

Full Council Meeting

January 23, 2020

Portland

Attendance

Members Present: Chair Jenn Lynch, Portland Seed Fund; Ann Bunnenburg, Synergic Medical Technologies; Ben Cannon, Higher Education Coordinating Commission; David Conover, University of Oregon; Piper Crowell, Nike; Chris Cummings, Business Oregon; Representative David Gomberg (ex officio); Juanita Kurtin, Osram; Chad Olney, Pacific Crest Federal Credit Union; Tobias Read, Oregon State Treasurer

Staff Present: Kate Sinner, Jordana Barclay, Brenda Bateman, Mark Brady, Kim Herb, Ricardo Lopez, Brooks Peacock

Guests: Peter Barr-Gillespie, OHSU; Dan Dorsa, OHSU; Heather Ellis, OTRADI; Gordon Hoffman, Northwest Tech Ventures; Leah Horner, Governor's Office; Joe Janda, Portland State University; David Kenney, VertueLab; Kelly Leguineche, University of Oregon; Ryan Mann, Oregon Treasurer's Office; Amanda Osborne, Oregon Entrepreneurs Network; Brendan Rauw, Vectorpoint Ventures; Bryson Robertson, Oregon State University (OSU); Skip Rung, ONAMI; Jacob Vandever, Oregon House Republican Office; Brian Wall, OSU

Chair Jenn Lynch called the meeting to order at 1:04 pm.

Welcome, Introductions & Minutes

Chair Lynch welcomed everyone and did a round of introductions. Chair Lynch thanked Brian Wall for hosting the meeting and asked him to tell the group about the space. Chair Lynch then called attention to two new members: Ann Bunnenburg and Juanita Kurtin. Chair Lynch asked them to tell the group about their backgrounds and interest in the council. Chair Lynch then asked if there were any questions on the minutes. Mark Brady highlighted two minor edits to the minutes made after they were sent to the council. Treasurer Read moved to approve the minutes with the two revisions and Chair Lynch seconded. Revised minutes were approved unanimously.

Audit Committee Update

Chair Lynch asked Mark to provide an update on the Audit Committee's work. Mark let the group know that David Almodovar was called out of town at the last minute and that he apologized for not being able to be at the meeting. Mark conveyed to the group that the committee had put a lot of work into finalizing the scopes of work, budgets, and performance measures for the Signature Research Centers (SRCs) for the current biennium. While the agreement process took longer than expected, all were either being executed or would be in the near future. Jordana Barclay provided the committee an update on the plans for the first round of high impact opportunity projects (HIOPs). Mark then walked the group through the 2019-2021 plans and performance measures for each SRC. Mark reminded the group that David will be moving and most likely soon so that the committee will need a new chair.

Program Updates

Chair Lynch said that the meeting will now cover updates on each of the council's programs and asked Kate Sinner to start with the Commercialization Fund.

Commercialization Fund

Kate reminded the group that Business Oregon released a Request for Proposals (RFP) last biennium for a fund manager, but the process unfortunately did not result in a clear choice. Given that, at the end of the last biennium, a committee decided to revise the RFP. Another RFP was released and, this time, the group identified a prospective manager. Business Oregon has nearly completed negotiating a term sheet with the manager so that a contract can be drafted. There has not been a press release about the selection yet, but there will be once the contract is executed. Kate expects the manager to attend the April meeting where they will introduce themselves and their plans for the fund.

The group discussed at what stage the funding would be focused and how those targets were identified. Kate explained that the group revisited the benchmarking and best practices study and did considerable outreach with partners. In addition, the intent is for this fund to be complementary to the work of the Oregon Growth Board and other sources of capital in Oregon. The group also discussed metrics for the program, such as the number of requests, the stage of companies requesting funds, leveraged funding, jobs created and demographics. Lastly, the group discussed the timing of the deployment of funds and the need to have a fast but thorough process for funding decisions given the need for this type of funding by early-stage companies.

HIOP

Jordana Barclay provided an update on the first RFP for HIOP grants. She explained the extensive outreach she had conducted leading up to the RFP to help people better understand the program and start thinking of potential projects. Jordana told the group that the RFP was released on January 7th and closes on February 7th. The group discussed the evaluation committee and the level of private-sector engagement on the committee. There was a suggestion of adding someone with experience building and maintaining an industry initiative, such as someone from Forth.

Mark reminded the group about last meeting's discussion and approval of delegating award decision authority to the review committee and agency leadership as the council. Chair Lynch told the group of the reasons for this over a more hands-on approach. Ann Bunnenberg cautioned about appearances that the council is not involved in the selection of awards for a council program. The group discussed the possibility of adding council members to the review committee for more council ownership of the awards. Chair Lynch volunteered to participate on the committee and asked for another member to participate. Jordana agreed to send a note to the group once she knows how many proposals she received so people can understand the level of effort and time required to participate. The group decided to have the committee present the slate of recommended awards at the April meeting for council review and discussion.

SBIR Support Program

Mark provided the group with an update on the SBIR matching grant program. There were 32 applications for these grants with 15 chosen for awards that total approximately \$1,000,000. The committee and agency leadership decided to make more awards than originally planned given

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the quality of proposals rather than hold onto money for possible good projects in the future. Awards went to companies in various segments of bioscience, advanced manufacturing, advanced materials and clean tech. Mark walked the group through the list of companies who received awards in this round as well as those that did not. Finally, Mark told the group he anticipates releasing a second RFP for these grants some time in or around April with the possibility of a third round in the fall pending available funding.

SRC Budget Note

Kate talked about the budget note included in Senate Bill 5524 last Legislative session that calls for an evaluation of the state funding for the SRCs. A report is to be provided to the Emergency Board in September. Kate reminded the group that it has been an ongoing conversation about whether or not to sustain state funding for the SRCs. Kate explained that the plan is to work with the SRCs to develop the content for the report, including performance metrics and the value and impacts of the work. The intent is to provide a draft report to the Legislative Fiscal Office (LFO) in August. Kate also talked about how the response will also overlap with and be informed by the Innovation Plan work that Kim Herb will discuss later. Piper suggested the report focus on the effects of eliminating the SRCs, rather than just how great they are. The group also suggested including statements of value from the companies served by the SRCs.

Kate invited the SRC directors to provide input. David Kenney from VertueLab talked about how the SRC model has shifted over years to be less university-centric and that there is value in evaluating the focus and results of the SRCs. He warned that deep expertise and relationships that are difficult to replace will be lost if the SRCs are eliminated. Skip Rung from ONAMI talked about the fact that the SRC moniker is no longer appropriate given the work the groups now do. He also highlighted the importance of identifying the objectives for the State's innovation programs and focus resources and efforts on what is needed to make that happen. Heather Ellis of OTRADI highlighted that her group is different than the others in that they house 32 companies, which would all be directly and significantly impacted by eliminating state support.

The group decided to revisit this topic at the April council meeting to hone in on the exact strategy and focus of the response. Kate said she would try to get more information on the note from LFO. Chair Lynch asked if any council members wanted to help staff work on SRC issue. Juanita Kurtin and Ann offered to help contribute to the conversation.

Sponsorships

Mark presented the group the idea of carving out \$100,000 of the council's budget to use for supporting events in this fiscal year that have a similar focus to Oregon InC's programs. This is important how the agency has shifted its approach to sponsorships so that the funding is to come from program budgets, rather than the agency's administrative budget. The idea would also allow Business Oregon to react to these opportunities in a timelier manner, instead of having to wait for the next council meeting. Mark reminded the group how the council supported InventOR last year as an example of the types of things for which these funds would be used.

Chair Lynch agreed with the value of being able to act quickly on these opportunities given the nature of these requests as well as the importance of promoting the work of the council.

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Piper Crowell reminded the group that this money would be taken away from other programs. She also discussed the importance of tying any use of these funds to clear goals and outcomes that provide real value. Chris Cummings talked about how the agency in general has moved away from sponsorships purely for marketing purposes and instead look to opportunities that provide added value. The group discussed that it is difficult to weigh different uses of the council's funding until program proposals are received and evaluated. Money may actually be retained that does not end up going to the best (or any) use if the quality of applications is low.

Chair Lynch moved to approve up to \$100,000 in sponsorship funding through the rest of the current fiscal year. David Conover seconded. All approved of the motion, except Piper Crowell who opposed it. Staff agreed to report back to the council at the April meeting on any activities in this area as well as again at the July meeting as the council discusses plans for next fiscal year.

University Innovation Research Fund (UIRF)

Chair Lynch then informed the group that we would be having presentations from three universities who were the first to access this new program. Kelly Leguineche from the University of Oregon presented on their project to develop new cell culture media that received \$600,000 in matching funds from the UIRF to match \$600,000 in federal funding. Bryson Robertson provided a presentation on the wave energy project Oregon State University is doing using \$250,000 in UIRF matching funds to match \$1,250,000 in federal funds. Finally, Joe Janda discussed the proposal that Portland State University has submitted to the National Science Foundation with \$600,000 in match committed from the UIRF with \$1,400,000 in federal funding requested. The council conveyed its appreciation to the three for their presentations and support for their work.

Innovation Plan

Kim Herb presented an update on the work to produce a 10-year *Innovation Plan*. The first phase of the work was the *Benchmarking and Best Practices Study*. Now, it is time to develop a Futures Commission and the plan itself. Business Oregon looked to hire a consultant to help with the work, but the review committee could not reach consensus on the best choice. An updated RFP will be released soon. Kim let the group know that she is close to finalizing an "Innovation Vision Survey" to capture input from stakeholder and understand people's vision for innovation in Oregon, which she will send to the group for completion and distribution to their networks. Kim then outlined the road map to get to the *Innovation Plan*. She expects approximately three, all-day events along with two or three work sessions. She expects these to be conducted between February and August of this year. The goal of the Futures Commission is to elevate innovation as a state priority and that this is an opportunity to think bigger, not just incrementally. Kim shared the list of initial targets for the Futures Commission. Kim asked the council to think about who else should be on the list. Kim said she is looking for people who are leaders in their space, who will bring their constituency and who are available. Kim will follow up to solicit names and other important stakeholders.

Public Comment & Adjourn

Chair Lynch asked if there were any public comments. Hearing none, Chair Lynch adjourned the meeting at 4:02 pm.

Approved by:

Jenn Lynch, Chair
Oregon Innovation Council

Date

Mark Brady, Innovation Strategist
Business Oregon

Date