

Maryland Technology Development Corporation
Technology Incubator Program
Incubator Development Fund Policy
Adopted by TEDCO Board of Directors November 13, 2008

The Maryland Incubator Development Fund is designed to develop or expand technology-oriented business incubators throughout the state.

Excerpts from the Annotated Code of Maryland – Economic Development Article, Maryland Technology Development Corporation, Part II. Maryland Technology Incubation Program:

“The purpose of the Program is to promote entrepreneurship and the creation of jobs in technology-related industry by establishing and operating effective incubators throughout the State that provide adequate physical space designed, and programs intended, to increase or accelerate business success in the field of technology.”

“Assist in the acquisition and construction of new or expanded space or the renovation of existing space for an incubator, including by providing or assisting with:

1. Land acquisition;
2. The obtaining of architectural and engineering services;
3. The payment of administrative costs;
4. The development or upgrading of communications infrastructure;
5. The acquisition of furnishings and equipment; or
6. The acquisition or purchase of other items associated with tenant build-out.”

Program Structure

1. TEDCO will provide matching funds up to \$1M to non-profits, public entities or existing incubator programs interested in developing new, or expanding existing, incubator facilities.
2. No jurisdiction can receive more than \$1 million in assistance in any one fiscal year.
3. 1 to 1 match is required in the form of direct funds, in-kind contributions, or a combination thereof. The match should include a combination of local, State and/or Federal support.
4. TEDCO’s seed funding will leverage other public and private investments in the project.
5. Payback of the funding award is required.
6. Finance instruments may vary, e.g., debt, equity, guarantees, creative financing alternatives.
7. Applicants submit an application including a business plan, to obtain funds.
8. TEDCO will establish a pro-active, on-going relationship with the incubator management, serving as a member of the incubator board or in some other appropriate role.
9. Annual reporting will be required.

Use of Funds

1. Funds can only be used for capital development and not operations.
2. Funds are to be used for renovations or for new construction, and may include Architectural and Engineering services.
3. If renovating or expanding, funds are to be used to increase the incubator's value to their tenants by the addition of new industry specific furnishings or equipment, such as a clean room or additional wet labs.
4. Funds are to be used to add additional square footage or tangible value to the facility.
5. Funds cannot be used for deferred maintenance projects.

Award Criteria

1. A feasibility study should be conducted and should contain:
 - a. Market analysis
 - b. Business Plan for the incubator facility
 - c. Evidence of ongoing financial viability
 - d. Economic development impact
 - e. If an existing facility, provide statement of efficacy and sustainability for operation
2. The application should describe:
 - a. Impact on current incubators
 - b. Higher-education relationship
 - c. Specialized facilities and unique value of incubator
 - d. Cooperation with other State incubators

Award Approval Process

1. TEDCO's staff conducts due diligence: reviews application, evaluates feasibility, conducts a site visit, confirms matching funds, and meets with incubator development partners and supporting organizations.
2. TEDCO's Technical Advisory Committee on Small Business Incubation reviews the application and makes a recommendation to the TEDCO Board of Directors.
3. TEDCO Board of Directors makes final award decision.