

Oregon Growth Board

September 12, 2018

Portland, Oregon

Attendance

Members Present: Patricia Moss, 1st Interstate; Jim Coonan, Retired; Chad Olney, Pacific Crest FCU; Sayer Jones, Meyer Memorial Trust; Sabrina Parsons (phone), Palo Alto Software; Gerry Langelier, OVP Venture Partner; Adam Zimmerman, Craft3 (phone); Ryan Mann, for State Treasurer Tobias Reed; Stephen Green, WeWork.

Staff Present: Nate Wildfire, Cynthia Burns (DOJ), Suzy Miller.

Guests: Jason Lewis-Berry, Governor's Office; Steve Hartt and Mika Malone, Meketa Investment Group; Jon Finney, CTC Consulting.

Meeting was called to order at 1:00 p.m.

Welcome, Introductions, Minute Approval

Co-Chair Langelier welcomed everyone and introductions were made.

Public Comment

None

Review of Proposed Meeting Minutes

Action: Co-Chair Moss indicated she didn't think she was present at the June 13th meeting; staff will go back and confirm. Jim Coonan moved to approve the June 13, June 29, and July 26, 2018. Stephen Green seconded the motion.

Vote: Passed

Meketa Onboarding Update/OGA Pipeline

Wildfire indicated he has been working closely with the Meketa team on updating the OGA Investment Policy Statement (2014) to bring it up to speed on who the board was, what and how they perform; as well as the delineating role between staff, board, Meketa, etc. The evolving document would give transparency to those investment partners on who is eligible (or not) when applying for dollars. The policy statement, together with the strategic plan, and the pacing plan will outline what the future looks like. Steve indicated the strategic plan will have more information about the kinds of investments going into different sectors and assess the various size of investment. The pacing model would be one to help guides how much capital to be committed every year in order to achieve the objective. The Meketa team reviewed the draft with the board and discussed any revisions they felt were needed. The goal is to bring the policy statement back to the October board meeting for final approval.

Steve reviewed the OGA Pipeline report with the board. They are starting to reach and connect with a number of managers to touch base and become knowledgeable about the transition. Steve talked about the format of the report— new relationships, existing and the different phases the potential investment go through before coming to the board for approval. The format if acceptable with the board would replace the tracking portion of the pipeline report that staff normally provided. It was requested that the Oregon Growth Fund be provided in the same format; as well as a pie chart of some type regarding the target industries.

Steve talked briefly about one of the pipeline investments, Homestead Capital investment, a farm-agricultural oriented manager, up for consideration. A well-run investment opportunity, with investments across the U.S, including Oregon. Their focus is value-added play—take existing undermanaged properties and provide capital to make the land more productive.

Economic Development Report 2017

Jon Finney reported questionnaires were issued to all fund managers. To date, two-thirds of the responses have been returned; summer months are a bit slower to obtain the requested data.

OGF Pipeline/Check-in

Wildfire reviewed the OGF pipeline graphic pointing out three live applications, in addition to Community Lending Works. Arise Capital and Roadster Capital are brand new; and Elevate Inclusive Fund reopened their fund; different than Elevate Capital the board passed on over the summer. The board invested in Elevate Inclusive in 2016; they are a venture capital fund that invests in underprivileged/underserved demographics predominantly; Arise and Roadster are both more traditional/industry agnostic. Roadster's target is western Portland-Metro; while Arise Capital's target is under-represented businesses and social impact. The board requested some of the older potential opportunities come off the pipeline due to inactiveness. Wildfire will update the pipeline graphic and work on a more simplified schedule of when to rotate the inactive opportunities out.

Community Lending Works extension (OGF)

Community Lending Works (CLW) was one of four early loans approved by the board; a young and new Community Development Finance Institution based out of Springfield, Oregon. The loan was for \$250,000; 2.5% interest 5-year term; due April 2020. Community Lending Works has been on track and in good-standing with their loan. Some of the stats provided were referred to. They are requesting a 5-year extension, with the same terms. This would enable CLW to recall capital sufficient to pay the loan back.

Wildfire said the board has made 5 loan commitments since its existence. One of those commitments was an extension (Ascend Funding) but on track to repay the loan; MESO, repaid their loan within the last two months (some of the first capital received back for the OGF); Craft3 is on track; XXcelerate Fund, funds committed in Spring 2018, hasn't been operationalized yet; Community Lending Works would be the second extension to be given if approved.

Community Lending Works targets more rural businesses; with their geography being Lane County although they do extend beyond those boundaries. Despite being in good standings and payments being made on time, they do pose a risk to the board. They are the youngest CDFI partner; however, they continue to provide loans to businesses (primarily) who cannot get a commercial debt (which represents a higher risk) but does align with the growth board priorities in targeting capital gaps for both rural and start-ups in less served markets.

Discussion: The board felt CLW acted in good standings, been on track for payments; have provided data/reports/metrics measurements; as well as any other documentation as scheduled. Wildfire clarified the loan would be the same terms as the original loan; but would not be new dollars out of the OGB but revolving the dollars they have.

Action: Co-Chair Moss made a motion to approve the 5-year loan extension to Community Lending Works, at the same interest rate of 2.5%, now due April 10, 2025. Jim Coonan seconded the motion.

Discussion: Question was raised regarding CLW's structure plan and what that looks like. Wildfire will follow up with CLW. It was noted that CLW do a lot of short-duration loans (90-day); and receive a lot of dollars from initiation fees; they are very self-sufficient for their size.

Vote: Passed

Annual Report Update

Wildfire presented and discussed with the board an updated version of the (working) draft Annual Report after feedback received from the April meeting. More information/graphics/pictures will be inserted once finalized; the report will serve as a tool for the legislature, as well as partners. The board continued discussion on additional revisions and suggestions. The board will continue to review and provide feedback to Wildfire.

Other Business

Co-Chair Moss acknowledged the article Steven sent to the board. She and Nate discussed what the board has achieved investing in underserved demographics and keeping that in the forefront as a gap; also about the investments the board has made and recognizing the issues still there. The board continued discussion about being proactive if successful in bringing in new and substantial dollars in filling capital gaps; as well as outlining the gaps and getting the message out to fund managers that this is a priority, and how to go about it.

Steve talked about an internal report he did on their different fund managers related to progress on funding more minority-led and female-led companies. Portland Seed Fund and Oregon Venture Fund have done a good job, and some other investors are focused on underrepresented as well. However, it's still an immense problem and reiterated with others that we need to make further progress; connect with as many resources as possible; use any tools available; and do a better job of innovation to try and close the gap.

Wildfire reminded the board about the implementation of all OGF contracts requiring reporting that identifies leadership demographic data, and he is starting to receive the data. Next year the board will have a base line to refer to. The agency is also working towards having the language added to the OGA contracts.

Co-Chair Langelier adjourned the meeting at 3:13 pm.

Approved by:

Signature on file
Gerry Langelier, Chair
Oregon Growth Board

October 9, 2018
Date

Signature on file
Nathan Wildfire
Business Oregon

October 9, 2018
Date