

# Full Council Meeting

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July 26, 2019

Portland

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## **Attendance**

**Members Present:** Jenn Lynch, PSF; Holly Rockweiler, Madorra; David Conover, University of Oregon; Piper Crowell, Nike; Vidya Spandana, Nike; Jim Bauer, OAICU; Chad Olney, Pacific Crest Federal Credit Union; Chris Cummings, Business Oregon (proxy for Chris Harder)

**Ex Officio Members:** Kanth Gopalpur, Business Oregon Commission; Rep. Drazan; Rep. Gomberg

**Staff Present:** Mark Brady, Ruth Hall, Brian Plinski, Brenda Bateman, Kate Sinner, and Nick Batz, Business Oregon

**Guests:** Cindy Dahl, Skip Rung, ONAMI; Heather Ellis, OTRADI; Karl Mundorff, Irem Tumer, OSU; Dan Dorsa, OHSU; Bill Newman, OBI; Joe Janda, PSU; David Kenney, VertueLab; Gordon Hoffman, OBI; Ian Lombard, Broadpeak Capital; Ryan Mann, Treasurer's Office

**Conference line:** No one was on the conference line

Meeting was called to order at 1:10 by Jenn Lynch.

## **Welcome, Introductions, Minute Approval**

Meeting minutes from May 17, 2019, were approved and seconded.

## **Workplace Policies and Trainings**

Brenda Bateman, from Business Oregon, reviewed the respectful workplace policies, which includes statewide training that is available on-line for the zero tolerance regarding sexual harassment. She reminded everyone to complete the trainings and contact her if anyone needs any help with the system.

## **Audit Committee Update & SRC Agreements**

The Audit Committee's report was read by Mark Brady on behalf of Chair David Almodovar. As the period of reporting for 2017-19 is ending, during the boards reviews of 2017-19 SRC performance, the board noted that there is nothing concerning in any of the signature research center's (SRC's) performance reports. There has been extensive communication with SRCs on 2019-21 plans to make adjustments and come to agreement on performance measures. For this biennium, the committee is looking at making adjustments to the payment and reporting processes to allow for better and timelier oversight. The 2019-21 budgets were reduced during the Legislative session to \$7,000,000 from \$7,500,000 so the SRCs revised their plans to account for the smaller number.

Mark Brady summarized each of the three SRCs work plans and performance measures for 2019-21. He described the work each will do at a high-level and showed the quantitative and qualitative performance measures for each one. The council asked a few clarifying questions, especially

around the SRCs' efforts to do work outside of the Willamette Valley. Each of the SRC directors described their efforts in this regard.

Mark then provided the text of a budget note that was included with the SRCs' budget number in the Business Oregon budget. That note said "The Oregon Business Development Department, in collaboration with the Oregon Innovation Council, shall evaluate the feasibility and impact of eliminating ongoing state support for the three Signature Research Centers: ONAMI, OTRADI, and VertueLab. The department shall report its findings to the Emergency Board in September 2020." Mark explained that we do not yet know the exact reason for this new note to be added but that we are taking it seriously and will work with the SRCs to put together the best response possible.

### **Commercialization Fund Recommendation**

Kate Sinner described the work of the committee that has been working on redesigning the process and structure of the commercialization gap fund program. Members of the committee provided commentary on the process and on the gaps that the committee felt should be the focus of this program. Key things the group considered included

- What are the key goals of the program? Bridge gap, support ecosystem, generate returns, to catalyze private investment?
- What type of investments would serve those goals: Ones that are company friendly and enable state to earn returns. Key metrics being negotiated by the fund manager, it will include the rate of return, total invested capital and jobs.
- A strong pipeline of companies will be maintained by utilizing Oregon InC partners including SRCs, universities, as they will also provide the appropriate level of technical assistance.
- Should we require a certain number of early stage or later stage investments? Should we limit the total dollar figure going into each stage? Should we have a maximum dollar figure per company?

Ultimately, the committee recommended that Oregon InC seek a fund manager for the \$5M commercialization gap fund that will target very early stage companies and companies that are closer to private seed investment. Target companies will focus on industry areas that align with those of the High Impact Opportunity Project (HIOP) program (active lifestyle, advanced manufacturing, and natural resources) or the Signature Research Centers (SRCs) (bioscience/digital, health, advanced materials, and clean tech). Kate explained that she was waiting on final edits to the RFP, then she would finalize that and release it as soon as possible. Late August is the estimated timeline for the RFP to be released. The council concurred with the recommendation.

<b>19-21 Oregon InC Budget</b>	<b>Proposed</b>	<b>Budget</b>
Signature Research Centers	\$ 7.5M	\$ 7.0M
Commercialization Fund	\$ 5.0M	\$ 5.0M
High Impact Opportunity Projects	\$ 4.4M	\$ 3.0M
SBIR Support Program	\$ 1.0M	\$ 2.25M
Total Biennium Budget	\$ 17.9M	\$ 17.25M

Mark Brady provided background on the other two programs in Oregon InC's budget: the High Impact Opportunity Project (HIOP) Program and the SBIR Support Program. Mark reminded the group what was spent and how many projects were funded out of these programs in the 2017-19 biennium as well as the recommended budget for 2019-21. Things were different than the original proposal because of the Legislative reduction to the SRCs and a better understanding of how much made sense for the other two programs. For HIOP, the recommendation was for \$3M to be provided in two rounds of the RFP. This is consistent with the approximately \$1.5M per round that was awarded in the 2017-19 biennium. The balance would go to SBIR support with \$150k being reserved for application support grants and \$2.1M for three rounds of matching grants. These were also consistent with the prior biennium. The council approved the budget as recommended.

### **University Innovation Research Fund (UIRF)**

Mark Brady described a new program that was funded very late in the Legislative session. It is called the University Innovation Research Fund (UIRF) and is a matching fund for federal, innovation-related proposals. The UIRF is a collaborative effort of Business Oregon and the universities and was funded at \$10M. Some planning has occurred, but the full program details are now being developed. Mark said there would be a proposal for the program structure and Oregon InC's role soon. The council requested that this be an item on the agenda for the September meeting. The university representatives at the meeting talked about what a great resource this will be and the difference it will make for the universities, especially on larger grant programs.

Some concern was voiced over the capacity of Business Oregon to do all of these programs in the time estimated. Mark and Chris Cummings described some improvements that have been made internally at Business Oregon that should help with this. Mark also reminded everyone that there will soon be two more people on the team at Business Oregon so the work will be spread around going forward.

### **Administrative Rules**

Mark Brady explained that we currently only have temporary rules for Oregon InC that will expire soon. He is drafting new permanent rules for both Oregon InC and the UIRF. Separate rules are necessary because the funding is technically in two different funds, and you can only have rules cover one fund. Both rules will formalize & document how Oregon InC makes funding decisions and its role in the UIRF.

### **Tentative Calendar by Program**

- **Commercialization Fund**—RFP for fund manager likely released in late August
- **HIOP**—2 rounds: September of this year & Spring 2020. The council recommended delaying the first round of HIOP grants to allow the new staff person time to have input on the program and have some time to do outreach to promote the program. Staff agreed to delay this.
- **SBIR**—Phase 0/00 is opening ASAP; rolling applications
- **Matching Grants**—3 rounds: Sep. 2019, Mar. 2020, & Sep. 2020

**Public Questions/Comments & Adjourn**

Jenn Lynch asked if there were any public comments. There were none so Jenn adjourned the meeting at 4:16.

**Approved by:**

Signature on file

Jenn Lynch, Chair  
Oregon Innovation Council

07/17/2019

Date

Signature on file

Mark Brady  
Business Oregon

07/17/2019

Date