

2018 Oregon Capital Scan: Trends for the future

A report and analysis of capital flows and availability in Oregon 2016-2017.



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The Ford Family Foundation

The Ford Family Foundation is a private, non-profit foundation located in Roseburg, Oregon. Roseburg lies in southern Oregon where the North Umpqua and the South Umpqua rivers join — timber country. Started in 1957, the Foundation now manages large, internal programs and offers scholarships. In addition, the Foundation makes grants to public charities predominantly benefiting communities in rural Oregon and Siskiyou County, Calif. Our heritage comes from such communities and the men and women who created them.

The Lemelson Foundation

The Lemelson Foundation uses the power of invention to improve lives, by inspiring and enabling the next generation of inventors and invention-based enterprises to promote economic growth in the US, and social and economic progress for the poor in developing countries. Established by prolific US inventor Jerome Lemelson and his wife Dorothy in the early 1990's, and led by the Lemelson family, to date the Foundation has provided or committed more than \$185 million in grants and Program-Related Investments in support of its mission.

The Meyer Memorial Trust

The mission of the Meyer Memorial Trust is to work with and invest in organizations, communities, ideas and efforts that contribute to a flourishing and equitable Oregon. The foundation is greatly influenced by the values of its founder, Fred G. Meyer: to innovate, take risks, embrace diversity, adapt to changing circumstances, contribute to economic development/parity and to develop the power of the mind. MMT uses a mix of strategic, proactive and responsive investments to fulfill its mission, including grant making, loans, initiatives, commissioning research, supporting policy advocacy and a range of community and nonprofit engagement strategies.

Northwest Health Foundation

Northwest Health Foundation seeks to advance, support, and promote health in Oregon and Southwest Washington. By providing grants to initiatives, forming partnerships with health and community leaders, and advocating for policy change, we are furthering our vision of giving every person the opportunity to lead a healthy life.

Oregon's Office of the State Treasurer

The Office of the State Treasurer is a highly sophisticated organization with a wide range of financial responsibilities, including managing the investment of state funds, issuing all state bonds, serving as the central bank for state agencies, and administering the Oregon 529 College Savings Network. The Treasury is managed like a business, striving to save taxpayers money and earn the highest possible return on investments.

Oregon Small Business Development Network

Since 1983 the Oregon Small Business Development Center Network has built Oregon's best businesses by providing no-cost confidential advising, affordable entrepreneurial education and access to a wide range of specialized services. With 19 Centers serving all corners of the state, Oregon's SBDCs assist small business owners on all aspects of business development, from initial start to growth and owner transitions. On average the Oregon SBDC Network provides 22,000 hours of business advising per year to an average of 5,000 Oregon businesses and hosts more than 850 trainings statewide. The Oregon SBDC is a partnership with 17 Oregon community colleges, two state universities, the U.S. Small Business Administration, Business Oregon and is part of the nearly 1000 SBDCs in the America's SBDC Network.

Prosper Portland

Prosper Portland focuses on building an equitable economy, based on four cornerstones: growing family-wage jobs, advancing opportunities for prosperity, collaborating with partners for an equitable city, and creating vibrant neighborhoods and communities. To support that work, we seek to maintain an equitable, innovative, financially sustainable agency. Prosper Portland invests financial and human capital to serve the city and its residents.

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Introduction

In this, the fourth edition of Oregon Capital Scan report, we continue to address the topic of capital availability for emerging and growth stage companies within the state. Access to capital continues to be the common concern of entrepreneurs, policymakers, regional foundations, and other economic development organizations. The questions, which have always been difficult to answer, are “where are the gaps in capital availability?” and “what can be done to help improve access to available capital?” This report builds on three previous iterations: the 2012 Oregon Capital Scan, the 2014 Oregon Capital Scan: A Line is Drawn and the Oregon Capital Scan 2016. In this report, we follow a framework of data sourcing established in 2014 and 2016 and draw direct comparisons by region and by type of capital to assess whether capital flows are increasing or decreasing over time.

This work, commissioned by The Oregon Community Foundation, Business Oregon, Craft3, CTC|myCFO, The Ford Family Foundation, The Lemelson Foundation, Northwest Health Foundation, Meyer Memorial Trust, Oregon’s Office of the State Treasurer, Oregon SBDC Network, Prosper Portland and the Federal Reserve Bank of San Francisco, is a collective effort to enhance the opportunities for business formation and growth in Oregon through a better understanding of the capital sources and gaps.

Institutional investors and policymakers may benefit from a greater understanding of the variety of funding sources as well as their relative scale and trends. While not the primary audience of the Oregon Capital Scan, it would also stand to reason that entrepreneurs, business and community leaders may also benefit.

Summary Findings

The results from this 2018 edition of the Oregon Capital Scan reveal strong improvement in the early stages of the company formation ecosystem. Many data points indicate that Oregon has become a more supportive place for new company formation. At the same time, this expansion leads to greater demands for mid-growth stage capital resources. ***Some key findings from the 2016-2017 data are:***

Oregon has continued to develop a robust funding landscape for equity investments

The data show a clear increase in both the value of equity investments in Oregon based companies and the number of transactions. Since 2014, annual transactions in 2017 increased by 40% (from 100 to 140) and the aggregate dollar value of those investments has risen 42.5% (from \$277M to \$395M). More companies across Oregon are receiving more capital to finance growth. Equity investing is more geographically disperse in Oregon, with the Portland Metropolitan region moving from over 89% of total funding in 2015 to 79% of equity investment dollars in 2017.

Crowdfunding is a consistent source of funding for new ideas

We see a relatively consistent stream of funding for new product and business ideas flowing through crowdfunding platforms such as Kickstarter. Although the data for crowdfunding can be skewed by outliers (\$13.2M in 2014 for the ‘Coolest Cooler’) this new type of funding is an easily accessible path for companies with new product innovations to test the market and launch their idea.

[Oregon SBDCs are delivering results](#)

The Oregon Small Business Development Center (SBDC) network demonstrated significant growth in 2017. The network of service providers based primarily at Community Colleges around the state served more businesses, helped start more businesses, and reported a 53% increase in funding obtained by their clients. These services reach every region of the state and enable business growth for the earliest stages of entrepreneurship.

[Grant funding and Signature Research Centers support innovation](#)

While the total of SBIR/STTR grants to Oregon entities has decreased from the 2014-2015 report, the state has continued to support innovation. ONAMI and Oregon BEST (now known as VirtueLab) have each continued to support the commercialization of innovations in Oregon, with their funds providing support to companies that have gone on to raise many additional rounds of funding.

[SBA backed lending in Oregon is strong](#)

Loans through the Federal Small Business Administration (SBA) programs, Sections 7(a) and 504 have grown steadily in Oregon. The data available through 2017 shows a steady increase in SBA loan activity with a 44% increase in total lending dollars of SBA loan activity from 2012 to 2017.

[Traditional lending is falling](#)

A marked contrast to many of the other data sets gathered here shows a sharp drop in loans from banks via traditional lines (not SBA guaranteed). Data for 2016-2017 show a 28% decrease in the number of loans made in Oregon and a 25% decrease in the value of those loans. This is an interesting anomaly among a set of measurements that are generally increasing.

Audiences for the Capital Scan

This report is intended for entrepreneurs, investors, funders, policymakers, business technical services providers, and others who work to support the development of a thriving growth-stage company ecosystem in the State. This includes the sponsors of this report who seek to find new ways to offer education and resources to those who seek to build great companies in Oregon. This report can also serve as a baseline of quantitative data representing the State's capital ecosystem in 2016-17, compared with previous period to measure progress and improvement.

Policymakers

The Oregon Capital Scan was started as an effort to inform policymakers in government and non-profit entities that work to assist and encourage economic development efforts around the state.

Policymakers can find useful information to guide their work in this report. Key topics for policymakers:

- Data describing the distribution of various types of capital throughout the State of Oregon; understanding the variety of regional challenges and opportunities that exist.
- Public policy implications of different types of capital flows to different industries, across geographic regions to understand growth already happening and opportunities.
- Integration with the Business Oregon strategic plan to assist with further development of the economy in the State of Oregon.

Investors

The Oregon Capital Scan is not an exhaustive study of investment opportunities in Oregon, but rather a report of previous activity. This report combines equity, grants and debt financing into a semi-complete picture of resources available to grow a business here. Investors can use this information in a variety of ways:

- Identifying existing active investment trends in the context of company growth stages and industries where a new fund may find opportunities.
- Understanding of patterns of investment across time to determine future needs for capital; where significant investment of one type may beget the need for another type. For example, Angel investments require follow-on rounds of capital to continue company growth.

Entrepreneurs

Any entrepreneur searching for capital to grow their business can find useful information in this report. While not written specifically as a tool for entrepreneurs to find capital, the Capital Scan should provide information on the size, scope, and focus of different types of capital in Oregon. This report will provide a better understanding of the breadth of capital sources in the state of Oregon. Several factors that will influence the availability of capital for a given firm:

- The industry/sector in which the business operates
- The current stage of growth and maturity of the company
- The extent of demonstrated market traction and related revenue streams

Others

Additional audiences such as the press and media, local government officials, non-profit agencies, and individual private citizens may find value in this report. Application of the information presented here can inform discussions among stakeholders and decision makers on many levels.

Framework and Data Sources

This report is based on a variety of datasets, both public and private. Where published quantitative data was not readily available, the research team performed qualitative interviews and attempted to assemble presentation information that would provide a picture of the scale of capital available – though these results may not represent all the capital available in a segment. Because data was sourced from multiple providers, both public domain and private industry databases, discrepancies may be found throughout the report. For example, venture capital investment activity was sourced from two different providers and while their totals are found to be generally in agreement, they do not match precisely. Each data source, cited where used throughout the report, provides a useful perspective and has been included for that reason. Where there were multiple data sets that reported on a domain, or only partial data sets, they are reported together, and attention is called to the point.

Capital Types and Sources Covered

This report addresses the breadth of the capital ecosystem private enterprises can access for growth. The data is arranged to cover the earliest stages of business formation and development through grants, crowdfunding, accelerators/incubators that help get ideas off the ground and then move towards funding for business growth using both debt and equity forms of capital from various sources. Those sources range from local economic development entities to national private equity firms.

- Accelerators, Incubators, and Co-Working Spaces
- New Markets Tax Credit Program
- SBDC Network & Capital Access Team
- Commercialization Grant Programs
- Oregon Signature Research Centers
- Community Development Financial Institutions (CDFI) Programs
- Economic Development Districts Programs
- Crowdfunding
- Seed Funding, Angel Investments and Venture Capital
- Late Stage Equity - Private Equity, Mergers & Acquisitions, IPOs
- State of Oregon Administered Finance Programs
- Grant Making Foundations
- SBA 7(a) and 504 Loan Programs
- USDA Rural Loan Programs
- Traditional Small Business Commercial Loans

These segments are not an exhaustive list of sources and flows of emerging and growth capital in the State but present a fair representation of the breadth of sources and provide entrepreneurs, business owners, community leaders, and policymakers with a greater awareness of the scope and scale of capital available.

These categories also do not perfectly communicate the form of capital being used. For example, CDFIs are an entity type that may provide multiple forms of financing. We encourage the reader to visit the individual sections of this report to better understand each type of provider and the forms of capital they represent.

What is not captured in this report is an accounting of self-funded or “friends-and-family” funded enterprises, and it is believed that they account for a significant share, by transaction count and dollar volume, of financing for small business formation in the State.

Many successful firms may never need to access capital for growth if their business is run well and operates with sufficient cash flows. Given that, this report does not reflect the success or failure rates of firms in Oregon, but strictly the flows of capital available to firms that seek outside funds for growth.

As an example: An entrepreneur who wishes to start a retail store, may borrow \$10,000 for initial inventory and startup costs from a family member. That business may grow and prosper on that funding and its own profits without ever accessing the capital ecosystem addressed in this report. That is of course, a very positive outcome for that business owner and the employees of the firm. If however, that retail store wanted to expand and sought a SBA backed bank loan, loan from a local economic development agency, crowdfunding, or an outside angel investors to grow, that activity would be captured in this data.

The goals of the authors and sponsors of this effort is to capture as accurately as possible the business funding activities within the State of Oregon that involve capital flows between lenders and investors and the businesses that seek outside sources of capital to grow.

Regional Reporting

Oregon is an extremely diverse landscape, both in physical geography and economic activity. To assess the capital ecosystem of the state overall, this report offers data based on the seven-region framework established by Business Oregon as seen below. The five-region map used in the prior reports is listed in the appendix. The data tables in this report often list results by city as a subset of the regional area, so it is possible for anyone seeking more localized comparisons to draw those results from the report.

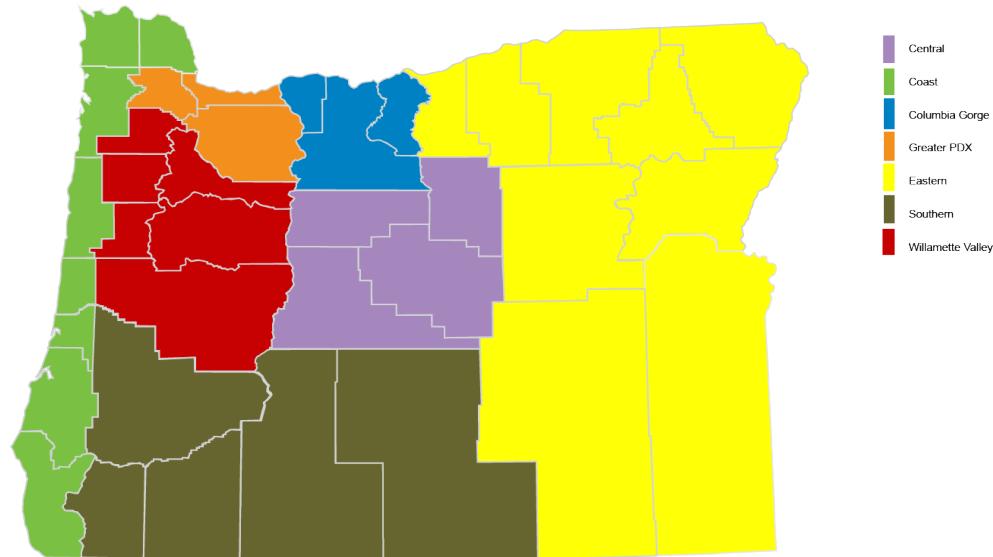


Figure 1 Business Oregon 7-region map

Table 1 Oregon Regions

| REGION | COUNTIES INCLUDED |
|-------------------|--|
| Central | Crook, Deschutes, Jefferson and Wheeler |
| Coast | Clatsop, Columbia, Coos, Curry, Lincoln and Tillamook – western parts of Douglas, Lane |
| Columbia Gorge | Hood River, Sherman and Wasco |
| Greater Portland | Clackamas, Multnomah, and Washington |
| Eastern Oregon | Baker, Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa |
| Southern Oregon | Eastern Douglas, Jackson, Josephine, Klamath, and Lake |
| Willamette Valley | Benton, Eastern Lane, Linn, Marion, Polk, and Yamhill |

Additionally, we have included the 11-region map identifying the areas covered by the various federally designated Economic Development Districts. Both the 11-region and the 5-region maps are in Appendix C – Regional and Economic Development District Maps.

Descriptions of Capital Types and Sources

To the average person, the nomenclature of business capital can be confusing. The terms are easy to understand for those in business, banking, accounting, or other services. However, to facilitate discussion among policymakers, non-profit and community leaders, and to some extent the general public, some explanation of terms and concepts can be helpful.

Business Funding Ladder

In the 2014 report, a concept was introduced called the “Business Funding Ladder”. This concept was intended to communicate that there are multiple funding sources available to emerging and growth companies in the State and that they are typically growth stage focused – or based on the maturity of a venture. The concept also concluded that most entrepreneurs have a limited understanding of the variety of capital types or the norms associated with securing these resources. A thorough explanation of the Business Funding Ladder is available in Appendix A: Business Funding Ladder.

The graphic used for this report has been updated to clarify the types of capital used within each category more clearly. The types represented are predominant but not exclusive relative to their timing or in relation to neighboring capital types. Often a combination of capital sources will co-exist within a growth company’s financing strategy. The principles described remain relevant to this iteration of the Oregon Capital Scan report and so will the data presentation methodology consistent with this concept – organizing data in a continuum from very early stage capital sources to those relevant to more mature growth companies.

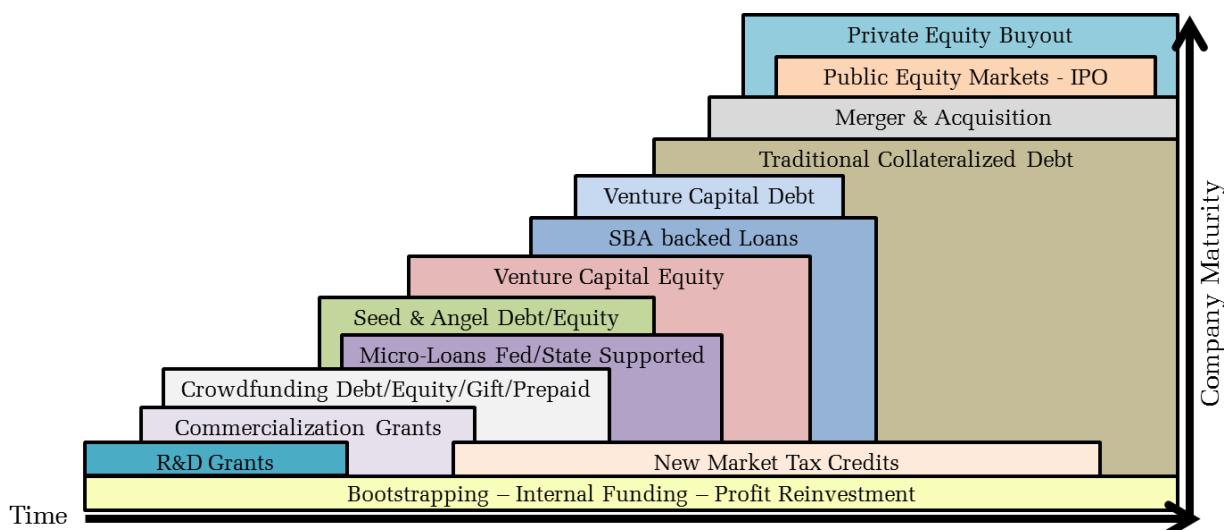


Figure 2 - Business Funding Ladder

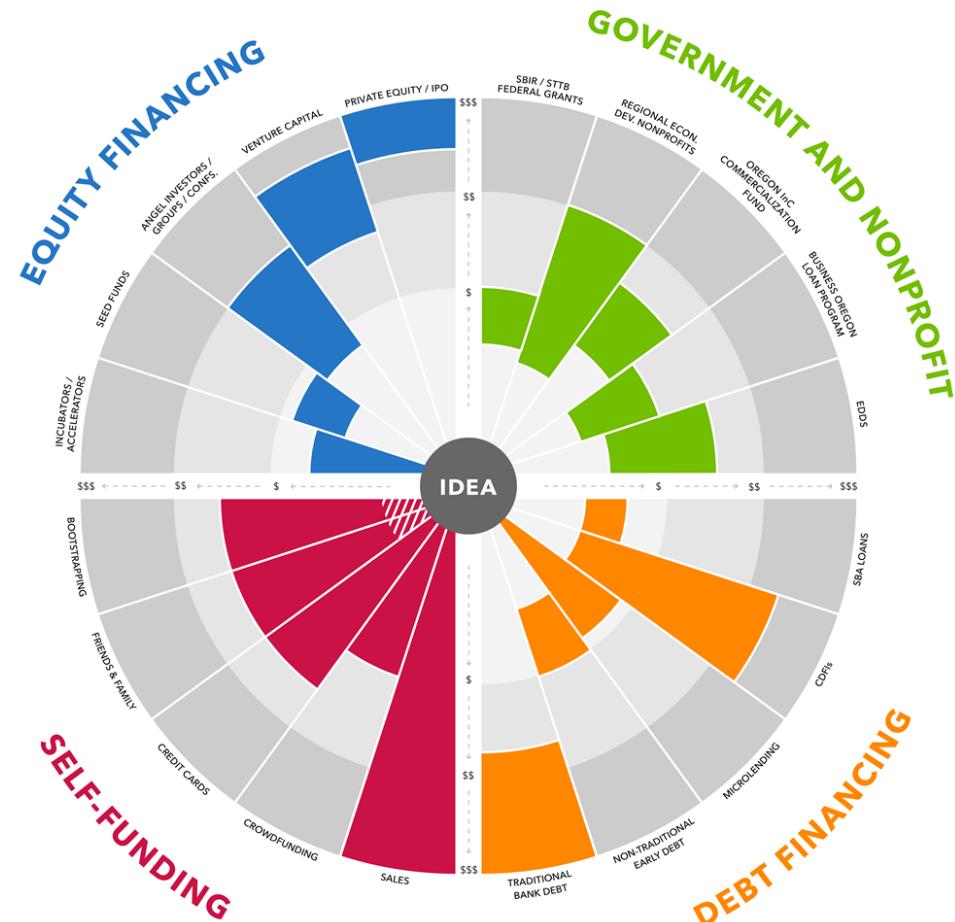
This report is organized to generally follow the capital needs of companies from inception to growth. Data begin with assessment of programs that help the earliest stage ventures: Accelerators, Incubators, and Small Business Services. Evaluation of the needs for company growth in the form of grants, loans, and outside equity capital is then discussed. Finally, the report addresses the broader capital ecosystem that exists for private firms in the form of debt, private equity, and public market financing.

Capital Ecosystem Map

Another approach to visualizing the Oregon capital ecosystem and its multiple forms of growth capital comes from a recent study prepared by Smith & Connors, based in Portland. In a project commissioned by The Meyer Memorial Trust in 2016, the following graphic was developed to represent both the variety of capital types and the related company development stage fit of those capital types.

The description of the graphic taken from the original report:

The capital ecosystem is organized into four quadrants. The scale radiates out from the entrepreneur's idea (which costs nothing) to maturity. Along the way, the business seeks funds where possible. Sometimes the capital sources are connected, and sometimes the entrepreneur encounters gaps. The scale of the map (from \$ to \$\$\$) is relative to the quadrant and the type of company — for example, a services-oriented company might require less capital than one manufacturing consumer products. One note: the cross-hatching in the Self-Funding quadrant represents the initial gap many potential entrepreneurs face if they do not have financial resources to get up and running.



Smith
Connors

Figure 3 Capital Ecosystem Map

Accelerators, Incubators, and Co-Working Spaces

The number of business accelerators, incubators, and resource providers (support organizations) has increased in the past reports, growing from 38 identified entities in 2014 to 62 entities in 2016. The list of 62 resource entities in Oregon provided in the 2016 Oregon Capital Scan report now stands at 55. To find the gaps in business resources provided, we conducted interviews with some of the operators of these entities in Oregon, as well as some of the entrepreneurs that use them. Before data analysis, a description of the differences between Accelerators, Incubators and Co-working spaces is warranted:

- Accelerators generally take a small equity stake in startups, have a more rigorous acceptance process, last three-to- 12 months, and take a long-term view of the opportunities for company growth. This includes advising and support as a company grows.
- Incubators, meanwhile, will typically not make investments, but offer short-term resources and a supportive community for like-minded entrepreneurs. Incubator services range from simple desk/lab/office space to entire buildings and programs support company development.
- Co-working spaces are like incubators, in that they offer a space for a company to operate and typically host some programming focused on business. They typically charge a monthly membership fee (rent) associated with the space a company may need.

Overall, the general stability in the number of entities from 2016 to 2018 reflects the commitments of many different public, private, and non-profit groups to building and maintaining an ‘on-ramp’ to entrepreneurship for a wide array of people and ideas.

The summary of accelerators and incubators in Oregon is primarily qualitative as quantitative measures of the in-kind capital contributed would often be a subjective assessment and difficult to compare. Still, there is value to entrepreneurs, early-stage investors, educators, and policymakers to understand the variety of the offerings and the positioning of these services in Oregon.

Industry Focus of Accelerators and Incubators

As shown in Figure 4 Accelerator Incubator Industry Focus, the majority of entrepreneurial support organizations are either general in focus (25%) or focused on Software and Technology businesses (38%). The prevalence of software and technology focused services reflects the relatively low barriers to entry in a technology startup and the strong network of entrepreneurs and mentors in this industry.

More specialized support structures, such as the Oregon Wave Energy Trust for wave energy startups and the Food Innovation Center for growing food companies are smaller in number. However, the impact of such specialized services entities can be significant. Gathering industry specific knowledge, mentors, investors, and like-minded entrepreneurs can be a very effective strategy for growing specific types of industries.

The needs of specific industries vary and the services and focus of these support organizations must also vary. The specific path to market for a food or consumer product entrepreneur can be very different than that of a technology entrepreneur. Industry specific incubators and accelerators serve these diverse communities with the appropriate services and expertise.

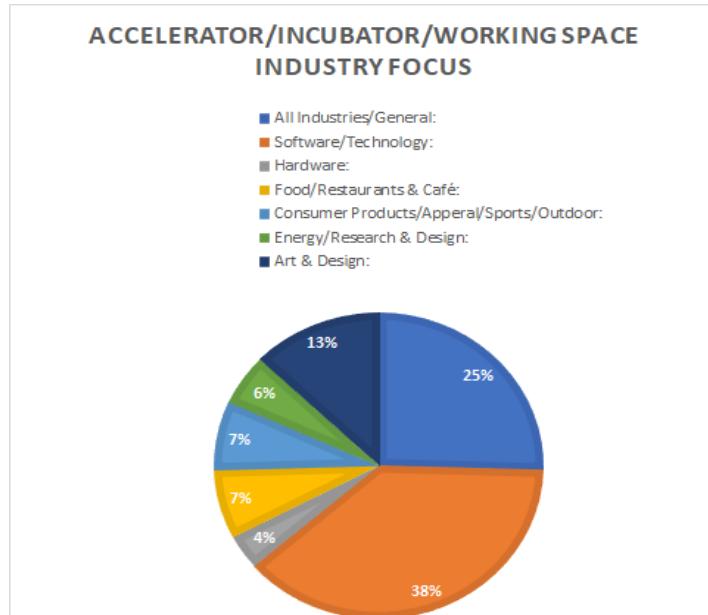


Figure 4 Accelerator Incubator Industry Focus

Geographic Distribution of Accelerators and Incubators

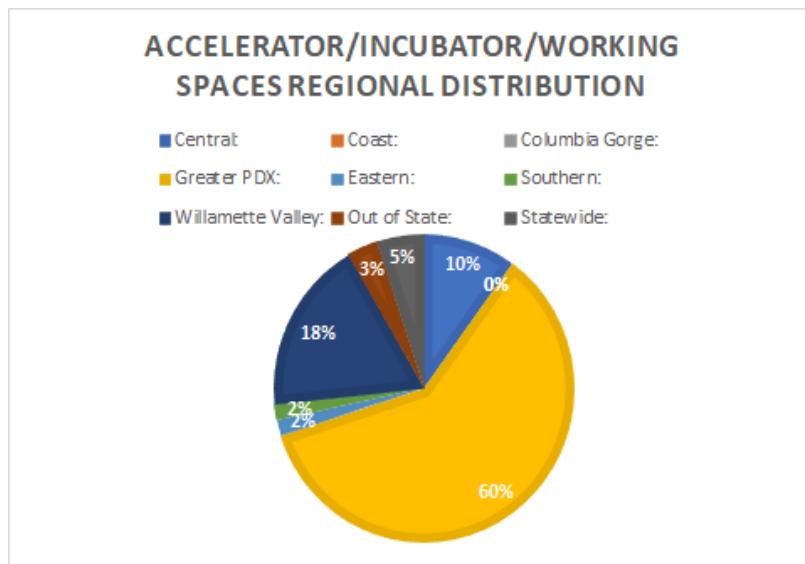


Figure 5 Accelerator Incubator by Region

Not surprisingly, the majority of incubators and accelerators operate in the Portland Metro region. With notable major programs to support startups, (OTBC, TiE, and many more) and the density of technology talent Portland thrives in this area. The second highest count occurs in the Willamette Valley, with active programs in Corvallis and Eugene, both tied to the local universities and Oregon RAIN. Central Oregon has several programs. The remainder of the state has more limited local resources devoted to business incubation and growth.

A complete listing of Accelerators, Incubators, Workspace, Business Technical Service Providers in Oregon available in Appendix B – Incubators, Accelerators, and Business Resources List.

New Markets Tax Credit Program

Also known as the Low-Income Community Jobs Initiative, the Oregon New Markets Tax Credit (NMTC) Program has generated significant investment into the state's capital ecosystem by means of both state and federal contributions. Frequently used for commercial real estate and manufacturing projects, additional sectors such as education, healthcare, community facilities, retail businesses, and renewable energy have also benefited from strategic use of this credit opportunity. Simply put, the NMTC program is a 39% investment tax credit, claimed over a seven-year horizon that can be monetized up front and used to fund projects. The state program sunset on December 31, 2016. There was no new allocation and it would require legislative action to revive the program.

Table 2 New Market Tax Credit Allocation 2016-2017

| Bank/Organization Name | City | 2016 | | 2017 | |
|---|---|-----------------------|-------------------------|-----------------------|-------------------------|
| | | State NMTC Allocation | Federal NMTC Allocation | State NMTC Allocation | Federal NMTC Allocation |
| Advantage Harbor QALICB, LLC | Albany, Brookings, Canyonvi | 4,000,000 | 13,000,000 | | |
| Advantage LaPine QALICB, LLC | LaPine | 4,000,000 | | | |
| Advantage QALICB-1 LLC | John Day | 4,000,000 | | | |
| Albina Head Start | Portland | 8,000,000 | 10,000,000 | | |
| ARC Recycling LLC | Eugene | 2,100,000 | 13,600,000 | | |
| BC Fisheries | Brookings | 8,000,000 | | | |
| Brew Dr. Kombucha | Portland | 2,622,200 | 27,200,000 | 1,610,000 | 13,600,000 |
| Bright Boy | Tualatin | 1,380,500 | 13,600,000 | | |
| C2F | Beaverton | 8,000,000 | | | |
| Chaucer QALICB Inc. | Forest Grove | 4,000,000 | 6,000,000 | | |
| CMD Innovations, LLC | Salem/Portland | 2,400,000 | 13,600,000 | | |
| Coos County Historical Society Real Estate Holding, LLC | North Bend | 8,000,000 | 9,000,000 | | |
| Coquille Sixes | Curry County | 8,000,000 | 9,000,000 | | |
| Desolation Creek, LLC | Pilot Rock | 8,000,000 | 7,500,000 | | |
| Fry Ontario LLC | Ontario | 8,000,000 | 20,000,000 | | |
| Green Zebra Grocery, LLC | Portland | | | 1,650,200 | 13,600,000 |
| Hacienda | Portland | 7,063,000 | 10,000,000 | | |
| Hog Wild LLC | Portland | 2,105,900 | 13,600,000 | | |
| Integrated 3D LLC | The Dalles | 2,630,000 | 13,600,000 | | |
| Integrated Biomass Resources LLC | Wallowa | 3,750,000 | 13,600,000 | | |
| Know Your Fruit, LLC (Pear Puffs) | Hood River | 8,000,000 | 10,000,000 | | |
| Kroger Management | Warrenton | 8,000,000 | | | |
| Lime Wind Holdings LLC | Baker City | 4,000,000 | 8,400,000 | | |
| MWFY NMTC Holdings (YMCA) | Albany | 8,000,000 | | | |
| Neighborhood House | Portland | 8,000,000 | 1,600,000 | | |
| Old Mill Solar | Bly | 8,000,000 | | | |
| Oregon Child Development Coalition | Hillsboro | 4,000,000 | 11,000,000 | | |
| Pacific Northwest College of Art | Portland | 8,000,000 | | | |
| Pacific Recycling, Inc. | Portland | 8,000,000 | | | |
| Rough and Ready QALICB, LLC | Cave Junction | 8,000,000 | 10,000,000 | | |
| Ride Connection QALICB, LLC | Portland | 4,000,000 | | | |
| Shelter Care 499 Project | Eugene | 4,000,000 | | | |
| St. Vincent de Paul Society of Lane County | Eugene | 8,000,000 | 5,000,000 | | |
| Sustainable Agriculture & Energy Center | Boardman/ Port of Morrow | 4,000,000 | | | |
| The Salvation Army Services, Inc. | Portland | 4,000,000 | 6,435,000 | | |
| Turtle Island Foods/Merganser, LLC | Hood River | 4,000,000 | | | |
| Walgreens Company | Portland, Salem, Springfield, Warrenton, Canby, Bend, Central Point | 8,000,000 | | | |
| Total NMTC Allocation per year | | 204,051,600 | 245,735,000 | 3,260,200 | 27,200,000 |

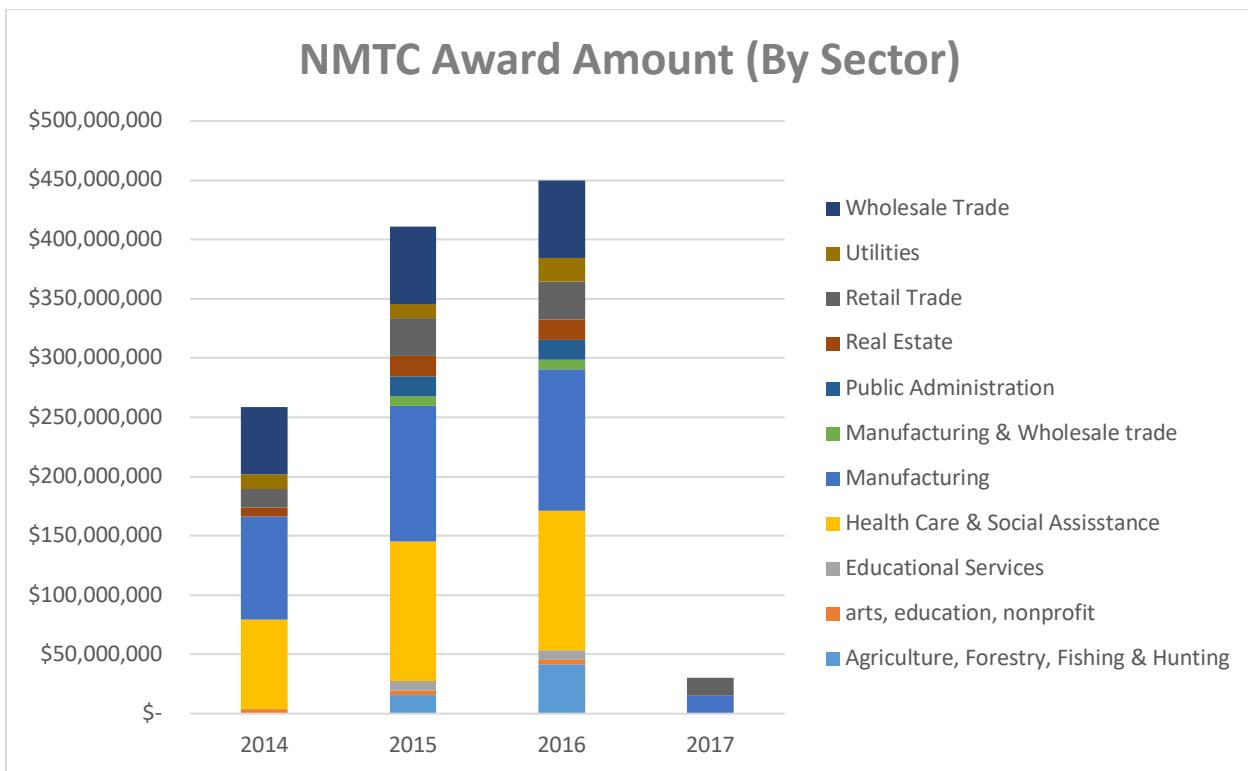


Figure 6 New Market Tax Credit Awards by Sector

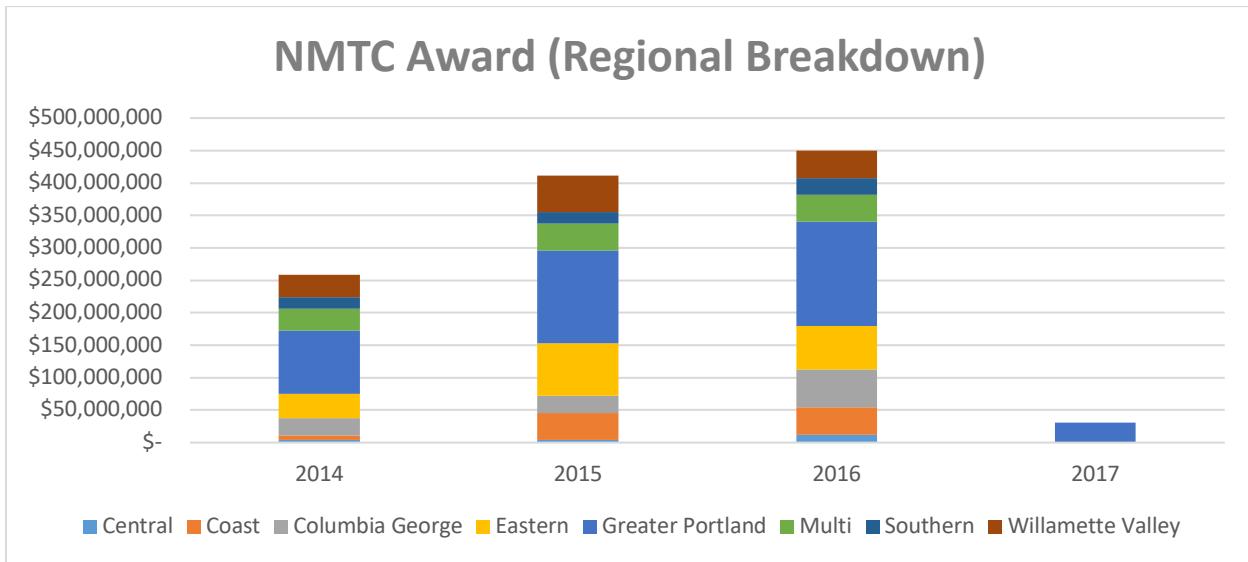


Figure 7 NMTC by Region

Oregon SBDC Network & Capital Access Team

The Oregon Small Business Development Center (SBDC) Network provides business advising, in-person training, online courses and resources for businesses throughout the state. Nineteen centers assist business people in all aspects of business development and management. Oregon's SBDCs deliver services to anyone who owns or operates a business or is planning to start a business. They work with businesses in every industry and at every stage of growth from start-ups to well-established companies, from one employee to 500.

The Oregon Small Business Development Network was launched in 1983 and is part of a national network of Small Business Development Centers. The Oregon Network is a partnership of 17 Oregon community colleges, two state universities, the US Small Business Administration and the Oregon Business Development Department. Within this organization is the Capital Access Team (CAT), a statewide service that provides funding guidance to client businesses. The services provided by CAT advisors include:

- Assisting clients to refine their business plans and financial projections to be suitable for funders
- Providing financial analysis and feedback
- Reviewing client loan packages for small business loans
- Discussion and review of client finance strategies
- Assisting clients with funder relations

Capital Access Team regions are organized slightly differently than other data in this report – using four zones versus this report's seven zones. Contacting CAT with new client inquiries can be accomplished through the website: <http://BizCenterCAT.org>

OSBDCN CAT REGIONS

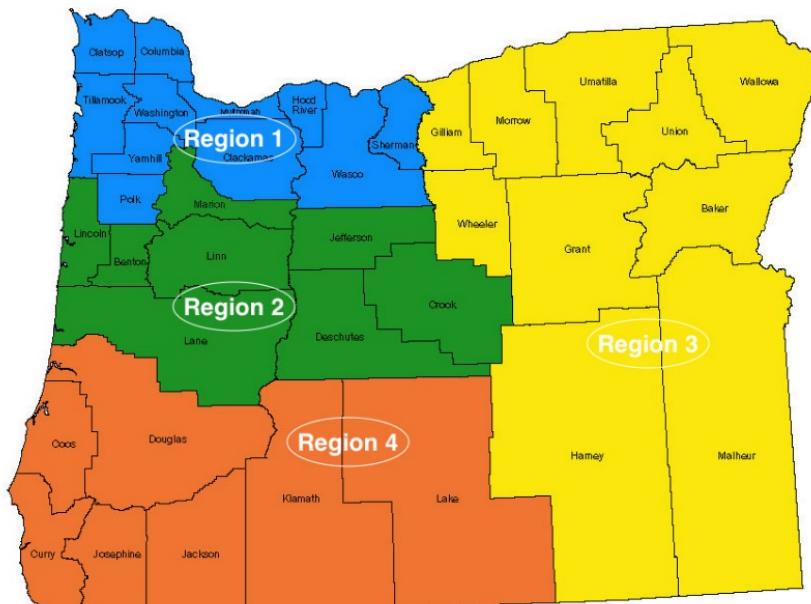


Figure 8 Oregon SBDC Network Capital Access Team Regions

SBDC Industries Served

The 19 distributed SBDCs around the State offer services to any type of business. The chart in Figure 9 Oregon SBDC Client Business Sectors 2016-2017, represents the great diversity of the over 5,000 business that were served by this organization. The larger sections of clientele; Services, Retail, and Manufacturing reflect the general orientation of the great Oregon economy. The inclusion of Professional and Technical services with other services represents 16% of the clients. That relates well to the stated Target Industry groups of Advance Manufacturing and Business Services as noted by Business Oregon.

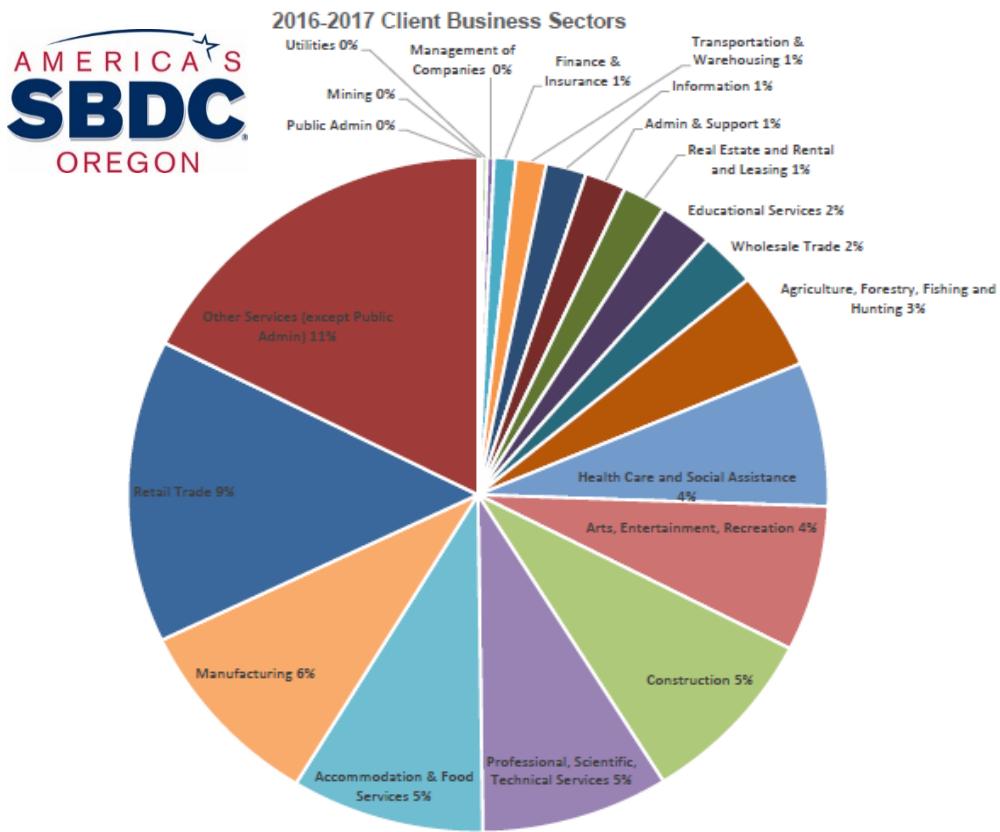


Figure 9 Oregon SBDC Client Business Sectors 2016-2017

SBDC Client Success Story

In 2017, Mark Eskitgis started A-1 Megadump, a hauling-for-hire business in Josephine County. He was looking for funding of approximately \$250k to be used, primarily, to purchase the truck. He reached out to the SBDC in Grants Pass, after applying to a local bank who appeared to be willing to grant the loan. The SBDC advisor helped Mark prepare a three-year cash flow forecast to supplement the bank loan application. Ultimately, Mark received the necessary funding from a combination of sources. The majority of the money came from a finance company, collateralized by the truck. His credit union gave him a second mortgage on his home and another local bank granted him a personal line-of-credit. The key piece of advice was to "keep an open mind

about financing options". Mark's advice to would be small business start-ups, "Give yourselves plenty of time to complete the loan application process, and seek out the services and expertise of your local SBDC for any assistance."

SBDC Outcomes Data

The Oregon SBDC network serves as an excellent source of data for understanding the types of businesses in Oregon. Each of the seven regions gathers information that includes:

- # Businesses Served
- Jobs created by those businesses
- Companies started by SBDC clients
- Sales increases for SBDC clients
- Capital accessed by SBDC clients
- # of events and courses presented
- Total advising hours delivered by SBDC staff to clients

These measures show relatively consistent service offerings measured by # businesses served, jobs created, and businesses started during the 2016-2017 period.

Of note, SBDC reported a 41.6% decrease in the reported sales increases for clients. However, the corresponding data for Capital accessed by SBDC clients shows an increase of 53.9%. Although the scope of this report does not include analysis of this data in detail, one could hypothesize that SBDC clients in 2017 were more focused on longer term growth fueled by access to new capital resources.

Table 3 Oregon SBDC Services 2016-2017

| 2016 | | Businesses served | Jobs Created | Biz Starts | Sales Increased | Capital Access |
|---|-------------|---------------------|--------------------|---------------------|--------------------------------|-------------------------------|
| Events & Courses: 887 Total Advising Hours: 22,299 | | | | | | |
| Regional Solutions Regions | | | | | | |
| Central | 337 | 78 | 15 | \$6,741,837 | \$4,416,900 | |
| Coast | 587 | 157 | 25 | \$674,204 | \$2,790,393 | |
| Columbia Gorge | 274 | 47 | 12 | \$328,597 | \$3,146,500 | |
| Greater PDX | 1107 | 222 | 40 | \$13,699,837 | \$13,009,623 | |
| Eastern | 656 | 85 | 25 | \$1,965,236 | \$5,739,537 | |
| Southern | 1135 | 152 | 50 | \$3,078,800 | \$6,187,980 | |
| Willamette Valley | 1066 | 246 | 28 | \$18,843,408 | \$2,295,000 | |
| TOTAL | 5162 | 987 | 195 | \$45,331,917 | \$37,585,933 | |
| 2017 | | Businesses served | Jobs Created | Biz Starts | Sales Increased | Capital Access |
| Events & Courses: 904 Total Advising Hours: 22,416 | | | | | | |
| Regional Solutions Regions | | | | | | |
| Central | 335 | 75 | 20 | \$6,167,202 | \$1,400,000 | |
| Coast | 581 | 94 | 26 | \$2,172,203 | \$7,410,056 | |
| Columbia Gorge | 284 | 41 | 16 | \$709,000 | \$7,302,700 | |
| Greater PDX | 1283 | 227 | 42 | \$7,349,862 | \$11,575,839 | |
| Eastern | 682 | 142 | 31 | \$1,465,517 | \$7,982,900 | |
| Southern | 1077 | 142 | 41 | \$2,727,375 | \$24,196,023 | |
| Willamette Valley | 1003 | 186 | 25 | \$9,102,458 | \$5,438,246 | |
| TOTAL | 5245 | 905 | 201 | \$29,693,617 | \$65,305,764 | |
| 2016 – 2017 Changes | | + 83 (+1.6%) | -82 (-8.6%) | +6 (+3%) | - \$15,638,300 (-41.6%) | +\$27,719,831 (+53.9%) |

Commercialization Grant Programs

SBIR and STTR grants provided by the funding entities (agencies) within the US Federal Government are perfect for entrepreneurs working to commercialize technologies. These grants are typically available to companies working directly with researchers at a university. Grants range from \$75,000 for Phase 1 work to over \$1,000,000 for Phase 2 projects, depending on project scope and agency funding priorities.

Small Business Innovation Research (SBIR)

The SBIR program was established under the Small Business Innovation Development Act of 1982 with the purpose of strengthening the role of innovative Small Business Concerns (SBC) in Federally-funded research and development (R&D). SBIR awardee entities must be in the U.S., be more than 50% owned by U.S citizens and meet the benchmark requirements for progress toward commercialization.

Small Business Technology Transfer (STTR)

Modeled after the Small Business Innovation Research (SBIR) program, STTR was established as a pilot program by the Small Business Technology Transfer Act of 1992. Government agencies with R&D budgets of \$1 billion or more are required to set aside a portion of these funds to finance STTR activity. The mission of the STTR program is to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy.

The STTR program's goals are to:

- Stimulate technological innovation.
- Foster technology transfer through cooperative R&D between small businesses and research institutions.
- Increase private sector commercialization of innovations derived from Federal R&D.

Currently, five agencies participate in the STTR program: Department of Defense, Department of Energy, Department of Health and Human Services, National Aeronautics and Space Administration, and the National Science Foundation. To apply for the STTR program, entities must be in the U.S., be at least 51% owned by U.S citizens, and meet one of three definitions:

- Nonprofit college or university
- Domestic nonprofit research organization
- Federally funded R&D center (FFRDC)

Differences between SBIR and STTR

STTR differs from SBIR in three important aspects:

1. The SBC and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and the right to carry out follow-on research, development or commercialization activities.
2. STTR requires that the SBC perform at least 40% of the R&D and the single partnering research institution is required to perform at least 30% of the R&D.
3. Unlike the SBIR program, STTR does not require the Principal Investigator to be primarily employed by the SBC. This allows research-active faculty to participate actively in projects.

Oregon SBIR/STTR grants in 2016 and 2017

Oregon grants from SBIR and STTR agencies in 2016 and 2017 totaled \$61M. Compared to the total amount of combined loans in 2012 and 2013 of \$70M and 2014 and 2015 of \$73M, Oregon SBIR/STTR grants declined by 16%. Compared with other Western states, Oregon ranks in the middle below Utah and New Mexico, two states that have significant research institutions, and well above Montana, Nevada, Wyoming and Idaho. As these grants are typically focused on research begun at a research University or National Laboratory, Oregon's ranking is in line with the activities of the major research universities in the state.

Table 4 SBIR/STTR Awards for Western States

| 2016-2017 | | | |
|---------------|---------------------|-------------|------------------|
| State | Total Dollars | # of Grants | Average Grant |
| California | \$1,024,233,138 | 2265 | \$452,200 |
| Colorado | \$200,398,948 | 519 | \$386,125 |
| Washington | \$106,422,668 | 219 | \$485,948 |
| Arizona | \$73,560,067 | 1496 | \$375,306 |
| Utah | \$64,614,914 | 136 | \$475,110 |
| New Mexico | \$63,940,721 | 150 | \$426,271 |
| Oregon | \$61,390,109 | 142 | \$432,325 |
| Montana | \$15,580,428 | 52 | \$299,624 |
| Nevada | \$10,398,442 | 22 | \$472,656 |
| Wyoming | \$8,024,790 | 15 | \$534,986 |
| Idaho | \$650,912 | 13 | \$500,070 |
| Totals | \$1,635,065,136 | 3729 | \$452,200 |

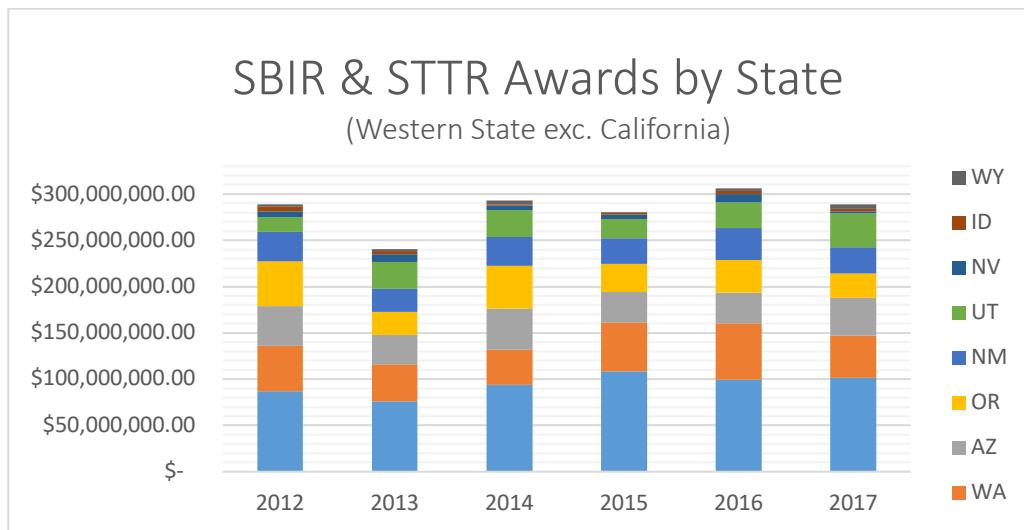


Figure 10 SBIR/STTR Awards - Western States

Table 5 SBIR/STTR Grants Oregon 2016-2017

| 2016 SBIR/STTR Oregon | | |
|-----------------------|--------------------|---------------|
| # of SBIR Grants | Total SBIR Funding | Average Grant |
| 59 | \$29,476,956 | \$499,609 |
| # of STTR Grants | Total STTR Funding | Average Grant |
| 7 | \$4,795,260 | \$908,012 |
| 2017 SBIR/STTR Oregon | | |
| # of SBIR Grants | Total SBIR Funding | Average Grant |
| 68 | \$25,749,195 | \$378,665 |
| # of STTR Grants | Total STTR Funding | Average Grant |
| 4 | \$1,368,698 | \$342,175 |

As illustrated by the figure below, Oregon has experienced significant variability in the awards of Federal SBIR and STTR grants since 2012.

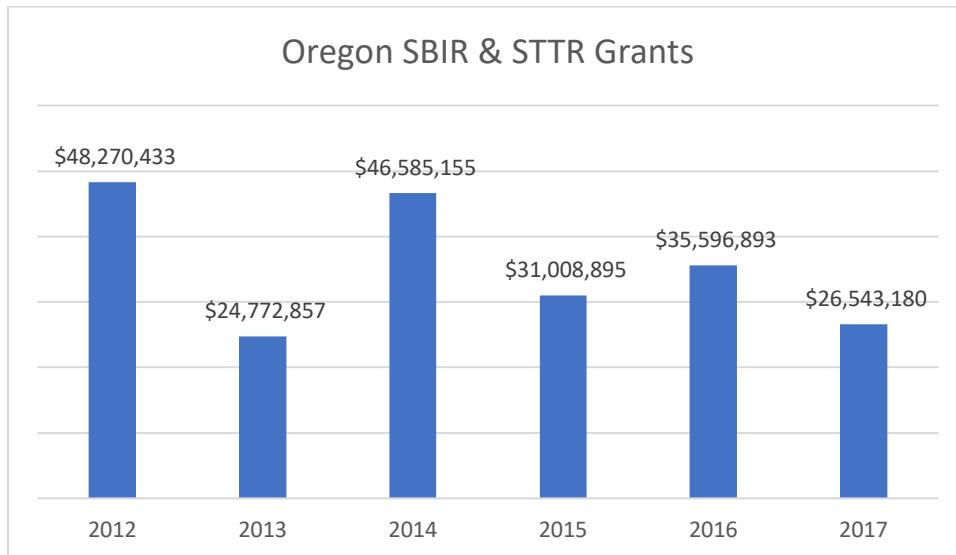


Figure 11 Aggregate SBIR&STTR Grants in Oregon 2012-2017

The majority of Oregon's SBIR/STTR funding is provided by the U.S. Department of Health and Human services. Of those projects, over 65% in 2016-2017 were funded by the National Institutes of Health (NIH). Significant research activities at major medical institutions such as OHSU, contribute greatly to this total.

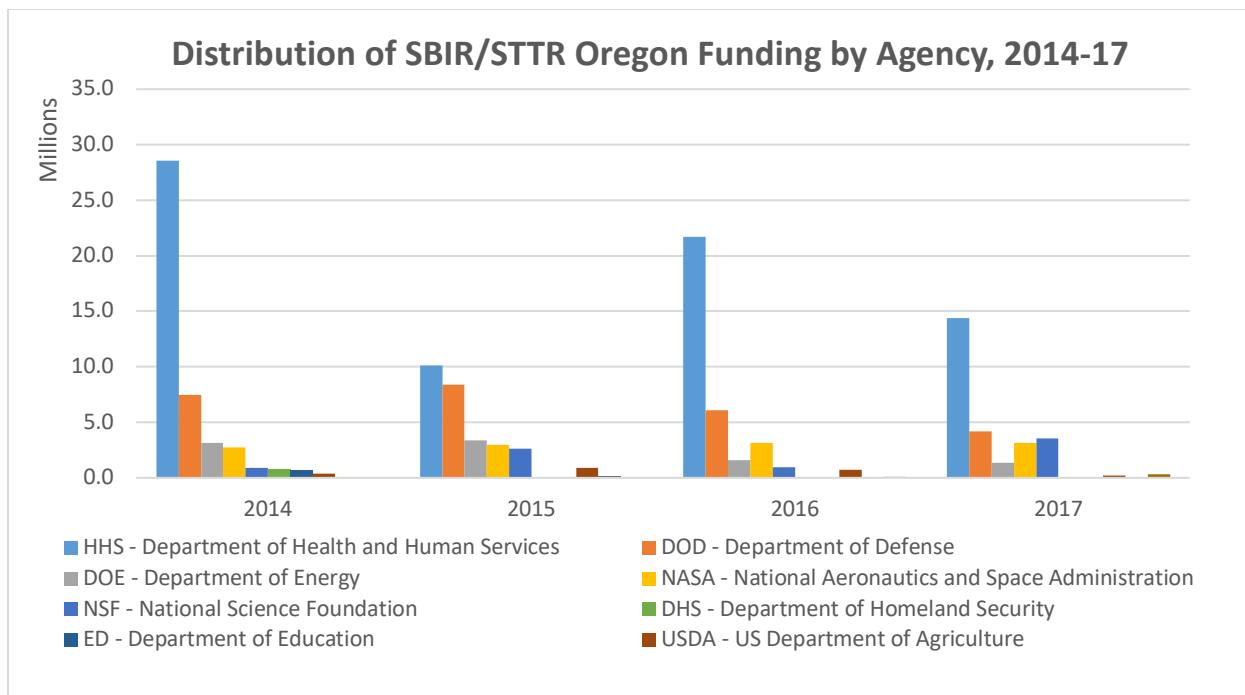


Figure 12 Distribution of SBIR/STTR Oregon Funding by Agency, 2014-17

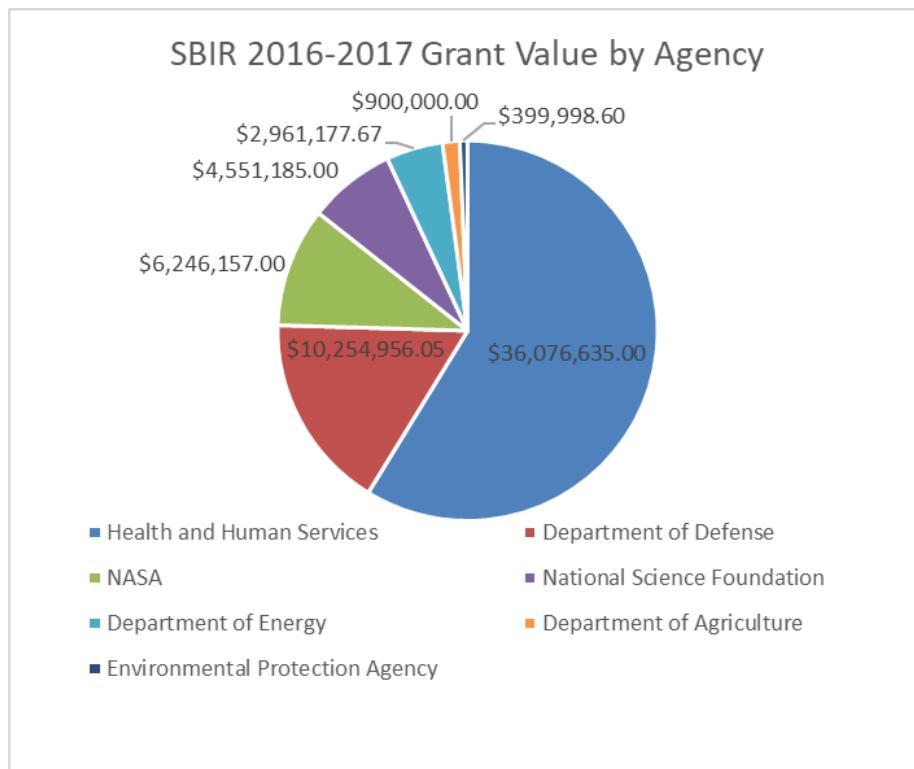
Out of 142 grants awarded in Oregon by Federal agencies, the Greater PDX region received 79% and Willamette Valley received 19% of the total grants awarded (as noted in the table below). This logically aligns with the location of the major research centers of OHSU and PSU in the Greater PDX Region and OSU and UO in the Willamette Valley.

Table 6 SBIR/STTR By Agency and Region

SBIR/STTR Grant Distributions by Region 2016-2017

| Agency | Region | # of Grants | Total Dollars |
|---|-------------------|-------------|-----------------|
| Department of Health and Human Services | Greater PDX | 38 | \$26,316,939.00 |
| | Willamette Valley | 24 | \$8,805,621.00 |
| | Coast | 1 | \$654,075.00 |
| | Central | 2 | \$300,000.00 |
| Department of Defense | Greater PDX | 24 | \$9,576,991.18 |
| | Willamette Valley | 3 | \$379,714.87 |
| | Columbia Gorge | 2 | \$298,250.00 |
| National Aeronautics and Space Administration | Greater PDX | 18 | \$5,996,198.00 |
| | Willamette Valley | 1 | \$124,999.00 |
| | Southern | 1 | \$124,960.00 |
| National Science Foundation | Greater PDX | 10 | \$3,201,185.00 |
| | Willamette Valley | 4 | \$1,350,000.00 |
| Department of Energy | Greater PDX | 5 | \$2,436,179.17 |
| | Willamette Valley | 3 | \$524,998.50 |

| Agency | Region | # of Grants | Total Dollars |
|---------------------------------|-------------------|-------------|-------------------------|
| Department of Agriculture | Greater PDX | 4 | \$900,000.00 |
| Environmental Protection Agency | Willamette Valley | 2 | \$399,998.60 |
| Grand Total | | 142 | \$ 61,390,109.32 |



Oregon Signature Research Centers

The Oregon Nanoscience and Microtechnologies Institute (ONAMI) and Oregon BEST (now known as VirtueLab) both operate under the Business Oregon organization to provide funding and assistance to Oregon startup companies and state university researchers in their respective sectors.

ONAMI

ONAMI is an Oregon Signature Research Center, founded in 2006, with two available funding programs: ONAMI Launch and ONAMI Gap.

ONAMI Launch funding (Pre-Gap) is an early-stage program for ONAMI members with an idea that has commercial value and who intend to form a company within the next year. The maximum ONAMI Launch funding is \$75,000. The funding is to be used to help refine and/or validate the proof-of-concept and assist in optimal company formation.

ONAMI GAP is for research projects that yield breakthrough ideas, but cannot attract angel, venture or strategic investment without a proof of concept. ONAMI GAP funding bridges that void with up to \$250,000 for Oregon university-startup company collaborations to help businesses develop and test a product prototype, demonstrate a cost-effective fabrication process or cross the gap between current status and key customer requirements.

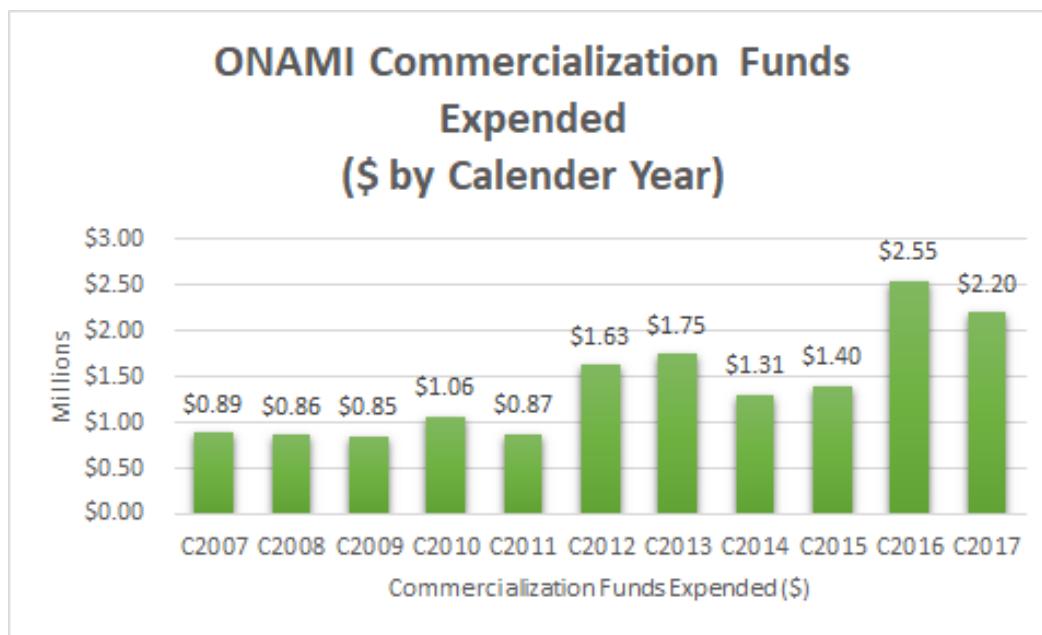


Figure 13 ONAMI Commercialization Funds by year

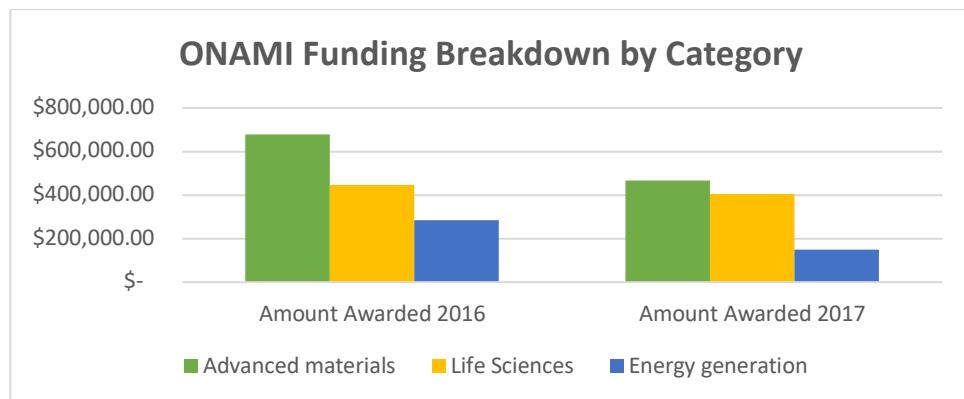


Figure 14 ONAMI Funding by Category 2016-2017

Oregon BEST (VertueLab)

Oregon BEST, also an Oregon Signature Research Center, provides funding and assistance to Oregon startup companies and state university researchers in the clean technology sector. One of its entrepreneurial assistance programs is focused on helping Oregon companies obtain non-dilutive capital through the federal SBIR/STTR program. Oregon BEST has been funded by the Small Business Administration under the Federal and State Technology Partnership (FAST) Program to provide targeted SBIR/STTR grant writing seminars and other training to help strengthen proposals from Oregon companies.

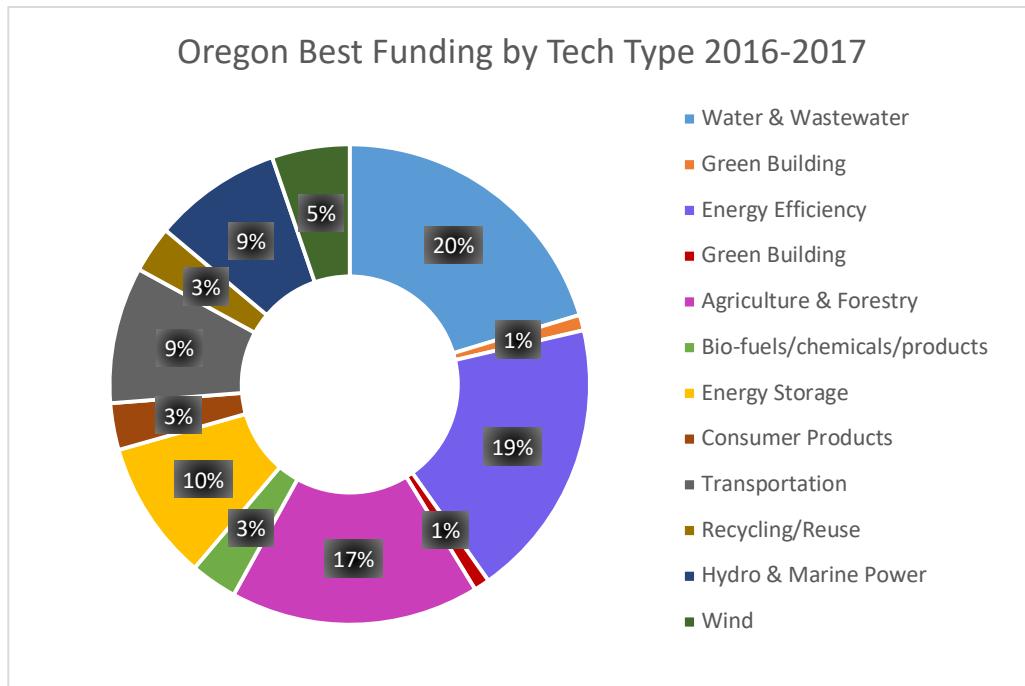


Figure 15 Oregon BEST Funding by technology/industry

Oregon BEST also provides direct funding to companies primarily in the form of program related investments that fund product development and product validation through joint projects between startup companies and state university researchers. The funding program, started in 2011, has provided over \$6.25M of R&D funding through 2017. Grants and Program-Related-Investments in the amount of over \$2.3M were made to 23 companies in the 2016-2017 period as detailed in the chart below.

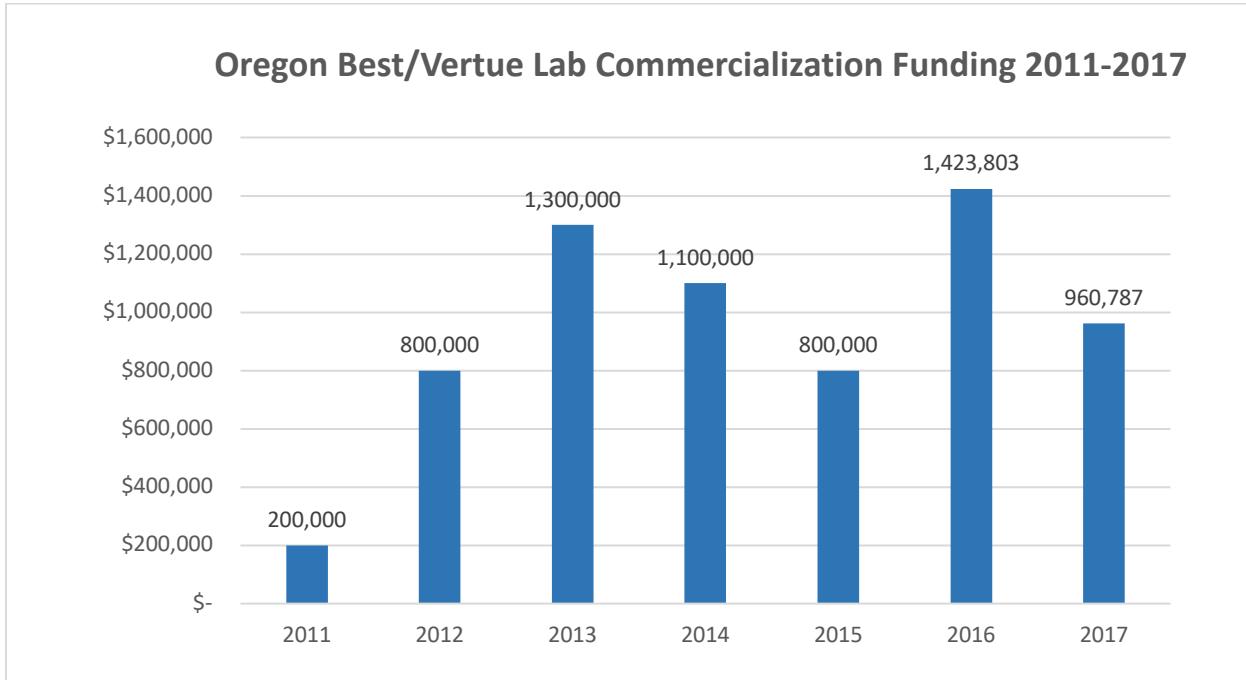


Figure 16 Oregon BEST Funding 2011-2017

Community Development Financial Institutions (CDFI)

Nationally there are 1,104 Community Development Financial Institutions (CDFIs). The CDFI Fund recognizes 20 CDFIs in Oregon. CDFIs are mission driven entities that provide various financial development services to individuals and businesses in traditionally underserved market niches. Types of organizations that can be certified include banks, credit unions, loan funds, venture capital funds, microenterprise development loan funds, and community development corporations. To be a certified CDFI, an organization must complete the CDFI certification process through the CDFI Fund, part of the U.S. Department of the Treasury.

CDFIs in Oregon

Community Development Financial Institutions play many different roles in Oregon's capital ecosystem depending on the needs of their communities and the expertise of their staff. Possible roles for a CDFI in the capital ecosystem are:

Lender

- Provide non-bank loans to traditionally underserved borrowers
- Provide mortgage financing for low-income and first-time homebuyers
- Provide gap-financing to business in between traditional lending stages

"Boots on the Ground"

- Build community relationships
- Understand current challenges and opportunities of specific communities
- Create trust

Personal Finance Supporter

- Provide Credit Builder Loans to improve borrower credit
- Offer Individual Development Accounts: a grant matched savings account for personal or business goals
- Offer education or technical assistance for microenterprises

Partner

- Partner with other business development resources to leverage impact
 - Example: Community Lending Works and Sprout! Food Hub

Intermediary

- Provide vetted community development loan funds for institutional impact investors
 - Example: Northwest Health Foundation works with CDFIs to select loan funds for their impact investing dollars because the CDFIs have experience creating impact outcomes and reducing the risk of impact loans through their relationships and experience.

Lever

- Take loans, grants, and investments from others and leverage their impact in low-income communities through revolving loan funds and holistic financial development support.

Ally to banks

- Help businesses who aren't currently able to get a loan migrate into a traditional banking relationship

- Stepping stone along the financial path as businesses grow, mitigating a bank's risk
- Partner for Community Reinvestment Act compliance

Being a certified CDFI allows the organization to apply for funding through the U.S. Department of the Treasury's CDFI Fund. The CDFI fund gives large, unrestricted grants, but they don't give them to all CDFIs. Number of awardees in the past are: five in 2014, three in 2015, and seven in each 2016 and 2017. Seventy-five CDFI Fund grants have been given to Oregon CDFIs since 1996.

CDFI Activity in Oregon

Table 7 CDFI Activity

| Awardee | City | Program* | 2016 | 2017 |
|---|-------------|----------|----------------------|--------------------|
| | | | Amount | Amount |
| Albina Community Bank (now part of Beneficial State Bank) | Portland | BEA | \$189,157 | \$233,387 |
| Albina Opportunities Corporation (changed their name to Ascent Funding) | Portland | TA | | \$123,500 |
| Community and Shelter Assistance Corporation | Sherwood | FA | | \$776,500 |
| Community LendingWorks | Springfield | FA | \$500,000 | \$350,000 |
| Confederated Tribes of the Umatilla Indian Reservation | Pendleton | NACA | \$150,000 | |
| Craft3 | Portland | FA | \$750,000 | \$686,500 |
| Ecotrust CDE LLC | Portland | NMTC | \$75,000,000 | |
| Micro Enterprise Services of Oregon (MESO) | Portland | FA | | \$700,000 |
| National Community Fund I, LLC | Portland | NMTC | \$80,000,000 | |
| Network for Oregon Affordable Housing | Portland | FA | \$776,500 | \$776,500 |
| Portland Housing Center | Portland | FA | | \$686,500 |
| Trailhead Federal Credit Union | Portland | FA | \$1,120,000 | |
| Total | | | \$157,735,657 | \$3,646,387 |

*CDFI Program Legend

BEA - Bank Enterprise Award

FA - Financial Assistance

NACA - Native American CDFI Assistance

NMTC - New Market Tax Credit

TA - Technical Assistance

Table 8 Oregon CDFI Listing

| Organization Name | Financial Institution Type | City | Organization Website |
|---|----------------------------|--|--|
| Affiliated Tribes of Northwest Indians Financial Services | Loan Fund | Portland | https://atniedc.com/ |
| Albina Community Bank (now part of Beneficial State Bank) | Bank or Thrift | Portland | https://beneficialstatebank.com |
| Albina Opportunities Corporation (changed their name to Ascent Funding) | Loan Fund | Portland | https://ascent-funding.org |
| Community and Shelter Assistance Corporation | Loan Fund | Sherwood | www.casaoforegon.org |
| Community Housing Fund | Loan Fund | Beaverton | thecommunityhousingfund.org |
| Community LendingWorks | Loan Fund | Springfield | www.nedcocdc.org |
| Consolidated Federal Credit Union | Credit Union | Portland | http://www.consolidatedccu.com |
| Cutting Edge Federal Credit Union | Credit Union | Milwaukie | www.cuttingedgefcu.org |
| Craft3 | Loan Fund | Astoria Bend Portland Walla Walla, WA | www.craft3.org |
| Habitat for Humanity of Oregon | Loan Fund | Portland | www.habitatoregon.org |
| HDC Community Fund LLC | Loan Fund | Portland | www.housingdevelopmentcenter.org |
| Innovative Changes | Loan Fund | Portland | www.innovativechanges.org |
| Micro Enterprise Services of Oregon (MESO) | Loan Fund | Portland | mesopdx.org |
| MID OREGON FEDERAL CREDIT UNION | Credit Union | Bend | www.midoregon.com |
| Network for Oregon Affordable Housing | Loan Fund | Portland | noah-housing.org |
| Pacific Crest Federal Credit Union | Credit Union | Klamath Falls | www.pacificcrestfcu.com |
| Point West Credit Union | Credit Union | Portland | www.pointwestcu.com |
| Portland Housing Center | Loan Fund | Portland | www.portlandhousingcenter.org |
| SELCO Community Credit Union | Credit Union | Eugene | www.selco.org |
| Trailhead Federal Credit Union | Credit Union | Portland | www.nrfcu.org |

CDFI Success Stories –

Knowledge and Inspiration

Arietta Ward came to MESO with a myriad of qualifications and skills. As a licensed cosmetologist for 22 years and an educator for 18 years, Arietta knows what hard work and determination can do for one's business. Now, she is a locally and nationally recognized musical artist with a business dedicated to her musical talent: Mz. Etta's World.

However, Arietta also held a lot of fear about the stigma placed on her community. She had concerns when it comes to the lending and business

world. She had experienced racism and sexism, found that not a lot of places had culturally specific staff, and had lost faith in what is known as “The American Dream” as it relates to African American entrepreneurs.

With MESO’s help and with Arietta’s hard work and determination, she is now in a position to obtain financial help from traditional lending sources. She is thriving with her business, both personally and as a musician. Most importantly, she is more confident and reassured than ever about being an African American entrepreneur in Portland, Oregon.

As Arietta always says, “There are people who know how to take the tragic and make it magic!”

(reprinted with permission from MESO)

Credit Building

Justin Johnson thought what MESO was offering was too good to be true. With a degree in psychology from the University of Oregon and his family business under his belt, he was skeptical that a nonprofit in Portland, Oregon would provide mostly free services and products, let alone to African Americans. Justin wanted to learn more about handling his business finances and improving his credit score so that he could gain access to capital when needed.

Justin began helping his mother with her childcare business – Boise Buddies – when he was just 16 years old. He gained real and tangible business experience even before he started his post-secondary education at University of Oregon. Now, at the age of 27, he has a Bachelor’s degree, a license in massage therapy, and operates Boise Buddies alongside his mother.

However, Justin still needed business support. Justin joined the Access to Capital for African American Entrepreneurs (ACAAE) initiative with high hopes and a little skepticism. He attended all the group and the one-on-one meetings that were customized to his unique needs, and partook in all the opportunities provided by MESO. Justin recently shared, “There wasn’t one piece of information that I couldn’t immediately use. The speakers were amazing. MESO is amazing. Thanks to them, my credit was saved.”

With a credit builder loan from MESO, Justin’s credit score jumped 192 points within 6 months, positioning him to access capital from traditional sources. He continues to work with MESO, and participates in MESO’s 3:1 matched savings program. “I still can’t believe MESO offers those incredible services. They are always available for one-on-one meetings and that’s exactly what I needed to help me with my personal and business finances.” The future is bright for Justin!

(reprinted with permission from MESO)

Economic Development District Loan Programs

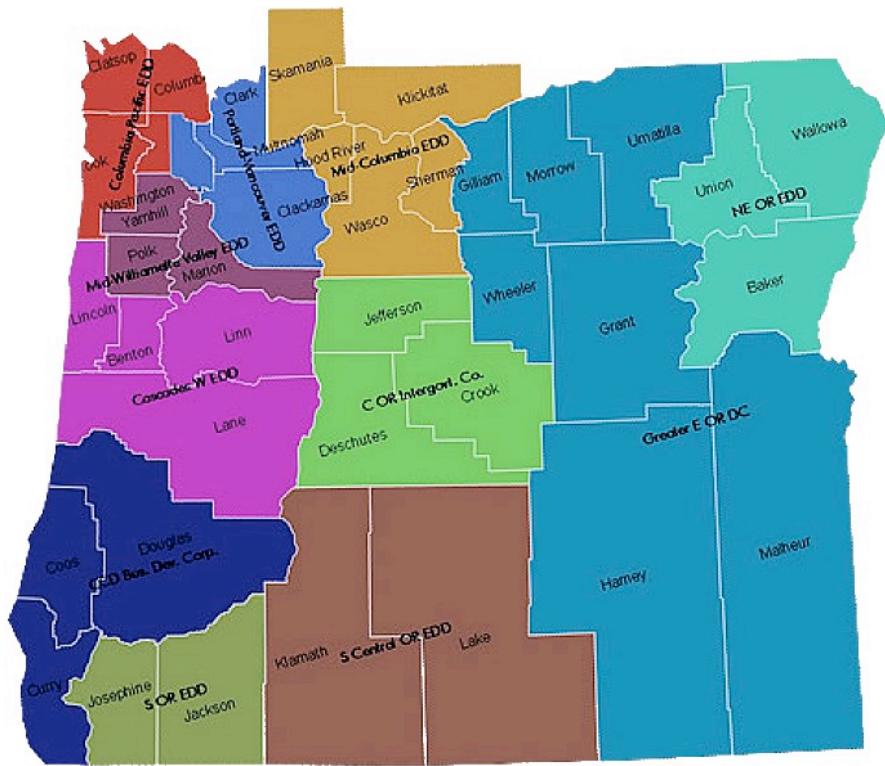


Figure 17 Oregon EDD Map

Oregon's Economic Development Districts:

- ATNI—Affiliated Tribes of Northwest Indians
- CCD—Coos, Curry, Douglas Business Development
- COIC—Central Oregon Intergovernmental Council
- Col-Pac—Columbia-Pacific Economic Development District
- GEODC—Greater Eastern Oregon Development Corporation
- MCEDD—Mid-Columbia Economic Development District
- MWVCOG—Mid-Willamette Valley Council of Governments
- NOEDD—Northeast Oregon Economic Development District
- CWEDD—Cascades West Economic Development District
- OCWCOG—Oregon Cascades West Council of Governments
- LCOG—Lane Council of Governments
- GPI—Greater Portland, Inc
- SCOEDD—South Central Oregon Economic Development District
- SOREDI—Southern Oregon Regional Economic Development, Inc

Economic Development Districts (EDDs) are regional gap financing entities recognized by the U.S. Department of Commerce's Economic Development Administration (EDA).

EDDs originate, package, and administer loans through various loan programs such as the Economic Development Administration Revolving Loan Fund, the SBA and the USDA. Many of Oregon's EDDs also offer other business resources to microenterprises and small businesses. The table below shows the additional resources offered by the various EDDs in Oregon.

Table 9 Economic Dev. District Services

| Economic Development District | EDA Revolving Loan Fund | SBA Loans | Technical Assistance | Other |
|---|--|-----------|----------------------|--|
| Affiliated Tribes of Northwest Indians | X | | X | CDF USDA IRP |
| CCD Business Development Corporation | X | X | X | |
| Central Oregon Intergovernmental Council | X | X | | |
| Columbia-Pacific Economic Development District | X | | | Find financing for business development initiatives |
| Greater Eastern Oregon Development Corporation | Information not provided. | | | |
| Mid-Columbia Economic Development District | X | | X | |
| Mid-Willamette Valley Council of Governments | X | X | | Manage city and county RLFs |
| Northeast Oregon Economic Development District | X | | X | Community public offerings Individual Development Accounts |
| Oregon Cascades West Council of Governments (Part of CWEDD) | Information not provided. | | | |
| Lane Council of Governments (Part of CWEDD) | Information not provided. | | | |
| Greater Portland, Inc. | Does not operate EDA revolving loan fund. Other information not provided. | | | |
| South Central Oregon Economic Development District | X | | X | Rural microloan assistance |
| Southern Oregon Regional Economic Development, Inc. | X | | | |

Table 10 Economic Dev District Technical Assistance Services

| Technical Assistance Details | Specific Services Offered |
|--|--|
| Affiliated Tribes of Northwest Indians | Small business and entrepreneur assistance |
| CCD Business Development Corporation | Grant writing, Funding application support Pre-project consultation Community Development Block Grants Support through project completion |
| Mid-Columbia Economic Development District | Access to incentive programs |

| Technical Assistance Details | Specific Services Offered |
|--|---|
| Northeast Oregon Economic Development District | Business planning classes Preparing to raise money General guidance and referrals |
| South Central Oregon Economic Development District | Business startup classes, Loan packaging assistance |

EDD Lending

This section of the Oregon Capital Scan focuses on the EDDs as a statewide whole, the common themes that emerged from our research and interviews, and the 2016-17 Revolving Loan Fund numbers from each EDD. Oregon's EDDs operate their own association, Oregon's Economic Development Districts (OEDD), whose goal is to facilitate communication and coordination between the EDDs. Detailed information about each of the EDDs and their individual activities can be found in OEDD's *Oregon EDD's 2015 Revolving Loan Fund Overview* report.

Table 11 Economic Development District Lending 2016-2017

| S.N. | EDD | 2016 | | |
|------|---|--|-------------|-------------------------|
| | | New loans made | Receivables | Funds Available to lend |
| 1 | Affiliated Tribes of Northwest Indians | | \$764,899 | |
| 2 | Central Oregon Intergovernmental Council | \$170,000 | \$3,658,631 | \$1,722,000 |
| 3 | Columbia Pacific Economic Development District | \$209,500 | \$484,686 | \$1,757,993 |
| 4 | Coos, Curry, Douglas Business Development Corporation | \$925,000 | \$4,454,544 | \$529,398 |
| 5 | Greater Eastern Oregon Development Corporation | | | |
| 6 | Greater Portland EDD, Inc. | Does not operate EDA Revolving Loan Fund | | |
| 7 | Mid-Columbia EDD | \$446,140 | \$2,976,785 | \$1,409,462 |
| 8 | Mid-Willamette Valley Council of Governments | \$1,079,000 | \$4,976,000 | \$2,208,000 |
| 9 | Northeast Oregon EDD | \$0 | \$2,770,801 | \$1,086,088 |
| 10 | Oregon Cascades West Council of Governments | \$200,000 | \$2,834,872 | \$1,909,067 |
| 11 | South Central Oregon EDD | \$150,000 | \$1,202,972 | \$1,107,686 |
| 12 | Southern Oregon Regional EDD, Inc. | \$788,500 | \$3,243,544 | \$2,792,395 |

| S.N. | EDD | 2017 | | |
|------|---|--|-------------|-------------------------|
| | | New loans made | Receivables | Funds Available to lend |
| 1 | Affiliated Tribes of Northwest Indians | | \$765,707 | |
| 2 | Central Oregon Intergovernmental Council | \$60,000 | \$3,750,210 | \$1,674,000 |
| 3 | Columbia Pacific Economic Development District | \$187,898 | \$181,123 | \$1,466,938 |
| 4 | Coos, Curry, Douglas Business Development Corporation | \$1,562,000 | \$5,047,415 | \$811,631 |
| 5 | Greater Eastern Oregon Development Corporation | | | |
| 6 | Greater Portland EDD, Inc. | Does not operate EDA Revolving Loan Fund | | |
| 7 | Mid-Columbia EDD | \$1,084,988 | \$3,269,158 | \$1,139,645 |
| 8 | Mid-Willamette Valley Council of Governments | \$1,284,000 | \$5,780,000 | 1,314,000 |
| 9 | Northeast Oregon EDD | \$417,350 | \$2,414,966 | \$1,291,131 |
| 10 | Oregon Cascades West Council of Governments | \$425,000 | \$2,703,295 | \$1,912,310 |
| 11 | South Central Oregon EDD | \$400,000 | \$1,260,704 | \$1,066,917 |
| 12 | Southern Oregon Regional EDD, Inc. | \$747,000 | \$3,236,417 | \$2,567,822 |

Crowdfunding

Crowdfunding, through platforms such as Kickstarter and Indiegogo, is a strong and growing option for those looking to raise early-stage capital. In many ways, it is becoming one of the dominant sources of capital for early stage company formation funding. Crowdfunding is typically employed for business ideas that center on a specific product idea, where the crowdfunding campaign can be used as a way to fund development and/or production of a product through pre-sales to backers. This process can substitute for early stage friends and family loans/investments and self-funding that entrepreneurs would otherwise need. Crowdfunding simplifies the process of launching a company or launching a new product by an existing company. By offering a product for sale on a crowdfunding campaign, businesses can assess market demand for their idea, gather important feedback from potential customers, and fund the production of a product with pre-paid orders.

Crowdfunding comes in many forms including equity, debt, gifts/rewards, and prepaid sales. In Oregon, from January 1, 2014 through December 31, 2017, over \$57.8 Million in funding happened through crowdfunding platforms. This number represents a significant portion of capital available to the earliest stages of company formation and growth.

For this edition of the Oregon Capital Scan, the research team was able to source crowdfunding data from The Crowdfunding Center (<http://www.thecrowdfundingcenter.com/>), a UK based data provider. The data obtained represents the best available summary of activity in this funding class. Data from 2014-through 2017 was obtained and is summarized here.

| | 2014 | 2015 | 2016 | 2017 |
|------------------------|--------------------------|----------|----------|----------|
| Total Funding (\$,000) | \$24,130 * [\$10,845] | \$12,424 | \$10,639 | \$10,678 |

* The top Kickstarter project in Oregon in 2014 accounted for \$13,285,226. That project, the 'Coolest Cooler' remains the second largest crowdfunding campaign ever. Removing this anomaly yields approximately \$10,845,000 in funding that year.

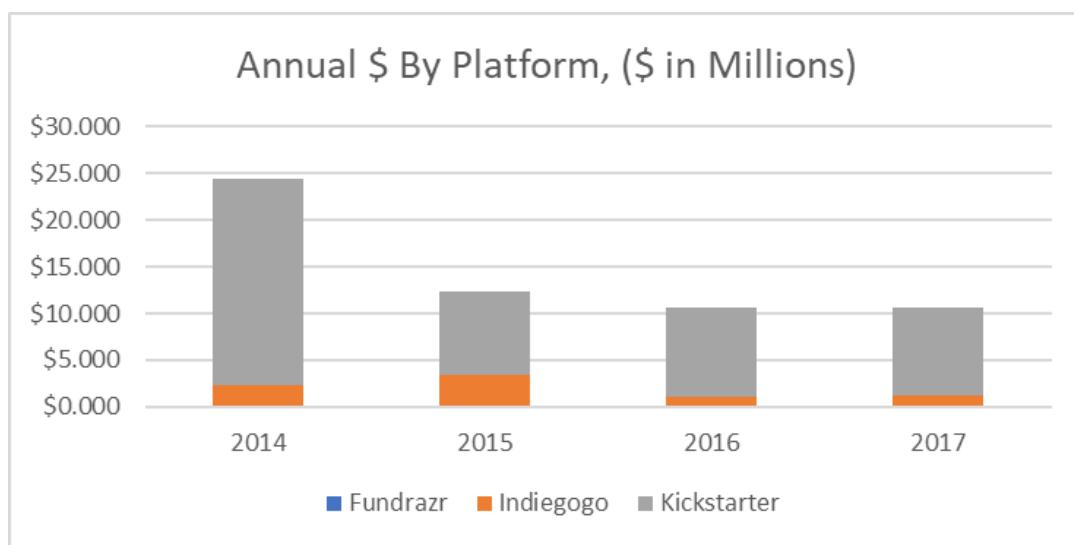


Figure 18 Crowdfunding Value in Oregon by Platform

Based on the improved data from an independent source, we can see that crowdfunding as a source of capital in Oregon accounts for over \$10 Million in funding for early stage business ideas each year. For 2018, as of July 31, approximately \$4.6M in crowdfunding projects had closed in Oregon, representing a relatively steady trend in funding. A full accounting of the data from 2018 should be undertaken to assess the continuing impact of this type of funding.

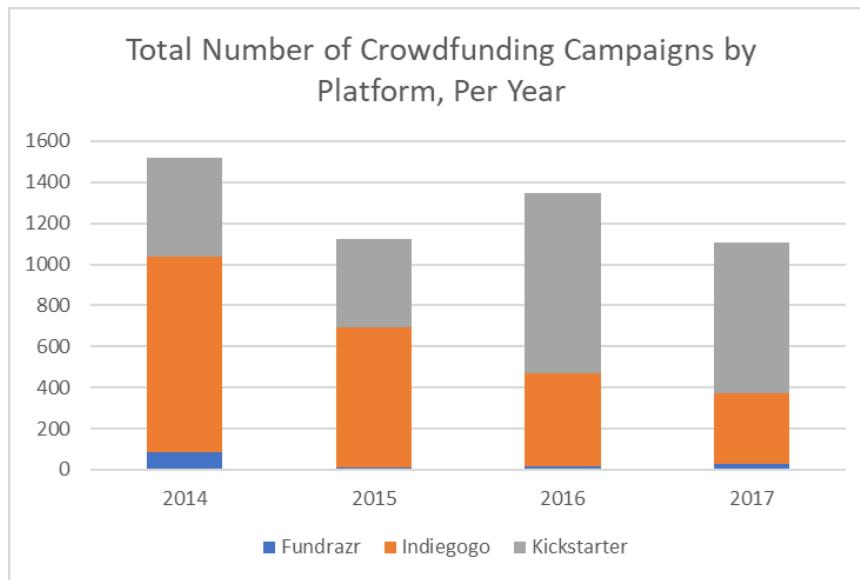


Figure 19 Crowdfunding in Oregon, # Campaigns by Platform

To capture a sense of the trends in the crowdfunding market, over the past 4 years, results show that Kickstarter saw an increase in total dollars raised for successful projects as well as an increase in number of successful projects.

Since 2010, Kickstarter has driven over \$1.1B in successful funding globally. Results show that in 2015 the funding domains of publishing, food, video, and art led in the number of funded projects. The top five categories for 2017 were: design, publishing, technology, gaming and comics.

Other crowdfunding platforms, Indiegogo and Fundrazer, also handled deals based in Oregon. In 2016 and 2017, Kickstarter has a significant majority of funding dollars and number of projects in Oregon.

Table 12 Crowdfunding platform data

| | 2016 | | | 2017 | |
|-------------|------------|---------------|--|------------|---------------|
| | # Projects | \$ of Funding | | # Projects | \$ of Funding |
| Kickstarter | 789 | \$9,512,671 | | 674 | \$9,360,535 |
| Indiegogo | 324 | \$1,062,579 | | 248 | \$1,210,949 |
| Fundrazer | 17 | \$26,035 | | 29 | \$87,221 |

Equity Crowdfunding – Oregon Intrastate Offerings

In addition to start-up capital, crowdfunding platforms (CFPs) allow for business owners raise equity capital in a local marketplace. New SEC rules with regards to who can invest in a new company went into effect in January 2015. Since then, \$476,000 has been raised in Oregon.

For those interested in further details of the Oregon Intrastate Offering rules (OIO), Hatch Oregon offers helpful definitions as well as copies of full OIO offering documents at their website (<http://hatchoregon.com>).

The Hatch Oregon website can also be used to find many of the current investment offerings using this new investing marketplace. Examples include Agrarian Ales, which raised \$95,000 in equity capital, and Crescendo Organic Spirits which raised \$82,250 in equity capital using this approach. Equity crowdfunding through the OIO program has not been a significant source of capital in the state when compared with other forms of capital available.

Equity Investment in Oregon – From Angels to Venture Capital

One of the critical components of a capital ecosystem is the flow of private risk capital into firms ready to grow. Equity capital drives the growth of traded sector businesses. Traded sector firms grow employment and create value for shareholders. Many of those shareholders are local investors and employees of the firm, who then often go on to reinvest in the community as angel investors.

Regional Comparisons

Nationally, the Seed and Angel investment ecosystems appear to be declining with a median investment round of \$285K dollars in 2017, which is down significantly from a median investment of \$850K dollars reported in 2015 by the Angel Resource Institute (based out of Oregon's own Willamette University). This decline is consistent with an increase in number of early stage deals and first-time investments, while there is a decrease in total funding. The Pacific Northwest's share of overall Angel investment in 2017 was 6.9% of all investment in the US, down from 8.7% of the national total in 2015.

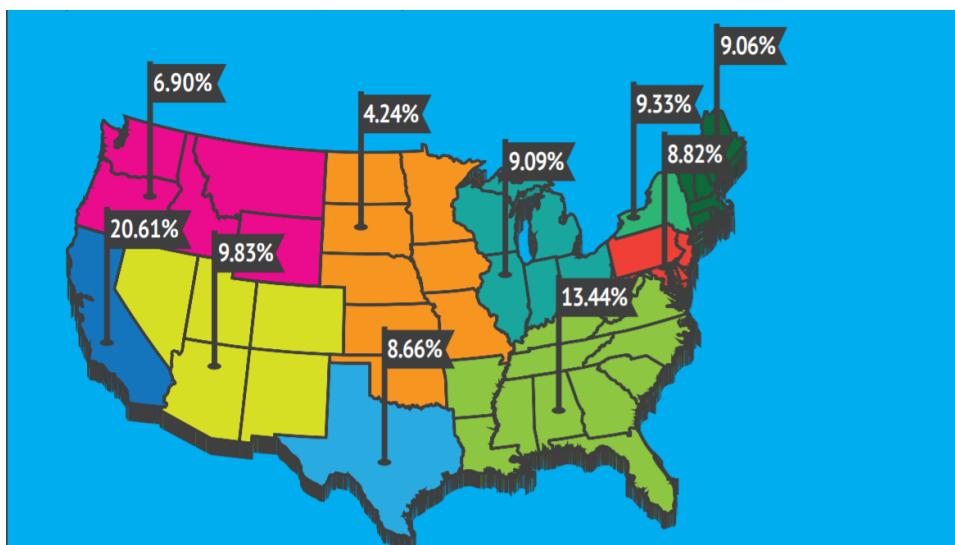


Figure 20 US Regional Distribution of Seed and Angel Investments 2017

The Oregon Seed and Angel investment landscape has continued to expand since the last publishing of the Oregon Capital Scan report with an increase in both the sources of investment and the scale of investment available. New entrants and forums have arisen for the aspiring entrepreneur including additional fixed-date event Angel group conferences as well as independent year-round angel investing organizations.

Mentioned in the 2012 Oregon Capital Scan report were the Portland Seed Fund and Portland Incubator Experiment (PIE) as new entrants to the funding and support ecosystem in the state. Joining the list in 2014 were the Bend Venture Conference, Willamette Angel Conference, Roseburg Angel Investor Network (RAIN), Southern Oregon Angel Investment Network, Cascade Angels, Oregon Sports Angels and TiE Angels. These programs continue to expand their impact and investment dollars in Oregon-based companies. Additionally, Business Oregon has begun participating at angel conferences in order to be available to explore and pursue related financing (economic development debt finance) deals with qualifying entrepreneur participants seeking capital. These developments and others have led to a steady increase in equity capital investments in Oregon since 2014.

Equity Investment in Oregon – From Angels to Venture Capital

To generate a holistic picture of the capital ecosystem in Oregon, it is best to think of all transactions, from Seed Funding through Venture Capital as a continuum. Companies who are successful in raising a Seed or Angel Round of funding are typically successful at raising additional funding if they are executing to their plan. Given that, this report is adjusting the perspective on Venture Capital and Seed/Angel investing to reflect this reality and combining these categories together and analyzing the data by investment rounds. These data are not organized by Series A, B, etc. as the definitions of an investment round for a company can be vastly different between firms, making that identifier less informative.

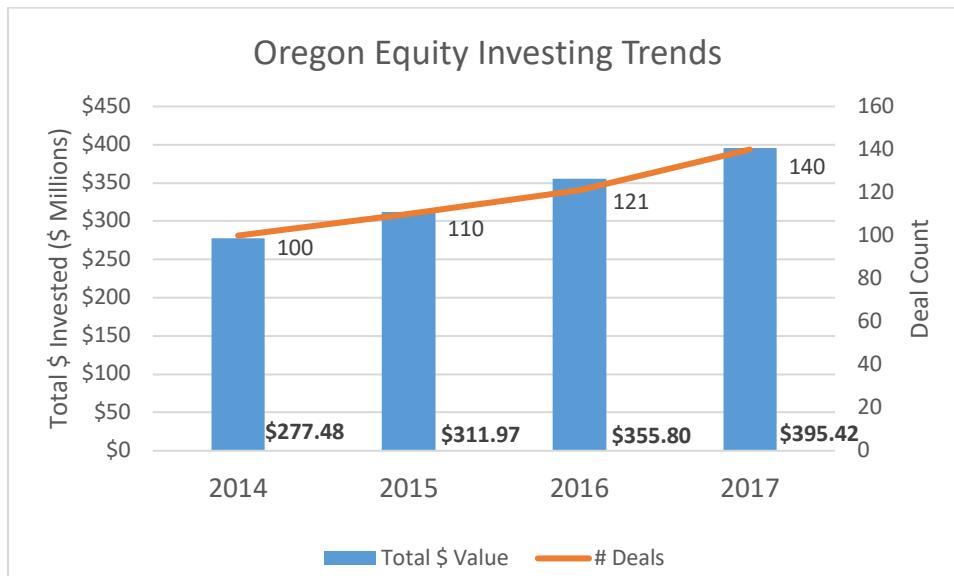
Consistent Data yields clear trends

Data for the 2016 Oregon Capital Scan (covering 2014-2015) and this edition of the report (covering 2016-2017) were obtained from [Pitchbook](#), a Seattle based financial data and software company. Given the consistency of data sets available, this report is able to show some very strong positive trends in the equity funding landscape for Oregon based companies. To be noted, the data compiled tracks funding events that have a defined ‘round’ in the Pitchbook data. There are a small number of transactions from each year that are noted as a ‘convertible debt’ type, but do not have a specific round noted. As convertible debt can be a tool for bridge financing, or simply a vehicle for existing investors to contribute additional funds, these transactions are excluded from the data.

Key Trend – Investments by number and dollar value has grown since 2014

When evaluating all reported investment transactions between 2014 and 2017, a clear positive trend emerges for both number of transactions and the overall dollar value of investments made.

- **2014-2017 annual transactions in Oregon have increased by 40%**
- **2014-2017 annual total funding value in Oregon has increased 42.5%**



This trend is a very positive one for the overall startup ecosystem in the State of Oregon. The data clearly show growth in the flows of equity capital to Oregon based businesses from 2014 through 2017.

Key Trend – Oregon based companies are moving up the ‘Capital Ladder’

When assessing the distribution of funding across different rounds of funding, the data support the concept of the ‘Business Funding Ladder’ as conceived in the 2014 Oregon Capital Scan. Specifically, the data from 2015 – 2017 support the hypothesis that companies in Oregon are raising additional capital as they grow.

2015 Angel rounds (\$76.79M) → 2016 Round 1 (\$112.59M) → 2017 Round 2 (\$155.3M)

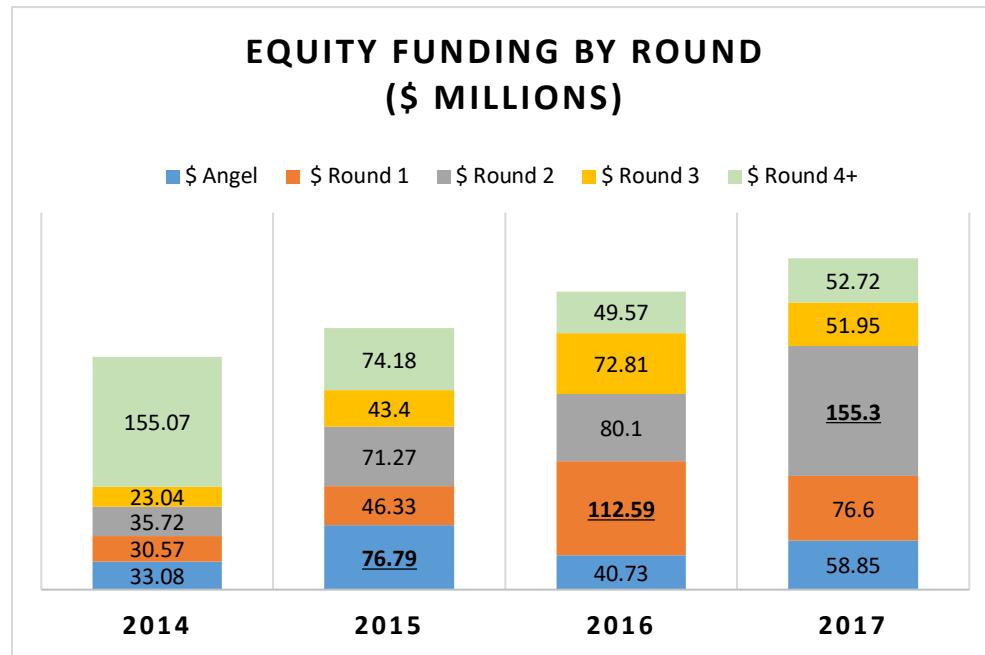


Figure 21 Equity Funding by round 2014-2017

The count of number of transactions can be informative in a couple of ways. First, the data show a consistent increase in the number of transactions at the Seed/Angel round stage. **This is a positive reflection on the health of the overall startup ecosystem; more companies are getting funded.** Second, the attrition of companies occurs when one of two things happen. Either a company is successful and doesn’t need to raise additional capital, or a company fails to meet their objectives and is not able to raise additional capital. Both outcomes can be viewed positively, as ‘churn’ in the ecosystem through both growth and failures helps expand the pool of people with experience working on investor backed startups.



Figure 22 Equity Funding Deals by round 2014-2017

Key Trend –Regions other than Portland Metro are raising capital

While the Portland Metropolitan region receives the vast majority of equity funding in Oregon, companies in other regions of the state have been able to raise equity capital. Specifically, the Willamette Valley region has shown strong and consistent growth in capital flows, followed closely by Central Oregon as a growing regional destination for investment.

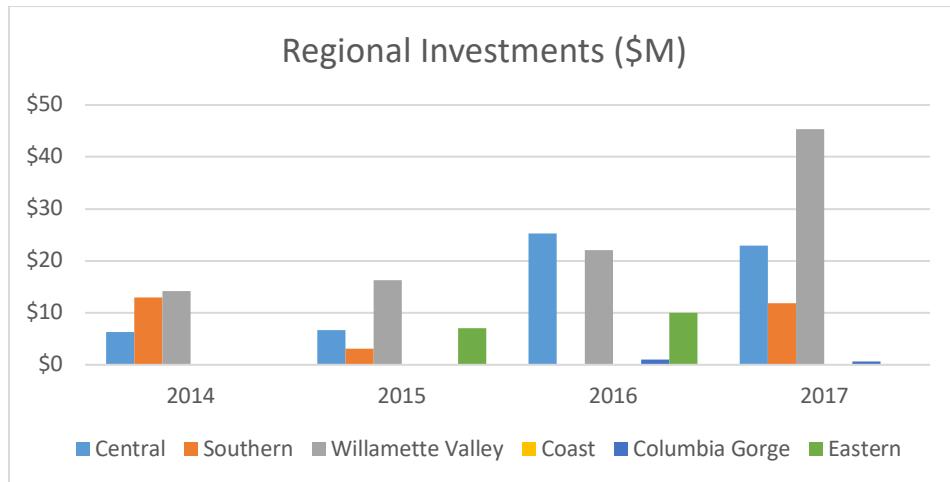


Figure 23 Regional Capital Distribution 2014-2017

When viewed as a percentage of the overall flow of equity capital in Oregon, we see that companies outside of Portland are attracting capital and helping to distribute the concentration of equity funding in Oregon more evenly.

Table 13 Regional Equity Investment Distribution 2014-2017

| Region \$ Invested | Willamette Valley | Central | Southern | Coast | Columbia Gorge | Eastern | Greater PDX |
|--------------------|-------------------|---------|----------|--------|----------------|---------|-------------|
| 2014 | 5.11% | 2.27% | 4.69% | | | | 87.93% |
| 2015 | 5.24% | 2.14% | 1.01% | | | 2.24% | 89.37% |
| 2016 | 6.19% | 7.11% | | 0.003% | 0.28% | 2.81% | 83.60% |
| 2017 | 11.48% | 5.80% | 2.98% | | 0.16% | | 79.58% |

With a majority of residents and as the hub of commercial activity, it is reasonable to assume that Portland Metro will remain the focus of investment activity. However, as more companies receiving funding in other regions can often serve as the first touch point for investors from outside Oregon to get engaged in the area and as examples for more local investors to follow.

Big bump in Activity in 2018

As shown in Figure 23, Venture Capital activity in the first 6 months of 2018 has grown significantly. This data, from PwC MoneyTree, indicates that Oregon's total VC investments from January 1 through June 30, 2018 were \$430.2 Million. This total reflects a significant boost to the economic prospects of over 40 different firms, representing dozens of opportunities for growing firms to thrive.

Noting this recent influx of capital, Eric Rosenfeld – founder and partner at the Oregon Venture Fund, noted in a July 12, 2018 article in the Portland Business Journal that an increase in VC activity can have several positive impacts on the local community¹:

- More capital – firms that are already invested in Oregon are more likely to look at other local opportunities.
- More jobs – Venture backed firms typically execute their growth plans with increased hiring activity for positions with above average wages to lure talent from other areas and companies.
- More startups – Success begets success as team members of successful companies often strike out on their own. Founders of this generation of startups will be mentors to the next.
- More wealth – VC dollars seek aggressive returns and high growth. When companies are successful, founders, employees and investors share in the success and newly created wealth.

Whether the momentum of the first half of 2018 continues is to be determined. As past performance is not a direct indicator of future activity, VC investment in Oregon cannot be assumed to remain as robust in the future. However, a strengthening ecosystem of entrepreneurs and investors bodes well for the future. Once a full accounting of 2018 transactions is available, further analysis of trends in Oregon investing should be undertaken.

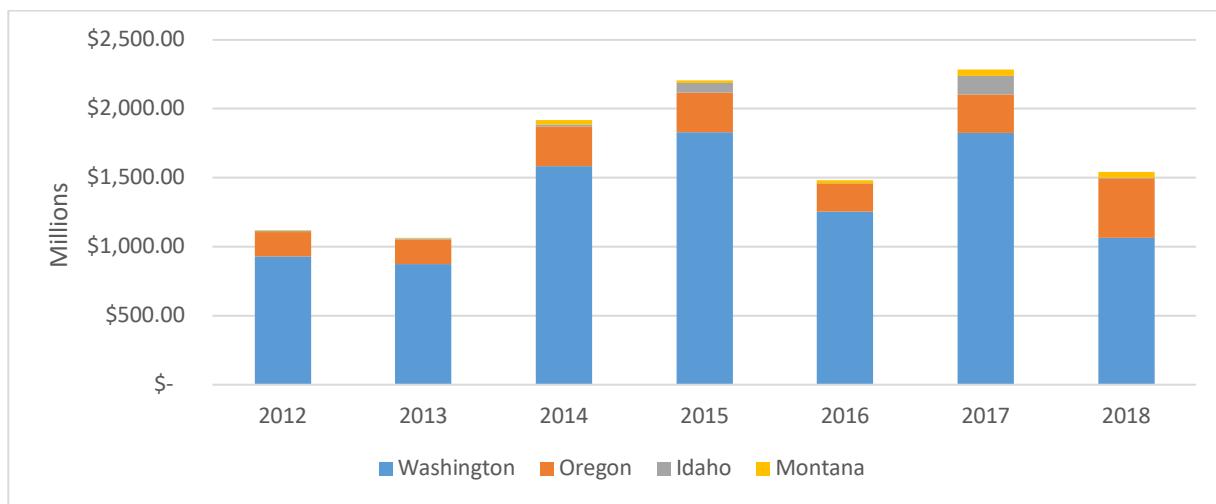


Figure 24 Venture Capital Investment in Pacific Northwest – Source: PwC Moneytree

Oregon comparison with other western states

Oregon has seen an improving climate for Venture Capital investment. PricewaterhouseCoopers MoneyTree™ data indicates that Oregon is relatively stable as a percent of deal value in the Pacific Northwest (WA, ID, MT, OR) at just slightly more than 12% in 2017, but with an average of 16.3% of VC dollars in the PNW since 2012. While California, with massive economic engines in Silicon Valley, Los Angeles, and San Diego, leads the nation in Venture Capital investment by a huge margin, Oregon's place in the national venture capital ecosystem has strengthened. When compared to western states Oregon has maintained a modest but steady position between Utah and Arizona. Given the resources and populations of other states, venture activity in Oregon is healthy.

¹ <https://www.bizjournals.com/portland/news/2018/07/12/quest-opinion-what-the-sudden-deluge-of-vc-funding.html>

Late Stage Equity: Private Equity, M&A (Merger & Acquisition), and IPOs

In this report, later stage financing rounds are broadly referred to as private equity transactions. The number of in-state firms and assets they control are small relative to neighboring states like California and Washington. Therefore, most of these transactions represent significant capital flowing into the state. Further, this form of capital is generally control oriented where the investment causes a change in controlling ownership interest in the business.

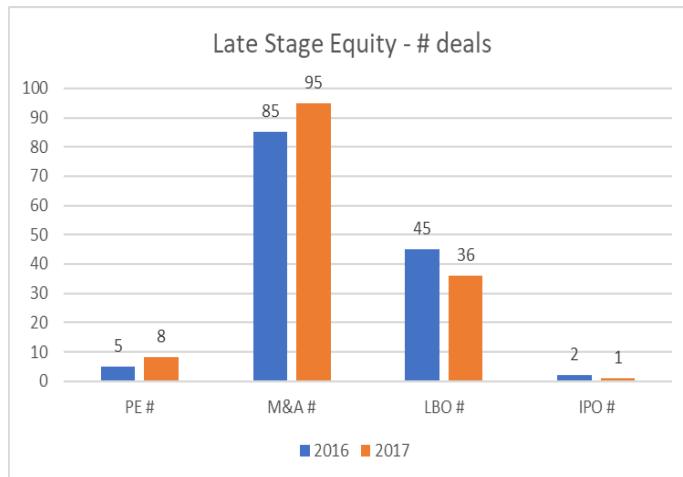


Figure 25 Late Stage equity transaction count

Number of Late Stage Equity Deals by Region
(2016,2017)

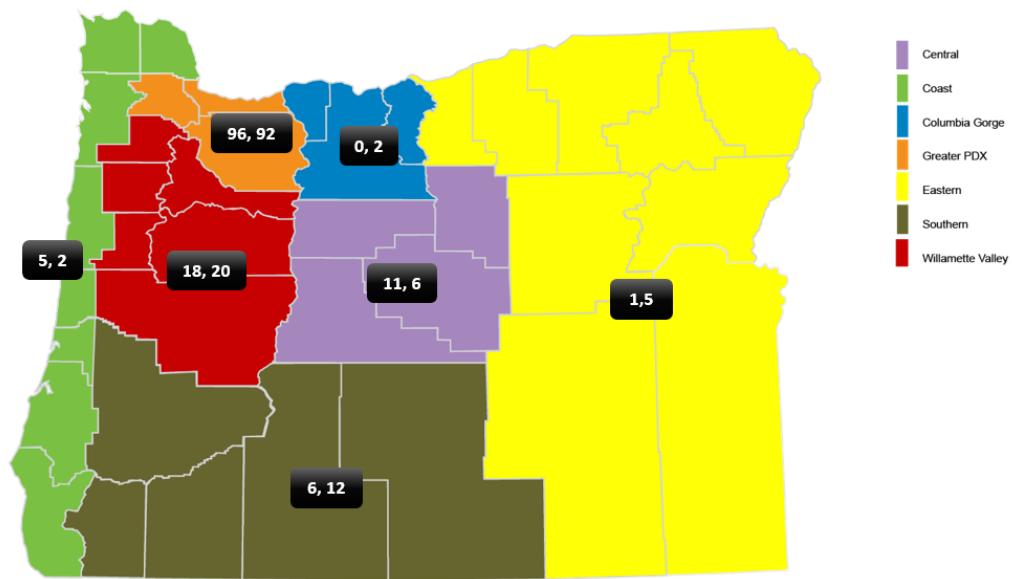


Figure 26 Late Stage Equity deals by region; 2016 & 2017

Dollar value data for these transactions is difficult to obtain. Most transactions of this type are between private parties, with 'terms not disclosed' accompanying any announcement of the deal. The scale of some of these individual transactions dwarf earlier stage investment transaction amounts due to the

maturity stage of companies being engaged and the common change in control. Active markets for late stage equity transactions signals a market with healthy companies and owners who are typically realizing significant returns and liquidity from their businesses. This liquidity often re-enters the ecosystem in the form of angel investments.

Late Stage Equity Impacts

While it is difficult to track the exact impact of these types of transactions, there are two examples that can serve as a model for how this type of capital can impact the Oregon capital landscape.

Hydroflask – A foundation for an industry in Bend

Bend, Oregon, was well known as a destination for recreation and adventure long before Hydroflask was founded in 2009. But when the company, which makes insulated beverage containers, began to grow rapidly with investment and a strong management team, it became an anchor point for an industry in Central Oregon. In February of 2016, the company was acquired by a consumer products conglomerate for a reported value of over \$210 Million. As many of the early investors, and a majority of the employees of the company were located in Bend, this represented a great windfall for the area. Not content to simply let capital flows dictate the long-term impact of the transaction, Hydroflask took the initiative to help encourage growth in the entire outdoor products industry in the region. The company gave \$250,000 to the Oregon State University Cascades Campus to explore a new major and other programs in outdoor products business. That program has seen its first students enrolled in the fall of 2018.

Pacific Foods – Sharing rewards and building an industry

The food business is not flashy. Although many build national brands (Tillamook, So Delicious, Dave's Killer Bread) that gather attention and provide interesting ties to Oregon, the majority of food manufacturing in Oregon is rather bland. Large companies grow their customer bases and continue to produce high quality products without fanfare. One of those companies is soup maker Pacific Foods.

The announcement of the \$700 Million acquisition of Pacific Foods by Campbell Soup Company in July 2017 made waves. Not only was the size of the transaction notable, but the commitment of the acquiring company to maintain and grow the business in Oregon meant that 500 plus jobs were not going away, which helps maintain a positive size and scale for the food business locally.

The beneficiaries of such a large transaction increased greatly in number due to the generosity of the owners of Pacific Foods. In a statement by co-founder Chuck Eggert in a company letter released in December 2017, Mr. Eggert stated, "Pacific shareholders — including myself, Jon Gehrs and Kaye Barnes — made the unanimous decision to share approximately 25 percent of the net proceeds of the sale of the company with the people who got us here: almost 600 eligible employees,"² The complete effects of this event are unknown, but the idea of sharing rewards with employees reflects the Oregon way of life.

These events, and the financial returns that were then distributed throughout the economy, shows how transformative equity capital transactions can be for local communities, employees, and others.

² <https://www.bizjournals.com/portland/news/2017/12/18/pacific-foods-ladling-out-portion-of-campbell-sale.html>

State of Oregon Programs

The State of Oregon supports several small business financing programs. The following business finance programs were funded with lottery dollars and include direct loans and loan guarantees. Total capitalization for the programs is \$45.5 million. Total cumulative assets of the listed programs equal \$62.8 million. Note: in Tables 15, 16, and 17 below, loans attributed to Greater Portland Inc (GPI) are funded by Prosper PDX, not GPI. But we use GPI, and other EDDs, as a way to indicate the location of the businesses receiving the funding. For all other EDDs, the funds lent come from their loan funds.

Table 14 Summary of Cumulative Capitalization (State of Oregon General and Lottery Funds) from Inception through 10/31/2017

| Program (Year established) | State | Federal | Other* | Total |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------|
| OBDF (1986) | \$19,615,000 | \$5,500,000 | | \$25,115,000 |
| EDLF (1991) | \$1,590,000 | | \$3,050,000 | \$4,640,000 |
| SBEP (2015) | \$0 | \$0 | \$5,000,000 | \$5,000,000 |
| CEF (1991) | \$3,481,000 | \$12,850,000 | \$0 | \$16,331,000 |
| CAP (1991) | \$2,104,000 | \$317,000 | \$3,150,000 | \$5,571,000 |
| Total | \$26,790,000 | \$18,667,000 | \$11,200,000 | \$45,457,000** |

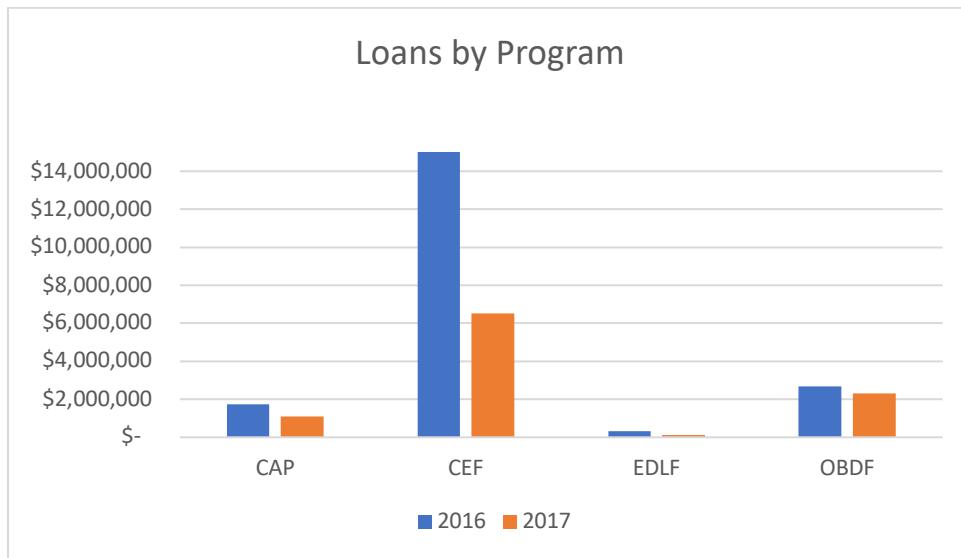


Figure 27 State Administered Loan Programs

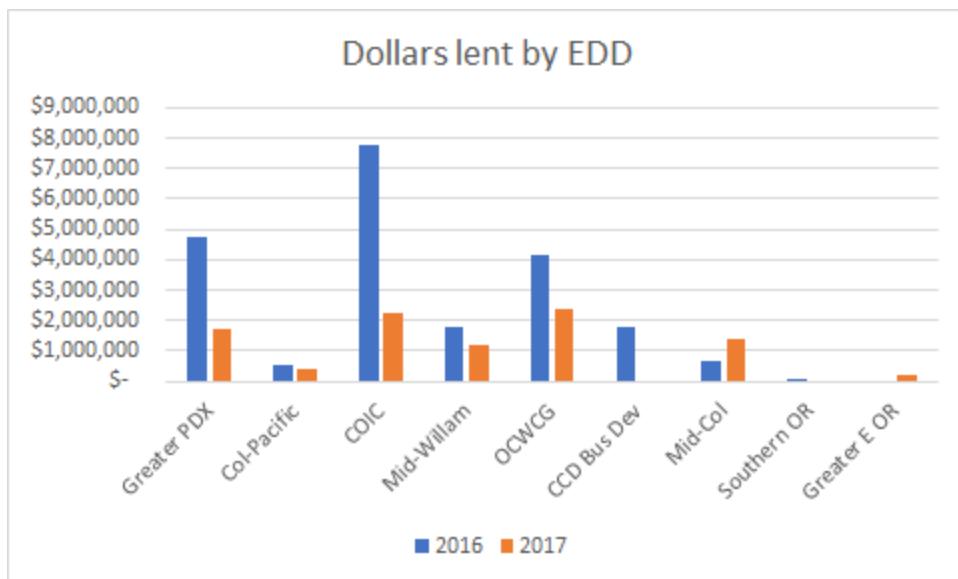


Figure 28 State dollars lent by EDD

Oregon Business Development Fund

Oregon Business Development Fund (OBDF) is a revolving loan fund that provides fixed-rate term financing for land, buildings, equipment, machinery and permanent working capital. Participants must create or retain jobs and must typically be a traded-sector business in manufacturing, processing or distribution. The program gives preference to projects located in rural and distressed areas and to businesses with fewer than 100 employees. Expansion projects can be financed to a maximum up to 40% of eligible project cost and requires participation from a lending (or financing) partner.

Loans have:

- A maximum amount of \$1,000,000;
- A maximum term and amortization of 20 years or the useful life of the project and/or collateral;
- A fixed interest rate of U.S. Treasury Bills plus 1% APR (4% minimum APR); and,
- A 1.5% loan origination fee.

Applications must show the business:

- Has the ability to create or retain jobs as a result of the loan;
- Is a traded-sector manufacturing, production, processing or distribution company;
- Has a commitment from a qualified private financial partner or economic development organization for additional loan funds;
- Can provide enough quality collateral for the loan;
- Possesses a reasonable capacity to repay the loan; and
- Meets other criteria outlined in the OBDF Application and Oregon Administrative Rule.

OBDF Data 2016-2017

Table 15 Oregon Business Development Fund Data

| 2016 | | | | | | |
|------------------|-------------------|---|-----------------|---------------------|----------------------|------------------------|
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Clackamas | Greater PDX | Greater Portland, Inc. | 1 | \$ 250,000 | \$ 250,000 | 18 |
| Coos | Coast | CCD Business Development | 1 | \$ 399,583 | \$ 399,583 | 12 |
| Crook | Central | Central Oregon Intergovernmental Council | 1 | \$ 100,000 | \$ 100,000 | 3 |
| Deschutes | Central | Central Oregon Intergovernmental Council | 2 | \$ 330,000 | \$ 165,000 | 16 |
| Jackson | Southern | Southern Oregon Regional EDD | 1 | \$ 45,177 | \$ 45,177 | 0 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 2 | \$ 780,000 | \$ 390,000 | 4 |
| Multnomah | Greater PDX | Greater Portland, Inc. | 1 | \$ 240,000 | \$ 240,000 | 12 |
| Washington | Greater PDX | Greater Portland, Inc. | 2 | \$ 525,000 | \$ 262,500 | 20 |
| Sub-Total | | | 11 | \$ 2,669,759 | \$ 242,705 | 85 |
| 2017 | | | | | | |
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Benton | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 496,000 | \$ 496,000 | 4 |
| Deschutes | Central | Central Oregon Intergovernmental Council | 2 | \$ 453,750 | \$ 226,875 | 29 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 2 | \$ 470,000 | \$ 235,000 | 79 |
| Malheur | Eastern | Greater East Oregon EDD | 1 | \$ 203,046 | \$ 203,046 | 5 |
| Washington | Greater PDX | Greater Portland, Inc. | 1 | \$ 700,000 | \$ 700,000 | 11 |
| Sub-Total | | | 7 | \$ 2,322,796 | \$ 331,828 | 128 |
| Total | | | 18 | \$ 4,992,555 | \$ 574,533 | 213 |

Oregon Royalty Fund

The Small Business Expansion Loan Fund (aka Oregon Royalty Fund) currently operates within the OBDF direct loan program and is a new alternative financing solution for situations in between "almost bankable" and angel or venture capital deals, like mezzanine financing for working capital. This pilot program allows businesses to make a periodic payment as a percentage of net sales combined with scheduled monthly payments of principal and interest (fixed rate) to accommodate growing companies that may not qualify for traditional financing.

In the 2018 session, the Oregon Legislature passed SB 1516 creating the Small Business Expansion Loan Fund, which will become effective on January 1, 2019. This bill authorizes the transfer of \$5 million from the OBDF program to seed the new Oregon Royalty Fund and will improve the flexibility of the financing offered permitting repayment to occur exclusively from royalty payments.

How it Works:

The percentage of sales varies per applicant. Business Oregon seeks to realize a target return on investment—from repayment of principal, interest and revenue payments—over a three to seven-year period without taking an equity position. Additional payments may be required in event of early payoff or sale of the company. Once the pre-determined return target has been achieved, all payments stop, and the company has satisfied its repayment obligations.

Key Requirements:

The company must satisfy all requirements of the Oregon Royalty Fund including, but not limited to, being a traded-sector business and having significant job creation impacts. Each revenue finance request will be evaluated on a case-by-case basis, but the following will be required, in general:

- Existing history of sales
- Potential for rapid growth in sales

- History of significant gross profit margins or reasonable expectations of ability to achieve significant gross profit margins; and
- Collateral to secure the loan or personal guarantees of major owners
- Typical financing amount is up to \$250,000.

Benefits:

Revenue financing provides many benefits to Oregon businesses compared to traditional debt and equity financing, including:

- Business owner does not dilute ownership interest.
- Revenue financing may be less expensive than equity-based investment.
- If successful, the loans will help demonstrate proof of concept through market acceptance and, by increasing sales and profits, will improve the valuation of the company should the founders seek future equity investments.
- Makes financing available that may not be available from traditional sources of debt or Business Oregon's other business finance programs.

Capital Access Program

Capital Access Program (CAP) helps lenders (federally insured deposit taking financial institutions such as banks and credit unions) make more commercial loans to small businesses for startup or expansion by using a loan loss reserve account. The Capital Access Program (CAP) is designed to encourage lenders to make loans to non-profit and for-profit businesses seeking funds for most business purposes. All bank and credit union loan types and lines of credit are eligible. Lenders build up a loan-loss reserve over time with each loan they enroll into CAP through fees determined by participating banks. Bank contributions to their loan-loss reserve account are incentivized by matching funds provided by the Oregon Capital Access Program. Program participation is limited to banks and credit unions ("financial institutions" as defined by ORS).

CAP loans:

- Have enrollment fees between 3% and 7% as determined by the financial institution;
- Will receive a match on the enrollment fee of up to \$35,000 per borrower; and,
- Have rates and terms for repayment determined by the lender.

CAP loans may not be used to:

- Purchase or improve residential housing;
- Purchase or improve real property not used for business operations; or,
- Refinance an existing balance of a non-enrolled loan.

Table 16 2016-2017 Capital Access Program Data

| 2016 | | | | | | |
|------------------|-------------------|--|-----------------|---------------------|----------------------|------------------------|
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Clackamas | Greater PDX | Greater Portland, Inc. | 6 | \$ 540,000 | \$ 90,000 | 23 |
| Clatsop | Coast | Columbia-Pacific Oregon EDD | 3 | \$ 96,200 | \$ 32,067 | 6 |
| Deschutes | Central | Central Oregon Intergovernmental Council | 1 | \$ 50,000 | \$ 50,000 | 0 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 3 | \$ 253,815 | \$ 84,605 | 0 |
| Marion | Willamette Valley | Mid-Willamette Valley Council of Governments | 3 | \$ 135,000 | \$ 45,000 | 3 |
| Multnomah | Greater PDX | Greater Portland, Inc. | 6 | \$ 415,000 | \$ 69,167 | 26 |
| Washington | Greater PDX | Greater Portland, Inc. | 2 | \$ 185,000 | \$ 92,500 | 0 |
| Yamhill | Willamette Valley | Mid-Willamette Valley Council of Governments | 1 | \$ 50,000 | \$ 50,000 | 2 |
| Sub-Total | | | 25 | \$ 1,725,015 | \$ 69,001 | 60 |
| 2017 | | | | | | |
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Clackamas | Greater PDX | Greater Portland, Inc. | 1 | \$ 50,000 | \$ 50,000 | 0 |
| Clatsop | Coast | Columbia-Pacific Oregon EDD | 4 | \$ 255,000 | \$ 63,750 | 0 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 5 | \$ 350,000 | \$ 70,000 | 3 |
| Lincoln | Coast | Oregon Cascades West Council of Governments | 1 | \$ 21,000 | \$ 21,000 | 0 |
| Marion | Willamette Valley | Mid-Willamette Valley Council of Governments | 1 | \$ 35,000 | \$ 35,000 | 0 |
| Multnomah | Greater PDX | Greater Portland, Inc. | 4 | \$ 236,000 | \$ 59,000 | 4 |
| Tillamook | Coast | Columbia-Pacific Oregon EDD | 1 | \$ 150,000 | \$ 150,000 | 8 |
| Sub-Total | | | 17 | \$ 1,097,000 | \$ 64,529 | 15 |
| Total | | | 42 | \$ 2,822,015 | \$ 133,530 | 75 |

Credit Enhancement Fund

Credit Enhancement Fund (CEF) is a loan insurance program available to lenders (federally insured deposit taking financial institutions such as banks and credit unions) to assist businesses in obtaining access to capital. The fund guarantees loans made by lenders providing working capital or fixed-asset loans to businesses. The program:

- Can assist most businesses located in Oregon;
- Can assist businesses that are using proceeds to clean up a Brownfield site;
- Can include loans used for fixed assets, working capital or export financing;
- Can assist for-profit and non-for-profit companies;
- Can insure term loans and lines of credit; and,
- Has an enrollment fee typically between 1.5% and 3.0% of the insured amount based on the terms of the credit facility.

Loans guarantees:

- Are a maximum of 80% of the loan amount up to \$2,000,000 exposure for term loans;
- Have a maximum term that does not exceed the useful life of assets securing the loan or being financed with a maximum term of 15 years for real estate loans;
- Are a maximum of 75% of the loan up to \$1,500,000 exposure for operating lines of credit;
- Have a maximum term of 1 year for operating lines of credit;
- Are available for business loans and operating lines made by financial institutions (banks and credit unions); and
- Must meet other criteria outlined in the CEF Application and Oregon Administrative Rule.

2016-2017 CEF Data

Table 17 2016-2017 CEF Data

| 2016 | | | | | | |
|------------------|-------------------|--|-----------------|----------------------|----------------------|------------------------|
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Clackamas | Greater PDX | Greater Portland, Inc. | 1 | \$ 150,000 | \$ 150,000 | 5 |
| Coos | Coast | CCD Business Development | 2 | \$ 660,000 | \$ 330,000 | 1 |
| Curry | Coast | CCD Business Development | 3 | \$ 470,500 | \$ 156,833 | 2 |
| Deschutes | Central | Central Oregon Intergovernmental Council | 8 | \$ 6,007,150 | \$ 750,894 | 21 |
| Hood River | Columbia Gorge | Mid-Columbia EDD | 1 | \$ 40,000 | \$ 40,000 | 2 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 2,480,000 | \$ 2,480,000 | 0 |
| Lincoln | Coast | Oregon Cascades West Council of Governments | 1 | \$ 62,000 | \$ 62,000 | 0 |
| Linn | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 500,000 | \$ 500,000 | 5 |
| Marion | Willamette Valley | Mid-Willamette Valley Council of Governments | 3 | \$ 841,100 | \$ 280,367 | 2 |
| Polk | Willamette Valley | Mid-Willamette Valley Council of Governments | 1 | \$ 750,000 | \$ 750,000 | 2 |
| Umatilla | Eastern | Greater East Oregon EDD | 3 | \$ 190,000 | \$ 63,333 | 8 |
| Wasco | Columbia Gorge | Mid-Columbia EDD | 2 | \$ 635,000 | \$ 317,500 | 12 |
| Washington | Greater PDX | Greater Portland, Inc. | 1 | \$ 2,460,000 | \$ 2,460,000 | 4 |
| Sub-Total | | | 28 | \$ 15,245,750 | \$ 544,491 | 64 |
| 2017 | | | | | | |
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Deschutes | Central | Central Oregon Intergovernmental Council | 4 | \$ 1,720,000 | \$ 430,000 | 20 |
| Gilliam | Eastern | Greater East Oregon EDD | 1 | \$ 572,000 | \$ 572,000 | 2 |
| Hood River | Columbia Gorge | Mid-Columbia EDD | 2 | \$ 1,390,000 | \$ 695,000 | 6 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 1,000,000 | \$ 1,000,000 | 0 |
| Marion | Willamette Valley | Mid-Willamette Valley Council of Governments | 3 | \$ 1,139,150 | \$ 379,717 | 1 |
| Multnomah | Greater PDX | Greater Portland, Inc. | 2 | \$ 700,000 | \$ 350,000 | 3 |
| Sub-Total | | | 13 | \$ 6,521,150 | \$ 501,627 | 32 |
| Total | | | 41 | \$ 21,766,900 | \$ 1,046,118 | 96 |

Industrial Development Bonds

Industrial Development Bonds (IDB) are tax-exempt bonds issued by the state of Oregon, designed to help Oregon manufacturers grow. They provide long-term financing for land, buildings and equipment at below-market interest rates.

These bonds finance job creation and business growth for Oregon traded-sector, value-added manufacturers and processors by providing long-term debt financing for land, buildings and other fixed assets at a rate below prime. Affordable interest rates and tax-exempt status assist in lowering the cost of capital. The bonds are available to manufacturers, processors, exempt facilities (e.g., docks or solid waste facilities) and nonprofits and generally provide the greatest benefit to the borrower for bonds of \$5 million or more.

Entrepreneurial Development Loan Fund (EDLF)

Entrepreneurial Development Loan Fund (EDLF) provides direct loans to help startups, micro-enterprises and small businesses expand or become established in Oregon. This fund fills a niche not provided for through traditional lending markets.

EDLF Success Story

Frances and Ryan Chard, from Yamhill, started their business, SteelHead Fabrication & Mobile Welding, LLC in 2016. They determined that they needed start-up funding of approximately \$25k. In developing their business plan/loan application, they relied heavily on personal effort until they met, Joanne

Scharer from the Chemeketa Community College SBDC. Joanne was able to help them put together a winning proposal which they presented to Business Oregon. Business Oregon granted them an EDLF loan which they have used to purchase tools and pay for insurance and license fees. From start to funding, the process took approximately six months. Frances' advice for other budding entrepreneurs is "Never give up, if you want it bad enough you can make it happen. Most definitely do not be afraid to ask for help and feedback is gold. Take your time and think about everything from a different perspective."

Table 18 EDLF Data 2016-2017

| 2016 | | | | | | |
|------------------|-------------------|--|-----------------|--------------------|----------------------|------------------------|
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Benton | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 25,000 | \$ 25,000 | 5 |
| Coos | Coast | CCD Business Development | 2 | \$ 44,000 | \$ 22,000 | 2 |
| Curry | Coast | CCD Business Development | 2 | \$ 121,416 | \$ 60,708 | 6 |
| Douglas | Southern | CCD Business Development | 1 | \$ 66,469 | \$ 66,469 | 1 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 25,000 | \$ 25,000 | 1 |
| Polk | Willamette Valley | Mid-Willamette Valley Council of Governments | 1 | \$ 24,000 | \$ 24,000 | 2 |
| Sub-Total | | | 8 | \$ 305,885 | \$ 38,236 | 17 |
| 2017 | | | | | | |
| County | Region | EDD | Number of Loans | Total Loan Dollars | Average Loan Dollars | Number of Jobs Created |
| Deschutes | Central | Central Oregon Intergovernmental Council | 1 | \$ 85,000 | \$ 85,000 | 5 |
| Lane | Willamette Valley | Oregon Cascades West Council of Governments | 1 | \$ 25,000 | \$ 25,000 | 0 |
| Sub-Total | | | 2 | \$ 110,000 | \$ 55,000 | 5 |
| Total | | | 10 | \$ 415,885 | \$ 93,236 | 22 |

Participants must meet at least one of the following criteria:

- Have revenues of less than \$500,000 in the previous 12 months; or,
- Be a business owned by a severely disabled person.

Loans:

- Are a maximum amount of \$75,000;
- Are typically repaid over 5 years; and,
- Carry a fixed interest rate of Prime plus 2% APR.

Applications must show the business:

- Can provide enough quality collateral for the loan;
- Possesses a reasonable capacity to repay the loan;
- Meets program equity requirements;
- Is enrolled in small business counseling through Certified Entities; and,
- Meets other criteria outlined in the EDLF Application and Oregon Administrative Rule.

Grant-making Foundations

Oregon's foundations continue to play a large role in traditional grant-making. They are also increasing the role they play in statewide economic development and providing mission related investments (MRIs) and program-related investments (PRIs).

Several foundations have found a way to make an impact in economic development, a field that is large and full of various funding streams, by supporting entrepreneurs. The Oregon Community Foundation awards grants to organizations that provide mentoring and training for entrepreneurs to grow their businesses. In addition, OCF has awarded grants for programs that teach youth about entrepreneurship.

The Lemelson Foundation led the development for the InventOR competition that engages college students in competitions across the state to create a product that will assist with a social problem and compete for prize money to develop it into a business.

The Ford Family Foundation added its first economic development position in 2015. They support the efforts of rural communities building sustainable, diversified economies that provide quality jobs and opportunities to create wealth for their residents. Representatives from other foundations repeatedly mentioned The Ford Family Foundation's leadership in both statewide economic development and rural economic development. Foundation staff work alongside community members to address the challenges of this work, which includes a lack of engagement between rural and urban areas in Oregon, not enough micro-lenders, and the distributed nature of technical assistance providers and statewide networks--several exist, but the capacity of each location's office can vary widely.

Several other foundations interviewed expressed a new or growing interest in economic development work. Many see a tie between their grant making, MRIs and PRIs, and their ability to support economic development at scale in Oregon.

Table 19 Oregon Grant Making Foundations

| List updated from 990/990PF research | Total Annual Giving | |
|--|---------------------|---------------|
| | 2015 | 2016 |
| The Oregon Community Foundation | \$ 92,495,682 | \$ 94,772,414 |
| Intel Foundation | \$ 36,689,173 | \$ 45,514,943 |
| Meyer Memorial Trust | \$ 32,880,007 | \$ 36,290,546 |
| The Ford Family Foundation | \$ 33,248,795 | \$ 30,146,341 |
| The Lemelson Foundation | \$ 14,168,043 | \$ 10,148,449 |
| James F. and Marion L. Miller Foundation | \$ 10,759,762 | \$ 9,812,605 |
| The Collins Foundation | \$ 10,327,027 | \$ 9,657,551 |
| Nike Foundation | \$ 21,219,282 | |
| Maybelle Clark MacDonald Fund | \$ 6,311,794 | \$ 7,225,566 |
| The Harold and Arlene Schnitzer CARE Foundation | \$ 3,147,930 | \$ 3,302,882 |
| Oregon Jewish Community Foundation | \$ 9,808,205 | \$ 4,826,971 |
| The Salem Foundation | \$ 2,031,500 | \$ 3,476,700 |
| The PacifiCorp Foundation for Learning | \$ 1,983,330 | \$ 2,121,552 |
| Juan Young Trust | \$ 1,595,000 | \$ 1,613,700 |
| The Autzen Foundation | \$ 1,330,462 | \$ 1,401,402 |
| Northwest Health Foundation | \$ 1,319,258 | \$ 1,421,606 |
| PGE Foundation | \$ 1,066,002 | \$ 1,064,675 |
| The Bill Healy Foundation | \$ 1,048,654 | \$ 1,069,164 |
| The Herbert A. Templeton Foundation | \$ 1,080,361 | \$ 1,028,205 |
| Chambers Family Foundation | \$ 896,553 | \$ 927,273 |
| McKenzie River Gathering Foundation (MRG Foundation) | \$ 1,107,854 | \$ 845,244 |
| The Lazar Foundation | \$ 875,189 | \$ 852,705 |
| The Carpenter Foundation | \$ 811,563 | \$ 797,103 |
| Benton Community Foundation | \$ 676,940 | \$ 598,607 |
| Fohs Foundation | \$ 765,250 | \$ 793,750 |
| Jubitz Family Foundation | \$ 681,665 | \$ 457,957 |
| The Jackson Foundation | \$ 588,861 | \$ 652,824 |
| Chiles Foundation | \$ 500,740 | \$ 393,994 |
| Children's Trust Fund of Oregon Foundation | \$ 432,828 | \$ 428,500 |
| The Roundhouse Foundation | \$ 428,108 | \$ 810,519 |
| Mentor Graphics Foundation | \$ 303,944 | \$ 365,311 |
| Four Way Community Foundation | \$ 260,754 | \$ 345,616 |
| Bonneville Environmental Foundation | \$ 444,116 | \$ 648,834 |
| Lamb Foundation | \$ 248,100 | \$ 251,430 |
| Western Lane Community Foundation | \$ 212,325 | \$ 214,010 |
| William L. and Ruth T. Pendleton Memorial Fund | \$ 221,200 | \$ 202,150 |
| The James R. Kuse Foundation | \$ 86,000 | \$ 1,076,000 |
| The Larson Legacy | \$ 157,450 | \$ 210,100 |
| The Samuel S. Johnson Foundation | \$ 656,720 | \$ 754,507 |
| The Burning Foundation | \$ 553,750 | \$ 526,500 |

In 2015, Oregon had 867 foundations that gave over \$399 million in total grants.³ Most of these grants were awarded to nonprofit organizations. Foundation investments in economic development-related work and projects are rarely included in capital scans due to the variety of forms they may take and purposes they may serve. A new tracking mechanism would be needed to fully capture the breadth and scope of these investments, and as the total financial impact increases, it may be worth consideration. It is included in this report because it contributes to the economic development of the state and supports employment within the nonprofit sector. This report does not separate grants or donations by region within Oregon. The Oregon Community Foundation has published a breakdown of charitable donations to nonprofits in Oregon by county in their *Giving in Oregon 2016* report.

Meyer Memorial Trust is a leader in the PRI and MRI field. They have a Director of Mission Related Investments and have run a responsive PRI program for several years. They focus on improving access to capital for underserved business leaders through CDFIs and early stage investment funds. Meyer Memorial Trust spearheaded the development of Elevate Capital by asking Nitin Rai, an entrepreneur from India, to start a fund in Oregon to invest in more companies led by women and people of color.

The Oregon Community Foundation also runs an impact investing program and launched the Oregon Impact Fund in 2018. The Oregon Impact Fund will provide \$20M in growth capital for nonprofits and mission-oriented for-profit companies over three years. To date, OCF has prioritized Community Development Financial Institutions that provide loan capital to underserved entrepreneurs such as Micro Enterprise Services of Oregon (MESO) and Craft3.

Several foundations invest a portion of their endowment in Oregon-based early stage funds as well. These investments assist Oregon companies seeking capital to grow and scale their businesses and leverage the time and talent that angel investors are investing in Oregon entrepreneurs. OCF has a policy to invest .5% of the endowment in Oregon-based early stage funds. This equates to about \$8.5M invested since 2012.

In addition to the non-profit foundations discussed above, several of the Native American Tribal communities in the State of Oregon have grant-making foundations. At the time of publication of this edition of the Oregon Capital Scan, detailed information was not available as to total of grants made, etc. That information will be gathered and reported in the next iteration of this report.

³ Foundation Center. 2015 Data. <http://data.foundationcenter.org/#/foundations/all/state:OR/total/list/2015>

SBA 7(a) and 504 Loan Programs

The SBA remains vigilant in its pursuit to foster business growth for both startups and small businesses alike. A short clarification on the SBA's involvement within the capital ecosystem is warranted here, but we would direct you to www.sba.gov/about-sba for a more detailed explanation. The SBA provides a guarantee to the lender for a portion, up to 85%, of the total loan amount. This guarantee is necessary for higher risk deals, often those that fall short of the lender's collateral requirements. Such insurance alleviates a significant portion of the lender's exposure and fosters the flow of capital to start-ups and growth stage businesses.



A recurring theme across multiple funding channels over the last two years, which continues to surface in 2018 is the difficulty in matching the right applicant with the corresponding lender. In addition to finding the right lender, the application process alone may be quite cumbersome or may fail to reach the appropriate personnel.

In order to address the above issue, SBA's online lending tool, LINC, matches small businesses with participating SBA lenders. Here applicants are filtered through to participating SBA lenders within their respective counties by submitting basic information about their business and financing needs. If a lender is interested, the applicant will receive an email with contact information for that lender. This tool is aimed to streamline both the applicants and lenders effort's by connecting applicants with possible lenders as quickly as possible. LINC can be accessed through www.sba.gov/tools/linc.

The SBA maintains a Portland District Office which tracks SBA-backed loans within the state plus southern Washington. Eastern Oregon is serviced from the Boise District Office. The SBA has several types of federal loan guarantee programs available, the most popular being the 7(a) (general small business loan guarantees) program and 504 (real estate and equipment loans) program. Within the 7(a) program there exist several sub-types with differing loan parameters and requirements. These include Standard 7(a), 7(a) Small Loan, SBA Express, Export Express, CAPLines, International Trade, Exporting Working Capital, Preferred Lenders, and Veterans Advantage.

SBA Section 504 Lending

Table 20 SBA 504 Loan Activity

| 504 Lender | Oregon SBA 504 Loan Activity 2016-2017 By Lender | | | | | | |
|--|--|----------------------|-------------------|------------|----------------------|-------------------|----------------------|
| | # of Loans | Total Loan Dollars | Average Loan | # of Loans | Total Loan Dollars | Average Loan | Total Loan Volume |
| Evergreen Business Capital | 32 | \$ 21,033,000 | \$ 657,281 | 34 | \$ 26,412,000 | \$ 776,824 | \$ 47,445,000 |
| Northwest Business Development Association | 9 | \$ 10,899,000 | \$ 1,211,000 | 7 | \$ 9,653,000 | \$ 1,379,000 | \$ 20,552,000 |
| Oregon Business Development Corporation | 2 | \$ 5,160,000 | \$ 2,580,000 | 5 | \$ 7,699,000 | \$ 1,539,800 | \$ 12,859,000 |
| C.C.D. Business Development Corporation | 9 | \$ 6,844,000 | \$ 760,444 | 2 | \$ 1,994,000 | \$ 997,000 | \$ 8,838,000 |
| Cascades West Financial Services, Inc. | 2 | \$ 738,000 | \$ 369,000 | 3 | \$ 3,360,000 | \$ 1,120,000 | \$ 4,098,000 |
| Greater Eastern Oregon Development Corporation | 1 | \$ 2,594,000 | \$ 2,594,000 | 1 | \$ 605,000 | \$ 605,000 | \$ 3,199,000 |
| Mortgage Capital Development Corporation | 1 | \$ 1,665,000 | \$ 1,665,000 | 0 | \$ - | \$ - | \$ 1,665,000 |
| Ameritrust CDC | 1 | \$ 243,000 | \$ 243,000 | 0 | \$ - | \$ - | \$ 243,000 |
| Total | 57 | \$ 49,176,000 | \$ 862,737 | 52 | \$ 49,723,000 | \$ 956,212 | \$ 98,899,000 |

While a smaller portion of overall SBA lending, the 504 programs can have a great impact, as noted in the story here.

SBA Loan Success Story

Saajan Patel grew up in the hospitality industry, working in his parents' hotels and motels in Eugene and Junction City. Recently, the family embarked on an Econo Lodge development project in Springfield, a project that required substantial capital and the collaboration of multiple funders and the Econo Lodge franchise, as well as a business technical assistance provider.

With a referral from Evergreen Business Capital, which specializes in SBA 504 financing, Patel contacted the Oregon Small Business Development Center (SBDC) Network for assistance. Noah Brockman, Oregon SBDC Network Capital Access Team Lead, saw the potential for a successful outcome and steered Patel in the right direction.

Based on Brockman's recommendation, over the course of several months, Patel and his family worked with the SBDC Capital Access Team (CAT) to create a loan proposal. The CAT advisor was able to help the Patels create a clear set of financial projections, along with a statement of underlying assumptions. They worked together to make the case, supported by market data, that there was unmet need for mid-range motel rooms in the Eugene-Springfield area.

Patel also had positive experiences working with Every Business Capital and Citizens Bank. Each person brought something to the table that when combined, resulted in a convincing loan proposal, supported by data, that the bank could fund with increased confidence.

When there are multiple players in a funding process, it is important for things to go smoothly, but it also fosters collaboration and partnership. "When Citizens Bank can partner with entities like Evergreen Business Capital and the Oregon SBDC Network Capital Access Team it creates opportunities for our clients that may not happen through traditional financing routes" the representative from Citizens Bank said.

Because all parties worked together, and because Patel received guidance and expertise and put in the time and effort to follow that guidance, Evergreen Capital and Citizen's bank funded the project with loans totaling more than \$1.5 million.

(Excerpted from Banking Matters, a publication of the Oregon Bankers' Association with permission from Oregon SBDC Network)

SBA Section 504 Loans are concentrated heavily in the Portland Metropolitan and Willamette Valley regions. The limitations of the 504 loans purposes to the purchase of fixed assets (real estate and equipment) makes this a smaller portion of the total SBA guaranteed lending than the more flexible 7(a) program.

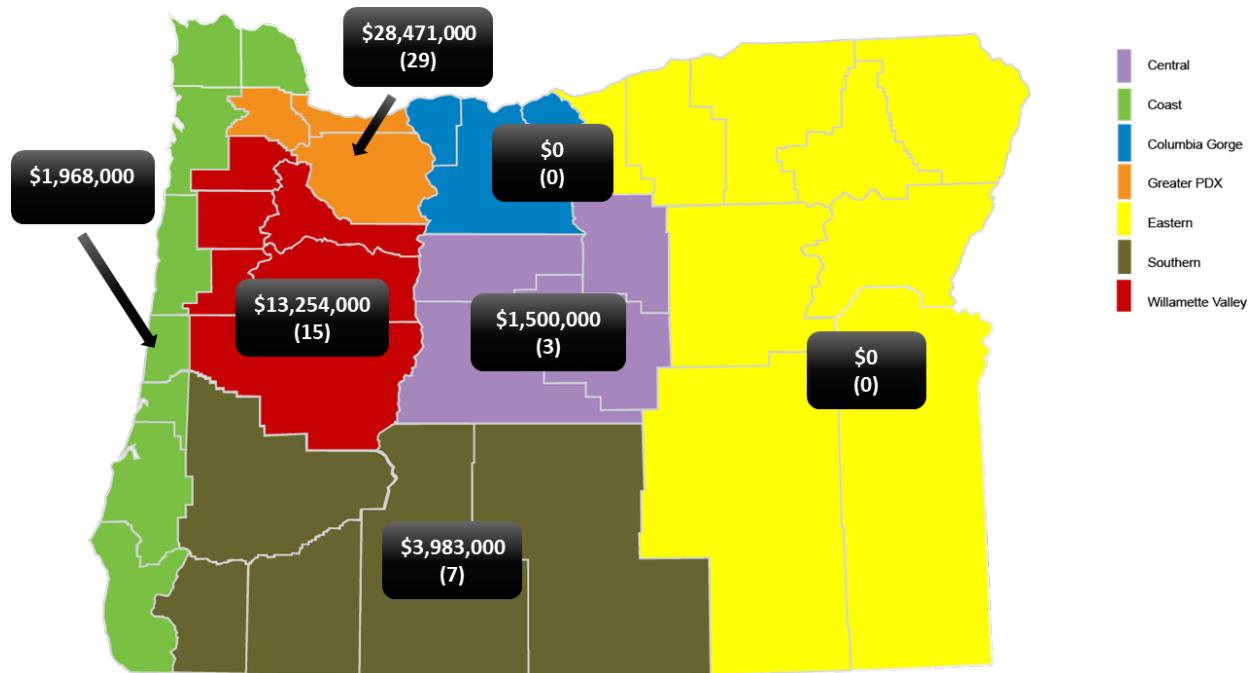


Figure 29 SBA Section 504 Loans by Region - 2017

SBA Section 7(a) lending

Table 21 SBA 7(a) Loan Activity

| 7(a) Lender By Rank (Top 25) | Oregon SBA 7(a) Loan Activity 2016-2017 By Lender | | | | | | Total Loan Volume |
|-------------------------------------|---|-----------------------|-------------------|------------|-----------------------|-------------------|-----------------------|
| | # of Loans | Total Loan Dollars | Average Loan | # of Loans | Total Loan Dollars | Average Loan | |
| Wells Fargo Bank | 166 | \$ 49,483,300 | \$ 298,092 | 115 | \$ 39,308,200 | \$ 341,810 | \$ 88,791,500 |
| U.S. Bank | 217 | \$ 54,539,100 | \$ 251,332 | 140 | \$ 31,043,300 | \$ 221,738 | \$ 85,582,400 |
| Umpqua Bank | 24 | \$ 22,494,200 | \$ 937,258 | 44 | \$ 45,547,200 | \$ 1,035,164 | \$ 68,041,400 |
| KeyBank | 73 | \$ 33,102,000 | \$ 453,452 | 60 | \$ 25,368,200 | \$ 422,803 | \$ 58,470,200 |
| Pacific Western Bank | 11 | \$ 15,141,900 | \$ 1,376,536 | 18 | \$ 27,089,500 | \$ 1,504,972 | \$ 42,231,400 |
| Celtic Bank Corporation | 19 | \$ 7,778,800 | \$ 409,411 | 29 | \$ 28,735,600 | \$ 990,883 | \$ 36,514,400 |
| Live Oak Banking Company | 14 | \$ 16,237,000 | \$ 1,159,786 | 13 | \$ 12,407,000 | \$ 954,385 | \$ 28,644,000 |
| Bank of the West | 22 | \$ 10,356,800 | \$ 470,764 | 19 | \$ 17,103,800 | \$ 900,200 | \$ 27,460,600 |
| Summit Bank | 21 | \$ 9,594,200 | \$ 456,867 | 20 | \$ 11,552,000 | \$ 577,600 | \$ 21,146,200 |
| Columbia State Bank | 25 | \$ 6,856,100 | \$ 274,244 | 31 | \$ 14,055,000 | \$ 453,387 | \$ 20,911,100 |
| First Interstate Bank | 32 | \$ 8,376,900 | \$ 261,778 | 11 | \$ 9,957,900 | \$ 905,264 | \$ 18,334,800 |
| Commonwealth Business Bank | 3 | \$ 9,535,000 | \$ 3,178,333 | 4 | \$ 8,569,000 | \$ 2,142,250 | \$ 18,104,000 |
| Seacoast Commerce Bank | 4 | \$ 3,689,700 | \$ 922,425 | 11 | \$ 13,024,500 | \$ 1,184,045 | \$ 16,714,200 |
| Northwest Bank | 5 | \$ 4,760,000 | \$ 952,000 | 18 | \$ 10,012,673 | \$ 556,260 | \$ 14,772,673 |
| JPMorgan Chase Bank | 39 | \$ 6,661,400 | \$ 170,805 | 43 | \$ 6,737,196 | \$ 156,679 | \$ 13,398,596 |
| Banner Bank | 38 | \$ 3,688,100 | \$ 97,055 | 63 | \$ 7,538,900 | \$ 119,665 | \$ 11,227,000 |
| First-Citizens Bank & Trust Company | 6 | \$ 7,002,000 | \$ 1,167,000 | 3 | \$ 3,901,000 | \$ 1,300,333 | \$ 10,903,000 |
| Royal Business Bank | 4 | \$ 9,923,000 | \$ 2,480,750 | 1 | \$ 900,000 | \$ 900,000 | \$ 10,823,000 |
| First Home Bank | 13 | \$ 5,861,500 | \$ 450,885 | 14 | \$ 4,313,800 | \$ 308,129 | \$ 10,175,300 |
| Stearns Bank | 16 | \$ 3,993,300 | \$ 249,581 | 13 | \$ 5,296,500 | \$ 407,423 | \$ 9,289,800 |
| Pacific Premier Bank | 3 | \$ 5,410,000 | \$ 1,803,333 | 3 | \$ 3,847,000 | \$ 1,282,333 | \$ 9,257,000 |
| T Bank | 9 | \$ 7,761,000 | \$ 862,333 | 2 | \$ 1,191,000 | \$ 595,500 | \$ 8,952,000 |
| Open Bank | 2 | \$ 4,609,000 | \$ 2,304,500 | 6 | \$ 3,726,000 | \$ 621,000 | \$ 8,335,000 |
| Mountain Pacific Bank | 0 | \$ - | \$ - | 4 | \$ 7,780,000 | \$ 1,945,000 | \$ 7,780,000 |
| Poppy Bank | 2 | \$ 6,075,000 | \$ 3,037,500 | 1 | \$ 500,000 | \$ 500,000 | \$ 6,575,000 |
| Sub Total | 768 | \$ 312,929,300 | \$ 407,460 | 686 | \$ 339,505,269 | \$ 494,906 | \$ 652,434,569 |
| All Other Banks | 137 | \$ 66,145,956 | \$ 482,817 | 149 | \$ 80,440,700 | \$ 539,870 | \$ 146,586,656 |
| Total | 905 | \$ 379,075,256 | \$ 418,868 | 835 | \$ 419,945,969 | \$ 502,929 | \$ 799,021,225 |

SBA Section 7 (a) lending is much more evenly distributed across the entire State of Oregon. There are significantly more banks participating in this program yielding a much larger footprint and impact on business lending across all of Oregon.

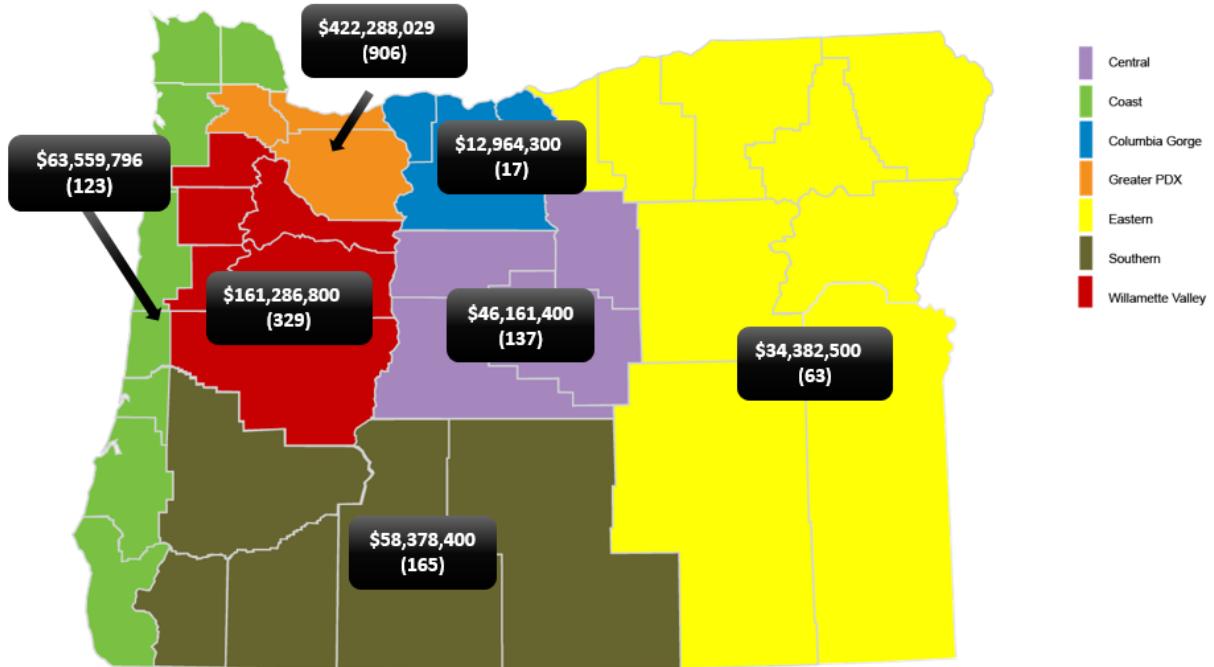
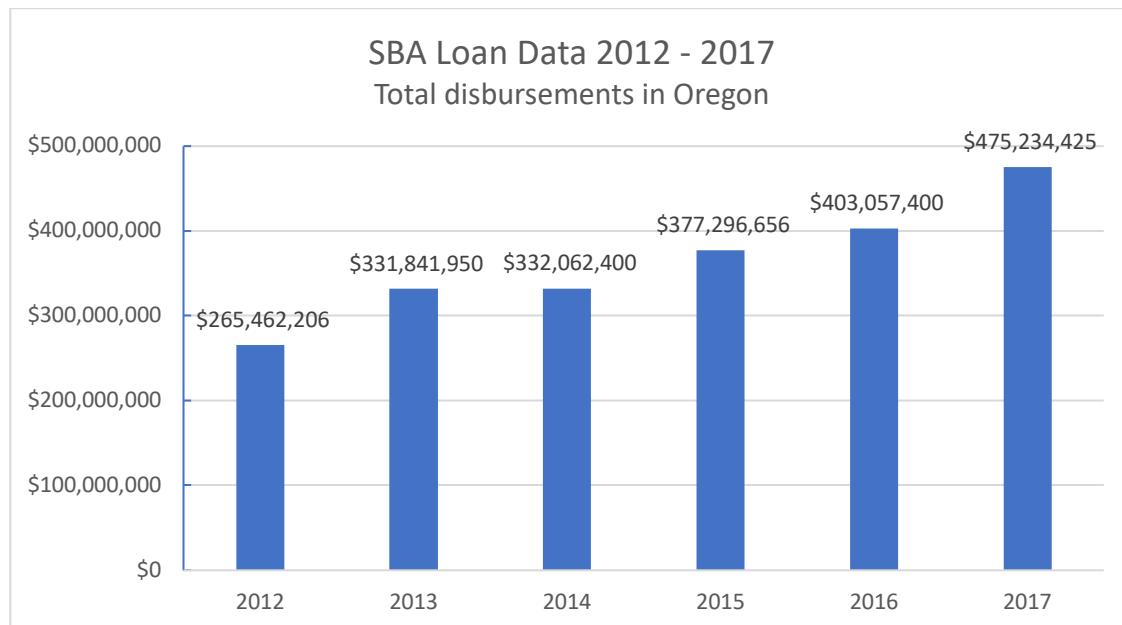


Figure 30 2017 SBA 7(a) Loan Activity by Region

SBA Lending Trends

SBA Loan disbursements in Oregon reflect a positive trend. The data available through 2017 shows a steady increase in SBA loan activity with a 44% increase in total lending dollars of SBA loan activity from 2012 to 2017.



USDA Rural Loan Programs

The U.S. Department of Agriculture (USDA) Rural Development Program is committed to improving the economy and quality of life in rural America. They offer loans, grants, and loan guarantees to support essential services, such as housing, healthcare, first responder services and equipment, and water, electric, and communications infrastructure. With their facilitation of loans to businesses, the USDA aims to promote economic development throughout the state. They offer technical assistance and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations. Additional initiatives focus on providing technical assistance to help communities undertake community empowerment programs. Furthermore, USDA Rural Development helps rural residents buy or rent safe, affordable housing and make health and safety repairs to their homes.

Table 22 USDA Loan Programs

| Program | Description |
|---|--|
| Business & Industry Loan Guarantee Program (B&I) | The Business & Industry (B&I) Loan Guarantee Program bolsters the existing private credit structure by guaranteeing of loans for rural businesses, allowing private lenders to extend more credit to more businesses. |
| Rural Energy for America Program (REAP) | The Rural Energy for American Program (REAP) provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements. |
| Rural Business Development Grant Program (RBDG) | The Rural Business Development Grant (RBDG) Program is a competitive grant designed to support targeted technical assistance, training, and other activities leading to the development or expansion of small and emerging private businesses that have fewer than 50 employees, less than \$1 million in gross revenues, and operate in rural areas. |
| Rural Business Opportunity Grant (RBOG) | The RBOG program promotes economic growth in rural communities by supporting training and technical assistance for business development and to assist with regional economic development planning. A specific emphasis within RBOG is support for collaborative economic planning and development through regional food systems. |
| Value Added Producer Grant Program (VAPG) | The Value Added Producer Grant (VAPG) Program helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based, value-added products in order to help generate new products, create and expand marketing opportunities, and increase producer income. |
| Rural Economic Development Loan & Grant Program (REDLG) | The Rural Economic Development Loan and Grant (REDLG) Program provides funding to rural projects through local utility organizations. Under this program, USDA provides zero interest loans to local utilities, which they in turn pass through to local businesses for projects that will create and retain employment in rural areas. USDA also provides grant funds to local utility organizations, which use the funding to establish revolving loan funds to help finance projects that will create or retain rural jobs. |
| Intermediary Relending Program (IRP) | The Intermediary Relending Program (IRP) provides low-interest loans to local intermediaries that re-lend the money to businesses and for community development projects in rural communities. |
| Rural Cooperative Development Grant Program (RCDG) | The Rural Cooperative Development Grant (RCDG) Program helps to improve the economic condition of rural areas by assisting individuals and businesses in the startup, expansion, or operational improvement of rural cooperatives and other mutually-owned businesses through Cooperative Development Centers. |
| Socially Disadvantaged Group Grant Program (SDGG) | The Socially Disadvantaged Group Grant (SDGG) Program helps provide technical assistance to socially-disadvantaged groups through cooperatives and Cooperative Development Centers. |
| Rural Micro-entrepreneur Assistance Program (RMAP) | The Rural Microentrepreneur Assistance Program (RMAP) provides loans and grants to Microenterprise Development Organizations to be used for microloans for microenterprise startups and growth through a Rural Microloan Revolving Fund or to provide training and technical assistance to microloan borrowers and microentrepreneurs. |

USDA Funding by Program

Table 23 USDA Program Activity

| Business Programs | 2016 | | 2017 | |
|---|------------------------|-----------------------|------------------------|-----------------------|
| | Number of Transactions | \$ Value | Number of Transactions | \$ Value |
| Biorefinery, Renewable Chemical, Biobased Manufacture | 0 | \$ - | 1 | \$ 11,000,000 |
| Business & Industry Program | 26 | \$ 92,406,865 | 26 | \$ 99,420,450 |
| Intermediary Relending Program | 0 | \$ - | 1 | \$ 750,000 |
| Repowering Assistance Program | 0 | \$ - | 0 | \$ - |
| Rural Business Development Grant Program | 12 | \$ 477,484 | 9 | \$ 261,003 |
| Rural Cooperative Development Grant Program | 1 | \$ 200,000 | 1 | \$ 200,000 |
| Rural Energy for America Program | 26 | \$ 64,683,613 | 36 | \$ 53,830,639 |
| Rural Micro-entrepreneur Assistance Program | 5 | \$ 925,000 | 4 | \$ 834,757 |
| Socially Disadvantaged Grant Program | 0 | \$ - | 1 | \$ 175,000 |
| Value Added Producer Grant Program | 13 | \$ 1,928,409 | 0 | \$ - |
| Totals | 83 | \$ 160,621,371 | 79 | \$ 166,471,849 |

Oregon USDA Rural Development Funding by Oregon Regions/EDD

Table 24 USDA Activity by region

| Region | 2016 | | 2017 | |
|-------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Number of Transactions | \$ Value | Number of Transactions | \$ Value |
| Central | 11 | \$ 25,572,450 | 8 | \$ 15,358,379 |
| Coast | 12 | \$ 33,285,000 | 12 | \$ 41,637,009 |
| Columbia Gorge | 4 | \$ 2,210,221 | 1 | \$ 34,574 |
| Eastern | 18 | \$ 76,786,855 | 9 | \$ 17,769,191 |
| Greater PDX | 11 | \$ 707,717 | 11 | \$ 11,802,577 |
| Southern | 16 | \$ 9,479,489 | 19 | \$ 56,810,135 |
| Willamette Valley | 11 | \$ 12,579,639 | 16 | \$ 23,059,984 |
| Totals | 83 | \$ 160,621,371 | 76 | \$ 166,471,849 |

Table 25 USDA Activity by EDD

| Economic Development District | 2016 | | 2017 | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | Number of Transactions | \$ Value | Number of Transactions | \$ Value |
| CCD Business Development | 8 | \$ 12,156,077 | 4 | \$ 2,665,600 |
| Central Oregon Intergovernmental Council | 11 | \$ 25,572,450 | 8 | \$ 15,358,379 |
| Columbia-Pacific Oregon EDD | 7 | \$ 20,560,500 | 6 | \$ 22,739,009 |
| Greater East Oregon EDD | 16 | \$ 76,718,934 | 5 | \$ 13,482,175 |
| Greater Portland, Inc. | 11 | \$ 707,717 | 11 | \$ 11,802,577 |
| Mid-Columbia EDD | 4 | \$ 2,210,221 | 1 | \$ 34,574 |
| Mid-Willamette Valley Council of Governments | 7 | \$ 10,229,639 | 13 | \$ 21,795,190 |
| Northeast Oregon EDD | 2 | \$ 67,921 | 4 | \$ 4,287,016 |
| Oregon Cascades West Council of Governments | 5 | \$ 6,584,000 | 7 | \$ 18,227,794 |
| South Central Oregon EDD | 5 | \$ 5,325,934 | 10 | \$ 39,960,086 |
| Southern Oregon Regional EDD | 7 | \$ 487,978 | 7 | \$ 16,119,449 |
| Totals | 83 | \$ 160,621,371 | 76 | \$ 166,471,849 |

Traditional Small Business Lending

The Federal Government, through the Federal Deposit Insurance Corporation (FDIC), requires banks to file statements outlining their loan exposures. One category that is identified on those statements is loans to small business and small farms with a breakdown of loans secured by nonfarm nonresidential properties as well as commercial and industrial loans. We find this data, when viewed alongside the often-overlapping SBA loan activity data, to be representative of small business loan activity in the State of Oregon – though not a complete accounting as larger, multi-state banks are not represented here.

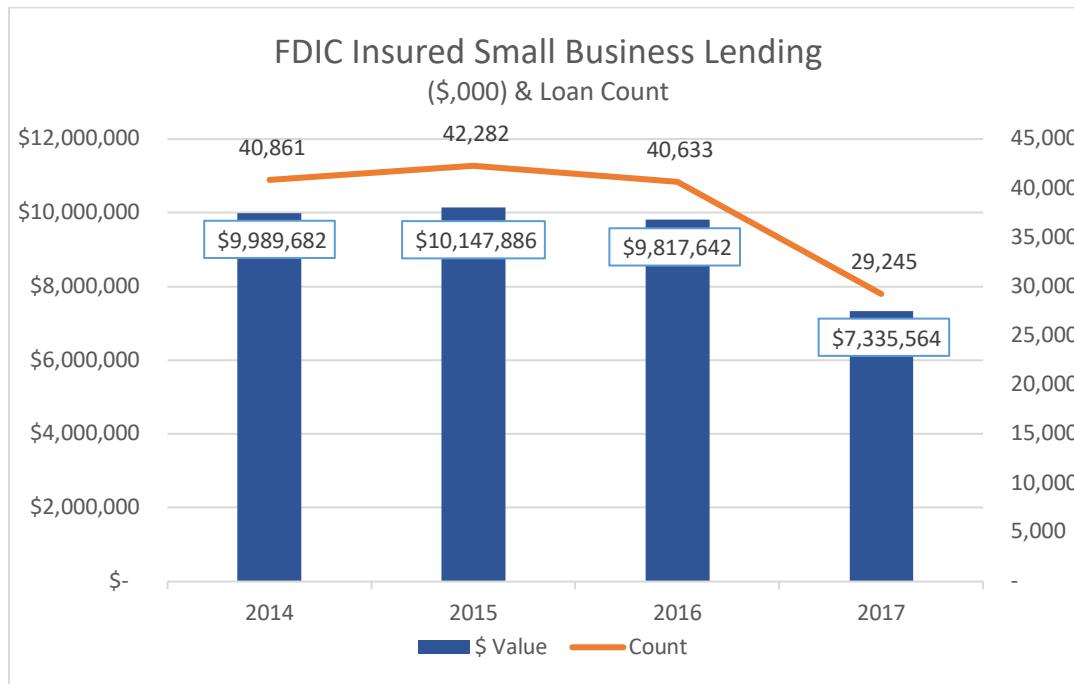


Figure 31 Small Business Lending 2014-2017

Contrary to the flow of both equity capital and SBA guaranteed loans, loans from traditional banks have decreased significantly in 2017 from 2014 levels. The chart above and the tables on the following page reflect the data supplied by the FDIC. The decline in traditional small business lending (non-SBA insured) is stark. Identifying a cause for this decline is beyond the scope of this report. However, the situation has gained very real attention through an August 30, 2018 article in the Portland Business Journal⁴, where it was noted – *“The conclusions of the Business Journal’s analysis are similar to last year. While the economy has recovered and capital is readily available for big businesses, Oregon’s smallest businesses, which drive the state’s economy, continue to have problems getting loans.”* As to a cause that could be linked to this decline, one explanation may be a structural shift in the banking industry *“Industry experts say banks exist to make loans and credit-worthy borrowers can access capital, but they acknowledge consolidation and regulation have crimped the loan pipeline to small businesses.”*

Future versions of this report and analysis by the Portland Business Journal reporting can and should seek to uncover more details about the decline in lending to small businesses.

⁴ <https://www.bizjournals.com/portland/news/2018/08/30/inside-the-decline-of-small-business-lending-in.html>

Table 26 Small Business Lending by Bank 2016-2017

| Traditional Small Business Debt | | | | | | | |
|---|-------------|---|--|--|--|---------------|---------------------|
| 2016 | | | | | | | |
| NAME | CITY | # of loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less | \$ amt. loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less | # of loans to finance agricultural prod. - orig. amts. of \$500K or less | \$ amt. loans to finance agricultural prod. - orig. amts. of \$500K or less | Total No. | Total Amount |
| Albina Community Bank | Portland | 385 | \$ 142,003 | - | | 385 | \$ 142,003 |
| Bank of Eastern Oregon | Heppner | 895 | \$ 160,683 | 2047 | \$ 147,328 | 2942 | \$ 308,011 |
| Bank of the Cascades | Bend | 2600 | \$ 686,526 | 28 | \$ 930 | 2628 | \$ 687,456 |
| CenterPointe Community Bank | Hood River | 294 | \$ 89,156 | 127 | \$ 8,742 | 421 | \$ 97,898 |
| Citizens Bank | Corvallis | 1323 | \$ 320,519 | 868 | \$ 85,848 | 2191 | \$ 406,367 |
| Clackamas County Bank | Sandy | 439 | \$ 107,354 | 25 | \$ 1,499 | 464 | \$ 108,853 |
| Clatsop Community Bank | Seaside | 305 | \$ 76,295 | 61 | \$ 4,259 | 366 | \$ 80,554 |
| Community Bank | Joseph | 942 | \$ 206,894 | 565 | \$ 52,953 | 1507 | \$ 259,847 |
| Evergreen Federal Bank | Grants Pass | 684 | \$ 194,641 | - | | 684 | \$ 194,641 |
| First Federal Savings and Loan Association of McMinnville | Mcminnville | 393 | \$ 105,832 | - | | 393 | \$ 105,832 |
| High Desert Bank | Bend | 50 | \$ 15,403 | - | | 50 | \$ 15,403 |
| Lewis & Clark Bank | Oregon City | 251 | \$ 78,464 | - | | 251 | \$ 78,464 |
| MBank | Gresham | 401 | \$ 111,971 | 8 | \$ 207 | 409 | \$ 112,178 |
| Oregon Coast Bank | Newport | 428 | \$ 78,201 | 374 | \$ 30,080 | 802 | \$ 108,281 |
| Oregon Pacific Banking Company dba Oregon Pacific Bank | Florence | 491 | \$ 138,562 | 17 | \$ 821 | 508 | \$ 139,383 |
| Pacific Continental Bank | Eugene | 2433 | \$ 867,911 | - | | 2433 | \$ 867,911 |
| Pacific West Bank | West Linn | 217 | \$ 68,007 | 4 | \$ 337 | 221 | \$ 68,344 |
| People's Bank of Commerce | Medford | 815 | \$ 225,197 | 30 | \$ 2,343 | 845 | \$ 227,540 |
| Pioneer Trust Bank, National Association | Salem | 980 | \$ 210,585 | 35 | \$ 5,461 | 1015 | \$ 216,046 |
| Premier Community Bank | Hillsboro | 474 | \$ 175,081 | 20 | \$ 4,093 | 494 | \$ 179,174 |
| Summit Bank | Eugene | 477 | \$ 154,572 | - | | 477 | \$ 154,572 |
| The Bank of Oswego | Lake Oswego | 40 | \$ 16,941 | - | | 40 | \$ 16,941 |
| Umpqua Bank | Roseburg | 18087 | \$ 4,883,635 | 2373 | \$ 187,063 | 20460 | \$ 5,070,698 |
| Willamette Community Bank | Albany | 269 | \$ 74,389 | 58 | \$ 7,064 | 327 | \$ 81,453 |
| Willamette Valley Bank | Salem | 253 | \$ 82,521 | 67 | \$ 7,271 | 320 | \$ 89,792 |
| Totals | | 33926 | \$ 9,271,343 | 6707 | \$ 546,299 | 40,633 | \$ 9,817,642 |

| Traditional Small Business Debt | | | | | | | |
|---|-------------|---|--|--|--|------------------|---------------------|
| 2017 | | | | | | | |
| NAME | CITY | # of loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less | \$ amt. loans sec. by nonfarm nonres. props. - orig. amts. of \$1M or less | # of loans to finance agricultural prod. - orig. amts. of \$500K or less | \$ amt. loans to finance agricultural prod. - orig. amts. of \$500K or less | Total # Loans | Total Amount |
| Albina Community Bank | Portland | 439 | \$ 167,771 | - | | 439 | \$ 167,771 |
| Bank of Eastern Oregon | Heppner | 440 | \$ 79,070 | 1,008 | \$ 76,011 | 1,448 | \$ 155,081 |
| Bank of the Cascades | Bend | 1,357 | \$ 362,568 | 6 | \$ 176 | 1,363 | \$ 362,744 |
| CenterPointe Community Bank | Hood River | 151 | \$ 43,458 | 65 | \$ 3,704 | 216 | \$ 47,162 |
| Citizens Bank | Corvallis | 1,333 | \$ 326,282 | 902 | \$ 84,166 | 2,235 | \$ 410,448 |
| Clackamas County Bank | Sandy | 431 | \$ 106,542 | 22 | \$ 1,147 | 453 | \$ 107,689 |
| Clatsop Community Bank | Seaside | 323 | \$ 76,281 | 64 | \$ 4,503 | 387 | \$ 80,784 |
| Community Bank | Joseph | 451 | \$ 105,099 | 196 | \$ 14,916 | 647 | \$ 120,015 |
| Evergreen Federal Bank | Grants Pass | 376 | \$ 110,750 | - | | 376 | \$ 110,750 |
| First Federal Savings and Loan Association of McMinnville | Mcminnville | 188 | \$ 52,362 | - | | 188 | \$ 52,362 |
| High Desert Bank | Bend | 35 | \$ 10,761 | - | | 35 | \$ 10,761 |
| Lewis & Clark Bank | Oregon City | 108 | \$ 38,287 | - | | 108 | \$ 38,287 |
| Oregon Coast Bank | Newport | 198 | \$ 36,218 | 195 | \$ 17,369 | 393 | \$ 53,587 |
| Oregon Pacific Banking Company dba Oregon Pacific Bank | Florence | 275 | \$ 82,581 | 7 | \$ 553 | 282 | \$ 83,134 |
| Pacific Continental Bank | Eugene | 1,917 | \$ 704,235 | - | | 1,917 | \$ 704,235 |
| Pacific West Bank | West Linn | 161 | \$ 49,313 | 4 | \$ 382 | 165 | \$ 49,695 |
| People's Bank of Commerce | Medford | 820 | \$ 224,784 | 28 | \$ 1,735 | 848 | \$ 226,519 |
| Pioneer Trust Bank, National Association | Salem | 496 | \$ 115,664 | 14 | \$ 2,127 | 510 | \$ 117,791 |
| Premier Community Bank | Hillsboro | 247 | \$ 88,712 | 12 | \$ 2,226 | 259 | \$ 90,938 |
| Summit Bank | Eugene | 249 | \$ 84,361 | - | | 249 | \$ 84,361 |
| Umpqua Bank | Roseburg | 14,692 | \$ 4,021,825 | 1,660 | \$ 138,786 | 16,352 | \$ 4,160,611 |
| Willamette Community Bank | Albany | 163 | \$ 49,510 | 48 | \$ 3,952 | 211 | \$ 53,462 |
| Willamette Valley Bank | Salem | 123 | \$ 43,233 | 41 | \$ 4,144 | 164 | \$ 47,377 |
| Totals | | 24,973 | \$ 6,979,667 | 4,272 | \$ 355,897 | 29,245 | \$ 7,335,564 |

Conclusions and Recommendations

As might be expected during a time of economic expansion, the overall outlook for capital flows and availability in Oregon during the period measured here (2016-2017) is positive. More equity investing (by both dollar value and number of transactions), strong increases in SBA backed loans, and steady increases in activity through SBDC and other service providers, are all positive signs. However, dips in the funding for grants through the SBIR and STTR programs, and a drop in traditional small business lending are notable points of interest looking forward.

The growth and now solid position of crowdfunding as an alternative for the earliest stages of business development is important. Exploratory product development and market testing that may have once required a personal loan, friends & family investment, or home equity based capital, can now be funded by potential customers from around the world. Entrepreneurs can lower their risk, prove demand for their product, and build sales volumes without outside investors.

More localized investment funds have helped grow Oregon's equity funding market. Efforts by many around the state; Cascade Angels and the Bend Venture Conference, Willamette Angel Conference, Oregon Angel (now Venture) Fund, Elevate Capital, and others have helped increase the number of companies raising money in Oregon. Those earlier stage investments are then rewarded with strong follow-on funding at later stages, as we know Venture Capital investments during just the first half of 2018 exceeded the total investments for all of 2017.

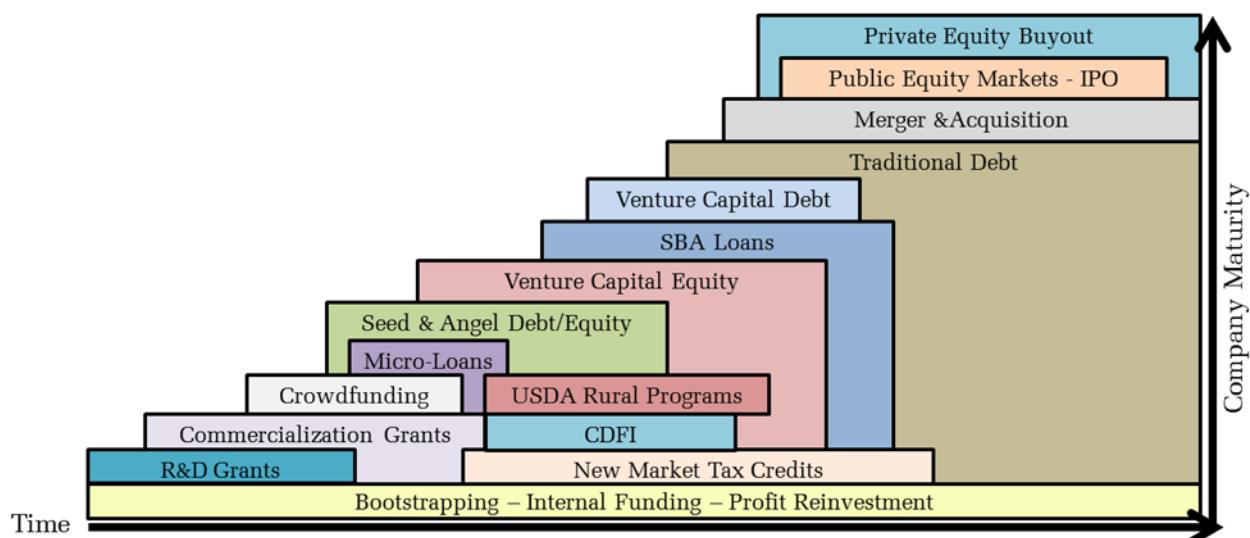
All of this information yields a few recommendations:

- **Continue to support Oregon based Venture Capital funds** – Returns from 2014-2017 investments are only just beginning to flow. As those funds recirculate in the ecosystem and economy, benefits will spread and more activity will likely follow.
- **Be diligent in measuring the impact of all capital** – More details are needed in the data to determine the breadth of engagement across regions, in demographic diversity, and relating to the various stages of company growth.
- **Measure more frequently** – This third iteration of the Oregon Capital Scan represents a well-traveled path to taking a snap-shot of previous period activity. There is tremendous potential to learn more about the interconnection of all of the types of capital and their impacts on employment and economic development efforts.

This effort has been a successful joining of academic, philanthropic, and private enterprise interests focused on understanding how to keep Oregon growing and prospering in the 21st century. The project team looks forward to moving this forward again with the next iteration of the Oregon Capital Scan.

Appendix A: Business Funding Ladder

As a business develops, it will move up and to the right along the continuum shown in figure A – concept we refer to as the business funding ladder. A company's location on this continuum is not necessarily related to the age of a business. Rather, the needs for research and development, growth and expansion, and liquidity of shareholders and investors often drive the type and amount of capital needed. What has been heard from entrepreneurs within the State of Oregon has been a concern for how one moves along this continuum or "climbs the funding ladder" within the state. If any rung is missing or if entrepreneurs lack the expertise to access the next rung, then the company either stalls out or tends to look out of state for funding and may be required to relocate. While it is undeniable that Oregon has a dearth of resident institutional venture capital or private equity firms, this report evidences that many companies are succeeding in raising required capital at multiple stages of development. A greater footprint of resident capital should be encouraged by policymakers, nonetheless, as any steps taken to reduce the challenge of fundraising would yield more start-ups, more growth companies, and greater employment as a result.



Within the business funding ladder, each type of capital fits different needs for developing a business and has different norms or requirements for accessing the capital. Highly experienced business leaders understand the unique attributes of each type and are adept at positioning their company's status and story to attract the targeted capital source. For the new business leader, the unknowns inherent in this continuum can present a very serious impediment to company growth. The question of how to better understand the differences between the capital sources and their expectations is an area for policymakers, mentors, and educators to address.

In some regions of the country – the Silicon Valley being the best example – the expertise and experience with the funding ladder is almost a natural part of the atmosphere with respect to its ubiquitous availability. There, it would not be uncommon for a neighbor to be an experienced start-up CEO, a friend to be a start-up attorney, the parent of a child's classmate a venture capitalist and the person on the treadmill next to you at the health club a venture banker. In Oregon, the atmosphere of service providers and experienced role models may be less developed, but it is beginning to exist in

more frequent and accessible forms. The recent rapid growth in incubators, accelerators, and educational forums for entrepreneurs is lowering this knowledge hurdle. Still, more can be done to encourage those who might start and grow a business – and keep it – in the State of Oregon. In the paragraphs that follow, we identify the rungs on the funding ladder and attempt to briefly outline some of the norms or expectations that should be addressed by those seeking funding as they approach the representatives who control these capital sources. Being prepared and attractive, in the context that each form of capital anticipates, increases the likelihood of a productive engagement. Moving from the bottom of the diagram and upwards to the right, one can understand how various forms of capital address the needs of businesses and provides context for the resources discussed within this report.

[Bootstrapping/Internal Funding/Profit Reinvestment](#)

This is the most fundamental tool for business funding available. The primary principle of ‘picking yourself up by the bootstraps’ and building a business based on the profit available from operations is as old as commerce itself. Most companies have at least some level of this type of funding in their history. Many companies may exist for years with only this type of internally sourced funding, while others use this stage of development as a foundation for later gathering of larger amounts of capital. This type of funding is very difficult to track as it is not typically reported to any agency or data aggregator. However, one can assume that if an entity seeks any of the other types of capital covered within this report, there is some level of Bootstrapping or Internal/Founder funding in place. There is no special requirement to be attractive to this type of financing other than to be ready to take on the personal risks of starting a company and having personal or close family capital in sufficient quantity, and perhaps, the personal charisma to convince yourself, your friends, and family that you are less of a risk than you most likely are.

[Grant Funding \(R&D and/or Commercialization\)](#)

Grant funding is typically focused on technical businesses developed within the context of an academic or research institution. These types of grants are usually targeted to fund a specific technical milestone related to the development of a business. This type of targeted funding is vital for advancing research-based enterprises. However, it is difficult to build a company on grants alone. Typically, only 7% of a SBIR grant is available for non-grant related activities, limiting the utility of this type of funding to support general business development efforts. ONAMI and Oregon BEST (known as Virtue Lab since 2017), two of Oregon’s Signature Research Centers have commercialization grant programs whose policies vary but are typically targeted in a similar way. An entrepreneur needs to consider the strategic mission of grant making organizations when considering fit and the milestones that might be reached given various levels of funding. Researching grants previously made to other entities can offer quality insight into the type, stage, readiness, team, and technologies that are of interest to the grantor. One should also understand where the grantor is within their cycle of funding and receptiveness to new projects.

[Crowdfunding](#)

Crowdfunding is an emerging category of business funding enabled by the growth of web-based platforms, serving as a broker between those with product or service ideas and potential supporters. Kickstarter (<https://www.kickstarter.com/>) and Indiegogo (<https://www.indiegogo.com/>) are the largest such services, with a significant share of dollars and transaction volume.

Typically, a crowdfunding campaign is conducted to gather funds to support a business venture in the form of pre-orders for a product and related ‘rewards’ for financial supporters. Many times, the proceeds of a campaign are used to create a first run of products or advance from early prototype to commercial scale. While there are many success stories in this domain, companies attempting this must also beware of the fees taken by the crowdfunding companies, typically ranging from 4%-5% of total value of the project, plus transaction processing fees. Businesses using these platforms must also be aware of the obligations for delivering products to a potentially global set of customers – international shipping costs, duties, etc.

The utility of crowdfunding must be examined in the greater context of business funding. Typical successful campaigns represent enough funding to produce and deliver a specific product. However, the funds necessary for growing a sustainable business that supports salaries, growth opportunities, and other costs are not typically included in a campaign. A company that has a successful crowdfunding campaign for a specific product may or may not represent a truly viable business that can grow beyond an initial product offering. For those who are new to the medium, it would be wise to review successfully funded projects on crowdfunding websites and possibly contact their producers to get a better understanding of the best-known methods.

[Seed/Angel Debt & Equity](#)

Seed/Angel Debt & Equity is typically very early stage and smaller in size than venture capital is seed/Angel funding that may be offered in the form of debt that is convertible into equity at a later date. Accessing this form of capital typically requires the proper introduction to one of the many Angel networks or conferences in the State. This form of investment is a critical component of the capital plan for many companies in the earliest stages of development.

[Micro-Loans](#)

Micro-Loans are typically utilized in small enterprises such as food ventures, retail, and personal and business services ventures. These loans are generally less than \$25,000 and typically are secured by assets of the business principal (asset and/or personal guarantees). Micro-Loan activity is important for early development of businesses that have a clear path towards self-supporting revenues that can repay the loan. Here, as is true of other forms of capital, those seeking funds need to research and understand the mission of the entity providing the loans in order to ascertain strategic fit. Asking for examples of other recently made loans and getting in contact with other recent recipients of loans is a way of learning what has been successful before and how to present your funding needs in a way that will resonate with the source.

[CDFI Awards](#)

CDFIs, which is an acronym for Community Development Financial Institutions, are a federally backed program empowering individual CDFI organizations. The purpose of the CDFI Program is to use federal resources to invest in CDFIs and to build their capacity to serve low-income people and communities that lack access to affordable financial products and services. Through the CDFI Program, the CDFI Fund provides two types of monetary awards to CDFIs - Financial Assistance awards and Technical Assistance awards. CDFIs may use the funds to pursue a variety of goals, including: To promote economic development, to develop businesses, to create jobs, and to develop commercial real estate; to develop affordable housing and to promote homeownership; and to provide community development financial services, such as basic banking services, financial literacy programs, and alternatives to predatory

lending. Since 1994, the CDFI Fund has awarded more than \$1.3 billion in FA and TA awards through the CDFI Program⁵.

New Market Tax Credits

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years).⁶

USDA Resources

USDA Rural Development fills a very critical gap in business technical assistance and funding through a variety of programs in rural Oregon. “Rural” is defined as any metropolitan area with fewer than 50,000 residents – so the vast majority of Oregon is considered to be rural. USDA Rural Development provides grants, micro-loans and loan guarantees as well as job training and business development opportunities for rural residents, including cooperative business development, community economic development and strategic community planning and faith-based and self-help initiatives. Funding for most of these efforts is administered by USDA Rural Business Programs. Rural Development also offers programs to provide the educational opportunities, training, technical support, and tools for rural residents to start small businesses and to access jobs in agricultural markets, the green economy, and other existing markets, as well as acquire training in vocational and entrepreneurship skills they can use in the marketplace and business sector⁷.

Equity Funding

Equity Funding ranges from seed stage for very early stage companies to Angels investors and Angel Groups/Conferences to institutional Venture Capital (VC) for high growth opportunities. Equity funding can be an important tool for business growth. Typically, investors focus on companies with very high growth potential and liquidity opportunities in a short time window. This type of funding is vital for a healthy business ecosystem because it keeps capital circulating and growing in the region. As investors gain liquidity from an investment, those dollars are often reinvested in other startups. Additionally, growth companies that receive later stage venture capital bring capital into the local economy that supports employment and operations locally. For entrepreneurs, finding a mentor who has experience with raising equity capital and managing a venture-backed company is a must. Brad Feld, of the Foundry Group, has written a very informative book on the subject entitled: *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist*, published by Wiley, that is a good starting point for understanding this capital source and the standard business practices. Most equity funding is designed to be applied in “rounds” or tranches of investment that is tied to the achievement of meaningful developmental milestones. To achieve a single round of start-up funding is but a step in a journey where failure to reach the next milestone can mean the end of a company. Understanding what makes for reasonable

⁵ <http://www.cdfifund.gov/>

⁶ <http://www.cdfifund.gov/>

⁷ http://www.rurdev.usda.gov/OR_Home.html

milestones worthy of raising subsequent rounds of equity funding will be expected knowledge for the entrepreneur when seeking funding. While it is typical for a VC to participate in future rounds of funding, it is industry common practice to seek a new investor to join the syndicate in each round in order to expand the capital available to the company and validate the market pricing of subsequent rounds. Failure to understand and manage this process can reduce a founder's equity share to a negligible amount or cause the company to fail outright.

[Small Business Administration \(SBA\) backed loans](#)

SBA Loans fill an important gap in the funding continuum for businesses that have capital needs but lack the history of operations and/or financial stability to be fully 'bankable'. These loans typically go to businesses to grow employment and operations and require some evidence of business momentum and credit worthiness which defines 'bankability'. The SBA's guarantee allows funding banks to take on slightly more risk than they may otherwise accept, but they will still require a threshold of credit worthiness be attained. The impact of SBA guaranteed loans is felt across regions and industries as a viable tool for growing a small business with debt financing. The SBA has a Portland district office and there are numerous resources available on their website to assist a prospective borrower to assess their fit with the programs. Many Economic Development District offices also help package SBA loans.

[Venture Debt](#)

Venture Debt often accompanies venture capital equity investments and provides leverage to those investments. Companies utilizing Venture Debt are typically focused on rapid growth and at a later stage of development but may be collateralized-asset poor relative to traditional debt funding. There are relatively few dedicated venture debt lenders and most of them pursue close relationships with equity venture capital firms, often having several common portfolio companies.

[Traditional Debt](#)

Traditional Debt is a tool for business of all types. Banks and other lending institutions support a wide range of options for companies to use. These products include working capital loans, lines of credit, and equipment financing. While this is a vital piece of the funding puzzle, traditional lenders are not available to many early stage companies that do not meet the stricter lending requirements of commercial banks. For growth stage companies with the ability to collateralize their loans, traditional bank debt instruments can provide growth capital at a relatively low cost of capital.

[Mergers and Acquisitions \(M&A\)](#)

Mergers and Acquisitions (M&A) represents both a funding source for growth and an opportunity for entrepreneurs and investors to gain liquidity. The sale of a company whole or in part to another business is generally a positive event. The scale of M&A activity ranges from small deals between local companies to global transactions between huge corporations. Frequently a specialty M&A investment bank firm is hired to assist in the search and match-making function of an M&A transaction or is brought in to help negotiate an unsolicited bid. Selection of knowledgeable partners is often a key component of a satisfying transaction.

[Initial Public Offering \(IPO\)](#)

Initial Public Offering (IPO) has traditionally been the ultimate goal of a venture capital funded company. While the regulatory hurdles to achieving an IPO are significant, companies can access public markets in a variety of ways. This type of funding is typically accessed following significant previous rounds of venture capital investment.

[Private Equity](#)

Private Equity buyout or investment is a proven path to liquidity and/or growth capital for mature stable businesses. Private equity (PE) investments can span all sectors and industries and often represent an exit or liquidity event for shareholders in a company. Private equity capital is global and seeks returns in sectors and markets focused on steady growth. Private equity firms possess some similar qualities with venture capital firms and business owners looking to access this form of capital must, like VC channel, ensure they fit the profiles of what the PE firm is seeking for its portfolio. Again, one of the best paths for learning about this form of capital is to seek out mentors with previous experience with the form and deep research into the PE firms of interest to assess their stage, health, preferences, reputation for successful relationships with company leadership, and their track records of financial success.

[Capital Ladder Summary](#)

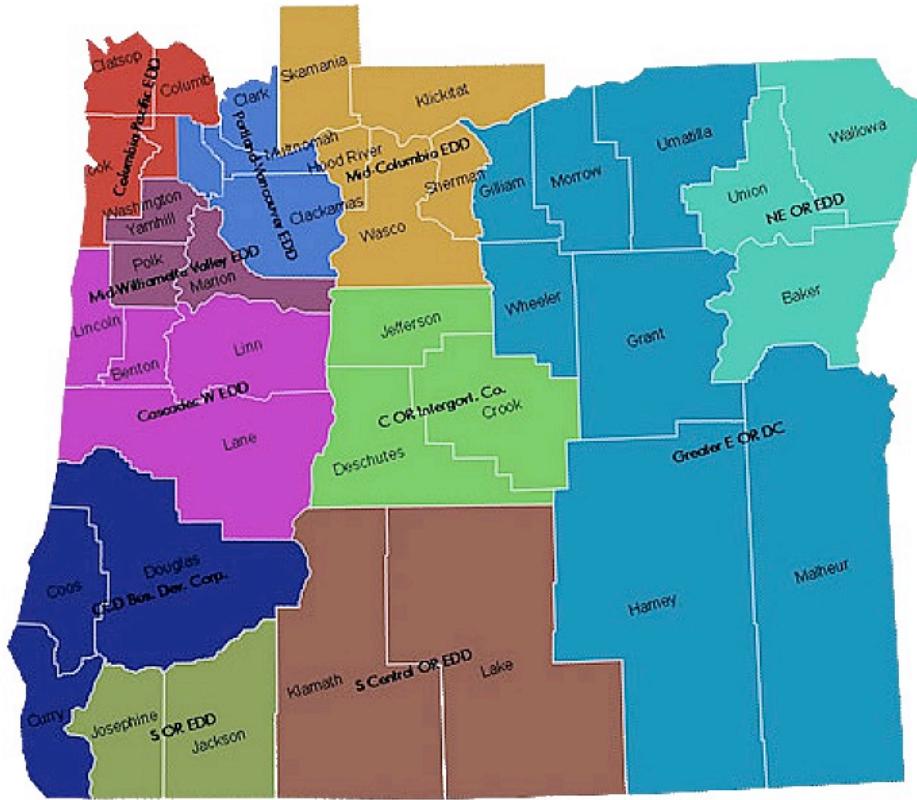
All of the above capital source types have a series of stage-appropriate norms and regular deal sourcing and validation channels that the entrepreneur would be well served to study and conform to during their funding process. The simple truth is that each of these funding sources regularly reviews vastly more potential investments than they have an appetite to consummate. Any prospective investee that is non-conforming to the preferred profiles of investment is quickly dismissed as overly risky by virtue of their lack of knowledge. As in the real estate market, much can be said for understanding the “comparable transactions” and knowing your buyer’s needs.

Appendix B – Incubators, Accelerators, and Business Resources List

| Organization | City | Region | Specialty | Website | Services Offered | | | | |
|---|--|-------------------|--|--|------------------|-------------|--------------|----------------------------|-----------------------------|
| | | | | | Incubator | Accelerator | Debt Funding | Business Resource Provider | Workspace Resource Provider |
| ADX Portland | Portland | Greater PDX | Consumer Products, Apparel, Sports, Outdoor, Art & Design, Shared Tools, Space | http://adxportland.com http://www.atlantisdowntown.com | | ✓ | | ✓ | ✓ |
| Atlantis Downtown | Eugene | Willamette Valley | Software, Technology | | | | | | ✓ |
| Bend Outdoor Worx | Bend | Central | Consumer Products, Apparel, Sports, Outdoor | http://bendoutdoorworx.com | ✓ | ✓ | | | |
| BESThq | Beaverton | Greater PDX | General | http://besthq.net | ✓ | | | | |
| Bridgelabz (@PNCA) | Portland | Greater PDX | General | http://bridgefabpnca.tumblr.com | ✓ | | | | |
| Business Oregon | Salem | Willamette Valley | General | http://www.oregon4biz.com | | | ✓ | ✓ | |
| Business Utility Zone Gateway | Statewide | Statewide | General | http://www.buzgate.org | | | ✓ | | |
| Cambia Health Solutions | Pacific Northwest | Statewide | Healthcare | http://www.cambiahealth.com | | | ✓ | | |
| CDC Business Development Corporation | Roseburg, North Bend | Southern | General | http://www.cdcbusiness.org | | ✓ | ✓ | | |
| Center of Excellence Global Business Development | Portland | Greater PDX | General | http://www.coeglobal.com | | ✓ | | | ✓ |
| CENTRL Office | Portland | Greater PDX | Software, Technology, Art & Design | http://www.centrloffice.com | | | | ✓ | |
| Code Chops | Eugene | Willamette Valley | Software, Technology, Art & Design | http://www.codechops.com | | | | ✓ | ✓ |
| Collective Agency | Portland | Greater PDX | Software, Technology, Art & Design | http://www.collectiveagency.co | | | | | ✓ |
| DIYcave | Bend | Central | Software, Technology, Hardware, Art & Design, Prototyping | http://www.diycave.com | | | | | ✓ |
| Drive Oregon | Portland | Greater PDX | Electric Mobility | http://driveoregon.org | | ✓ | | ✓ | |
| East Multnomah Soil & Water Conservation District Headwaters Farm Incubator Program | Portland | Greater PDX | Food & Agriculture | https://emswcd.org/farm-incubator/ | | | | | |
| Economic Development for Central Oregon | Bend, Madras, Redmond, Prineville, La Pine, Sisters | Central | Software, Technology, Art & Design, Nonprofit, Social Services | https://edcoinfo.com | | | ✓ | ✓ | |
| Espace Labs, LLC | Bend | Central | General | http://www.espacelabs.com | ✓ | | | | |
| Eugene Mindworks | Eugene | Willamette Valley | Food & Agriculture | http://eugenemindworks.com | | | ✓ | ✓ | |
| Fertilab | Eugene, Springfield | Willamette Valley | General | http://fertilabincubator.com/ http://asaci.oregonstate.edu/feature/food-innovation-center | ✓ | | | ✓ | |
| Food Innovation Center | Portland | Greater PDX | General | http://www.foodinnovationcenter.com | | | | | |
| Founders Pad | Bend | Central | General | http://www.founderspad.com | ✓ | | | | |
| Gaucho Collective | Hood River | Columbia Gorge | Government Contracting | https://gauchocollective.com | | | | ✓ | |
| Government Contract Assistance Program | Statewide | Statewide | Food, Restaurants & Cafes | http://gcap.org | | | | ✓ | |
| Scale Oregon | Statewide | Statewide | Food, Restaurants & Cafes, Consumer Products, Apparel, Sports, Outdoor, Art & Design | http://www.bizcenter.org | | ✓ | | | |
| Hacienda | Portland | Greater PDX | Science, Technology, Engineering, Arts | http://www.haciendadc.org/ | ✓ | | | | |
| Hatch Innovation | Portland | Greater PDX | Food, Restaurants & Cafes | http://hatchthefuture.org | ✓ | | | ✓ | |
| Hatch Innovation | Baker City | Eastern | Food, Restaurants & Cafes | http://hatchthefuture.org | | | | | |
| KitchenCru | Portland | Greater PDX | General | http://www.kitchencru.biz/ | ✓ | | | | |
| Mercy Corps Northwest | Portland | Greater PDX | Food, Restaurants & Cafes, Consumer Products, Apparel, Sports, Outdoor, Art & Design | https://www.mercycorpsnw.org/business | | | ✓ | ✓ | |
| Micro Enterprise Services of Oregon | Portland, Beaverton | Greater PDX | General | http://mesopdx.org/ | | | ✓ | ✓ | |
| Neighborhood Economic Development Corporation | Springfield | Willamette Valley | General | http://nedcofdc.org/ | ✓ | | | | |
| NedSpace | Portland | Greater PDX | General | http://nedspace.com/ | | | | | ✓ |
| Oregon Association of Minority Entrepreneurs | Portland | Greater PDX | Construction/Trades | http://oame.org | ✓ | | | ✓ | |
| Oregon SBDC Network | Many | Statewide | General | http://www.bizcenter.org | ✓ | ✓ | | ✓ | |
| Oregon SBDC Network Capital Access Team | Portland, Salem, Grants Pass, Medford, Coos Bay, La Grande | Statewide | Food, Restaurants & Cafes, Consumer Products, Apparel, Sports, Outdoor, Art & Design | http://www.bizcenterCAT.org http://www.oregonstoryboard.org | | | | ✓ | ✓ |
| Oregon Story Board Accelerator | Portland | Greater PDX | Digital Storytelling | http://www.oregonstoryboard.org | | ✓ | | | |
| Oregon Technology Business Center | Beaverton | Greater PDX | Software Technology, Hardware, Consumer Products, Apparel, Sports, Outdoor, Energy, R&D | https://otbc.org/ | ✓ | | | | |
| Oregon Manufacturing Extension Partnership | Portland | Statewide | Manufacturing | http://omep.org/ | | | | ✓ | |
| Oregon Wave Energy Trust | Portland | Statewide | Energy, R&D | http://oregonwave.org | | | | ✓ | |
| OSU Advantage Accelerator | Corvallis, Newport, Bend | Willamette Valley | Software, Technology, Hardware, Food, Restaurants & Cafes, Energy, R&D | http://advantage.oregonstate.edu/advantage-accelerator | | ✓ | | | |
| Oregon Translational Research & Development Institute | Portland, Corvallis | Statewide | Software, Technology, Bioscience & Digital Health | http://www.otrdi.org/ | ✓ | | | ✓ | |
| Portland Incubator Experiment | Portland | Greater PDX | Software, Technology, Hardware | http://www.piepxd.com | | ✓ | | | |
| Portland Made | Portland | Greater PDX | Digital Storytelling, Art, Maker | http://portlandmade.com/ | | | | | ✓ |
| Portland Seed Fund | Portland | Greater PDX | Software, Technology, Hardware, Consumer Products, Apparel, Sports, Outdoor, Energy, R&D | http://portlandseedfund.com | | | | ✓ | |
| Portland State Social Innovation Incubator | Portland | Greater PDX | Social Innovation | http://pdx.edu/impactentrepreneurs/incubator | ✓ | | | | |
| Portland State University Business Accelerator | Portland | Greater PDX | Software, Technology, Hardware, Energy, R&D | http://www.pdx.edu/accelerator http://www.pdx.edu/business-outreach/ | ✓ | ✓ | | | ✓ |
| The Business Outreach Program | Portland | Greater PDX | General | http://www.pdx.edu/entrepreneurship | | | ✓ | ✓ | ✓ |
| PSU Center for Entrepreneurship | Portland | Greater PDX | Software, Technology | http://raineugene.org | | | | | |
| RAIN Eugene | Eugene | Willamette Valley | General | | | | | | |
| Regus | Beaverton, Clackamas, Lake Oswego, Portland, Tualatin | Greater PDX | General | http://www.regus.com | | | | | ✓ |
| River Front Research Park | Eugene | Willamette Valley | Technology | http://www.researchpark.oregon.edu | ✓ | | | | |
| SCORE | Bend, Portland, Salem, Eugene, Springfield | Statewide | General | https://centraloregon.score.org , https://portland.score.org , https://salem.score.org , https://willamette.score.org | | | | | ✓ |
| Global Homestead | Portland | Greater PDX | Art, Craft, Trades | http://www.shoppeople.org/ | | | | | ✓ |
| SOAR Oregon | Bend | Statewide | Unmanned Aerial Systems | http://www.soaroregon.com | | ✓ | | | |
| Sprout | Springfield | Willamette Valley | Food, Restaurant & Cafes | http://www.sproutfoodhub.org | ✓ | | | | ✓ |
| Starve Ups | Portland, Eugene, Bend | Statewide | Energy, R&D | http://starveups.com | | | ✓ | ✓ | ✓ |
| TenX | Portland | Greater PDX | General | http://tenx.org | | ✓ | | | |
| the Hive at Leftbank | Portland | Greater PDX | General | http://leftbankproject.com/hive | | | | | ✓ |
| TIE | Hillsboro | Greater PDX | General | http://oregon.tie.org | ✓ | | | ✓ | |
| Umpqua Business Center | Roseburg | Southern | General | http://umpquabusiness.com | ✓ | | | | ✓ |

Appendix C – Regional and Economic Development District Maps

Oregon Regional Economic Development Districts



2014 and 2016 Oregon Regions

The 2014 and 2016 iterations of the Oregon Capital based regional analysis on a 5 region structure. That regional breakdown is described below.

Greater Eastern & Northeast – this region includes Baker, Gilliam, Grant, Harney, Malheur, Morrow, Umatilla, Union, Wallowa and Wheeler counties.

Metro – this region includes Clackamas, Multnomah and Washington counties.

North, Central & South Central – This region includes Crook, Deschutes, Hood River, Jefferson, Klamath, Lake, Sherman and Wasco counties.

North Coast, Mid & South Valley – this region includes Clatsop, Columbia, Tillamook, Benton, Lane, Lincoln, Linn, Marion, Polk and Yamhill counties.

South Coast & Southern – this region includes Coos, Curry, Douglas, Jackson and Josephine counties.

