

Oregon Growth Board

April 26, 2017

Zapproved Offices, Portland

Attendance

Members Present: Co-Chair Gerry Langelier, OVP Venture; Co-Chair Patricia Moss, Bank of the Cascades; Jim Coonan, RAIN; Treasurer Tobias Read, Oregon State Treasury; Chris Harder, Business Oregon; Chad Olney, Oregon Community Credit Union; Stephen Green, Townsquared; Sayer Jones, Meyer Trust; Monica Enand, Zapproved

Members Absent: Sen. Bill Hansell; Rep. Dan Rayfield; Adam Zimmerman, Craft 3

Staff Present or Conference Call: Nathan Wildfire, Business Oregon; Stephen Marlowe, DOJ; Heather Stafford, Business Oregon; Jenny Wilfong, Business Oregon

Guests: Jon Finney, CTC MyCFO; Susan Namkung, WVCF

Co-Chair Moss called the meeting to order at 1:05pm.

Welcome, Introductions, Minute Approval

Co-Chair Moss opened the meeting and conducted introductions. Minutes from the February and March 2017 meetings were unanimously approved.

Public Comment Period

No public comment

Pipeline Reports and Portfolio Check-in

- Nate Wildfire introduced a new financial report created by the finance team showing the funds left in the Oregon Growth Fund for this biennium.
- The board discussed whether or not to continue managing the OGF if there were declining resources for the fund. The conclusions of the board were as follows:
 - Business Oregon and the Legislature need to have a real and meaningful effort to fund the OGF long term, or else it is the board's opinion that the OGF would be better left to staff to manage entirely.
 - Spending board time on the OGF is only meaningful if it has the resources to accomplish its purpose.
 - There needs to be some consideration paid to how new fund managers are mentored, and grow their professionalism and effectiveness over time.
 - The OGF is in need of legislative champions. The board is hoping the two new legislators can be those champions.

- The board asked Director Wildfire to investigate how other states capitalize similar funds, after hearing from Wildfire that most states fund it through a one-time, lump-sum initiative.
- The DOJ provided conclusive advice that the OGA will not be a source for the OGF without serious statute change, which couldn't happen until the next biennium, if desired.

Audit and Pre-Institutional Discussion

- The board had a discussion about the Pre-Institutional category of investing, and asked that a small group revisit this conversation.
 - How do we define Pre-Institution now that we've done some more strategic planning?
 - Should the board reaffirm that "pre-institutional funds" don't have to get optimum returns at first, but are still expected to grow into that? (Usually evidence of high returns is light.)
 - Langelier—"We need to be comfortable with the fuzzy boundary between Institutional and Pre-Institutional."
 - Is it realistic to expect that everything the board reviews projects a 12% ROI from its initial investment?
- Co-Chair Langelier introduced proposals to reduce the percentage of the portfolio comprised of unaudited funds, as well as a proposal to clarify the Pre-Institutional categories. The board directed Wildfire to draft both proposals for review at the next meeting.

Action: Tobias Read moves to accept Co-Chair Langelier's proposal to set 10% as a long-term goal for the percentage of unaudited funds in the Oregon Growth Account, and directs Director Wildfire to write two proposals for review at the next board meeting. Monica Enand seconds the proposal.

Vote: The motion passes 8-0.

CTC Reports

Jon Finney of CTC presented the board with two reports—the OGA Performance Summary and OGA Fund Updates. Of note, Finney pointed out that since the Oregon Growth Board's inception, the ratio of venture investments versus growth investments has become much more balanced. He also highlighted the various successes of the portfolio, calling out recent and upcoming distributions back to the Account. Much of the recent success can be attributed in part to the work the board did a year and half prior, to get the "invest in Oregon" side letter requirements changed. The board asked if we can begin asking investment partners for different demographic information about the companies being supported. Director Wildfire will check in with the DOJ about adding that to future side letters.

CDFI Loan Check-in

Director Wildfire informed the board of conversations between staff and the four CDFI loan recipients. Over the next 24 months, the loans will come due. The board gave Director Wildfire direction to come back to the board with reports from the CDFI's on what the loans have been used for, and a recommendation about whether to continue those relationships in a world of scarce resources.

Capital Strategist Role

Director Wildfire gave the board some insights to how the Capital Strategist role at Business Oregon is evolving since his joining the team.

Other Business

Treasurer Tobias Read recommended staff look into the ability to have meetings at the Tigard Treasury office again, if need be.

Next Meeting

May 23, Business Oregon offices in Portland, OR

Adjourned at 3:12pm.

Approved by:

Signature on file

Patti Moss, Co-Chair
Oregon Growth Board

Date

Nate Wildfire
Business Oregon

Date