital expenditures.

The Maine AG's Office has defined capital expenditures as "the cost of construction made with expectation of existence for an indefinite period . . . expenditure in nature of an investment for the future (1976 ME AG Opinion 2009-03 and later ME AG Guidance)." These can include facility construction, renovations or land purchase, equipment, certain technology upgrades, etc.



# FY20 Success Stories

# Flowfold

Flowfold is a popular apparel manufacturer that makes wallets, bags and totes from repurposed sailcloth. During the height of the COVID-19 outbreak, Flowfold quickly shifted their manufacturing operations to make PPE (personal protective equipment) for frontline medical workers helping combat the pandemic.

**8**

days to switch their manufacturing process

**3K+**

face shields produced for hospitals

“MTI’s investment in Flowfold supported the purchase of a CNC cutting machine which allowed us to quickly retool our manufacturing facility to make personal protective equipment for first responders at our local hospitals.”

— Devin McNeil | Founder & CEO

# STARC Systems

STARC Systems' temporary modular walls can be quickly set up to create negative air pressure environments, making them ideal for constructing rooms to isolate infected patients and areas such as anterooms for caregivers to put on PPE. As COVID cases increased, STARC shifted their production to providing isolation rooms, which helped dozens of healthcare providers handle surges and prepare for future ones.



# UMaine Composites Center

The University of Maine's Advanced Structures and Composites Center is innovating the state's boatbuilding industry by using the world's largest 3D printer and thermoplastics infused with up to 50% wood fiber products. With help from a grant from MTI, they 3D printed a 25-foot boat that weighed in at over 5,000 pounds — a world record. This technology can help find new uses for our state's forest products and increase the global competitiveness of our shipbuilding industry, all while using a bio-based material that can help reduce our carbon footprint.



# Partners



# MTI Plays a Pivotal Role in Maine's Innovation Ecosystem



# Thank You



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