



2018

FISCAL YEAR 2018 – JULY 2017 TO JUNE 2018

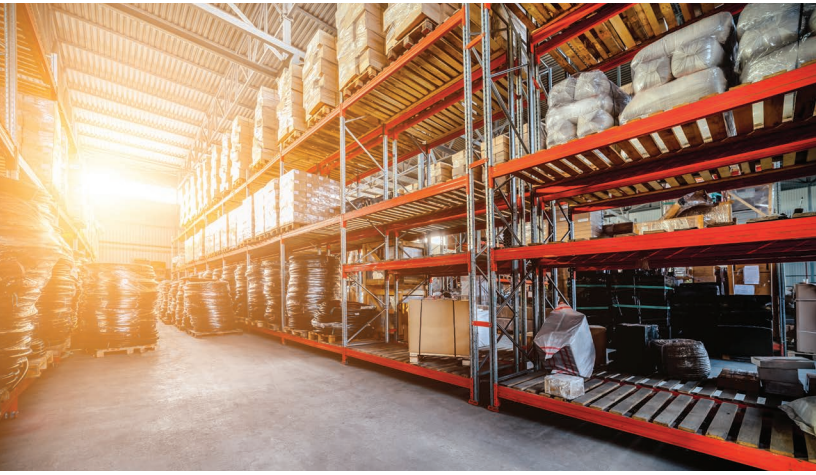
ANNUAL REPORT

WWW.OREGON4BIZ.COM

Prosperity for all Oregonians



business
oregon®



Business Oregon is the economic development agency for the state of Oregon. We work with communities and businesses to build prosperity together.

We use our programs and expertise to help businesses grow, so they can in turn add jobs, diversify the economy, and increase Oregon prosperity. We work with communities to enhance and expand infrastructure and community safety with projects such as water/wastewater systems, seismic rehabilitation for schools, or rural broadband development. This also sets the stage for future business development.

Our mission is to invest in Oregon's businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy, all carried out through the agency's 5-year strategic plan.

Our annual report for fiscal year 2018 (July 2017–June 2018) presents results in ten key performance measures established for Business Oregon by the Oregon legislature.

But we also continuously challenge ourselves to know more and evaluate our progress in ensuring economic growth and prosperity is shared statewide and among all communities.

Chris Harder

Chris Harder, Director
Kanth Golpapur, Commission Chair



KEY PERFORMANCE MEASURES

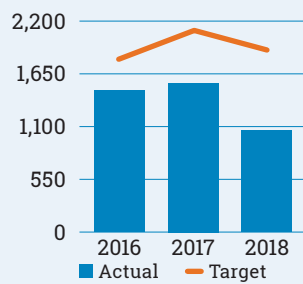
Business Oregon tracks and reports ten Key Performance Measures (KPMs) established by the state legislature. These measures are calculated each year, and are one approach at a quantifiable—though limited—look at the results of the agency’s work. Past reports, our strategic plan, and information on all of our programs can be found at www.oregon4biz.com.

In Fiscal Year 2018...

Total investments: **278**
 Total Investment \$: **\$173,351,429**
 % in rural communities **74%**
 % that are infrastructure projects **85%**

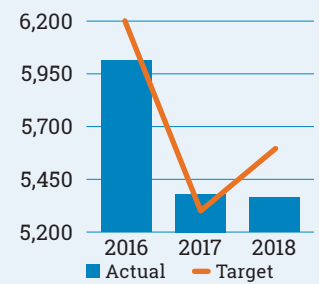
Total Jobs Created

	2016	2017	2018
Actual:	1,482	1,555	1,074
Target:	1,800	2,100	1,900



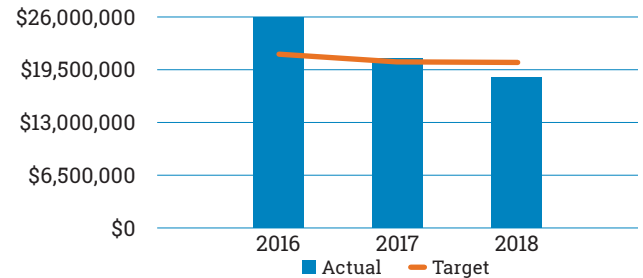
Total Jobs Retained

	2016	2017	2018
Actual:	6,016	5,392	5,374
Target:	6,200	5,300	5,600



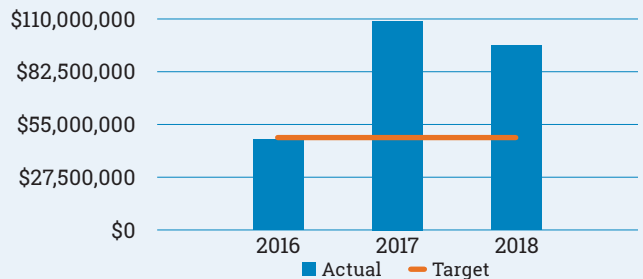
State Income Tax Revenue

	2016	2017	2018
Actual:	\$25,800,000	\$20,800,000	\$18,300,000
Target:	\$21,200,000	\$20,300,000	\$20,300,000



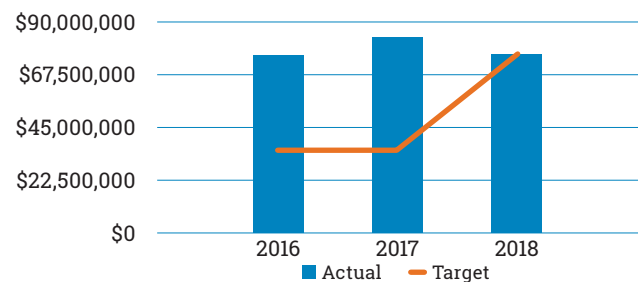
New Export Sales of Assisted Clients

	2016	2017	2018
Actual:	\$47,125,000	\$108,350,000	\$95,771,169
Target:	\$47,800,000	\$47,800,000	\$47,800,000



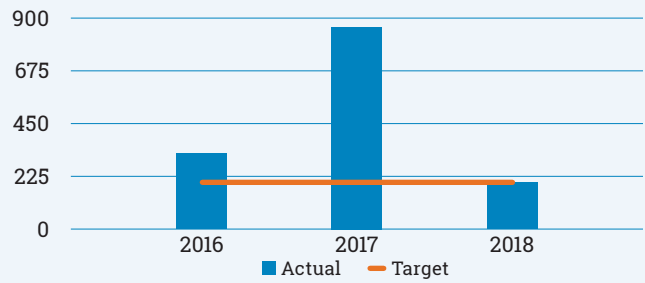
Total Amount of Federal Contracts Awarded

	2016	2017	2018
Actual:	\$76,035,795	\$83,382,162	\$76,135,147
Target:	\$35,000,000	\$35,000,000	\$76,000,000



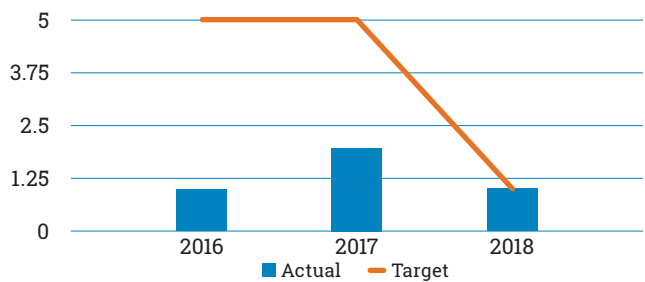
Total Number of Federal Contracts Awarded through Services Provided by GCAP

	2016	2017	2018
Actual:	325	863	200
Target:	200	200	200



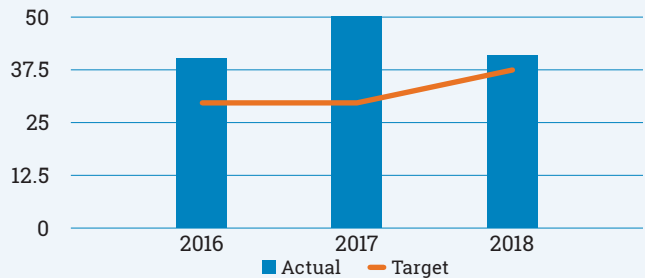
Number of New Industrial Sites Certified

	2016	2017	2018
Actual:	1	2	1
Target:	5	5	1



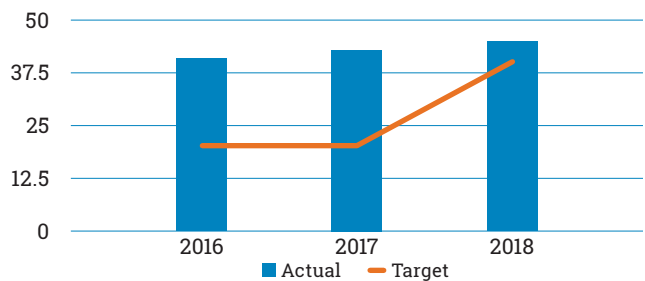
Number of Community Capital Projects Assisted for Planning

	2016	2017	2018
Actual:	41	50	41
Target:	30	30	37



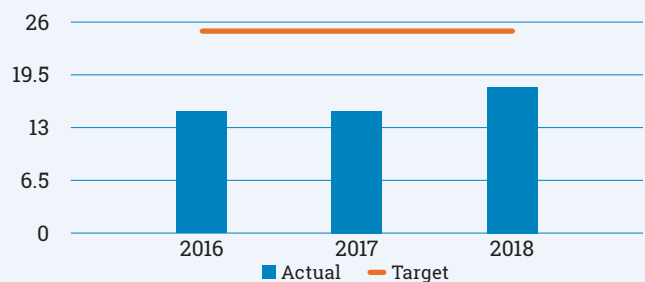
Number of Community Capital Projects that Address Water Quality and Environmental Health Issues

	2016	2017	2018
Actual:	41	43	45
Target:	20	20	40



Number of Community Capital Projects that Assist with Future Economic and Community Development

	2016	2017	2018
Actual:	15	15	18
Target:	25	25	25



STRATEGIC PLAN METRICS

In addition to our established Key Performance Measures, the following are additional metrics Business Oregon is interested in gathering to examine the need and impact of the agency's work. Our strategic plan has five key priorities:

- Innovate Oregon's Economy
- Grow Small- and Middle-Market Companies
- Cultivate Rural Economic Stability
- Advance Economic Opportunity for Underrepresented People
- Ensure a Healthy, Transparent, and Fiscally Healthy Agency

STRATEGIC PLAN PRIORITY

Grow Small- and Middle-Market Companies

Metric:

Jobs created and retained resulting from Business Oregon's business development activities, specifically accessible and quality jobs, broken out by statewide and in rural Oregon.

Accessible jobs are those requiring less than a Bachelor's Degree. Quality jobs are defined as paying above the county or statewide annual average, whichever is lower.

Statewide:

Jobs Created and Retained	6,448
65% Accessible, 66% Quality	
Jobs Created	1,074
78% Accessible, 44% Quality	
Jobs Retained	5,374
63% Accessible, 71% Quality	

Rural:

Jobs Created and Retained	1,847
88% Accessible, 57% Quality	
Jobs Created	665
84% Accessible, 33% Quality	
Jobs Retained	1,182
90% Accessible, 70% Quality	

STRATEGIC PLAN PRIORITY

Cultivate Rural Economic Stability

Metric:

Rural jobs created and retained resulting from Business Oregon's business development activities.

Rural Jobs Created	665
62% of all jobs created were in rural Oregon	
Rural Jobs Retained	1,182
22% of all jobs retained were in rural Oregon	

STRATEGIC PLAN PRIORITY

Advance Economic Opportunity for Underrepresented People

Metric:

Number of minority-owned firms utilizing agency financing.

Business Oregon is working to track this across programs, but currently is only able to track three:

Global Trade

23 (of the 85) firms receiving direct Global Trade assistance self-reported as women-owned, veteran owned, or social/economic disadvantaged.

Government Contract Assistance Program (GCAP)

83 (of the 170) firms his program helped secure government contracts were women, non-white minorities, or veterans.

Certification Office for Business Inclusion and Diversity (COBID)

2,503 of COBID's 3,565 certified firms are underrepresented (women, non-white minorities, or veterans).

TEAM SUCCESS STORIES

AGILITY ROBOTICS

Organization:	Agility Robotics
Location:	Albany
Program(s):	SRF
\$ Amount:	\$78,390
Type:	Business Expansion

Agility's current space was originally intended for a restaurant or event space and offered an open floor plan. This has worked well to date but has started to present a challenge to their rapid growth. Having a high-tech firm downtown diversifies the economy of the downtown area, but most importantly it attracts investors and researchers to Albany. Given the growth of Agility, Albany is now pursuing a downtown boutique hotel and parking garage and hoping other tech firms will consider Albany. The SRF award allows Agility to create an additional 6 FTEs immediately, with above-average salaries, by providing the necessary gap funding to make the space improvements needed to stay in Albany.

ATHENA'S GEM, INC.

Organization:	Athena's Gem, Inc.
Location:	Athena
Program(s):	CDV
\$ Amount:	\$39,120
Type:	Historic preservation/community development

To support the ongoing restoration of the 1906 Gem Theatre and Star Saloon in Athena, through the purchase and installation of a new HVAC system. Once renovated, the historic space will be used for live performances and a community gathering space.

CITY OF HALFWAY

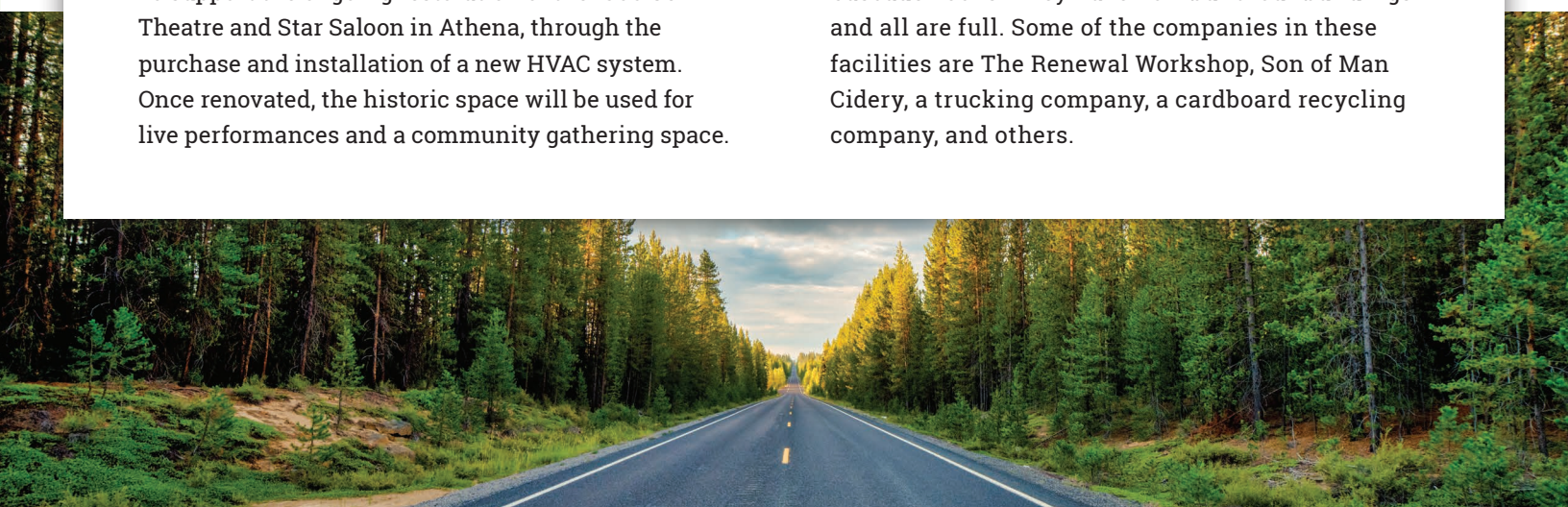
Organization:	City of Halfway
Location:	Halfway
Program(s):	CDBG, WWF
\$ Amount:	\$4.6M
Type:	Water System Improvements

The city experienced high inflow and infiltration and the wastewater storage lagoons were near failure. The city completed improvements to the collection system, headworks, and wastewater storage lagoon, along with a new winter storage lagoon. A \$4.6M financing package from a couple of programs enabled the city to complete work and eliminate discharging into Pine Creek.

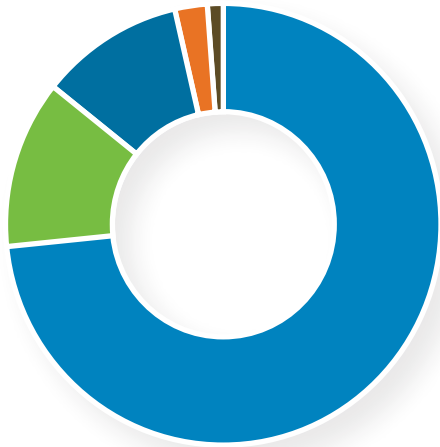
MIGRATION BREWING, LLC

Organization:	Migration Brewing, LLC
Location:	Portland
Program(s):	OBDF, CEF
\$ Amount:	\$1,215,000 term loan and \$100,000 working capital line of credit Loan Guarantee
Type:	Business Expansion

As a rural, distressed community, Cascade Locks didn't have buildings for smaller, primarily industrial companies and had been working with businesses looking to locate in or expand to Cascade Locks. They have now built four buildings and all are full. Some of the companies in these facilities are The Renewal Workshop, Son of Man Cidery, a trucking company, a cardboard recycling company, and others.



2017–19 BUDGET / BY FUNCTION



Total Budget: \$831.7 Million

■ Infrastructure Programs	\$609.9m / 73%
■ Business Programs	\$101.9m / 12%
■ Debt Service.....	\$88.9m / 10%
■ Arts & Culture.....	\$20.4m / 2%
■ Operations.....	\$9.4m / 1%
■ Film & Video	\$1.03m / 0.1%



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Kelley Minty Morris
Sen. Betsy Johnson
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2018 Oregon Capital Scan: Trends for the future

A report and analysis of capital flows and availability in Oregon 2016-2017.



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**Lundquist
College of Business**

Prepared by the University of Oregon Lundquist College of Business.

Funded by a collaborative group of sponsors in Oregon.

Oregon Capital Scan Steering Committee

This report and the effort put forth to draft it would not be possible without the continued support of a large group of organizations and individuals who serve as the sponsors for this effort and as a steering committee which helps guide the work.

The 2018 Oregon Capital Scan Steering committee members are:

Oregon Community Foundation

Melissa Freeman - Chair



Business Oregon

John Saris, Nate Wildfire



Craft3

Adam Zimmerman



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Oregon Small Business Development Centers Network

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Prosper Portland

Katherine Krajnak



About the Sponsors

Oregon Community Foundation

Oregon Community Foundation (OCF) puts donated money to work in Oregon – more than \$100 million in grants and scholarships annually. For nearly 45 years, OCF grantmaking, research, advocacy and community-advised solutions have helped individuals, families, businesses and organizations create charitable funds to improve lives for all Oregonians. Impactful giving – time, talent and resources from many generous Oregonians - creates measurable change.

Business Oregon

Business Oregon works to create, retain, expand and attract businesses that provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs. The Oregon Growth Board is one of the key programs of Business Oregon, with a specific mandate to leverage state resources to improve the availability of capital for high-growth companies.

Craft3

Craft3 is a regional nonprofit that makes loans in Oregon and Washington to strengthen the resilience of businesses, families and nonprofits, including those without access to traditional financing. Since its inception, Craft3 has invested more than \$470 million in over 6,000 people and businesses in Oregon and Washington.

CTC|myCFO

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Federal Reserve Bank of San Francisco

San Francisco is the headquarters of the Twelfth Federal Reserve District, which includes the nine western states—Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington—plus American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. Of the twelve Federal Reserve Districts, the Twelfth District is the largest by geography and the size of its economy. The San Francisco Federal Reserve’s community development team develops and connects best practices and emerging ideas with organizations best positioned to make meaningful change in our most vulnerable communities.

The Ford Family Foundation

The Ford Family Foundation is a private, non-profit foundation located in Roseburg, Oregon. Roseburg lies in southern Oregon where the North Umpqua and the South Umpqua rivers join — timber country. Started in 1957, the Foundation now manages large, internal programs and offers scholarships. In addition, the Foundation makes grants to public charities predominantly benefiting communities in rural Oregon and Siskiyou County, Calif. Our heritage comes from such communities and the men and women who created them.

The Lemelson Foundation

The Lemelson Foundation uses the power of invention to improve lives, by inspiring and enabling the next generation of inventors and invention-based enterprises to promote economic growth in the US, and social and economic progress for the poor in developing countries. Established by prolific US inventor Jerome Lemelson and his wife Dorothy in the early 1990's, and led by the Lemelson family, to date the Foundation has provided or committed more than \$185 million in grants and Program-Related Investments in support of its mission.

The Meyer Memorial Trust

The mission of the Meyer Memorial Trust is to work with and invest in organizations, communities, ideas and efforts that contribute to a flourishing and equitable Oregon. The foundation is greatly influenced by the values of its founder, Fred G. Meyer: to innovate, take risks, embrace diversity, adapt to changing circumstances, contribute to economic development/parity and to develop the power of the mind. MMT uses a mix of strategic, proactive and responsive investments to fulfill its mission, including grant making, loans, initiatives, commissioning research, supporting policy advocacy and a range of community and nonprofit engagement strategies.

Northwest Health Foundation

Northwest Health Foundation seeks to advance, support, and promote health in Oregon and Southwest Washington. By providing grants to initiatives, forming partnerships with health and community leaders, and advocating for policy change, we are furthering our vision of giving every person the opportunity to lead a healthy life.

Oregon's Office of the State Treasurer

The Office of the State Treasurer is a highly sophisticated organization with a wide range of financial responsibilities, including managing the investment of state funds, issuing all state bonds, serving as the central bank for state agencies, and administering the Oregon 529 College Savings Network. The Treasury is managed like a business, striving to save taxpayers money and earn the highest possible return on investments.

Oregon Small Business Development Network

Since 1983 the Oregon Small Business Development Center Network has built Oregon's best businesses by providing no-cost confidential advising, affordable entrepreneurial education and access to a wide range of specialized services. With 19 Centers serving all corners of the state, Oregon's SBDCs assist small business owners on all aspects of business development, from initial start to growth and owner transitions. On average the Oregon SBDC Network provides 22,000 hours of business advising per year to an average of 5,000 Oregon businesses and hosts more than 850 trainings statewide. The Oregon SBDC is a partnership with 17 Oregon community colleges, two state universities, the U.S. Small Business Administration, Business Oregon and is part of the nearly 1000 SBDCs in the America's SBDC Network.

Prosper Portland

Prosper Portland focuses on building an equitable economy, based on four cornerstones: growing family-wage jobs, advancing opportunities for prosperity, collaborating with partners for an equitable city, and creating vibrant neighborhoods and communities. To support that work, we seek to maintain an equitable, innovative, financially sustainable agency. Prosper Portland invests financial and human capital to serve the city and its residents.

About the Authors

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Introduction

In this, the fourth edition of Oregon Capital Scan report, we continue to address the topic of capital availability for emerging and growth stage companies within the state. Access to capital continues to be the common concern of entrepreneurs, policymakers, regional foundations, and other economic development organizations. The questions, which have always been difficult to answer, are “where are the gaps in capital availability?” and “what can be done to help improve access to available capital?” This report builds on three previous iterations: the 2012 Oregon Capital Scan, the 2014 Oregon Capital Scan: A Line is Drawn and the Oregon Capital Scan 2016. In this report, we follow a framework of data sourcing established in 2014 and 2016 and draw direct comparisons by region and by type of capital to assess whether capital flows are increasing or decreasing over time.

This work, commissioned by The Oregon Community Foundation, Business Oregon, Craft3, CTC|myCFO, The Ford Family Foundation, The Lemelson Foundation, Northwest Health Foundation, Meyer Memorial Trust, Oregon’s Office of the State Treasurer, Oregon SBDC Network, Prosper Portland and the Federal Reserve Bank of San Francisco, is a collective effort to enhance the opportunities for business formation and growth in Oregon through a better understanding of the capital sources and gaps.

Institutional investors and policymakers may benefit from a greater understanding of the variety of funding sources as well as their relative scale and trends. While not the primary audience of the Oregon Capital Scan, it would also stand to reason that entrepreneurs, business and community leaders may also benefit.

Summary Findings

The results from this 2018 edition of the Oregon Capital Scan reveal strong improvement in the early stages of the company formation ecosystem. Many data points indicate that Oregon has become a more supportive place for new company formation. At the same time, this expansion leads to greater demands for mid-growth stage capital resources. ***Some key findings from the 2016-2017 data are:***

[Oregon has continued to develop a robust funding landscape for equity investments](#)

The data show a clear increase in both the value of equity investments in Oregon based companies and the number of transactions. Since 2014, annual transactions in 2017 increased by 40% (from 100 to 140) and the aggregate dollar value of those investments has risen 42.5% (from \$277M to \$395M). More companies across Oregon are receiving more capital to finance growth. Equity investing is more geographically dispersed in Oregon, with the Portland Metropolitan region moving from over 89% of total funding in 2015 to 79% of equity investment dollars in 2017.

[Crowdfunding is a consistent source of funding for new ideas](#)

We see a relatively consistent stream of funding for new product and business ideas flowing through crowdfunding platforms such as Kickstarter. Although the data for crowdfunding can be skewed by outliers (\$13.2M in 2014 for the ‘Coolest Cooler’) this new type of funding is an easily accessible path for companies with new product innovations to test the market and launch their idea.

Oregon SBDCs are delivering results

The Oregon Small Business Development Center (SBDC) network demonstrated significant growth in 2017. The network of service providers based primarily at Community Colleges around the state served more businesses, helped start more businesses, and reported a 53% increase in funding obtained by their clients. These services reach every region of the state and enable business growth for the earliest stages of entrepreneurship.

Grant funding and Signature Research Centers support innovation

While the total of SBIR/STTR grants to Oregon entities has decreased from the 2014-2015 report, the state has continued to support innovation. ONAMI and Oregon BEST (now known as VertueLab) have each continued to support the commercialization of innovations in Oregon, with their funds providing support to companies that have gone on to raise many additional rounds of funding.

SBA backed lending in Oregon is strong

Loans through the Federal Small Business Administration (SBA) programs, Sections 7(a) and 504 have grown steadily in Oregon. The data available through 2017 shows a steady increase in SBA loan activity with a 44% increase in total lending dollars of SBA loan activity from 2012 to 2017.

Traditional lending is falling

A marked contrast to many of the other data sets gathered here shows a sharp drop in loans from banks via traditional lines (not SBA guaranteed). Data for 2016-2017 show a 28% decrease in the number of loans made in Oregon and a 25% decrease in the value of those loans. This is an interesting anomaly among a set of measurements that are generally increasing.

Audiences for the Capital Scan

This report is intended for entrepreneurs, investors, funders, policymakers, business technical services providers, and others who work to support the development of a thriving growth-stage company ecosystem in the State. This includes the sponsors of this report who seek to find new ways to offer education and resources to those who seek to build great companies in Oregon. This report can also serve as a baseline of quantitative data representing the State's capital ecosystem in 2016-17, compared with previous period to measure progress and improvement.

Policymakers

The Oregon Capital Scan was started as an effort to inform policymakers in government and non-profit entities that work to assist and encourage economic development efforts around the state.

Policymakers can find useful information to guide their work in this report. Key topics for policymakers:

- Data describing the distribution of various types of capital throughout the State of Oregon; understanding the variety of regional challenges and opportunities that exist.
- Public policy implications of different types of capital flows to different industries, across geographic regions to understand growth already happening and opportunities.
- Integration with the Business Oregon strategic plan to assist with further development of the economy in the State of Oregon.

Investors

The Oregon Capital Scan is not an exhaustive study of investment opportunities in Oregon, but rather a report of previous activity. This report combines equity, grants and debt financing into a semi-complete picture of resources available to grow a business here. Investors can use this information in a variety of ways:

- Identifying existing active investment trends in the context of company growth stages and industries where a new fund may find opportunities.
- Understanding of patterns of investment across time to determine future needs for capital; where significant investment of one type may beget the need for another type. For example, Angel investments require follow-on rounds of capital to continue company growth.

Entrepreneurs

Any entrepreneur searching for capital to grow their business can find useful information in this report. While not written specifically as a tool for entrepreneurs to find capital, the Capital Scan should provide information on the size, scope, and focus of different types of capital in Oregon. This report will provide a better understanding of the breadth of capital sources in the state of Oregon. Several factors that will influence the availability of capital for a given firm:

- The industry/sector in which the business operates
- The current stage of growth and maturity of the company
- The extent of demonstrated market traction and related revenue streams

Others

Additional audiences such as the press and media, local government officials, non-profit agencies, and individual private citizens may find value in this report. Application of the information presented here can inform discussions among stakeholders and decision makers on many levels.

Framework and Data Sources

This report is based on a variety of datasets, both public and private. Where published quantitative data was not readily available, the research team performed qualitative interviews and attempted to assemble presentation information that would provide a picture of the scale of capital available – though these results may not represent all the capital available in a segment. Because data was sourced from multiple providers, both public domain and private industry databases, discrepancies may be found throughout the report. For example, venture capital investment activity was sourced from two different providers and while their totals are found to be generally in agreement, they do not match precisely. Each data source, cited where used throughout the report, provides a useful perspective and has been included for that reason. Where there were multiple data sets that reported on a domain, or only partial data sets, they are reported together, and attention is called to the point.

Capital Types and Sources Covered

This report addresses the breadth of the capital ecosystem private enterprises can access for growth. The data is arranged to cover the earliest stages of business formation and development through grants, crowdfunding, accelerators/incubators that help get ideas off the ground and then move towards funding for business growth using both debt and equity forms of capital from various sources. Those sources range from local economic development entities to national private equity firms.

- Accelerators, Incubators, and Co-Working Spaces
- New Markets Tax Credit Program
- SBDC Network & Capital Access Team
- Commercialization Grant Programs
- Oregon Signature Research Centers
- Community Development Financial Institutions (CDFI) Programs
- Economic Development Districts Programs
- Crowdfunding
- Seed Funding, Angel Investments and Venture Capital
- Late Stage Equity - Private Equity, Mergers & Acquisitions, IPOs
- State of Oregon Administered Finance Programs
- Grant Making Foundations
- SBA 7(a) and 504 Loan Programs
- USDA Rural Loan Programs
- Traditional Small Business Commercial Loans

These segments are not an exhaustive list of sources and flows of emerging and growth capital in the State but present a fair representation of the breadth of sources and provide entrepreneurs, business owners, community leaders, and policymakers with a greater awareness of the scope and scale of capital available.

These categories also do not perfectly communicate the form of capital being used. For example, CDFIs are an entity type that may provide multiple forms of financing. We encourage the reader to visit the individual sections of this report to better understand each type of provider and the forms of capital they represent.

What is not captured in this report is an accounting of self-funded or “friends-and-family” funded enterprises, and it is believed that they account for a significant share, by transaction count and dollar volume, of financing for small business formation in the State.

Many successful firms may never need to access capital for growth if their business is run well and operates with sufficient cash flows. Given that, this report does not reflect the success or failure rates of firms in Oregon, but strictly the flows of capital available to firms that seek outside funds for growth.

As an example: An entrepreneur who wishes to start a retail store, may borrow \$10,000 for initial inventory and startup costs from a family member. That business may grow and prosper on that funding and its own profits without ever accessing the capital ecosystem addressed in this report. That is of course, a very positive outcome for that business owner and the employees of the firm. If however, that retail store wanted to expand and sought a SBA backed bank loan, loan from a local economic development agency, crowdfunding, or an outside angel investors to grow, that activity would be captured in this data.

The goals of the authors and sponsors of this effort is to capture as accurately as possible the business funding activities within the State of Oregon that involve capital flows between lenders and investors and the businesses that seek outside sources of capital to grow.

Regional Reporting

Oregon is an extremely diverse landscape, both in physical geography and economic activity. To assess the capital ecosystem of the state overall, this report offers data based on the seven-region framework established by Business Oregon as seen below. The five-region map used in the prior reports is listed in the appendix. The data tables in this report often list results by city as a subset of the regional area, so it is possible for anyone seeking more localized comparisons to draw those results from the report.

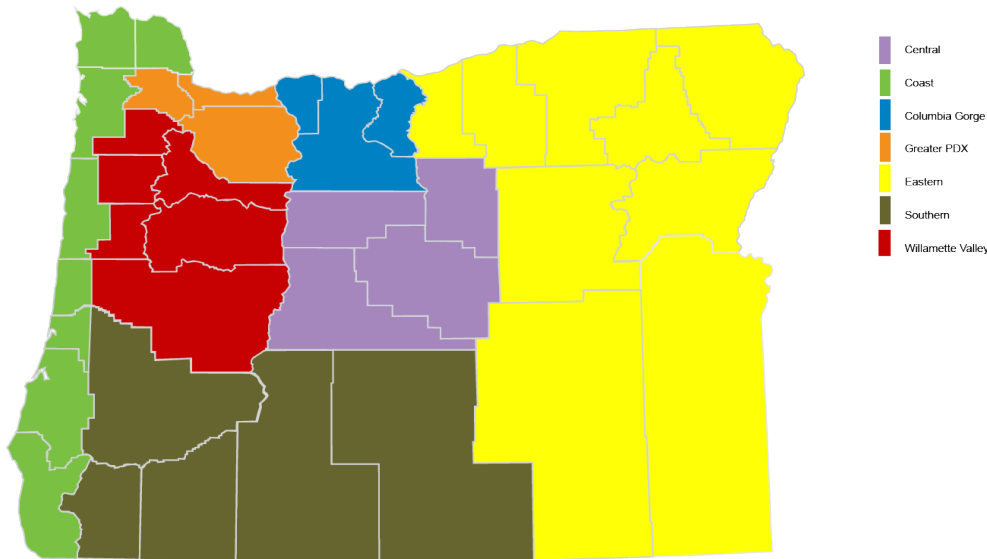


Figure 1 Business Oregon 7-region map

Table 1 Oregon Regions

REGION	COUNTIES INCLUDED
Central	Crook, Deschutes, Jefferson and Wheeler
Coast	Clatsop, Columbia, Coos, Curry, Lincoln and Tillamook – western parts of Douglas, Lane
Columbia Gorge	Hood River, Sherman and Wasco
Greater Portland	Clackamas, Multnomah, and Washington
Eastern Oregon	Baker, Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa
Southern Oregon	Eastern Douglas, Jackson, Josephine, Klamath, and Lake
Willamette Valley	Benton, Eastern Lane, Linn, Marion, Polk, and Yamhill

Additionally, we have included the 11-region map identifying the areas covered by the various federally designated Economic Development Districts. Both the 11-region and the 5-region maps are in Appendix C – Regional and Economic Development District Maps.

Descriptions of Capital Types and Sources

To the average person, the nomenclature of business capital can be confusing. The terms are easy to understand for those in business, banking, accounting, or other services. However, to facilitate discussion among policymakers, non-profit and community leaders, and to some extent the general public, some explanation of terms and concepts can be helpful.

Business Funding Ladder

In the 2014 report, a concept was introduced called the “Business Funding Ladder”. This concept was intended to communicate that there are multiple funding sources available to emerging and growth companies in the State and that they are typically growth stage focused – or based on the maturity of a venture. The concept also concluded that most entrepreneurs have a limited understanding of the variety of capital types or the norms associated with securing these resources. A thorough explanation of the Business Funding Ladder is available in Appendix A: Business Funding Ladder.

The graphic used for this report has been updated to clarify the types of capital used within each category more clearly. The types represented are predominant but not exclusive relative to their timing or in relation to neighboring capital types. Often a combination of capital sources will co-exist within a growth company’s financing strategy. The principles described remain relevant to this iteration of the Oregon Capital Scan report and so will the data presentation methodology consistent with this concept – organizing data in a continuum from very early stage capital sources to those relevant to more mature growth companies.

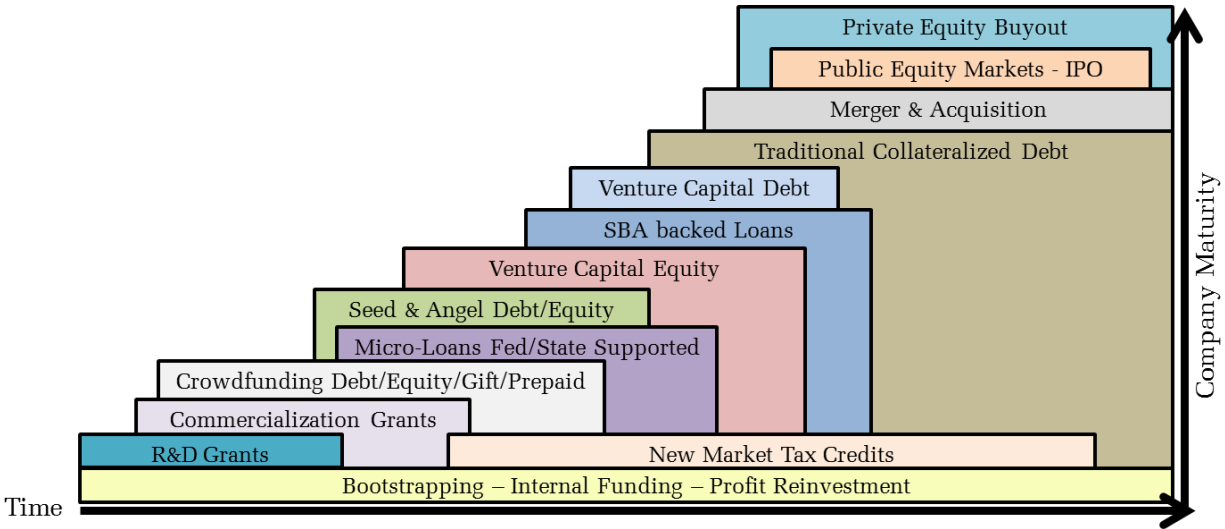


Figure 2 - Business Funding Ladder

This report is organized to generally follow the capital needs of companies from inception to growth. Data begin with assessment of programs that help the earliest stage ventures: Accelerators, Incubators, and Small Business Services. Evaluation of the needs for company growth in the form of grants, loans, and outside equity capital is then discussed. Finally, the report addresses the broader capital ecosystem that exists for private firms in the form of debt, private equity, and public market financing.

Capital Ecosystem Map

Another approach to visualizing the Oregon capital ecosystem and its multiple forms of growth capital comes from a recent study prepared by Smith & Connors, based in Portland. In a project commissioned by The Meyer Memorial Trust in 2016, the following graphic was developed to represent both the variety of capital types and the related company development stage fit of those capital types.

The description of the graphic taken from the original report:

The capital ecosystem is organized into four quadrants. The scale radiates out from the entrepreneur's idea (which costs nothing) to maturity. Along the way, the business seeks funds where possible. Sometimes the capital sources are connected, and sometimes the entrepreneur encounters gaps. The scale of the map (from \$ to \$\$\$) is relative to the quadrant and the type of company — for example, a services-oriented company might require less capital than one manufacturing consumer products. One note: the cross-hatching in the Self-Funding quadrant represents the initial gap many potential entrepreneurs face if they do not have financial resources to get up and running.

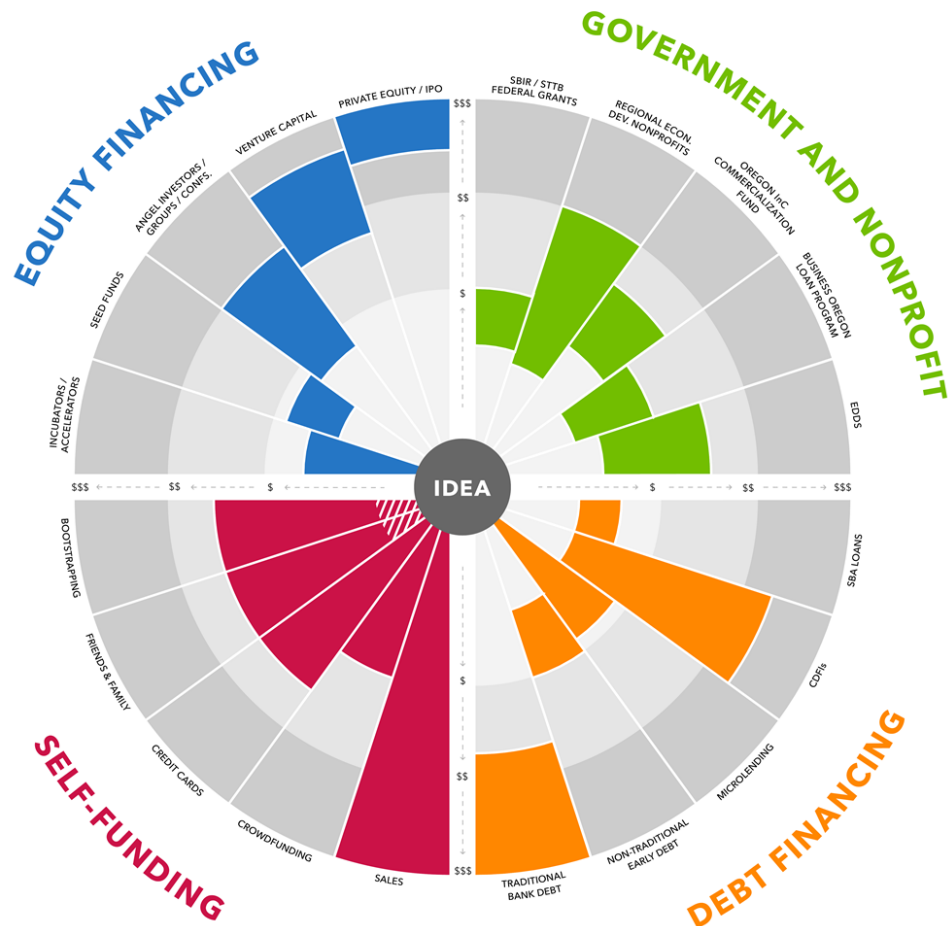


Figure 3 Capital Ecosystem Map

Accelerators, Incubators, and Co-Working Spaces

The number of business accelerators, incubators, and resource providers (support organizations) has increased in the past reports, growing from 38 identified entities in 2014 to 62 entities in 2016. The list of 62 resource entities in Oregon provided in the 2016 Oregon Capital Scan report now stands at 55. To find the gaps in business resources provided, we conducted interviews with some of the operators of these entities in Oregon, as well as some of the entrepreneurs that use them. Before data analysis, a description of the differences between Accelerators, Incubators and Co-working spaces is warranted:

- Accelerators generally take a small equity stake in startups, have a more rigorous acceptance process, last three-to- 12 months, and take a long-term view of the opportunities for company growth. This includes advising and support as a company grows.
- Incubators, meanwhile, will typically not make investments, but offer short-term resources and a supportive community for like-minded entrepreneurs. Incubator services range from simple desk/lab/office space to entire buildings and programs support company development.
- Co-working spaces are like incubators, in that they offer a space for a company to operate and typically host some programming focused on business. They typically charge a monthly membership fee (rent) associated with the space a company may need.

Overall, the general stability in the number of entities from 2016 to 2018 reflects the commitments of many different public, private, and non-profit groups to building and maintaining an ‘on-ramp’ to entrepreneurship for a wide array of people and ideas.

The summary of accelerators and incubators in Oregon is primarily qualitative as quantitative measures of the in-kind capital contributed would often be a subjective assessment and difficult to compare. Still, there is value to entrepreneurs, early-stage investors, educators, and policymakers to understand the variety of the offerings and the positioning of these services in Oregon.

Industry Focus of Accelerators and Incubators

As shown in Figure 4 Accelerator Incubator Industry Focus, the majority of entrepreneurial support organizations are either general in focus (25%) or focused on Software and Technology businesses (38%). The prevalence of software and technology focused services reflects the relatively low barriers to entry in a technology startup and the strong network of entrepreneurs and mentors in this industry.

More specialized support structures, such as the Oregon Wave Energy Trust for wave energy startups and the Food Innovation Center for growing food companies are smaller in number. However, the impact of such specialized services entities can be significant. Gathering industry specific knowledge, mentors, investors, and like-minded entrepreneurs can be a very effective strategy for growing specific types of industries.

The needs of specific industries vary and the services and focus of these support organizations must also vary. The specific path to market for a food or consumer product entrepreneur can be very different than that of a technology entrepreneur. Industry specific incubators and accelerators serve these diverse communities with the appropriate services and expertise.

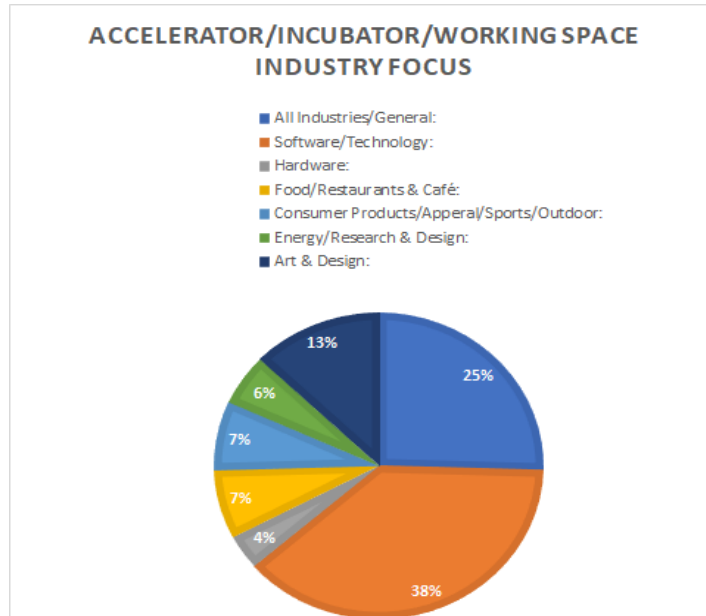


Figure 4 Accelerator Incubator Industry Focus

Geographic Distribution of Accelerators and Incubators

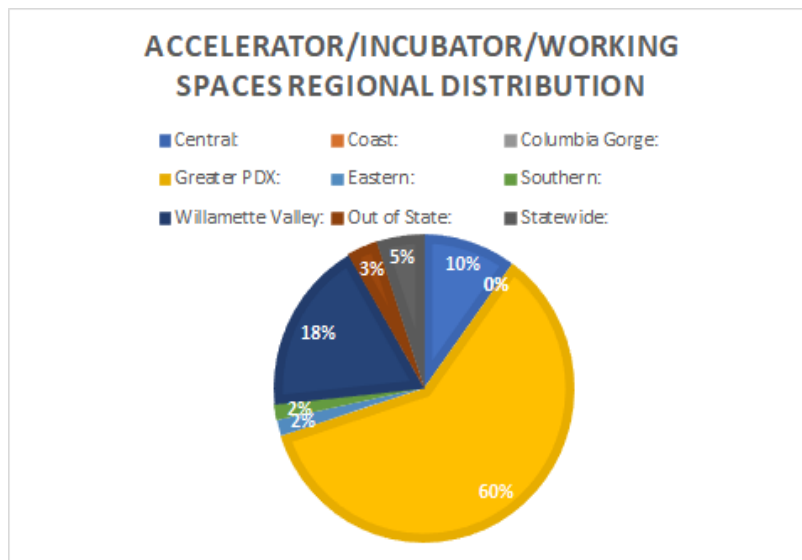


Figure 5 Accelerator Incubator by Region

Not surprisingly, the majority of incubators and accelerators operate in the Portland Metro region. With notable major programs to support startups, (OTBC, TiE, and many more) and the density of technology talent Portland thrives in this area. The second highest count occurs in the Willamette Valley, with active programs in Corvallis and Eugene, both tied to the local universities and Oregon RAIN. Central Oregon has several programs. The remainder of the state has more limited local resources devoted to business incubation and growth.

A complete listing of Accelerators, Incubators, Workspace, Business Technical Service Providers in Oregon available in Appendix B – Incubators, Accelerators, and Business Resources List.

New Markets Tax Credit Program

Also known as the Low-Income Community Jobs Initiative, the Oregon New Markets Tax Credit (NMTC) Program has generated significant investment into the state’s capital ecosystem by means of both state and federal contributions. Frequently used for commercial real estate and manufacturing projects, additional sectors such as education, healthcare, community facilities, retail businesses, and renewable energy have also benefited from strategic use of this credit opportunity. Simply put, the NMTC program is a 39% investment tax credit, claimed over a seven-year horizon that can be monetized up front and used to fund projects. The state program sunset on December 31, 2016. There was no new allocation and it would require legislative action to revive the program.

Table 2 New Market Tax Credit Allocation 2016-2017

Bank/Organization Name	City	2016		2017	
		State NMTC Allocation	Federal NMTC Allocation	State NMTC Allocation	Federal NMTC Allocation
Advantage Harbor QALICB, LLC	Albany, Brookings, Canyonvi	4,000,000	13,000,000		
Advantage LaPine QALICB, LLC	LaPine	4,000,000			
Advantage QALICB-1 LLC	John Day	4,000,000			
Albina Head Start	Portland	8,000,000	10,000,000		
ARC Recycling LLC	Eugene	2,100,000	13,600,000		
BC Fisheries	Brookings	8,000,000			
Brew Dr. Kombucha	Portland	2,622,200	27,200,000	1,610,000	13,600,000
Bright Boy	Tualatin	1,380,500	13,600,000		
C2F	Beaverton	8,000,000			
Chaucer QALICB Inc.	Forest Grove	4,000,000	6,000,000		
CMD Innovations, LLC	Salem/Portland	2,400,000	13,600,000		
Coos County Historical Society Real Estate Holding, LLC	North Bend	8,000,000	9,000,000		
Coquille Sixes	Curry County	8,000,000	9,000,000		
Desolation Creek, LLC	Pilot Rock	8,000,000	7,500,000		
Fry Ontario LLC	Ontario	8,000,000	20,000,000		
Green Zebra Grocery, LLC	Portland			1,650,200	13,600,000
Hacienda	Portland	7,063,000	10,000,000		
Hog Wild LLC	Portland	2,105,900	13,600,000		
Integrated 3D LLC	The Dalles	2,630,000	13,600,000		
Integrated Biomass Resources LLC	Wallowa	3,750,000	13,600,000		
Know Your Fruit, LLC (Pear Puffs)	Hood River	8,000,000	10,000,000		
Kroger Management	Warrenton	8,000,000			
Lime Wind Holdings LLC	Baker City	4,000,000	8,400,000		
MWY NMTC Holdings (YMCA)	Albany	8,000,000			
Neighborhood House	Portland	8,000,000	1,600,000		
Old Mill Solar	Bly	8,000,000			
Oregon Child Development Coalition	Hillsboro	4,000,000	11,000,000		
Pacific Northwest College of Art	Portland	8,000,000			
Pacific Recycling, Inc.	Portland	8,000,000			
Rough and Ready QALICB, LLC	Cave Junction	8,000,000	10,000,000		
Ride Connection QALICB, LLC	Portland	4,000,000			
Shelter Care 499 Project	Eugene	4,000,000			
St. Vincent de Paul Society of Lane County	Eugene	8,000,000	5,000,000		
Sustainable Agriculture & Energy Center	Boardman/ Port of Morrow	4,000,000			
The Salvation Army Services, Inc.	Portland	4,000,000	6,435,000		
Turtle Island Foods/Merganser, LLC	Hood River	4,000,000			
Walgreens Company	Portland, Salem, Springfield, Warrenton, Canby, Bend, Central Point	8,000,000			
Total NMTC Allocation per year		204,051,600	245,735,000	3,260,200	27,200,000

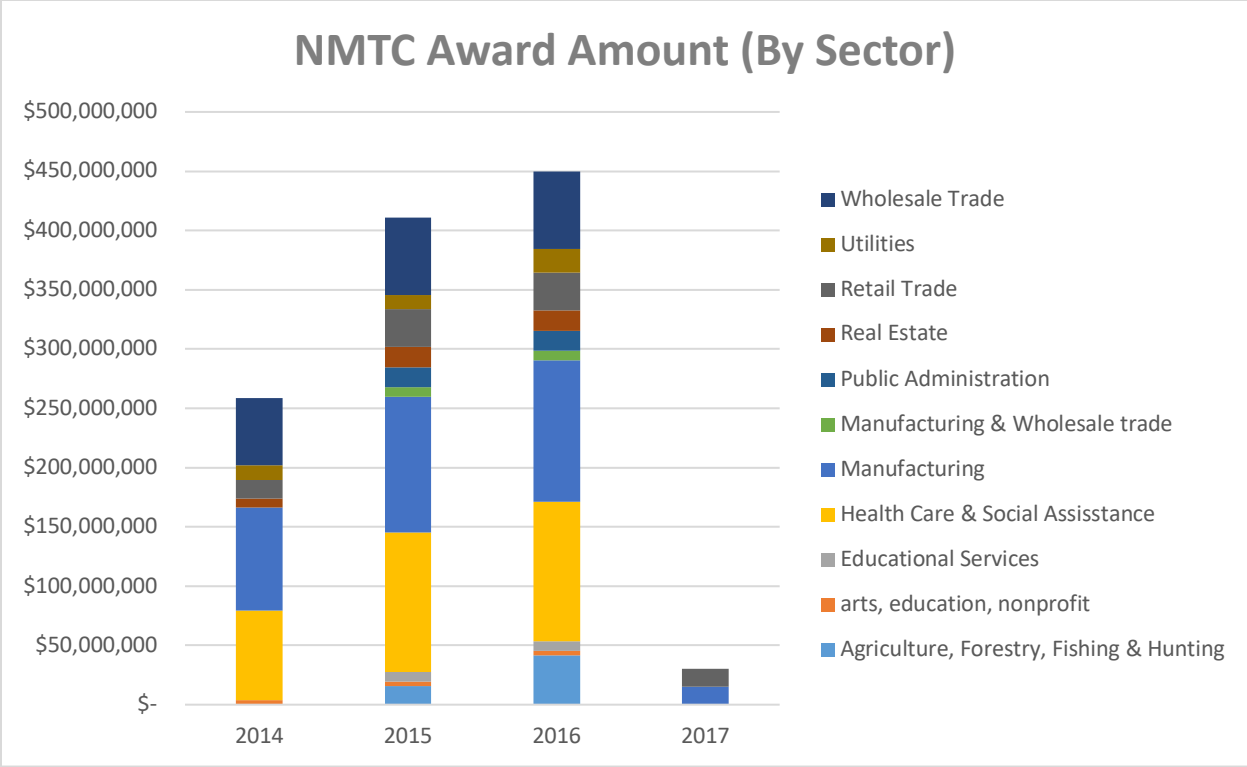


Figure 6 New Market Tax Credit Awards by Sector

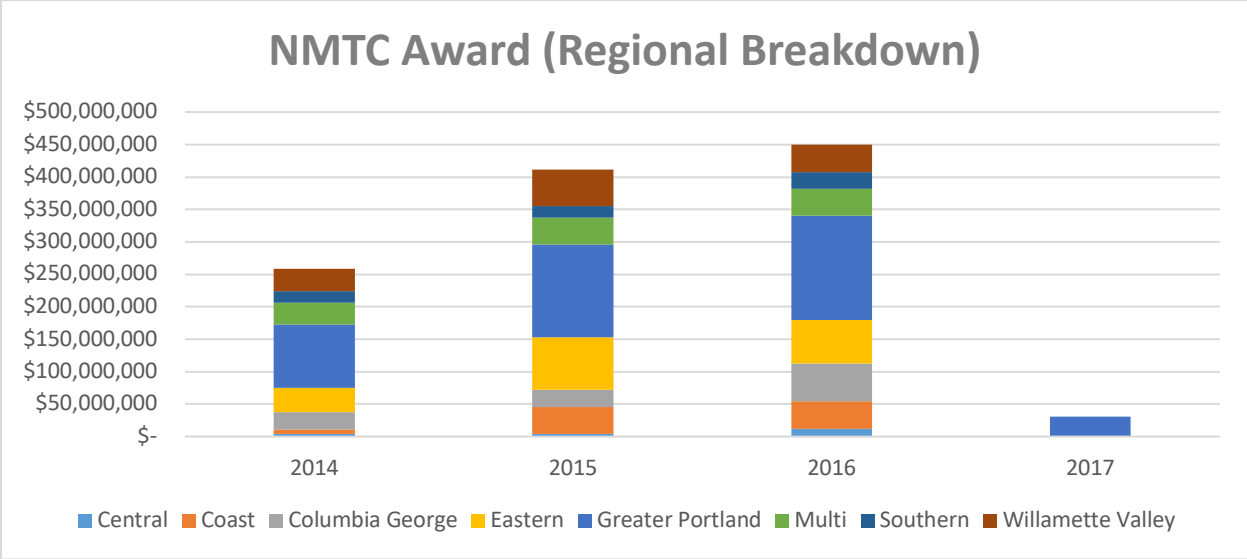


Figure 7 NMTC by Region

Oregon SBDC Network & Capital Access Team

The Oregon Small Business Development Center (SBDC) Network provides business advising, in-person training, online courses and resources for businesses throughout the state. Nineteen centers assist business people in all aspects of business development and management. Oregon's SBDCs deliver services to anyone who owns or operates a business or is planning to start a business. They work with businesses in every industry and at every stage of growth from start-ups to well-established companies, from one employee to 500.

The Oregon Small Business Development Network was launched in 1983 and is part of a national network of Small Business Development Centers. The Oregon Network is a partnership of 17 Oregon community colleges, two state universities, the US Small Business Administration and the Oregon Business Development Department. Within this organization is the Capital Access Team (CAT), a statewide service that provides funding guidance to client businesses. The services provided by CAT advisors include:

- Assisting clients to refine their business plans and financial projections to be suitable for funders
- Providing financial analysis and feedback
- Reviewing client loan packages for small business loans
- Discussion and review of client finance strategies
- Assisting clients with funder relations

Capital Access Team regions are organized slightly differently than other data in this report – using four zones versus this report's seven zones. Contacting CAT with new client inquiries can be accomplished through the website: <http://BizCenterCAT.org>

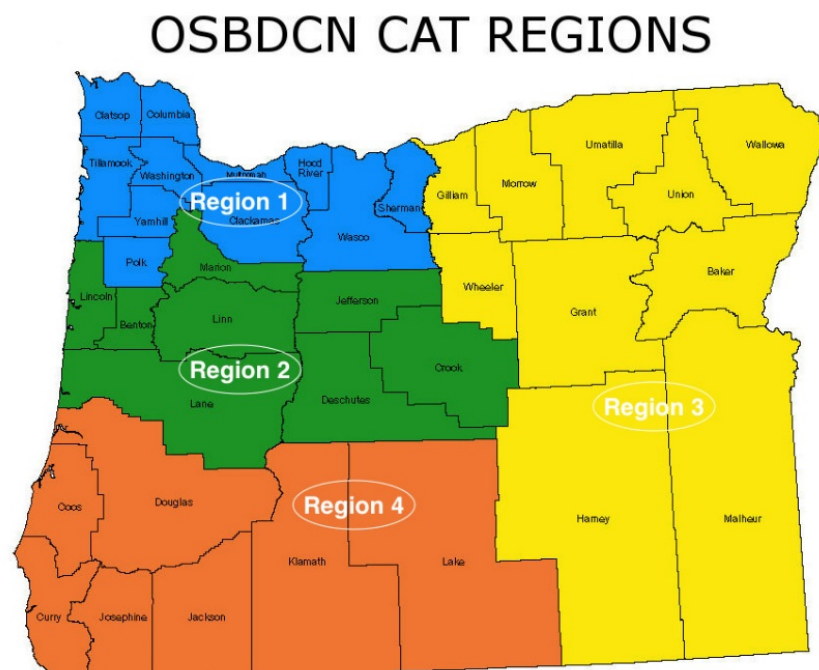


Figure 8 Oregon SBDC Network Capital Access Team Regions

SBDC Industries Served

The 19 distributed SBDCs around the State offer services to any type of business. The chart in Figure 9 Oregon SBDC Client Business Sectors 2016-2017, represents the great diversity of the over 5,000 business that were served by this organization. The larger sections of clientele; Services, Retail, and Manufacturing reflect the general orientation of the great Oregon economy. The inclusion of Professional and Technical services with other services represents 16% of the clients. That relates well to the stated Target Industry groups of Advance Manufacturing and Business Services as noted by Business Oregon.

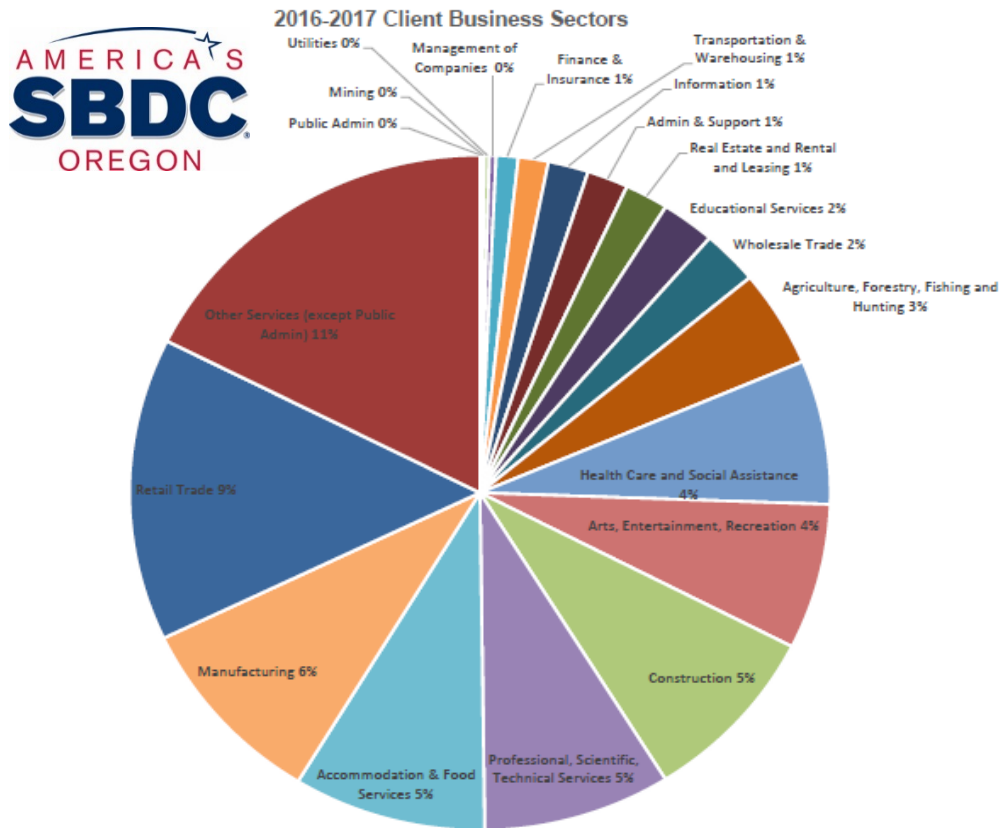


Figure 9 Oregon SBDC Client Business Sectors 2016-2017

SBDC Client Success Story

In 2017, Mark Eskitgis started A-1 Megadump, a hauling-for-hire business in Josephine County. He was looking for funding of approximately \$250k to be used, primarily, to purchase the truck. He reached out to the SBDC in Grants Pass, after applying to a local bank who appeared to be willing to grant the loan. The SBDC advisor helped Mark prepare a three-year cash flow forecast to supplement the bank loan application. Ultimately, Mark received the necessary funding from a combination of sources. The majority of the money came from a finance company, collateralized by the truck. His credit union gave him a second mortgage on his home and another local bank granted him a personal line-of-credit. The key piece of advice was to “keep an open mind

about financing options”. Mark’s advice to would be small business start-ups, “Give yourselves plenty of time to complete the loan application process, and seek out the services and expertise of your local SBDC for any assistance.”

SBDC Outcomes Data

The Oregon SBDC network serves as an excellent source of data for understanding the types of businesses in Oregon. Each of the seven regions gathers information that includes:

- # Businesses Served
- Jobs created by those businesses
- Companies started by SBDC clients
- Sales increases for SBDC clients
- Capital accessed by SBDC clients
- # of events and courses presented
- Total advising hours delivered by SBDC staff to clients

These measures show relatively consistent service offerings measured by # businesses served, jobs created, and businesses started during the 2016-2017 period.

Of note, SBDC reported a 41.6% decrease in the reported sales increases for clients. However, the corresponding data for Capital accessed by SBDC clients shows an increase of 53.9%. Although the scope of this report does not include analysis of this data in detail, one could hypothesize that SBDC clients in 2017 were more focused on longer term growth fueled by access to new capital resources.

Table 3 Oregon SBDC Services 2016-2017

2016 Events & Courses: 887 Total Advising Hours: 22,299	Businesses served	Jobs Created	Biz Starts	Sales Increased	Capital Access
Regional Solutions Regions					
Central	337	78	15	\$6,741,837	\$4,416,900
Coast	587	157	25	\$674,204	\$2,790,393
Columbia Gorge	274	47	12	\$328,597	\$3,146,500
Greater PDX	1107	222	40	\$13,699,837	\$13,009,623
Eastern	656	85	25	\$1,965,236	\$5,739,537
Southern	1135	152	50	\$3,078,800	\$6,187,980
Willamette Valley	1066	246	28	\$18,843,408	\$2,295,000
TOTAL	5162	987	195	\$45,331,917	\$37,585,933
2017 Events & Courses: 904 Total Advising Hours: 22,416	Businesses served	Jobs Created	Biz Starts	Sales Increased	Capital Access
Regional Solutions Regions					
Central	335	75	20	\$6,167,202	\$1,400,000
Coast	581	94	26	\$2,172,203	\$7,410,056
Columbia Gorge	284	41	16	\$709,000	\$7,302,700
Greater PDX	1283	227	42	\$7,349,862	\$11,575,839
Eastern	682	142	31	\$1,465,517	\$7,982,900
Southern	1077	142	41	\$2,727,375	\$24,196,023
Willamette Valley	1003	186	25	\$9,102,458	\$5,438,246
TOTAL	5245	905	201	\$29,693,617	\$65,305,764
2016 – 2017 Changes	+ 83 (+1.6%)	-82 (-8.6%)	+6 (+3%)	- \$15,638,300 (-41.6%)	+\$27,719,831 (+53.9%)

Commercialization Grant Programs

SBIR and STTR grants provided by the funding entities (agencies) within the US Federal Government are perfect for entrepreneurs working to commercialize technologies. These grants are typically available to companies working directly with researchers at a university. Grants range from \$75,000 for Phase 1 work to over \$1,000,000 for Phase 2 projects, depending on project scope and agency funding priorities.

Small Business Innovation Research (SBIR)

The SBIR program was established under the Small Business Innovation Development Act of 1982 with the purpose of strengthening the role of innovative Small Business Concerns (SBC) in Federally-funded research and development (R&D). SBIR awardee entities must be in the U.S, be more than 50% owned by U.S citizens and meet the benchmark requirements for progress toward commercialization.

Small Business Technology Transfer (STTR)

Modeled after the Small Business Innovation Research (SBIR) program, STTR was established as a pilot program by the Small Business Technology Transfer Act of 1992. Government agencies with R&D budgets of \$1 billion or more are required to set aside a portion of these funds to finance STTR activity. The mission of the STTR program is to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy.

The STTR program's goals are to:

- Stimulate technological innovation.
- Foster technology transfer through cooperative R&D between small businesses and research institutions.
- Increase private sector commercialization of innovations derived from Federal R&D.

Currently, five agencies participate in the STTR program: Department of Defense, Department of Energy, Department of Health and Human Services, National Aeronautics and Space Administration, and the National Science Foundation. To apply for the STTR program, entities must be in the U.S, be at least 51% owned by U.S citizens, and meet one of three definitions:

- Nonprofit college or university
- Domestic nonprofit research organization
- Federally funded R&D center (FFRDC)

Differences between SBIR and STTR

STTR differs from SBIR in three important aspects:

1. The SBC and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and the right to carry out follow-on research, development or commercialization activities.
2. STTR requires that the SBC perform at least 40% of the R&D and the single partnering research institution is required to perform at least 30% of the R&D.
3. Unlike the SBIR program, STTR does not require the Principal Investigator to be primarily employed by the SBC. This allows research-active faculty to participate actively in projects.

Oregon SBIR/STTR grants in 2016 and 2017

Oregon grants from SBIR and STTR agencies in 2016 and 2017 totaled \$61M. Compared to the total amount of combined loans in 2012 and 2013 of \$70M and 2014 and 2015 of \$73M, Oregon SBIR/STTR grants declined by 16%. Compared with other Western states, Oregon ranks in the middle below Utah and New Mexico, two states that have significant research institutions, and well above Montana, Nevada, Wyoming and Idaho. As these grants are typically focused on research begun at a research University or National Laboratory, Oregon's ranking is in line with the activities of the major research universities in the state.

Table 4 SBIR/STTR Awards for Western States

2016-2017			
State	Total Dollars	# of Grants	Average Grant
California	\$1,024,233,138	2265	\$452,200
Colorado	\$200,398,948	519	\$386,125
Washington	\$106,422,668	219	\$485,948
Arizona	\$73,560,067	1496	\$375,306
Utah	\$64,614,914	136	\$475,110
New Mexico	\$63,940,721	150	\$426,271
Oregon	\$61,390,109	142	\$432,325
Montana	\$15,580,428	52	\$299,624
Nevada	\$10,398,442	22	\$472,656
Wyoming	\$8,024,790	15	\$534,986
Idaho	\$650,912	13	\$500,070
Totals	\$1,635,065,136	3729	\$452,200

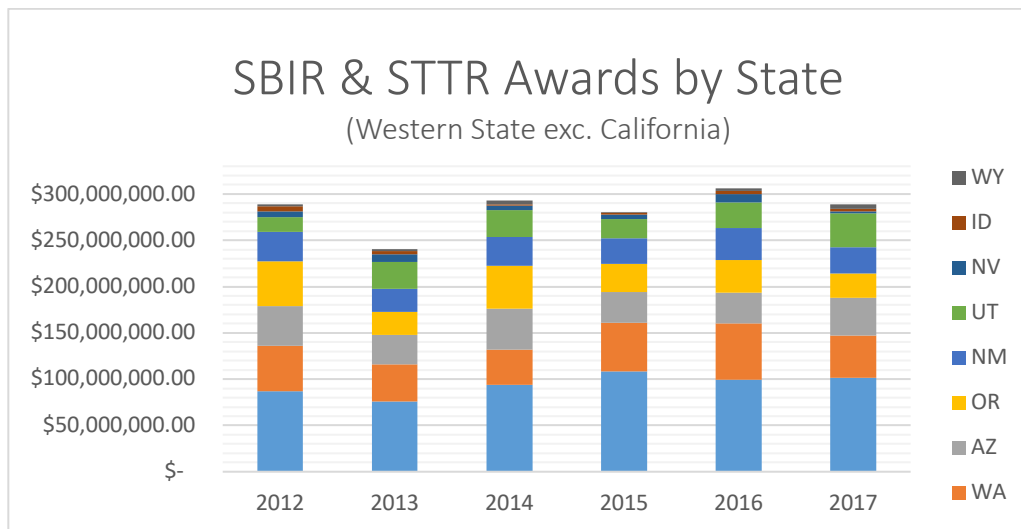


Figure 10 SBIR/STTR Awards - Western States

Table 5 SBIR/STTR Grants Oregon 2016-2017

2016 SBIR/STTR Oregon		
# of SBIR Grants	Total SBIR Funding	Average Grant
59	\$29,476,956	\$499,609
# of STTR Grants	Total STTR Funding	Average Grant
7	\$4,795,260	\$908,012
2017 SBIR/STTR Oregon		
# of SBIR Grants	Total SBIR Funding	Average Grant
68	\$25,749,195	\$378,665
# of STTR Grants	Total STTR Funding	Average Grant
4	\$1,368,698	\$342,175

As illustrated by the figure below, Oregon has experienced significant variability in the awards of Federal SBIR and STTR grants since 2012.

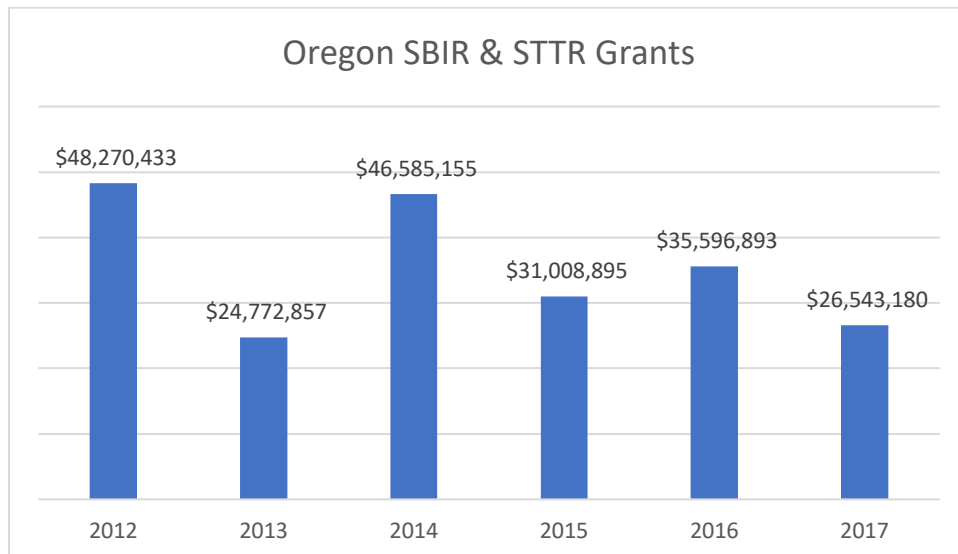


Figure 11 Aggregate SBIR&STTR Grants in Oregon 2012-2017

The majority of Oregon’s SBIR/STTR funding is provided by the U.S. Department of Health and Human services. Of those projects, over 65% in 2016-2017 were funded by the National Institutes of Health (NIH). Significant research activities at major medical institutions such as OHSU, contribute greatly to this total.

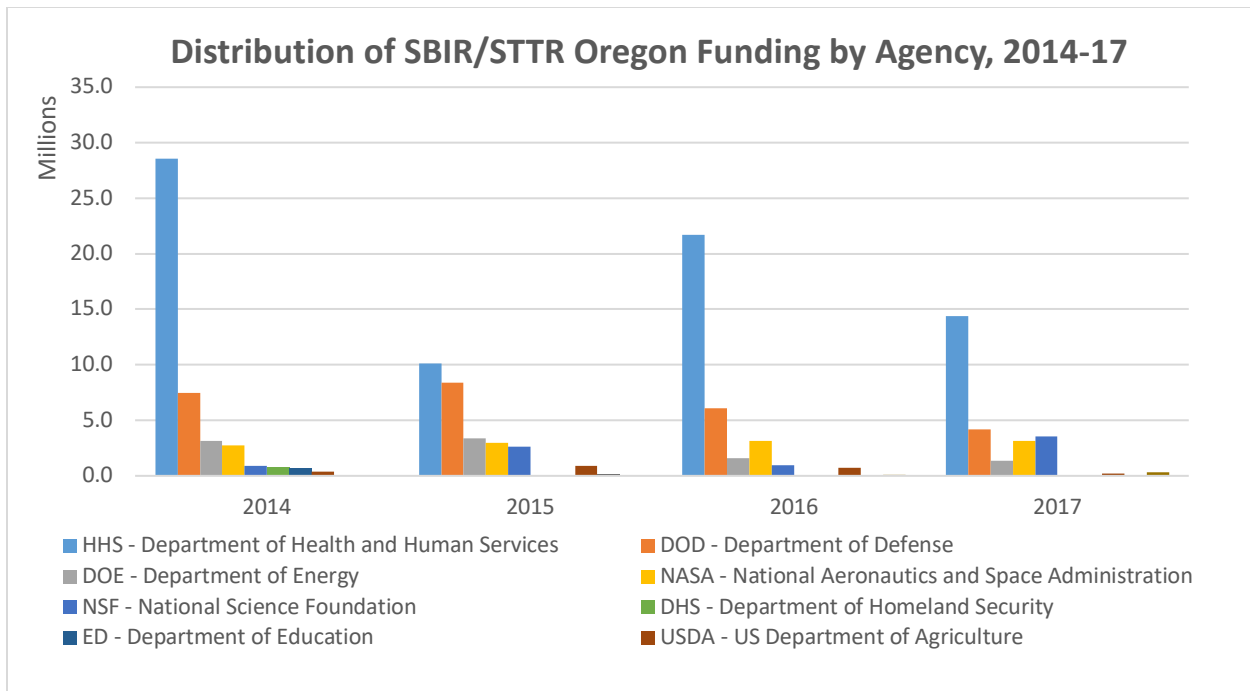


Figure 12 Distribution of SBIR/STTR Oregon Funding by Agency, 2014-17

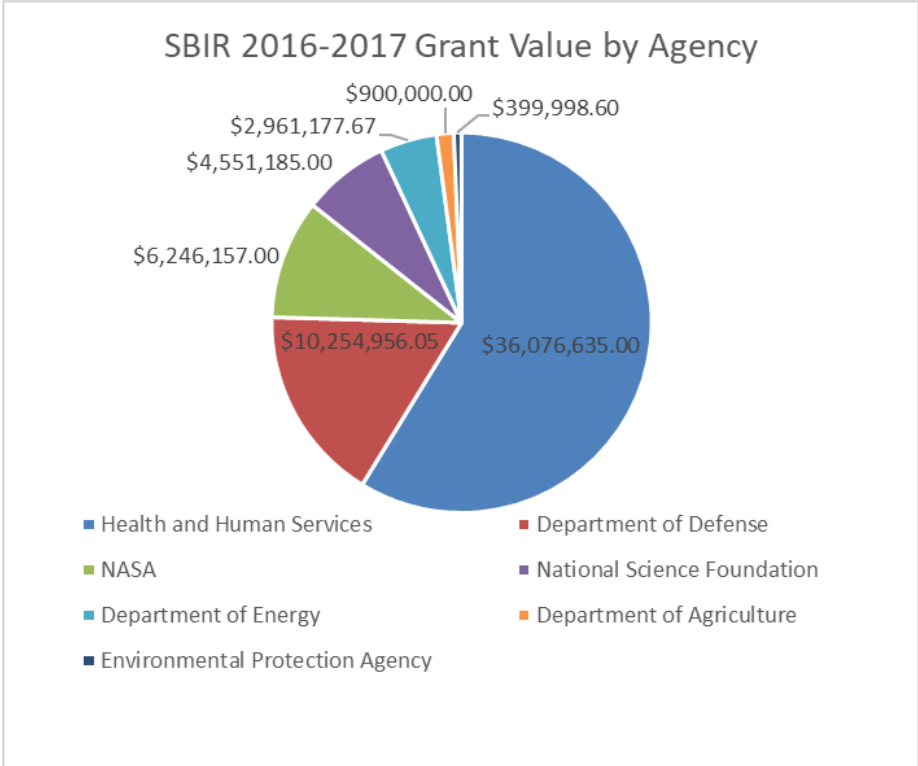
Out of 142 grants awarded in Oregon by Federal agencies, the Greater PDX region received 79% and Willamette Valley received 19% of the total grants awarded (as noted in the table below). This logically aligns with the location of the major research centers of OHSU and PSU in the Greater PDX Region and OSU and UO in the Willamette Valley.

Table 6 SBIR/STTR By Agency and Region

SBIR/STTR Grant Distributions by Region 2016-2017

Agency	Region	# of Grants	Total Dollars
Department of Health and Human Services	Greater PDX	38	\$26,316,939.00
	Willamette Valley	24	\$8,805,621.00
	Coast	1	\$654,075.00
	Central	2	\$300,000.00
Department of Defense	Greater PDX	24	\$9,576,991.18
	Willamette Valley	3	\$379,714.87
	Columbia Gorge	2	\$298,250.00
National Aeronautics and Space Administration	Greater PDX	18	\$5,996,198.00
	Willamette Valley	1	\$124,999.00
	Southern	1	\$124,960.00
National Science Foundation	Greater PDX	10	\$3,201,185.00
	Willamette Valley	4	\$1,350,000.00
Department of Energy	Greater PDX	5	\$2,436,179.17
	Willamette Valley	3	\$524,998.50

Agency	Region	# of Grants	Total Dollars
Department of Agriculture	Greater PDX	4	\$900,000.00
Environmental Protection Agency	Willamette Valley	2	\$399,998.60
Grand Total		142	\$ 61,390,109.32



Oregon Signature Research Centers

The Oregon Nanoscience and Microtechnologies Institute (ONAMI) and Oregon BEST (now known as VertueLab) both operate under the Business Oregon organization to provide funding and assistance to Oregon startup companies and state university researchers in their respective sectors.

ONAMI

ONAMI is an Oregon Signature Research Center, founded in 2006, with two available funding programs: ONAMI Launch and ONAMI Gap.

ONAMI Launch funding (Pre-Gap) is an early-stage program for ONAMI members with an idea that has commercial value and who intend to form a company within the next year. The maximum ONAMI Launch funding is \$75,000. The funding is to be used to help refine and/or validate the proof-of-concept and assist in optimal company formation.

ONAMI GAP is for research projects that yield breakthrough ideas, but cannot attract angel, venture or strategic investment without a proof of concept. ONAMI GAP funding bridges that void with up to \$250,000 for Oregon university-startup company collaborations to help businesses develop and test a product prototype, demonstrate a cost-effective fabrication process or cross the gap between current status and key customer requirements.

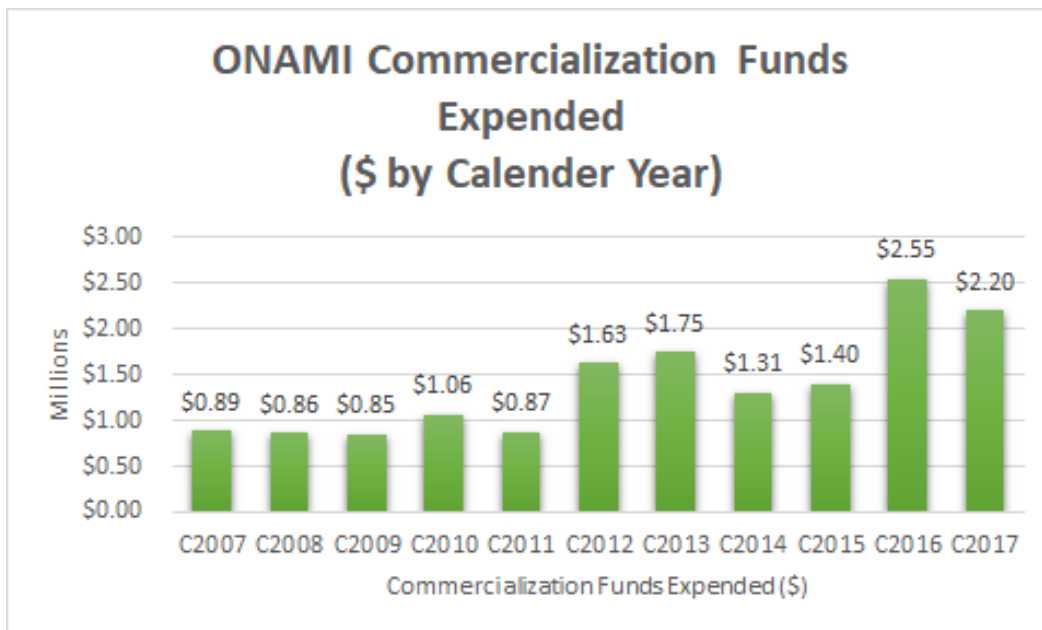


Figure 13 ONAMI Commercialization Funds by year

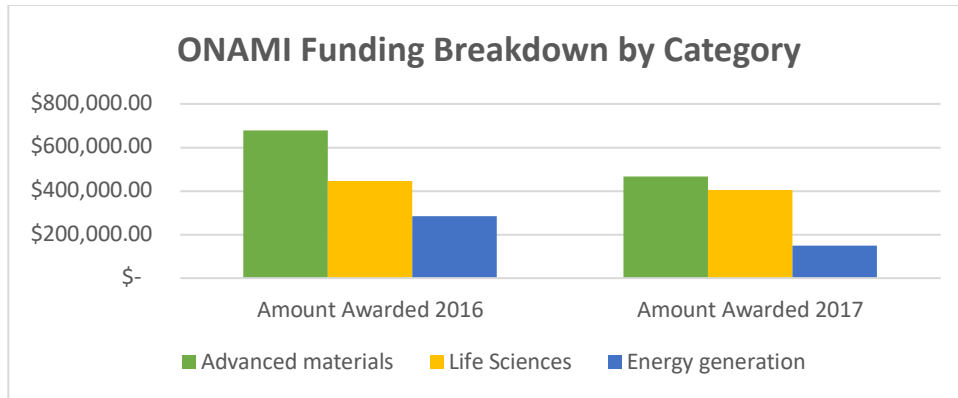


Figure 14 ONAMI Funding by Category 2016-2017

Oregon BEST (VertueLab)

Oregon BEST, also an Oregon Signature Research Center, provides funding and assistance to Oregon startup companies and state university researchers in the clean technology sector. One of its entrepreneurial assistance programs is focused on helping Oregon companies obtain non-dilutive capital through the federal SBIR/STTR program. Oregon BEST has been funded by the Small Business Administration under the Federal and State Technology Partnership (FAST) Program to provide targeted SBIR/STTR grant writing seminars and other training to help strengthen proposals from Oregon companies.

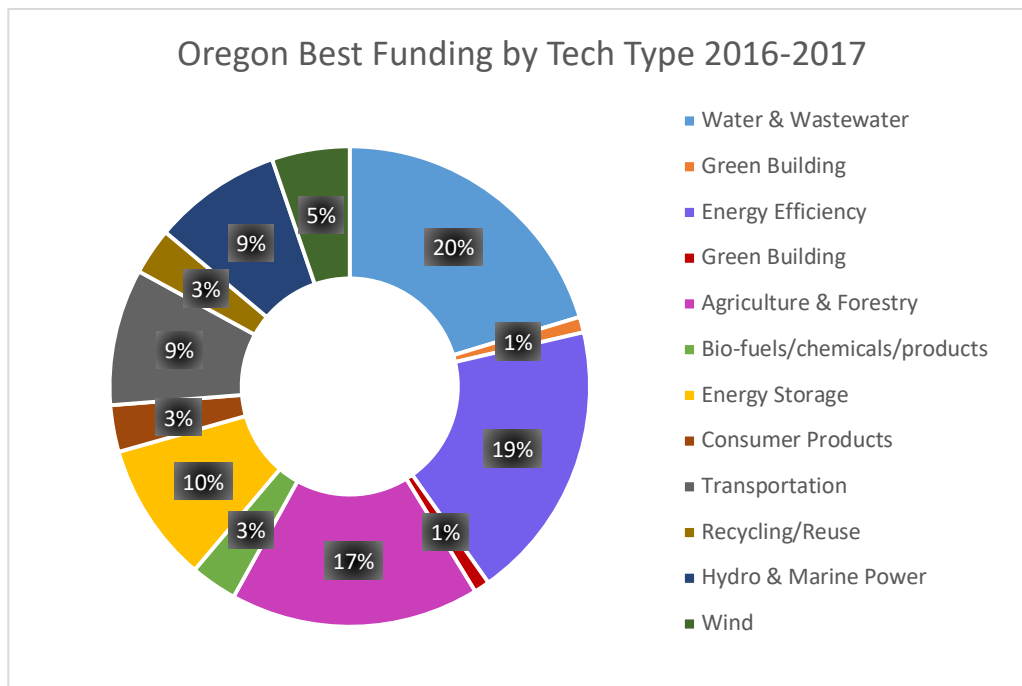


Figure 15 Oregon BEST Funding by technology/industry

Oregon BEST also provides direct funding to companies primarily in the form of program related investments that fund product development and product validation through joint projects between startup companies and state university researchers. The funding program, started in 2011, has provided over \$6.25M of R&D funding through 2017. Grants and Program-Related-Investments in the amount of over \$2.3M were made to 23 companies in the 2016-2017 period as detailed in the chart below.

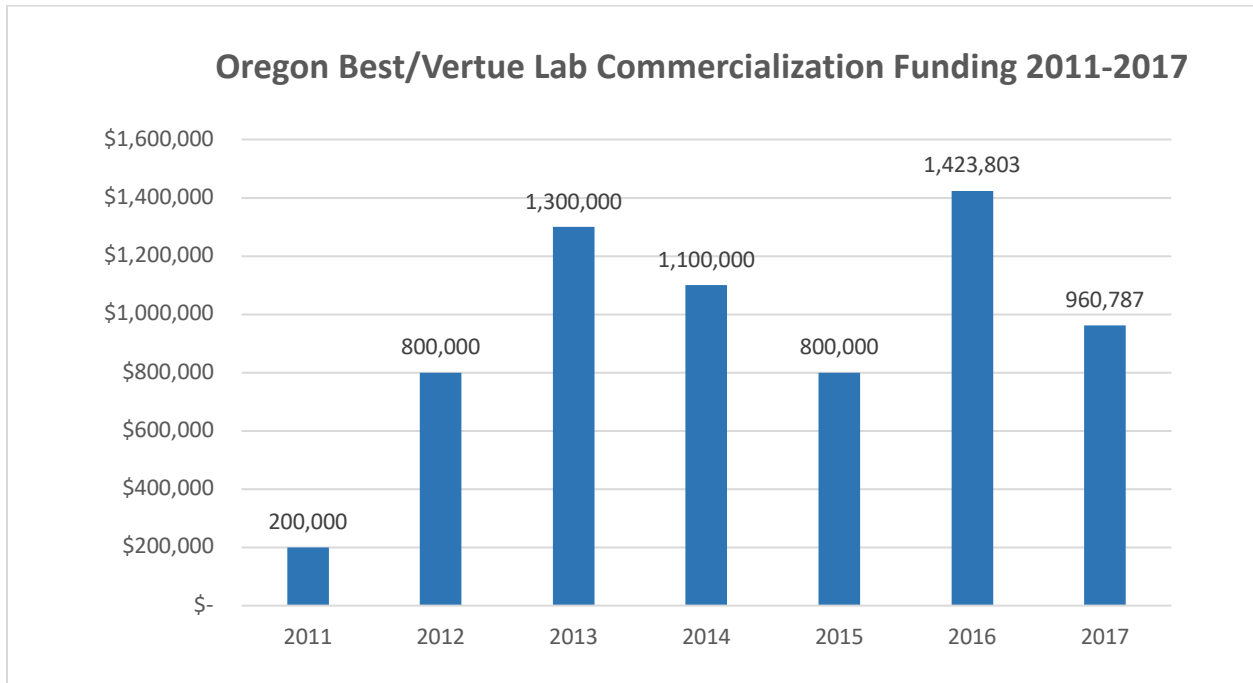


Figure 16 Oregon BEST Funding 2011-2017

Community Development Financial Institutions (CDFI)

Nationally there are 1,104 Community Development Financial Institutions (CDFIs). The CDFI Fund recognizes 20 CDFIs in Oregon. CDFIs are mission driven entities that provide various financial development services to individuals and businesses in traditionally underserved market niches. Types of organizations that can be certified include banks, credit unions, loan funds, venture capital funds, microenterprise development loan funds, and community development corporations. To be a certified CDFI, an organization must complete the CDFI certification process through the CDFI Fund, part of the U.S. Department of the Treasury.

CDFIs in Oregon

Community Development Financial Institutions play many different roles in Oregon's capital ecosystem depending on the needs of their communities and the expertise of their staff. Possible roles for a CDFI in the capital ecosystem are:

Lender

- Provide non-bank loans to traditionally underserved borrowers
- Provide mortgage financing for low-income and first-time homebuyers
- Provide gap-financing to business in between traditional lending stages

“Boots on the Ground”

- Build community relationships
- Understand current challenges and opportunities of specific communities
- Create trust

Personal Finance Supporter

- Provide Credit Builder Loans to improve borrower credit
- Offer Individual Development Accounts: a grant matched savings account for personal or business goals
- Offer education or technical assistance for microenterprises

Partner

- Partner with other business development resources to leverage impact
 - Example: Community Lending Works and Sprout! Food Hub

Intermediary

- Provide vetted community development loan funds for institutional impact investors
 - Example: Northwest Health Foundation works with CDFIs to select loan funds for their impact investing dollars because the CDFIs have experience creating impact outcomes and reducing the risk of impact loans through their relationships and experience.

Lever

- Take loans, grants, and investments from others and leverage their impact in low-income communities through revolving loan funds and holistic financial development support.

Ally to banks

- Help businesses who aren't currently able to get a loan migrate into a traditional banking relationship

- Stepping stone along the financial path as businesses grow, mitigating a bank’s risk
- Partner for Community Reinvestment Act compliance

Being a certified CDFI allows the organization to apply for funding through the U.S. Department of the Treasury’s CDFI Fund. The CDFI fund gives large, unrestricted grants, but they don’t give them to all CDFIs. Number of awardees in the past are: five in 2014, three in 2015, and seven in each 2016 and 2017. Seventy-five CDFI Fund grants have been given to Oregon CDFIs since 1996.

CDFI Activity in Oregon

Table 7 CDFI Activity

Awardee	City	Program*	2016	2017
			Amount	Amount
Albina Community Bank (now part of Beneficial State Bank)	Portland	BEA	\$189,157	\$233,387
Albina Opportunities Corporation (changed their name to Ascent Funding)	Portland	TA		\$123,500
Community and Shelter Assistance Corporation	Sherwood	FA		\$776,500
Community LendingWorks	Springfield	FA	\$500,000	\$350,000
Confederated Tribes of the Umatilla Indian Reservation	Pendleton	NACA	\$150,000	
Craft3	Portland	FA	\$750,000	\$686,500
Ecotrust CDE LLC	Portland	NMTC	\$75,000,000	
Micro Enterprise Services of Oregon (MESO)	Portland	FA		\$700,000
National Community Fund I, LLC	Portland	NMTC	\$80,000,000	
Network for Oregon Affordable Housing	Portland	FA	\$776,500	\$776,500
Portland Housing Center	Portland	FA		\$686,500
Trailhead Federal Credit Union	Portland	FA	\$1,120,000	
Total			\$157,735,657	\$3,646,387

*CDFI Program Legend

- BEA - Bank Enterprise Award
- FA - Financial Assistance
- NACA - Native American CDFI Assistance
- NMTC - New Market Tax Credit
- TA - Technical Assistance

Table 8 Oregon CDFI Listing

Organization Name	Financial Institution Type	City	Organization Website
Affiliated Tribes of Northwest Indians Financial Services	Loan Fund	Portland	https://atniedc.com/
Albina Community Bank (now part of Beneficial State Bank)	Bank or Thrift	Portland	https://beneficialstatebank.com
Albina Opportunities Corporation (changed their name to Ascent Funding)	Loan Fund	Portland	https://ascent-funding.org
Community and Shelter Assistance Corporation	Loan Fund	Sherwood	www.casaoforegon.org
Community Housing Fund	Loan Fund	Beaverton	thecommunityhousingfund.org
Community LendingWorks	Loan Fund	Springfield	www.nedcocdc.org
Consolidated Federal Credit Union	Credit Union	Portland	http://www.consolidatedccu.com
Cutting Edge Federal Credit Union	Credit Union	Milwaukie	www.cuttingedgefcu.org
Craft3	Loan Fund	Astoria Bend Portland Walla Walla, WA	www.craft3.org
Habitat for Humanity of Oregon	Loan Fund	Portland	www.habitatoregon.org
HDC Community Fund LLC	Loan Fund	Portland	www.housingdevelopmentcenter.org
Innovative Changes	Loan Fund	Portland	www.innovativechanges.org
Micro Enterprise Services of Oregon (MESO)	Loan Fund	Portland	mesopdx.org
MID OREGON FEDERAL CREDIT UNION	Credit Union	Bend	www.midoregon.com
Network for Oregon Affordable Housing	Loan Fund	Portland	noah-housing.org
Pacific Crest Federal Credit Union	Credit Union	Klamath Falls	www.pacificcrestfcu.com
Point West Credit Union	Credit Union	Portland	www.pointwestcu.com
Portland Housing Center	Loan Fund	Portland	www.portlandhousingcenter.org
SELCO Community Credit Union	Credit Union	Eugene	www.selco.org
Trailhead Federal Credit Union	Credit Union	Portland	www.nrfcu.org

CDFI Success Stories –
Knowledge and Inspiration

Arietta Ward came to MESO with a myriad of qualifications and skills. As a licensed cosmetologist for 22 years and an educator for 18 years, Arietta knows what hard work and determination can do for one’s business. Now, she is a locally and nationally recognized musical artist with a business dedicated to her musical talent: Mz. Etta’s World.

However, Arietta also held a lot of fear about the stigma placed on her community. She had concerns when it comes to the lending and business

world. She had experienced racism and sexism, found that not a lot of places had culturally specific staff, and had lost faith in what is known as “The American Dream” as it relates to African American entrepreneurs.

With MESO’s help and with Arietta’s hard work and determination, she is now in a position to obtain financial help from traditional lending sources. She is thriving with her business, both personally and as a musician. Most importantly, she is more confident and reassured than ever about being an African American entrepreneur in Portland, Oregon.

As Arietta always says, “There are people who know how to take the tragic and make it magic!”

(reprinted with permission from MESO)

Credit Building

Justin Johnson thought what MESO was offering was too good to be true. With a degree in psychology from the University of Oregon and his family business under his belt, he was skeptical that a nonprofit in Portland, Oregon would provide mostly free services and products, let alone to African Americans. Justin wanted to learn more about handling his business finances and improving his credit score so that he could gain access to capital when needed.

Justin began helping his mother with her childcare business – Boise Buddies – when he was just 16 years old. He gained real and tangible business experience even before he started his post-secondary education at University of Oregon. Now, at the age of 27, he has a Bachelor’s degree, a license in massage therapy, and operates Boise Buddies alongside his mother.

However, Justin still needed business support. Justin joined the Access to Capital for African American Entrepreneurs (ACAAE) initiative with high hopes and a little skepticism. He attended all the group and the one-on-one meetings that were customized to his unique needs, and partook in all the opportunities provided by MESO. Justin recently shared, “There wasn’t one piece of information that I couldn’t immediately use. The speakers were amazing. MESO is amazing. Thanks to them, my credit was saved.”

With a credit builder loan from MESO, Justin’s credit score jumped 192 points within 6 months, positioning him to access capital from traditional sources. He continues to work with MESO, and participates in MESO’s 3:1 matched savings program. “I still can’t believe MESO offers those incredible services. They are always available for one-on-one meetings and that’s exactly what I needed to help me with my personal and business finances.” The future is bright for Justin!

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Economic Development District Loan Programs

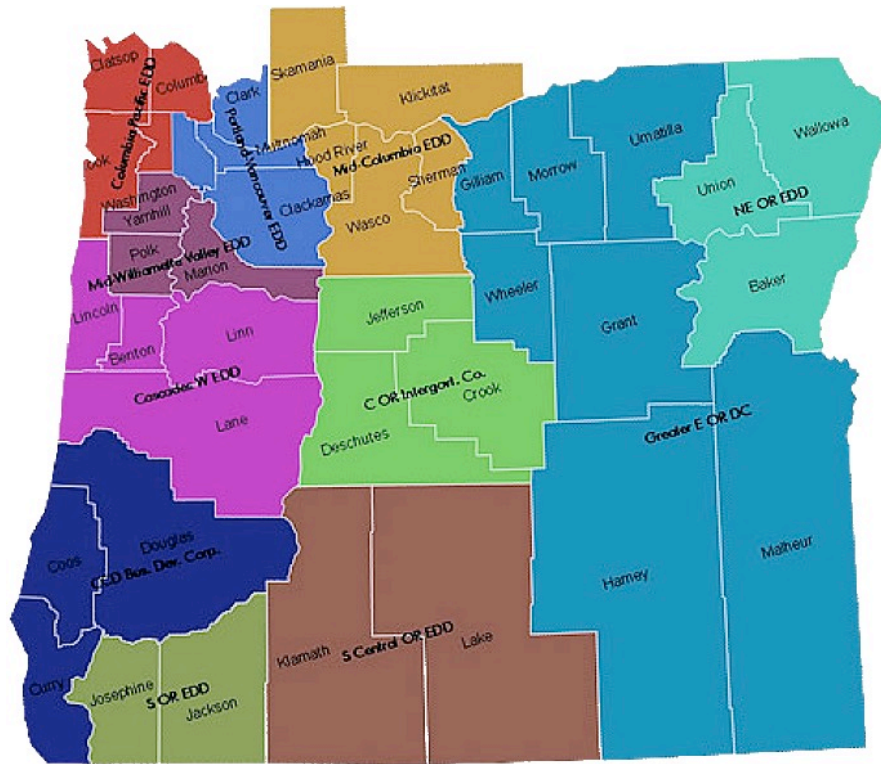


Figure 17 Oregon EDD Map

Oregon's Economic Development Districts:

- ATNI—Affiliated Tribes of Northwest Indians
- CCD—Coos, Curry, Douglas Business Development
- COIC—Central Oregon Intergovernmental Council
- Col-Pac—Columbia-Pacific Economic Development District
- GEODC—Greater Eastern Oregon Development Corporation
- MCEDD—Mid-Columbia Economic Development District
- MWVCOG—Mid-Willamette Valley Council of Governments
- NOEDD—Northeast Oregon Economic Development District
- CWEDD—Cascades West Economic Development District
- OCWCOG—Oregon Cascades West Council of Governments
- LCOG—Lane Council of Governments
- GPI—Greater Portland, Inc
- SCOEDD—South Central Oregon Economic Development District
- SOREDI—Southern Oregon Regional Economic Development, Inc

Economic Development Districts (EDDs) are regional gap financing entities recognized by the U.S. Department of Commerce's Economic Development Administration (EDA).

EDDs originate, package, and administer loans through various loan programs such as the Economic Development Administration Revolving Loan Fund, the SBA and the USDA. Many of Oregon’s EDDs also offer other business resources to microenterprises and small businesses. The table below shows the additional resources offered by the various EDDs in Oregon.

Table 9 Economic Dev. District Services

Economic Development District	EDA Revolving Loan Fund	SBA Loans	Technical Assistance	Other
Affiliated Tribes of Northwest Indians	X		X	CDF USDA IRP
CCD Business Development Corporation	X	X	X	
Central Oregon Intergovernmental Council	X	X		
Columbia-Pacific Economic Development District	X			Find financing for business development initiatives
Greater Eastern Oregon Development Corporation	Information not provided.			
Mid-Columbia Economic Development District	X		X	
Mid-Willamette Valley Council of Governments	X	X		Manage city and county RLFs
Northeast Oregon Economic Development District	X		X	Community public offerings Individual Development Accounts
Oregon Cascades West Council of Governments (Part of CWEDD)	Information not provided.			
Lane Council of Governments (Part of CWEDD)	Information not provided.			
Greater Portland, Inc.	Does not operate EDA revolving loan fund. Other information not provided.			
South Central Oregon Economic Development District	X		X	Rural microloan assistance
Southern Oregon Regional Economic Development, Inc.	X			

Table 10 Economic Dev District Technical Assistance Services

Technical Assistance Details	Specific Services Offered
Affiliated Tribes of Northwest Indians	Small business and entrepreneur assistance
CCD Business Development Corporation	Grant writing, Funding application support Pre-project consultation Community Development Block Grants Support through project completion
Mid-Columbia Economic Development District	Access to incentive programs

Technical Assistance Details	Specific Services Offered
Northeast Oregon Economic Development District	Business planning classes Preparing to raise money General guidance and referrals
South Central Oregon Economic Development District	Business startup classes, Loan packaging assistance

EDD Lending

This section of the Oregon Capital Scan focuses on the EDDs as a statewide whole, the common themes that emerged from our research and interviews, and the 2016-17 Revolving Loan Fund numbers from each EDD. Oregon's EDDs operate their own association, Oregon's Economic Development Districts (OEDD), whose goal is to facilitate communication and coordination between the EDDs. Detailed information about each of the EDDs and their individual activities can be found in OEDD's *Oregon EDD's 2015 Revolving Loan Fund Overview* report.

Table 11 Economic Development District Lending 2016-2017

		2016		
S.N.	EDD	New loans made	Receivables	Funds Available to lend
1	Affiliated Tribes of Northwest Indians		\$764,899	
2	Central Oregon Intergovernmental Council	\$170,000	\$3,658,631	\$1,722,000
3	Columbia Pacific Economic Development District	\$209,500	\$484,686	\$1,757,993
4	Coos, Curry, Douglas Business Development Corporation	\$925,000	\$4,454,544	\$529,398
5	Greater Eastern Oregon Development Corporation			
6	Greater Portland EDD, Inc.	Does not operate EDA Revolving Loan Fund		
7	Mid-Columbia EDD	\$446,140	\$2,976,785	\$1,409,462
8	Mid-Willamette Valley Council of Governments	\$1,079,000	\$4,976,000	\$2,208,000
9	Northeast Oregon EDD	\$0	\$2,770,801	\$1,086,088
10	Oregon Cascades West Council of Governments	\$200,000	\$2,834,872	\$1,909,067
11	South Central Oregon EDD	\$150,000	\$1,202,972	\$1,107,686
12	Southern Oregon Regional EDD, Inc.	\$788,500	\$3,243,544	\$2,792,395

		2017		
S.N.	EDD	New loans made	Receivables	Funds Available to lend
1	Affiliated Tribes of Northwest Indians		\$765,707	
2	Central Oregon Intergovernmental Council	\$60,000	\$3,750,210	\$1,674,000
3	Columbia Pacific Economic Development District	\$187,898	\$181,123	\$1,466,938
4	Coos, Curry, Douglas Business Development Corporation	\$1,562,000	\$5,047,415	\$811,631
5	Greater Eastern Oregon Development Corporation			
6	Greater Portland EDD, Inc.	Does not operate EDA Revolving Loan Fund		
7	Mid-Columbia EDD	\$1,084,988	\$3,269,158	\$1,139,645
8	Mid-Willamette Valley Council of Governments	\$1,284,000	\$5,780,000	1,314,000
9	Northeast Oregon EDD	\$417,350	\$2,414,966	\$1,291,131
10	Oregon Cascades West Council of Governments	\$425,000	\$2,703,295	\$1,912,310
11	South Central Oregon EDD	\$400,000	\$1,260,704	\$1,066,917
12	Southern Oregon Regional EDD, Inc.	\$747,000	\$3,236,417	\$2,567,822

Crowdfunding

Crowdfunding, through platforms such as Kickstarter and Indiegogo, is a strong and growing option for those looking to raise early-stage capital. In many ways, it is becoming one of the dominant sources of capital for early stage company formation funding. Crowdfunding is typically employed for business ideas that center on a specific product idea, where the crowdfunding campaign can be used as a way to fund development and/or production of a product through pre-sales to backers. This process can substitute for early stage friends and family loans/investments and self-funding that entrepreneurs would otherwise need. Crowdfunding simplifies the process of launching a company or launching a new product by an existing company. By offering a product for sale on a crowdfunding campaign, businesses can assess market demand for their idea, gather important feedback from potential customers, and fund the production of a product with pre-paid orders.

Crowdfunding comes in many forms including equity, debt, gifts/rewards, and prepaid sales. In Oregon, from January 1, 2014 through December 31, 2017, over \$57.8 Million in funding happened through crowdfunding platforms. This number represents a significant portion of capital available to the earliest stages of company formation and growth.

For this edition of the Oregon Capital Scan, the research team was able to source crowdfunding data from The Crowdfunding Center (<http://www.thecrowdfundingcenter.com/>), a UK based data provider. The data obtained represents the best available summary of activity in this funding class. Data from 2014-through 2017 was obtained and is summarized here.

	2014	2015	2016	2017
Total Funding (\$,000)	\$24,130 * [\$10,845]	\$12,424	\$10,639	\$10,678

* The top Kickstarter project in Oregon in 2014 accounted for \$13,285,226. That project, the 'Coolest Cooler' remains the second largest crowdfunding campaign ever. Removing this anomaly yields approximately \$10,845,000 in funding that year.

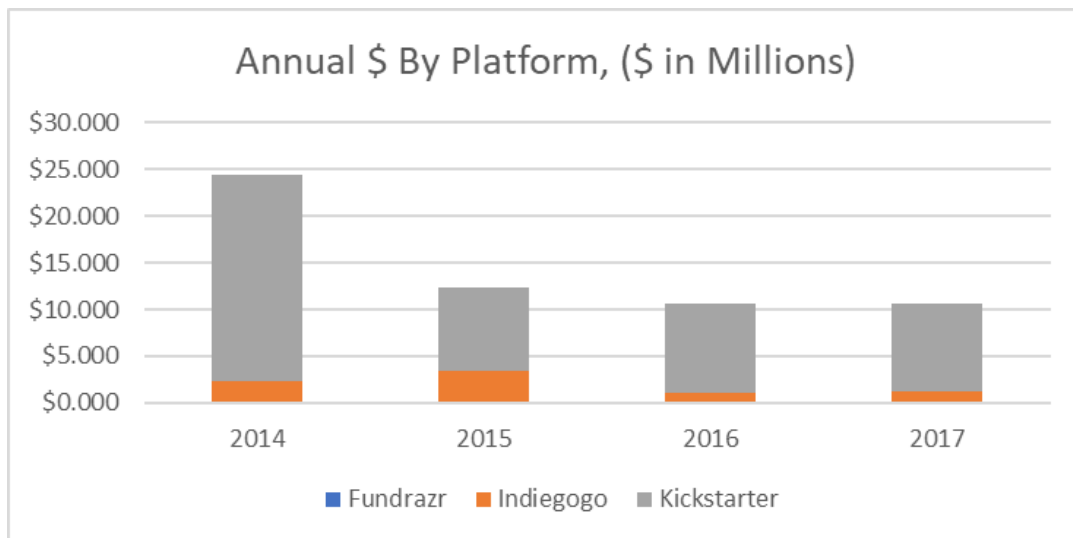


Figure 18 Crowdfunding Value in Oregon by Platform

Based on the improved data from an independent source, we can see that crowdfunding as a source of capital in Oregon accounts for over \$10 Million in funding for early stage business ideas each year. For 2018, as of July 31, approximately \$4.6M in crowdfunding projects had closed in Oregon, representing a relatively steady trend in funding. A full accounting of the data from 2018 should be undertaken to assess the continuing impact of this type of funding.

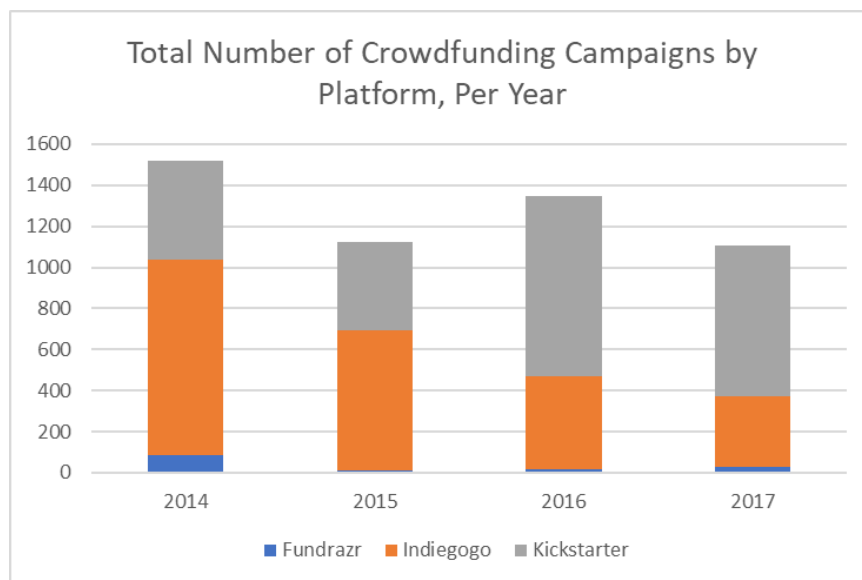


Figure 19 Crowdfunding in Oregon, # Campaigns by Platform

To capture a sense of the trends in the crowdfunding market, over the past 4 years, results show that Kickstarter saw an increase in total dollars raised for successful projects as well as an increase in number of successful projects.

Since 2010, Kickstarter has driven over \$1.1B in successful funding globally. Results show that in 2015 the funding domains of publishing, food, video, and art led in the number of funded projects. The top five categories for 2017 were: design, publishing, technology, gaming and comics.

Other crowdfunding platforms, Indiegogo and Fundrazr, also handled deals based in Oregon. In 2016 and 2017, Kickstarter has a significant majority of funding dollars and number of projects in Oregon.

Table 12 Crowdfunding platform data

	2016			2017	
	# Projects	\$ of Funding		# Projects	\$ of Funding
Kickstarter	789	\$9,512,671		674	\$9,360,535
Indiegogo	324	\$1,062,579		248	\$1,210,949
Fundrazr	17	\$26,035		29	\$87,221

Equity Crowdfunding – Oregon Intrastate Offerings

In addition to start-up capital, crowdfunding platforms (CFPs) allow for business owners raise equity capital in a local marketplace. New SEC rules with regards to who can invest in a new company went into effect in January 2015. Since then, \$476,000 has been raised in Oregon.

For those interested in further details of the Oregon Intrastate Offering rules (OIO), Hatch Oregon offers helpful definitions as well as copies of full OIO offering documents at their website (<http://hatchoregon.com>).

The Hatch Oregon website can also be used to find many of the current investment offerings using this new investing marketplace. Examples include Agrarian Ales, which raised \$95,000 in equity capital, and Crescendo Organic Spirits which raised \$82,250 in equity capital using this approach. Equity crowdfunding through the OIO program has not been a significant source of capital in the state when compared with other forms of capital available.

Equity Investment in Oregon – From Angels to Venture Capital

One of the critical components of a capital ecosystem is the flow of private risk capital into firms ready to grow. Equity capital drives the growth of traded sector businesses. Traded sector firms grow employment and create value for shareholders. Many of those shareholders are local investors and employees of the firm, who then often go on to reinvest in the community as angel investors.

Regional Comparisons

Nationally, the Seed and Angel investment ecosystems appear to be declining with a median investment round of \$285K dollars in 2017, which is down significantly from a median investment of \$850K dollars reported in 2015 by the Angel Resource Institute (based out of Oregon’s own Willamette University). This decline is consistent with an increase in number of early stage deals and first-time investments, while there is a decrease in total funding. The Pacific Northwest’s share of overall Angel investment in 2017 was 6.9% of all investment in the US, down from 8.7% of the national total in 2015.

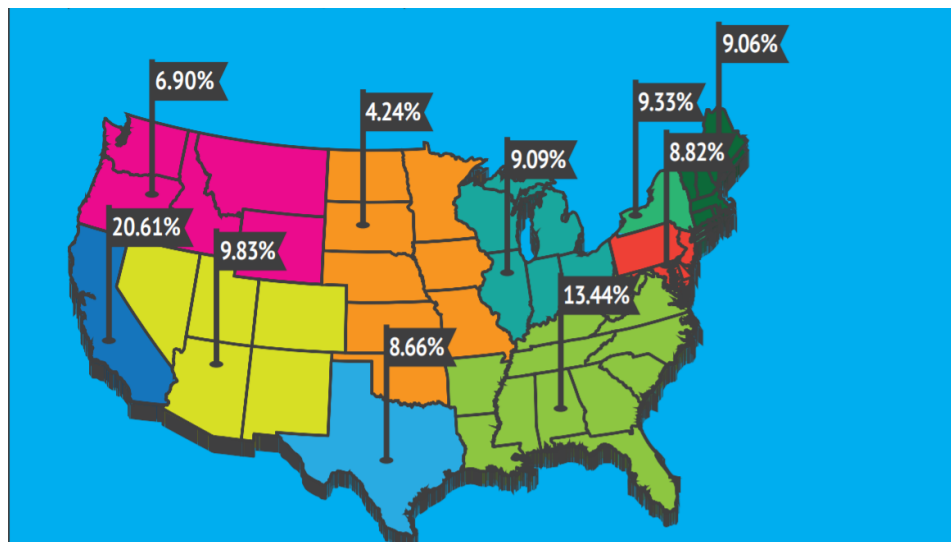


Figure 20 US Regional Distribution of Seed and Angel Investments 2017

The Oregon Seed and Angel investment landscape has continued to expand since the last publishing of the Oregon Capital Scan report with an increase in both the sources of investment and the scale of investment available. New entrants and forums have arisen for the aspiring entrepreneur including additional fixed-date event Angel group conferences as well as independent year-round angel investing organizations.

Mentioned in the 2012 Oregon Capital Scan report were the Portland Seed Fund and Portland Incubator Experiment (PIE) as new entrants to the funding and support ecosystem in the state. Joining the list in 2014 were the Bend Venture Conference, Willamette Angel Conference, Roseburg Angel Investor Network (RAIN), Southern Oregon Angel Investment Network, Cascade Angels, Oregon Sports Angels and TiE Angels. These programs continue to expand their impact and investment dollars in Oregon-based companies. Additionally, Business Oregon has begun participating at angel conferences in order to be available to explore and pursue related financing (economic development debt finance) deals with qualifying entrepreneur participants seeking capital. These developments and others have led to a steady increase in equity capital investments in Oregon since 2014.

Equity Investment in Oregon – From Angels to Venture Capital

To generate a holistic picture of the capital ecosystem in Oregon, it is best to think of all transactions, from Seed Funding through Venture Capital as a continuum. Companies who are successful in raising a Seed or Angel Round of funding are typically successful at raising additional funding if they are executing to their plan. Given that, this report is adjusting the perspective on Venture Capital and Seed/Angel investing to reflect this reality and combining these categories together and analyzing the data by investment rounds. These data are not organized by Series A, B, etc. as the definitions of an investment round for a company can be vastly different between firms, making that identifier less informative.

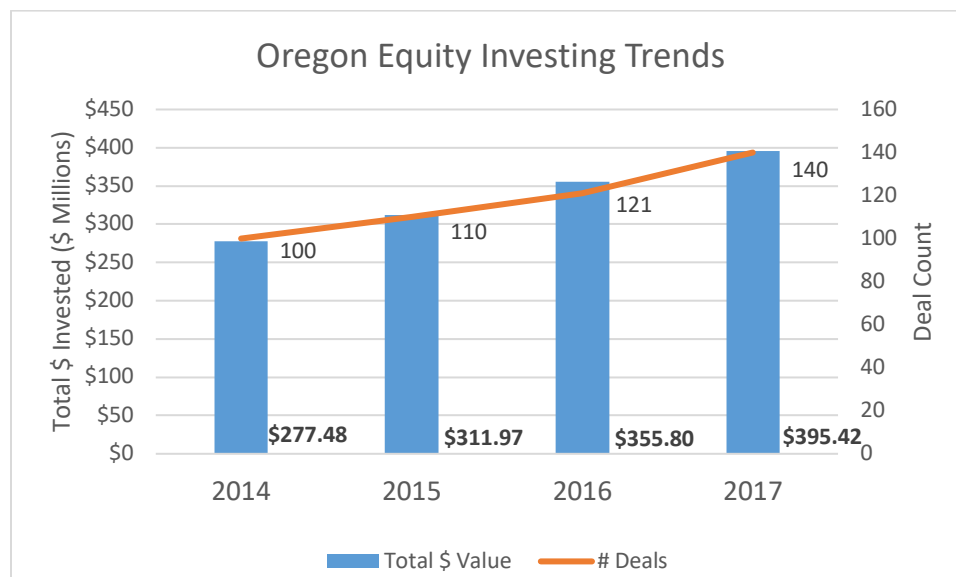
Consistent Data yields clear trends

Data for the 2016 Oregon Capital Scan (covering 2014-2015) and this edition of the report (covering 2016-2017) were obtained from [Pitchbook](#), a Seattle based financial data and software company. Given the consistency of data sets available, this report is able to show some very strong positive trends in the equity funding landscape for Oregon based companies. To be noted, the data compiled tracks funding events that have a defined 'round' in the Pitchbook data. There are a small number of transactions from each year that are noted as a 'convertible debt' type, but do not have a specific round noted. As convertible debt can be a tool for bridge financing, or simply a vehicle for existing investors to contribute additional funds, these transactions are excluded from the data.

Key Trend – Investments by number and dollar value has grown since 2014

When evaluating all reported investment transactions between 2014 and 2017, a clear positive trend emerges for both number of transactions and the overall dollar value of investments made.

- **2014-2017 annual transactions in Oregon have increased by 40%**
- **2014-2017 annual total funding value in Oregon has increased 42.5%**



This trend is a very positive one for the overall startup ecosystem in the State of Oregon. The data clearly show growth in the flows of equity capital to Oregon based businesses from 2014 through 2017.

Key Trend – Oregon based companies are moving up the ‘Capital Ladder’

When assessing the distribution of funding across different rounds of funding, the data support the concept of the ‘Business Funding Ladder’ as conceived in the 2014 Oregon Capital Scan. Specifically, the data from 2015 – 2017 support the hypothesis that companies in Oregon are raising additional capital as they grow.

2015 Angel rounds (\$76.79M) → 2016 Round 1 (\$112.59M) → 2017 Round 2 (\$155.3M)

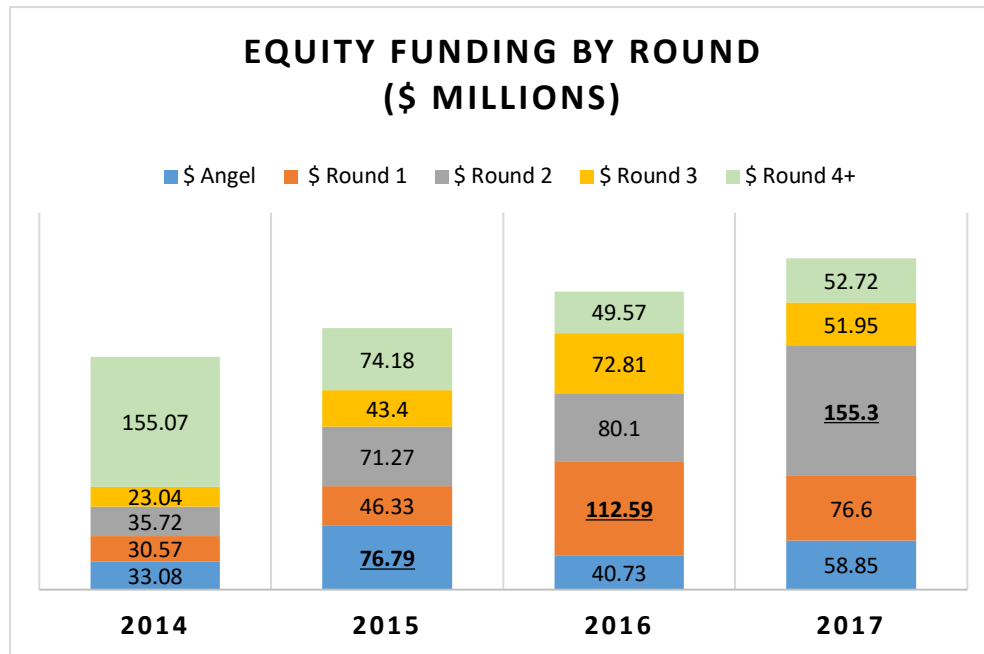


Figure 21 Equity Funding by round 2014-2017

The count of number of transactions can be informative in a couple of ways. First, the data show a consistent increase in the number of transactions at the Seed/Angel round stage. **This is a positive reflection on the health of the overall startup ecosystem; more companies are getting funded.** Second, the attrition of companies occurs when one of two things happen. Either a company is successful and doesn't need to raise additional capital, or a company fails to meet their objectives and is not able to raise additional capital. Both outcomes can be viewed positively, as 'churn' in the ecosystem through both growth and failures helps expand the pool of people with experience working on investor backed startups.

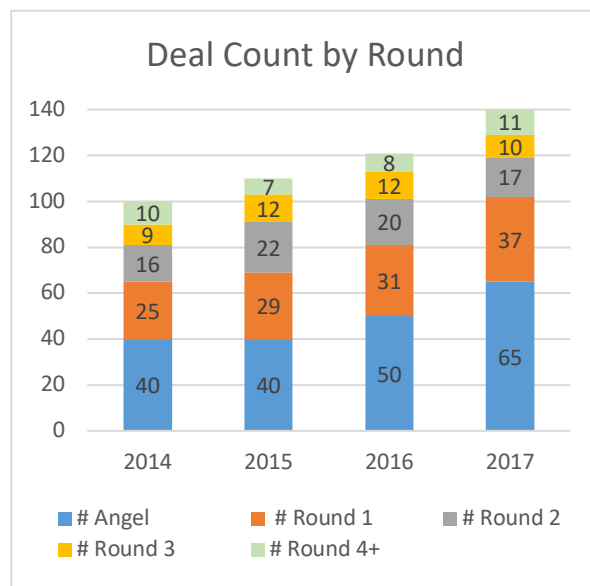


Figure 22 Equity Funding Deals by round 2014-2017

Key Trend –Regions other than Portland Metro are raising capital

While the Portland Metropolitan region receives the vast majority of equity funding in Oregon, companies in other regions of the state have been able to raise equity capital. Specifically, the Willamette Valley region has shown strong and consistent growth in capital flows, followed closely by Central Oregon as a growing regional destination for investment.

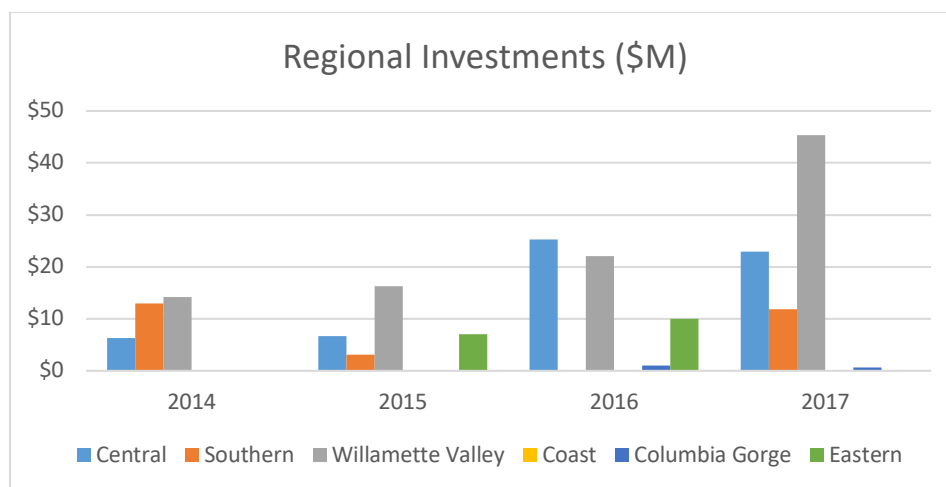


Figure 23 Regional Capital Distribution 2014-2017

When viewed as a percentage of the overall flow of equity capital in Oregon, we see that companies outside of Portland are attracting capital and helping to distribute the concentration of equity funding in Oregon more evenly.

Table 13 Regional Equity Investment Distribution 2014-2017

Region \$ Invested	Willamette Valley	Central	Southern	Coast	Columbia Gorge	Eastern	Greater PDX
2014	5.11%	2.27%	4.69%				87.93%
2015	5.24%	2.14%	1.01%			2.24%	89.37%
2016	6.19%	7.11%		0.003%	0.28%	2.81%	83.60%
2017	11.48%	5.80%	2.98%		0.16%		79.58%

With a majority of residents and as the hub of commercial activity, it is reasonable to assume that Portland Metro will remain the focus of investment activity. However, as more companies receiving funding in other regions can often serve as the first touch point for investors from outside Oregon to get engaged in the area and as examples for more local investors to follow.

Big bump in Activity in 2018

As shown in Figure 23, Venture Capital activity in the first 6 months of 2018 has grown significantly. This data, from PwC MoneyTree, indicates that Oregon’s total VC investments from January 1 through June 30, 2018 were \$430.2 Million. This total reflects a significant boost to the economic prospects of over 40 different firms, representing dozens of opportunities for growing firms to thrive.

Noting this recent influx of capital, Eric Rosenfeld – founder and partner at the Oregon Venture Fund, noted in a July 12, 2018 article in the Portland Business Journal that an increase in VC activity can have several positive impacts on the local community¹:

- More capital – firms that are already invested in Oregon are more likely to look at other local opportunities.
- More jobs – Venture backed firms typically execute their growth plans with increased hiring activity for positions with above average wages to lure talent from other areas and companies.
- More startups – Success begets success as team members of successful companies often strike out on their own. Founders of this generation of startups will be mentors to the next.
- More wealth – VC dollars seek aggressive returns and high growth. When companies are successful, founders, employees and investors share in the success and newly created wealth.

Whether the momentum of the first half of 2018 continues is to be determined. As past performance is not a direct indicator of future activity, VC investment in Oregon cannot be assumed to remain as robust in the future. However, a strengthening ecosystem of entrepreneurs and investors bodes well for the future. Once a full accounting of 2018 transactions is available, further analysis of trends in Oregon investing should be undertaken.

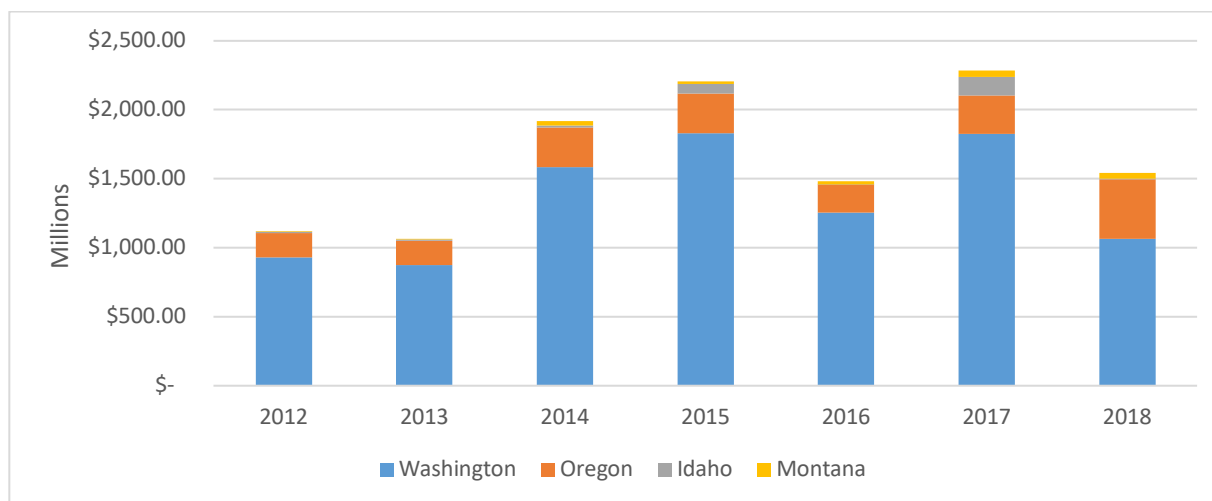


Figure 24 Venture Capital Investment in Pacific Northwest – Source: PwC Moneytree

Oregon comparison with other western states

Oregon has seen an improving climate for Venture Capital investment. PricewaterhouseCoopers MoneyTree™ data indicates that Oregon is relatively stable as a percent of deal value in the Pacific Northwest (WA, ID, MT, OR) at just slightly more than 12% in 2017, but with an average of 16.3% of VC dollars in the PNW since 2012. While California, with massive economic engines in Silicon Valley, Los Angeles, and San Diego, leads the nation in Venture Capital investment by a huge margin, Oregon’s place in the national venture capital ecosystem has strengthened. When compared to western states Oregon has maintained a modest but steady position between Utah and Arizona. Given the resources and populations of other states, venture activity in Oregon is healthy.

¹ <https://www.bizjournals.com/portland/news/2018/07/12/quest-opinion-what-the-sudden-deluge-of-vc-funding.html>

Late Stage Equity: Private Equity, M&A (Merger & Acquisition), and IPOs

In this report, later stage financing rounds are broadly referred to as private equity transactions. The number of in-state firms and assets they control are small relative to neighboring states like California and Washington. Therefore, most of these transactions represent significant capital flowing into the state. Further, this form of capital is generally control oriented where the investment causes a change in controlling ownership interest in the business.

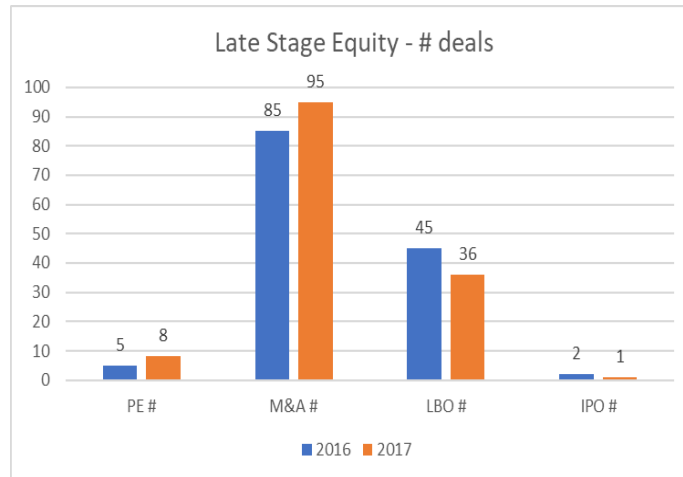


Figure 25 Late Stage equity transaction count

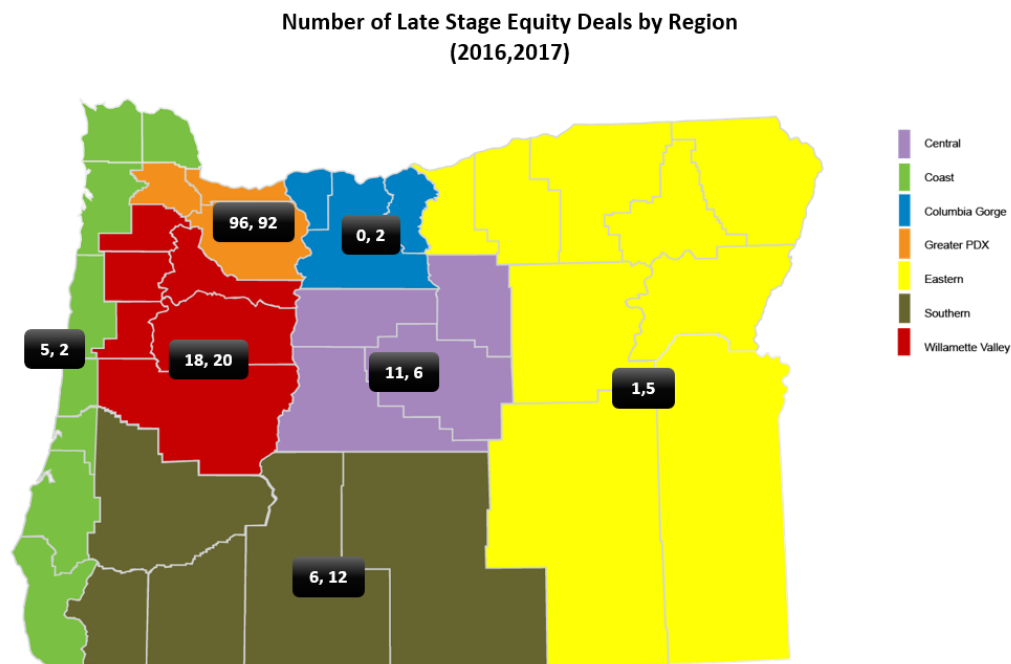


Figure 26 Late Stage Equity deals by region; 2016 & 2017

Dollar value data for these transactions is difficult to obtain. Most transactions of this type are between private parties, with ‘terms not disclosed’ accompanying any announcement of the deal. The scale of some of these individual transactions dwarf earlier stage investment transaction amounts due to the

maturity stage of companies being engaged and the common change in control. Active markets for late stage equity transactions signals a market with healthy companies and owners who are typically realizing significant returns and liquidity from their businesses. This liquidity often re-enters the ecosystem in the form of angel investments.

Late Stage Equity Impacts

While it is difficult to track the exact impact of these types of transactions, there are two examples that can serve as a model for how this type of capital can impact the Oregon capital landscape.

Hydroflask – A foundation for an industry in Bend

Bend, Oregon, was well known as a destination for recreation and adventure long before Hydroflask was founded in 2009. But when the company, which makes insulated beverage containers, began to grow rapidly with investment and a strong management team, it became an anchor point for an industry in Central Oregon. In February of 2016, the company was acquired by a consumer products conglomerate for a reported value of over \$210 Million. As many of the early investors, and a majority of the employees of the company were located in Bend, this represented a great windfall for the area. Not content to simply let capital flows dictate the long-term impact of the transaction, Hydroflask took the initiative to help encourage growth in the entire outdoor products industry in the region. The company gave \$250,000 to the Oregon State University Cascades Campus to explore a new major and other programs in outdoor products business. That program has seen its first students enrolled in the fall of 2018.

Pacific Foods – Sharing rewards and building an industry

The food business is not flashy. Although many build national brands (Tillamook, So Delicious, Dave's Killer Bread) that gather attention and provide interesting ties to Oregon, the majority of food manufacturing in Oregon is rather bland. Large companies grow their customer bases and continue to produce high quality products without fanfare. One of those companies is soup maker Pacific Foods.

The announcement of the \$700 Million acquisition of Pacific Foods by Campbell Soup Company in July 2017 made waves. Not only was the size of the transaction notable, but the commitment of the acquiring company to maintain and grow the business in Oregon meant that 500 plus jobs were not going away, which helps maintain a positive size and scale for the food business locally.

The beneficiaries of such a large transaction increased greatly in number due to the generosity of the owners of Pacific Foods. In a statement by co-founder Chuck Eggert in a company letter released in December 2017, Mr. Eggert stated, "Pacific shareholders — including myself, Jon Gehrs and Kaye Barnes — made the unanimous decision to share approximately 25 percent of the net proceeds of the sale of the company with the people who got us here: almost 600 eligible employees,"² The complete effects of this event are unknown, but the idea of sharing rewards with employees reflects the Oregon way of life.

These events, and the financial returns that were then distributed throughout the economy, shows how transformative equity capital transactions can be for local communities, employees, and others.

² <https://www.bizjournals.com/portland/news/2017/12/18/pacific-foods-ladling-out-portion-of-campbell-sale.html>

State of Oregon Programs

The State of Oregon supports several small business financing programs. The following business finance programs were funded with lottery dollars and include direct loans and loan guarantees. Total capitalization for the programs is \$45.5 million. Total cumulative assets of the listed programs equal \$62.8 million. Note: in Tables 15, 16, and 17 below, loans attributed to Greater Portland Inc (GPI) are funded by Prosper PDX, not GPI. But we use GPI, and other EDDs, as a way to indicate the location of the businesses receiving the funding. For all other EDDs, the funds lent come from their loan funds.

Table 14 Summary of Cumulative Capitalization (State of Oregon General and Lottery Funds) from Inception through 10/31/2017

Program (Year established)	State	Federal	Other*	Total
OBDF (1986)	\$19,615,000	\$5,500,000		\$25,115,000
EDLF (1991)	\$1,590,000		\$3,050,000	\$4,640,000
SBEP (2015)	\$0	\$0	\$5,000,000	\$5,000,000
CEF (1991)	\$3,481,000	\$12,850,000	\$0	\$16,331,000
CAP (1991)	\$2,104,000	\$317,000	\$3,150,000	\$5,571,000
Total	\$26,790,000	\$18,667,000	\$11,200,000	\$45,457,000**

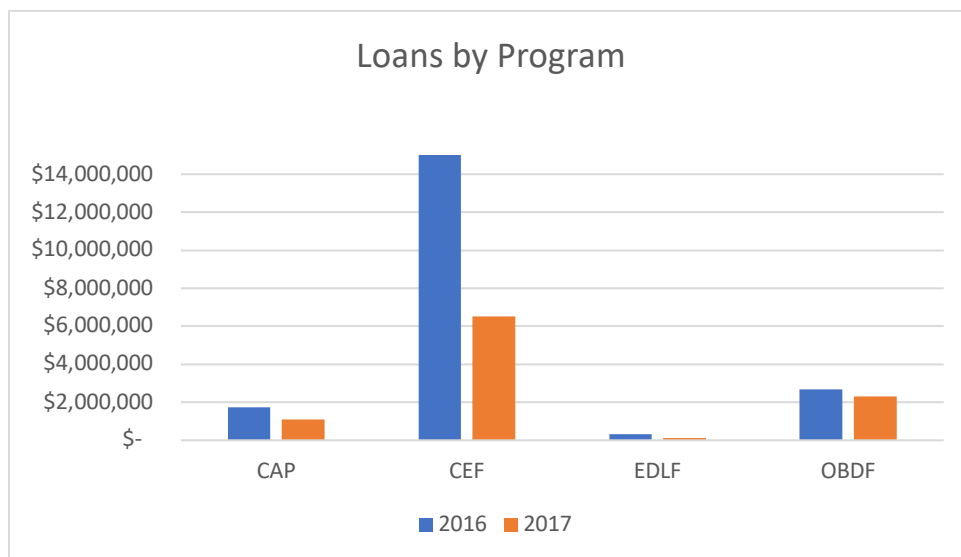


Figure 27 State Administered Loan Programs

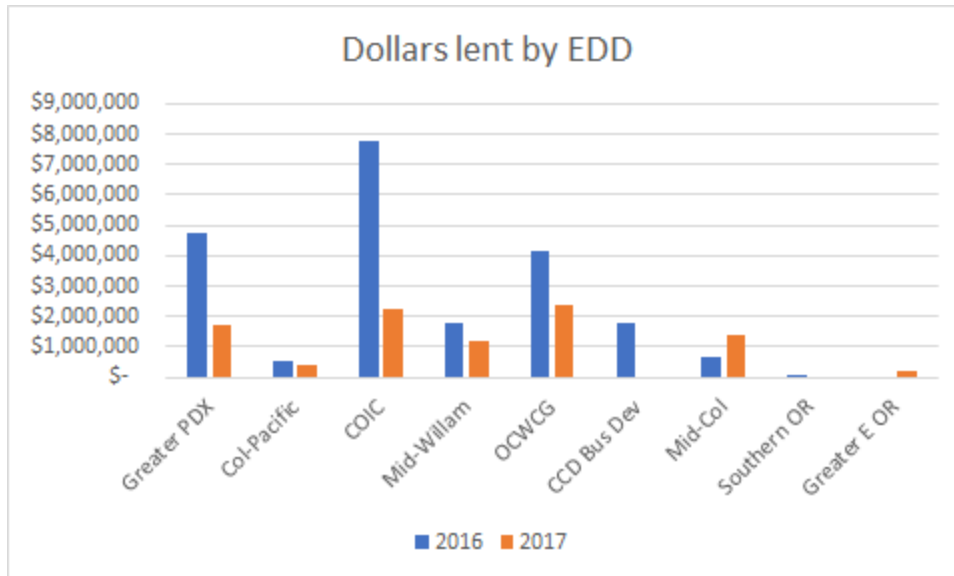


Figure 28 State dollars lent by EDD

Oregon Business Development Fund

Oregon Business Development Fund (OBDF) is a revolving loan fund that provides fixed-rate term financing for land, buildings, equipment, machinery and permanent working capital. Participants must create or retain jobs and must typically be a traded-sector business in manufacturing, processing or distribution. The program gives preference to projects located in rural and distressed areas and to businesses with fewer than 100 employees. Expansion projects can be financed to a maximum up to 40% of eligible project cost and requires participation from a lending (or financing) partner

Loans have:

- A maximum amount of \$1,000,000;
- A maximum term and amortization of 20 years or the useful life of the project and/or collateral;
- A fixed interest rate of U.S. Treasury Bills plus 1% APR (4% minimum APR); and,
- A 1.5% loan origination fee.

Applications must show the business:

- Has the ability to create or retain jobs as a result of the loan;
- Is a traded-sector manufacturing, production, processing or distribution company;
- Has a commitment from a qualified private financial partner or economic development organization for additional loan funds;
- Can provide enough quality collateral for the loan;
- Possesses a reasonable capacity to repay the loan; and
- Meets other criteria outlined in the OBDF Application and Oregon Administrative Rule.

OBDF Data 2016-2017

Table 15 Oregon Business Development Fund Data

2016						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Clackamas	Greater PDX	Greater Portland, Inc.	1	\$ 250,000	\$ 250,000	18
Coos	Coast	CCD Business Development	1	\$ 399,583	\$ 399,583	12
Crook	Central	Central Oregon Intergovernmental Council	1	\$ 100,000	\$ 100,000	3
Deschutes	Central	Central Oregon Intergovernmental Council	2	\$ 330,000	\$ 165,000	16
Jackson	Southern	Southern Oregon Regional EDD	1	\$ 45,177	\$ 45,177	0
Lane	Willamette Valley	Oregon Cascades West Council of Governments	2	\$ 780,000	\$ 390,000	4
Multnomah	Greater PDX	Greater Portland, Inc.	1	\$ 240,000	\$ 240,000	12
Washington	Greater PDX	Greater Portland, Inc.	2	\$ 525,000	\$ 262,500	20
Sub-Total			11	\$ 2,669,759	\$ 242,705	85
2017						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Benton	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 496,000	\$ 496,000	4
Deschutes	Central	Central Oregon Intergovernmental Council	2	\$ 453,750	\$ 226,875	29
Lane	Willamette Valley	Oregon Cascades West Council of Governments	2	\$ 470,000	\$ 235,000	79
Malheur	Eastern	Greater East Oregon EDD	1	\$ 203,046	\$ 203,046	5
Washington	Greater PDX	Greater Portland, Inc.	1	\$ 700,000	\$ 700,000	11
Sub-Total			7	\$ 2,322,796	\$ 331,828	128
Total			18	\$ 4,992,555	\$ 574,533	213

Oregon Royalty Fund

The Small Business Expansion Loan Fund (aka Oregon Royalty Fund) currently operates within the OBDF direct loan program and is a new alternative financing solution for situations in between "almost bankable" and angel or venture capital deals, like mezzanine financing for working capital. This pilot program allows businesses to make a periodic payment as a percentage of net sales combined with scheduled monthly payments of principal and interest (fixed rate) to accommodate growing companies that may not qualify for traditional financing.

In the 2018 session, the Oregon Legislature passed SB 1516 creating the Small Business Expansion Loan Fund, which will become effective on January 1, 2019. This bill authorizes the transfer of \$5 million from the OBDF program to seed the new Oregon Royalty Fund and will improve the flexibility of the financing offered permitting repayment to occur exclusively from royalty payments.

How it Works:

The percentage of sales varies per applicant. Business Oregon seeks to realize a target return on investment—from repayment of principal, interest and revenue payments—over a three to seven-year period without taking an equity position. Additional payments may be required in event of early payoff or sale of the company. Once the pre-determined return target has been achieved, all payments stop, and the company has satisfied its repayment obligations.

Key Requirements:

The company must satisfy all requirements of the Oregon Royalty Fund including, but not limited to, being a traded-sector business and having significant job creation impacts. Each revenue finance request will be evaluated on a case-by-case basis, but the following will be required, in general:

- Existing history of sales
- Potential for rapid growth in sales

- History of significant gross profit margins or reasonable expectations of ability to achieve significant gross profit margins; and
- Collateral to secure the loan or personal guarantees of major owners
- Typical financing amount is up to \$250,000.

Benefits:

Revenue financing provides many benefits to Oregon businesses compared to traditional debt and equity financing, including:

- Business owner does not dilute ownership interest.
- Revenue financing may be less expensive than equity-based investment.
- If successful, the loans will help demonstrate proof of concept through market acceptance and, by increasing sales and profits, will improve the valuation of the company should the founders seek future equity investments.
- Makes financing available that may not be available from traditional sources of debt or Business Oregon's other business finance programs.

Capital Access Program

Capital Access Program (CAP) helps lenders (federally insured deposit taking financial institutions such as banks and credit unions) make more commercial loans to small businesses for startup or expansion by using a loan loss reserve account. The Capital Access Program (CAP) is designed to encourage lenders to make loans to non-profit and for-profit businesses seeking funds for most business purposes. All bank and credit union loan types and lines of credit are eligible. Lenders build up a loan-loss reserve over time with each loan they enroll into CAP through fees determined by participating banks. Bank contributions to their loan-loss reserve account are incentivized by matching funds provided by the Oregon Capital Access Program. Program participation is limited to banks and credit unions (“financial institutions” as defined by ORS).

CAP loans:

- Have enrollment fees between 3% and 7% as determined by the financial institution;
- Will receive a match on the enrollment fee of up to \$35,000 per borrower; and,
- Have rates and terms for repayment determined by the lender.

CAP loans may not be used to:

- Purchase or improve residential housing;
- Purchase or improve real property not used for business operations; or,
- Refinance an existing balance of a non-enrolled loan.

Table 16 2016-2017 Capital Access Program Data

2016						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Clackamas	Greater PDX	Greater Portland, Inc.	6	\$ 540,000	\$ 90,000	23
Clatsop	Coast	Columbia-Pacific Oregon EDD	3	\$ 96,200	\$ 32,067	6
Deschutes	Central	Central Oregon Intergovernmental Council	1	\$ 50,000	\$ 50,000	0
Lane	Willamette Valley	Oregon Cascades West Council of Governments	3	\$ 253,815	\$ 84,605	0
Marion	Willamette Valley	Mid-Willamette Valley Council of Governments	3	\$ 135,000	\$ 45,000	3
Multnomah	Greater PDX	Greater Portland, Inc.	6	\$ 415,000	\$ 69,167	26
Washington	Greater PDX	Greater Portland, Inc.	2	\$ 185,000	\$ 92,500	0
Yamhill	Willamette Valley	Mid-Willamette Valley Council of Governments	1	\$ 50,000	\$ 50,000	2
Sub-Total			25	\$ 1,725,015	\$ 69,001	60
2017						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Clackamas	Greater PDX	Greater Portland, Inc.	1	\$ 50,000	\$ 50,000	0
Clatsop	Coast	Columbia-Pacific Oregon EDD	4	\$ 255,000	\$ 63,750	0
Lane	Willamette Valley	Oregon Cascades West Council of Governments	5	\$ 350,000	\$ 70,000	3
Lincoln	Coast	Oregon Cascades West Council of Governments	1	\$ 21,000	\$ 21,000	0
Marion	Willamette Valley	Mid-Willamette Valley Council of Governments	1	\$ 35,000	\$ 35,000	0
Multnomah	Greater PDX	Greater Portland, Inc.	4	\$ 236,000	\$ 59,000	4
Tillamook	Coast	Columbia-Pacific Oregon EDD	1	\$ 150,000	\$ 150,000	8
Sub-Total			17	\$ 1,097,000	\$ 64,529	15
Total			42	\$ 2,822,015	\$ 133,530	75

Credit Enhancement Fund

Credit Enhancement Fund (CEF) is a loan insurance program available to lenders (federally insured deposit taking financial institutions such as banks and credit unions) to assist businesses in obtaining access to capital. The fund guarantees loans made by lenders providing working capital or fixed-asset loans to businesses. The program:

- Can assist most businesses located in Oregon;
- Can assist businesses that are using proceeds to clean up a Brownfield site;
- Can include loans used for fixed assets, working capital or export financing;
- Can assist for-profit and non-for-profit companies;
- Can insure term loans and lines of credit; and,
- Has an enrollment fee typically between 1.5% and 3.0% of the insured amount based on the terms of the credit facility.

Loans guarantees:

- Are a maximum of 80% of the loan amount up to \$2,000,000 exposure for term loans;
- Have a maximum term that does not exceed the useful life of assets securing the loan or being financed with a maximum term of 15 years for real estate loans;
- Are a maximum of 75% of the loan up to \$1,500,000 exposure for operating lines of credit;
- Have a maximum term of 1 year for operating lines of credit;
- Are available for business loans and operating lines made by financial institutions (banks and credit unions); and
- Must meet other criteria outlined in the CEF Application and Oregon Administrative Rule.

2016-2017 CEF Data

Table 17 2016-2017 CEF Data

2016						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Clackamas	Greater PDX	Greater Portland, Inc.	1	\$ 150,000	\$ 150,000	5
Coos	Coast	CCD Business Development	2	\$ 660,000	\$ 330,000	1
Curry	Coast	CCD Business Development	3	\$ 470,500	\$ 156,833	2
Deschutes	Central	Central Oregon Intergovernmental Council	8	\$ 6,007,150	\$ 750,894	21
Hood River	Columbia Gorge	Mid-Columbia EDD	1	\$ 40,000	\$ 40,000	2
Lane	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 2,480,000	\$ 2,480,000	0
Lincoln	Coast	Oregon Cascades West Council of Governments	1	\$ 62,000	\$ 62,000	0
Linn	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 500,000	\$ 500,000	5
Marion	Willamette Valley	Mid-Willamette Valley Council of Governments	3	\$ 841,100	\$ 280,367	2
Polk	Willamette Valley	Mid-Willamette Valley Council of Governments	1	\$ 750,000	\$ 750,000	2
Umatilla	Eastern	Greater East Oregon EDD	3	\$ 190,000	\$ 63,333	8
Wasco	Columbia Gorge	Mid-Columbia EDD	2	\$ 635,000	\$ 317,500	12
Washington	Greater PDX	Greater Portland, Inc.	1	\$ 2,460,000	\$ 2,460,000	4
Sub-Total			28	\$ 15,245,750	\$ 544,491	64
2017						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Deschutes	Central	Central Oregon Intergovernmental Council	4	\$ 1,720,000	\$ 430,000	20
Gilliam	Eastern	Greater East Oregon EDD	1	\$ 572,000	\$ 572,000	2
Hood River	Columbia Gorge	Mid-Columbia EDD	2	\$ 1,390,000	\$ 695,000	6
Lane	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 1,000,000	\$ 1,000,000	0
Marion	Willamette Valley	Mid-Willamette Valley Council of Governments	3	\$ 1,139,150	\$ 379,717	1
Multnomah	Greater PDX	Greater Portland, Inc.	2	\$ 700,000	\$ 350,000	3
Sub-Total			13	\$ 6,521,150	\$ 501,627	32
Total			41	\$ 21,766,900	\$ 1,046,118	96

Industrial Development Bonds

Industrial Development Bonds (IDB) are tax-exempt bonds issued by the state of Oregon, designed to help Oregon manufacturers grow. They provide long-term financing for land, buildings and equipment at below-market interest rates.

These bonds finance job creation and business growth for Oregon traded-sector, value-added manufacturers and processors by providing long-term debt financing for land, buildings and other fixed assets at a rate below prime. Affordable interest rates and tax-exempt status assist in lowering the cost of capital. The bonds are available to manufacturers, processors, exempt facilities (e.g., docks or solid waste facilities) and nonprofits and generally provide the greatest benefit to the borrower for bonds of \$5 million or more.

Entrepreneurial Development Loan Fund (EDLF)

Entrepreneurial Development Loan Fund (EDLF) provides direct loans to help startups, micro-enterprises and small businesses expand or become established in Oregon. This fund fills a niche not provided for through traditional lending markets.

EDLF Success Story

Frances and Ryan Chard, from Yamhill, started their business, SteelHead Fabrication & Mobile Welding, LLC in 2016. They determined that they needed start-up funding of approximately \$25k. In developing their business plan/loan application, they relied heavily on personal effort until they met, Joanne

Scharer from the Chemeketa Community College SBDC. Joanne was able to help them put together a winning proposal which they presented to Business Oregon. Business Oregon granted them an EDLF loan which they have used to purchase tools and pay for insurance and license fees. From start to funding, the process took approximately six months. Frances' advice for other budding entrepreneurs is "Never give up, if you want it bad enough you can make it happen. Most definitely do not be afraid to ask for help and feedback is gold. Take your time and think about everything from a different perspective."

Table 18 EDLF Data 2016-2017

2016						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Benton	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 25,000	\$ 25,000	5
Coos	Coast	CCD Business Development	2	\$ 44,000	\$ 22,000	2
Curry	Coast	CCD Business Development	2	\$ 121,416	\$ 60,708	6
Douglas	Southern	CCD Business Development	1	\$ 66,469	\$ 66,469	1
Lane	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 25,000	\$ 25,000	1
Polk	Willamette Valley	Mid-Willamette Valley Council of Governments	1	\$ 24,000	\$ 24,000	2
Sub-Total			8	\$ 305,885	\$ 38,236	17
2017						
County	Region	EDD	Number of Loans	Total Loan Dollars	Average Loan Dollars	Number of Jobs Created
Deschutes	Central	Central Oregon Intergovernmental Council	1	\$ 85,000	\$ 85,000	5
Lane	Willamette Valley	Oregon Cascades West Council of Governments	1	\$ 25,000	\$ 25,000	0
Sub-Total			2	\$ 110,000	\$ 55,000	5
Total			10	\$ 415,885	\$ 93,236	22

Participants must meet at least one of the following criteria:

- Have revenues of less than \$500,000 in the previous 12 months; or,
- Be a business owned by a severely disabled person.

Loans:

- Are a maximum amount of \$75,000;
- Are typically repaid over 5 years; and,
- Carry a fixed interest rate of Prime plus 2% APR.

Applications must show the business:

- Can provide enough quality collateral for the loan;
- Possesses a reasonable capacity to repay the loan;
- Meets program equity requirements;
- Is enrolled in small business counseling through Certified Entities; and,
- Meets other criteria outlined in the EDLF Application and Oregon Administrative Rule.

Grant-making Foundations

Oregon's foundations continue to play a large role in traditional grant-making. They are also increasing the role they play in statewide economic development and providing mission related investments (MRIs) and program-related investments (PRIs).

Several foundations have found a way to make an impact in economic development, a field that is large and full of various funding streams, by supporting entrepreneurs. The Oregon Community Foundation awards grants to organizations that provide mentoring and training for entrepreneurs to grow their businesses. In addition, OCF has awarded grants for programs that teach youth about entrepreneurship.

The Lemelson Foundation led the development for the InventOR competition that engages college students in competitions across the state to create a product that will assist with a social problem and compete for prize money to develop it into a business.

The Ford Family Foundation added its first economic development position in 2015. They support the efforts of rural communities building sustainable, diversified economies that provide quality jobs and opportunities to create wealth for their residents. Representatives from other foundations repeatedly mentioned The Ford Family Foundation's leadership in both statewide economic development and rural economic development. Foundation staff work alongside community members to address the challenges of this work, which includes a lack of engagement between rural and urban areas in Oregon, not enough micro-lenders, and the distributed nature of technical assistance providers and statewide networks--several exist, but the capacity of each location's office can vary widely.

Several other foundations interviewed expressed a new or growing interest in economic development work. Many see a tie between their grant making, MRIs and PRIs, and their ability to support economic development at scale in Oregon.

Table 19 Oregon Grant Making Foundations

List updated from 990/990PF research Foundation Name	Total Annual Giving	
	2015	2016
The Oregon Community Foundation	\$ 92,495,682	\$ 94,772,414
Intel Foundation	\$ 36,689,173	\$ 45,514,943
Meyer Memorial Trust	\$ 32,880,007	\$ 36,290,546
The Ford Family Foundation	\$ 33,248,795	\$ 30,146,341
The Lemelson Foundation	\$ 14,168,043	\$ 10,148,449
James F. and Marion L. Miller Foundation	\$ 10,759,762	\$ 9,812,605
The Collins Foundation	\$ 10,327,027	\$ 9,657,551
Nike Foundation	\$ 21,219,282	
Maybelle Clark MacDonald Fund	\$ 6,311,794	\$ 7,225,566
The Harold and Arlene Schnitzer CARE Foundation	\$ 3,147,930	\$ 3,302,882
Oregon Jewish Community Foundation	\$ 9,808,205	\$ 4,826,971
The Salem Foundation	\$ 2,031,500	\$ 3,476,700
The PacifiCorp Foundation for Learning	\$ 1,983,330	\$ 2,121,552
Juan Young Trust	\$ 1,595,000	\$ 1,613,700
The Autzen Foundation	\$ 1,330,462	\$ 1,401,402
Northwest Health Foundation	\$ 1,319,258	\$ 1,421,606
PGE Foundation	\$ 1,066,002	\$ 1,064,675
The Bill Healy Foundation	\$ 1,048,654	\$ 1,069,164
The Herbert A. Templeton Foundation	\$ 1,080,361	\$ 1,028,205
Chambers Family Foundation	\$ 896,553	\$ 927,273
McKenzie River Gathering Foundation (MRG Foundation)	\$ 1,107,854	\$ 845,244
The Lazar Foundation	\$ 875,189	\$ 852,705
The Carpenter Foundation	\$ 811,563	\$ 797,103
Benton Community Foundation	\$ 676,940	\$ 598,607
Fohs Foundation	\$ 765,250	\$ 793,750
Jubitz Family Foundation	\$ 681,665	\$ 457,957
The Jackson Foundation	\$ 588,861	\$ 652,824
Chiles Foundation	\$ 500,740	\$ 393,994
Children's Trust Fund of Oregon Foundation	\$ 432,828	\$ 428,500
The Roundhouse Foundation	\$ 428,108	\$ 810,519
Mentor Graphics Foundation	\$ 303,944	\$ 365,311
Four Way Community Foundation	\$ 260,754	\$ 345,616
Bonneville Environmental Foundation	\$ 444,116	\$ 648,834
Lamb Foundation	\$ 248,100	\$ 251,430
Western Lane Community Foundation	\$ 212,325	\$ 214,010
William L. and Ruth T. Pendleton Memorial Fund	\$ 221,200	\$ 202,150
The James R. Kuse Foundation	\$ 86,000	\$ 1,076,000
The Larson Legacy	\$ 157,450	\$ 210,100
The Samuel S. Johnson Foundation	\$ 656,720	\$ 754,507
The Burning Foundation	\$ 553,750	\$ 526,500

In 2015, Oregon had 867 foundations that gave over \$399 million in total grants.³ Most of these grants were awarded to nonprofit organizations. Foundation investments in economic development-related work and projects are rarely included in capital scans due to the variety of forms they may take and purposes they may serve. A new tracking mechanism would be needed to fully capture the breadth and scope of these investments, and as the total financial impact increases, it may be worth consideration. It is included in this report because it contributes to the economic development of the state and supports employment within the nonprofit sector. This report does not separate grants or donations by region within Oregon. The Oregon Community Foundation has published a breakdown of charitable donations to nonprofits in Oregon by county in their *Giving in Oregon 2016* report.

Meyer Memorial Trust is a leader in the PRI and MRI field. They have a Director of Mission Related Investments and have run a responsive PRI program for several years. They focus on improving access to capital for underserved business leaders through CDFIs and early stage investment funds. Meyer Memorial Trust spearheaded the development of Elevate Capital by asking Nitin Rai, an entrepreneur from India, to start a fund in Oregon to invest in more companies led by women and people of color.

The Oregon Community Foundation also runs an impact investing program and launched the Oregon Impact Fund in 2018. The Oregon Impact Fund will provide \$20M in growth capital for nonprofits and mission-oriented for-profit companies over three years. To date, OCF has prioritized Community Development Financial Institutions that provide loan capital to underserved entrepreneurs such as Micro Enterprise Services of Oregon (MESO) and Craft3.

Several foundations invest a portion of their endowment in Oregon-based early stage funds as well. These investments assist Oregon companies seeking capital to grow and scale their businesses and leverage the time and talent that angel investors are investing in Oregon entrepreneurs. OCF has a policy to invest .5% of the endowment in Oregon-based early stage funds. This equates to about \$8.5M invested since 2012.

In addition to the non-profit foundations discussed above, several of the Native American Tribal communities in the State of Oregon have grant-making foundations. At the time of publication of this edition of the Oregon Capital Scan, detailed information was not available as to total of grants made, etc. That information will be gathered and reported in the next iteration of this report.

³ Foundation Center. 2015 Data. <http://data.foundationcenter.org/#/foundations/all/state:OR/total/list/2015>

SBA 7(a) and 504 Loan Programs

The SBA remains vigilant in its pursuit to foster business growth for both startups and small businesses alike. A short clarification on the SBA's involvement within the capital ecosystem is warranted here, but we would direct you to www.sba.gov/about-sba for a more detailed explanation. The SBA provides a guarantee to the lender for a portion, up to 85%, of the total loan amount. This guarantee is necessary for higher risk deals, often those that fall short of the lender's collateral requirements. Such insurance alleviates a significant portion of the lender's exposure and fosters the flow of capital to start-ups and growth stage businesses.



A recurring theme across multiple funding channels over the last two years, which continues to surface in 2018 is the difficulty in matching the right applicant with the corresponding lender. In addition to finding the right lender, the application process alone may be quite cumbersome or may fail to reach the appropriate personnel.

In order to address the above issue, SBA's online lending tool, LINC, matches small businesses with participating SBA lenders. Here applicants are filtered through to participating SBA lenders within their respective counties by submitting basic information about their business and financing needs. If a lender is interested, the applicant will receive an email with contact information for that lender. This tool is aimed to streamline both the applicants and lenders effort's by connecting applicants with possible lenders as quickly as possible. LINC can be accessed through www.sba.gov/tools/linc.

The SBA maintains a Portland District Office which tracks SBA-backed loans within the state plus southern Washington. Eastern Oregon is serviced from the Boise District Office. The SBA has several types of federal loan guarantee programs available, the most popular being the 7(a) (general small business loan guarantees) program and 504 (real estate and equipment loans) program. Within the 7(a) program there exist several sub-types with differing loan parameters and requirements. These include Standard 7(a), 7(a) Small Loan, SBA Express, Export Express, CAPLines, International Trade, Exporting Working Capital, Preferred Lenders, and Veterans Advantage.

SBA Section 504 Lending

Table 20 SBA 504 Loan Activity

Oregon SBA 504 Loan Activity 2016-2017 By Lender							
504 Lender	2016			2017			Total Loan Volume
	# of Loans	Total Loan Dollars	Average Loan	# of Loans	Total Loan Dollars	Average Loan	
Evergreen Business Capital	32	\$ 21,033,000	\$ 657,281	34	\$ 26,412,000	\$ 776,824	\$ 47,445,000
Northwest Business Development Association	9	\$ 10,899,000	\$ 1,211,000	7	\$ 9,653,000	\$ 1,379,000	\$ 20,552,000
Oregon Business Development Corporation	2	\$ 5,160,000	\$ 2,580,000	5	\$ 7,699,000	\$ 1,539,800	\$ 12,859,000
C.C.D. Business Development Corporation	9	\$ 6,844,000	\$ 760,444	2	\$ 1,994,000	\$ 997,000	\$ 8,838,000
Cascades West Financial Services, Inc.	2	\$ 738,000	\$ 369,000	3	\$ 3,360,000	\$ 1,120,000	\$ 4,098,000
Greater Eastern Oregon Development Corporation	1	\$ 2,594,000	\$ 2,594,000	1	\$ 605,000	\$ 605,000	\$ 3,199,000
Mortgage Capital Development Corporation	1	\$ 1,665,000	\$ 1,665,000	0	\$ -	\$ -	\$ 1,665,000
Ameritrust CDC	1	\$ 243,000	\$ 243,000	0	\$ -	\$ -	\$ 243,000
Total	57	\$ 49,176,000	\$ 862,737	52	\$ 49,723,000	\$ 956,212	\$ 98,899,000

While a smaller portion of overall SBA lending, the 504 programs can have a great impact, as noted in the story here.

SBA Loan Success Story

Saajan Patel grew up in the hospitality industry, working in his parents' hotels and motels in Eugene and Junction City. Recently, the family embarked on an Econo Lodge development project in Springfield, a project that required substantial capital and the collaboration of multiple funders and the Econo Lodge franchise, as well as a business technical assistance provider.

With a referral from Evergreen Business Capital, which specializes in SBA 504 financing, Patel contacted the Oregon Small Business Development Center (SBDC) Network for assistance. Noah Brockman, Oregon SBDC Network Capital Access Team Lead, saw the potential for a successful outcome and steered Patel in the right direction.

Based on Brockman's recommendation, over the course of several months, Patel and his family worked with the SBDC Capital Access Team (CAT) to create a loan proposal. The CAT advisor was able to help the Patels create a clear set of financial projections, along with a statement of underlying assumptions. They worked together to make the case, supported by market data, that there was unmet need for mid-range motel rooms in the Eugene-Springfield area.

Patel also had positive experiences working with Every Business Capital and Citizens Bank. Each person brought something to the table that when combined, resulted in a convincing loan proposal, supported by data, that the bank could fund with increased confidence.

When there are multiple players in a funding process, it is important for things to go smoothly, but it also fosters collaboration and partnership. "When Citizens Bank can partner with entities like Evergreen Business Capital and the Oregon SBDC Network Capital Access Team it creates opportunities for our clients that may not happen through traditional financing routes" the representative from Citizens Bank said.

Because all parties worked together, and because Patel received guidance and expertise and put in the time and effort to follow that guidance, Evergreen Capital and Citizen's bank funded the project with loans totaling more than \$1.5 million.

(Excerpted from Banking Matters, a publication of the Oregon Bankers' Association with permission from Oregon SBDC Network)

SBA Section 504 Loans are concentrated heavily in the Portland Metropolitan and Willamette Valley regions. The limitations of the 504 loans purposes to the purchase of fixed assets (real estate and equipment) makes this a smaller portion of the total SBA guaranteed lending than the more flexible 7(a) program.

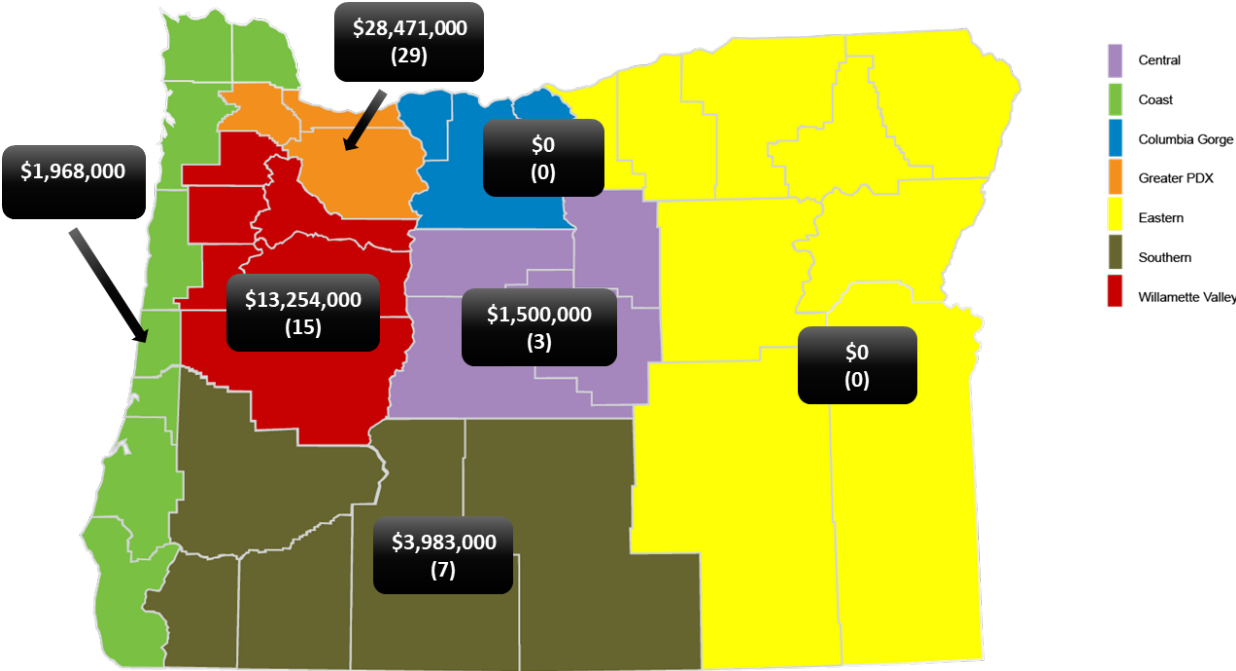


Figure 29 SBA Section 504 Loans by Region - 2017

SBA Section 7(a) lending

Table 21 SBA 7(a) Loan Activity

Oregon SBA 7(a) Loan Activity 2016-2017 By Lender							
7(a) Lender By Rank (Top 25)	2016			2017			Total Loan Volume
	# of Loans	Total Loan Dollars	Average Loan	# of Loans	Total Loan Dollars	Average Loan	
Wells Fargo Bank	166	\$ 49,483,300	\$ 298,092	115	\$ 39,308,200	\$ 341,810	\$ 88,791,500
U.S. Bank	217	\$ 54,539,100	\$ 251,332	140	\$ 31,043,300	\$ 221,738	\$ 85,582,400
Umpqua Bank	24	\$ 22,494,200	\$ 937,258	44	\$ 45,547,200	\$ 1,035,164	\$ 68,041,400
KeyBank	73	\$ 33,102,000	\$ 453,452	60	\$ 25,368,200	\$ 422,803	\$ 58,470,200
Pacific Western Bank	11	\$ 15,141,900	\$ 1,376,536	18	\$ 27,089,500	\$ 1,504,972	\$ 42,231,400
Celtic Bank Corporation	19	\$ 7,778,800	\$ 409,411	29	\$ 28,735,600	\$ 990,883	\$ 36,514,400
Live Oak Banking Company	14	\$ 16,237,000	\$ 1,159,786	13	\$ 12,407,000	\$ 954,385	\$ 28,644,000
Bank of the West	22	\$ 10,356,800	\$ 470,764	19	\$ 17,103,800	\$ 900,200	\$ 27,460,600
Summit Bank	21	\$ 9,594,200	\$ 456,867	20	\$ 11,552,000	\$ 577,600	\$ 21,146,200
Columbia State Bank	25	\$ 6,856,100	\$ 274,244	31	\$ 14,055,000	\$ 453,387	\$ 20,911,100
First Interstate Bank	32	\$ 8,376,900	\$ 261,778	11	\$ 9,957,900	\$ 905,264	\$ 18,334,800
Commonwealth Business Bank	3	\$ 9,535,000	\$ 3,178,333	4	\$ 8,569,000	\$ 2,142,250	\$ 18,104,000
Seacoast Commerce Bank	4	\$ 3,689,700	\$ 922,425	11	\$ 13,024,500	\$ 1,184,045	\$ 16,714,200
Northwest Bank	5	\$ 4,760,000	\$ 952,000	18	\$ 10,012,673	\$ 556,260	\$ 14,772,673
JPMorgan Chase Bank	39	\$ 6,661,400	\$ 170,805	43	\$ 6,737,196	\$ 156,679	\$ 13,398,596
Banner Bank	38	\$ 3,688,100	\$ 97,055	63	\$ 7,538,900	\$ 119,665	\$ 11,227,000
First-Citizens Bank & Trust Company	6	\$ 7,002,000	\$ 1,167,000	3	\$ 3,901,000	\$ 1,300,333	\$ 10,903,000
Royal Business Bank	4	\$ 9,923,000	\$ 2,480,750	1	\$ 900,000	\$ 900,000	\$ 10,823,000
First Home Bank	13	\$ 5,861,500	\$ 450,885	14	\$ 4,313,800	\$ 308,129	\$ 10,175,300
Stearns Bank	16	\$ 3,993,300	\$ 249,581	13	\$ 5,296,500	\$ 407,423	\$ 9,289,800
Pacific Premier Bank	3	\$ 5,410,000	\$ 1,803,333	3	\$ 3,847,000	\$ 1,282,333	\$ 9,257,000
T Bank	9	\$ 7,761,000	\$ 862,333	2	\$ 1,191,000	\$ 595,500	\$ 8,952,000
Open Bank	2	\$ 4,609,000	\$ 2,304,500	6	\$ 3,726,000	\$ 621,000	\$ 8,335,000
Mountain Pacific Bank	0	\$ -	\$ -	4	\$ 7,780,000	\$ 1,945,000	\$ 7,780,000
Poppy Bank	2	\$ 6,075,000	\$ 3,037,500	1	\$ 500,000	\$ 500,000	\$ 6,575,000
Sub Total	768	\$ 312,929,300	\$ 407,460	686	\$ 339,505,269	\$ 494,906	\$ 652,434,569
All Other Banks	137	\$ 66,145,956	\$ 482,817	149	\$ 80,440,700	\$ 539,870	\$ 146,586,656
Total	905	\$ 379,075,256	\$ 418,868	835	\$ 419,945,969	\$ 502,929	\$ 799,021,225

SBA Section 7 (a) lending is much more evenly distributed across the entire State of Oregon. There are significantly more banks participating in this program yielding a much larger footprint and impact on business lending across all of Oregon.

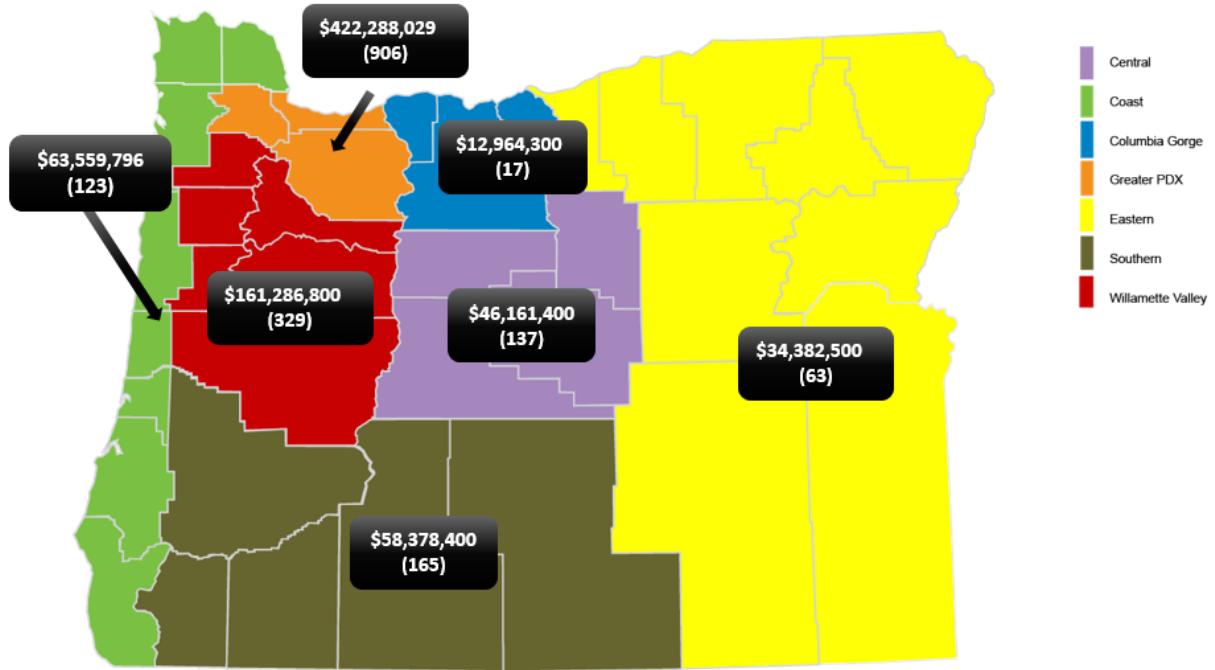
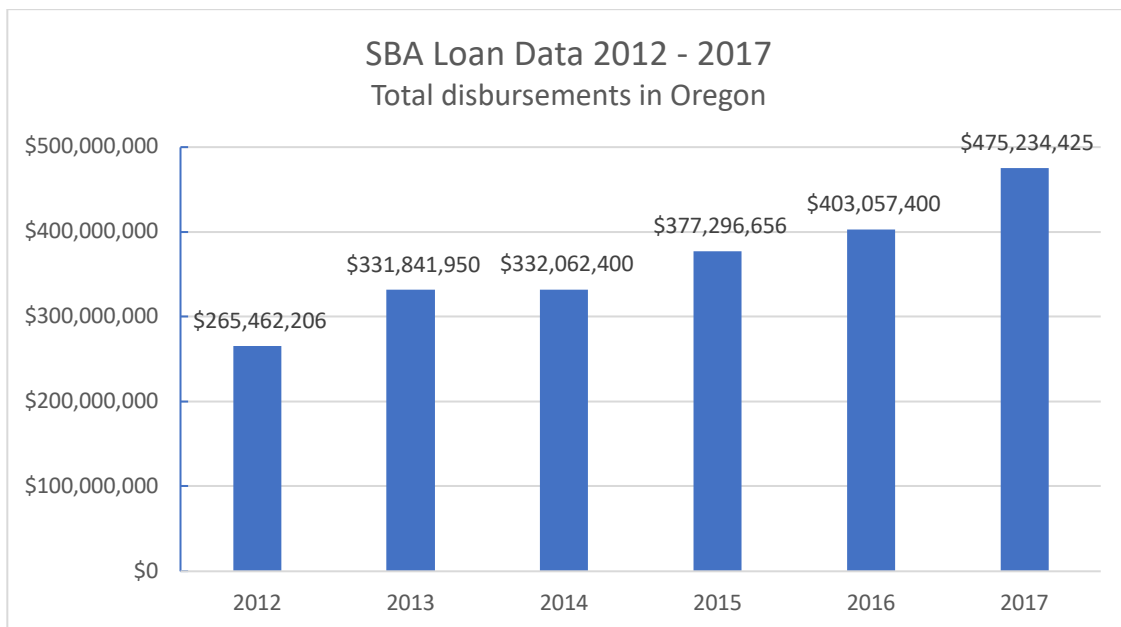


Figure 30 2017 SBA 7(a) Loan Activity by Region

SBA Lending Trends

SBA Loan disbursements in Oregon reflect a positive trend. The data available through 2017 shows a steady increase in SBA loan activity with a 44% increase in total lending dollars of SBA loan activity from 2012 to 2017.



USDA Rural Loan Programs

The U.S. Department of Agriculture (USDA) Rural Development Program is committed to improving the economy and quality of life in rural America. They offer loans, grants, and loan guarantees to support essential services, such as housing, healthcare, first responder services and equipment, and water, electric, and communications infrastructure. With their facilitation of loans to businesses, the USDA aims to promote economic development throughout the state. They offer technical assistance and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations. Additional initiatives focus on providing technical assistance to help communities undertake community empowerment programs. Furthermore, USDA Rural Development helps rural residents buy or rent safe, affordable housing and make health and safety repairs to their homes.

Table 22 USDA Loan Programs

Program	Description
Business & Industry Loan Guarantee Program (B&I)	The Business & Industry (B&I) Loan Guarantee Program bolsters the existing private credit structure by guaranteeing of loans for rural businesses, allowing private lenders to extend more credit to more businesses.
Rural Energy for America Program (REAP)	The Rural Energy for American Program (REAP) provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements.
Rural Business Development Grant Program (RBDG)	The Rural Business Development Grant (RBDG) Program is a competitive grant designed to support targeted technical assistance, training, and other activities leading to the development or expansion of small and emerging private businesses that have fewer than 50 employees, less than \$1 million in gross revenues, and operate in rural areas.
Rural Business Opportunity Grant (RBOG)	The RBOG program promotes economic growth in rural communities by supporting training and technical assistance for business development and to assist with regional economic development planning. A specific emphasis within RBOG is support for collaborative economic planning and development through regional food systems.
Value Added Producer Grant Program (VAPG)	The Value Added Producer Grant (VAPG) Program helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based, value-added products in order to help generate new products, create and expand marketing opportunities, and increase producer income.
Rural Economic Development Loan & Grant Program (REDLG)	The Rural Economic Development Loan and Grant (REDLG) Program provides funding to rural projects through local utility organizations. Under this program, USDA provides zero interest loans to local utilities, which they in turn pass through to local businesses for projects that will create and retain employment in rural areas. USDA also provides grant funds to local utility organizations, which use the funding to establish revolving loan funds to help finance projects that will create or retain rural jobs.
Intermediary Relending Program (IRP)	The Intermediary Relending Program (IRP) provides low-interest loans to local intermediaries that re-lend the money to businesses and for community development projects in rural communities.
Rural Cooperative Development Grant Program (RCDG)	The Rural Cooperative Development Grant (RCDG) Program helps to improve the economic condition of rural areas by assisting individuals and businesses in the startup, expansion, or operational improvement of rural cooperatives and other mutually-owned businesses through Cooperative Development Centers.
Socially Disadvantaged Group Grant Program (SDGG)	The Socially Disadvantaged Group Grant (SDGG) Program helps provide technical assistance to socially-disadvantaged groups through cooperatives and Cooperative Development Centers.
Rural Micro-entrepreneur Assistance Program (RMAP)	The Rural Microentrepreneur Assistance Program (RMAP) provides loans and grants to Microenterprise Development Organizations to be used for microloans for microenterprise startups and growth through a Rural Microloan Revolving Fund or to provide training and technical assistance to microloan borrowers and microentrepreneurs.

USDA Funding by Program

Table 23 USDA Program Activity

Business Programs	2016		2017	
	Number of Transactions	\$ Value	Number of Transactions	\$ Value
Biorefinery, Renewable Chemical, Biobased Manufactu	0	\$ -	1	\$ 11,000,000
Business & Industry Program	26	\$ 92,406,865	26	\$ 99,420,450
Intermediary Relending Program	0	\$ -	1	\$ 750,000
Repowering Assistance Program	0	\$ -	0	\$ -
Rural Business Development Grant Program	12	\$ 477,484	9	\$ 261,003
Rural Cooperative Development Grant Program	1	\$ 200,000	1	\$ 200,000
Rual Energy for America Program	26	\$ 64,683,613	36	\$ 53,830,639
Rural Micro-entrepreneur Assistance Program	5	\$ 925,000	4	\$ 834,757
Socially Disadvantaged Grant Program	0	\$ -	1	\$ 175,000
Value Added Producer Grant Program	13	\$ 1,928,409	0	\$ -
Totals	83	\$ 160,621,371	79	\$ 166,471,849

Oregon USDA Rural Development Funding by Oregon Regions/EDD

Table 24 USDA Activity by region

Region	2016		2017	
	Number of Transactions	\$ Value	Number of Transactions	\$ Value
Central	11	\$ 25,572,450	8	\$ 15,358,379
Coast	12	\$ 33,285,000	12	\$ 41,637,009
Columbia Gorge	4	\$ 2,210,221	1	\$ 34,574
Eastern	18	\$ 76,786,855	9	\$ 17,769,191
Greater PDX	11	\$ 707,717	11	\$ 11,802,577
Southern	16	\$ 9,479,489	19	\$ 56,810,135
Willamette Valley	11	\$ 12,579,639	16	\$ 23,059,984
Totals	83	\$ 160,621,371	76	\$ 166,471,849

Table 25 USDA Activity by EDD

Economic Development District	2016		2017	
	Number of Transactions	\$ Value	Number of Transactions	\$ Value
CCD Business Development	8	\$ 12,156,077	4	\$ 2,665,600
Central Oregon Intergovernmental Council	11	\$ 25,572,450	8	\$ 15,358,379
Columbia-Pacific Oregon EDD	7	\$ 20,560,500	6	\$ 22,739,009
Greater East Oregon EDD	16	\$ 76,718,934	5	\$ 13,482,175
Greater Portland, Inc.	11	\$ 707,717	11	\$ 11,802,577
Mid-Columbia EDD	4	\$ 2,210,221	1	\$ 34,574
Mid-Willamette Valley Council of Governments	7	\$ 10,229,639	13	\$ 21,795,190
Northeast Oregon EDD	2	\$ 67,921	4	\$ 4,287,016
Oregon Cascades West Council of Governments	5	\$ 6,584,000	7	\$ 18,227,794
South Central Oregon EDD	5	\$ 5,325,934	10	\$ 39,960,086
Southern Oregon Regional EDD	7	\$ 487,978	7	\$ 16,119,449
Totals	83	\$ 160,621,371	76	\$ 166,471,849

Traditional Small Business Lending

The Federal Government, through the Federal Deposit Insurance Corporation (FDIC), requires banks to file statements outlining their loan exposures. One category that is identified on those statements is loans to small business and small farms with a breakdown of loans secured by nonfarm nonresidential properties as well as commercial and industrial loans. We find this data, when viewed alongside the often-overlapping SBA loan activity data, to be representative of small business loan activity in the State of Oregon – though not a complete accounting as larger, multi-state banks are not represented here.

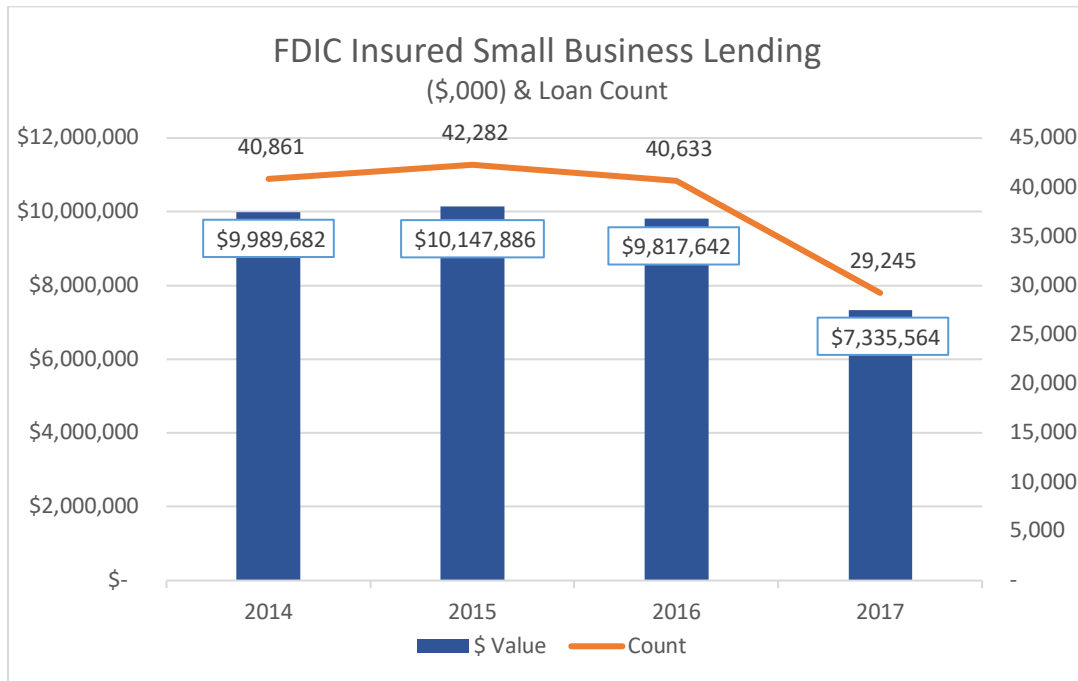


Figure 31 Small Business Lending 2014-2017

Contrary to the flow of both equity capital and SBA guaranteed loans, loans from traditional banks have decreased significantly in 2017 from 2014 levels. The chart above and the tables on the following page reflect the data supplied by the FDIC. The decline in traditional small business lending (non-SBA insured) is stark. Identifying a cause for this decline is beyond the scope of this report. However, the situation has gained very real attention through an August 30, 2018 article in the Portland Business Journal⁴, where it was noted – *“The conclusions of the Business Journal’s analysis are similar to last year. While the economy has recovered and capital is readily available for big businesses, Oregon’s smallest businesses, which drive the state’s economy, continue to have problems getting loans.”* As to a cause that could be linked to this decline, one explanation may be a structural shift in the banking industry *“Industry experts say banks exist to make loans and credit-worthy borrowers can access capital, but they acknowledge consolidation and regulation have crimped the loan pipeline to small businesses.”*

Future versions of this report and analysis by the Portland Business Journal reporting can and should seek to uncover more details about the decline in lending to small businesses.

⁴ <https://www.bizjournals.com/portland/news/2018/08/30/inside-the-decline-of-small-business-lending-in.html>

Table 26 Small Business Lending by Bank 2016-2017

Traditional Small Business Debt							
2016							
NAME	City	# of loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less	\$ amt. loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less	# of loans to finance agricultural prod. - orig. amts. of \$500K or less	\$ amt. loans to finance agricultural prod. - orig. amts. of \$500K or less	Total No.	Total Amount
Albina Community Bank	Portland	385	\$ 142,003	-	-	385	\$ 142,003
Bank of Eastern Oregon	Heppner	895	\$ 160,683	2047	\$ 147,328	2942	\$ 308,011
Bank of the Cascades	Bend	2600	\$ 686,526	28	\$ 930	2628	\$ 687,456
CenterPointe Community Bank	Hood River	294	\$ 89,156	127	\$ 8,742	421	\$ 97,898
Citizens Bank	Corvallis	1323	\$ 320,519	868	\$ 85,848	2191	\$ 406,367
Clackamas County Bank	Sandy	439	\$ 107,354	25	\$ 1,499	464	\$ 108,853
Clatsop Community Bank	Seaside	305	\$ 76,295	61	\$ 4,259	366	\$ 80,554
Community Bank	Joseph	942	\$ 206,894	565	\$ 52,953	1507	\$ 259,847
Evergreen Federal Bank	Grants Pass	684	\$ 194,641	-	-	684	\$ 194,641
First Federal Savings and Loan Association of McMinnville	Mcminnville	393	\$ 105,832	-	-	393	\$ 105,832
High Desert Bank	Bend	50	\$ 15,403	-	-	50	\$ 15,403
Lewis & Clark Bank	Oregon City	251	\$ 78,464	-	-	251	\$ 78,464
MBank	Gresham	401	\$ 111,971	8	\$ 207	409	\$ 112,178
Oregon Coast Bank	Newport	428	\$ 78,201	374	\$ 30,080	802	\$ 108,281
Oregon Pacific Banking Company dba Oregon Pacific Bank	Florence	491	\$ 138,562	17	\$ 821	508	\$ 139,383
Pacific Continental Bank	Eugene	2433	\$ 867,911	-	-	2433	\$ 867,911
Pacific West Bank	West Linn	217	\$ 68,007	4	\$ 337	221	\$ 68,344
People's Bank of Commerce	Medford	815	\$ 225,197	30	\$ 2,343	845	\$ 227,540
Pioneer Trust Bank, National Association	Salem	980	\$ 210,585	35	\$ 5,461	1015	\$ 216,046
Premier Community Bank	Hillsboro	474	\$ 175,081	20	\$ 4,093	494	\$ 179,174
Summit Bank	Eugene	477	\$ 154,572	-	-	477	\$ 154,572
The Bank of Oswego	Lake Oswego	40	\$ 16,941	-	-	40	\$ 16,941
Umpqua Bank	Roseburg	18087	\$ 4,883,635	2373	\$ 187,063	20460	\$ 5,070,698
Willamette Community Bank	Albany	269	\$ 74,389	58	\$ 7,064	327	\$ 81,453
Willamette Valley Bank	Salem	253	\$ 82,521	67	\$ 7,271	320	\$ 89,792
Totals		33926	\$ 9,271,343	6707	\$ 546,299	40,633	\$ 9,817,642

Traditional Small Business Debt							
2017							
NAME	City	# of loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less	\$ amt. loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less	# of loans to finance agricultural prod. - orig. amts. of \$500K or less	\$ amt. loans to finance agricultural prod. - orig. amts. of \$500K or less	Total # Loans	Total Amount
Albina Community Bank	Portland	439	\$ 167,771	-	-	439	\$ 167,771
Bank of Eastern Oregon	Heppner	440	\$ 79,070	1,008	\$ 76,011	1,448	\$ 155,081
Bank of the Cascades	Bend	1,357	\$ 362,568	6	\$ 176	1,363	\$ 362,744
CenterPointe Community Bank	Hood River	151	\$ 43,458	65	\$ 3,704	216	\$ 47,162
Citizens Bank	Corvallis	1,333	\$ 326,282	902	\$ 84,166	2,235	\$ 410,448
Clackamas County Bank	Sandy	431	\$ 106,542	22	\$ 1,147	453	\$ 107,689
Clatsop Community Bank	Seaside	323	\$ 76,281	64	\$ 4,503	387	\$ 80,784
Community Bank	Joseph	451	\$ 105,099	196	\$ 14,916	647	\$ 120,015
Evergreen Federal Bank	Grants Pass	376	\$ 110,750	-	-	376	\$ 110,750
First Federal Savings and Loan Association of McMinnville	Mcminnville	188	\$ 52,362	-	-	188	\$ 52,362
High Desert Bank	Bend	35	\$ 10,761	-	-	35	\$ 10,761
Lewis & Clark Bank	Oregon City	108	\$ 38,287	-	-	108	\$ 38,287
Oregon Coast Bank	Newport	198	\$ 36,218	195	\$ 17,369	393	\$ 53,587
Oregon Pacific Banking Company dba Oregon Pacific Bank	Florence	275	\$ 82,581	7	\$ 553	282	\$ 83,134
Pacific Continental Bank	Eugene	1,917	\$ 704,235	-	-	1,917	\$ 704,235
Pacific West Bank	West Linn	161	\$ 49,313	4	\$ 382	165	\$ 49,695
People's Bank of Commerce	Medford	820	\$ 224,784	28	\$ 1,735	848	\$ 226,519
Pioneer Trust Bank, National Association	Salem	496	\$ 115,664	14	\$ 2,127	510	\$ 117,791
Premier Community Bank	Hillsboro	247	\$ 88,712	12	\$ 2,226	259	\$ 90,938
Summit Bank	Eugene	249	\$ 84,361	-	-	249	\$ 84,361
Umpqua Bank	Roseburg	14,692	\$ 4,021,825	1,660	\$ 138,786	16,352	\$ 4,160,611
Willamette Community Bank	Albany	163	\$ 49,510	48	\$ 3,952	211	\$ 53,462
Willamette Valley Bank	Salem	123	\$ 43,233	41	\$ 4,144	164	\$ 47,377
Totals		24,973	\$ 6,979,667	4,272	\$ 355,897	29,245	\$ 7,335,564

Conclusions and Recommendations

As might be expected during a time of economic expansion, the overall outlook for capital flows and availability in Oregon during the period measured here (2016-2017) is positive. More equity investing (by both dollar value and number of transactions), strong increases in SBA backed loans, and steady increases in activity through SBDC and other service providers, are all positive signs. However, dips in the funding for grants through the SBIR and STTR programs, and a drop in traditional small business lending are notable points of interest looking forward.

The growth and now solid position of crowdfunding as an alternative for the earliest stages of business development is important. Exploratory product development and market testing that may have once required a personal loan, friends & family investment, or home equity based capital, can now be funded by potential customers from around the world. Entrepreneurs can lower their risk, prove demand for their product, and build sales volumes without outside investors.

More localized investment funds have helped grow Oregon's equity funding market. Efforts by many around the state; Cascade Angels and the Bend Venture Conference, Willamette Angel Conference, Oregon Angel (now Venture) Fund, Elevate Capital, and others have helped increase the number of companies raising money in Oregon. Those earlier stage investments are then rewarded with strong follow-on funding at later stages, as we know Venture Capital investments during just the first half of 2018 exceeded the total investments for all of 2017.

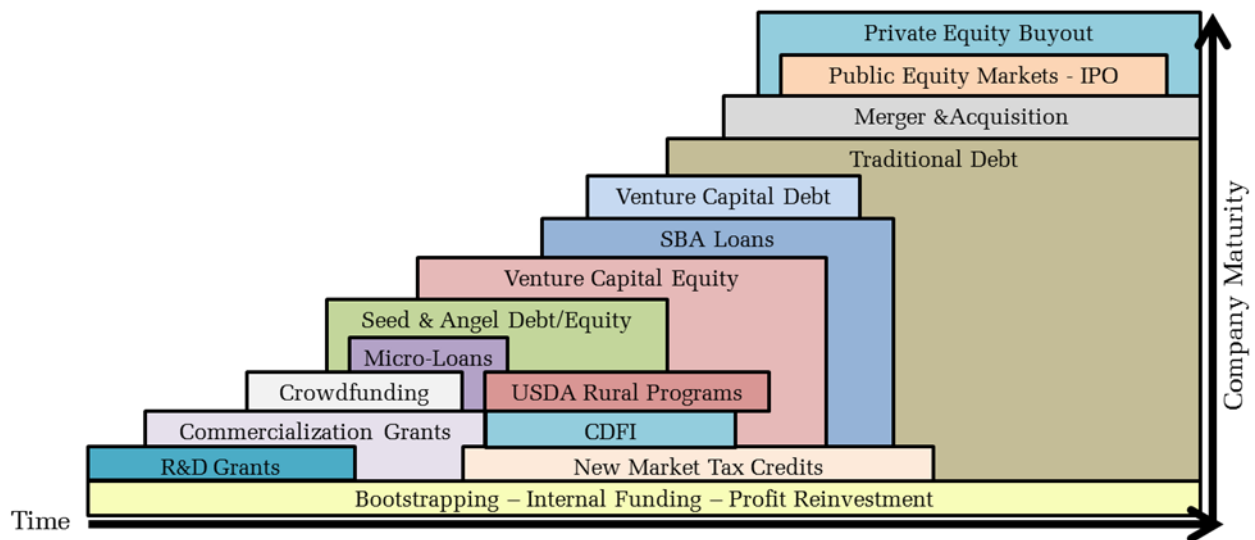
All of this information yields a few recommendations:

- **Continue to support Oregon based Venture Capital funds** – Returns from 2014-2017 investments are only just beginning to flow. As those funds recirculate in the ecosystem and economy, benefits will spread and more activity will likely follow.
- **Be diligent in measuring the impact of all capital** – More details are needed in the data to determine the breadth of engagement across regions, in demographic diversity, and relating to the various stages of company growth.
- **Measure more frequently** – This third iteration of the Oregon Capital Scan represents a well-traveled path to taking a snap-shot of previous period activity. There is tremendous potential to learn more about the interconnection of all of the types of capital and their impacts on employment and economic development efforts.

This effort has been a successful joining of academic, philanthropic, and private enterprise interests focused on understanding how to keep Oregon growing and prospering in the 21st century. The project team looks forward to moving this forward again with the next iteration of the Oregon Capital Scan.

Appendix A: Business Funding Ladder

As a business develops, it will move up and to the right along the continuum shown in figure A – concept we refer to as the business funding ladder. A company’s location on this continuum is not necessarily related to the age of a business. Rather, the needs for research and development, growth and expansion, and liquidity of shareholders and investors often drive the type and amount of capital needed. What has been heard from entrepreneurs within the State of Oregon has been a concern for how one moves along this continuum or “climbs the funding ladder” within the state. If any rung is missing or if entrepreneurs lack the expertise to access the next rung, then the company either stalls out or tends to look out of state for funding and may be required to relocate. While it is undeniable that Oregon has a dearth of resident institutional venture capital or private equity firms, this report evidences that many companies are succeeding in raising required capital at multiple stages of development. A greater footprint of resident capital should be encouraged by policymakers, nonetheless, as any steps taken to reduce the challenge of fundraising would yield more start-ups, more growth companies, and greater employment as a result.



Within the business funding ladder, each type of capital fits different needs for developing a business and has different norms or requirements for accessing the capital. Highly experienced business leaders understand the unique attributes of each type and are adept at positioning their company’s status and story to attract the targeted capital source. For the new business leader, the unknowns inherent in this continuum can present a very serious impediment to company growth. The question of how to better understand the differences between the capital sources and their expectations is an area for policymakers, mentors, and educators to address.

In some regions of the country – the Silicon Valley being the best example – the expertise and experience with the funding ladder is almost a natural part of the atmosphere with respect to its ubiquitous availability. There, it would not be uncommon for a neighbor to be an experienced start-up CEO, a friend to be a start-up attorney, the parent of a child’s classmate a venture capitalist and the person on the treadmill next to you at the health club a venture banker. In Oregon, the atmosphere of service providers and experienced role models may be less developed, but it is beginning to exist in

more frequent and accessible forms. The recent rapid growth in incubators, accelerators, and educational forums for entrepreneurs is lowering this knowledge hurdle. Still, more can be done to encourage those who might start and grow a business – and keep it – in the State of Oregon. In the paragraphs that follow, we identify the rungs on the funding ladder and attempt to briefly outline some of the norms or expectations that should be addressed by those seeking funding as they approach the representatives who control these capital sources. Being prepared and attractive, in the context that each form of capital anticipates, increases the likelihood of a productive engagement. Moving from the bottom of the diagram and upwards to the right, one can understand how various forms of capital address the needs of businesses and provides context for the resources discussed within this report.

Bootstrapping/Internal Funding/Profit Reinvestment

This is the most fundamental tool for business funding available. The primary principle of ‘picking yourself up by the bootstraps’ and building a business based on the profit available from operations is as old as commerce itself. Most companies have at least some level of this type of funding in their history. Many companies may exist for years with only this type of internally sourced funding, while others use this stage of development as a foundation for later gathering of larger amounts of capital. This type of funding is very difficult to track as it is not typically reported to any agency or data aggregator. However, one can assume that if an entity seeks any of the other types of capital covered within this report, there is some level of Bootstrapping or Internal/Founder funding in place. There is no special requirement to be attractive to this type of financing other than to be ready to take on the personal risks of starting a company and having personal or close family capital in sufficient quantity, and perhaps, the personal charisma to convince yourself, your friends, and family that you are less of a risk than you most likely are.

Grant Funding (R&D and/or Commercialization)

Grant funding is typically focused on technical businesses developed within the context of an academic or research institution. These types of grants are usually targeted to fund a specific technical milestone related to the development of a business. This type of targeted funding is vital for advancing research-based enterprises. However, it is difficult to build a company on grants alone. Typically, only 7% of a SBIR grant is available for non-grant related activities, limiting the utility of this type of funding to support general business development efforts. ONAMI and Oregon BEST (known as Vertue Lab since 2017), two of Oregon’s Signature Research Centers have commercialization grant programs whose policies vary but are typically targeted in a similar way. An entrepreneur needs to consider the strategic mission of grant making organizations when considering fit and the milestones that might be reached given various levels of funding. Researching grants previously made to other entities can offer quality insight into the type, stage, readiness, team, and technologies that are of interest to the grantor. One should also understand where the grantor is within their cycle of funding and receptiveness to new projects.

Crowdfunding

Crowdfunding is an emerging category of business funding enabled by the growth of web-based platforms, serving as a broker between those with product or service ideas and potential supporters. Kickstarter (<https://www.kickstarter.com/>) and Indiegogo (<https://www.indiegogo.com/>) are the largest such services, with a significant share of dollars and transaction volume.

Typically, a crowdfunding campaign is conducted to gather funds to support a business venture in the form of pre-orders for a product and related 'rewards' for financial supporters. Many times, the proceeds of a campaign are used to create a first run of products or advance from early prototype to commercial scale. While there are many success stories in this domain, companies attempting this must also beware of the fees taken by the crowdfunding companies, typically ranging from 4%-5% of total value of the project, plus transaction processing fees. Businesses using these platforms must also be aware of the obligations for delivering products to a potentially global set of customers – international shipping costs, duties, etc.

The utility of crowdfunding must be examined in the greater context of business funding. Typical successful campaigns represent enough funding to produce and deliver a specific product. However, the funds necessary for growing a sustainable business that supports salaries, growth opportunities, and other costs are not typically included in a campaign. A company that has a successful crowdfunding campaign for a specific product may or may not represent a truly viable business that can grow beyond an initial product offering. For those who are new to the medium, it would be wise to review successfully funded projects on crowdfunding websites and possibly contact their producers to get a better understanding of the best-known methods.

Seed/Angel Debt & Equity

Seed/Angel Debt & Equity is typically very early stage and smaller in size than venture capital is seed/Angel funding that may be offered in the form of debt that is convertible into equity at a later date. Accessing this form of capital typically requires the proper introduction to one of the many Angel networks or conferences in the State. This form of investment is a critical component of the capital plan for many companies in the earliest stages of development.

Mirco-Loans

Micro-Loans are typically utilized in small enterprises such as food ventures, retail, and personal and business services ventures. These loans are generally less than \$25,000 and typically are secured by assets of the business principal (asset and/or personal guarantees). Micro-Loan activity is important for early development of businesses that have a clear path towards self-supporting revenues that can repay the loan. Here, as is true of other forms of capital, those seeking funds need to research and understand the mission of the entity providing the loans in order to ascertain strategic fit. Asking for examples of other recently made loans and getting in contact with other recent recipients of loans is a way of learning what has been successful before and how to present your funding needs in a way that will resonate with the source.

CDFI Awards

CDFIs, which is an acronym for Community Development Financial Institutions, are a federally backed program empowering individual CDFI organizations. The purpose of the CDFI Program is to use federal resources to invest in CDFIs and to build their capacity to serve low-income people and communities that lack access to affordable financial products and services. Through the CDFI Program, the CDFI Fund provides two types of monetary awards to CDFIs - Financial Assistance awards and Technical Assistance awards. CDFIs may use the funds to pursue a variety of goals, including: To promote economic development, to develop businesses, to create jobs, and to develop commercial real estate; to develop affordable housing and to promote homeownership; and to provide community development financial services, such as basic banking services, financial literacy programs, and alternatives to predatory

lending. Since 1994, the CDFI Fund has awarded more than \$1.3 billion in FA and TA awards through the CDFI Program⁵.

New Market Tax Credits

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years).⁶

USDA Resources

USDA Rural Development fills a very critical gap in business technical assistance and funding through a variety of programs in rural Oregon. “Rural” is defined as any metropolitan area with fewer than 50,000 residents – so the vast majority of Oregon is considered to be rural. USDA Rural Development provides grants, micro-loans and loan guarantees as well as job training and business development opportunities for rural residents, including cooperative business development, community economic development and strategic community planning and faith-based and self-help initiatives. Funding for most of these efforts is administered by USDA Rural Business Programs. Rural Development also offers programs to provide the educational opportunities, training, technical support, and tools for rural residents to start small businesses and to access jobs in agricultural markets, the green economy, and other existing markets, as well as acquire training in vocational and entrepreneurship skills they can use in the marketplace and business sector⁷.

Equity Funding

Equity Funding ranges from seed stage for very early stage companies to Angels investors and Angel Groups/Conferences to institutional Venture Capital (VC) for high growth opportunities. Equity funding can be an important tool for business growth. Typically, investors focus on companies with very high growth potential and liquidity opportunities in a short time window. This type of funding is vital for a healthy business ecosystem because it keeps capital circulating and growing in the region. As investors gain liquidity from an investment, those dollars are often reinvested in other startups. Additionally, growth companies that receive later stage venture capital bring capital into the local economy that supports employment and operations locally. For entrepreneurs, finding a mentor who has experience with raising equity capital and managing a venture-backed company is a must. Brad Feld, of the Foundry Group, has written a very informative book on the subject entitled: *“Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist”*, published by Wiley, that is a good starting point for understanding this capital source and the standard business practices. Most equity funding is designed to be applied in “rounds” or tranches of investment that is tied to the achievement of meaningful developmental milestones. To achieve a single round of start-up funding is but a step in a journey where failure to reach the next milestone can mean the end of a company. Understanding what makes for reasonable

⁵ <http://www.cdffund.gov/>

⁶ <http://www.cdffund.gov/>

⁷ http://www.rurdev.usda.gov/OR_Home.html

milestones worthy of raising subsequent rounds of equity funding will be expected knowledge for the entrepreneur when seeking funding. While it is typical for a VC to participate in future rounds of funding, it is industry common practice to seek a new investor to join the syndicate in each round in order to expand the capital available to the company and validate the market pricing of subsequent rounds. Failure to understand and manage this process can reduce a founder's equity share to a negligible amount or cause the company to fail outright.

Small Business Administration (SBA) backed loans

SBA Loans fill an important gap in the funding continuum for businesses that have capital needs but lack the history of operations and/or financial stability to be fully 'bankable'. These loans typically go to businesses to grow employment and operations and require some evidence of business momentum and credit worthiness which defines 'bankability'. The SBA's guarantee allows funding banks to take on slightly more risk than they may otherwise accept, but they will still require a threshold of credit worthiness be attained. The impact of SBA guaranteed loans is felt across regions and industries as a viable tool for growing a small business with debt financing. The SBA has a Portland district office and there are numerous resources available on their website to assist a prospective borrower to assess their fit with the programs. Many Economic Development District offices also help package SBA loans.

Venture Debt

Venture Debt often accompanies venture capital equity investments and provides leverage to those investments. Companies utilizing Venture Debt are typically focused on rapid growth and at a later stage of development but may be collateralized-asset poor relative to traditional debt funding. There are relatively few dedicated venture debt lenders and most of them pursue close relationships with equity venture capital firms, often having several common portfolio companies.

Traditional Debt

Traditional Debt is a tool for business of all types. Banks and other lending institutions support a wide range of options for companies to use. These products include working capital loans, lines of credit, and equipment financing. While this is a vital piece of the funding puzzle, traditional lenders are not available to many early stage companies that do not meet the stricter lending requirements of commercial banks. For growth stage companies with the ability to collateralize their loans, traditional bank debt instruments can provide growth capital at a relatively low cost of capital.

Mergers and Acquisitions (M&A)

Mergers and Acquisitions (M&A) represents both a funding source for growth and an opportunity for entrepreneurs and investors to gain liquidity. The sale of a company whole or in part to another business is generally a positive event. The scale of M&A activity ranges from small deals between local companies to global transactions between huge corporations. Frequently a specialty M&A investment bank firm is hired to assist in the search and match-making function of an M&A transaction or is brought in to help negotiate an unsolicited bid. Selection of knowledgeable partners is often a key component of a satisfying transaction.

Initial Public Offering (IPO)

Initial Public Offering (IPO) has traditionally been the ultimate goal of a venture capital funded company. While the regulatory hurdles to achieving an IPO are significant, companies can access public markets in a variety of ways. This type of funding is typically accessed following significant previous rounds of venture capital investment.

Private Equity

Private Equity buyout or investment is a proven path to liquidity and/or growth capital for mature stable businesses. Private equity (PE) investments can span all sectors and industries and often represent an exit or liquidity event for shareholders in a company. Private equity capital is global and seeks returns in sectors and markets focused on steady growth. Private equity firms possess some similar qualities with venture capital firms and business owners looking to access this form of capital must, like VC channel, ensure they fit the profiles of what the PE firm is seeking for its portfolio. Again, one of the best paths for learning about this form of capital is to seek out mentors with previous experience with the form and deep research into the PE firms of interest to assess their stage, health, preferences, reputation for successful relationships with company leadership, and their track records of financial success.

Capital Ladder Summary

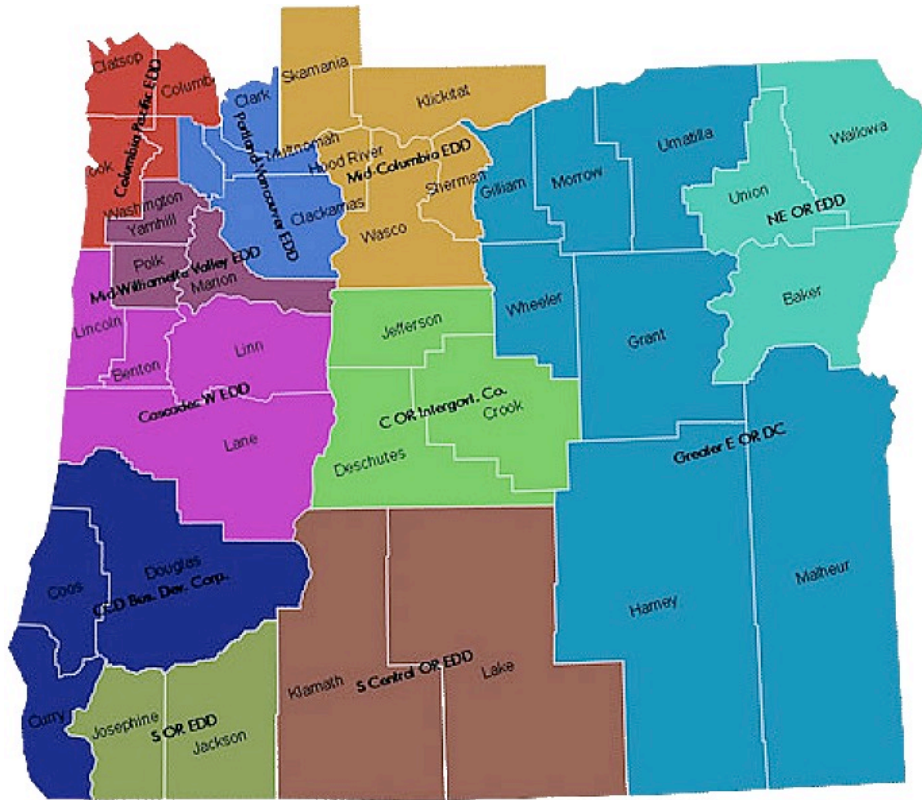
All of the above capital source types have a series of stage-appropriate norms and regular deal sourcing and validation channels that the entrepreneur would be well served to study and conform to during their funding process. The simple truth is that each of these funding sources regularly reviews vastly more potential investments than they have an appetite to consummate. Any prospective investee that is non-conforming to the preferred profiles of investment is quickly dismissed as overly risky by virtue of their lack of knowledge. As in the real estate market, much can be said for understanding the “comparable transactions” and knowing your buyer’s needs.

Appendix B – Incubators, Accelerators, and Business Resources List

Organization	City	Region	Specialty	Website	Services Offered and/or Business Resource Provider				
					Incubator	Accelerator	Debt Funding	Business Resource Provider	Workspace Resource Provider
				% that offer service	36.1%	27.9%	16.4%	37.7%	32.8%
ADX Portland	Portland	Greater PDX	Consumer Products, Apparel, Sports, Outdoor, Art & Design, Shared Tools, Space	http://adxportland.com		✓		✓	✓
Atlantis Downtown	Eugene	Willamette Valley	Software, Technology	www.atlantisdowntown.com					✓
Bend Outdoor Worx	Bend	Central	Consumer Products, Apparel, Sports, Outdoor	http://bendoutdoorworx.com	✓	✓			
BESThq	Beaverton	Greater PDX	General	http://besthq.net	✓				
Bridgelab (@PNCA)	Portland	Greater PDX	General	http://bridgelabpnca.tumblr.com	✓				
Business Oregon	Salem	Willamette Valley	General	http://www.oregonbiz.com			✓	✓	
Business Utility Zone Gateway	Statewide	Statewide	General	http://www.buzgate.org				✓	
Cambia Health Solutions	Pacific Northwest	Statewide	Healthcare	http://www.cambiahealth.com				✓	
CCD Business Development Corporation	Roseburg, North Bend	Southern	General	http://www.ccdbusiness.org			✓	✓	
Center of Excellence Global Business Development	Portland	Greater PDX	General	http://www.ceoglobal.com		✓			✓
CENTRL Office	Portland	Greater PDX	Software, Technology, Art & Design	http://www.centroffice.com					✓
Code Chops	Eugene	Willamette Valley	Software, Technology, Art & Design	http://www.codechops.com				✓	✓
Collective Agency	Portland	Greater PDX	Software, Technology, Consumer products, Apparel, Sports, Outdoor, Energy, R&D, Art & Design	http://www.collectiveagency.co					✓
DIYcave	Bend	Central	Software, Technology, Hardware, Art & Design, Prototyping	http://www.diycave.com					✓
Drive Oregon	Portland	Greater PDX	Electric Mobility	http://driveoregon.org		✓		✓	
East Multnomah Soil & Water Conservation District Headwaters Farm Incubator Program	Portland	Greater PDX	Food & Agriculture	https://emsowcd.org/farm-incubator/	✓				
Economic Development for Central Oregon	Bend, Madras, Redmond, Prineville, La Pine, Sisters	Central	Software, Technology, Art & Design, Nonprofit, Social Services	https://edcoinfo.com			✓	✓	
Espace Labs, LLC	Bend	Central	General	http://www.espacelabs.com	✓				
Eugene Mindworks	Eugene	Willamette Valley	Food & Agriculture	http://eugenemindworks.com	✓			✓	✓
Fertilab	Eugene, Springfield	Willamette Valley	General	http://fertilabincubator.com/	✓				✓
Food Innovation Center	Portland	Greater PDX	General	http://agsci.oregonstate.edu/feature/food-innovation-center	✓				
Founders Pad	Bend	Central	General	http://www.founderspad.com	✓				
Gaucha Collective	Hood River	Columbia Gorge	Government Contracting	https://gauchocollective.com					✓
Government Contract Assistance Program	Statewide	Statewide	Food, Restaurants & Cafes	http://gcap.org				✓	
Scale Oregon	Statewide	Statewide	Social Enterprise, Rural and Underserved Communities	www.bizcenter.org		✓			
Hacienda	Portland	Greater PDX	Science, Technology, Engineering, Arts	http://www.haciendadc.org/	✓				
Hatch Innovation	Portland	Greater PDX	Food, Restaurants & Cafes	http://hatchthefuture.org		✓		✓	✓
Hatch Innovation	Baker City	Eastern	Food, Restaurants & Cafes	http://hatchthefuture.org				✓	
KitchenCru	Portland	Greater PDX	General	www.kitchencru.biz/	✓				
Mercy Corps Northwest	Portland	Greater PDX	Food, Restaurants & Cafes, Consumer Products, Apparel, Sports, Outdoor, Art & Design	https://www.mercycorpsnw.org/business			✓	✓	
Micro Enterprise Services of Oregon	Portland, Beaverton	Greater PDX	General	http://mesopdx.org/			✓	✓	
Neighborhood Economic Development Corporation	Springfield	Willamette Valley	General	http://nedcoedc.org/	✓		✓		
NedSpace	Portland	Greater PDX	General	http://nedspace.com/					✓
Oregon Association of Minority Entrepreneurs	Portland	Greater PDX	Construction/Trades	http://oame.org	✓			✓	
Oregon SBDC Network	Many	Statewide	General	http://www.bizcenter.org	✓	✓		✓	
Oregon SBDC Network Capital Access Team	Portland, Salem, Grants Pass, Medford, Coos Bay, La Grande	Statewide	General	http://www.bizcenterCAT.org			✓	✓	
Oregon Story Board Accelerator	Portland	Greater PDX	Digital Storytelling	http://www.oregonstoryboard.org		✓			
Oregon Technology Business Center	Beaverton	Greater PDX	Software Technology, Hardware, Consumer Products, Apparel, Sports, Outdoor, Energy, R&D	https://otbc.org/	✓				
Oregon Manufacturing Extension Partnership	Portland	Statewide	Manufacturing	http://omep.org/				✓	
Oregon Wave Energy Trust	Portland	Statewide	Energy, R&D	http://oregonwave.org				✓	
OSU Advantage Accelerator	Corvallis, Newport, Bend	Willamette Valley	Software, Technology, Hardware, Food, Restaurants & Cafes, Energy, R&D	http://advantage.oregonstate.edu/advantage-accelerator		✓			
Oregon Translational Research & Development Institute	Portland, Corvallis	Statewide	Software, Technology, Bioscience & Digital Health	http://www.otrdi.org/	✓			✓	
Portland Incubator Experiment	Portland	Greater PDX	Software, Technology, Hardware	http://www.piepdx.com					
Portland Made	Portland	Greater PDX	Digital Storytelling, Art, Maker	http://portlandmade.com/					✓
Portland Seed Fund	Portland	Greater PDX	Software, Technology, Hardware, Consumer Products, Apparel, Sports, Outdoor, Energy, R&D	http://portlandseedfund.com			✓		
Portland State Social Innovation Incubator	Portland	Greater PDX	Social Innovation	http://pdx.edu/impactentrepreneurs/incubator	✓				
Portland State University Business Accelerator	Portland	Greater PDX	Software, Technology, Hardware, Energy, R&D	http://www.pdx.edu/accelerator	✓	✓			✓
The Business Outreach Program	Portland	Greater PDX	General	http://www.pdx.edu/business-outreach/				✓	
PSU Center for Entrepreneurship	Portland	Greater PDX	Software, Technology	http://www.pdx.edu/entrepreneurship		✓		✓	✓
RAIN Eugene	Eugene	Willamette Valley	General	http://raineugene.org		✓			
Regus	Beaverton, Clackamas, Lake Oswego, Portland, Tualatin	Greater PDX	General	http://www.regus.com		✓			✓
River Front Research Park	Eugene	Willamette Valley	Technology	http://www.researchpark.uoregon.edu	✓				
SCORE	Bend, Portland, Salem, Eugene, Springfield	Statewide	General	https://centraloregon.score.org , https://portlandor.score.org , https://salem.score.org , https://willamette.score.org				✓	
Global Homestead	Portland	Greater PDX	Art, Craft, Trades	http://www.shoppeople.org/					✓
SOAR Oregon	Bend	Statewide	Unmanned Aerial Systems	http://www.soaroregon.com		✓			
Sprout	Springfield	Willamette Valley	Food, Restaurant & Cafes	http://www.sproutfoodhub.org	✓			✓	
Starve Ups	Portland, Eugene, Bend	Statewide	Software, Technology, Hardware, Food, Restaurants & Cafes, Consumer Products, Apparel, Sports, Outdoor, Energy, R&D	http://starveups.com		✓	✓		✓
TenX	Portland	Greater PDX	General	http://tenx.org		✓			
the Hive at Leftbank	Portland	Greater PDX	General	http://leftbankproject.com/hive					✓
TIE	Hillsboro	Greater PDX	General	http://oregon.tie.org	✓		✓		
Umpqua Business Center	Roseburg	Southern	General	http://umpquabusiness.com	✓		✓		✓

Appendix C – Regional and Economic Development District Maps

Oregon Regional Economic Development Districts



2014 and 2016 Oregon Regions

The 2014 and 2016 iterations of the Oregon Capital based regional analysis on a 5 region structure. That regional breakdown is described below.

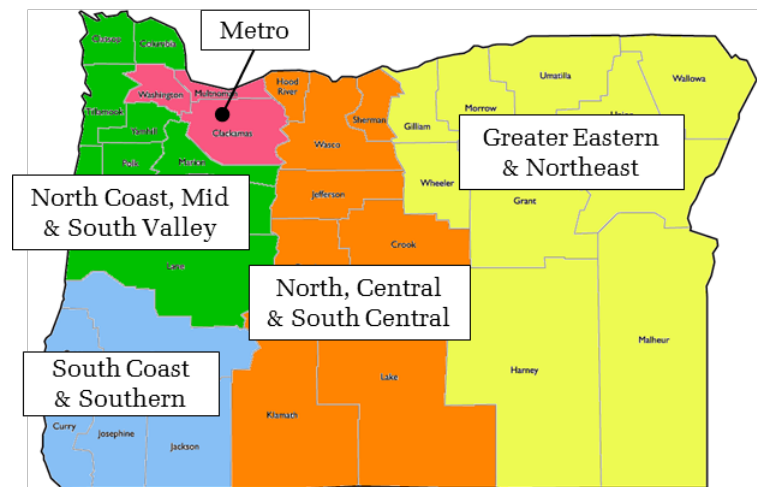
Greater Eastern & Northeast – this region includes Baker, Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, Union, Wallowa and Wheeler counties.

Metro – this region includes Clackamas, Multnomah and Washington counties.

North, Central & South Central – This region includes Crook, Deschutes, Hood River, Jefferson, Klamath, Lake, Sherman and Wasco counties.

North Coast, Mid & South Valley – this region includes Clatsop, Columbia, Tillamook, Benton, Lane, Lincoln, Linn, Marion, Polk and Yamhill counties.

South Coast & Southern – this region includes Coos, Curry, Douglas, Jackson and Josephine counties.



PROSPERITY FOR ALL OREGONIANS

Business Oregon Strategic Plan // 2018 - 2022

business
oregon[®]

Dear Oregonians,

No organization is more committed to furthering economic development across Oregon than Business Oregon. As the state's economic development agency, we are in a unique position to impact positive change, address economic inequities, and strengthen existing competitive advantages. The 2018-2022 Business Oregon Strategic Plan maps out a course of action for the agency that targets economic opportunity and growth.

Informed by robust customer, stakeholder, and partner insights, along with comprehensive economic analysis, the plan identifies five priorities for Business Oregon. These priorities focus on elevating state investment in innovation, growing Oregon's small- and medium-sized businesses, stabilizing our rural economies, promoting shared economic prosperity, and continuing the agency's operational excellence. Through this plan, Business Oregon is positioned to enhance its leadership role in determining state economic development investments and outcomes.

Development of the 2018-2022 Business Oregon Strategic Plan is an initial step. Agency action and implementation of the plan will eventually drive its impact. The plan will inform each initiative, program, team work plan, budget decision, and policy consideration. We know outcomes of our work will not be achieved alone. Embedded in this strategic plan is the acknowledgement that partnerships will be more important than ever if we are going to address Oregon's most complex market gaps or take advantage of emerging economic opportunities. We are committed to working with our customers, public and private partners, and local and regional communities across Oregon to continue to make our state economy one of the most competitive and accessible anywhere.

We look forward to the journey ahead.

Kanth Gopalpur



Chair

Oregon Business Development Commission

Chris Harder



Director

Business Oregon

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Acknowledgements

This plan is the culmination of many individuals and organizations engaging with Business Oregon as we gathered insights and created forward-looking strategies to drive the state's economic development priorities over the next five years. We could not have completed this strategic plan without our staff, our partners, our stakeholders, and our consultants who all contributed their voice and insight. There are many acknowledgements to go around, but in particular we would like to thank:

Governor Kate Brown and the Governor's Regional Solutions Team

Strategic Plan Advisory Committee

Kanth Gopalpur, Business Oregon Commission
 Paula Hayes, Business Oregon Commission
 Keith Leavitt, Business Oregon Commission
 Jason Lewis-Berry, Governor's Office
 Kathleen Flanagan, Ford Family Foundation
 Patrick Quinton, Civic Innovation NW, LLC
 John Tapogna, ECONorthwest
 Jorge Fernando Guzman, HispanicPros
 Jack Isselman, Greenbrier Companies
 Melissa Lindsay, Morrow County

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 Gregg Semler, President/CEO, InPipe Energy
 Kelley Minty Morris, Klamath County Commissioner
 Sen. Betsy Johnson, State Senator, District 16
 Rep. Janelle Bynum, State Representative, District 51

Thank you to our consultants, **The Coraggio Group**, with assistance from **McDearman & Associates**.

Also thank you to all the organizations and individuals across the state who participated in interviews, focus groups, and surveys as part of this process. Your input was incredibly valuable and appreciated.



Who is Business Oregon?

VISION

Prosperity for all Oregonians.

MISSION

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

VALUES

Agile – we adapt, affect change, and move at the speed of business.

Accountable – we are dependable experts in our field who act with integrity and seek opportunities for continued learning.

Collaborative – we solve problems through partnerships and seek opportunities to build effective coalitions.

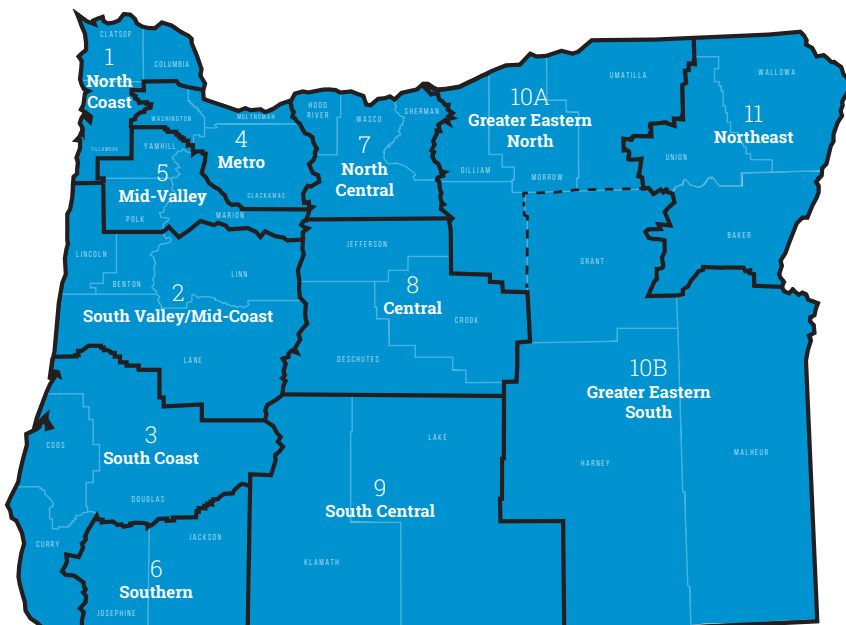
Respectful – we are attentive and courteous, valuing our customers and partners.

Innovative – we look for new methods, new solutions, and new approaches to solve problems and advance opportunities.

Business Oregon is the assumed business name for the Oregon Business Development Department, the state's economic development agency. How we approach our work is both broad and deep. Core functions include rural community development and infrastructure financing; business retention, expansion and recruitment; export promotion and international trade; industry research and development and entrepreneurship; small business assistance; and support for arts and cultural organizations. The overall work of the department is guided by a nine-member commission with additional input and expertise provided by several other advisory bodies and boards.

Commissions, boards, and committees associated with Business Oregon:

- // Oregon Business Development Commission
- // Infrastructure Finance Authority Board
- // Broadband Advisory Council
- // Economic Recovery Review Council
- // Oregon Growth Board
- // Oregon InC (Oregon Innovation Council)
- // Oregon Arts Commission
- // Oregon Cultural Trust
- // Eastern Oregon Border Economic Development Board
- // Business Finance Committee
- // Seismic Rehabilitation Review Committee
- // CDBG Annual Action Development Committee



Business Oregon's regional team is split among 12 different regions throughout the state. Each region has a dedicated regional development officer, along with regional project managers and business finance officers.

The Planning Process



Strategic planning is critical to the effectiveness of any organization. It enables an agency to establish goals, prioritize initiatives, measure progress, and carefully allocate limited time, resources, and attention. Skillful planning also contributes to organizational cohesion and helps foster a shared purpose with common values.

Business Oregon's Strategic Plan is the result of a year-long effort. The goal was to first identify the most pressing economic development challenges confronting the state of Oregon (as well as individuals and communities most in need of support), then develop a plan that specifically addresses the shifting economic landscape, changing demographics, and unique strengths of Oregon's industries, businesses, and entrepreneurs.

The first phase provided **clarity** into existing perceptions of the agency and economic trends, and delivered the high-level elements of the plan such as a new vision, mission, and values.

Business Oregon communicated with hundreds of stakeholders. Participants included state legislators and elected officials, local governments, tribal economic development leaders, heads of regional business development organizations, business CEOs, representatives of academic institutions, entrepreneurs, and Business Oregon staff.

stakeholders:

70+ in-person interviews

6 focus groups

281 completed surveys

4 Advisory comm. meetings

2 staff surveys

2 staff values workshops

4 staff town hall meetings

Questions centered on areas such as:

What are the challenges and opportunities facing Oregon's economy?

How can Business Oregon better serve Oregonians?

Where should Business Oregon be allocating resources?

What are Business Oregon's strengths and weaknesses?



Then Business Oregon worked with its research staff and consultants to conduct a comprehensive analysis of national, state, and local economic trends to answer questions like:

How has the concentration of industry in urban areas impacted rural prosperity?

What are the primary drivers of job growth in Oregon?

What are the best levers for stimulating economic opportunity among underserved populations?

These efforts culminated in the agency's *Stakeholder and Economic Insight Reports* and ultimately provided themes that would directly inform Business Oregon's strategic plan.

Phase two of strategic planning transitioned into **focus and action**, where agency priorities, the strategies to impact those priorities, and the actions to carry out the strategies were developed. Finally, metrics were developed to evaluate and measure success over time.

Over the next five years, the primary and ongoing goal is to operationalize this strategic plan by implementing team work plans; developing state funding and policy proposals to move key objectives forward; and monitoring a dashboard of metrics to track progress.

Business Oregon will continue to manage and monitor this strategic plan for the duration of the plan's five-year time horizon.



**Phase 1:
Clarity**



Insights

What economic trends do we need to consider, and what stakeholder perceptions about Oregon and the agency exist?



Vision

What is the ideal future state we are trying to create?



Mission

What is our purpose? What are we here to make happen?



Values

What is our internal vision and the fundamental beliefs that shape how we work together and serve our mission?

**Phase 2:
Focus &
Action**



Priorities

What must be accomplished over the planning horizon?



Strategies and Actions

What collective actions do we need to take to deliver on our Priorities?



Metrics

How will we measure success?

**Implement:
Evaluate &
Measure**



Work Plans

What actions need to be taken by teams to achieve plan priorities?



Track Progress

How are we doing? Do we need to adjust or take different actions?



Report

Share results and progress towards plan goals.



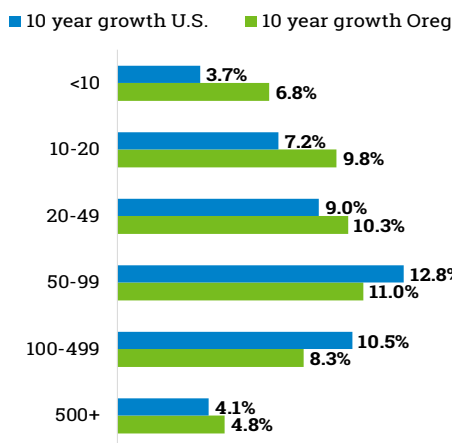
Economic Insights

Current and predicted economic trends inform our priorities and enable the agency to target limited resources.

Small and middle-market firms hold significant economic development opportunity

The majority of job creation in Oregon comes from small- and medium-sized enterprises (SMEs), which are firms employing less than 500. In 2016, there were over 100,000 SMEs in Oregon (99 percent of all firms), with a private sector workforce totaling 1.1 million (75 percent of statewide employment). Within this group, small firms dominate in terms of their concentration (about 90 percent of Oregon firms employ less than 20 workers). Of the approximately 122,000 new private sector jobs added in Oregon over the past decade, 64 percent occurred in SMEs. Two-thirds of SME job growth came from middle-market firms (firms with revenues of \$10 million to \$1 billion.) Oregon's job growth across this size class (and all size classes) outpaced the nation.

Employment Growth by Firm Size



Expanding small businesses and middle-market firms is the most effective way to create jobs. Overall, twice as many jobs are created from the expansion of existing firms compared to those associated with traditional business recruitment, which have declined in Oregon—and nationally—to represent only about three percent of new jobs.

While focusing on SMEs can unlock significant economic opportunity, other segments should not be purposely ignored. Firms employing more than 500 workers account for a quarter of the state's employment and are responsible for 36 percent of jobs created over the last decade. These firms tend to have more diverse workforces, pay higher wages, and export more goods. These firms also provide supply-chain opportunities for smaller businesses.

(Source: Oregon Employment Department, Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics, and Center for Budget and Policy Priorities / NETS data)

Business Oregon has identified six Target Industry Groups that hold the greatest promise for business retention and expansion. These are traded sector industries, defined as those that sell their goods and services outside of Oregon. Business Oregon works with businesses across all traded sectors, but certain industry groups have competitive advantages that provide the state with unique opportunities for growth, high wage jobs, innovation, and statewide prosperity.

Advanced Manufacturing:

Includes high value-added advanced materials manufacturers in metals, machinery, aerospace, and medical products.

Business Services:

Oregon's high quality of life and innovative workforce is driving rapid growth in professional and technical services like consulting, advertising, graphic design, and marketing research, who serve clients worldwide.

High Technology:

Home to the 'Silicon Forest,' high technology in Oregon is anchored by semiconductors on the hardware side, with fast-growing software and Internet publishing companies, systems designers, and data centers on the software and information technology side.

Globalization, automation, and trade impact Oregon's manufacturing sectors

Globalization can have unfavorable impacts on local economies, but it also plays to Oregon's competitive advantages. Oregon's geographic location and commercial ties to the Pacific Rim provide an advantage when it comes to international trade. In 2016, the national trade deficit was 20 percent, while Oregon's was much lower at six percent. In 2016, the state's export value topped \$20 billion—its highest ever—driven in large part by computer and electronic products, machinery, transportation equipment, and agricultural products. Oregon is primed to take advantage of global trade opportunities by developing more products for export and developing new geographic markets.

Manufacturing is particularly impacted by automation and trade. Automation reduces the need for labor by replacing workers with machines. Trade has led to more imports, which has decreased jobs in some manufacturing sectors, while increasing jobs and competitiveness in export-oriented sectors. Both of these trends have driven manufacturers to be more productive by investing in technology. Between



2005 and 2015, manufacturing employment declined 11 percent nationally, while manufacturing Gross Domestic Product (GDP) increased eight percent. In Oregon, manufacturing employment declined six percent while manufacturing GDP increased 98 percent, the highest manufacturing GDP growth in the nation. Without computer and electronic products, manufacturing GDP still increased 14 percent, nearly twice as high as the U.S.

Globalization, automation, and trade are macroeconomic trends forcing traded sector businesses to be more competitive. It is impacting not only manufacturing, but other traded sector industries as well, such as agriculture, forestry, software, and professional service sectors. Efforts should be made to help Oregon traded sector businesses become more competitive in the face of these trends.

(Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Wiser Trade, and IMPLAN)

Outdoor Gear and Apparel:

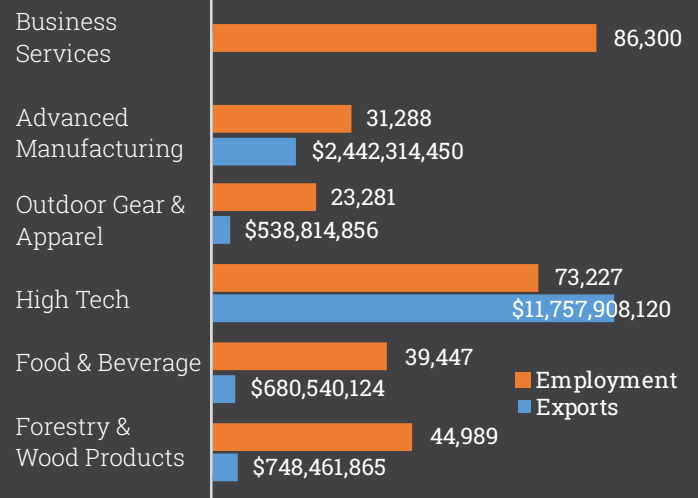
Comprised of leading companies such as Nike, Columbia Sportswear, and Adidas; and combined with Oregon's outdoor culture and tourism, this is a highly competitive industry.

Food and Beverage:

This is Oregon's fastest growing sector, and includes a number of established brands dedicated to producing high quality products, including craft beer, wine, cheese, and organic foods.

Forestry and Wood Products:

Oregon is the largest wood products producer in the U.S., specializing in high quality softwoods. Advanced technologies transformed this industry into one of the most innovative and efficient in the world.





Rural economies continue to struggle

Across the nation, rural communities are facing strong economic headwinds with trends such as declining and aging populations, job growth increasingly concentrated in urban areas, and lack of infrastructure investment to connect people and products to growing markets. Nearly all of Oregon's recent growth has been in metro areas. Over the last 15 years, employment in urban Oregon grew 12 percent, while it remained flat in rural Oregon. One bright spot for rural Oregon is its 15-year wage growth, which outpaced that of urban Oregon due to strong gains in food manufacturing, health care, data centers, and agriculture.

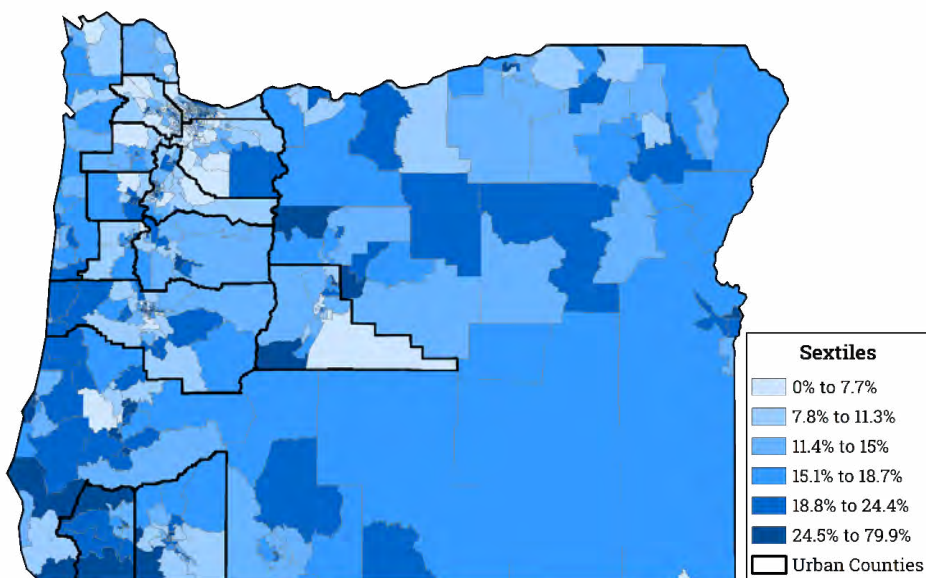
"Business Oregon needs to be the leader in articulating and implementing a rural economic development strategy for the state. Rural communities depend on Business Oregon for leadership and best practices. They should be implementing strategies that lead the country from a thought leadership and innovation standpoint."

– *Business Oregon Insights Report*

While rural (and small metro) areas in Oregon are underperforming compared to the U.S. in terms of job growth, some rural areas are doing well, particularly those in and around the Columbia Basin (Morrow, Sherman, Wasco, and Hood River counties.) These communities have experienced impressive growth due largely to food manufacturing and investments at the local ports. However, significant job losses in forestry and wood products are hurting other rural counties, particularly Crook, Curry, Grant, and Klamath counties. As a result, these communities face declining employment, higher unemployment rates, and higher poverty.

(Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis)

Percent of Population in Poverty, 2015



Oregon attracts knowledge workers...the state's % of population holding Bachelor's degrees is higher than the U.S. average

Innovation drives economic growth

Innovation leads to higher productivity, higher wages, and competitive advantages. Nationally, private sector research and development (R&D) delivers a rate of return of about 30 percent on productivity growth. Innovation is particularly concentrated in High Technology (a Business Oregon Target Industry Group) and in metro areas. Oregon's impressive GDP growth over time is directly linked to growth and innovation in the High Technology sector. Oregon performs well across numerous innovation measures nationally, including patents per capita, manufacturing GDP, university licensing options, and industry research and development as a percentage of GDP. Compared nationally, the state has a higher percentage of residents with a Bachelor's Degree or higher and continues to attract knowledge workers from across the U.S. and abroad.


Despite areas of strength, significant room for improvement remains. Though Oregon has attracted a growing number of people with Bachelor's degrees, it lags other states in attracting people with advanced degrees. This is partially due to Oregon's small number of universities, which tend to employ and attract large numbers of people with advanced degrees. Oregon also ranks low in

science, technology, engineering, and mathematics (STEM) graduates, despite having a sizeable STEM workforce.

Oregon ranks 10th nationally in industry R&D as a percentage of GDP, but expenditures are concentrated in a small number of the state's larger firms. Opportunities exist to expand R&D across industries within the broader business community. To compete long-term, it is imperative that Oregon prioritize investment in both R&D and technology commercialization at the state's research universities.

Compared to other states, Oregon has a higher than average rate of new business starts and is above average in venture capital investments as a percentage of GDP. While business startup rates have declined in the U.S. and in Oregon, and venture capital investments are down in recent years, Oregon still maintains a competitive entrepreneurial environment that should be developed and targeted for economic development investments.

(Source: Business Oregon, 2016 Innovation Index; U.S. Bureau of Labor Statistics)



Oregon InC investments assisted in the creation of more than 90 new companies



Economic disparities exist among people of color and other underrepresented communities

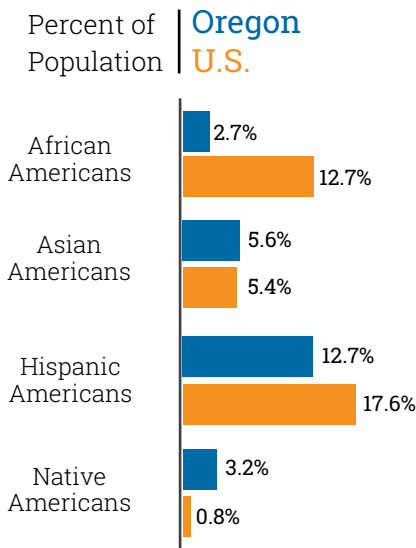
Compared to the U.S., Oregon is significantly less diverse, as 90 percent of the state’s population identifies as White, compared to 73 percent nationally.

“There’s a clear need for partnerships with organizations serving diverse populations and women to encourage successful business development.”

– *Business Oregon Insights Report*

Despite Oregon’s lack of diversity compared to the nation, most minority groups are growing at a faster rate than its overall population, indicating an increasingly important role in the state’s long-term economic competitiveness. Over the past 15 years, Oregon’s Hispanic population has grown the most (86 percent), followed by Asian Americans (62 percent), African Americans (39 percent), Whites (16 percent), and Native Americans (11 percent).

African American and Hispanic employment in Oregon has grown significantly more than the U.S. over the past 15 years. This is due primarily to strong growth in non-traded sector industries including retail, leisure and hospitality, administrative services, and health care, although manufacturing employment has increased for these groups as well.



	Employment Growth (15 year)		Wage Growth (15 year)	
	Oregon	U.S.	Oregon	U.S.
Total	10.6%	5.2%	10.0%	8.8%
Male	8.0%	2.8%	4.6%	7.0%
Female	13.6%	7.9%	22.8%	14.4%
White	7.9%	2.0%	9.5%	8.7%
Black	50.8%	16.7%	3.0%	5.1%
Native American	2.4%	9.4%	9.4%	12.3%
Asian	35.0%	24.0%	25.1%	23.6%
Hispanic	56.5%	26.9%	15.4%	11.8%
Rural	0.2%	N/A	11.2%	N/A
Urban	12.2%	N/A	9.4%	N/A

(Sources: US Bureau of Economic Analysis, US Bureau of Labor Statistics, and Oregon Employment Department)

% of Private Sector average wage by group:

- 78% African American
- 73% Asian American
- 70% Hispanic Americans

Only 11% of Oregon firms are owned by underrepresented groups



Despite growth among minority groups in Oregon, significant disparities exist that undermine our long-term ability to compete and Oregonians' ability to benefit from our state's recent economic growth:

- Eleven percent of Oregon firms are minority owned, compared to 18 percent nationally.
- Household income is lowest for Oregon's African American, Native American, and Hispanic communities; these groups lag significantly behind the state median of \$54,148. Over the past decade, incomes have grown the least for African Americans and Native Americans. These communities are particularly disadvantaged in terms of access to capital, as personal savings and family funding are commonly used as initial funding sources among small businesses.
- African American, Native American, and Hispanic Oregonians are underrepresented in terms of employment across many traded sector industries (particularly within the professional and technical services sector) compared to their total private sector employment percentages. They also earn significantly less than the average industry wage in most traded sectors.

Lower wages are strongly correlated with employment in jobs requiring lower educational attainment levels. In Oregon and the U.S., Asians have the highest percentage of individuals with a Bachelor's Degree or higher, followed by Whites. These two groups also have the highest wages. In Oregon, half of all Asians have a Bachelor's Degree or higher, followed by 34 percent of Whites, 29 percent of African Americans, 15 percent of Hispanics, and 14 percent of Native Americans.

About a third of Oregon jobs require a Bachelor's Degree or higher, with another third requiring a high school diploma (or less), and a third requiring some college or vocational/postsecondary training. African Americans, Hispanics, and Native Americans are disproportionately represented in these latter two categories. These jobs are concentrated in several occupational groups: construction, installation, maintenance and repair, sales, and office and administrative support.

(Source: U.S. Census)

Only 15% of
Hispanics and
14% of Native
Americans have
Bachelor's Degrees

People of color will
drive population
growth over the
next 30 years





Qualitative Perceptions

Early stages of our work included gathering input from our partners, stakeholders, and customers to understand what Business Oregon is doing well and where additional attention is needed. **Nine key themes** were identified through focus groups, workshops, online surveys, and interviews regarding perceptions of the agency and the state's economic development potential.

Statewide Issues

Oregon has tremendous economic potential. Livability in urban areas is high and Oregon has attractive rural communities. Oregon's population continues to grow and the state has a competitive advantage in international trade and exports, particularly to the Pacific Rim. Oregon is a national leader in key industries like outdoor gear and apparel; food and beverages; forestry and wood products; and high-technology.

Rural inequity persists and the state should do more to address it. Rural-urban disparities exist and there is increasing concern about future economic opportunity. There is also a sense by some stakeholders that Business Oregon could do more to serve the needs of rural Oregon and that resources could be better aligned. Though Business Oregon's regional field staff is appreciated and highly valued, they are often spread too thin to support the varying needs of rural communities.

A perception that Oregon government/policy is unfriendly to business. Certain stakeholders believe state policies on land use, taxation, and the environment reflect a lack of priority for business and economic development. Insufficient funding for infrastructure investments and business development programs are seen as obstacles for economic growth. There is ongoing concern about the impacts of Public Employee Retirement System liabilities on future state budgets, and Oregon's ability to prioritize economic development.



Organizational Issues

Agency lacks focus and consistent leadership.

The agency is often required to take on new programs that are beyond its core mission as an economic development agency, which contributes to a perception that the agency lacks focus. Turnover on the agency's leadership team over the last five years has contributed to a gap between management and staff, creating a lack of consensus on mission and execution.

Internal silos are an impediment to smooth operations and a common culture. The agency operates in silos, perpetuating external confusion about Business Oregon's vision, mission, and programs. More needs to be done to develop cohesion, trust, and collaboration within the agency to create a common purpose.

Business Oregon is a capable financial steward, reliable program manager, and nimble agency. Business Oregon is perceived as a trustworthy and responsible manager of resources, and many of its programs are praised for operational excellence. The agency is generally viewed as responsive to constituent needs and flexible, particularly for a government agency.

External Services

Muddled brand and uncoordinated service offerings.

Customers and stakeholders lack a comprehensive understanding of what Business Oregon does beyond the specific program they have worked with. There is opportunity for improved communication and promotion of the agency's programs and services.

Business Oregon has respected and passionate staff. Stakeholders noted that Business Oregon's biggest asset is its dedicated and knowledgeable staff. Employees are seen as solutions-oriented and greatly valued in the communities they serve.

Agency could provide more leadership on statewide economic issues. Stakeholders suggested Business Oregon should take on an enhanced leadership role on statewide economic development issues. Opportunities exist for the agency to focus additional energy on connecting with business leaders, understanding industry challenges, and convening on issues and expertise related to growth.

(Source: Coraggio Group Insights Report for Business Oregon)



Our Response



"We need funders and incubators focused more on developing natural resources into value added products. We need to export furniture, not logs."

– Oregon Company CEO

Oregon's economic competitiveness is not new. Throughout the state's history—but certainly as of late—Oregon has competed on a national and global scale to create jobs, advance emerging industries, cultivate entrepreneurs, and build livable communities. Oregon routinely ranks high on economic indicators such as GDP, exports, and population growth. Despite this strong economic foundation, significant work remains to ensure prosperity is shared and growth is sustained. To compete long-term, the state must confront the current realities of a growing rural-urban divide, disparate economic outcomes for underrepresented communities, and policies that can create challenges for local business and industry to compete globally, or even with neighboring states. Oregon must also continue to invest in the future. States that prioritize innovation, invention, and discovery will be at the forefront of new technologies and industries. And those that get there first will be best positioned for the greatest economic returns.

As the state's economic development agency, Business Oregon is positioned to take an enhanced leadership role to ensure long-term economic competitiveness for the state. The qualitative and quantitative themes identified as part of this planning process necessitate important shifts—both in agency priorities and the approach Business Oregon takes. Going forward Business Oregon recognizes that we must:

- **Elevate state investments in innovation** to grow Oregon's economy. Provide the business case and develop the roadmap to significantly expand research and development and technology innovation in Oregon.

Innovative activity is increasingly funded by businesses, especially the largest firms

"If American entrepreneurship is facing a crisis, it is not in the rate of creation of high-growth startups or the initial funding of those firms, but in the potential of those firms to scale in a meaningful way over time."

–Business Oregon Insights Report



- Prioritize business development efforts that **scale existing small- and medium-sized companies**. Target our tools and programs toward existing companies best positioned to grow and create quality, accessible jobs.
- **Build local economic development capacity in distressed rural communities**. Focus agency resources to better help rural areas prioritize investments and achieve new economic outcomes.
- **Align infrastructure investments to support long-term economic growth**, particularly in rural Oregon. Target discretionary infrastructure programs toward projects that directly support job creation and business expansion, connect products to growing urban markets, and meet 21st century community needs such as broadband.
- **Explicitly commit to equitable outcomes for communities of color, immigrants, native and tribal populations**, and other traditionally underrepresented people. Prioritize investments that counter systemic barriers to economic opportunity.

All this must be executed with a regional approach. Oregon is a collection of regional economies with unique strengths, opportunities, and challenges. A “one-size-fits-all” approach to economic development will not suffice. Business Oregon has acknowledged this by building out regional development teams located in 12 regions across the state. Our 12 regions have representatives familiar with local industries, communities, and civic leaders.

Local and state partners are critical to the success of this plan. The Governor’s Regional Solutions program, which includes interagency economic and community development teams throughout the state, is a key partner. Regional Solutions supports locally-generated economic priorities by streamlining government and building partnerships across the public, private, and philanthropic sectors. Business Oregon is an active participant in Regional Solutions. Business Oregon also works closely on program implementation with local and regional economic development organizations.

This Strategic Plan and the following priorities and strategies will direct Business Oregon’s efforts over the next five years. Collectively, the actions outlined provide a roadmap for how the agency will invest in and lead economic development across all of Oregon.





Vision

Prosperity for all Oregonians



Mission

Invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy.



Values

Accountable

We are dependable experts in our field who act with integrity, and seek opportunities for continued learning.

Agile

We adapt, affect change, and move at the speed of business.

Collaborative

We solve problems through partnerships and seek opportunities to build effective coalitions.

Respectful

We are attentive and courteous, and we value our customers and partners.

Innovative

We look for new methods, new solutions, and new approaches to solve problems and advance opportunities.



Economic Indicators

Oregon's Innovation Index Score

The Oregon Innovation Index is a composite and weighted sum of 20 different indicators that measure the state's innovation economy and competitiveness. In 2016, Oregon's Innovation Index score was **67 (out of 100)**.

Oregon Employment Growth

Employment growth measures the annual rate of change of jobs in the state. We will also track subsets of this indicator related to rural employment and non-white employment. In 2016, Oregon's annual employment growth rate was **3.1 percent**.

(U.S. Census Bureau, Local Employment Dynamics)

Oregon Wage Growth

Wage growth measures the annual inflation adjusted rate of change of the average wage paid to workers in Oregon. In 2016, Oregon's annual wage growth rate was **1.2 percent**.

(U.S. Census Bureau, Local Employment Dynamics; U.S. Bureau of Economic Analysis, National Income and Product Account)

Total Oregon Exports

Oregon exports measures the value of all Oregon goods exported internationally. In 2016, the value of all Oregon exports was **\$21.8 billion**.

(U.S. Census Bureau, Foreign Trade Division)



Priorities



Strategies



Metrics

Innovate Oregon's Economy

Expand Oregon's research and development capacity

Increase access to capital for high-growth startups

Federal and corporate R&D funds leveraged by our investment

Total amount invested and leveraged in Oregon small businesses and startups

Grow Small and Middle-market Companies

Increase access to new sales markets

Enhance competitiveness of small and middle-market manufacturing companies

Attract businesses and FDI to grow target industries

Prioritize infrastructure investments to directly promote business growth

Company sales resulting from market access programs (KPM 4)

Jobs created and retained resulting from business development activities (KPM 1 & 2), including accessible middle- and high-wage jobs

Cultivate Rural Economic Stability

Enhance local economic development capacity in distressed rural communities

Promote an environment that supports entrepreneurship and small business growth

Expand business development to include non-traded sector companies and organizations

Connect rural communities to urban markets through targeted infrastructure investments

Jobs created and retained in rural Oregon resulting from business development activities, including accessible middle- and high-wage jobs

Percent of rural small businesses or startups receiving financial assistance from agency that transition to traditional or follow-on financing

Number and value of infrastructure investment related to economic development (KPM 9)

Advance Economic Opportunity for Underrepresented People

Connect people of color, immigrant populations, and native/tribal communities to jobs

Foster wealth creation for underrepresented populations

Number and percent of minority-owned firms utilizing agency business development services (financial and technical assistance)

Number and percent of minority-owned firms receiving financial assistance that transition to traditional or follow-on financing

Number and value of public contracts awarded to COBID certified firms

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Be transparent, accountable, and a good steward of public resources

Be a sustainable, cohesive agency where all employees feel valued and understand how they contribute to the mission

Be a welcoming agency that empowers employees and is inclusive of Oregon's cultural diversity

External customer satisfaction survey score (KPM 10)

Employee engagement survey score

Our Priorities



Innovate Oregon's Economy

Innovation is a clear driver of economic competitiveness. It fuels the creation of new technologies, companies, and industries. It attracts talent, creates high-wage jobs, and ultimately drives growth. States that prioritize sustained investment in innovation and excel across a broad range of indicators are better positioned to compete long-term in the global economy.

Historically, Oregon has excelled in key indicators of innovation, such as patents and industry productivity. Oregon patents-per-capita significantly outpace the U.S. average. Corvallis and the Portland metro are global leaders in patents, driven primarily by invention activity within several large companies. And Oregon consistently ranks top in the nation in terms of manufacturing output, a metric that signals the industry's commitment to adopting the latest advanced and efficient technologies.

Despite areas of strength, there is significant room for improvement. To compete, Oregon must prioritize investment in research and development, technology commercialization, new product development, and entrepreneurship in urban and rural communities and with full participation by underrepresented populations. Investment priorities will determine whether we are positioning Oregon to lead on innovation, or if we will merely react to future outcomes.

Oregon's 2016 Innovation Scorecard

Indicator	10-yr Trend	National Ranking
Invention		
Invention Disclosures	↑	24
Patents	↑	6
Patent Citations	↑	12
Translation		
R&D Investments	↑	10
SBIR/STTR Awards	↑	11
University Licenses/Options	↑	9
University Licensing Income	↑	22
Commercialization		
Venture Capital Investments	↓	18
Kauffman New Entrepreneurs	↓	29
New Company Creation	↔	17
University Startups	↔	27
Economic Prosperity		
Manufacturing GDP	↑	2
Average Wage	↑	22
High Tech Employment	↓	15
Exports	↑	12
Innovative Environment		
Educational Attainment	↑	17
STEM Workforce	↑	15
STEM Graduates	↑	31
Migration of Knowledge Workers	↑ ¹	24
Broadband Access	N/A	14
2016 Innovation Score (out of 100)		67

Represents 9 year analysis from 2005 to 2014.
¹Source: Business Oregon.



Innovation Investment
7:1 Return
 \$617M leveraged on a
 \$83M state investment
 through Oregon InC

Business Oregon identified the following strategies and actions for innovating Oregon's economy:



Strategy:

Expand Oregon's research and development capacity.

Actions:

- Elevate the *Oregon Innovation Plan* to guide funding and policy proposals. Introduce and advocate for a regularly occurring state legislative innovation package.
- Advance emerging industries through targeted investments in research and development by the Oregon Innovation Council.
- Connect existing small- and medium-sized businesses to larger corporate research partners or investors.
- Invest in shared research and development facilities—particularly in food and beverage, consumer product, forestry and wood products, and manufacturing sectors—to improve industry access to new technologies to develop and test products.



Strategy:

Increase access to capital for high-growth startups.

Actions:

- Publish the *Oregon Capital Scan* to identify and document statewide capital gaps. Seek opportunities to close gaps with private and philanthropic partners, and through legislative funding and policy proposals.
- Enhance resources for university spinouts and science-based startups through improved access to federal research and development grants, corporate investment opportunities, and commercialization funds.
- Establish a permanent and sustainable funding source for the Oregon Growth Fund to increase capital available for local startups from Oregon-based funds or financial vehicles.
- Ensure agency business lending programs and Oregon Growth Board investments support Oregon's target industries and sectors traditionally lacking access to capital.





Grow Small and Middle-market Companies

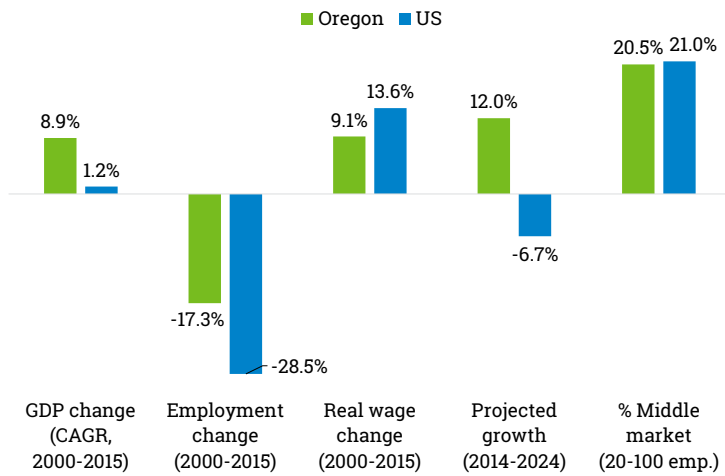
The majority of job growth comes from the expansion of existing firms, especially with small businesses and the middle-market. Over the last decade, 64 percent of job creation in Oregon was attributed to small- and middle-market firms (vs. 55 percent nationally). In order for small and middle-market firms to grow, they must have the resources to innovate, use technology to be productive, and have access to consumer markets across the U.S. and the world, all areas where Business Oregon is uniquely suited to assist.

“Business Oregon should amplify the areas of the private sector where we inherently have competitive strengths: food and beverage, active lifestyle, apparel, and biotech.”

– Oregon State Legislator

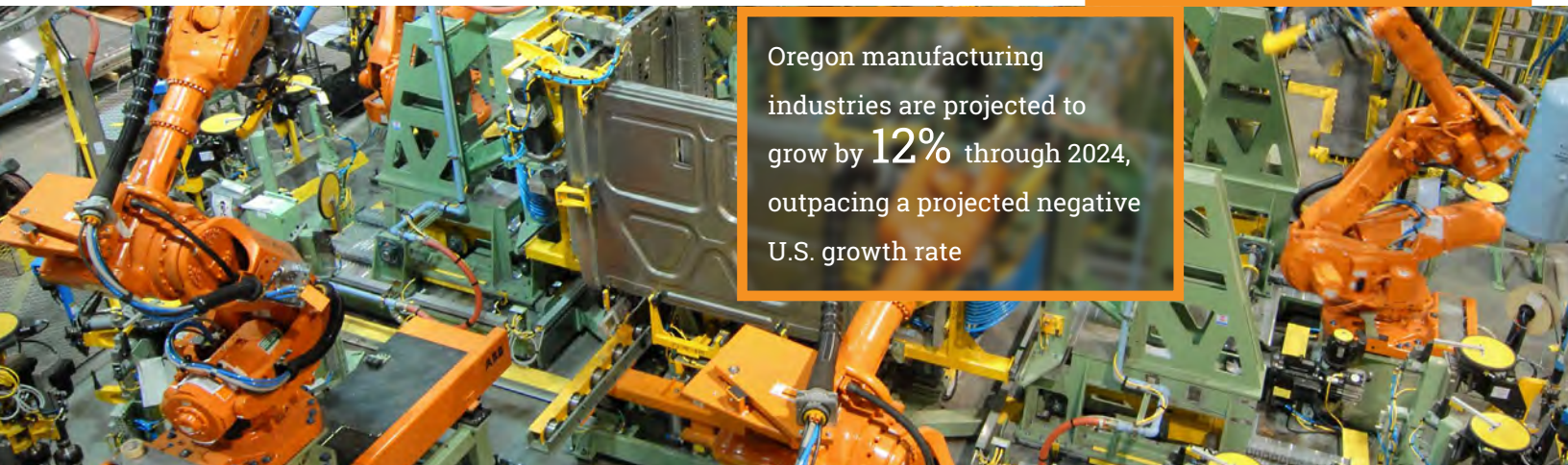
Individual firm success is often dependent on industry competitiveness. Industry clusters are a logical organizing principle to support traded-sector job growth in Oregon. Business Oregon’s role includes company retention, expansion and recruitment, global trade, business technical assistance, financial support, and targeted community infrastructure investments.

Manufacturing - Oregon & the Nation



(Sources: US Bureau of Economic Analysis, US Bureau of Labor Statistics, and Oregon Employment Department)

Over the past decade, **64%** of private sector growth came from small and middle-market companies.



Oregon manufacturing industries are projected to grow by **12%** through 2024, outpacing a projected negative U.S. growth rate

Business Oregon identified the following strategies and actions for growing Oregon-based small and middle-market companies.



Strategy:

Increase access to new sales markets.

Actions:

- Promote the importance of trade to Oregon's economy and market our industries, goods, and services abroad.
- Expand foreign sales of export-ready businesses through comprehensive trade promotion services, including travel grants, international sales plans, and trade missions.
- Connect Oregon goods and services to domestic consumer markets and rapidly expanding demographic (minority) markets.
- Support supply-chain certification and connect businesses to sales opportunities within large (Tier 1, OEM) manufacturing companies.



Strategy:

Attract businesses and foreign direct investment to grow target industries.

Actions:

- Evaluate Oregon target industry supply chains and fill gaps through targeted international and domestic business attraction.
- Revitalize stagnant Oregon businesses through strategic foreign investment, or merger and acquisition opportunities.



Strategy:

Enhance the competitiveness and productivity of small and middle-market manufacturing companies.

Actions:

- Increase access to business growth planning, succession planning, and lean production services for traditional manufacturing firms.
- Identify capital to help manufacturing firms purchase advanced technologies or new equipment to enhance production efficiency and quality.
- Connect business customers with local Workforce Investment Boards and partners to address workforce needs; align economic development and workforce strategies.



Strategy:

Prioritize infrastructure investments that directly promote business growth.

Actions:

- Identify and advocate for regionally significant infrastructure investments that connect Oregon products to growing domestic or international markets.
- Prioritize brownfield, industrial land, and public works investments that directly support job creation or expand shovel-ready sites across the state.





"We have two Oregons: one (urban) growing like gangbusters, which doesn't need Business Oregon's help. But rural is struggling, broadband is slow, roads need fixing, we are not attracting businesses."

– Mayor of Town in Eastern Oregon

Cultivate Rural Economic Stability

The rural-urban divide is real and growing in regions across the U.S. Oregon is no exception. As our economy is increasingly driven by innovation, advanced technologies, and highly skilled labor, it is also becoming more metropolitan. Significant headwinds exist that place rural communities at a disadvantage relative to urban areas. This includes a concentration of declining industries, out-migration of skilled workers, and a lack of access to growing economic markets. Over the last decade, employment in rural Oregon communities declined 1.4 percent, compared to a four percent increase in the state's small metros and 14.2 percent increase in large metros. In general, poverty levels in Oregon are higher in rural Oregon than the state's urban areas.

Despite those headwinds, rural Oregon is home to some of Oregon's most important industries such as agriculture; tourism; food and beverage processing; manufacturing; and forestry and wood products. And rural Oregon is vital to the cultural and social fabric of the state. In order for Oregon's economy to remain competitive long-term it is critical to focus on achieving rural economic stability. Inequities caused by geography and declining natural resource-based industries have undercut long-term economic growth. This reality requires Business Oregon and partners to adopt a regionally-focused approach tailored to meet the unique opportunities and challenges of the state's diverse rural communities. A one-size-fits-all approach will not suffice, no single overarching solution exists. Efforts to build local economic capacity; new models for encouraging business development; small business and entrepreneurship support; infrastructure investments targeted toward job creation; and connecting rural products to growing consumer markets will all be important.

While Portland metro job growth increased by 14.2%, rural Oregon saw job losses of -1.4% over the last decade



Business Oregon identified four strategies for stabilizing Oregon's rural economic base:



Strategy:

Enhance local economic development capacity in distressed rural communities.

Actions:

- Convene rural economic development and industry leaders to identify catalytic investments and establish a roadmap to guide funding and policy proposals.
- Develop new—and tailor existing—agency economic research and data analysis products so they are more accessible and relevant to rural communities.
- Leverage agency communications expertise, resources, and networks to assist rural communities with targeted business and industry marketing.
- Deliver enhanced economic development training and consultation services to rural communities to expand capacity and introduce best practices.



Strategy:

Expand business development to include non-traded sector companies and organizations.

Actions:

- Provide mentoring and financial support to main street small businesses in distressed rural or tourism-dependent communities.
- Identify opportunities to support and advocate for the long-term viability of anchor institutions (education, medical, cultural) in rural Oregon, particularly as it relates to access to quality jobs.
- Invest in arts and cultural programs to increase resident retention, promote tourism, and create more attractive and vibrant rural communities.



Strategy:

Promote an environment that supports entrepreneurship and small business growth.

Actions:

- Increase the capacity of local small business services and improve access to capital, technical assistance, and mentoring for rural small businesses.
- Build student entrepreneurship capacity within regional colleges and universities to promote invention and small business creation.
- Promote local sourcing of goods and services to large employers and anchor institutions.
- Help rural main street small businesses transition into the traded sector. Align business plan, product development, and marketing resources to establish sales opportunities beyond local community.

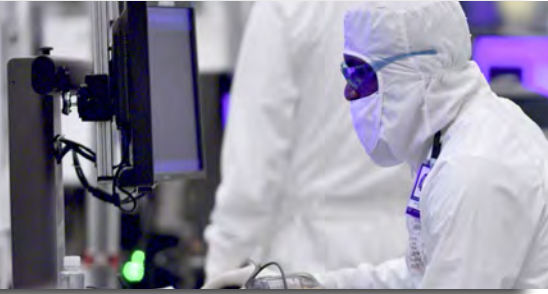


Strategy:

Connect rural communities to urban markets through targeted infrastructure investments.

Actions:

- Increase capital available for 21st century rural infrastructure such as broadband.
- Prioritize transportation, ports, and industrial land infrastructure investments that support commerce and the movement of goods from rural to urban markets.
- Invest in seismic, clean drinking water, wastewater, affordable workforce housing, and community infrastructure projects that result in a healthy, safe, and livable rural Oregon.



"Business Oregon needs to partner, invest, and collaborate with culturally specific economic development organizations to truly make an impact in supporting minority businesses, startups, and minority entrepreneurs."

– *Business Oregon Insights Report*

Advance Economic Opportunity for Underrepresented People

On the back of a strong economy, shared economic prosperity remains a significant issue for many Oregon residents from underrepresented communities, particularly people of color, immigrants, and our native and tribal populations. Expanding economic opportunity is not just a moral imperative, it is an economic growth imperative. With rates of non-white population growth exceeding white population rates, it is increasingly important that underrepresented communities have access to quality jobs and have opportunities to create wealth.

To ensure an inclusive and competitive economy it is critical that economic development explicitly invests in communities and populations that encounter significant systemic barriers to economic prosperity. Attracting, retaining, and developing a skilled workforce is the primary driver of business competitiveness. Increased ethnic and racial diversity is a competitive advantage, but Oregon must address educational and workforce development disparities to have a competitive labor pool. Similarly, disparities in multi-generation wealth is the primary obstacle within historically disadvantaged populations to ensure long-term prosperity.

943 firms in Oregon are certified as Minority Business Enterprise (MDB), a 9% increase over the previous year



Business Oregon identified the following strategies and actions to advance and support economic opportunities for underrepresented people in Oregon:



Strategy:

Connect people of color, immigrant populations, and native/tribal communities to jobs.

Actions:

- Invest in long-term partnerships and support culturally-focused organizations that seek to expand quality employment opportunities for underrepresented people.
- Seek opportunities to better align economic development and workforce development.
- Incent businesses to take a more direct and active role in apprenticeship or job training programs targeting underrepresented people.
- Enhance public benefits—diversity or local hiring, career ladder employment, community mentoring, etc.—through use of agency business loans, grants, and incentives agreements.

Nationwide,
minority-owned
companies are 22%
less likely to receive
venture capital



Strategy:

Foster wealth creation for underrepresented populations.

Actions:

- Increase access to capital for underrepresented entrepreneurs through targeted Oregon Growth Fund investments and the agency's early-stage loans and grants.
- Proactively identify small businesses led by underrepresented people and connect them to in-house or partner-delivered technical assistance and mentoring programs.
- Increase certification of disadvantaged minority-, woman-, and veteran-owned firms. Work with government procurement partners to proactively connect firms to public contracting opportunities.
- Improve access to business development programs for limited-English speakers by providing outreach, materials, and technical assistance in multiple languages.

Black, Native American,
and Hispanic Oregonians
earn significantly less
than the average industry
wage in most sectors

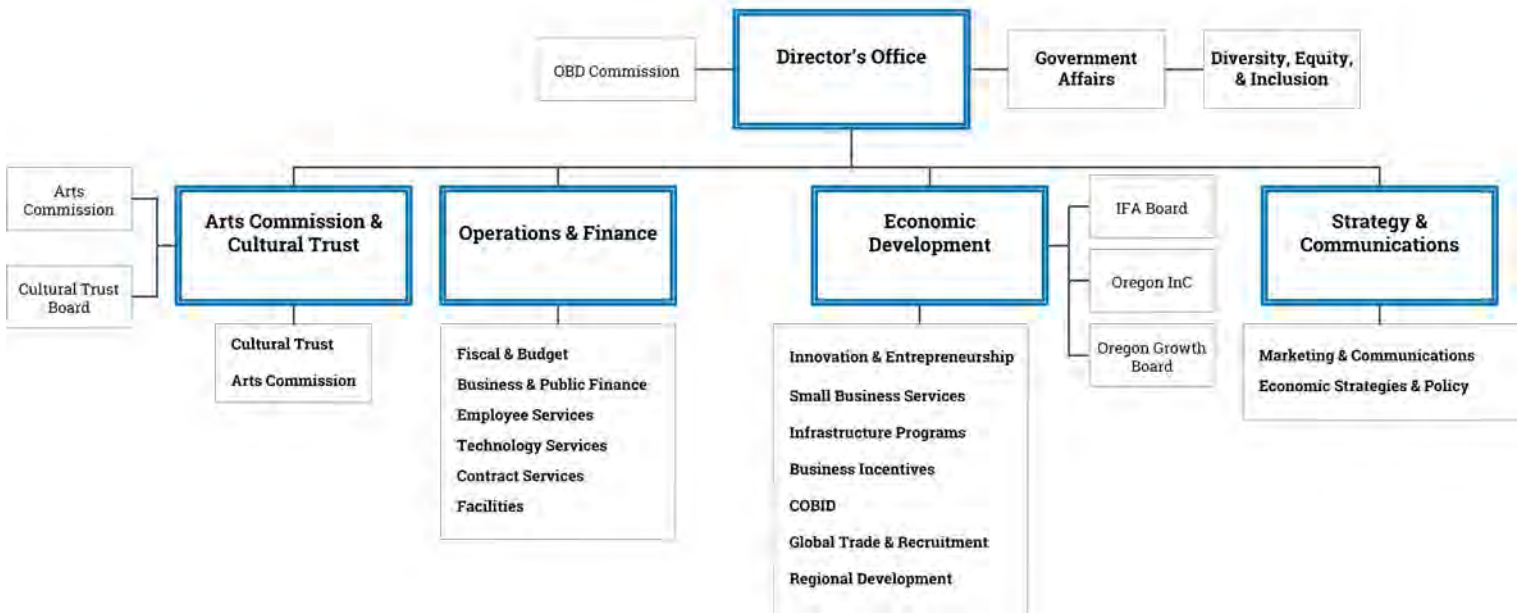


Ensure an Inclusive, Transparent, and Fiscally Healthy Organization

Business Oregon will model our new organizational values in how we operate as an agency. Agility, accountability, collaboration, respectfulness, and taking initiative will drive our work. We are also a learning agency. Recent audits, ongoing stakeholder feedback, and insights from our strategic planning process indicate an opportunity to improve the transparency of our investments and the need to better market the agency’s programs and services to our customers. Ultimately, we desire to be an employer of choice and are committed to being grounded in the principles of diversity, equity, and inclusion.

“They have an outstanding, dedicated, and professional staff that have been serving businesses and communities. The continuity of this service has been a real asset.”

– Business Oregon Insights Report



All these insights led to three strategies that will help ensure Business Oregon is an inclusive, transparent, and fiscally healthy organization:



Strategy:

Be transparent, accountable, and a good steward of public resources.

Actions:

- Maximize agency website and media tools to regularly report and communicate programmatic and financial investment outcomes.
- Conduct routine internal reviews of programs to assess overall performance and effectiveness.
- Safeguard public resources through strong internal controls, audits, and compliance with policies and procedures.
- Strengthen relationships with local economic development partners to improve access to agency services around the state.
- Promote the Oregon economy and agency brand and services through targeted media and communications outreach, highlighting initiatives that support the priorities of this strategic plan.



Strategy:

Be a sustainable and cohesive agency where all employees feel valued and understand how they contribute to the mission.

Actions:

- Identify and secure sustainable funding for Business Oregon programs, initiatives, and operations, including opportunities for cost-recovery and revenue generation.
- Align annual agency, division, and team work plans and budgets with Business Oregon's Strategic Plan to ensure progress toward agency strategic priorities.
- Establish an internal employee job shadow/exchange program to support intra-agency understanding and cross-training for operational resiliency.
- Establish an internal innovation team to empower staff-directed initiatives designed to improve agency culture, operations, team collaboration, and service delivery.



Strategy:

Be a welcoming agency that empowers employees and is inclusive of Oregon's cultural diversity.

Actions:

- Develop a diversity, equity, and inclusion (DEI) plan—including the launch of a cross-agency DEI council—to help Business Oregon become more welcoming to diverse populations and to elevate the agency's work within underrepresented communities.
- Offer professional development training to educate and create a shared understanding of agency values.

Actions:

- Evaluate and update hiring, promotion, and employee development practices to ensure the agency reflects the ethnic and cultural diversity of Oregon.
- Cultivate a diverse pipeline of economic development professionals in Oregon by offering educational and professional development opportunities.



Metrics are a vital part of understanding and tracking the impact of our work, including the efficient use of agency resources and the effective delivery of programs and services to customers. The metrics in this plan include a set of indirect macroeconomic indicators to understand the context of agency work and illustrate the health and direction of Oregon's economy. There are also direct metrics that reflect outcomes of the agency's actions to track impact and effectiveness of the strategies in place.

This strategic plan sets forth a new direction for the agency, therefore how the agency measures success will also need to be updated. In general, success will be measured by the quality of our impacts and outcomes as opposed to quantity and output. This approach will enable the agency to prioritize investments that have long-term economic impacts or proactively tackle Oregon's more systemic economic issues. Specific, targeted metrics will allow for a better understanding of the true outcomes of the agency's work, and for strategy adjustments along the way if desired outcomes are not being realized. Certain metrics are new and corresponding methodologies and baseline targets will be established for future tracking.



State Economic Indicators

Oregon's Innovation Index Score

The Oregon Innovation Index is a composite and weighted sum of 20 different indicators that measure the state's innovation economy and competitiveness. In 2016, Oregon's Innovation Index score was 67 (out of 100).

Oregon Employment Growth

Employment growth measures the annual rate of change of jobs in the state. We will also track subsets of this indicator related to rural employment and non-white employment. In 2016, Oregon's employment growth rate was 3.1 percent.

(U.S. Census Bureau, Local Employment Dynamics)

Total Oregon Exports

Oregon exports measures the value of all Oregon goods exported internationally. In 2016, the value of all Oregon exports was \$21.8 billion.

(U.S. Census Bureau, Foreign Trade Division)

Oregon Wage Growth

Wage growth measures the annual inflation adjusted rate of change of the average wage paid to workers in Oregon. We will also track subsets of this indicator related to rural wages and non-white wages. In 2016, Oregon's wage growth rate was 1.2 percent.

(U.S. Census Bureau, Local Employment Dynamics; U.S. Bureau of Economic Analysis, National Income and Product Account)





Priority Metrics

Innovate Oregon's Economy

Federal and corporate R&D funds leveraged by our investment

 Total amount invested and leveraged in Oregon small businesses and startups

Grow Small and Middle-market Companies

Total company sales resulting from market access programs (KPM 4)

 Jobs created and retained resulting from business development activities (KPM 1 & 2), including accessible middle- and high-wage jobs

Cultivate Rural Economic Stability

Jobs created and retained in rural Oregon resulting from business development activities, including accessible middle- and high-wage jobs

 Percentage of rural small businesses or startups receiving financial assistance from agency that transition to traditional or follow-on financing

 Number and dollar value of infrastructure projects specifically related to economic development (KPM 9)

Advance Opportunities for Underrepresented People

Number and percentage of minority-owned firms utilizing agency business development services (financial and technical assistance)

 Number and percentage of minority-owned firms receiving financial assistance that transition to traditional or follow-on financing

 Number and value of public contracts awarded to COBID certified firms

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

External customer satisfaction survey score (KPM 10)

 Employee engagement survey score

NOTE: Business Oregon also has legislatively-prescribed Key Performance Measures (KPMs) which the agency reports.



Appendix: Glossary of Terms

Accessible middle-wage jobs: Business Oregon is defining accessible middle-wage jobs as those that do not require a four-year college degree and pay at or above the local county average wage; or if they do not meet the county average wage, provide a clear path for employee advancement.

Distressed Rural: Distressed rural are a subset of the total distressed areas identified by Business Oregon. Analysis of the unemployment rate, per capita personal income, average wage growth, employment growth, educational attainment, and poverty rate are used in the methodology to identify distressed counties and cities.

DEI: (acronym) Diversity, equity and inclusion.

FDI: (acronym) Foreign direct investment is an investment made by a company in one country into business interests in another country (i.e. establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.)

High-growth potential: A company's future potential ability to generate high revenues at a faster rate than the overall economy and to grow/ramp-up its work force to meet demand.

High-wage jobs: Jobs that pay at or above 150 percent of the county or statewide average wage.

KPM: (acronym) Key Performance Measures (KPMs) are established by the Oregon Legislature to demonstrate the agency's progress towards achieving its mission. Business Oregon has 10 legislatively mandated KPMs.

Macroeconomic: Regarding the part of economics concerned with large-scale or general economic factors, such as interest rates and national productivity.

Middle-market: Middle-market firms refer to companies with annual revenue profiles that fall centrally within the market in which they operate. At the national level, this is generally between \$10 million and \$1 billion in revenue. When revenue information is not readily available, employment size can be used as a proxy and is generally between 20 to 499 employees. The majority of Oregon's middle-market is dominated by companies employing between 20 to 100 people.

Oregon Growth Board: Board that administers investments through the Oregon Growth Fund and Oregon Growth Account, as well as enhances opportunities to leverage and attract additional capital in Oregon to support business development.

Oregon InC: The Oregon Innovation Council (Oregon InC) is an innovation funding model within Business Oregon that supports unique initiatives and state signature research facilities, all advised by a public-private council.

R&D: (acronym) Research and development.

Rural: For programmatic purposes, Business Oregon defines rural as areas outside of the metros and with populations less than 30,000 (ORS 285A.010). For reporting purposes, we define rural as those counties not including a Metropolitan Statistical Area.

Small business: While the Small Business Administration defines small business as companies that employ up to 1,500 people, for the purposes of this plan, Business Oregon will define a small business as one that employs 20 or less people and can generally function within the traditional banking and financing system. Unlike the middle-market category, our definition of small business is not about revenue, but rather the number of employees within the company.

Startup: A company that has potential for high employment and revenue growth, often utilizes angel and/or venture funding as part of its scale-up strategy, and is less than 10 years old.

Supply-chain: The entire network of interlinked entities serving the same consumer or customer. It comprises of vendors that supply raw material, producers who convert the material into products, warehouses that store, distribution centers that deliver to the retailers, and retailers who bring the product to the ultimate user.

Target industries: Oregon's target industries are identified through extensive comparative analysis and provide Oregon with the best opportunities for growth, innovation, high wages, competitiveness, and statewide prosperity. Oregon's six target industries include food & beverage, outdoor gear & apparel, forest & wood products, advanced manufacturing, business services, and high-tech.

Technical assistance: Technical assistance is defined as providing on-going consultation and/or non-financial assistance to help a company, community, or individual with a specific project or outcome. This assistance can include training, workshops, research gathering, business planning consultation, and introducing clients to outside resources to further their project or outcome.

Traded sector: Industry sectors whose output in terms of goods and services are traded internationally or domestically, or could be traded internationally given a plausible variation in relative prices.

Underrepresented: Describes a variety of populations who have historically comprised a minority of the U.S. population are growing in size and influence. This plan emphasizes efforts to support people of color, native and/or tribal populations, and immigrants in Oregon.

Venture capital: Capital invested in a project in which there is a substantial element of risk, typically a new or expanding business.

Key Performance Measurements

The Oregon Legislature established a set of 10 KPMs to assess Business Oregon's impact. These KPMs track outcomes and outputs directly resulting from the agency's programs and services to customers.

Business Oregon's KPMs are:

KPM 1	Number of jobs created
KMP 2	Number of jobs retained
KPM 3	Personal income tax generated
KPM 4	New export sales from assisted clients
KPM 5	Amount and number of federal contracts awarded to those receiving GCAP assistance
KPM 6	Number of new industrial sites/acres certified "project ready"
KPM 7	Number of community capital projects assisted for planning (infrastructure, community, and organizational)
KPM 8	Number of community capital construction financing projects that address public health and safety issues
KPM 9	Number of community capital construction financing projects that assist with future economic development
KPM 10	Customer service survey score



oregon4biz.com



OREGON FILM & VIDEO OFFICE

Legislative Briefing – Ways & Means [2017-2019 Biennium]

STATUTORY AUTHORITY AND MISSION

The Oregon Film & Video Office (OFVO) is a semi-independent state agency, created by statutory authority under ORS 284.300 to 285.375.

The mission of the Film & Video Office is to promote statewide development of the film, video and multimedia industry in Oregon and to enhance the industry's revenues, profile, and reputation within Oregon and among the industry nationally and internationally.

WHAT WE DO

With a staff of 4 FTE and a 2017-2019 biennial budget of \$1,207,545 we:

- Market Oregon as a filming location, recruit out-of-state productions, and serve as a liaison to the productions to help navigate permits, access or other production-related concerns
- Support and build on a thriving indigenous film, video, and multimedia industry
- Administrate Oregon Production Investment Fund (OPIF) and Greenlight Oregon (GOLR) incentive programs
- Support and advise the state's public and private higher educational institutions as they prepare their students for a future in the media industry
- Track and report on the economic impact of the industry and industry-related programs
- Work with other governmental entities to create and streamline filming regulations
- Build partnerships with local communities and other state agencies
- Provide consumer protection information
- Serve as a spokesperson for the industry, both within and outside of the State
- Event sponsorship, participation and promotion
- Community Development

BENEFITS TO OREGON

The film and video industry benefits Oregon in a wide variety of ways:

- **Economic Impact.** Due to increase in activity over the 2015-2017 biennium, the direct spending on film and television production has continued to rise.

Tracked Qualified Spending on Film and Media Production in Oregon for the 2015-2017 Biennium was over \$330million, we expect that number to increase to over \$350million for the 2017-2019 biennium.

This does not include many commercial productions which do not come through the incentive system and still shoot here in the state. This is estimated at more than 100 productions or various sizes per year.

- **Industry revenue is spread throughout various sectors of the economy.** The average film or television production does significant business with hundreds of local vendors per production including hotels, rental cars, lumber yards, hardware stores, office supplies, clothing stores, furniture and antique stores, grip and lighting equipment, and many more.
- **Economic impact is felt throughout the state.** With the addition of our new "regional" incentive program passed during the 2017 session, the impact of this industry is felt statewide. Productions like Netflix's EVERYTHING SUCKS! and THE OA shooting in La Pine, Fort Rock, Bend and Pacific City; TNT's ANGIE TRIBECA shooting an episode on Mt. Hood; ABC's pilot for STATIES shooting in Manzanita; and the feature film PHOENIX, OR shooting in Klamath Falls, are utilizing local crew, purchasing from local vendors and staying in local hotels.
- **The film and television industry provides living wage jobs with benefits.** On the television series that are in production in Oregon, the average hourly wage is over \$25/hour. A full time worker can earn health benefits for up to two years on one television production.
- **Promotional value** – The film and television industry in Oregon is now 110 years old and the projects that have utilized Oregon crews and locations still draw tourists from every part of the world. PAINT YOUR WAGON and ANIMAL HOUSE celebrated their 50th and 40th anniversaries in 2018 and they still continue to serve as a tourist destination in Baker and Lane counties. In addition, in honor of its own 50th anniversary in 2018, OFVO worked PDX Airport and Travel Oregon to create a 160' long exhibit in the south foot tunnel that features more than 20 #Oregon Made film posters and a commissioned mural that celebrates the location diversity of the state from sun-up to sundown. Newer promotional opportunities have also come from award winning features like LEAN ON PETE (Harney Co) and LEAVE NO TRACE (Estacada and Newburg).

OREGON FILM & VIDEO OFFICE

Legislative Briefing [2017-2019 Biennium] (cont.)

During the 2017-2019 biennium, the Oregon Film & Video Office has successfully recruited and assisted numerous film and television projects here in Oregon. The following are a few examples of successful projects produced throughout Oregon in the last two years:

LEAVE NO TRACE (FEATURE FILM)

The independent feature LEAVE NO TRACE by Oscar nominated director Debra Granik is based on a novel by Portland author Peter Rock and shot in Estacada and Newburg was released in June 2018.

BAD SAMARITAN (FEATURE FILM)

The visceral feature film starring David Tennant and directed by Dean Devin shot in Portland and Sandy and was released in 2018.

MISSING LINK (FEATURE FILM)

This critically acclaimed stop-motion animated feature is the fifth from Hillsboro-based Laika who consistently get nominated for Academy Awards.

AMERICAN VANDAL (SEASON 2)

The Funny or Die, CBS and Netflix series was the most “binge watched” program on Netflix in 2017, and the second, PNW set season was shot entirely in Oregon.

THE PERFECTIONISTS (SEASON 1)

This spin-off series from the very popular “PRETTY LITTLE LIARS” creators shot its pilot in Oregon in the Spring of 2018 and was picked up for a 10 episode season, also shooting in Oregon.

INTERACTIVE GAME DEVELOPMENT

During the 2017-2019 biennium, interactive game companies grew in clusters in places like Eugene, Oregon City, Bend and Portland. Many of these in-state headquartered companies have utilized our programs to develop and complete numerous original games leading to the growth of a permanent workforce. A total of 10 new interactive projects were incentivized - nearly \$5M of in-state spend was incentivized.

#OREGONMADE CREATIVE FOUNDATION

As part of OFVO’s effort to reach individual talent that is not being directly impacted by our incentive programs, OFVO started a separate non-profit called the #OregonMade Creative Foundation. Utilizing unique partnerships to both finance and promote these specially designed programs the OMCF has created and awarded an Outdoor Diversity Film Grant, an Animation Apprenticeship Program, a Playa Screenwriting Residency program and a Post-Production Film grant with partners like Travel Oregon, Prosper Portland, Danner Boots, Playa Summer Lake, the Northwest Film Center and the Portland Film Office. The OMCF has also started a unique theatrical distribution program called the Portland Circuit that gives local filmmakers a chance to show their films in a theatre on a one-week run at now expense to them – this program should soon be expanded statewide. *Find out more [OregonMade.org](https://oregonmade.org)*



OREGON FILM FESTIVALS

Working closely with the Community Service Center at the University of Oregon and Travel Oregon, OFVO was able to publish a report detailing the true economic and personal impact of the many film festivals that happen across the state. OFVO travels and attends most of these festivals on an annual basis as a way to keep up with the filmmaking community in all parts of that state. This report shows the amounts of money being spent in place like Bend, Ashland, La Grande, and Klamath for accommodation, food and transport and underlines the passed-along value of the content and content creators working in and coming into the state. This report can be found on the “About Us” page on our site and also through this direct link: <https://oregonfilm.org/wp-content/uploads/2017/10/Oregon-Film-Festival-Impacts-FINAL.pdf>

COMMEMORATION OF SUCCESSFUL PROJECTS

OFVO worked with our partners at NBC, Comcast, IFC and Broadway Video to create and install several physical commemorations to celebrate the 6 years of the NBC series GRIMM and 8 years of the IFC/Broadway Video series PORTLANDIA. A special plaque was dedicated in North Portland’s Pier Park with the help of the park staff, Friends of Trees and the Friends of Pier Park to recognize one of the main shooting locations for GRIMM. In addition, a specially designed bike rack and “Mr. Mayor” plaque was built and installed in Portland City Hall to recognize the many scenes shot in and around that location for the Emmy Award winning series PORTLANDIA.

ANIMATION

Oregon’s leadership in world class animation continued to grow during the last biennium. Animated series from Portland based ShadowMachine included THE SHIVERING TRUTH and DALLAS & ROBO. In addition House Special continue its award winning commercial work for clients like M&Ms which included a high profile Super Bowl ad. A new PNW set animated feature from Oscar nominated Laika called MISSING LINK will be released in 2019.

OREGON FILM TRAIL

OFVO is working with the City of Astoria, the Oregon Coast Visitors Association and Travel Oregon to erect a series of specially designed signs commemorating the locations off films shot in and around the Astoria area – including SHORT CIRCUIT, KINDERGARDEN COP and THE GOONIES. In addition, OFVO has partnered with OPRD to erect a similar sign in Gleneden SP along with the planting of 50 new trees to commemorate 50 years of partnership between the two agencies and the production of the Paul Newman Feature Film SOMETIMES A GREAT NOTION based on the book by Oregon author Ken Kesey and shot in and around nearby Lincoln City.

NEW #OREGONMADE PRODUCTIONS

During the 2017-2019 biennium OFVO welcomed several new television series to the state. These include THE PERFECTIONISTS (10 Episodes, Warner Horizon), AMERICAN VANDAL (8 episodes, Netflix), DOCUMENTARY NOW! (6 episodes, IFC/BV), SHRILL (6 episodes, Hulu), TRINKETS (10 episodes, Netflix), IN THE VAULT (6 episodes, Complex Networks), and THE OA (3 episodes, Netflix). We look forward to welcoming all of these ongoing series back for their subsequent seasons.

TRANSPARENCY

OFVO’s budgets, economic impact reports and other data about our office can be found on our website at [OregonFilm.org/about-us](https://oregonfilm.org/about-us). Data related to incentive rebates and tax credit auctions can be found on our Transparency Site - https://www.oregon.gov/transparency/Pages/Economic_Development.aspx - [Office of Film & Television](https://www.oregon.gov/governor/27s/Office_of_Film_%26_Television)

For more information, visit [OregonFilm.org](https://oregonfilm.org).

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2017-19 & 2019-21 BIENNIA

Agency: Oregon Business Development Department
 Contact Person (Name & Phone #): Jenny Wilfong, CFO 503-986-0018
 January 11, 2019

(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or Statutory reference	(f) (g) 2017-19 Ending Balance		(h) (i) 2019-21 Ending Balance		(j) Comments
					In LAB	Revised	In CSL	Revised	
Limited	110-00-00-00000	0401/0927 Misc Receipts	Operations	ORS 285A.200	0	262,600	1,089,169	522,310	Fund balance is used for Operations other fund operations expenditures. Balance is also used to fund agency payroll and operating costs during the first quarter of the biennium before lottery revenues are received.
Limited	210-00-00-00000	0927 Business, Innovation & Trade Fund/Miscellaneous Receipts	Operations	ORS 285A.227	541,076	640,872	183,518	283,311	Fund balance is used for Business, Innovation & Trade other fund operations and unallocated expenditures.
Limited	210-00-00-00000	0927 New Market Tax Credit Program	Operations	ORS 285C.650	54,841	59,318	73,471	77,948	Balance of NMTC fees used for program administration. Program in not still active but existing funds will be used in BITD operations.
Limited	210-00-00-00000	0927 Industrial Development Bond Program	Operations	ORS 285B.236	0	1,825	0	0	IDB fees received are used to fund program administration.
Limited	210-00-00-00000	0927 Office of Minority, Women and Emerging Small Business	Operations	ORS 200.055	66,932	250,174	577,773	127,261	2017-19 projected fund ending balance revised is higher than in 17-19 LAB, due to vacancy savings for part of the biennium, but will be utilized by a double fill for several months of the current biennium and into the 2019-21 biennium.
Limited	210-00-00-00000	0412 Business Retention	Grant Fund	ORS 285A.200	0	64,150	64,674	0	Estimated revised ending balance is higher than budgeted balances due to larger balances carried forward from the 2015-17 biennium.
Limited	210-00-00-00000	0541 Capital Access Fund	Loan Program	ORS 285B.119	535,986	433,706	22,721	0	Estimated revised ending balances are lower than budgeted due to variances between budgeted limitation and actual disbursements; program expenses are expected to increase in the 2019-21. Program was also capitalized with federal SSBCI grant funds creating increased other fund revenues.
Nonlimited	210-00-00-00000	0471/1077/1425 Oregon Business Development Fund (OBDF)	Loan Program	ORS 285B.092	0	22,528,672	16,273,095	14,017,167	Principal payments have increased significantly due to payoffs but program expenses are expected to increase in the 2019-21 biennium. Program was also capitalized with federal SSBCI grant funds creating increased other fund revenues. Also, more utilization may occur with pending potential future recession looming.
Nonlimited	210-00-00-00000	Development Loan Fund (EDLF)	Loan Program	ORS 285B.758	1,882,502	1,772,637	1,808,206	1,732,459	Estimated revised ending balances are lower than budgeted but not materially. No anomalies noted.
Nonlimited	210-00-00-00000	0654/1426 Credit Enhancement Fund (CEF)	Loan Program	ORS 285B.215	0	0	0	0	Expenditure limitation is only required when claims for defaulted loans are paid. Claims are estimated at less than the limitation included in the 17-19 and 19-21 budgets. Program was also capitalized with federal SSBCI grant funds creating increased other fund revenues.
Limited	210-00-00-00000	0921 Strategic Reserve Fund	Grant Fund/Loan Program	ORS 285B.266	503,675	2,509,784	0	1,841,177	Estimated revised ending balances are higher than budgeted balances due to larger balances carried forward from the 2015-17 biennium that were not expended as expected, we had a return of funding from a few projects as well in 17-19 that significantly increased this balance. No other increases are expected currently.
Limited	210-00-00-00000	1254 Industry Competitiveness Fund	Grant Fund	ORS 285B.290	1,555	36,856	0	0	ICF grant repayments and interest earnings.
Limited	210-00-00-00000	Oregon Growth Fund			304,100	283,845	228,823	249,078	All loan repayments and interest earned on loans.
Limited	210-00-00-00000	Oregon Metals Initiative (OMIC)			48,228	500,000	0	500,000	Funds with the Connect Oregon one time funding that may not be spent on OMIC operations.
Limited	300-00-00-00000	1500 Oregon Broadband Advisory Council Fund	Other	Section 3, chapter 782, Oregon Laws 2009	4,704	4,637	4,662	0	Funds used to support the Oregon Broadband Advisory Council.
Nonlimited	300-00-00-00000	0768/1027/1218 Brownfields Redevelopment Loan Fund	Loan Program	ORS 285A.188	6,661,354	3,176,678	5,177,405	1,692,729	Estimated revised ending balances are lower than budgeted due to several grants being given in the 17-19 biennium. EPA funds for Brownfields Redevelopment Loan Fund
Limited	300-00-00-00000	0433/0655/0473 Special Public Works Fund (SPWF) Water/Wastewater Fund (WF) Oregon Port Revolving Loan Fund Administration	Operations	ORS 285A.096	260,636	0	864,846	604,210	Funds transferred annually from nonlimited revolving funds to limited administration funds for IFA operations. No ending balance projected; however, any balances that did remain at the end of a biennium would reduce the amount of the following biennium's budgeted transfer.
Nonlimited	300-00-00-00000	0433/0995/0996/0997/1027/1044/1157/1719/1720/1804 Special Public Works Fund (SPWF)	Loan Program	ORS 285B.410-285B.479 and 285B.482	77,408,667	75,366,043	90,176,251	46,768,155	Estimated revised ending balances are lower than budgeted a very minimal amount. Recapitalizations of the fund are included in total revenue and total expenditures for the biennium. Infrastructure projects take on average 3 years to disburse and don't use all of the limitation in the first biennium (especially when the bond sale is in the last quarter). This results in larger amounts of cash carryover due to timing.

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2017-19 & 2019-21 BIENNIA

Agency: Oregon Business Development Department
 Contact Person (Name & Phone #): Jenny Wilfong, CFO 503-986-0018
 January 11, 2019

(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or Statutory reference	(f) 2017-19 Ending Balance		(g) 2019-21 Ending Balance		(i) Comments
					In LAB	Revised	In CSL	Revised	
Nonlimited	300-00-00-00000	0655/0995/0996/1027/1044/1075 Water/Wastewater Fund (WF)	Loan Program	ORS 285B.560-285B.599 and 285B.482	5,991,560	9,026,571	158,845	3,035,011	Estimated revised ending balances are higher than budgeted balances due to higher than budgeted loan repayments in the fund. SPWF capitalizes the fund.
Limited	300-00-00-00000	0809 Safe Drinking Water Revolving Loan Fund (SDW) Administration	Operations	ORS 285A.213	0	0	0	0	Safe Drinking Water administrative expenses reimbursed by Oregon Health Authority after incurred (other as federal funds).
Nonlimited	300-00-00-00000	0797/1027/1068/1069/ 1075 Safe Drinking Water Revolving Loan Fund (SDW)	Loan Program	ORS 285A.213	55,209,503	63,853,093		41,947,683	Estimated revised ending balances are higher than budgeted balances due to larger balances carried forward from the 2015-17 biennium and the variance between budgeted limitation and actual disbursements. Safe Drinking Water Fund is committed to existing projects.
Limited	300-00-00-00000	0510 Port Planning and Marketing Fund	Grant Fund	ORS 285A.654	857,743	967,253	864,846	1,314,039	Estimated revised ending balances are higher than budgeted balances due to larger balances carried forward from the 2015-17 biennium. Increased balance will reduce 2017-19 transfers from the Port Revolving Fund. Fund is committed to existing projects.
Nonlimited	300-00-00-00000	0473/1133/1309/1516 Oregon Port Revolving Loan Fund/Marine Navigation Improvement Fund	Loan Program	ORS 285A.708 & ORS 777.267		8,765,910		3,647,332	Estimated revised ending balances are higher than budgeted due to \$3 million 2015 lottery bond sale that was not disbursed. As well as \$3.5m in the revolving loan fund for ports, as well as \$2m that was returned by the Army Corps of unused funds from the prior biennia.
Limited	300-00-00-00000	1334/Oregon Infrastructure Finance Fund	Other	ORS 285A.103	1,676	587	0	0	Infrastructure Finance Authority miscellaneous receipts balance.
Limited	300-00-00-00000	1718/Regional Infrastructure Fund	Grant Fund	Section 3, chapter 786, Oregon Laws 2013	649,987	3,994,406	0	2,659,627	\$6.5m was phased into the 2017-19 biennium during Agency Request for the proceeds projected to not be spent in the 2015-17 biennium. All proceeds expected to be spent in the 2017-19 biennium but will not be; therefore funds carried over as well as a \$4m bond sale in April, 2019 that will have unexpended bonding.
Limited	300-00-00-00000	1523/1524/1570/1590/1672/1673/1817/1818 Seismic Rehabilitation Grant Program	Grant Fund	ORS 401.910	1,720,733	76,359,269	0		Treasury funds exist from prior bond sales as well as upcoming sales that are committed to projects and currently being disbursed. New treasury funds will be established when bonds are sold.
Debt Service Nonlimited	300-00-00-00000	9999 Bank of New York Cash in Bank SPWF/WF Revenue Bond Debt Service	Other		3,722,545	2,129,408	3,800,744	2,207,607	Balance of debt service reserves for SPWF and WF revenue bonds
Limited	600-00-00-00000	1085 Cultural Trust	Trust Fund	ORS 359.405	34,037,111	28,444,847	34,606,662	32,627,897	The Trust for the Cultural Development Account is currently invested in the Oregon Intermediate Term Pool (OITP) at Oregon State Treasury. The revised ending balances are higher than the budgeted balances because the total expended by the Trust is limited to the distribution formula established in ORS 359.426 and not the total limitation in the budget. Historically, budgeted limitation has been higher than the amount distributed; however, the limitation provides the Trust the ability to disburse required amounts even if donations and investment earnings increase.
Limited	600-00-00-00000	1138 Arts Trust Account	Operations	ORS 359.120	610,928	204,504	376,964	403,283	Fund is used for the Oregon Arts Commission percent for art administration expenditures as well as disbursing grants received from the Oregon Cultural Trust, Ford Family Foundation and other donations/grants.
Limited	600-00-00-00000	1713/1715/1716/1717 Arts Special Projects	Grant Fund	Section 5, chapter 786, Oregon Laws 2013	20,988	1,171,437	0	0	Selling Bonding for projects in April, 2019 for Portland Art Museum, Oregon Caves & Chateau-Restoration, and Eugene Ballet, not all proceeds will be fully spent this biennium.

Projects in SD 3/Sen. Golden

Business Oregon

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Innovate Oregon's Economy

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Cultivate Rural Economic Stability

Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in SD 3 from 7/2016-1/2019

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Oregon Business Development Fund	The Rogue Winery LLC	Financing Balloon payment from loan #4797-01-01	\$45,177	Loan
Safe Drinking Water Fund	City of Talent	New 2.0MG Treated Water Reservoir	\$1,030,000	Forgivable Loan
	City of Talent	New 2.0MG Treated Water Reservoir	\$2,109,000	Loan
	Medford Water Commission	Drinking Water Source Protection Project	\$30,000	Grants
	City of Ashland	New 2.5 MG Water Treatment Plant	\$13,781,865	Loan
	City of Ashland	New 2.5 MG Water Treatment Plant	\$1,030,000	Forgivable Loan
Seismic Rehabilitation Grant Program	Medford School District 549C	Griffin Creek Elementary School Seismic Rehab	\$1,498,160	Grants
	Medford School District 549C	Hoover Elementary School Seismic Rehab	\$1,498,345	Grants
	Medford School District 549C	Howard Elementary School Seismic Rehab	\$1,498,690	Grants
	Medford School District 549C	Ruch Elementary Seismic Rehab	\$1,477,100	Grants
Export Promotion	Valley View Winery	European Tasting Events and Pro Wein 2018	\$2,892.82	Grants
	Global Cache	Integrate - Sydney	\$1,638.92	Grants
	Sunday Afternoons	OutDoor 2017 - Friedrichshafen	\$8,884.73	Grants
	Valley View Winery	Trade Tasting - Toronto	\$1,015.93	Grants
	Sunday Afternoons	ISPO Munich 2018	\$9,097.11	Grants
	Valley View Winery	Oregon & Washington Wine Trade Show - Osaka/Tokyo	\$2,771.88	Grants
	Sunday Afternoons	OutDoor 2018	\$10,000.00	Grants

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Arts Learning	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$11,025	Grants
Cultural Development	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$17,780	Grants
Operating Support	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$3,868	Grants
	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$5,037	Grants
Small Operating	Dancing People Company	Arts/Cultural Trust project	\$2,520	Grants
Arts Access Reimbursement	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$1,000	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$1,000	Grants
	Southern Oregon Film Society	Arts/Cultural Trust project	\$275	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$1,000	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$1,000	Grants
Art Acquisition	Southern Oregon University Foundation	Arts/Cultural Trust project	\$10,800	Grants
Arts Build Communities	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$6,300	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$7,000	Grants
Arts Learning	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$12,009	Grants
	Stories Alive	Arts/Cultural Trust project	\$10,116	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$11,944	Grants
Cultural Development	Southern Oregon University Foundation	Arts/Cultural Trust project	\$6,255	Grants
	Southern Oregon Film Society	Arts/Cultural Trust project	\$7,971	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$40,000	Grants
	JPR Foundation Inc	Arts/Cultural Trust project	\$13,233	Grants
	Rogue World Music	Arts/Cultural Trust project	\$5,000	Grants
	Southern Oregon Film Society	Arts/Cultural Trust project	\$11,567	Grants
	Southern Oregon University Foundation	Arts/Cultural Trust project	\$20,124	Grants
	Talent Historical Society	Arts/Cultural Trust project	\$6,109	Grants
Career Opportunity	Christine Carpenter	Arts/Cultural Trust project	\$1,500	Grants
	Ethan Gans-Morse	Arts/Cultural Trust project	\$1,500	Grants
	Robert Arellano	Arts/Cultural Trust project	\$1,500	Grants
Individual Artist Fellowship	Leah Anderson	Arts/Cultural Trust project	\$3,000	Grants
Operating Support	Ashland Artisan Gallery & Art Center	Arts/Cultural Trust project	\$3,500	Grants

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Operating Support continued	Southern Oregon University Foundation	Arts/Cultural Trust project	\$6,678	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$44,096	Grants
	Peter Britt Gardens Music & Arts Festival Association	Arts/Cultural Trust project	\$5,771	Grants
	Southern Oregon Film Society	Arts/Cultural Trust project	\$5,391	Grants
	Oregon Shakespeare Festival Association	Arts/Cultural Trust project	\$35,000	Grants
	Ashland Artisan Gallery & Art Center	Arts/Cultural Trust project	\$3,500	Grants
	Southern Oregon University Foundation	Arts/Cultural Trust project	\$6,023	Grants
	Southern Oregon Film Society	Arts/Cultural Trust project	\$4,584	Grants
Small Operating	Ashland New Plays Festival	Arts/Cultural Trust project	\$1,340	Grants
	Siskiyou Music Project	Arts/Cultural Trust project	\$1,340	Grants
	Stories Alive	Arts/Cultural Trust project	\$1,340	Grants
	Ashland New Plays Festival	Arts/Cultural Trust project	\$1,230	Grants
	Rogue World Music	Arts/Cultural Trust project	\$1,230	Grants
	Stories Alive	Arts/Cultural Trust project	\$1,230	Grants
Arts Build Communities	Rogue Valley Chorale Association	Arts/Cultural Trust project	\$4,000	Grants
	Rogue Valley Chorale Association	Arts/Cultural Trust project	\$4,200	Grants
Cultural Development	Ballet Folklorico Ritmo Alegre	Arts/Cultural Trust project	\$8,968	Grants
	Rogue Valley Chorale Association	Arts/Cultural Trust project	\$6,287	Grants
	Southern Oregon Historical Society	Arts/Cultural Trust project	\$11,316	Grants
	Jackson County Library Foundation	Arts/Cultural Trust project	\$11,432	Grants
Organization & Professional Development	Ballet Folklorico Ritmo Alegre	Arts/Cultural Trust project	\$2,000	Grants
Operating Support	Rogue Valley Art Association	Arts/Cultural Trust project	\$7,083	Grants
	Rogue Valley Chorale Association	Arts/Cultural Trust project	\$4,115	Grants
	Youth Symphony of Southern Oregon	Arts/Cultural Trust project	\$5,341	Grants
	Rogue Valley Art Association	Arts/Cultural Trust project	\$8,065	Grants
	Rogue Valley Chorale Association	Arts/Cultural Trust project	\$3,499	Grants
	Youth Symphony of Southern Oregon	Arts/Cultural Trust project	\$5,699	Grants

Projects in SD 7/Sen. Manning

Business Oregon

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Investments in SD 7 from 7/2016-1/2019

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Community Development Block Grant	Coastal Cloud LLC	Development of CDBG E-application	\$58,800	Grants
Oregon Business Development Fund	Imagination International, Inc.	CRE Acquisition	\$220,000	Loan
Safe Drinking Water Fund	South Coast Water District Inc	Woahink Lake Source Development Project	\$279,700	Loan
	South Coast Water District Inc	Woahink Lake Source Development Project	\$353,800	Forgivable Loan
Seismic Rehabilitation Grant Program	Junction City School District	Oaklea Middle School Seismic Rehab	\$1,499,565	Grants
	City of Eugene	Fire Station #7 Seismic Rehab	\$62,142	Grants
	City of Eugene	Fire Station #8	\$360,147	Grants
	City of Eugene	Fire Station #13	\$274,038	Grants
Small Bus Expansion Loan Fund OR Royalty	Moonshadow Mobile, Inc.	Mobile datapoint tracking software	\$250,000	Loan
Governor's Strategic Reserve	NemaMetrix	Raw Genomic Material & Electro-Optical Purchase	\$199,000	Forgivable Loan
	Pentagon Federal Credit Union	Purchase & Improve Eugene Facility	\$200,000	Forgivable Loan
SBIR	AmpSci (KW Assoc)	VAC project	\$49,366	Matching Grant
	Gadusol Labs	Commercialization of sunscreen technology.	\$50,000	Matching Grant
	mAbDx	Simple, Rapid Assay for Zika Diagnosis	\$50,000	Matching Grant

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
SBIR continued	Ampere Scientific	Vacuum Arc Control	\$149,848	Matching Grant
	Cogmetric	TRACK: Tools for Reading to Acquire Content Knowledge	\$43,469	Matching Grant
Enhanced Phase 0	TheraFluor	New technologies to detect, remove, and kill cancer	\$100,000	Grant
	Stratus Digital Systems	Temporary autonomous server technology for cyber security - targeting life sciences clients and advanced manufacturing	\$100,000	Grant
	Gadusol Laboratories	Sunscreen technologies/products	\$58,825	Grant
High Impact Opportunity Program	OSU RAPID	Expand Metal Additive Manufacturing	\$1,000,000	Grant
	UO Mass Timber	Acoustics Testing Laboratory – University of Oregon/TallWood Design Institute	\$702,218	Grant
Export Promotion	Deployed Logix LLC	EXPODEFENSA 2017	\$4,140.97	Grants
	Deployed Logix LLC	SARscene - Canada	\$1,310.00	Grants
	NuNaturals Inc.	Natural Organic Products Asia - Hong Kong	\$2,834.65	Grants
	Deployed Logix LLC	China Fire Expo 2017 - Beijing	\$4,875.61	Grants
	Deployed Logix LLC	Avalon Airshow - Geelong	\$6,589.54	Grants
	Co-Motion Cycles Inc	Eurobike 2017 - Friedrichshafen	\$6,774.75	Grants
	Bulk Handling Systems LLC	Oregon Sustainable Mission to Asia - Bangkok/Beijing	\$4,249.42	Grants
	Air-Weigh (Hi Tech Transport)	IAA Hannover	\$1,927.04	Grants
	Rolf Prima	EUROBIKE 2018	\$7,672.39	Grants
	WS Acquisition, LLC dba Western Shelter Systems	DSEI 2017 - London	\$6,695.95	Grants
	Rolf Prima	Eurobike 2017 - Friedrichshafen	\$5,243.51	Grants
	Bulk Handling Systems LLC	Waste Expo 2017 - New Orleans	\$10,000.00	Grants
	Air-Weigh (Hi Tech Transport)	Waste Expo 2017 - New Orleans	\$5,557.30	Grants
Arts Access Reimbursement	The John G Shedd Institute for the Arts	Arts/Cultural Trust project	\$450	Grants
	The John G Shedd Institute for the Arts	Arts/Cultural Trust project	\$1,000	Grants
Arts Build Communities	Eugene Symphony Association Inc	Arts/Cultural Trust project	\$7,00	Grants
	Eugene Symphony Association Inc	Arts/Cultural Trust project	\$7,000	Grants
Cultural Development	Eugene Symphony Association Inc	Arts/Cultural Trust project	\$8,910	Grants
	Delgani String Quartet	Arts/Cultural Trust project	\$8,389	Grants
	Lord Leebrick Theatre Company	Arts/Cultural Trust project	\$9,22	Grants
	Shelton-McMurphey-Johnson Associations	Arts/Cultural Trust project	\$21,140	Grants

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Cultural Development continued	Ballet Fantastique	Arts/Cultural Trust project	\$6,525	Grants
	Joint Forces Dance Company	Arts/Cultural Trust project	\$8,663	Grants
	Lord Leebrick Theatre Company	Arts/Cultural Trust project	\$13,391	Grants
	Upstart Crow Studios	Arts/Cultural Trust project	\$13,215	Grants
Career Opportunity	Jack Ryan	Arts/Cultural Trust project	\$1,500	Grants
	Charlene Liu	Arts/Cultural Trust project	\$1,500	Grants
	Mandy Keathley	Arts/Cultural Trust project	\$1,500	Grants
Operating Support	Ballet Fantastique	Arts/Cultural Trust project	\$4,750	Grants
	Eugene Symphony Association Inc	Arts/Cultural Trust project	\$25,004	Grants
	The John G Shedd Institute for the Arts	Arts/Cultural Trust project	\$11,700	Grants
	Joint Forces Dance Company	Arts/Cultural Trust project	\$7,631	Grants
	Lord Leebrick Theatre Company	Arts/Cultural Trust project	\$3,710	Grants
	Lord Leebrick Theatre Company	Arts/Cultural Trust project	\$4,710	Grants
	Ballet Fantastique	Arts/Cultural Trust project	\$4,039	Grants
	Eugene Symphony Association Inc	Arts/Cultural Trust project	\$22,739	Grants
	Joint Forces Dance Company	Arts/Cultural Trust project	\$6,768	Grants
	The John G Shedd Institute for the Arts	Arts/Cultural Trust project	\$14,677	Grants
	Small Operating	New Zone Gallery	Arts/Cultural Trust project	\$1,340
Oregon Bach Collegium		Arts/Cultural Trust project	\$1,340	Grants
Delgani String Quartet		Arts/Cultural Trust project	\$1,230	Grants
Willamette Jazz Society		Arts/Cultural Trust project	\$1,230	Grants
Career Opportunity	Nicholas Chase	Arts/Cultural Trust project	\$1,500	Grants
Individual Artist Fellowship	Lydia Van Dreel	Arts/Cultural Trust project	\$3,000	Grants
Small Operating	West African Cultural Arts Institute	Arts/Cultural Trust project	\$1,340	Grants
	West African Cultural Arts Institute	Arts/Cultural Trust project	\$1,230	Grants
	Greater Eugene Chorus	Arts/Cultural Trust project	\$1,230	Grants

Projects in SD 29/Sen. Hansell

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Investments in SD 29 from 7/2016-1/2019

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Brownfields Programs	City of Hermiston	Hermiston Airport Rinsate Area Assessment Project	\$7,000	Grants
	City of Enterprise	Library Underground Storage Tank Removal Project	\$16,704	Grants
Community Development Block Grant	City of Pendleton	Housing Rehabilitation Program (Type 2)	\$400,000	Grants
	Union County	Regional Housing Rehabilitation Project	\$400,000	Grants
	City of Irrigon	Wastewater Conversion Project	\$2,500,000	Grants
	City of Pilot Rock	Housing Rehabilitation	\$400,000	Grants
	City of La Grande	Microenterprise Assistance Program	\$55,000	Grants
Rural Opportunities Initiative	Northeast Oregon Economic Development District		\$72,000	Grants
Safe Drinking Water Fund	City of Union	Feasibility Study	\$20,000	Forgivable Loan
	City of Dufur	Water System Master Plan	\$20,000	Forgivable Loan
	City of Pendleton	Water System Improvements - Final Design & Constr	\$13,840,000	Loan
	City of Pendleton	Water System Improvements - Final Design & Constr	\$1,015,000	Forgivable Loan
	Sacajawea Mobile Home Park	Feasibility Study	\$20,000	Forgivable Loan
	City of Ukiah	Water Rate Study	\$20,000	Forgivable Loan
	Black Mountain Water District	Feasibility Study	\$20,000	Forgivable Loan

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Seismic Rehabilitation Grant Program	North Powder School District 8J	North Powder Gym Seismic Rehab	\$676,200	Grants
	Imbler School District	Imbler High School Seismic Rehab	\$1,471,520	Grants
	La Grande School District	Greenwood Elementary Seismic Rehab	\$1,492,696	Grants
	La Grande School District	La Grande High School Gym Seismic Rehab	\$1,500,000	Grants
Special Public Works Fund	City of Umatilla	Recycled Industrial Water Pipeline Final Design	\$403,000	Loan
Governor's Strategic Reserve	City of Boardman	Broadband Strategic Plan	\$10,000	Grants
	ConAgra Foods Lamb Weston, Inc.	Wastewater Treatment and Storage System	\$500,000	Forgivable Loan
	Digital Harvest, LLC	Develop & Field Test ROVR Prototype	\$100,000	Forgivable Loan
	Skip Line, Inc.	Purchase/Install Equip Compliant to European Req.	\$125,000	Forgivable Loan
Water/Wastewater Fund	City of Dufur	Water System Master Plan	\$20,000	Grants
	City of Dufur	Wastewater Facility Plan	\$20,000	Grants
	City of Boardman	Wastewater Facility Plan	\$20,000	Grants
	City of Elgin	Wastewater Compliance Collection Improvements	\$20,000	Grants
High Impact Opportunity Program	Pendleton UAS	Rapid Prototyping Facility and Mobile Mission Control Vehicle Project	\$301,122	Grants
Cultural Development	Athena's Gem Inc.	Arts/Cultural Trust project	\$39,120	Grants
Cultural Coalition	Morrow County Cultural Coalition	Arts/Cultural Trust project	\$7,505	Grants
	Union County Cultural Coalition	Arts/Cultural Trust project	\$9,067	Grants
	Morrow County Cultural Coalition	Arts/Cultural Trust project	\$7,538	Grants
	Wallowa County Cultural Trust Coalition	Arts/Cultural Trust project	\$7,063	Grants
	Union County Cultural Coalition	Arts/Cultural Trust project	\$9,165	Grants
Small Operating	Inland Northwest Musicians Inc	Arts/Cultural Trust project	\$1,340	Grants
	Inland Northwest Musicians Inc	Arts/Cultural Trust project	\$1,230	Grants
Arts Build Communities	Fishtrap Inc	Arts/Cultural Trust project	\$7,000	Grants
	Fishtrap Inc	Arts/Cultural Trust project	\$7,000	Grants
	Liberty Theatre Foundation Inc	Arts/Cultural Trust project	\$7,000	Grants
	Crow's Shadow Institute	Arts/Cultural Trust project	\$5,000	Grants
	Joseph Center for Arts & Culture	Arts/Cultural Trust project	\$6,500	Grants
Arts Learning	Fishtrap Inc	Arts/Cultural Trust project	\$4,880	Grants

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Arts Learning continued	Fishtrap Inc	Arts/Cultural Trust project	\$11,306	Grants
Cultural Development	Grande Ronde Symphony Association	Arts/Cultural Trust project	\$12,143	Grants
	Eastern Oregon Regional Arts Council Inc	Arts/Cultural Trust project	\$8,584	Grants
	Joseph Center for Arts & Culture	Arts/Cultural Trust project	\$21,842	Grants
	Wallowa Band Nez Perce Trail Interpretive Center Inc	Arts/Cultural Trust project	\$27,657	Grants
	Wallowa Valley Music Alliance	Arts/Cultural Trust project	\$8,542	Grants
Career Opportunity	Susan Murrell	Arts/Cultural Trust project	\$1,500	Grants
	Nika Blasser	Arts/Cultural Trust project	\$1,500	Grants
Cultural Coalition	Wallowa County Cultural Trust Coalition	Arts/Cultural Trust project	\$7,035	Grants
	Umatilla County Cultural Coalition	Arts/Cultural Trust project	\$14,562	Grants
	Confederated Tribes of the Umatilla Indian Reservation	Arts/Cultural Trust project	\$6,623	Grants
	Confederated Tribes of the Umatilla Indian Reservation	Arts/Cultural Trust project	\$6,631	Grants
	Umatilla County Cultural Coalition	Arts/Cultural Trust project	\$14,697	Grants
Organization & Professional Development	Oregon East Symphony Inc	Arts/Cultural Trust project	\$2,000	Grants
Operating Support	Arts Council of Pendleton	Arts/Cultural Trust project	\$16,441	Grants
	Crow's Shadow Institute	Arts/Cultural Trust project	\$7,200	Grants
	Eastern Oregon Regional Arts Council Inc	Arts/Cultural Trust project	\$3,500	Grants
	Fishtrap Inc	Arts/Cultural Trust project	\$10,451	Grants
	Joseph Center for Arts & Culture	Arts/Cultural Trust project	\$3,500	Grants
	Oregon East Symphony Inc	Arts/Cultural Trust project	\$3,500	Grants
	Crow's Shadow Institute	Arts/Cultural Trust project	\$7,430	Grants
	Fishtrap Inc	Arts/Cultural Trust project	\$8,886	Grants
	Eastern Oregon Regional Arts Council Inc	Arts/Cultural Trust project	\$3,500	Grants
	Arts Council of Pendleton	Arts/Cultural Trust project	\$13,979	Grants
	Oregon East Symphony Inc	Arts/Cultural Trust project	\$3,500	Grants
	Joseph Center for Arts & Culture	Arts/Cultural Trust project	\$3,500	Grants
Small Operating	Eastern Oregon Film Festival	Arts/Cultural Trust project	\$1,340	Grants

Loan Program	Organization	Project Short Description	Approved Amount	Investment Type
Small Operating continued	Wallowa Valley Music Alliance	Arts/Cultural Trust project	\$1,230	Grants

Projects in HD 2/ Rep. Leif

Business Oregon

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We also work with communities to enhance and expand infrastructure and community safety with projects such as water/wastewater systems, seismic rehabilitation for schools, or rural broadband development. Our mission is to invest in Oregon's businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy, all carried out with an agency strategic plan.

Priorities:

Innovate Oregon's Economy

Grow Small- and Middle-market Companies

Cultivate Rural Economic Stability

Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in HD 2 from 7/2016-1/2019

Program	Organization	Project Short Description	Approved Amount	Investment Type
Community Development Block Grant	City of Roseburg	Head Start	\$1,500,000	Grants
	City of Roseburg	Regional Housing Rehabilitation Program	\$400,000	Grants
Governor's Regional Solutions	Josephine County	East Side Parallel Taxiway Planning	\$282,000	Grants
Safe Drinking Water Fund	City of Canyonville	West Fork Canyon Creek Restoration	\$30,000	Grants
	Lawson Acres Water Association	Feasibility Study	\$20,000	Forgivable Loan
Seismic Rehabilitation Grant Program	South Umpqua School District	Tri City Elementary Seismic Rehab	\$1,321,899	Grants
	City of Roseburg	Fire Station #2 Seismic Rehab	\$792,220	Grants
	Roseburg Public Schools	Hucrest Elementary Seismic Rehab	\$1,497,198	Grants
	Roseburg Public Schools	Fullerton Elementary Seismic Rehab	\$1,495,300	Grants
	Roseburg Public Schools	Melrose Elementary Seismic Rehab	\$868,960	Grants
	Riddle School District	Riddle Elementary Part 2 Seismic Rehab	\$1,499,065	Grants
	Riddle School District	Riddle Elementary Part 3 Seismic Rehab	\$1,498,390	Grants
	City of Roseburg	Fire Station #3 Seismic Rehab	\$1,071,640	Grants
	Riddle School District	Riddle Elementary School Seismic Rehab	\$1,499,995	Grants
	Roseburg Public Schools	Green Elementary Seismic Rehab	\$1,497,500	Grants
Special Public Works Fund	RUSA - Roseburg Urban Sanitary Authority	Back Nine Services Planning	\$60,000	Grants
Governor's Strategic Reserve	City of Glendale	Light at the End of the Tunnel	\$140,000	Grants

Program	Organization	Project Short Description	Approved Amount	Investment Type
Export Promotion	NW Bend Boats, LLC	IMPA - Seoul	\$5,000.00	Grants
	NW Bend Boats, LLC	Caribbean Basin Coastal Surveillance & Maritime Security Summit (CABSEC 17) - Panama City	\$3,577.80	Grants
	NW Bend Boats, LLC	CMPA Congress 2017 - Montreal, Quebec	\$2,804.58	Grants
Arts Build Communities	Umpqua Valley Arts Association	Arts/Cultural Trust project	\$5,600	Grants
Arts Learning	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$11,025	Grants
Cultural Development	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$17,780	Grants
	Umpqua Valley Arts Association	Arts/Cultural Trust project	\$5,000	Grants
Cultural Coalition	Douglas County Cultural Coalition	Arts/Cultural Trust project	\$17,822	Grants
	Cow Creek Band of Umpqua Indians	Arts/Cultural Trust project	\$6,488	Grants
	Douglas County Cultural Coalition	Arts/Cultural Trust project	\$18,212	Grants
	Cow Creek Band of Umpqua Indians	Arts/Cultural Trust project	\$6,489	Grants
Operating Support	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$3,868	Grants
	Umpqua Valley Arts Association	Arts/Cultural Trust project	\$9,621	Grants
	Umpqua Valley Arts Association	Arts/Cultural Trust project	\$8,180	Grants
	Rogue Valley Symphony Association	Arts/Cultural Trust project	\$5,037	Grants
Small Operating	Dancing People Company	Arts/Cultural Trust project	\$2,520	Grants
	Umpqua Symphony Association	Arts/Cultural Trust project	\$1,340	Grants

Projects in HD 10/Rep. Gomberg

Business Oregon

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Priorities:

Innovate Oregon's Economy

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Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in HD 10 from 7/2016-1/2019

Program	Organization	Project Short Description	Approved Amount	Investment Type
Brownfields Programs	Lincoln City Urban Renewal Agency	Multiple Property Phase One ESA Project	\$26,512	Grants
Community Development Block Grant	City of Falls City	Wastewater System Improvements	\$372,564	Grants
Other Business Innovation & Trade Prog	In The Sticks LLC	Technical Assistance - Marketing	\$5,500	Grants
Ports Programs	Port of Toledo	2017 Strategic Business Plan Update	\$37,500	Grants
	Port of Toledo	Boatyard Expansion Bridge and Job Creation	\$397,382	Loan
Safe Drinking Water Fund	Johnson Creek Water Service Company	Water Master Plan	\$20,000	Forgivable Loan
	Kozy Acres Water Supply Company	Feasibility Study	\$20,000	Forgivable Loan
	Seal Rock Water District	Water Intake, Treatment and Transmission	\$1,030,000	Forgivable Loan
	Seal Rock Water District	Water Intake, Treatment and Transmission	\$2,451,000	Loan
	Oceanside Water District	Coleman Creek Water Source Relocation Feas Study	\$20,000	Forgivable Loan
	Beaver Water District	Water Leak Detection Feasibility Study	\$20,000	Forgivable Loan
	Nestucca Valley School District 101	Iron Reduction Filtration System Feasibility Study	\$20,000	Forgivable Loan
	Otter Rock Water District	Water Master Plan	\$20,000	Forgivable Loan
	City of Newport	Turbidity-Sediment Monitoring & Erosion Control	\$43,457	Grants

Program	Organization	Project Short Description	Approved Amount	Investment Type
Seismic Rehabilitation Grant Program	Sheridan Fire District	Sheridan Fire Station Seismic Rehab	\$1,310,470	Grants
	North Lincoln Fire & Rescue District 1	Bob Everest Station Seismic Rehab	\$1,048,039	Grants
	North Lincoln Fire & Rescue District 1	Rose Lodge Station Seismic Rehab	\$808,022	Grants
	Siletz Rural Fire Protection District	Station 5200 Seismic Rehab	\$1,376,475	Grants
	Samaritan Pacific Health Services, Inc.	Samaritan Pacific Community Hospital Seismic Rehab	\$1,500,000	Grants
	North Santiam School District	Stayton HS Ind. Arts/Music Bldg Seismic Rehab	\$924,263	Grants
	North Santiam School District	Sublimity Middle School Seismic Rehab	\$1,500,000	Grants
	Lincoln County School District	Sam Case Elementary Seismic Rehab	\$1,498,424	Grants
	Lincoln County School District	Newport High School Gym Seismic Rehab	\$1,500,000	Grants
	Nestucca Valley School District 101	Nestucca Valley Elementary Seismic Rehab	\$1,492,800	Grants
	Small Bus Expansion Loan Fund OR Royalty	DulsEnergy, Inc.	Seaweed Farming & Food Processing	\$250,000
Special Public Works Fund	Port of Toledo	Environmental Work Building	\$1,363,100	Loan
	Port of Toledo	Environmental Work Building	\$60,000	Grants
	Port of Alsea	Dredging and Debris Boom Repair (FEMA Match)	\$149,809	Grants
	City of Falls City	Dutch Creek Crossing Permanent Repairs (FEMA)	\$93,443	Grants
Water/Wastewater Fund	City of Toledo	Water Master Plan	\$20,000	Grants
Arts Access Reimbursement	Lincoln City Cultural Center	Arts/Cultural Trust project	\$1,000	Grants
Arts Build Communities	Lincoln City	Arts/Cultural Trust project	\$5,440	Grants
Cultural Development	Oregon Coast Council of the Arts	Arts/Cultural Trust project	\$13,353	Grants
	Newport Symphony Orchestra	Arts/Cultural Trust project	\$24,345	Grants
	Oregon Coast Council of the Arts	Arts/Cultural Trust project	\$13,452	Grants
Cultural Coalition	Tillamook County Cultural Coalition	Arts/Cultural Trust project	\$9,030	Grants
	Lincoln County Cultural Coalition	Arts/Cultural Trust project	\$11,298	Grants
	Confederated Tribes of the Grand Ronde Community	Arts/Cultural Trust project	\$6,873	Grants
	Confederated Tribes of the Grand Ronde Community	Arts/Cultural Trust project	\$6,871	Grants
	Confederated Tribes of Siletz Indians	Arts/Cultural Trust project	\$6,768	Grants

Program	Organization	Project Short Description	Approved Amount	Investment Type
Cultural Coalition continued	Tillamook County Cultural Coalition	Arts/Cultural Trust project	\$9,171	Grants
	Lincoln County Cultural Coalition	Arts/Cultural Trust project	\$11,551	Grants
Organization & Professional Development	Lincoln City Cultural Center	Arts/Cultural Trust project	\$2,000	Grants
	Oregon Coast Youth Symphony Festival Association	Arts/Cultural Trust project	\$2,000	Grants
Operating Support	Lincoln City Cultural Center	Arts/Cultural Trust project	\$3,500	Grants
	Neskowin Coast Foundation	Arts/Cultural Trust project	\$10,832	Grants
	Newport Symphony Orchestra	Arts/Cultural Trust project	\$3,848	Grants
	Oregon Coast Council of the Arts	Arts/Cultural Trust project	\$17,869	Grants
	Oregon Coast Council of the Arts	Arts/Cultural Trust project	\$15,193	Grants
	Lincoln City Cultural Center	Arts/Cultural Trust project	\$4,376	Grants
	Neskowin Coast Foundation	Arts/Cultural Trust project	\$9,210	Grants
	Newport Symphony Orchestra	Arts/Cultural Trust project	\$4,080	Grants
	Theatre West of Lincoln City	Arts/Cultural Trust project	\$1,340	Grants

Projects in HD 15/Rep. Davis

Business Oregon

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Priorities:

Innovate Oregon's Economy

Grow Small- and Middle-market Companies

Cultivate Rural Economic Stability

Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in HD 15 from 7/2016-1/2019

Program	Organization	Project Short Description	Approved Amount	Investment Type
Brownfields Programs	Linn County	Sweet Home Mill Site Burned Area Cleanup Project	\$123,280	Loan
	Linn County	Sweet Home Mill Site Burned Area Cleanup Project	\$61,640	Forgivable Loan
Seismic Rehabilitation Grant Program	Linn-Benton Community College	Linn Benton CC Willamette Hall Bldg Seismic Rehab	\$1,500,000	Grants
	Linn-Benton Community College	Linn Benton C.C. Industrial A Bldg Seismic Rehab	\$1,500,000	Grants
Special Public Works Fund	City of Albany	Downtown Albany Streetscape	\$8,400,000	Loan
Export Promotion	2 Towns Ciderhouse	Governor's Trade Mission to Asia	\$1,094.10	Grants
	Fluid Technology Solutions Inc.	WEFTEC 2017	\$1,660.57	Grants
	Fluid Technology Solutions Inc.	WEFTEC	\$3,468.50	Grants
	Fluid Technology Solutions Inc.	EXPODEFENSA 2017	\$2,467.94	Grants
	TriMike Creations (dba Blowhard Fans)	Securika 2017 - Moscow	\$4,857.40	Grants
Cultural Coalition	Linn County Cultural Coalition	Arts/Cultural Trust project	\$19,156	Grants
Cultural Coalition	Linn County Cultural Coalition	Arts/Cultural Trust project	\$19,793	Grants
Small Operating	Willamette Valley Symphony	Arts/Cultural Trust project	\$1,340	Grants
Small Operating	Mid Valley Prelude Sinfonia	Arts/Cultural Trust project	\$1,230	Grants
Small Operating	Willamette Valley Symphony	Arts/Cultural Trust project	\$1,230	Grants
Small Operating	Gallery Calapooia Inc	Arts/Cultural Trust project	\$1,230	Grants

Projects in HD 20/Rep. Evans

Business Oregon

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Priorities:

Innovate Oregon's Economy

Grow Small- and Middle-market Companies

Cultivate Rural Economic Stability

Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in HD 20 from 7/2016-1/2019

Program	Organization	Project Short Description	Approved Amount	Investment Type
Brownfields Programs	West Salem Storage, LLC	Remediation of lead contamination from building	\$1,543,975	Loan
	City of Independence	Independence Landing Petroleum Cleanup	\$70,000	Grants
Community Development Block Grant	City of Independence	Microenterprise Assistance	\$65,000	Grants
Special Public Works Fund	City of Salem	Renewable Energy & Technology Center Improvements	\$1,700,000	Loan
	City of Salem	Renewable Energy & Technology Center Improvements	\$500,000	Grants
	City of Independence	Independence Landing Infrastructure	\$2,904,580	Loan
Export Promotion	Rigado, Inc.	CES 2018	\$9,835.79	Grants
Cultural Development	Ash Creek Arts Center	Arts/Cultural Trust project	\$7,424	Grants
	Salem Concert Band	Arts/Cultural Trust project	\$7,582	Grants
Cultural Coalition	Polk County Cultural Coalition	Arts/Cultural Trust project	\$14,692	Grants
	Polk County Cultural Coalition	Arts/Cultural Trust project	\$15,287	Grants
	Salem Multicultural Institute	Arts/Cultural Trust project	\$9,795	Grants
	Salem Multicultural Institute	Arts/Cultural Trust project	\$8,328	Grants
Small Operating	Oregon Artists Series Foundation	Arts/Cultural Trust project	\$1,340	Grants
	Salem Concert Band	Arts/Cultural Trust project	\$1,340	Grants

Program	Organization	Project Short Description	Approved Amount	Investment Type
Small Operating continued	Ash Creek Arts Center	Arts/Cultural Trust project	\$1,230	Grants
Small Operating	Oregon Artists Series Foundation	Arts/Cultural Trust project	\$1,230	Grants

Projects in HD 37/Rep. Prusak

Business Oregon

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Priorities:

Innovate Oregon's Economy

Grow Small- and Middle-market Companies

Cultivate Rural Economic Stability

Advance Economic Opportunity for Underrepresented People

Ensure an Inclusive, Transparent, and Fiscally Healthy Agency

Investments in HD 37 from 7/2016-1/2019

Program	Organization	Project Short Description	Approved Amount	Investment Type
Safe Drinking Water Fund	Pete's Mountain Water Company	Community Water System Purchase & Upgrade	\$234,000	Forgivable Loan
	Pete's Mountain Water Company	Community Water System Purchase & Upgrade	\$446,000	Loan
Export Promotion	Genteel LLC	MEDICA 2017	\$6,747.81	Grants
	Warco Products Inc.	Gold Key Matching Service - Trade Winds Mission SE Europe	\$2,096.77	Grants
	7Bev Corporation ABN 7Bev Global	FHC China 2016 - Shanghai	\$5,000.00	Grants
	Apantac LLC	ISE 2017 - Amsterdam	\$10,000.00	Grants
	Cascade Coil Drapery, Inc.	Bond Events - Muscat	\$9,593.00	Grants
	Cascade Coil Drapery, Inc.	Security & Terror Expo - London	\$10,000.00	Grants
	Avalon International Aluminium LLC	Green Expo 2016 - Mexico City	\$2,216.57	Grants
	Apantac LLC	NAB 2017 - Las Vegas	\$10,000.00	Grants
	Allied Technologies International Inc.	Electronic India	\$3,724.59	Grants
	Warco Products Inc.	Automechanika Frankfurt	\$7,778.62	Grants
	Apantac LLC	InfoComm 2017 - Orlando	\$7,500.00	Grants
	Apantac LLC	IBC 2017 - Amsterdam	\$10,000.00	Grants
	Warco Products Inc.	AAPEX 2017 - Las Vegas	\$9,742.08	Grants
	Apantac LLC	NAB Show 2018	\$10,000.00	Grants
	Apantac LLC	ISE 2018	\$10,000.00	Grants
	Warne Scope Mounts	2018 IWA Outdoor Classics	\$6,636.09	Grants
VersaLogic Corporation	Embedded World 2018	\$9,576.64	Grants	
Enhanced Phase 0	Kerr Avionics	Software that permits cameras to detect runway lights obscured by fog, reducing pollution	\$100,000	Grant

Program	Organization	Project Short Description	Approved Amount	Investment Type
Cultural Development	Youth Music Project	Arts/Cultural Trust project	\$13,565	Grants
Individual Artist Fellowship	Naomi Shigeta	Arts/Cultural Trust project	\$3,000	Grants
Operating Support	Marylhurst University	Arts/Cultural Trust project	\$8,606	Grants
	Youth Music Project	Arts/Cultural Trust project	\$10,003	Grants
	Marylhurst University	Arts/Cultural Trust project	\$7,971	Grants
	Youth Music Project	Arts/Cultural Trust project	\$8,505	Grants

Prioritization Matrix Justification

1. Required Service Product Business Alignment - Two or three are true.

JUSTIFICATION: Business Oregon has over 70 paper-based programs and depends on Portfol and other systems to manage and support the agency operation. These systems are not meeting our strategic business needs. Replacing our aging systems ensures that the agency continues to deliver economic development services and meet its strategic business needs.

A few of the programs the agency administers such as CDBG, Safe Drinking Water, Waste Water Treatment, and Seismic Retrofitting of Schools and Emergency Shelters and other mandated programs would lose their federal match funds, if we fail to administer these programs. These programs today rely on Portfol. Inability to administer these systems would put our agency in an extremely vulnerable position of losing these federal matching funds and programs.

We also believe that our initiative supports the Governor's priorities of "a thriving statewide economy". The modernization initiative enables us to cost effectively and efficiently deliver economic development services and allow employees to spend more time on value-added service.

2. Value to Customer - High value to customer

JUSTIFICATION: Our customers' desire for personalized services, and we need to adapt to their changing needs and requirements. The project improves our customers, citizens, business, and communities, to access our services online at any time, from any device and any location. These improvements are constrained by our current tools and technology. With this initiative, customers will be able to access services in a faster, flexible and convenient way. They will be able to submit applications online, review status of their application, as well as access their account to obtain necessary information such as printing their tax statements - 1099s.

3. Leverage Potential – medium potential

JUSTIFICATION: The modernization initiative can be leveraged as a shared service across the agency various divisions and program areas. We believe there are also opportunities to improve how we share data and interact with our partners such as other agencies and local economic development entities. The pilot program demonstrated the value it adds to our partners on their ability to be responsive to customers. The solution can also be extended as a utility service to other agencies who provide grants and loans, if they choose to use it. The new system will also improve our ability to anticipate and respond to security threats, and manage risks.

4. Risk / Importance to Risk Mitigation – high risk to state/customer if not offered

JUSIFICATION: It is imperative that we transfer the agency’s historical financial records and replace Portfol with a system that will allow us to continue to act as responsible stewards of public resources and manage our programs’ financial data for the department. Continuing to rely on Portfol after the company has ceased support of the product leaves the department and the billions of dollars in loans and grants it tracks in an extremely vulnerable position.

5. **Financial / Return on Investment / Cost Avoidance** - ROI gained within two biennia

JUSTIFICATION: Using the Forester total cost of ownership, the ROI is gained within two biennia. The initiative enables us to cost effectively and efficiently deliver economic development services and allow employees to spend more time on value-added service.

Project Prioritization Matrix: Business Oregon Modernization Initiative

CRITERIA	WEIGH T	SCORING VALUE	Project A	Project B
Strategic Value				
Required Service/Product-Business Alignment (are any of these are true?) <ul style="list-style-type: none"> • Mandate (legislative, federal or state) • Meets a strategic business need • Governor Initiative/Strategy • Priority/Compliance for industry 	5	0,3,6,9 0: none are true 3: one is true 6: two or three are true 9: all are true	30	
Value to Customer Number of user and the level of positive impact for using the product/service. Consumers or users of the service, product or data. Customer could be citizens, internal agency users, other state/local agencies or other external stakeholders. Or, projects that are funded through grants, IGAs, etc.	5	0,3,6,9 0: no value to customer 3: low value to customer 6: medium value to customer 9: high value to customer	45	
Leverage Potential Multiplier effect: <ul style="list-style-type: none"> • Service/product can be leveraged as a shared or managed service across agencies or policy area • Service/product can be leveraged as a utility service 	3	0,3,6,9 0: no potential, isolated service 3: low potential 6: medium potential 9: high potential	18	

CRITERIA	WEIGHT	SCORING VALUE	Project A	Project B
<ul style="list-style-type: none"> Service/product adds value for external partners 				
Risk				
Importance to Risk Mitigation Would the agency, state, or its customer be exposed to a risk or impact if the service or product is not offered? Or, is an existing service at risk? Do other current services/products depend on it? This could be security, safety, legal or any other risk related in loss.	5	0,3, 6, 9 0: no risk to state/ customer if not offered 3: low risk to state/customer if not offered 6: medium risk to state/customer if not offered 9: high risk to state/customer if not offered	45	
Financial				
Return on Investment (ROI) / Cost Avoidance Project ROI reduces cost in expenditures once project becomes a program. Must have a way to measure ROI and the amount of cost that will be avoided due to implementation of the project.	5	0,3, 6, 9 0: ROI none or unknown 3: ROI gained over two biennia 6: ROI gained within two biennia 9: ROI gained in one biennium	30	
TOTAL PROJECT SCORE			168	

OSCIO IT Investment form



IT Investment Name:	Modernization Initiative	Date:	June 29, 2018
Agency:	Business Oregon	Division:	Information Technology
Agency Contact:	Robel Tadesse	Phone Number:	503.689.5450
Approving Business Owner:	Ramona Rodamaker	Phone Number:	503.986.0141
Approving Technology Mgr:	Robel Tadesse	Phone Number:	503.689.5450

Approving Business Owner Date

Approving Technology Manager Date

Information Technology Investment Type(s):

New Investment Renew/Life Cycle Replacement Other:

Information Technology Investment Description (What is being proposed and why):

[Include high level business opportunity, proposed solution, alternatives to be considered, and anticipated impacts]

The Oregon Business Development Department (OBDD), or Business Oregon, mission is to invest *in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy*. As part of this work, Business Oregon relies on aging applications to run its operation and administers over 70 different distinct programs using inefficient processes. Through the Modernization Initiative program, Business Oregon seeks to utilize its current Customer Relationship Management (CRM) software to replace its aging applications and improve its program administration processes.

The OBDD Modernization Initiative will span three biennia, each encapsulated as a unique phase of the effort through multiple, related projects. The largest and first of these modernization projects involves the replacement of the Portfol application. The agency uses this portfolio management solution to manage and support its loans, grants, bonds, and tax incentives. The Portfolio includes over 2,000 open accounts worth over \$2.8 Billion. The Portfol application has reached end-of-life, and is no longer supported by the vendor.

OSCIO IT Investment form

Most of the agency program applications involve customer interaction via paper-based processes. The Modernization Initiative seeks to streamline and modernize these processes through online self-service application. In doing so, it will improve our ability to deliver services efficiently to our customers, provide effective access and interaction with partners, and enhance the reporting and analysis of the agency's work. The agency plans to prioritize programs for modernization based on maximum benefit to the customer. The first phase of the initiative in FY 2019-2021 includes:

- Acquisition of additional Salesforce CRM licenses
- Replacement of Portfol
- Development of the following program applications:
 - Seismic Rehabilitation Grants
 - Special Public Works Fund (SPWF)
 - Standard enterprise zone exemptions
 - Water/Wastewater (W W/WF)
 - Safe Drinking Water Revolving Loan Fund (SDWRLF)
- Integration of applications into agency website and portal

Additional programs will be updated in the second and third phase of the program.

	Yes	No
1) Is the investment a project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2) Will the investment have a Project Manager?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3) Will the investment include other agencies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4) Will the investment include Information Asset Classification Level 3 or 4 data? (see DAS Policy 107-004-050)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5) Will the investment be for Cloud Services (as defined in Policy #107-004-150)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

OSCIO IT Investment form

IT Investment Estimated Cost Summary

Hardware:	0.00	Software:	\$400,000.00
Services/Maintenance (projected over five years):	1,265,000.00	Personnel (Project):	\$240,000.00
Source of Funding:	Other Funds	Deadline for fund use:	06/30/2021
Anticipated Start Date:	07/01/2019	Anticipated End Date:	06/30/2021
		TOTAL:	1,905,000.00



Business Case for Modernization Initiative



Operations and Finance Division

Information Technology Section

Date: June 29, 2018

Version: 1.9

Robel Tadesse, CIO

The person signing this section is attesting to reviewing and approving the business case as proposed.

PROPOSAL NAME AND DOCUMENT VERSION #	Modernization Initiative, v. 1.9		
AGENCY	Business Oregon	DATE	June 29, 2018
DIVISION	Operation and Finance	DAS CONTROL #	
AGENCY CONTACT	Robel Tadesse	PHONE NUMBER	(503) 689-5450

This table to be completed by the submitting agency	
Agency Head or Designee	
Chris Harder	June 29, 2018
Signature	
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Ramona Rodamaker	June 29, 2018
Signature	
Agency Chief Information Officer (CIO) or Agency Technology Manager	
Robel Tadesse	June 29, 2018
Signature	

This Section to be completed by DAS Chief Information Office (CIO) IT Investment and Planning Section	
DAS CIO Analyst	
(Name)	(Date)
Signature	
State CIO	
(Name)	(Date)
Signature	

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Executive Summary

The mission of Business Oregon is to invest in Oregon's businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy. The recently completed Agency Strategic Plan (2018-2022) outlines a course of action and priorities for the agency. This modernization initiative ensures that the agency is equipped to achieve those priority goals as well as support the Governor's core values of thriving statewide economy, creating jobs and delivering efficient and effective government services. The strategic goals of the Modernization Initiatives are to:

- **Enhance customer experience.** Deliver improved services, such as online self-service, automation, access to data, and integration with partners.
- **Modernize technology.** Replace the agency's aging loan, grant and bond portfolio management system and subsequently transform how the agency delivers its 70 plus programs online.
- **Transform business processes.** Leverage modern system capabilities and software investments the agency has already made to provide improvements and efficiencies in business processes.
- **Improve security.** Improve our ability to anticipate and respond to security threats, and manage risks.

Currently, the agency processes over 70 different program applications all of which require manual, paper-intensive administrative processes. Information sharing and reporting of the agency's work are extremely difficult to automate and streamline. The agency's legacy loan, grant, bond and tax-incentive portfolio management system (Portfol) is a custom-built application that is over 30 years old. It manages our current portfolio that includes 2163 open accounts worth almost \$2.8 Billion. Portfol has reached its end of life and the vendor is no longer committing to support it.

It is imperative that we transfer the agency's historical financial records and replace Portfol with a system that will allow us to continue to act as responsible stewards of public resources and manage our programs' financial data for the department. Continuing to rely on Portfol after the company has ceased support leaves the department and the billions of dollars in loans and grants it tracks in an extremely vulnerable position. In FY 2019-21, we intend to:

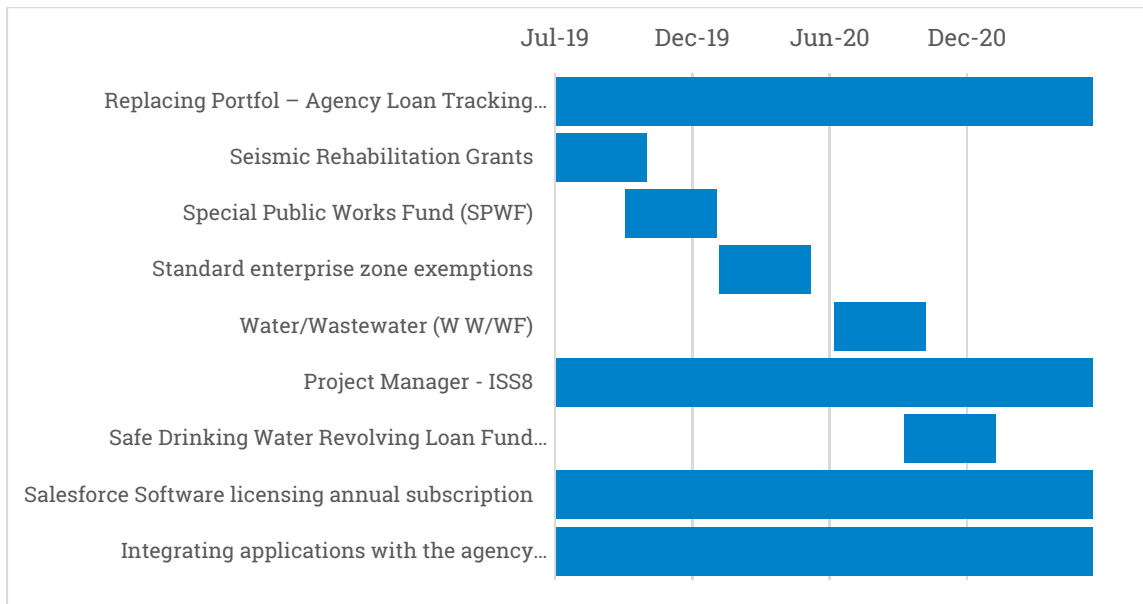
- (1) Replace Portfol, the agency's aging financial portfolio management system;
- (2) Build on our existing Customer Relationship Management software, Salesforce, to convert over 70 paper-based program application processes to online applications;
- (3) Fund an agency project manager (1 FTE) to manage the successful completion of the application projects;

- (4) Pay for additional required software licenses; and,
- (5) Enable us to contract with a vendor for the integration work between applications and the agency website and portals.

The modernization implementation plan spans three consecutive biennium beginning in 2019-21. The agency has prioritizes programs that benefit customers the most and phases them in first. The effort to modernize, however, requires a significant investment that is not part of the baseline budget for the organization. The agency is pursuing additional funding sources and submitting a Policy Option Package.

Phase I will lay the foundation: replace Portfol, acquire the necessary license and migrate the five priority programs, see below, to online applications. The cost of completing these projects for FY 19-21 is **\$1,485,000** million dollars.

Figure 1: Digital Transformation FY19-21 Schedule



Phase II of the project in 21-23 biennium will migrate additional 25 programs online. Phase III of the project in 23-25 will migrate the remainder programs. A detailed list of prioritized programs and associated costs for each biennium is provided as part of the appendix for your reference. The total rough order of magnitude cost for the three phases is \$5 million dollars.

Oregon is not unique in its modernization effort as states across the nation are attempting to leverage new technologies to better meet customer needs. In preparation for this project, we have attempted to learn from the experiences of other states to examine costs, risks, benefits, and best practices, which are outlined below and believe supports our proposal.

Background

As is true for many economic development agencies across the country, and for many other Oregon state agencies, Business Oregon’s system was designed in the 1980s. The core technology that supports Portfol was coded using older technology that was available long before the widespread use of the Internet to transmit information and conduct business.

Year	Milestones	
2016	Transformation trend and the impact on the organization service delivery.	In 2016, the agency restructured the organization to create a more centralized agency. The agency assessed program processes using lean principles and subsequently initiated improvement efforts. During that time, the agency began configuring and customizing Salesforce, its Customer Relationship Management (CRM) software to support its operations. The CRM system has allowed the agency to manage customer interactions and offer effective customer support.
2017	Feasibility Study with key performance measures & indicators Initial Assessment where the organization is, where it wants to go, changes in the business models, people skills, processes and leading technology.	
2017 – 2019	Develop a roadmap, funding strategy and Business Case. Implement a proof of concept converting few programs to an online application development process	In 2017, the agency began reviewing its technology ecosystem. Working with the OSCIO office, the agency published an RFP and engaged a professional services firm to design, build, and implement a proof of concept (POC) for converting one or more programs to on line application processes.
2019 -2021	Implement solution and migrate program processes and activities online. Digitally transform the agency programs and services.	
2021- 2025	Sunset project. Gather feedback from Oregonians, our customers and make improvements as necessary.	

The POC demonstrated the viability and benefit of application automation for the following programs: Solar Development Incentive, Community Development Block Grant, Entrepreneurial Development Loan Fund, and the Arts Commission grant application. These successful proofs of concept led to this modernization initiative.

It also demonstrated that the CRM platform can be further developed to replace Portfol; our Donations Management System (Pearl); our Certification Office for Business Inclusion and Diversity (COBID) management system; and many other essential

economic development programs. The new system will benefit all of the agency program areas as well as the agency customers. A detailed list of prioritized programs and associated costs for each biennium is provided in the Appendix section for your reference.

The proof of concept took a comprehensive approach. It considered the various service delivery elements of program administration including, but not limited to, application access; eligibility; intake; notification; submission; evaluation and selection; review and approval; service/benefit utilization; disbursement of funds; data security and integrity; tracking loan payments; and account maintenance and closure.

Purpose

The primary purpose of the project for FY 2019-21 is to digitally transform the agency core system and lay the foundation for the modernization to succeed in the upcoming two biennia. The agency intends to execute the following projects in FY 2019-21:

1. **Replace Portfol:** In 1984, Philadelphia Economic Development Corporation (PIDC) developed Portfol for their own use. In 1996, when other economic development lenders showed interest in their system, they realized there was an opportunity to help other agencies nationwide, and began marketing Portfol.

The agency acquired this solution in 2007. Little has changed in Portfol in the last thirty plus years. With the advance of technology and heightened security concerns, the agency intends to replace this system and lay the foundation for other modernization efforts.

This legacy system does not meet our current needs. It has become difficult, if not impossible, to maintain, support, improve, or integrate with the agency CRM and other statewide systems due to its architecture, underlying technology, and design.

2. **Modernize Program Management:** Currently, the agency has over 70 programs that are primarily paper-based solutions. The agency intends to develop an online program administration solution beginning with those that will most benefit the customer. The following criteria were used to select initial program priorities:
 - a. Economic development impact: the degree to which meaningful improvements in Economic benefits can be expected,
 - b. Service Efficiency: the degree to which it delivers measurable bottom-line benefits with low security risks, and

- c. Equity: the degree to which underserved areas or population of the state can access economic development programs.

Figure 3, below, outlines which programs will be modernized in FY 2019-21.

3. **Hire a Project Manager:** We believe the success of this initiative hinges on hiring a qualified project manager to oversee and direct the project scope, timelines, budget, and schedule. In addition, the project manager will have oversight responsibility for developing the project plan, contract negotiation, communication to stakeholders and vendor management.
4. **Software integration and licensing:** As agency programs become available online, they will be integrated with the agency community webpages. The community page allows customers and our partners to collaborate and connect with agency staff. It will also enable customers to find answers themselves and answer the questions of others thus reducing service costs. The cloud-based software will have annual subscription for both staff and customers. Project cost is extrapolated using the current CRM annual license fee; adding to that the software license necessary to develop the above listed programs, see figure 3 above; and the cost of integrating the programs to the agency website.

Figure 3: Project Cost

	Project Name	Fiscal Year	Cost \$\$
1	Replace Portfol	2019-21	500,000
2a	Seismic Rehabilitation Grants	2019	40,000
2b	Special Public Works Fund (SPWF)	2019	30,000
2c	Standard enterprise zone exemptions	2019	40,000
2d	Water/Wastewater (W W/WF)	2019	25,000
2e	Safe Drinking Water Revolving Loan Fund (SDWRLF)	2019	30,000
3	Project Manager - ISS8	2019-21	240,000
4	Salesforce Software licensing annual subscription	2019-21	400,000
4a	Integrating applications with the agency websites and portal	2020	180,000
	Grand Total		\$1,485,000

Phase II of the project in FY 2021-23 biennium will continue migrating 25 more programs online. Phase III of the project in 2023-25 will migrate the remainder programs. A detailed list of prioritized programs and associated costs for each biennium is provided as part of the appendix for your reference.

Project Alignment

Agency Strategic Business Plan

One of the Business Oregon Strategic Business Plan priorities is to “Ensure an inclusive, transparent, and fiscally healthy agency”. We believe information technology is essential in providing efficient government services, which enhances application processing, improves our responsiveness, and allows our agency to more effectively meet the business and community needs of Oregonians. Thus, replacing our outdated system and automating our application processing ensures that the agency continues to deliver economic development services and meet its strategic business needs.

Governor’s Goals, Priorities, and Initiatives

One of the Governor’s priorities and specific areas of focus is “a thriving statewide economy”¹. This business case also supports the Governor’s initiatives of improving government efficiency and effectiveness, for which effective and functioning technology is key. Portfol replacement enables Business Oregon to continue deliver cost effective economic development activities and help Oregon businesses and communities thrive.

Problem or Opportunity Definitions

Information technology provides essential tools that allow public agencies to provide efficient services and respond to citizens’ needs more effectively. Our business needs have outgrown our existing systems. Existing systems do not allow us to meet the changing needs and expectations of our customers. This is particularly true of Portfol which has reached end of life and no longer upgraded by the vendor.

¹ <http://www.oregon.gov/gov/priorities/Pages/Thriving-Statewide-Economy.aspx>

The core technology and processes used to support Business Oregon's mission and program requirements are becoming unsustainable and we are struggling to keep up with technological advancements and evolving customer expectations. Some key issues and risks include:

- **Impact of system failure to Oregonians and Oregon businesses.** The systems that support our core business functions for the agency are based on outdated technology. If these systems fail, it would have a significant impact on the services we deliver to our customers – Oregonians and Oregon businesses and the trust the public places in the agency.
- **Inability to modify and improve systems.** The services we provide to our customers are regulated and guided by federal and state laws and policies, which frequently change. There is also the ongoing business need to continually improve services and system usability to meet ever evolving technology and customer service models and expectations. Even seemingly minor program changes are currently complex, lengthy, and expensive to implement, and present a risk of introducing errors in the “spider web” of sub-programs.
- **Inability to accommodate legislative changes.** Due to limitations of our current legacy systems, we have not always been able to comply with legislative requests and mandates. The two most recent examples are Solar Development Incentive and the Federally Funded Export Grant programs. Our systems were not able to accommodate some of the programs requirement, resulting in cobbling together a solution that addresses the program requirements.
- **Systems are antiquated and are unintuitive.** It is difficult to train new staff on these older systems. Employee satisfaction and the pride that comes with executing our mission is dampened by the time spent with duplicative and manual work. Over time, our ability to retain new qualified employees will be compromised by our antiquated technology environment.
- **Customer service enhancements cannot be realized.** The current systems have limited usability for our customers. Self-service options are not available, access is limited, and services that are available online are not supported on mobile platforms.
- **Security limitations.** Our existing systems were not designed with security in mind. The lack of security integration challenges our ability to easily share data or provide access. Controlling security is complex and it is difficult to manage user access appropriately. Access review or investigation is conducted through manual reviews which makes it difficult to respond to security threats.

One of the primary drivers for modernization is the risk that the systems supporting our core business functions may fail since the vendor no longer supports it. In assessing our core technology, business systems, and current business practices we determined that:

- Many of our business processes are manual or constrained by system capabilities that do not provide the flexibility to meet the changing needs and expectations of our customers and partners.
- The systems that support Business Oregon are based on obsolete or outdated technology or are reaching maximum capacity. Many of these systems were designed in the 1980s. This poses risk of system failure and difficulties in maintaining system support.
- Aging technologies and processes are complex and are at risk of not being supported in the near future. Recruiting and retaining Information Technology staff with the skill sets necessary to support these antiquated systems has become a significant challenge, threatening business continuity.
- We must provide secure and appropriate access to real-time and accurate data that not only supports the Agency, but also the network of partners that are working together to support the agency services.
- We must improve our ability to protect data, ensure confidentiality, and respond to security threats, and easily manage access to our systems and data.

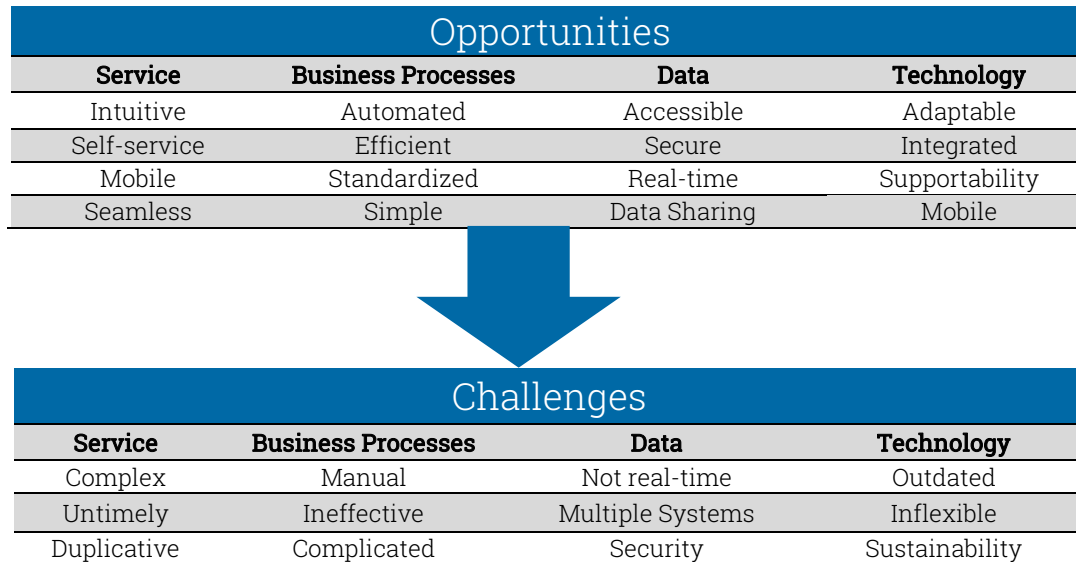
These problems and associated opportunities addressed by system modernization cover all aspects of the business. Work documenting and analyzing the current state has helped us identify and document challenges, with themes emerging around customer service, business processes, data, and technology.

When the modernization initiative is completed, customers, policy, and technology will have a fully modernized service delivery and technology environment. Customers will have access to multiple channels to apply for programs/services, update changes to their information, revise or renew their application, check application status, or provide documents. Staff will have automated solutions that support efficient and accurate application process. One key goal of Business Oregon Modernization is to automate complex application processes, which benefits our customers and improves accuracy and efficiency.

Using Salesforce as the basis for our automated application processes will allow us to adapt to these changes in reasonable cost and use our existing IT staff and resources. The new system will deliver increased accessibility, security, quality, and

accuracy. It will improve our response times to our customers. Customers will be able to access services in a faster, flexible, and convenient way from any device, any time, and from anywhere.

It will enhance the agency’s ability to meet federal and state operational management and statistical reporting requirements. It will provide the ability to view our activities and operation in a holistic manner and provide a single source and version of data. Data will flow across organizational boundaries and lead to better collaboration between program administrators and constituents alike. Leadership and legislators will be able to gain an enterprise-wide historical perspective, insight on current situations, and enable predictive analytics of future investments.



Utilizing these challenges and opportunities, we will continue to define the Modernization Program’s expected benefits in the next revision of our Business

Case when we submit for Stage Gate 2 review.

Alternatives Analysis

Assumptions

As Business Oregon undertakes its Modernization Program, planning and decision making are framed by the following assumptions and constraints.

- Successfully modernizing the systems that support agency services will require a collective effort from all areas of the Agency, as well as key stakeholders and partners.
- Business Oregon is committed to an inclusive and participatory process with adequate representation from employees, key customers, partners, and stakeholders.
- We will learn from the experience of others, seek best practices, and obtain lessons learned. We will incorporate this knowledge as we plan our modernization approach.
- Business Oregon will complete the Cloud Policy keeping within the technology standards and guidelines established by the OSCIO office.
- Business Oregon will use its existing integrated Customer Relations Management (CRM) programs, and a compatible loan, grant, bond and tax-incentive portfolio management systems that meets required functionality for both constituent and business needs. However, based on initial market research, it appears that there may not yet be one solution that meets the needs of each programs workflow automation. Multiple requests for proposals and vendors may be needed.
- Adjustments will be required to adapt any product to meet the Agency's requirements. Based on initial market research, there are no true commercial off-the-shelf (COTS) solution that meet all of Business Oregon's needs. Therefore, any system solution either purchased or developed in partnership with another state (e.g. transfer, consortium) would require modifications and integration effort.
- Business Oregon will pursue a customer-centric solution(s) that can be maintained and updated to evolve with technology.
- Business Oregon will invest in a robust organizational change management program and communications effort to identify and communicate changes and impacts. Further, change management tools and methods will be employed to engage and assist employees through this significant transition.
- As with any major organizational change, current employees will need training to learn to operate and maintain the new system(s). Employees will also need training to identify and modify overlaps and gaps between existing and new business practices.

Solution Requirements

Certain functional and non-functional requirements must be met for the agency to conduct business. Across all program areas this includes ensuring compliance with federal (e.g. Housing Urban Department) and state statutes, policies,

regulations, and reporting requirements. See appendix for summary of the high-level agency functional requirements capabilities.

Alternatives Identification and Selection

Business Oregon has considered many options to address its modernization initiative. Each of the alternatives have varying costs, benefits, and risks based on the vendor, functionalities desired, degree of migrated data, and amount of customization required among other items. Other factors that will need to be evaluated include sequencing of systems to be replaced. Below is a list of the alternatives identified and selection analysis:

- **Maintain the status quo.** Maintain the current state and continue use of existing systems and processes. This would mean continuing the use of an outdated, inflexible, insecure system that does not respond to the needs of our customers. Continuing with the current manual process is not realistic for the following reasons:
 - Cumbersome, manual, paper intensive administrative processes
 - Information sharing and reporting of the agency's work is difficult to automate and streamline
 - Portfol is a custom-built application that is over 30 years old, security is not an integral part of the solution and support for the system is being discontinued.
 - The technical environment wastes staff time and creates inefficient processes.
 - The agency services are not deliverable online in a secure fashion.
- **Commercial off-the-Shelf (COTS) System.** Purchase a COTS product that best meets the Business Oregon needs and has been successfully implemented in another state.

Our research indicates that no one state economic development services, policies, practices or procedures are similar and are in varying degrees of technology maturity. Our survey results showed us that many economic agencies are in the process of determining their strategy like us. We did not come across a state that has an integrated CRM, Portfol like system, COBID, and donation management systems outside Wisconsin. Their project is not yet complete for us to evaluate whether they have similar function or services.

Nor have we found any vendor COTS product that meets the agency needs without making substantial investment. In addition, our staff will have a learning curve of the new system, which perpetuates and increases the change management needed. The existing investment in our CRM and the cost of developing the proof of concept nine programs will also be sunk cost.

- **Build upon our current CRM platform.** Design, develop and implement a system that meets the agency's needs. This could be developed in-house with staff augmentation, and/or in collaboration with a vendor.

This would leverage our existing technical resources, supplemented by consultant (vendor) developers to build upon our current CRM solution. In 2018, Salesforce was named a leader in the Gartner Magic Quadrant for the third consecutive year. Business Oregon purchased the solution in 2015 and has steadily worked to configure it to match our needs. We have completed automation of nine programs as a proof of concept for this alternative.

The benefits are that building upon a single platform, our data along with all customer interaction will be in one place. This leverages our ability to use and expand our data across various programs while providing the programs staff a similar look and feel and access. Please see the appendix for your reference only regarding other economic development agencies use of Salesforce around the nation.

In consideration of all the objectives and solution requirements, the agency believes that "Build upon our current CRM solution, adding technical resources as needed" as the best alternative for implementation the modernization initiative.

Cost

The cost for FY 2019-21 is \$1,485,000. The modernization implementation plan spans three consecutive biennium beginning in 2019-21 with prioritizing and phasing programs that benefit customers the most. The project begins with program analysis, application design, development, implementation, and staff training. The total rough order of magnitude cost for the three phases, with the expected completion date of FY 2023-25, is \$5 million dollars.

Benefit

One of the Governor's priorities and specific areas of focus is "a thriving statewide economy". Portfol replacement enables Business Oregon to cost effectively deliver economic development activities efficiently and allow employees to spend more time on value-added service.

The modernization initiative return of investment to our customers takes into consideration the automation efficiency gained adjusted for risk, see table below, using the Forester Total Cost of Ownership model.

#	Benefits Metric by Biennium	17-19	19-21	21-23	23-25	Total
1	Number of complex workflows or application available	4	3	20	13	40
2	Average time savings per complex workflow per use (hours)	1	1	1	1	4
3	Average number of complex workflows used per week (total)	200	1050	1400	1794	4444
4	Number of simple workflows available	5	3	12	1	21
5	Average time savings per simple workflow	0.25	0.25	0.25	0.25	0.25
6	Average number of simple workflows used per week (total)	300	350	325	125	1100
7	Total time savings per week in hours - (Line # 2*3+5*6)	275	1138	1481	1825	4719
8	Average annual fully loaded compensation	\$90,000	\$90,000	\$90,000	\$90,000	\$360,000
9	Productivity capture	50%	50%	50%	50%	50%
10	Improved business team productivity - (Line # 7*52 * Line # 8/2080* Line #9)	\$309,375	\$1,279,688	\$1,666,406	\$2,053,406	\$5,308,875
11	Improved business end user productivity (Risk Adjusted - 20%)	\$123,750	\$767,813	\$999,844	\$1,232,044	\$3,123,450

Risk

The agency considers not upgrading Portfol to be a high risk for its operation as well as its ability to continue meet customer expectations. However, the modernization initiative itself comes with several low to medium level risks. Mitigation of these risks will be critical to the success of this initiative. A few highlighted risks are outlined below:

Risk	Risk Level	Mitigation
Inability of vendor consultants to understand and build products to meet our needs	Low-medium	Requirements elicitation accomplished through facilitated Joint Application Design and Development sessions with key stakeholders. We will also be careful in evaluating vendor consultants and doing our due diligence in vendor management

Our in house technical staff may need further training	Low	We have recently hired an in-house Salesforce programmer. Training is easily available with our current solution; we also have the ability to expand training via user groups and conferences
Not all applicants may have access to the internet	Low	The process allows for hardcopy application. Hardcopy application options will not be publicized and only supported on request, as needed
Applicants will not adopt or embrace electronic systems	Low-Medium	A well-planned and executed change management plan will mitigate this impact and keep the risk low. The nature of the business will also lower the risk

In addition, there will be standard project-related risks that will be mitigated by the Project Manager who will use PMBOK tools and best practices, the leading standard for project management methodology. Once on board, the Project Manager will setup the core foundation for project execution, including establishing the steering committee and project charter, detailing the project plan in coordination with the selected development team, and finalizing the governance plan.

Conclusions and Recommendations

Conclusions

While the alternatives of building upon our current CRM solution and choosing a new platform to build on are both viable. Building on our current CRM solution, Salesforce, allows us to use the knowledge base and configuration decisions already made and in process for the last three years. Choosing a new platform adds both time and cost to a solution.

Next steps for the project is to gather business requirements leading to formal decisions on scope, direction, schedule, etc. The agency has further worked with DOJ to draft a Request For Proposal for Salesforce development and integration services, which is attached as part of the appendix for your reference only.

Recommendations

Given the lower risk, the existing relationship with Salesforce and agency direct experience developing the proof of concept, Business Oregon believes designing, developing and implementing a system that meets the agency's needs is the lowest risk and most cost effective alternative. The Solution can be developed in-house with staff augmentation, and/or in collaboration with a vendor.

Consequences of Failure to Act

Failure to replace Portfol poses a security risk to the agency. Not only because the aging solution poses security risks, but also because the software limitations make it challenging to meet the agency's strategic priority goal of creating a transparent, fiscally healthy agency. It is also a hindrance to accomplish Governor's goals of creating jobs and building a thriving statewide economy. The system is outdated, inflexible, duplicative, inefficient, manual and in need of significant improvement. The Modernization Initiative will replace it with a solution that better meets the agency's business needs, support the governor's priorities, and promote our customers economic vitality. As stated previously, failure to select and move forward with the initiative would result in:

- Cumbersome, manual, paper intensive administrative processes
- Information sharing and reporting of the agency's work is difficult to automate and streamline
- Portfol is a custom-built application that is over 30 years old, security is not an integral part of the solution and support for the system is being discontinued.
- The technical environment wastes staff time and creates inefficient processes
- The agency services are not deliverable online in a secure fashion.

Furthermore, a delay or failure to act will result in added cost, both with extending the costs of the manual processes, as well as the costs of continued planning without actual execution.

Prioritization Matrix Justification

1. Required Service Product Business Alignment - Two or three are true.

JUSTIFICATION: Business Oregon has over 70 paper-based programs and depends on Portfol and other systems to manage and support the agency operation. Portfol and other systems the agency relies are longer being maintained, increasing risk of servicing the loans and grants. These systems are not meeting our strategic business needs. Replacing our aging systems ensures that the agency continues to deliver economic development services and meet its strategic business needs.

Most of the agency programs such as CDBG, Safe Drinking Water, Waste Water Treatment, and Seismic Retrofitting of Schools and Emergency Shelters and others are all mandated programs. These programs today rely on Portfol. Inability to administer

these systems effectively would put our agency in an extremely vulnerable position of losing these federal matching funds and programs.

The modernization initiative supports the Governor's priorities of "a thriving statewide economy". It enables us to cost effectively and efficiently deliver economic development services and our need to ask additional FTE in the future will be reduced.

2. Value to Customer - High value to customer

JUSTIFICATION: Our customers' desire for personalized services, and we need to adapt to their changing needs and requirements. The project improves our customers, citizens, business, and communities, to access our services online at any time, from any device and any location. These improvements are constrained by our current tools and technology. With this initiative, customers will be able to access services in a faster, flexible and convenient way. They will be able to submit applications online, review status of their application, as well as access their account to obtain necessary information such as printing their tax statements - 1099s.

3. Leverage Potential – medium potential

JUSTIFICATION: The modernization initiative can be leveraged as a shared service across the agency various divisions and program areas. We believe there are also opportunities to improve how we share data and interact with our partners such as other agencies and local economic development entities. The pilot program demonstrated the value it adds to our partners on their ability to be responsive to customers. The solution can also be extended as a utility service to other agencies who provide grants and loans, if they choose to use it. The new system will also improve our ability to anticipate and respond to security threats, and manage risks.

4. Risk / Importance to Risk Mitigation – high risk to state/customer if not offered

JUSIFICATION: It is imperative that we transfer the agency's historical financial records and replace Portfol with a system that will allow us to continue to act as responsible stewards of public resources and manage our programs' financial data for the department. Continuing to rely on Portfol after the company has ceased support of the product leaves the department and the billions of dollars in loans and grants it tracks in an extremely vulnerable position.

5. Financial / Return on Investment / Cost Avoidance - ROI gained within two biennia

JUSTIFICATION: Using the Forester total cost of ownership, the ROI is gained within two biennia. The initiative enables us to cost effectively and efficiently deliver economic development services and allow employees to spend more time on value-added service.

Appendixes and References

The RFP and the research on economic development agencies documents are included as a separate document. Please refer to the OSCIO office Project Portfolio Management System for a copy.

Summary of the high-level functional capabilities

Summary of the high-level functional capabilities of the Portfol replacement system requirements are as follows:

- Easily handles mortgage, simple-interest, variable rates or line-of-credit type amortizations
- Posts repayment checks to exact principal, interest, late or service fees
- Automatically calculates late fees on delinquent loans
- Recalculates loan schedules during work-outs (i.e. applying moratoriums and/or re-amortizing for different interest rates or terms)
- Maintains full amortization schedules - no matter what changes have been made along the way. See at a glance what happened and when
- Maintain a full history of every change made to a loan's repayment structure. Create or restructure a loan using different interest rates, amortization methods or even payment amounts. Each phase is independent of the other and can describe any part of the loan's life. Choose multiple Amortization Methods including Traditional Mortgage, a Line of Credit, Interest-only or Capitalizing payments.

Summary of high-level functional capabilities of the 70 plus programs application requirements are as follows:

- Implementation and management of 70+ electronic forms and their underlying data
 - Customer Registration
 - Intake forms (pre-application)
 - Application forms
 - Workflow to maximize efficiency

- Managing the accounts and security of a user portal
 - Contract forms
 - Ability to sign contracts
 - Ability to add/delete attachments
 - Notifications (emails) to customers, organizations, municipalities
- Administration users
 - Notifications based on workflow to appropriate staff member
 - Approval processes where necessary
 - Reporting tools
- Contact management/project management
 - Ability to interact in CRM system with applicants/contacts
 - Regional Development Officers ability to interact with programs
- User-specific functionality supported for managing the filing and reporting process, available to the respective users upon logging into the solution
- Robust data platform supporting all requirements above with flexibility to expand with future requirements
- Improve integration with external partners

Phase II and Phase III Proposed Schedule

FY 2021 2023 proposed projects	Fiscal Year	ROM \$\$
Brownfields Cleanup Fund	2021	20000
Brownfields Redevelopment Fund	2021	20000
Business Retention Services Program (BRS)	2021	20000
COBID - Women Business Enterprise Program (WBE)	2022	25000
Electronic Commerce Investment Tax Credit	2022	15000
Food Processing Machinery and Equipment (M&E)	2021	20000
Industry Competitiveness Fund (ICF)	2021	30000
Long-term rural enterprise zone facilities	2022	15000

FY 2021 2023 proposed projects	Fiscal Year	ROM \$\$
Marine Navigation Improvement Fund (MNIF)	2021	30000
Oregon Business Development Fund (OBDF)	2022	25000
Oregon Business Retention & Expansion Program (BEP)	2022	25000
Oregon Capital Access Program (CAP)	2021	30000
Oregon Credit Enhancement Fund (CEF)	2021	25000
Oregon Investment Advantage	2022	20000
Oregon Investment Advantage (OIA)	2022	20000
Oregon New Market Tax Credit (NMTC)	2022	40000
Port Planning & Marketing Fund (PPMF)	2022	20000
Port Revolving Loan Fund (PRLF)	2022	20000
Regionally Significant Industrial Areas (RSIA)	2021	25000
Regionally Significant Industrial Sites (RSIS)	2021	25000
Replacing the Arts Donor Management Software	2021	50000
Rural Entrepreneurship Development Initiative (REDI)	2021	20000
Rural Opportunity Initiative (ROI)	2021	20000
Small Manufacturing Business Expansion Program (Small BEP)	2022	20000
Strategic Investment Program (SIP)	2021	30000
Strategic Reserve Fund (SRF)	2021	50000
Western Juniper Industry Fund	2022	20000
Strengthening and Ensuring the Agency Information Security	2022	225000
Project Manager - ISS8	2021-23	240000
Agency Programs Project Management Software	2022	340000
Salesforce Software licensing annual subscription	2021-23	400000
Telecommunications Program - Rural Broadband Capacity Program	2022	20000
Grand Total		1905000

FY 2023 - 2025 Proposed Projects	Fiscal Year	ROM \$\$
Aggie Bond Program (Beginning and Expanding Farmer Loan Program)	2023	40000
Airport Concessions Disadvantaged Business Enterprise Program (ACDBE)	2023	25000
Business Expansion Program (BEP)	2023	30000
COBID - Disadvantaged Business Enterprise Program (DBE)	2023	25000
COBID - Emerging Small Business Program (ESB)	2023	25000
COBID - Minority Business Enterprise Program (MBE)	2023	25000
COBID - Service Disabled Veteran (SDV)	2023	25000
Implement an Electronic Records Management System	2023-25	360000
Prospector (lands module) replacement	2023-25	250000
SBIR/STTR Grants and Matching Grants	2023	20000
Expanding Economic Indicator Reporting and Researching	2025	125000
Project Manager - ISS8	2023-25	240000
Small Business Expansion Program (Royalty Financing)	2023	20000
Salesforce Software licensing annual subscription	2023-25	400000
Grand Total		1610000