



# Oregon Growth Board

## Overview Report & Recommendations

March 2013

# Oregon Growth Board

## **The Fundamental Goal**

- Lift Oregon's efforts and improve outcomes to attract and make available capital for business formation and growth, and effectively compete with other states.

# Oregon Growth Board

## The Opportunity

- Create sustainable high-wage jobs
  - Generate financial returns for the State
  - Leverage outside private capital
  - Increase the number and types of businesses assisted
- Result: an Oregon economy that is growing more rapidly and more sustainably.

# Oregon Growth Board

## The Competitive Challenge

- Nationally, states seeing & driving structural economic changes.
  - Chasing big plants replaced by home-grown innovation
  
- Progressive States – have comprehensive agendas.
  - R&D activity (public & private)
  - Entrepreneurial ecosystems
  - Availability and access to growth capital
  
- Oregon well-positioned with the right strategies.
  - Can leverage infrastructure to create sustainable advantage

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## The Need

- Capital scan (2011-2012) by the Oregon Community Foundation (OCF), Meyer Memorial Trust (MMT), Office of the Treasurer, Business Oregon.
  - Uncovered capital gaps in the State.
- Ford Foundation & USDA Data (Scruggs Report)
  - Provided National context and pointed out areas where Oregon is at a competitive disadvantage today.
- State missed out on some SSBCI \$ due to inability to meet structure and timing of grants.

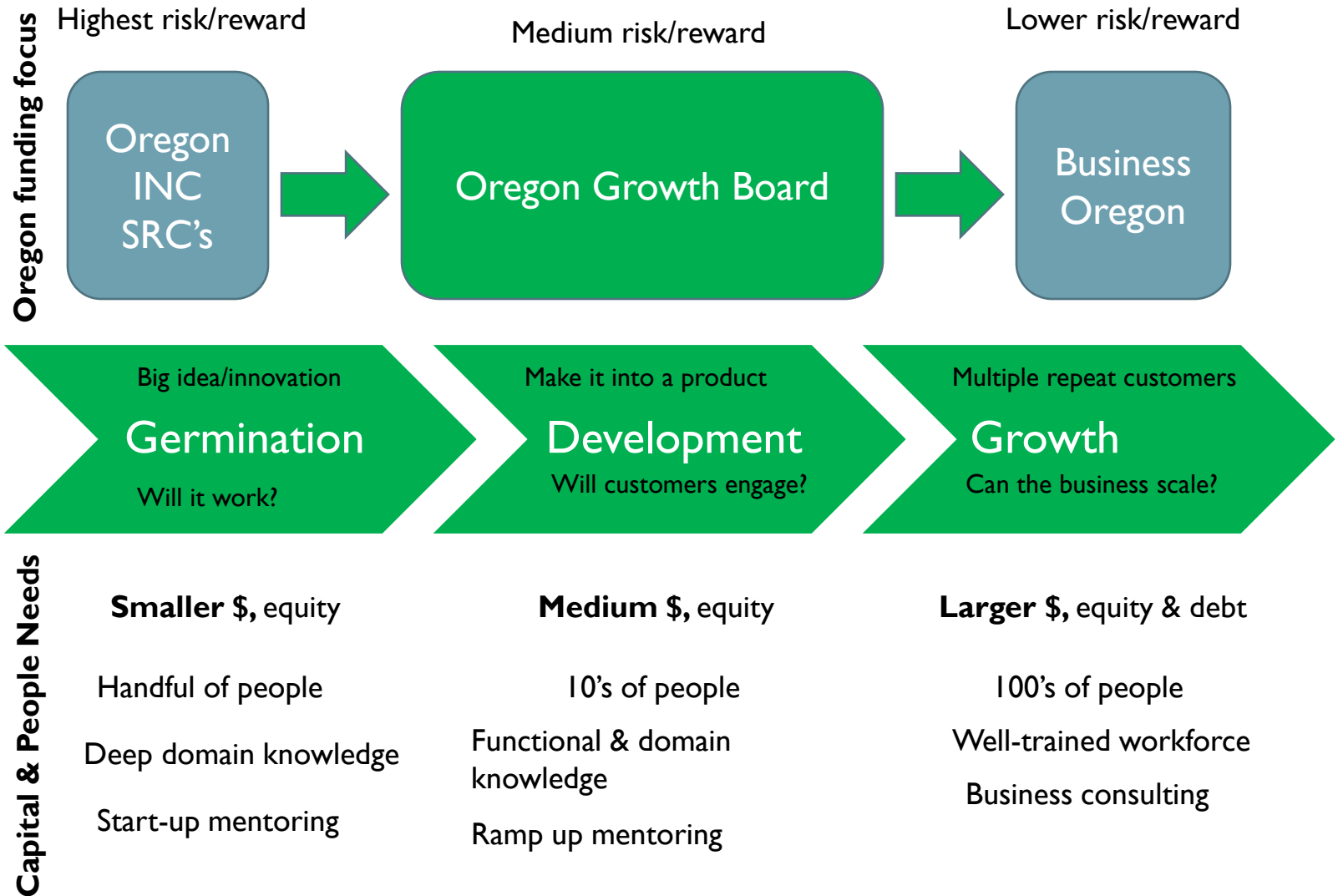
# Oregon Growth Board

## The Tools

- Oregon Investment Act (HB 4040) passed in February 2012.
- Board confirmed in late May 2012, formally met 8 times during the following 9 months to assess and make recommendations.
- Board took inventory of existing Oregon programs (Business Oregon, Oregon Growth Account, Oregon Inc....)
- Board looked at best practices from other states (Cimarron & Cromwell reports...)
- Now ready to make recommendations for action.

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## Lifecycle of a job-creating startup



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## Filling the Top of the Funnel is the Key

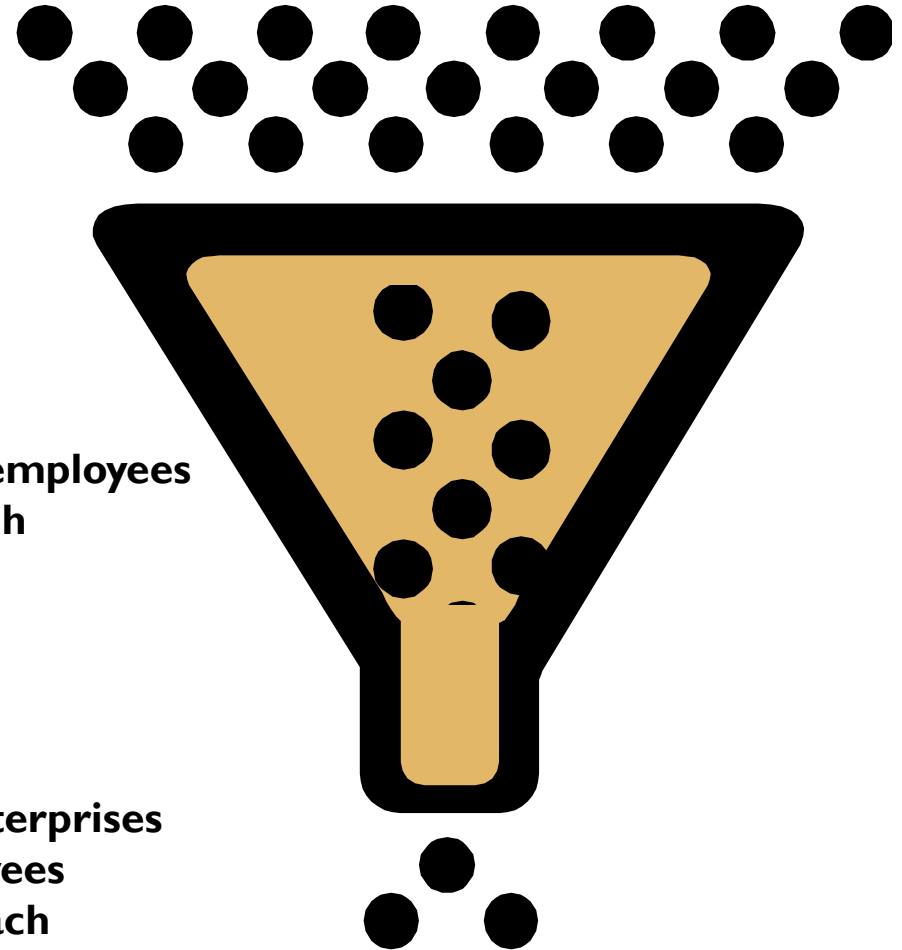
**Need 100's of startups**  
**Each with low 10's of employees**  
**\$100K's of investment \$ in each**



**To generate 10's of companies**  
**Each with high 10's / low 100's of employees**  
**With \$1M's of investment \$ in each**



**To result in a handful of major enterprises**  
**Each with 500 to 1000's of employees**  
**With \$10M's of investment \$ in each**





# Oregon Growth Board

## State Finance Programs Supporting Business & Jobs Today

Early Stage,  
Emerging,  
Entrepreneurial  
Businesses

Oregon Growth Account  
Oregon Investment Fund  
Oregon Innovation Council  
Signature Research Centers (ONAMI, etc.)  
Entrepreneurial Development Fund

Owner Key  
Business Oregon  
Treasurer's Office  
Department of Energy  
Infrastructure Finance Authority  
ODOT

Established,  
Growing  
Businesses  
Needing Debt  
Capital

Business Energy Tax Credit - Manufacturing  
Small Energy Loan Program  
Oregon New Market Tax Credit  
Oregon Business Development Fund  
Credit Enhancement Fund  
Strategic Reserve Fund  
Business Expansion Program  
Industrial Development Bond  
Industry Competitiveness Fund  
Capital Access Program

Infrastructure  
Development

Brownfields/Industrial Lands  
IFA Infrastructure Programs  
Immediate Opportunity Fund  
Connect Oregon  
Flexible Funds Grant Award

# Oregon Growth Board

## The Model

- A Board operating in a similar mode to how the Oregon Investment Council invests our pension dollars.
  - Ability to allocate capital for business development programs to serve the State's needs as they evolve.
  - Flexibility to react to changes in the marketplace with portfolio management agility to respond to opportunities quickly.
  - Utilizing outside professionals and experts to select managers and monitor performance.
  - Set & monitor clear standards of performance and accountability.

# Oregon Growth Board

## The Next Steps

- Remove the sunset provision in the Oregon Investment Act
- Support umbrella strategy investing across capital continuum (early stage, growth, debt, mentoring...) in traded sector firms in Oregon.
- Balance drive for financial returns with sustainable high-wage job creation.
- Transfer oversight of Oregon Growth Account to the Oregon Growth Board.
- Create Oregon Growth Fund with different funding sources and different disbursement obligations than OGA.
- Provide the Board will allocation authority, in conjunction with the Business Oregon Commission, to coordinate capital resources.
- Make clear that the Board will not invest in any specific project or company, nor compete with private capital resources.

# Oregon Growth Board

## Starting the Process

- Initially, go after the low-hanging fruit of early-stage needs.
- Focus on filling the “top of the funnel” – including support for commercialization from Signature Research Centers (ONAMI, etc.)
- Develop a portfolio across Oregon regions and industries.
- Develop a monitoring system to provide feedback.
- Be a catalyst to leverage private dollars, yet be ready to step away if/when private capital reaches critical mass in an area. Actively avoid competition with private sources of capital.
- Move systematically over time from focus on early-stage, to growth capital, to infrastructure as the Board proves its value.

# Oregon Growth Board

## The Funding

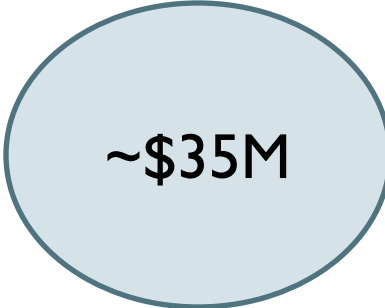
➤ Best practices: review of other states with successful programs indicates Oregon should fund \$40M-\$50M for early stage / growth portion of the challenge.

➤ Oregon Growth Account: ~ \$28M

➤ Governor's budget: ~ \$5M

➤ Other state sources: ~\$2M

➤ This is a starting point, and should be structurally developed for sustainability.



~\$35M



# Oregon Growth Board

**Thank you!**

**Questions?**

# Appendix

## Resources for Oregon Entrepreneurs

[OregonStartups.com](http://OregonStartups.com)

