Uncommitted Fund Balance
Between April 1, 2014 and June 30, 2014, the Fund received $1,895,372 in loan repayments, interest income, and fees. Investment income for the period totaled $29,582 and operating expenses were $120,682, exclusive of loan loss provision. The uncommitted balance of the Fund on June 30, 2014 is $10,558,950.

Financial and Technical Assistance
MassDevelopment assisted Acusphere, Inc., Celldex Therapeutics, Inc. (formerly Avant Immunotherapeutics, Inc.), and Cytonome, Inc. in finding suitable facilities in the Commonwealth. All loan applicants received assistance in structuring financing for their projects with MassDevelopment and other lenders.

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Summary
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Through these financings, the ETF has leveraged private investment for companies and maintained its ability to serve as an “evergreen fund,” one that provides non-conventional risk capital in the form of debt to development-stage emerging technology companies seeking to commercialize their products. In 2010, the Commonwealth passed legislation allowing MassDevelopment to add a working capital term loan financing product to help growing companies address staffing and other working capital needs to increase both employment and production. The new capability has been well received and is increasing pipeline. Three term working capital financings had closed as of June 30, 2014.

In March 2012, the Fund committed $5 million to a new venture capital fund managed by MassVentures. This partnership allows the ETF to invest equity in earlier-stage companies while leveraging existing resources at MassVentures.

The Fund was last recapitalized in 2007, and in 2010 the Legislature transferred $15 million to launch the Massachusetts Growth Capital Corporation. The Fund was then forced to cut its maximum loan size to ration capital. More recently, due to early and near term loan payoffs from successful portfolio companies (Luminus Devices, Inc. and Valeritas, Inc.), plus the rationing of capital caused the Fund’s liquidity position to increase. At present, the Fund has restored its maximum loan size to $2.5 million and in doing so can support larger expansions.

Uncommitted Fund Balance
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<tr>
<th>As of 6/30/14</th>
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<td>Beginning Fund Balance</td>
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<tr>
<td>Fund Recapitalization</td>
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<tr>
<td><strong>Total Funding</strong></td>
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Cash Activity (accumulated):
- Loan Disbursements* (49,028,869)
- Loan Principal Repayments (27,775,602)
- Operating Income (4,946,184)
- Operating Expenses (3,723,407)
- Transfer to MGCC (15,000,000)
- Investment Income 4,775,521
- Accrued Expenses 651
- Accrued Interest Income (80,960)
- Prepaid Insurance 0
- Unearned Insurance Premium 2,083
- Deferred Income 389,174
- Investment in Common Stock (35,117)
- Equity Investment (1,683,708)
| **Cash Balance** | **18,077,167** |

Less: Cash Commitments:
- Guaranteed Closed Loan Disbursements (341,667)
- Undisbursed Loans (720,256)
- Committed Loans (not closed) (3,150,000)
- Available Committed Equity - MTDC (3,306,294)
- Uncommitted Cash Balance: 10,558,950

Less: Current Pipeline - potential new loans (10,550,000)
- Projected Cash Balance 8,950
- Total loan write-offs as of 3/31/14 $5,243,094

Emerging Technology Fund Advisory Committee

Mark Leuchtenberger, Chairman
President and Chief Executive Officer
Acusphere, Inc.

David F. Squire, Vice Chairman
Former Vice Chair of MassDevelopment
Former Board of Directors

Abigail Barrow
Director
Massachusetts Technology Transfer Center

Jerry Bird
President
MassVentures

Andrew D. Clarke
Vice President, Business Development
Qlik Technologies, Inc.

Michael Hunter
Executive Director
Massachusetts Office of Business Development

Dennis R. Kanin
MassDevelopment Board of Directors
Co-Founder and Principal, New Boston Ventures, LLC

Robert Kispert
Director of Venture Capital
John Adams Innovations Institute

MassDevelopment
Emerging Technology Fund
Quarterly Report to the Legislature
April 1, 2014 to June 30, 2014
PoroGen Corporation - Wilmington, MA

On December 13, 2012, the MassDevelopment Board of Directors approved a $1,000,000 term loan from the ETF to PoroGen Corporation. ("PoroGen") - a privately held corporation that manufactures a broad range of hollow fiber membrane separation products from Polymer ether ketone, or PEEK. PEEK is a commercial "best in class" engineered plastic with exceptional chemical durability and thermal resistance. PoroGen's proprietary designs and manufacturing technology make it the only worldwide provider of porous PEEK membranes (PEEK-Sep™) that provide exceptional value to customers. PEEK is one of the few plastics compatible with ultra-high vacuum applications. The company's patented polymeric materials technology has applications in the clean energy, electronics, and biotechnology industries.

The move to 30,000 square feet of first-class office, lab, and manufacturing space at 35 Cabot Road in Woburn quadruples the company's manufacturing capability and represents its third expansion in five years. The expansion allows the company to meet continuing demand for its robust porous membrane filters. The MassDevelopment loan financed manufacturing equipment, building improvements, and working capital for product-material needs.

PoroGen manufactures their porous membrane filters and sells them to OEMs (Original Equipment Manufacturers) that incorporate them into systems. The OEMs have the prerequisite application expertise and access to customers in oil & gas industry. The OEM builds, installs, and services the system. PoroGen provides initial process design and marketing support. PoroGen is the only worldwide manufacturer of PEEK membranes selling its membrane product under the PEEK-Sep™ product line.

The Fund is governed by an Advisory Committee that has adopted the following mission statement:

The mission of the Emerging Technology Fund is to create jobs in Massachusetts by providing financing for facilities, equipment and working capital that leverages private financing to growing companies employing or commercializing emerging technologies.

ETF Activity Summary

As of June 30, 2014 the ETF had made loans and guarantees to 36 companies totaling $59,622,115. Potential loans of another $10.55 million were in the ETF pipeline as of June 30, 2014. The Agency has closed 36 loans and guarantees, fourteen of those loans have been paid off in full and are no longer in the portfolio. The Fund also received partial proceeds after liquidation of certain assets on loans provided to seven companies in the portfolio and charged-off $5,245,094. Five of the companies involved have ceased to exist. The Fund also received partial proceeds after liquidation of certain assets on loans provided to seven companies in the portfolio and charged-off $5,245,094. Five of the companies involved have ceased to exist.

Background

Chapter 141 of the Acts of 2003 created the Emerging Technology Fund (ETF). The statute requires submission of this quarterly report to certain legislative committees. Established to leverage private investment and to recruit and retain technology-based and advanced manufacturing companies in the Commonwealth, the approximately $50 million Fund provides loans and guarantees for the purchase, expansion, or improvement of real estate, equipment purchases, and working capital needs. The Fund was initially capitalized with $24.75 million, recapitalized in September 2006 with $10 million as a result of an Economic Stimulus bill passed by the Legislature, and then recapitalized again in November 2007 with an additional $15 million. In November 2010, $15 million was transferred from the capital to the Massachusetts Growth Capital Corporation in accordance with signed legislation. As of June 30, 2014, the Fund had $10,558,950 available to make loan commitments with a pipeline of $10.55 million of projects that are considering applying or are in the underwriting process. Additionally, three loans totaling $4.15 million have been approved by the MassDevelopment Board of Directors and are in the closing process.

ETF Company of the Quarter
ETF Company of the Quarter

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PoroGen is currently engaged in projects and is providing filtration equipment for gas purification to companies in the United States, Russia, China, Iraq, Qatar, and Mexico.

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MassDevelopment

Emerging Technology Fund
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