

Full Council Meeting

July 23, 2020

Online Meeting

Attendance

Members Present: Jenn Lynch, Portland Seed Fund; Ann Bunnenberg, White Horse Consulting; Dr. Nagi Naganathan, Oregon Institute of Technology; Treasurer Tobias Read; Chris Cummings, Business Oregon; Soundharya Nagasubramanian, HillRom; Juanita Kurtin, Osram Semiconductors; Piper Crowell, Nike; Chad Olney, Pacific Crest Federal Credit Union; Brent Wilder, Oregon Association of Independent Colleges and Universities; Representative Gomberg (ex officio); Kanth Gopalpur, Business Oregon Commission (ex officio)

Staff Present: Kate Sinner, Jordana Barclay, Nick Batz, Ruth Hall, Mark Brady

Guests: Deborah Cummings, Tecomony; Jonathan Dworin, Teconomy; Dwayne Johnson, Globe Three Ventures; Ryan Mann, Oregon Treasurer's Office; Cassandra Moseley, UO; Dan Dorsa, OHSU; Brian Wall, OSU; Travis Woodland, PSU; Jacob Vandever, Oregon Legislature; Melissa Leoni, Oregon Legislature; Heather Ellis, OTRADI; Skip Rung, ONAMI; David Kenney, VertueLab; John Falconer, Summit Development Group; Gordon Hoffman, NW Tech Ventures; Bill Newman, NW Tech Ventures; Nitin Rai, Elevate Capital; Ben Nahir, Elevate Capital; Sione Filimoehala, Oregon Council of Presidents;

Welcome, Roll Call & Meeting Minutes

Chair Jenn Lynch called the meeting to order at 1:04pm and read through the roll of who was in the meeting. Chair Lynch asked for a motion to approve the meeting minutes from the last two Council meetings. Treasurer Read moved to approve the minutes. Dr. Nagi Naganathan seconded. There was no discussion and minutes were approved.

COVID-19 & Budget Updates

Chris Cummings gave an overview of how the agency has dispersed federal funding in response to the COVID-19 crisis. The staff is currently working on programs covering a variety of issues, including hospitals, business and rental assistance. Some of these are areas that are not ones the agency usually works with so it has been a lot of work by staff to make these programs happen. Another issue is that a lot of the federal money must be expended by the end of the calendar year so time is short to use the funding.

Chris also discussed the state budget situation and in particular the impacts on lottery funded programs, such as Oregon InC. Chris explained that the agency's approach is to keep staff as much as possible to handle funding cuts, but that means basically all programs have had to suffer budget cuts. The agency is facing a lot challenges, though, given the decrease in lottery funding to the point that the agency actually had to be cognizant of cash-flow issues. Oregon InC funding is a significant program in terms of Lottery funding within the overall Business Oregon budget, which makes it more likely to have cuts to its funding. Chris referred the Council to the announcement that had just been released by the Legislature with a proposal for budget reductions, including to Oregon InC programs. Chris said this was just a draft that would still be discussed and not be finalized until after any budget-focused special Legislative session.

Chris also shared that the budget process was already beginning for the 2021-23 biennium. As usual, all agencies have been asked to submit base budgets along with 5 & 10% cut budgets. Lastly, Chris said that the Policy Option Package for increasing Oregon InC's budget is still a part of the agency's plans and that we will keep the Council informed on that issue.

Ann Bunnberg discussed the fact that the Council had not seen the proposed cuts and was not invited to weigh in on them in advance and that it is difficult to provide feedback on the spot. Chris and Kate Sinner explained that the numbers had just been released and were made in extensive discussions with the Legislature, the Governor's Office and the Department of Administrative Services and required extensive flexibility. They reminded the Council that there is still discussion to come with the next time being the Legislative Committee that was meeting the next day to discuss these reductions. Rep. Gomberg responded to a question on the budget process to say that the chairs create a framework, then legislators take public testimony via virtual meeting(s).

Rep. Gomberg reminded the group that they should look at the geographic impacts of new funding, especially given that some of the COVID-19 response funds have been focused more in urban areas than rural. Chris thanked the Representative for that comment and said the department has had extensive, ongoing conversations with multiple statewide partners. To date, much funding has been spent throughout all the regions of Oregon. Some programs may lean more toward funding the Portland metro area, but that is due to the cluster of the specific support the funding is intended to support. The agency has been very deliberate to try to support all Oregonians in responding to this crisis.

Chair Lynch asked if we were sure that these reductions were the right ones versus cutting some programs more and others less. Piper Crowell weighed in that the best approach would be to know what the overall amount of available funds is then have a strategic discussion about how to allocate the funds across the different programs. The Council ultimately discussed that the Legislative hearing was in less than 24 hours so there was not likely to be sufficient time to adjust the numbers. Kate Sinner reminded the group that things were still under consideration so basically all options were still on the table. The group also discussed the

Enhanced Innovation Grant Report

Jordana Barclay provided an update on the status of the Enhanced Innovation Grant (EIG) program. Jordana reminded the group of the memo that was shared with the Council earlier that summarized the review process and award recommendations. Jordana said that the contracts for the awarded companies were in process. She expects to begin dispersing funds in August and will keep the Council apprised of the outcomes of the program. Chair Lynch thanked everyone who helped with the review process.

Elevate Capital/Gap Fund Update

Nitin Rai and Ben Nahir provided an update on the status of the commercialization gap fund. Nitin introduced the Council to Elevate as a firm and talked of their previous investment work, approach and partners. Ben talked the group through Elevate's approach to the first \$250,000 installment provided by the Council/Business Oregon. Ben discussed the five companies who

were selected for the initial grants and shared information on each company's market, team and status of commercialization.

Chair Lynch asked for Elevate to talk about their decision-making process and who is involved. Ben explained that the decisions are made by Elevate after they do significant due diligence on many options. Decisions are made between staff, and they have a number of advisers that are sector specific. Kate shared that there will be an advisory board set up to address any issues like potential conflicts of interest. Rep. Gomberg stressed the importance of looking for opportunities to support innovation in rural areas of the state, not just the Valley, in particular to help address income disparities between regions of the state.

Innovation Plan Discussion

Kate Sinner reminded the group of the reason for pursuing a new Innovation Plan and the work that has been done to date. She introduced Deb Cummings from Teconomy to talk about her firm and the work she would be doing with the agency. Deb provided a brief history of the qualifications and related experience of Teconomy with other areas of the country. Deb also talked about her firm's philosophy on what makes up a robust innovation ecosystem that can have a meaningful impact on a state's economy. Deb talked about the interactions of research and development with existing industries and technology commercialization as a means of realizing economic growth from investment in innovation-led economic development.

Jordana described the process the agency is following for this phase of the plan development. That has included dozens of stakeholder interviews and two surveys. It will also include focus groups that will ultimately include over 150 stakeholders. The Futures Commission itself looks like it will have around 25 or 30 members and there will be other activities to spread the word on the work and look for input. Jordana described the topic areas for the focus groups:

- availability of value-added services
- availability of risk capital
- connectivity of existing industry clusters
- regional/geographic models
- diversity, equity and inclusion models
- emerging market opportunities

Jordana closed by providing the approximate timeline that shows the Futures Commission first meeting in late-summer/early-fall with meetings continuing through early next year with a goal of producing the 10-year Innovation Plan report by the end of March 2021.

Jen talk about how the Futures Commission is being formed and highlighted the efforts to make it inclusive geographically as well as from the perspective of underserve/underrepresented populations. Chair Lynch invited Council members to send Jordana referrals of anyone they thought would be good additions to this list.

Deb described how this effort was started a while ago, but that they are now planning for the commission to think about short-term, COVID-19 opportunities around federal funding for response. Chair Lynch highlighted that the benchmarks for the effort should be expanded beyond job creation. She also asked about how to focus on the equity goals in the metrics. Deb said that they've developed a lot of metrics across their previous projects and understand that job creation should not be the sole metric as well as understanding that long-term metrics will look different.

SRC Budget Note Response

Mark Brady reminded the group about the budget note that had been included with Business Oregon's 2019-21 biennium budget around the feasibility and impacts of eliminating funding for the SRCs. Mark described the efforts that the agency and the SRCs had been engaged in to develop the response. He reminded the Council that the draft materials had been provided and invited comments from the Council.

Treasurer Read asked how strongly we wanted to lean in on the message that innovation is difficult but critical in the current economic times. The group discussed that that type of discussion would likely be much more critical when it comes to Oregon InC's 2021-23 biennium budget than this particular note on the SRCs. The group agreed, though, that this is going to be something that requires attention going forward. Other discussion focused on highlighting the geographic impacts of the SRCs' work across the state to the extent applicable.

Mark explained that they would develop another draft of the documentation incorporating the Council's feedback within the next week or two so any other comments should be submitted via email as soon as possible. Mark said that he will work with the agency's communications team to weave the different sections together both graphically and thematically over the next few weeks. He said he would share a new draft with the Council but would have to ask them to review it on an expedited schedule in order to get the final draft to Legislative Fiscal Office staff in time for their review in advance of the E-Board deadline in September.

Other Business

Audit Committee Update

Mark provided the Audit Committee update saying that they were still working on a replacement committee chair given David Almodovar's departure. He hoped that would be finalized before the next Council meeting. Mark shared that the committee reviewed the SRCs performance for the second quarter of fiscal year 2020 and everything was basically on track. It was still early in the biennium so there are things to keep watching as additional reports come in, but the committee did not have any concerns with where any of the SRCs were at the time of review. Mark finalized by saying that another quarter's reports are due at the end of the month so the committee will start to see any impacts on the SRCs' performance from the COVID-19 crisis at that point.

Council Membership

Chair Lynch acknowledged the three Council members whose terms were ending and not being renewed. She thanked Vidya Spandana, Holly Rockweiler and David Conover for their time and effort on behalf of the Council's work and wished them well in the future. Each encouraged the Council to continue on its important work and look forward to interacting in the future via the Futures Commission process or in other efforts. Mark also mentioned that the agency was still working with the Governor's Office on replacements for these three positions and hoped to have people in place for the next meeting.

Public comments

Chair Lynch asked if there were any public comments.

John Falconer from Summit Development Group introduced himself and talked about the continuing work to develop space for bioscience companies in the central eastside of Portland. This was a project the Council intended to support before OTRADI decided not to proceed with the project. John pointed out that things were back on track with the first phase, which should be completed next year and that work was already beginning on the second, larger building to support this industry and the companies that graduate from OTRADI's incubator.

Chair Lynch adjourned the meeting at 3:29pm.

Approved by:

Signature on file

Jenn Lynch, Chair
Oregon Innovation Council

Date

Signature on file

Mark H Brady
Business Oregon

Date