1. Introduction of guest – Brian Whitney, President, Maine Technology Institute (MTI) and staff, Maine Innovation Economy Advisory Board (MIEAB)

What has MTI been doing in response to COVID-19?

- Entrepreneur check-ins and portfolio check-ins to see what MTI can help to address – companies have proved to be remarkably resilient during this crisis
- Infused new funding into companies (loans, grants, etc.) to help make up for a lack of venture capital – partnered with Maine Venture Fund and other companies
- COVID-19 mitigation solutions have been prioritized in funding – process for funding review has been as quick as possible to ensure that MTI can help implement solutions and fund innovation
- Several companies have shifted production efforts to manufacture PPE and other necessary items
- $1.4 billion in economic activity has been generated from MTAF2.0 - the $45 million bond awarded to multiple companies in 2017 – MTAF2.5 is $2 million from that bond that is in an award process now; 84 proposals were submitted and have been narrowed down to 18 semifinalists – decision will be made next month
- MTAF program could be a good vessel to funneling CARES funds into pre-established projects through MTI; the applications for MTAF2.5 are “shovel-ready” and MTI has a well-established decision-making process

Maine’s tech-based companies are a force that can help grow and sustain our economy through this crisis.

Q&A:

Q: If you had $10 mm right now instead of $2 mm, what types of additional projects may have been funded?

A: Summaries will be provided to Martha about the projects that were submitted/funded.

Q: Originally the MTAF funds were grants to nonprofits and loans that needed to be repaid upon success of the project for for-profit award recipients. When you noted that CARES act funding could be more flexible than bond funding, what did you have in mind for another round of MTAF funding? What have you seen on the “front lines” with the companies in these sectors?

A: In 2017 when the legislature passed the most recent MTI Asset Fund Bond, they specified that the awards would go out as grants to private entities. During the 2017 round, there was no cap on award
requests, and the requests ranged from $50,000 to $45mm. There were 18 awards made (ranging from $150,000 to $12.5mm) during that round.

Given the experience of the 2017 MTAF, I would recommend grants for private, nonprofit, and for-profit entities. Companies and businesses are wary of taking on debt currently. The flexibility that the CARES Act may provide is that; traditional bond funding requires that companies demonstrated that the money is being used on projects that are capitalized. Because of this, we miss out on a lot of software-development projects. CARES Act funding would allow us to entertain those projects, where bond funding doesn’t.

Out of the 84 proposals that we received in this funding round, 33/84 were from aquaculture businesses. This was by far the largest sector in this round of proposals.

Q: Who didn’t you see participating in these programs (demographics – regional, gender, race, etc.)?
A: Demographic questions are voluntary on proposal forms, and unfortunately very few people fill them out fully. We have very good geographic data, but less data on race and gender. Largest number of applicants comes from largest counties (population-wise; Cumberland, Penobscot, York had the largest numbers in the past funding round).

Q: Are there any lessons that you learned from the 2008/09 recession that you are planning on applying this time?
A: The two crises are very different. 2008/09 was a slower recession, whereas we are currently dealing with a very immediate and dramatic one. In ‘08/’09, companies needed to provide a match in either funding or time to be able to receive the grant. Currently, the speed and nature of the downturn is affecting companies very differently, even within the same industry.

Q: There’s always been a bit of tension between the capital needs of early-stage and startup businesses. The feedback that we’ve gotten from a lot of early-stage businesses is that this year is a bridge year – they have been in a growth mode instead of a defense mode. In most cases, despite a few businesses who have been able to continue operating, they have resorted to bridge funding. The MTAF program doesn’t really help with that; if we could direct funding to you through the CARES Act federal funding, would you be able to distribute bridge funding?
A: If we received CARES Act funding, we could quickly put that money to work within the economy and startup/early-stage businesses.

Q: How transparent is the decision-making process for allocating funds?
A: The MTAF program and MTI’s core programming have two different processes. The Legislature specified that the MTAF awards should; maximize employment, create new jobs, and increase market and revenue.

Q: Who is a part of those decisions?
A: MTAF board and MTI review board – reviews are sought from the members of Maine’s 7 targeted technology boards. Sometimes projects are also sent to FAME or the American Association for the Advancement of Science for external review. The application information is protected information.
Q: Is MTI actively looking at how to broaden its scale to companies that may be creating jobs and moving in the direction of meeting criteria, is MTI looking to broaden criteria for that? Maine is in a unique position to feed the tech sector.

A: To the extent that we have flexibility to do things like that we try to do so. We are flexible and try to include as many projects as possible. We have tried to invest in Maine’s resource-based economy but would benefit from service-based industry proposals.

2. Information Gathering Progress

- Review of week two survey results
- Update on continued information gathering since last meeting
  - employee perspectives – to be presented at Friday ERC
  - what voices are still missing? In the assessment and the idea generation?
- Review of running list of presenters post-July 15
- Review of public comments received via online form and email
- Any barriers to making Subcommittee recommendations?

Key Takeaways:

In the Drive – focus on the Inputs and Ideas Since Last Meeting document that is consistently being updated. That information has been reviewed and common themes are incorporated into the Immediate/Quick-Start Recommendations.

There is a new template – most critical addition to that is an opportunity for subcommittees to co-sponsor recommendations. Each subcommittee is meant to put forward only three recommendations but can be signatories on the recommendations of other subcommittees.

Agenda Item #2: Input and Ideas Since Last Meeting; contains information about the recommendations of other committees.

UMaine Survey – located in Google Drive under “Survey Week 2 PDF”

Action Steps:

Google Drive – look through “June 18th Input and Ideas” and “Running List of Immediate Options”.

The ERC Chairs have given us a sample template – original recommendation ideas have been organized into this template- review these and see if they read the way that the committee intended.

Absorb and correlate information that we have into potential recommendations; what could we dig into more after the initial recommendations?

3. Review/prioritization of potential shorter-term recommendations to date

- Immediate/Quick-Start Recommendations
  - Draft recommendations
Equity – who is left behind/left out by these recommendations?

- July 15 Recommendations
  I. Timing for proposing – initial list by June 26, draft by July 2
  II. Template for proposals
  III. Level of implementation complexity and funding required
  IV. Proposals to route to other subcommittees? Proposals routed to this subcommittee?

**Key Takeaways:**

Access to capital/financing is something that has come up repeatedly. We have focused primarily on capital for growth companies vs. more main-street or steady-growth companies. Should we make a recommendation for growth companies? **Should a capital-related recommendation be one of the three?**

MTI has a “well-oiled” machine for infrastructure and funding. If the intent of the recommendation is the immediately fund companies, MTI could be a way to do that. A second phase recommendation could be to do an MTAF 3.0 in the future with bond funding or additional CARES Act funding.

- Should we recommend funding support for a larger portion of the MTAF 2.0 finalists right now (July 15)?

We as a Subcommittee also must recognize the importance of cultivating a culture of innovation – how do we **intentionally build a new table** instead of inviting people to have a seat at the existing table?

- Where are the barriers? What are the problems? Assessment of barriers in Maine’s innovation (equity audit of gender, race, ethnicity, rural urban). If we want to change our economy going forward, we must talk about it **now**.

**Action Steps:**

December recommendation – focus on equity and “building a new table” for innovation conversations in Maine.

Put forward the recommendation around funding MTI/MTAF for July 8th. Acknowledge that it is insufficient but continue to engage with recommendation in the future – acknowledge lack of equity in Maine’s innovation processes.

- Outline what can happen now (funding MTI/MTAF), and what needs to happen later (equity evaluation, overview of MTI/MTAF requirements)

What can we recommend now that doesn’t require additional deployment of funds?

Organize financing recommendations (capital – equity capital, MTAF, bridge funding, etc.) to share with committee for next week. Draft a set suggested quick start recommendations, using the provided framework, for the Subcommittee to consider and prioritize next week. Also consider setting up a “survey” option for Subcommittee members to weigh in ahead of time so the meeting is used for the final prioritizing of recommendations.