



BUSINESS OREGON WAYS & MEANS

Transportation and Economic Development Subcommittee
2017-19 Budget Presentation

March 2017



Four Day Agenda

Day 1

- Agency Overview
- Budget Overview
- Business & Community Development
- Infrastructure Development

Day 2

- Business Development Programs
- Business Finance

Day 3

- Innovation & Entrepreneurship
- Arts & Culture
- Operations & Administration
- Budget Summary

Day 4

- Oregon Film
- Public Testimony



AGENCY OVERVIEW

Chris Harder, Director



Vision:

Prosperity for all Oregonians

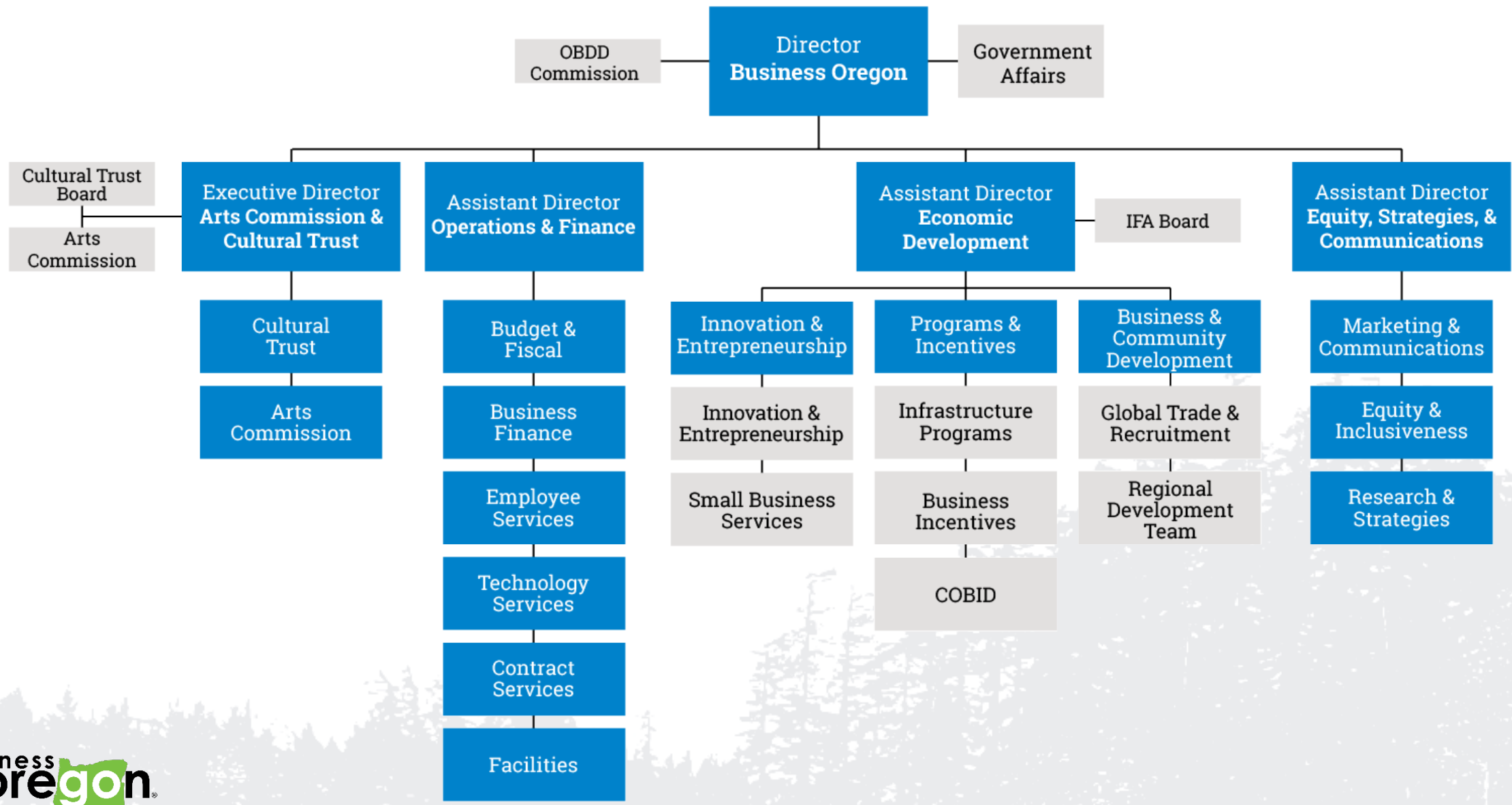
Mission:

We invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy



Boards and Commissions

- Oregon Business Development Commission
- Infrastructure Finance Authority
- Oregon Innovation Council
- Oregon Broadband Advisory Council
- Oregon Growth Board
- Oregon Arts Commission
- Oregon Cultural Trust





History

- 1985: Oregon Lottery created to fund economic development
- 1993: Arts Commission added to Agency
- 2003: Cultural Trust merges with Arts Commission
- 2005: Oregon Innovation Council launches
- 2009: Infrastructure Finance Authority established
- 2013: Seismic Rehabilitation Program added to Agency from Military
- 2014: Oregon Growth Board added to Agency from Treasury
- 2017: Development of comprehensive 5-Year Strategic Plan



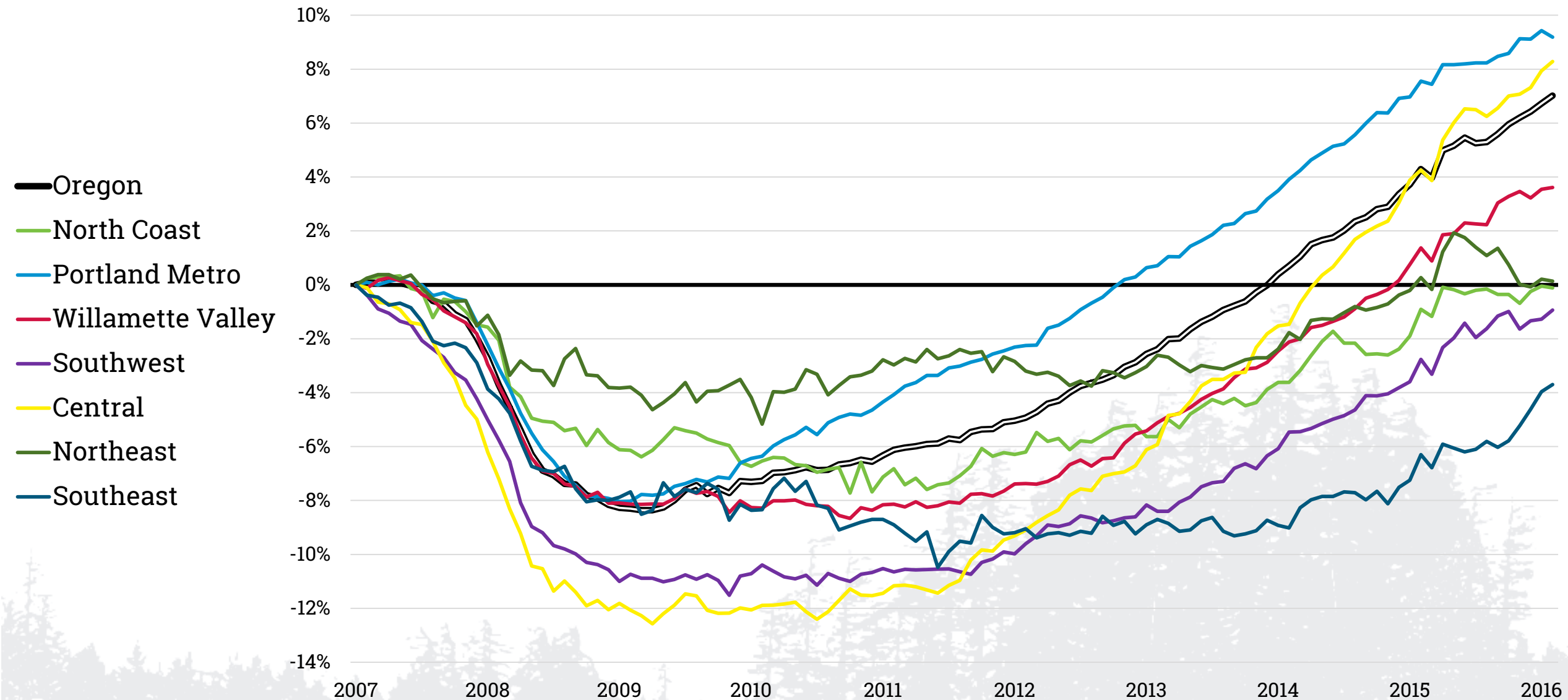
Economic Snapshot - Opportunities

Oregon a Picture of Economic Health – Bloomberg News

- Top 10 Personal Income Growth
- Top GDP growth, 2014-2015
- Exported \$21.9B in 2016, most ever
- Top destination for movers 2013-2016
- 6th most innovative state
- 107,800 more jobs than pre-recession peak; unemployment 4.3%



Employment Change Relative to Pre-Recession Peak





Economic Snapshot - Challenges

- Lower household incomes
 - Income per capita of \$44k still lags behind U.S. (\$48k)
- Workforce gaps
 - The nation's third-highest high school dropout rate
- Lack of accessible middle-wage jobs
 - Growth occurring at low-wage/low-skill and high-wage/high-skill



Strategic Priorities

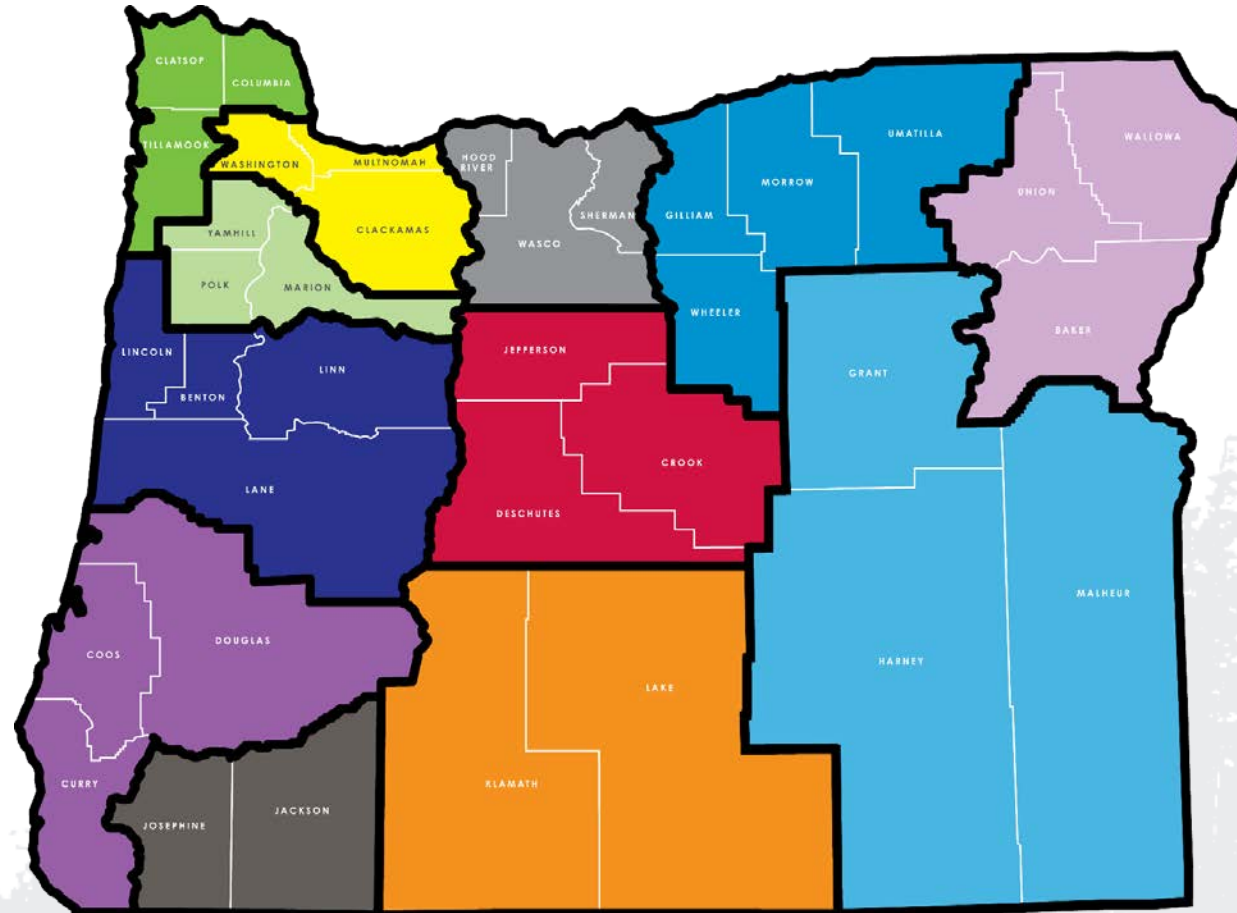
1. Foster industry innovation and strong business growth
2. Create quality employment opportunities for underserved people
3. Invest in rural communities to enable economic prosperity
4. Lead statewide economic initiatives



Target Industries

- Advanced Manufacturing
- Food and Beverage
- Forestry and Wood Products
- High Tech
- Outdoor Gear and Apparel
- Business Services

Focus on Unique Regional Economies





Efficiency Projects

- Agency LEAN projects
- Updated evaluation of business incentives/loans
- New Customer Relationship Management tool
- Organization realignment
 - Streamline service delivery
 - Eliminate silos
 - Improve management-to-staff ratios



Key Performance Measures 2015-16

- Jobs created
 - Actual: 3,696 // Target: 3,800
- Jobs retained
 - Actual: 12,693 // Target: 11,200
- Tax revenue generated
 - Actual: \$55.3m // Target: \$39.7m
- Export sales of assisted clients
 - Actual: \$163.0m // Target: \$66.3m



Face Rock Creamery

Bandon, Oregon



Key Performance Measures 2015-16

- Industrial sites certified “project ready”
 - Actual: 7 // Target: 11
- Community capital planning projects
 - Actual: 74 // Target: 60
- Community health/safety projects
 - Actual: 62 // Target: 40
- Community economic projects
 - Actual: 31 // Target: 50

QUICK HITS


Good Day With To A Subscriber
 A special good day to Herald subscriber Gerald Goodwin of Baker City.

History: 5A
 On Sept. 7, 1944, a U.S. Navy submarine sank a Japanese ship off the Philippines. Among the passengers on the Japanese ship were American POWs, two of them Baker boys — World War II hero and Medal of Honor recipient Gordon Smurthwaite. Hill survived the sinking. Smurthwaite did not.

BRIEFING
Baker City vying for \$100,000 to create dog park
 Baker City is competing in the 18th annual "Bark for your Park" contest from PetCafe, which will award five communities with funds to build a dog park. The winners are determined through online votes, which can be cast on the PetCafe Facebook page and on the PetCafe website, www.petcafe.net/barkforyourpark. The grand prize is \$100,000. The next top

Building Baker City's Newest Wastewater Treatment Plant

See The (UV) Light



Fire risk cases

Blind, Thrombotic Risks In Eye History

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City, County Officials Confident City's Water Is Free Of The Parasite

Crypto Conversation



Siblings helped save toddler

By Joshua Dillen
 Local government officials are confident that Baker City's water supply is not the cause of a confirmed case of cryptosporidiosis.

At this point it doesn't look like it's the city's water supply (that's a source of crypto).

— Robin Nix, Baker County Health Department director

Officials from the city and the Baker County Health Department are trying to figure out how a Baker City woman was infected with the microscopic parasite that contaminated the city's water supply during the summer of 2013, making

Department director, agreed with Nix. "At this point, it doesn't look like it's the city's water supply," Nix said. She said her department and Baker City staff are commissioning and sharing information as both continue to investigate how the woman, who has not been identified, became ill. City workers collected samples of tap water from the woman's home and said they will have a job to be tested.

The three boys are the sons of Adam and Ori Kerns. The assembly will begin at 8:30 a.m.

The three Kerns boys and their sister, Kiley, 5, were playing near the pond with their mother who was working in a garden, according to Ash.

Kiley Kerns saw Thomas flailing in the pond. Wesley rescued Thomas from the



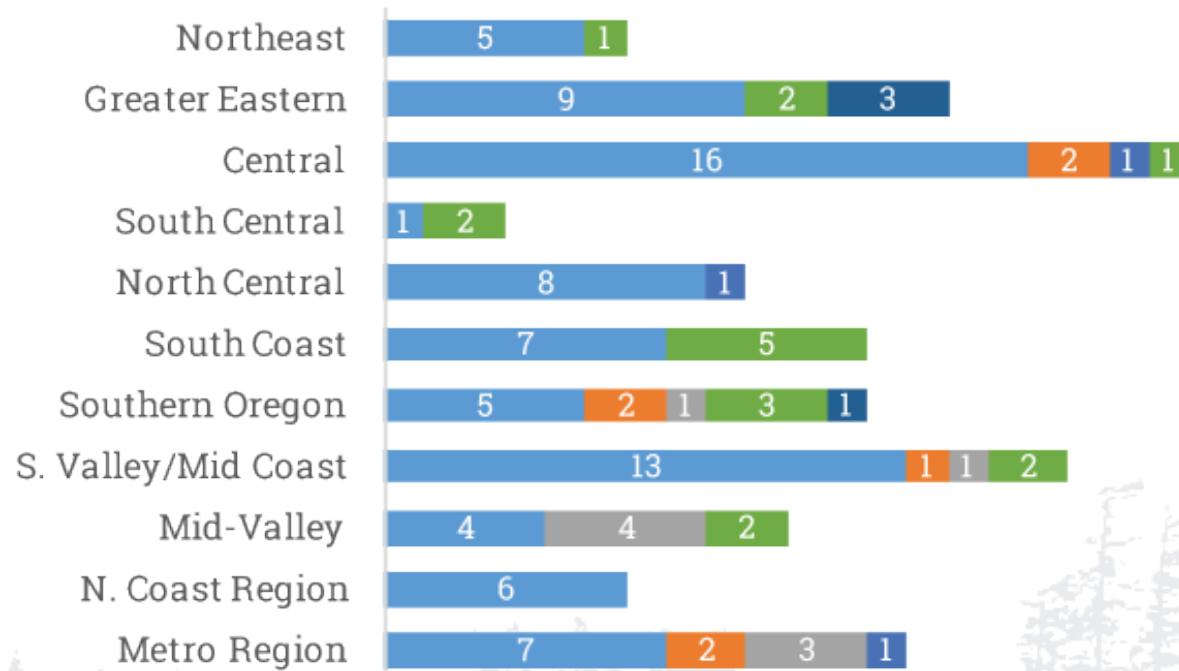
Baker City Water Treatment

Baker City, Oregon

Other Pipeline Metrics: Business Projects

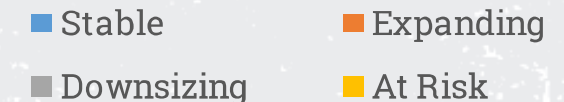
Project Pipeline

Representing 122 active projects



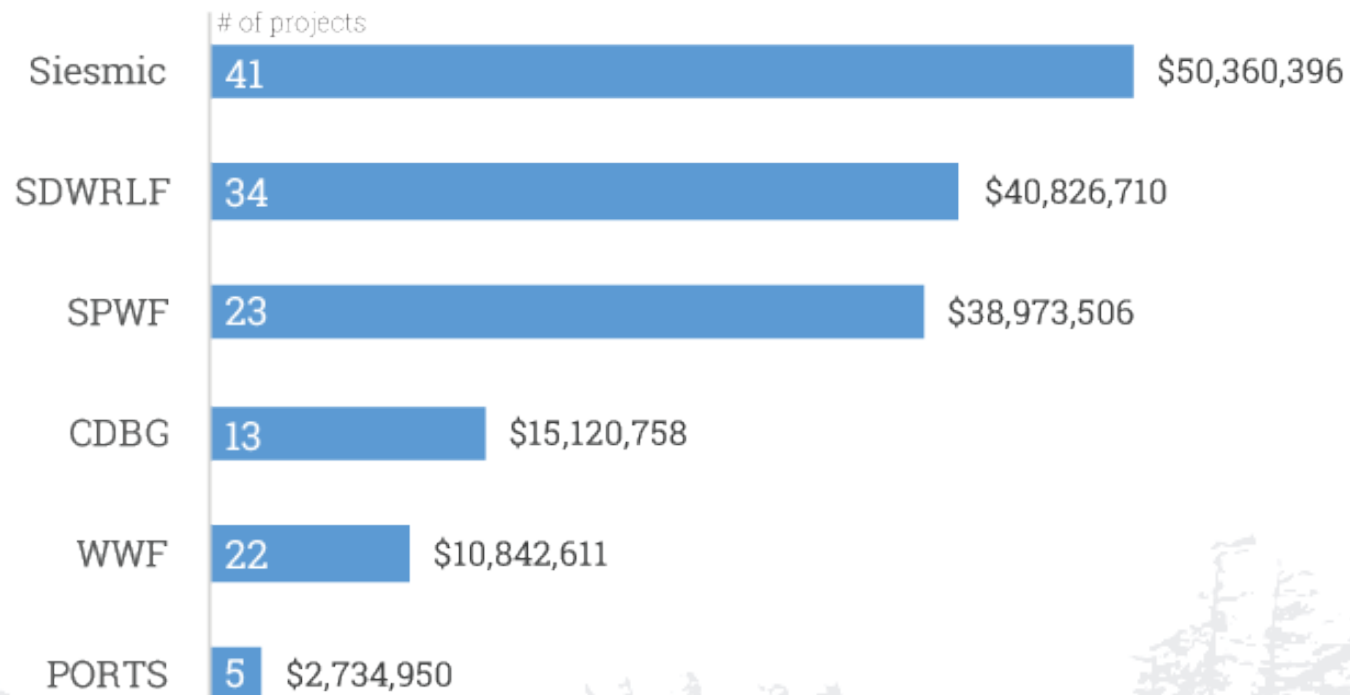
Priority Company Strategic Initiative Year 2

Year 2 Initiative launched 4/1

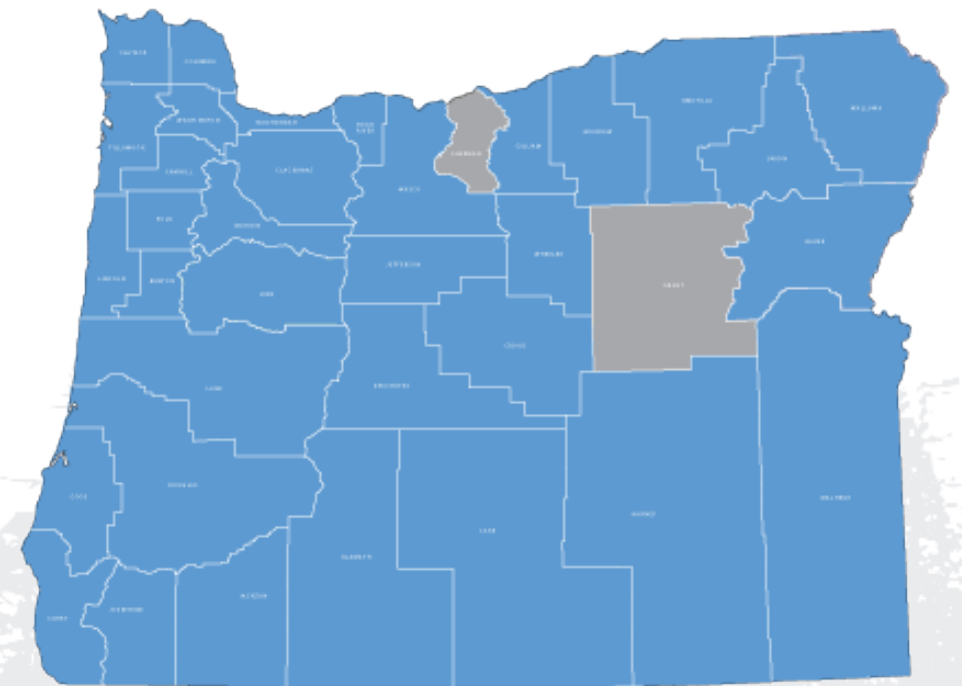


Other Pipeline Metrics: Infrastructure Finance

Project & Program Totals (Results FY-to-date accumulative)



138 projects \$158.9M in funding
FY Projects in 34 of Oregon's 36 Counties









BUDGET OVERVIEW

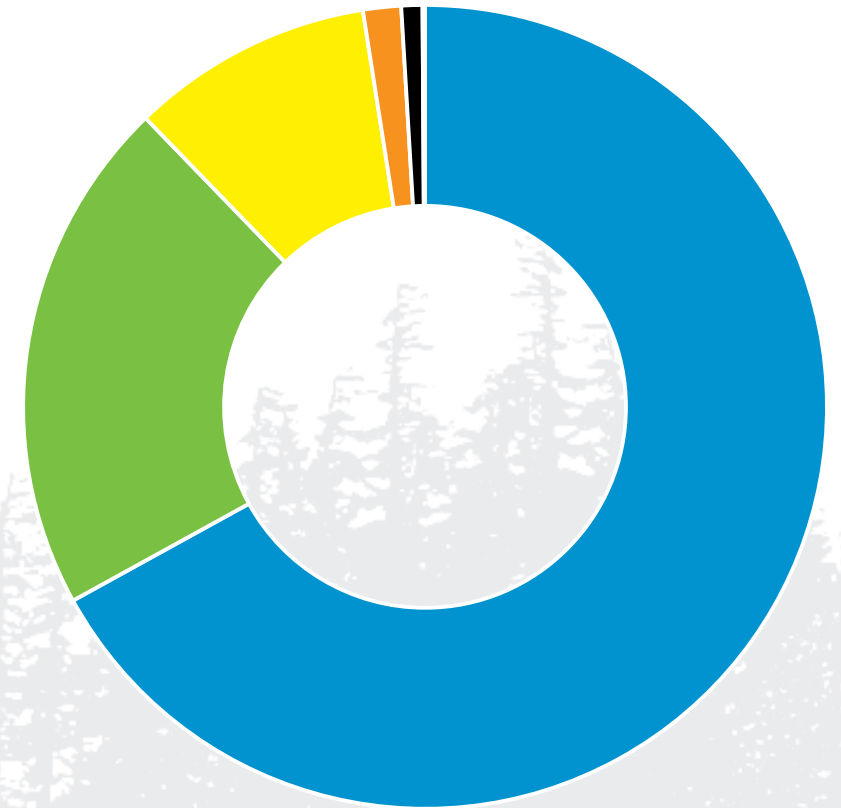
Ramona Rodamaker, Assistant Director Operations & Finance
Jenny Wilfong, Chief Financial Officer



2017-19 Governor's Budget / By Function






Total budget: \$1.039 Billion

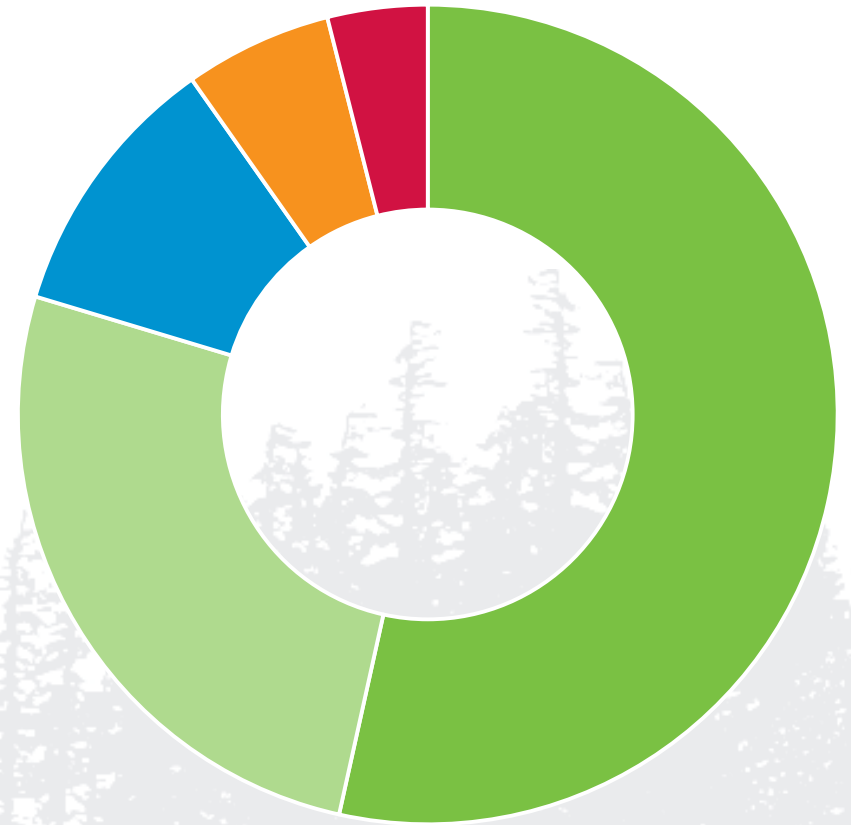
	Infrastructure Programs	\$696.4m / 67%
	Business Programs	\$215.9m / 21%
	Debt Service	\$101.5m / 10%
	Arts & Culture	\$15.9m / 1%
	Operations	\$8.8m / 0.8%
	Film & Video	\$1.03m / 0.2%



2017-19 Governor's Budget / By Fund Type

Total budget: \$1.04 Billion

 Other funds – Bonds	\$555.7m / 53%
 Other funds – All other	\$272m / 26%
 Lottery funds	\$110.5m / 11%
 General funds	\$60.5m / 6%
 Federal fund	\$41m / 4%





General Fund

2017-19 GRB

- **\$60.5m** in total budget from General Fund
 - **\$50.3m** (83%) General Fund Debt Service
(Seismic General Obligation bonds)
 - **\$3.8m** (6.3%) Arts Commission
 - **\$3.4m** (5.7%) Solar Incentive Fund
 - **\$3m** (5%) Small-Scale Energy Loan Program



Lottery Funds

2017-19 GRB

- **\$110.5m** total budget from Lottery Funds
 - **\$59.4m (54%)** Lottery Funds for operations and programs
 - **\$51.1m (46%)** Lottery Fund Debt Service (on Lottery Bonds)



How **Lottery Funds** are Used

- 46% Debt Service (\$51.1m)
- 36% Business Lending, Investments, and Incentives (\$39.2m)
- 17% Program Operations (\$19.2m)
- 1% Film & Video (\$1m)



Other Funds

2017-19 GRB

\$827.7m total budget from Other Funds

- \$444.9m** General Obligation Bond Proceeds
- \$156.3m** Revolving Loan funds/Loan Repayments
- \$110.8m** Lottery / Revenue Bond Proceeds
- \$100.5m** Debt Service
- \$15.2m** Other Funds for Program Operations



Federal Funds

2017-19 GRB

\$41m total budget from Federal Funds

- **\$30.8m** U.S. Department of Housing & Urban Development's Community Development Block Grant
- **\$4.8m** U.S. Treasury State Small Business Credit Initiative
- **\$2.8m** U.S. Environmental Protection Agency Brownfields Cleanup Fund
- **\$1.96m** National Endowment for the Arts
- **\$600k** U.S. Small Business Administration State Trade & Export Promotion

Largest Budget Growth Drivers

Total growth: \$341.97m (49.02%)

Increase by program from 2015-17 LAB to 2017-19 GB

Budget Additions:

- Infrastructure Programs **+\$173.45m**
- Business Programs **+\$129.16m**
- Debt Service **+\$43.23m**

Budget Reductions:

- Arts & Culture **- \$3.28m**
- Operations **- \$450,240**
- Film & Video **- \$138,047**

\$8.7m LF & GF reduction from CSL in Governor's Budget



Small-Scale Energy Loan Program

- Governor's Budget includes the transfer of the **Small-Scale Energy Loan Program (SELP)** from the Department of Energy
- Governor's Budget allows for 3.00 FTE for program
- No new loans will be made under the current plan
- General Fund infusion for debt service payments needed by the 2019-21 biennium



Portland Harbor Superfund

- **\$10m in Lottery Bond proceeds** to be transferred from DEQ.
- Funding is to pay for testing and sampling related to the Portland Harbor Cleanup project.



Regional Solutions

- **\$11m in Lottery Bonds** authorized for Regional Solutions projects in the Governor's Budget.
- Grants to leverage private, public, foundation investments in high priority regional economic development projects.
- All projects are recommended by the Regional Solutions Advisory Committee, including criteria such as job retention/creation and community support.



Rural Entrepreneurship Program (POP 101)

- Increase and improve access to entrepreneurial resources in rural areas of the state
- **\$1m** Lottery Funds
- Currently a pilot in four communities for rural Centers of Entrepreneurship
- Funding to expand the current pilot to additional communities



Recapitalization of SPWF (POP 103)

- Fund needs recapitalization to address infrastructure and levee needs across the state.
- **\$50m** Other Funds (Lottery Bond sale)
 - \$40m lottery bond proceeds to capitalize Special Public Works Fund
 - \$10m lottery bond proceeds to address emerging need for levee repair



Certification Office for Business Inclusion & Diversity (POP 104)

- Increase opportunities for minority-owned, women-owned, service disabled veteran-owned, and emerging small businesses.
- **\$441,097** Other funds and two Compliance Specialist positions (2.00 FTE)



Seismic Rehabilitation (POP 105)

- Continue rehabilitation of schools and emergency service buildings identified as high risk of catastrophic damage in seismic event.
- **\$200m** Other Funds (General Obligation Bond sale)
 - **\$160m** seismic retrofit needs of schools
 - **\$40m** seismic retrofit needs of emergency service buildings



Solar Incentive Program (POP 108)

- Funds the staff to manage the new Solar Incentive Program created last legislative session.
- **\$219,995** General Fund (1.00 FTE)
- HB 4037 (2016) created the Solar Incentive Program
- POP funds a permanent Operations & Policy Analyst 4 position (1.00 FTE) for the duration of the program through sunset on January 2, 2023.



Governor's Budget Lottery Fund Reductions

(\$8.2m) reduction in 2017-19 GRB Lottery Funds

- 12% Reduction to Lottery funded operations and programs
 - \$4.96m reduction in Strategic Reserve, Industry Competitiveness, and Oregon InC
 - Reduces the Japan Representative Office significantly
 - Reduces Expenditures and Facilities program within Operations in all areas
 - Reduces up to 15% of funding to Oregon Film and Video
 - Savings realized with agency realignment
 - Eliminates 8 positions



Governor's Budget General Fund Reductions

(\$529,979) reduction in 2017-19 GRB General Funds

12% reduction to the Oregon Arts Commission

- Reduces operating support grants to programs by approximately 30%, or over a 150 grant reduction to the arts organizations and community.
- Reduces funding for the Oregon Arts Summit. Oregon's only statewide art conference.

Reduction Options **Lottery Fund** - 15%

(\$10,045,132) reductions for 15% reduction option

- **Business Programs:**

Reduces S&S, 6.00 FTE, and programming (\$8,016,054)

- **Infrastructure Programs:**

Reduces S&S, 3.00 FTE, and programming (\$1,004,488)

- **Operations:**

Reduces S&S, 3.50 FTE, and Facilities program (\$843,458)

- **Film & Video:**

Reduces programming funding (\$181,132)

Reduction Options **General Fund** – 15%

(\$1,030,475) reductions for 15% reduction option

- Reduces operating grants, 1.00 FTE and reduction of Arts Summit funding (\$529,979)
- Reduces Solar Incentive Program (\$500,496)

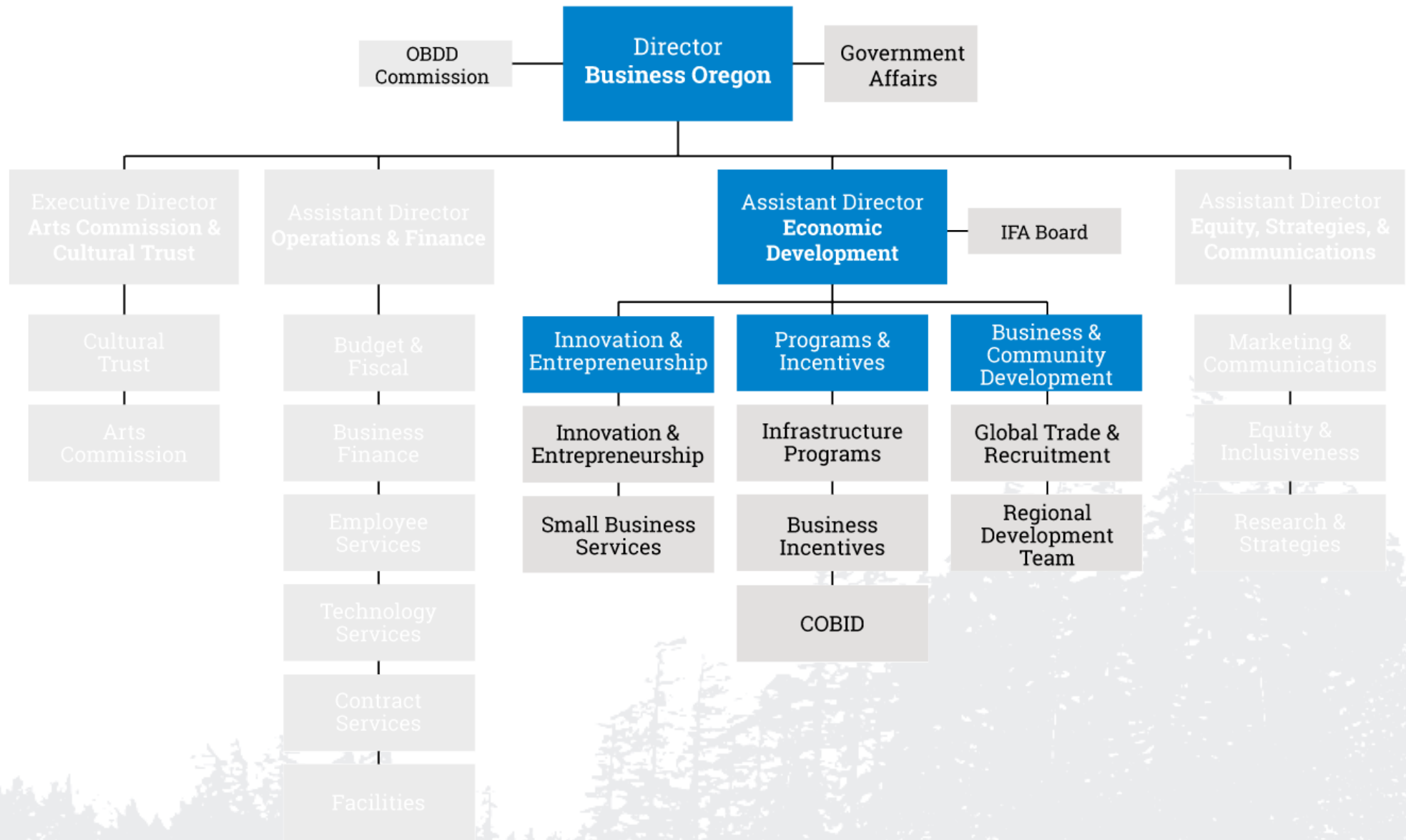


Agency Requested Bills

- **SB 12** Criminal background checks
- **HB 2242** Oregon Business Development Fund
- **HB 2243** Extends the sunset of the Electronic Commerce Tax Credit
- **HB 2244** Greenlight Oregon rebate program
- **HB 2245** Oregon Growth Board

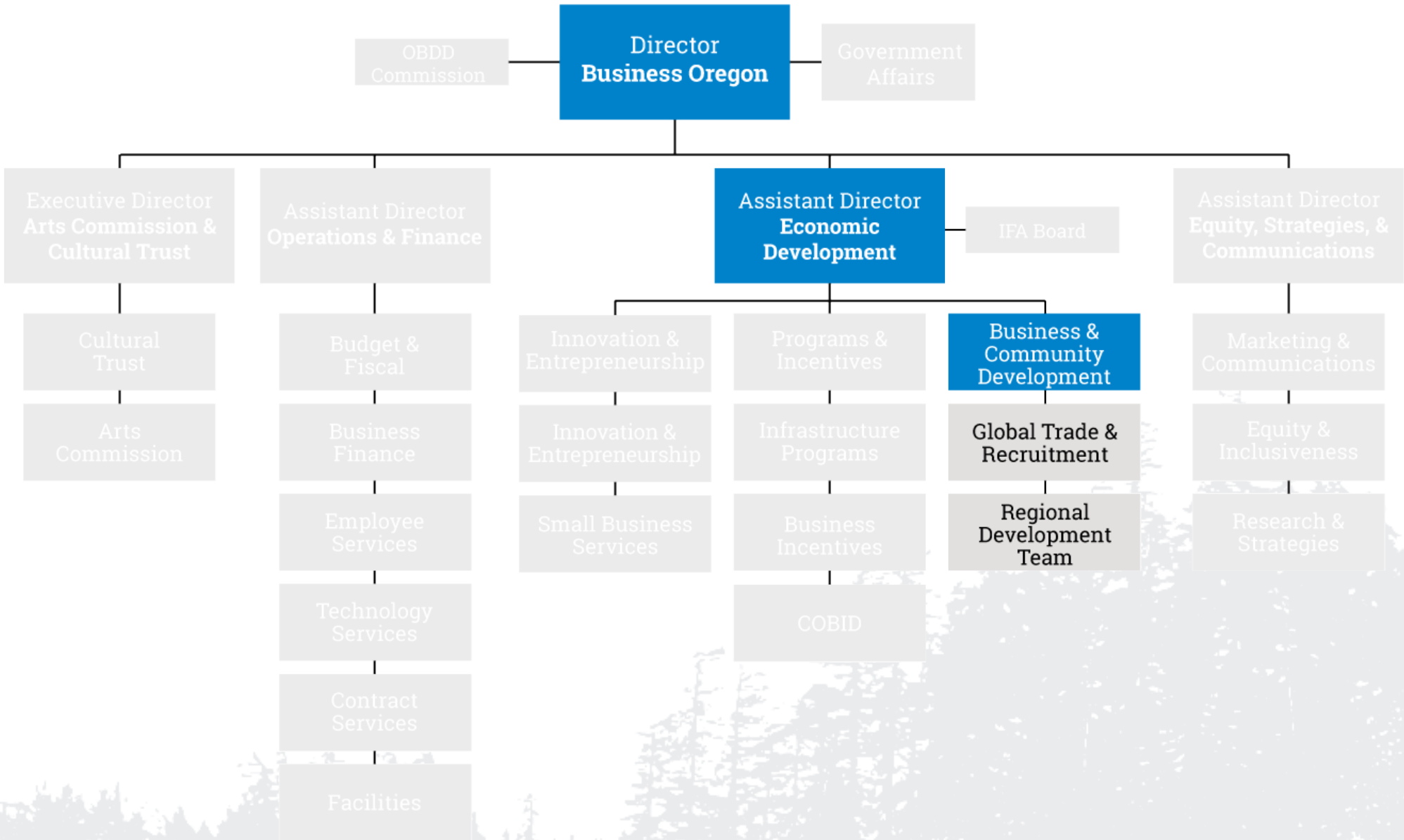
ECONOMIC DEVELOPMENT

Chris Cummings, Assistant Director of Economic Development

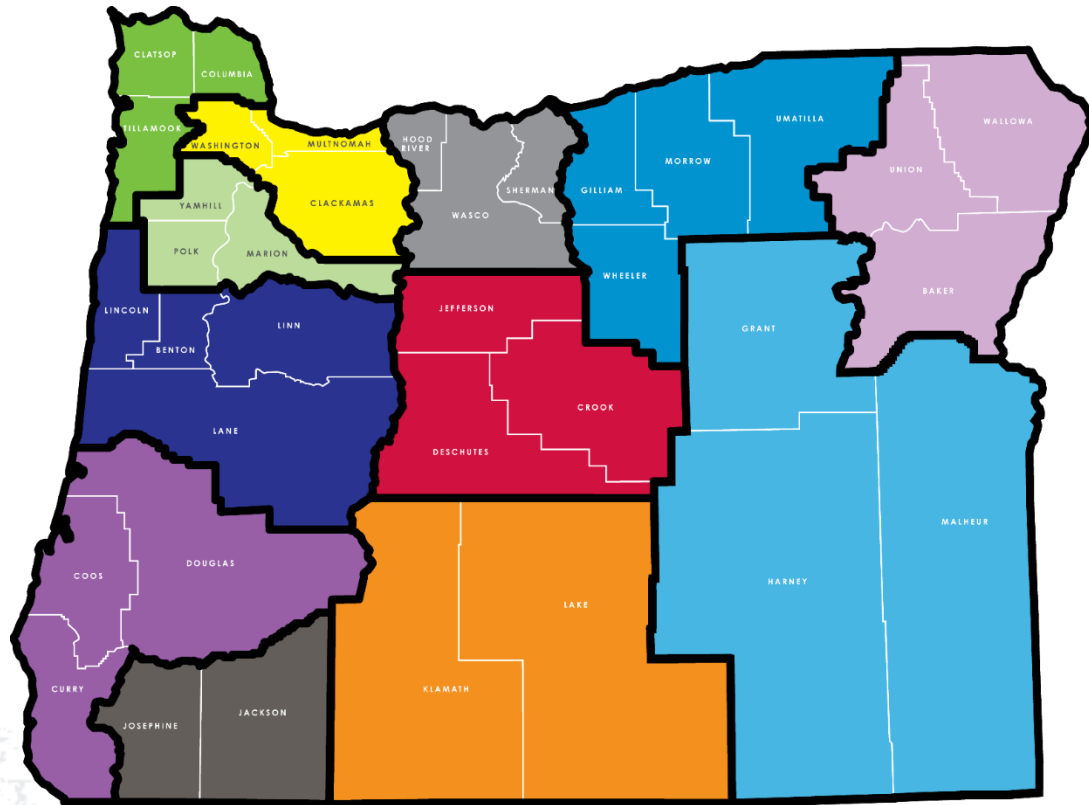


BUSINESS & COMMUNITY DEVELOPMENT

Chris Cummings, Assistant Director of Economic Development



One-Stop Services



Regional Development Officer
Direct and coordinate infrastructure and business expansion projects

Regional Project Manager
Coordinate and implement projects with Regional Development Officer



Regional Roles

- Relationship manager for businesses and community leaders
- Identify opportunities and act as a lead project manager
- Develop deals through negotiation and structured agreements
- Provide One-Stop Services
 - Access to infrastructure & business financial programs (pipeline)
 - Project technical assistance
 - Coordinate with federal & local partners
 - Clarify and facilitate regulatory solutions
 - Align workforce development resources
 - Connect to partner services and programs



Regional Roles

- **Global Trade Specialists**

- Provide export assistance to small- and medium-sized businesses

- **Recruitment Officers**

- Attract new national and international firms looking to site in Oregon



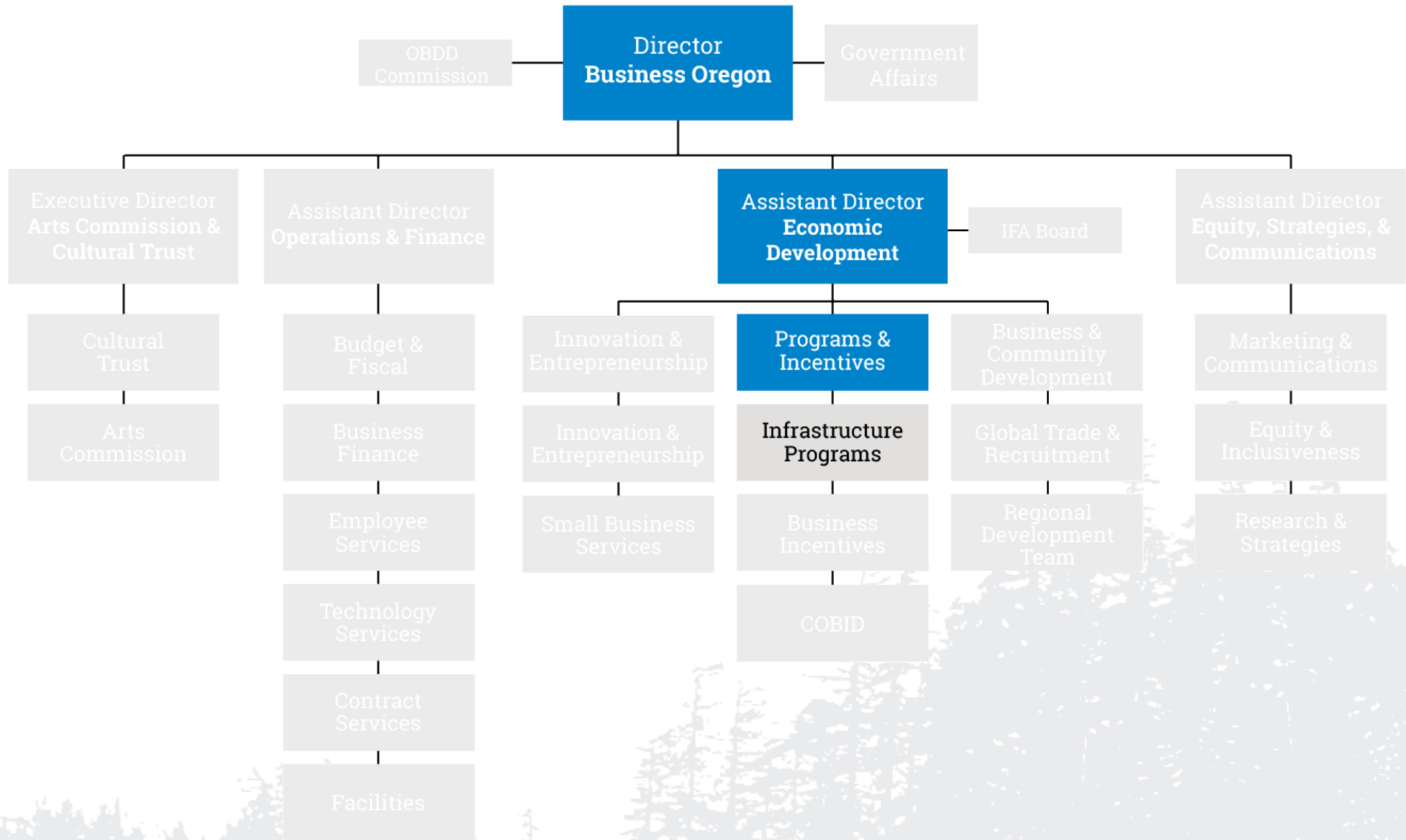
Annual Impact

- 450+ community infrastructure projects
- Outreach to ~500 traded sector companies
- 120+ expansion projects estimated to create more than 900 jobs
- 22 successful recruitments, representing an estimated 2,477 jobs
- Export promotion services/grants to 160+ small businesses with exports, resulting in \$141m in new sales

Lottery dollars hard at work for Oregon

INFRASTRUCTURE DEVELOPMENT

Chris Cummings, Assistant Director of Economic Development
Ed Tabor, Programs and Incentives Manager



Infrastructure Development

- Goal: Invest in infrastructure supports the growth of local community economies
- Key work areas
 - Community health, safety, infrastructure
 - Economic and community development projects
 - Industrial land availability and preparedness



Infrastructure: The Need

- League of Oregon Cities 2016 Infrastructure Survey Report (Water/Transportation):
 - **\$7.6 billion** over the next 20 years primarily for water, wastewater treatment and aboveground storage
 - **\$3.7 billion** over next 20 years for local surface transportation projects
 - Does not include needs of counties and special districts



Infrastructure Programs

- Special Public Works Fund
- Water/Waste Water Program
- Safe Drinking Water
- Seismic Rehabilitation
- Community Development Block Grants (CDBG)

Infrastructure Programs

- Brownfields
- Ports
- Industrial lands
- Broadband
- Regional Infrastructure Fund



Special Public Works Fund

- Loans and grants for public infrastructure
- Industrial site development, emergency projects, water, wastewater, storm water, roads
- Forgivable loans for job creation, planning grants
- **\$38,973,506** committed to **23 projects** in FY2016
- Primarily Lottery Bonds and Loan Repayment funds
- Project Distribution: 18 Rural, 5 Urban



Special Public Works Fund

- Levees
 - \$5m in FY2016
 - 3 certification projects





Water/Wastewater Fund

- Loans and grants to public agencies to comply with the Safe Drinking Water Act and the Clean Water Act
- Technical assistance, design, and construction
- **\$10,179,111** committed to **22 projects** in FY2016
- “Disadvantaged” communities may be awarded grant of \$750k with below market rate loans
- Lottery Bond and Loan Repayment Funds
- Project Distribution: 22 Rural, 0 Urban

Safe Drinking Water

- Build or improve drinking water systems to meet regulations
- Planning, design, engineering, construction
- **\$44,488,710** committed to **33 projects** in FY2016
- Interest rate as low as 1% and grants up to \$1m for “disadvantaged” communities
- Federal and State Funded
- Project Distribution: 30 Rural, 3 Urban



Reservoir Tank Recoating

Seismic Rehabilitation

- Grants to renovate high-risk public schools and emergency services buildings to make them earthquake safe.
- **Schools eligible:**
K-12, community colleges, education service districts.
- **Emergency services eligible:**
Hospitals, fire and police stations, sheriffs' offices, 9-1-1 centers.
- **Services covered:**
Architecture, engineering, project management, structural and non-structural improvements.



Seismic Rehabilitation: The Need

- Schools:
 - 293 “very high” risk, 800 “high” risk
 - \$1.64 billion total for partial retrofit (1,093 schools @ \$1.5m each)
- Emergency Service Buildings:
 - 54 “very high” risk, 195 “high” risk
 - \$374 million for retrofit (249 structures @ \$1.5 m each)
- From Department of Geology & Mineral Industries (DOGAMI) Study



Seismic Rehabilitation

Program FY2015-17

- **\$175m** for schools
- **\$30m** for emergency service facilities
- 2 bond sales: \$50m in 2016, \$155m in 2017
- Grants limited to \$1.5m per project
- Project Distribution: 32 Rural, 9 Urban





Community Development Block Grant

- Federal grants for community development principally for persons of low and moderate income within rural communities.
- All projects must meet one of three federal objectives:
 - Proposed activities must benefit low- and moderate-income individuals
 - Activities must aid in the prevention or elimination of slums or blight
 - Must be urgent need that poses a serious and immediate threat to the health or welfare of the community



Community Development Block Grant

- **\$15.1m** committed to 13 projects in FY16
 - \$6m to 3 community facilities
 - \$5.3m to 3 water system projects
 - \$2.2m to 1 wastewater project
 - \$1.5m to 5 housing rehab projects
 - \$45,000 to 1 economic development project



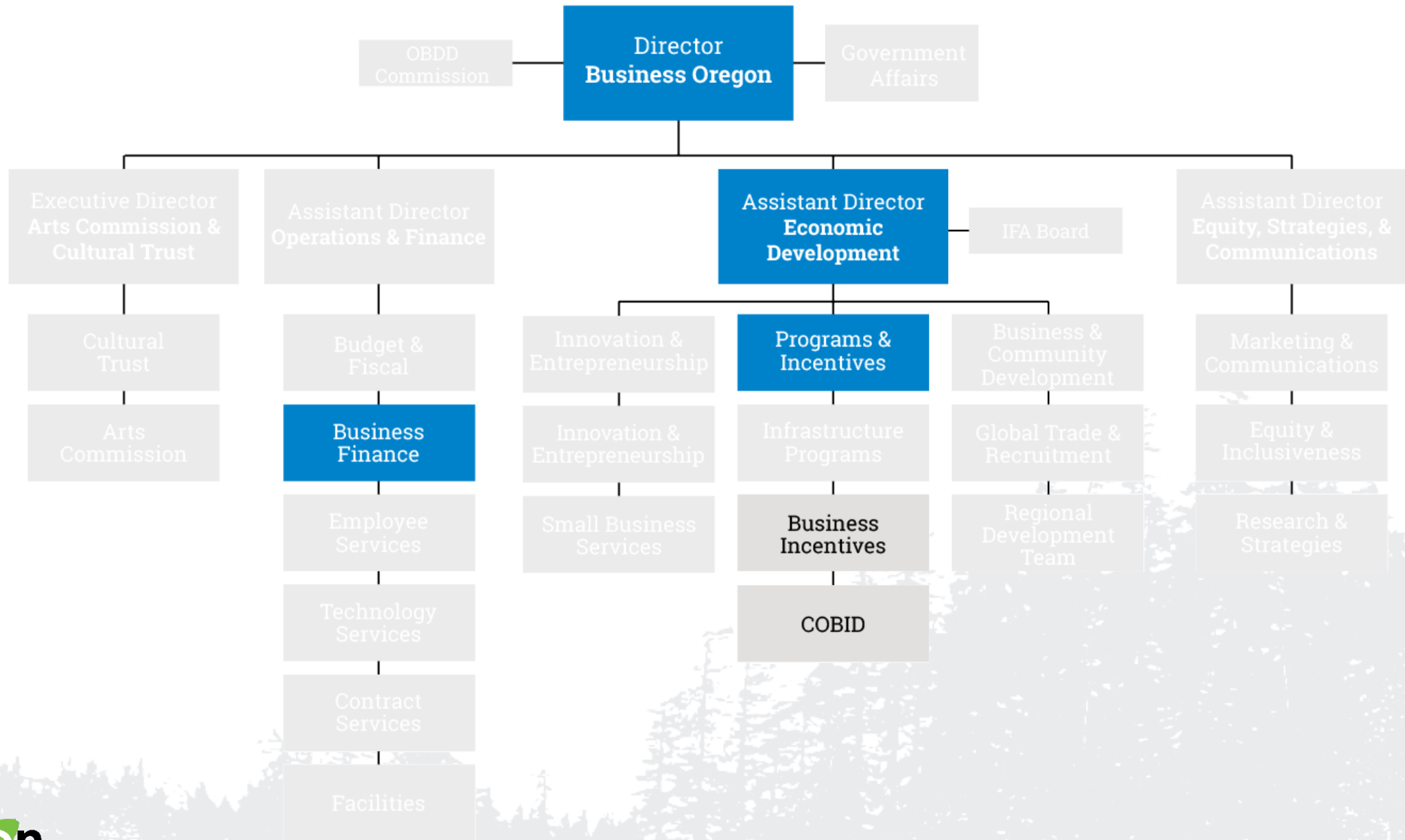
More Infrastructure and Lands Programs

- **Brownfields Program:** financing through revolving loan/grant funds to help assess and cleanup contaminated properties
- **Lands Program:** prioritizes and certifies Oregon's high-value industrial sites for development
- **Ports Program:** provides grants and construction loans for facilities and infrastructure
- **Broadband Planning:** resources for broadband development
- **Regional Infrastructure Fund:** Regional Solutions projects



BUSINESS DEVELOPMENT PROGRAMS

Chris Cummings, Assistant Director of Economic Development
Ed Tabor, Programs and Incentives Manager





Business Development Incentives

- Enterprise Zones
- Strategic Investment Program
- Oregon Investment Advantage
- Strategic Reserve Fund
- Business Expansion Program
- Solar Development Incentive



Enterprise Zones

- Local property tax exemption for new buildings and equipment.
- Local governments administer abatements, Business Oregon oversees zone creation and provides technical assistance.
- 3-5 year exemption, up to 15 in some rural zones.
- Businesses report 21,000 employees inside enterprise zones, of which 7,500 were jobs newly created with program.
- \$43m in taxes abated annually by 250 businesses in standard program. \$34m in rural program.



Strategic Investment Program

- Locally-driven program exempts very large projects from a portion of county property tax
- Exempts values in excess of \$100m in urban, \$25m in rural
- Company pays community service fee and more as negotiated locally
- 5,050 new jobs, 7,456 retained in 2015
- 16 current users



Oregon Investment Advantage

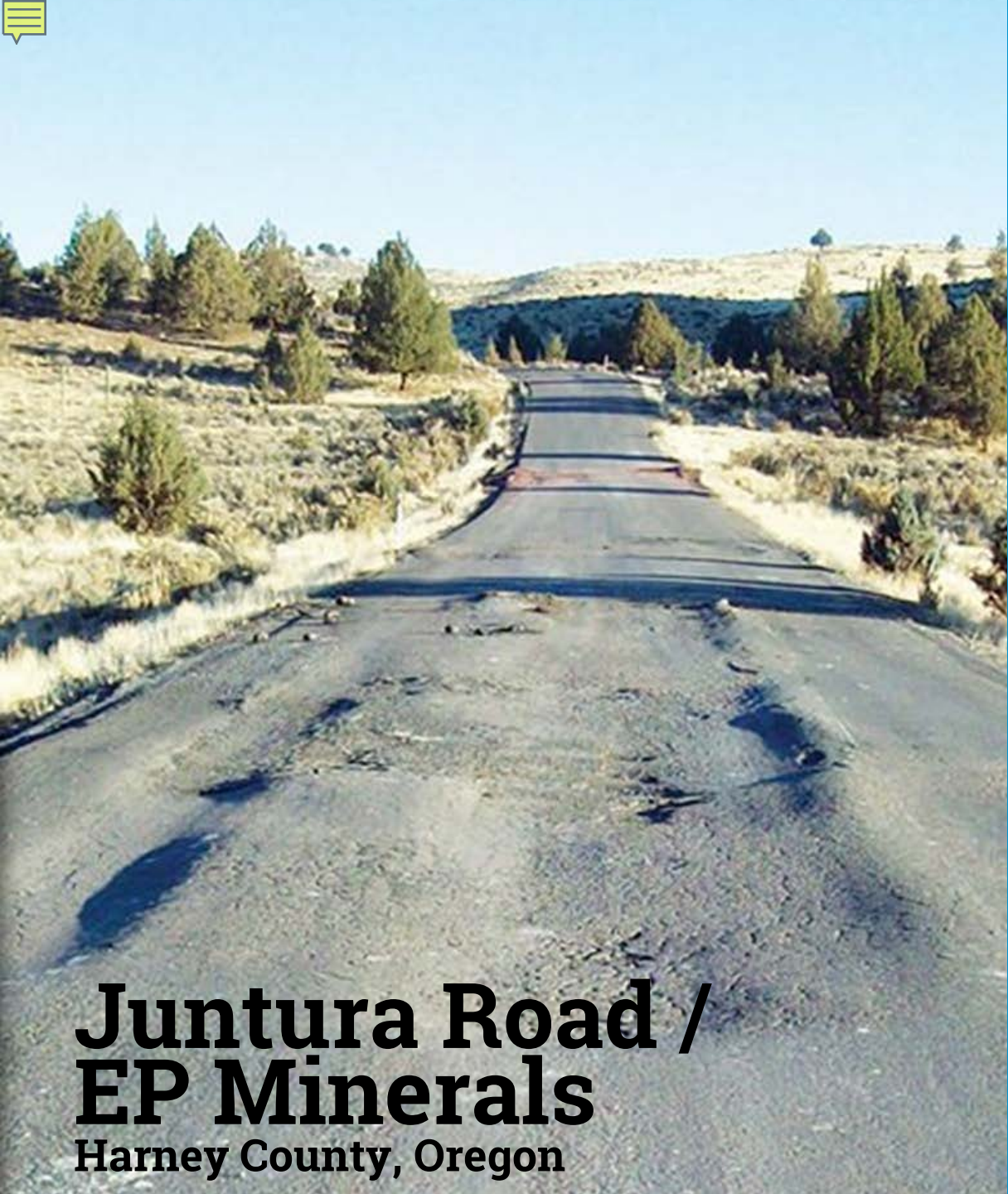
- Exempts portion of state income tax for new operations in distressed areas
- Facility must be first of its kind for the company in Oregon and not compete with existing local businesses
- 12 companies currently use OIA

Strategic Reserve Fund

- Project funding resulting in job creation/retention, industry research, or capacity building projects.
- Most awards go to existing Oregon businesses as forgivable loans and require a job creation or retention target for two years.
- Nimble response to immediate economic opportunities that deliver high-wage jobs and state income tax revenue.
- Governor approves all projects.

Strategic Reserve Fund

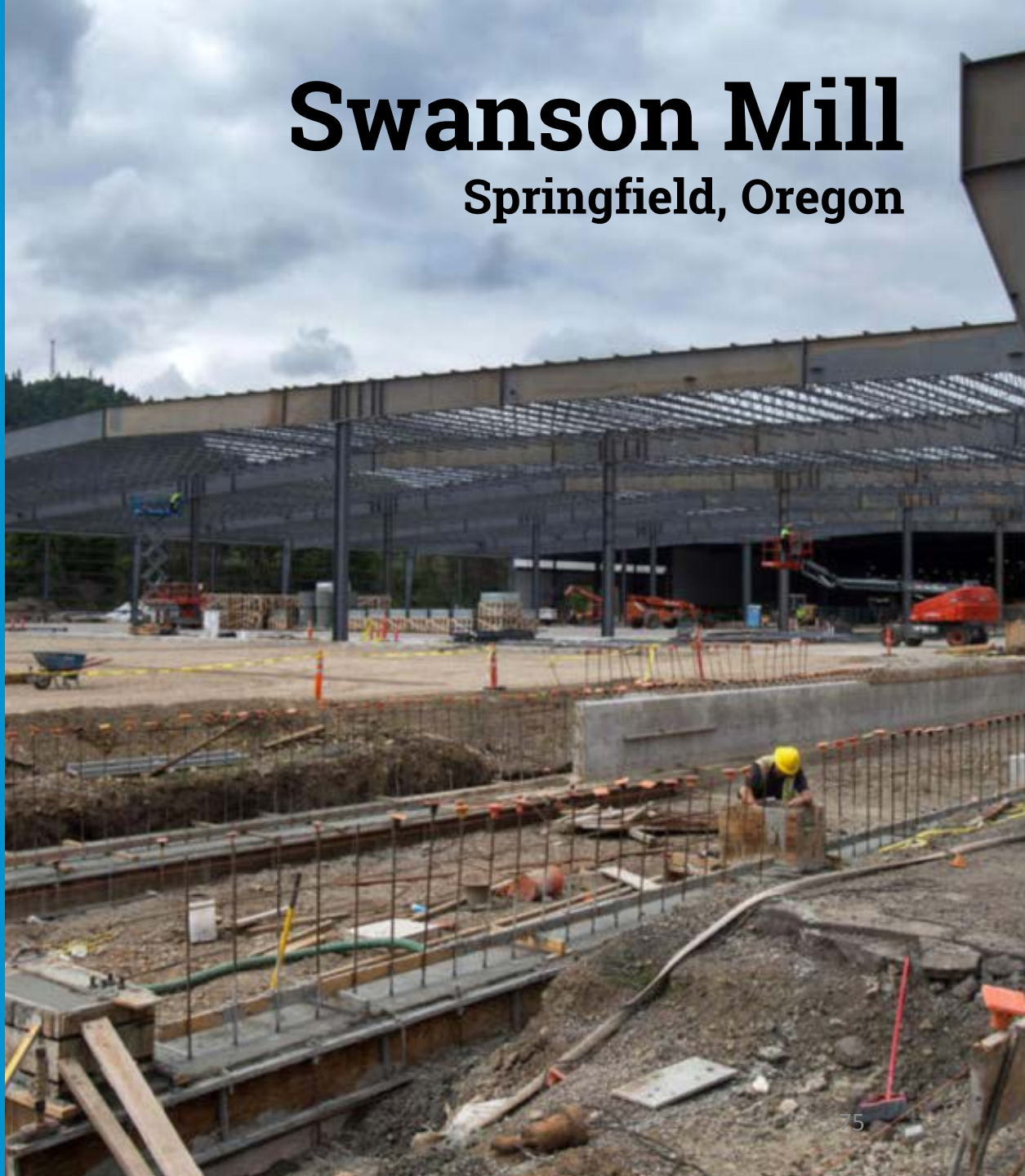
- 2017-19 GRB = **\$11.7m** (\$10.5m **Lottery Funds** & \$1.2m **Other Funds**)
- Projects in current 15-17 biennium:
 - Job Creation/Retention: \$3.3m
 - 1,398 jobs required to be created or retained
 - 241% return on investment from income tax generated
 - Leveraged \$135m in private funding
 - Capacity Building: \$4.2m
 - Industry Research: \$100k
- In the Pipeline: \$5.6m worth of projects



**Juntura Road /
EP Minerals**
Harney County, Oregon

Swanson Mill

Springfield, Oregon





Business Expansion Program

- Incentivizes high-wage jobs in high-growth industries
- Forgivable loans require companies to create and maintain a minimum of 50 jobs at 150% of local average wage
- Maximum loan amount based on estimated income tax revenue from new jobs over two years
- *Example:*
Bank Simple, created 230 jobs

Industry Competitiveness Fund

2017-19 GRB = **\$2.4m Lottery Funds**

- Investments to increase the global competitiveness of Oregon's high-value industries
- Industry capacity building
- Past projects include:
 - State match for federal export promotion grants
 - Funding of OMEP/LEAN manufacturing services



Solar Development Incentive

- New program created by the 2016 Legislature, provides incentives to solar energy system developers.
- 53 eligible applications received, for 280 MW of projects
 - Southern (103 MW), Eastern (73 MW), Central (49 MW), Willamette Valley (42 MW), and Greater Portland (26 MW)
- Program capped at 150MW
- Approx. 25 selected



Export Assistance Grants

- Export grants connect small businesses to global markets
 - Subsidizes cost of attending international trade shows and trade missions, such as freight, training and booth space and construction
- \$763,543 in small matching grants (under \$5,000 each)
 - 159 companies received 186 grants
 - \$101.8m expected sales reported
 - 87 immediately created jobs reported



Imperial Stock Ranch

Tygh Valley, Oregon

Certification Office for Business Inclusion and Diversity (COBID)

- Five certifications to level the playing field for businesses owned and managed by *minorities, women, service-disabled veterans, and emerging small business*
- Certifications are primarily used on public contracting opportunities
- Service-disabled veterans and increased evaluation and monitoring were added to the portfolio via the legislature in 2015





Certification Office for Business Inclusion and Diversity (COBID)

- 2017-19 GRB = **\$2.1m Other Funds**
- 104 outreach events in 2016, about twice as many as 2015
- 2,490 firms submitted applications in 2016, up from 1,807 in 2015
- 3,523 firms currently hold certifications.





BUSINESS FINANCE PROGRAMS

John Saris, Business Finance Manager



Finance Programs

- Direct loans, loan guarantees, private activity bonds
- Intent:
Leverage private capital, geographic diversity, increase financial capacity, and support business expansion/retention

Oregon Business Development Fund

- Direct loans to small businesses
- Revolving loan fund, with fixed-rate financing for land, buildings, equipment, machinery, and permanent working capital
- Participants must project to create or retain jobs and must be traded-sector. Preference given to rural and distressed areas.
- Up to \$1m and 20-year term

Oregon Business Development Fund

FY2016:

- 14 loans totaling \$4.8m
- Leveraged \$22.5m in private funding
- Projected to create/retain 196 jobs
- 78% of loans made outside of Portland metro area
- Average number of employees per borrower: 18

Entrepreneurial Development Loan Fund

- Direct loans to help start-ups and micro-enterprises expand or become established in Oregon
- Fills a niche not typically available through traditional lending markets
- Up to \$75,000 and 10-year terms
- Fixed rate loans starting at prime + 2% APR
- Includes mentorship from Small Business Development Centers

Entrepreneurial Development Loan Fund

FY 2016:

- Closed 8 loans totaling \$328,000
- Leveraged \$1,233,784 in private funding
- Projected to create 32 jobs
- 100% of loans made outside Portland metro market
- Average loan is \$41,000
- Average number of employees per borrower: 1

Capital Access Program

- CAP helps banks and credit unions make more commercial loans to small businesses and provides capital for startup or expansion
- Enrollment fee: 3% to 7%
- Program used almost exclusively by community banks and credit unions
- Average number of employees per borrower: 6.3

Capital Access Program

FY 2016:

- Enrolled 23 loans matching \$36,166 in borrower, lender fees
- Leveraged \$937,695 in private funding
- Projected to create 25 jobs and retain 59 more
- 60% of loans made outside Portland metro market

Credit Enhancement Fund

- Loan insurance program available to private lenders to assist with making loans and lines of credit to businesses that would not otherwise qualify.
- Enrollment fee of 1.25% to 3.5%
- Covers up to 80% of the loan with a cap of \$2m and 15-year term
- Covers up to 75% of the lender's line of credit with a maximum term of one-year
- Average number of employees per borrower: 17

Credit Enhancement Fund

FY 2016:

- Approved 36 loans, leveraging \$16.5m in private funding
- Projected to create or retain 456 jobs
- 94% of loans insured outside of the Portland MSA, with strongest demand from community and regional banks
- Average enrolled project is \$458,000



Humm Kombucha

Bend, Oregon

Industrial Development Bonds

- Long-term financing for land, buildings and equipment through tax-exempt bonds.
- Lender is exempt from federal income tax on interest income and tax savings passed along to borrower.
- Not a state of Oregon obligation. Lender retains all risk and obligations associated with loan servicing.
- Business Oregon determines eligibility.

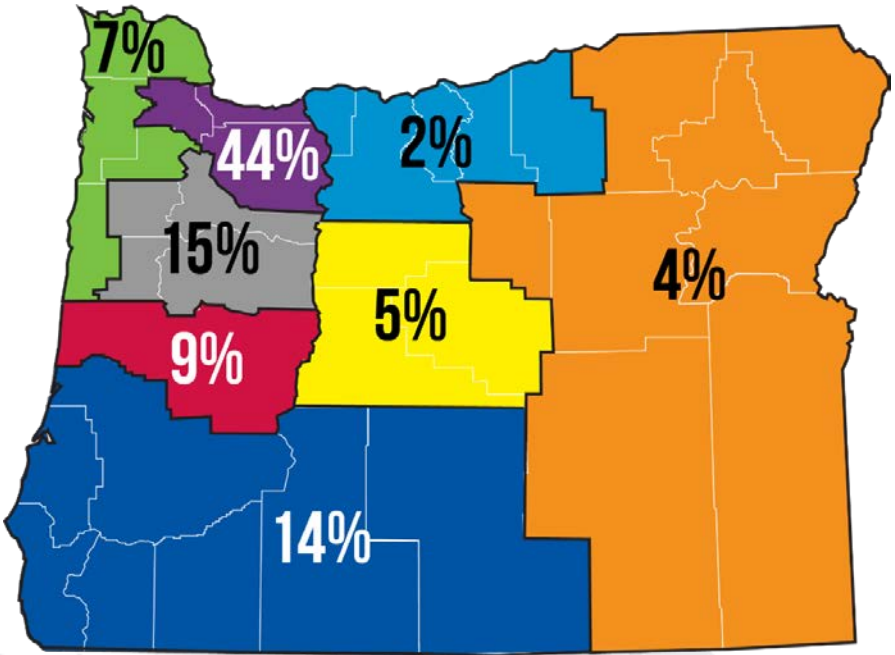
Aggie Bonds

(Expanding Farmer Loan Program)

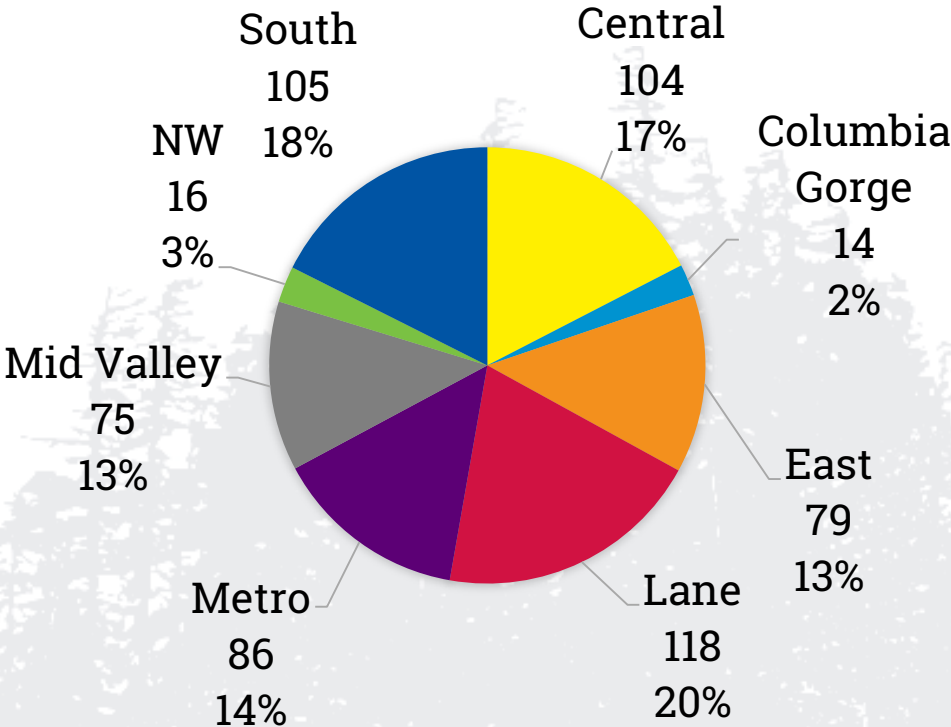
- Helps new farmers obtain lower-cost financing for land and equipment purchases through tax-exempt bonds.
- Lender exempt from federal income tax on interest income and tax savings passed along to borrower.
- Available to beginning farmers for depreciable agricultural property, used equipment and farmland purchases.
- Not a State of Oregon obligation. Lender retains all risk and obligations associated with loan servicing.

Population & Project Distribution

Population by Region
2015 Census Data (4,028,977)

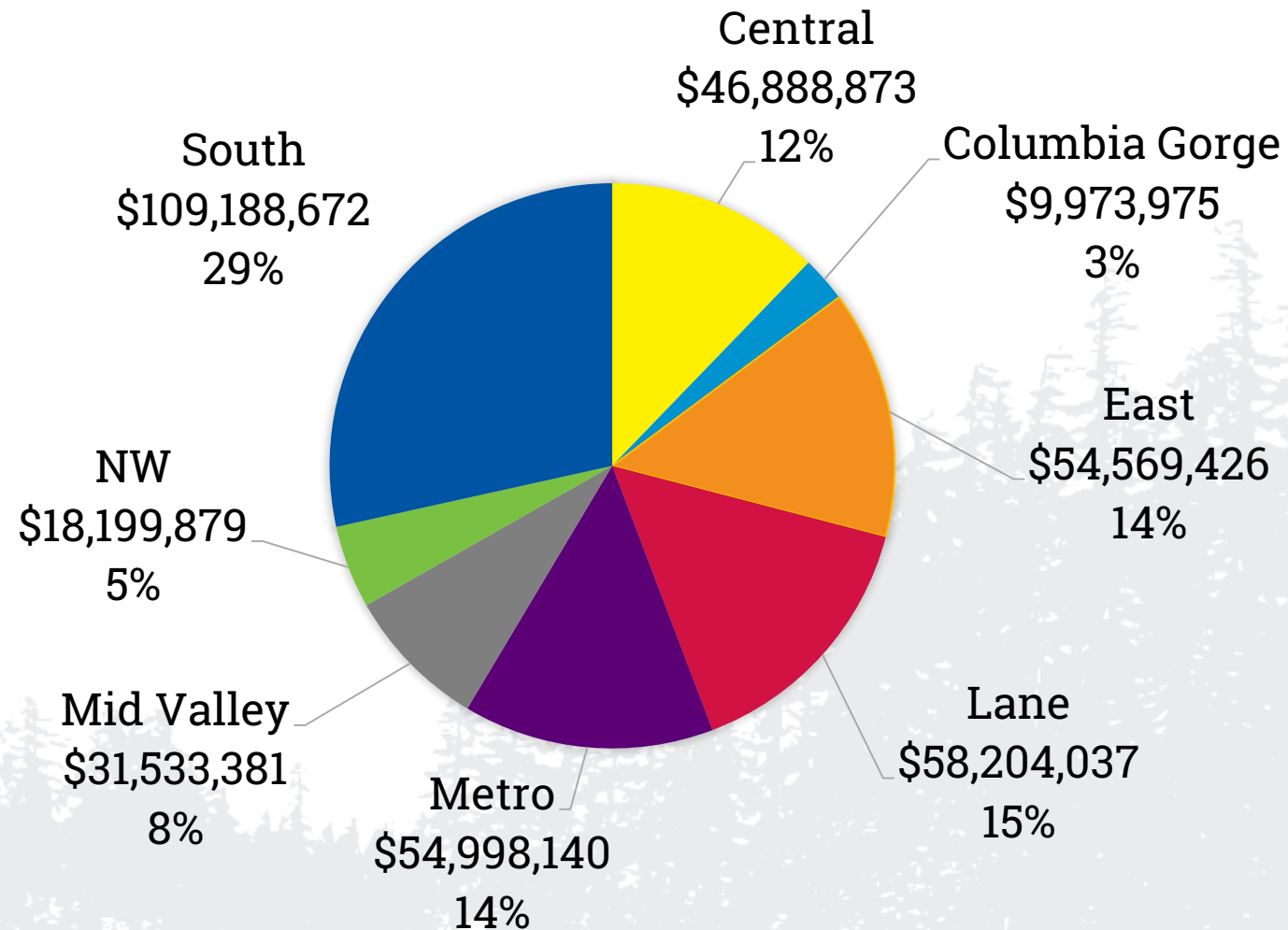


of Projects by Region (2010-2016)
597 (CEF, OBDF, EDLF)



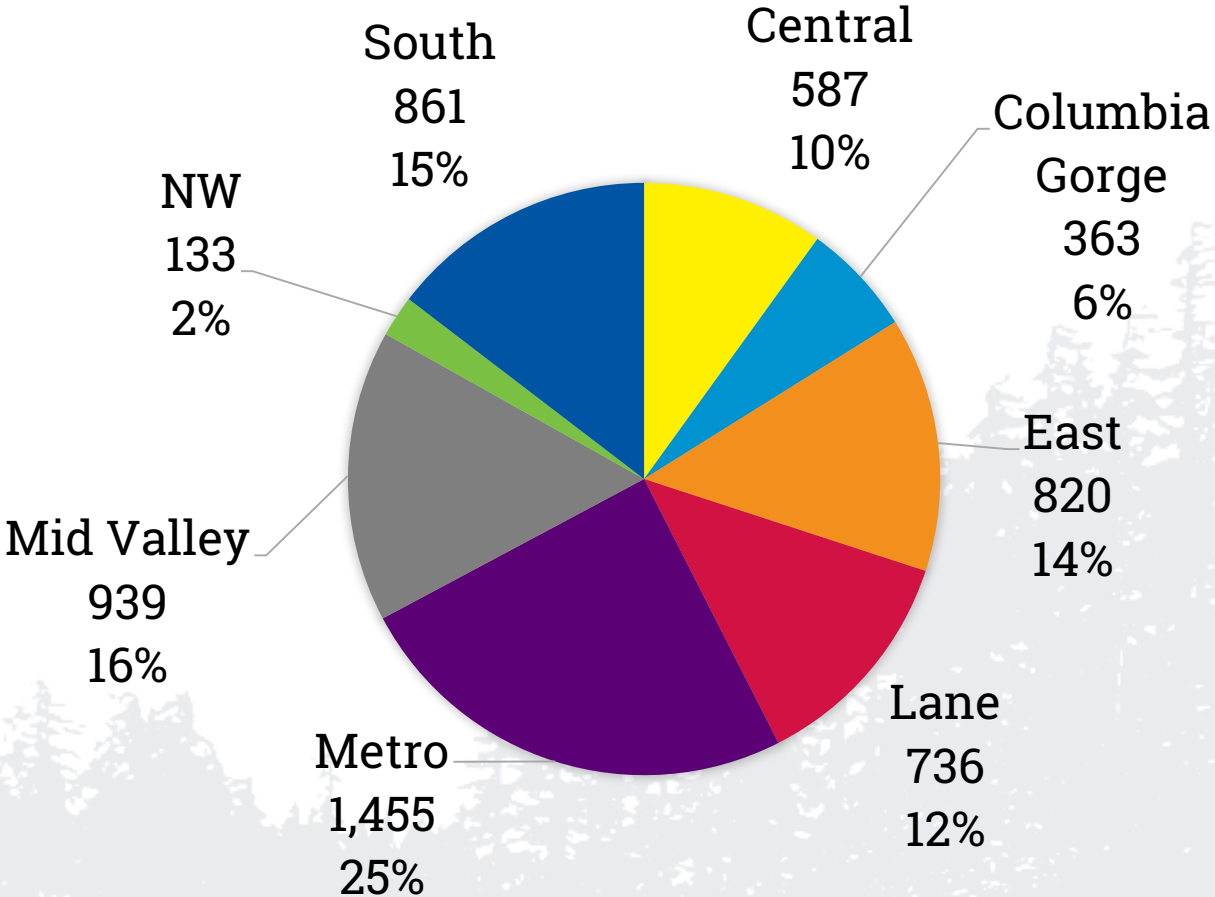
Leverage Distribution 2010-2016

\$ Leveraged by Region:
(CEF, OBDF, EDLF)
\$383,556,383



Projected Job Impacts 2010-2016

Jobs Created/Retained by Region:
(CEF, OBDF, EDLF)
5,893

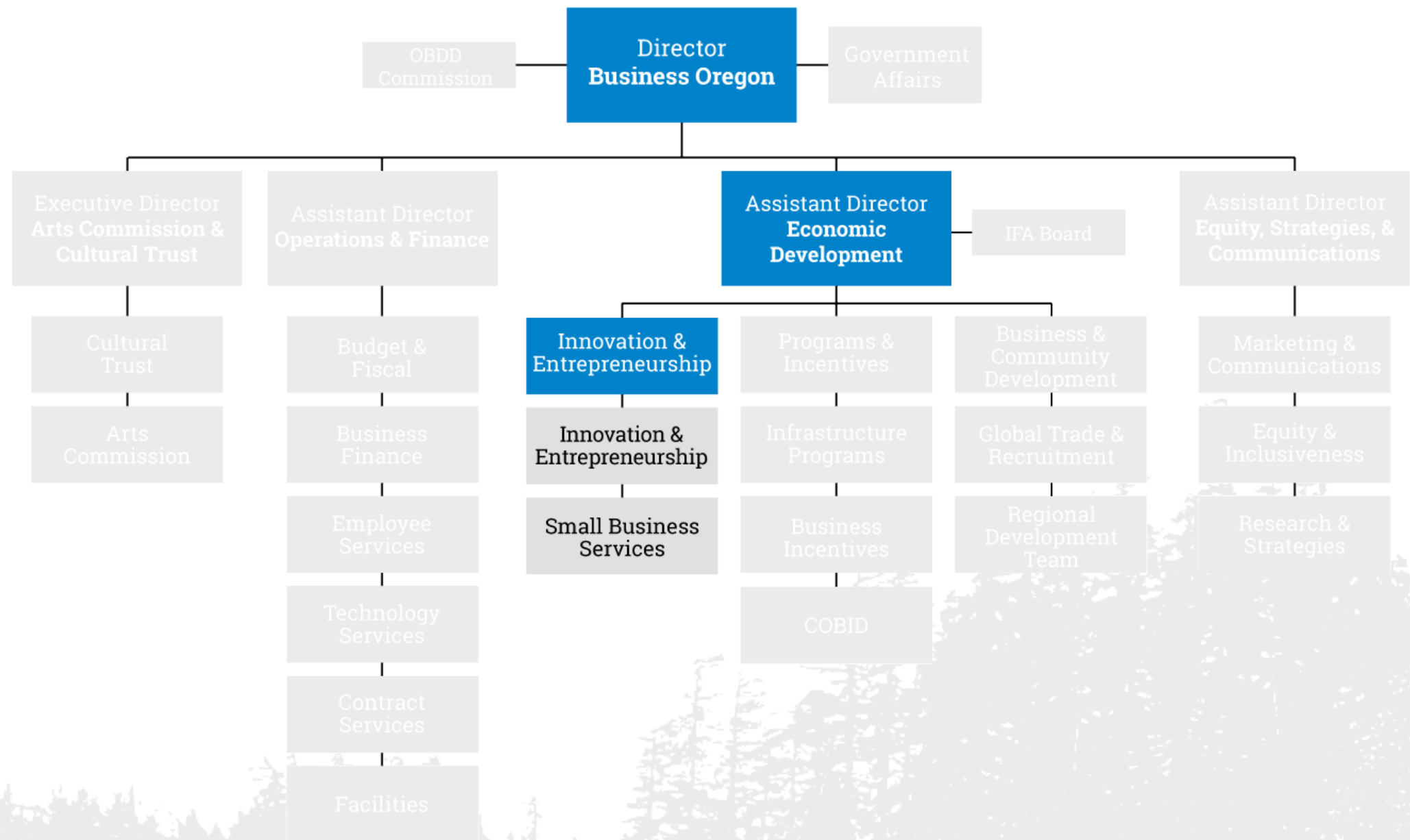




INNOVATION & ENTREPRENEURSHIP

Chris Harder, Director

Heather Stafford, Innovation & Entrepreneurship Manager



PROGRAMS & INITIATIVES

INNOVATION



CAPITAL



ECOSYSTEM

OREGON INNOVATION COUNCIL

OREGON GROWTH BOARD

STATEWIDE ADVISORY COMMITTEE

- Signature Research Centers
- SBIR/STTR Matching Grant
- Commercialization Fund
- High Impact Industry Investments

- Oregon Capital Scan
- OGA: Institutional VC
- OGF: Early-Stage Impact Investing

- Small Business Development Centers (SBDCs)
- Small Business Marketplace
- InventOR Competition
- Rural Opportunity Initiative (ROI)

- Oregon Mfg. Innovation Center (OMIC)

METRICS:

Investment Leverage
Industry R&D
Product Commercialization

METRICS:

IRR
Investment Leverage
Oregon \$ Deals

METRICS:

Jobs
New Business Starts
Local Sustainability

Innovation & Entrepreneurship

- Oregon Innovation Council “Oregon InC”
- Oregon Growth Board “OGB”
- Rural Opportunities Initiative “ROI”
- Oregon Manufacturing Innovation Center “OMIC”

Oregon Innovation Council “Oregon InC”

- Launched 10 years ago to commercialize emerging technologies born out of science and research
- Funded originally in 2007 for **\$26m** and was included in Business Oregon’s base budget in 2015 for **\$17.9m**
- Council undertook extensive strategic planning in 2015-17 to better align investments with the current innovation economy



Oregon Innovation Council “Oregon InC”

- Since 2007
 - 190 companies supported
 - \$630 million in follow-on funding
 - \$94.9 million in state investment
 - 6 to 1 funding leverage
 - 400 firms used Signature Research Center’s shared labs
- 326 jobs created in FY16

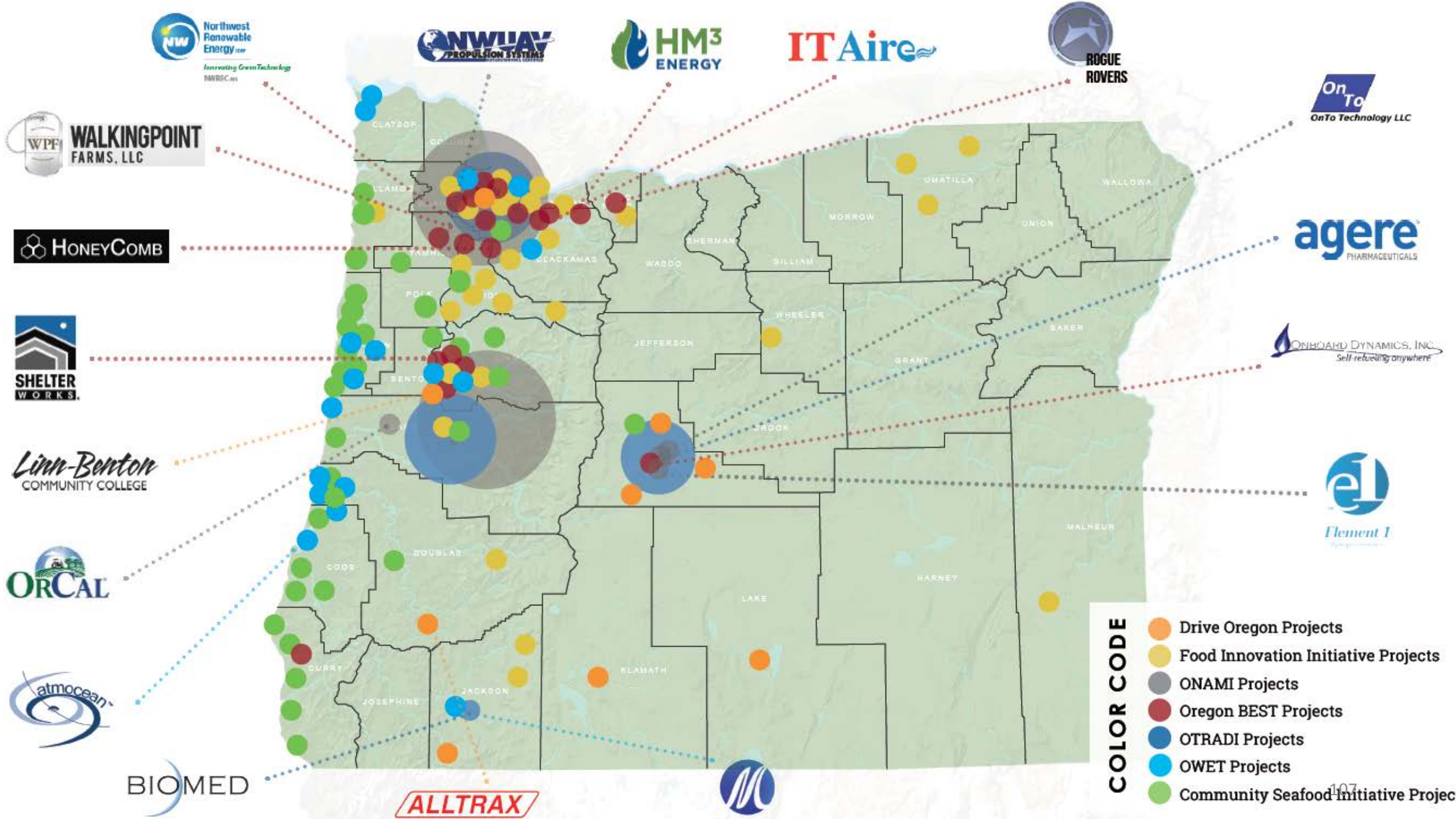


Oregon InC 17-19 Strategic Investment Areas

- **Signature Research Centers:**
Operating support focused on developing a pipeline of emerging new technology companies and management of R&D projects.
- **High Impact Opportunities Projects:**
Investments in distinct innovation or R&D projects to advance the growth of emerging industries; Not to be used for organizational operating support
- **Commercialization Fund:**
Gap funding for early-stage companies
- **Federal Small Business Innovation Support Program:**
Grant assistance to leverage federal research awards and support companies with business development.

Oregon InC 17-19 Proposed Budget

17-19 Oregon InC Investment Categories	Amount
Signature Research Centers	\$ 7.5m
Commercialization Fund	\$ 5.0m
High Impact Opportunity Projects	\$ 4.2m
SBIR (Small Business Innovation Research) Support	\$ 1.0m
Total Biennium Budget	\$ 17.7m (Lottery Funds)



- COLOR CODE**
- Orange: Drive Oregon Projects
 - Yellow: Food Innovation Initiative Projects
 - Grey: ONAMI Projects
 - Red: Oregon BEST Projects
 - Blue: OTRADI Projects
 - Cyan: OWET Projects
 - Green: Community Seafood Initiative Projects





Oregon Growth Board

- Created by the 2012 Legislature to improve access to capital for high-growth companies.
 - Invests in funds
 - Targets capital gaps in strategic industries, company stages, geographies, and company leadership demographics
- 12-member board
- Assumed responsibility for managing Oregon Growth Account in 2014 from Treasury, also manages the Oregon Growth Fund.



Oregon Growth Board

- **Oregon Growth Account:**

Earn returns for the Education Stability Fund through institutional and pre-institutional investments

- 1.8% Lottery Revenue directed to the account, approximately \$10m annually.
- OGA invested \$112.4m since 2000, and recipient funds invested \$264.1m in 181 Oregon companies.

- **Oregon Growth Fund:**

Supports new and existing capital initiatives that prioritize Oregon economic development

- \$276,500 of OGF investment in 2016, with private leverage of approx. 3:1

Rural Opportunities Initiative (ROI)

- Recognized challenges for rural entrepreneurs:
 - **Inefficient network:** disconnected agencies, providers that overlap and compete
 - **Invisible services:** isolated offices in dispersed locations
 - **Insufficient resources:** lack of local expertise, limited connectivity to resources
 - **Inequitable system:** difficult to access services for Native Americans, bi-lingual entrepreneurs, communities of color, women, youth, etc.

Rural Opportunities Initiative (ROI)

- Invest in rural, locally-driven strategies designed to increase access to existing business services for entrepreneurs.
- **4 pilot communities in 2016-17:**
 - Klamath Falls, Coos Bay, Baker City, La Grande
 - \$1m requested in POP to expand into more communities
 - Current investment of \$260,000 has been leveraged with additional investments from philanthropic, private, county, and city sources
- **Provides:**
 - Workspace, broadband infrastructure, video conference, training, coaching & mentoring programs, new business curriculum, best practices, etc.

Rural Opportunities Initiative (ROI)

- Baker City

- Opened Hatch Baker on Main Street on Oct 31, 2016
- Gathering cohort for Spanish language program (Adelante Mujeres)

- Coos Bay

- 12 service providers LOI to co-locate downtown
- Commitment from city to invest in downtown building



Oregon Manufacturing Innovation Center (OMIC)

- Industry, higher education, and government partnership to address manufacturing challenges and spur innovation
- Training Center
- R&D Center
- 400 acre OMIC Innovation District



Oregon Manufacturing Innovation Center (OMIC)

- **OMIC R&D Facility** building and land purchased.
- **OMIC R&D Master Member Agreement** is finalized. Boeing plus 6 other firms committed, PSU, OSU, OIT, committed partners.
- **Training Facility** – PCC acquiring land, 20 acres for 25,000 sq. ft.
- **OMIC Innovation District** expansion - future R&D facilities and new business operations.

Oregon Manufacturing Innovation Center (OMIC)



Partner Programs

Small Business Development Center Network (OSBDCN)

- Administer biennium scope of work and contract
- Business finance partner with Capital Access Team (CAT)
- Primary partner for business development referrals

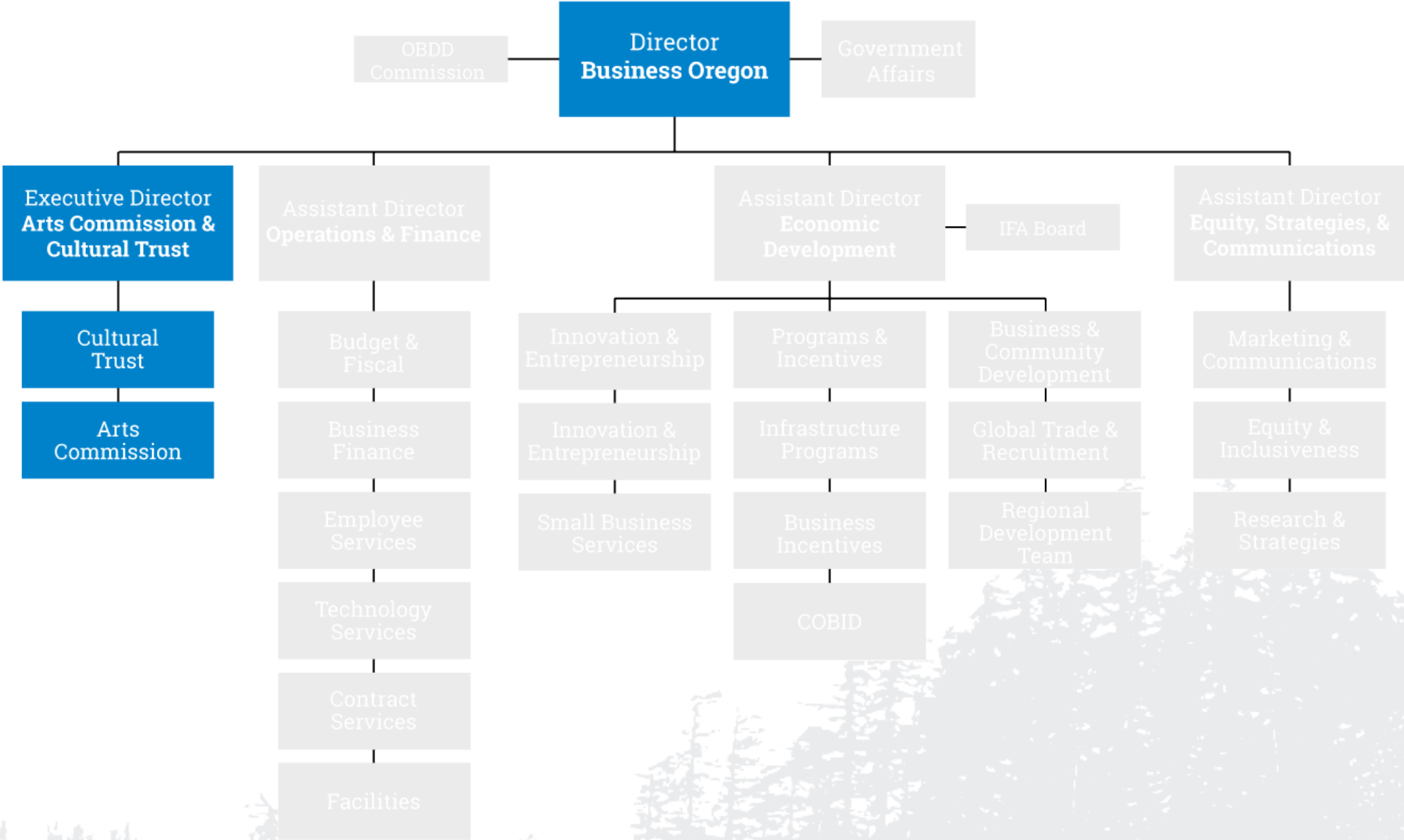
Government Contract Assistance Program (GCAP)

- Administer biennium scope of work and contract
- Partner for wrap around services for certified companies
- Primary source for government-related referrals



ARTS & CULTURE

Brian Rogers, Executive Director
Arts Commission and Cultural Trust





OREGON ARTS COMMISSION & OREGON CULTURAL TRUST



Arts & Culture

- The Oregon Arts Commission provides statewide grant funding to artists, arts organizations and arts programs
- The Cultural Trust raises public and private awareness and investment in arts, heritage, history, humanities and preservation



Arts & Culture

- Key work areas
 - Foster Oregon's famous quality of life
 - Education and lifelong learning in the arts and culture
 - Promote and leverage public investments in arts, history, heritage, humanities and preservation



Arts & Culture

- 2.5m people reached in FY 2016
- Oregon Arts Commission invested \$4.7m
 - Leveraged \$298m in total arts organization budgets, projects
 - Education programs reached 700,000 K-12 students
 - Percent for Art: 8 projects, \$1.4m
- Oregon Cultural Trust raised \$4.5m in 2016
 - 9,124 contributions
 - Supported 450 local projects
 - 13,169 cultural license plates issued, raising \$374,000









Arts & Culture

2017-19 GRB = **\$15.9m**

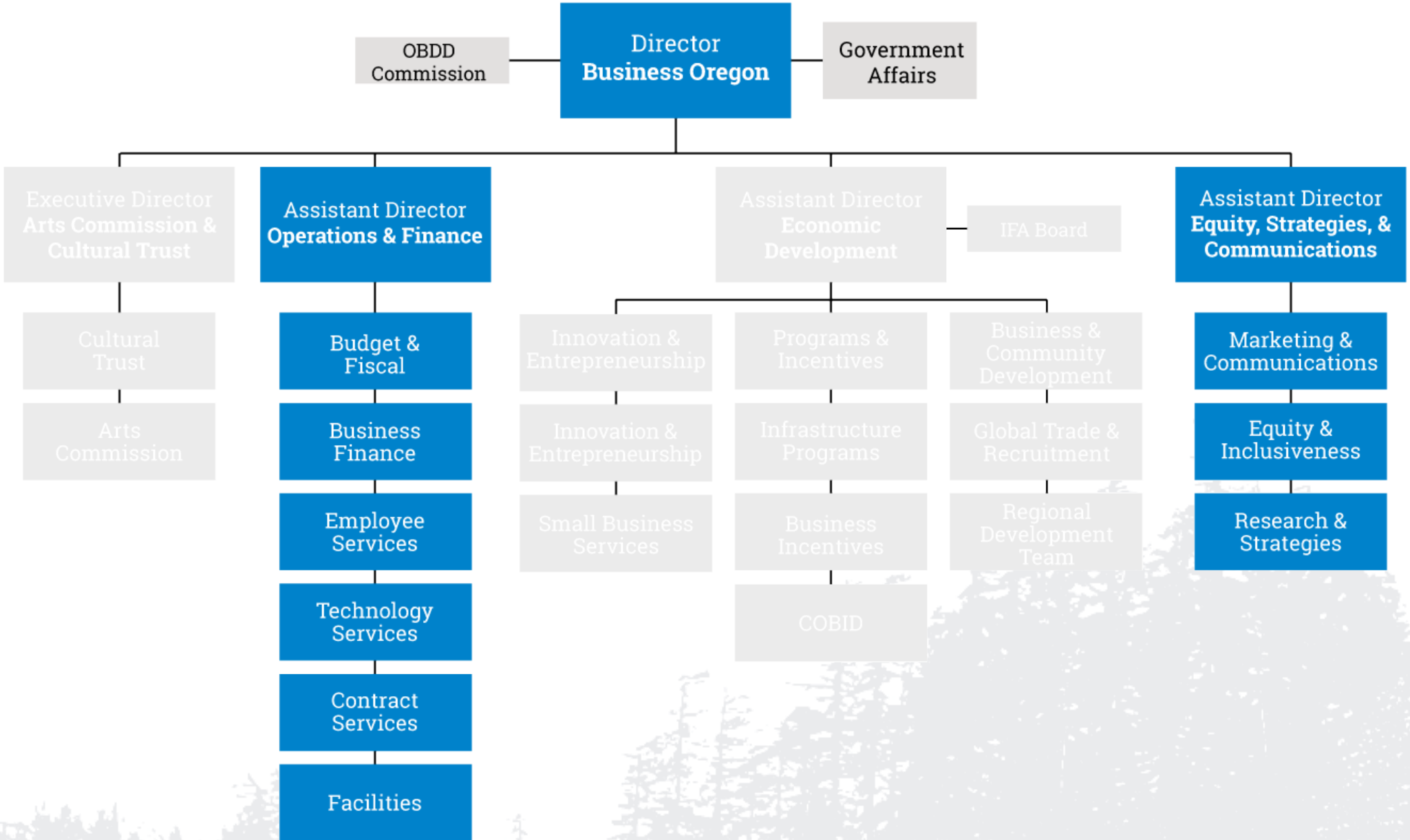
- \$10.1m Other Funds
- \$3.8m General Fund
- \$2m Federal Funds



OPERATIONS & ADMINISTRATION

Chris Harder, Director

Ramona Rodamaker, Assistant Director of Operations



Overall Administration & Support

- 2017-19 GRB = **\$8.8m**
(\$6.7m lottery, \$1.9m other funds, \$199K federal)
- 0.8% of Total Agency Budget
- 76% Lottery Funds
- Despite 49% growth in budget and addition of 5 new programs, disproportionate # of Business Oregon's FTE reductions occur here



Equity, Strategy & Communication

- **Equity & Inclusion:**
Reaching underserved communities and populations
- **Research & Strategies:**
Economic analysis to drive sound investment decisions
- **Communications & Marketing:**
Highlighting Oregon as a great place to do business



Operations

- Budget and Accounting
- Employee Services
- Information Technology Services
- Contracts and Procurement
- Facilities



SUMMARY

Chris Harder, Director

Impact

- **450+** active community infrastructure projects
- **140+** current expansion/recruitment projects with an estimated **3,300** job creation
- **247** export assistance grants totaling **\$1m** to small businesses resulting in **\$119m** in new sales
- **130** small business finance loans totaling **\$38m**, on projects totaling **\$70.5m**
- **524 jobs** created and retained and **\$140.1m** federal and private funds leveraged through Oregon InC
- Oregon Arts Commission invested **\$4.7m**, leveraging **\$298m** in total arts organization budgets, projects

OREGON FILM

TIM WILLIAMS, EXECUTIVE DIRECTOR

DAS

PATRICK HEATH, CFO ANALYST

PUBLIC TESTIMONY