

MEETING: **LANE ECONOMIC COMMITTEE**

DATE: Monday, January 28, 2019

TIME: 11:30 a.m. – 1:00 p.m.

LOCATION: Lane Council of Governments  
859 Willamette Street, Suite 500  
Eugene, Oregon 97401

CONTACT: Dan Betschart, 541-682-3359; Denise Walters; (541) 682-4341  
[dbetschart@lcog.org](mailto:dbetschart@lcog.org)      [dwalters@lcog.org](mailto:dwalters@lcog.org)

Lunch will be ordered for LEC Members unless you notify us of your inability to attend

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1. Agenda And Minutes Packet

Documents:

- 2019 LEC NOMINATIONS.PDF
- LEC 181119.PDF
- JANUARY 28 AGENDA.PDF
- LEC 181015.PDF



January 28, 2019

**To:** Lane Economic Committee

**From:** Dan Betschart

**Subject:** Appointments of Members to the Lane Economic Committee

**Action Recommended:** Recommend Appointments

**Background:**

The Lane Economic Committee (LEC) operates under Bylaws approved by the LCOG Board. Under those Bylaws, appointments or re-appointments of LEC members are to be approved by the Board of Directors. The LEC solicited applications in December, 2018. The applications were reviewed by a subcommittee of the LEC. The subcommittee makes the following recommendations:

Karen Hyatt	Education – University of Oregon	Term expired 12/31/18. Appoint to a new three year term.
Paul Berger	Business – Saavvus, Inc. Child & Family help	Term expired 12/31/18. Appoint to a new three year term.
Greg Ervin	Government – City of Cottage Grove	Appoint to a new three year term to replace Bob Ehler whose term expired 12/31/18.
Anne Fifield	Government – City of Eugene	Term expired 12/31/18. Appoint to a new three year term.
Courtney Griesel	Government – City of Springfield	Term expired 12/31/18. Appoint to a new three year term.
Sarah Means	Government – Lane County	Term expired 12/31/18. Appoint to a new three year term.

The LEC received three new applications:

1. Rick Wiemholt, Wiemholt & Co. LLC. Serves on the Oakridge Economic Development Advisory Committee. He will be offered a position as an alternate member.
2. Mike Eyster chairs the board at Lane Community College. He has been serving as an alternate for Susie Johnston. Susie's term expired 12/21/18. Appoint Mike to a new three year term.
3. Greg Ervin is a Cottage Grove Councilor. He was appointed by the Cottage Grove City Council to take over Bob Ehler's seat which expired 12/31/18. Appoint Greg to a new three year term.
4. Len Blackstone from Cottage Grove will be offered a position as the alternate to Robert Scoggin. The other existing alternate for Robert Scoggin is John Milandin.

The attached table shows the full member list of the LEC and assumes favorable action on these recommended nominations for appointments and re-appointment.

Lane Economic Committee - 2019

MEMBER	Phone	Email	EMPLOYER	REPRESENTING	Term Began	Term Ends	Alternate	Phone	Email
TBD*			Lane County	Government- Lane County	N/A	12/21	1) Sarah Means 2) Kim Thompson	541-682-6503 541-682-4009	<a href="mailto:sarah.means@co.lane.or.us">sarah.means@co.lane.or.us</a>
TBD *			City of Springfield	Government – City of Springfield	N/A	12/21	Courtney Griesel	541-736-7132	<a href="mailto:cgriesel@springfield-or.gov">cgriesel@springfield-or.gov</a>
TBD *			City of Eugene	Government – City of Eugene	N/A	12/21	Anne Ffield	541-682-5451	<a href="mailto:Anne.E.Ffield@ci.eugene.or.us">Anne.E.Ffield@ci.eugene.or.us</a>
Greg Ervin	541-257-8141 541-556-8953h	<a href="mailto:Greg@ervinit.com">Greg@ervinit.com</a>	City of Cottage Grove	Government – Small Cities*	2018	12/21			
Karen Hyatt	541-346-5351	<a href="mailto:khyatt@uoregon.edu">khyatt@uoregon.edu</a>	University of Oregon	Education	2017	12/21			
Mike Eyster	541-747-7578	<a href="mailto:salsamike@comcast.net">salsamike@comcast.net</a>	Lane Community College	Education	2018	2021			
Paul Berger	541-357-8236	<a href="mailto:paulberger@saavus.com">paulberger@saavus.com</a>	Saavus	Business	2014	12/21	Larry Brice	541-954-2619	<a href="mailto:lbrice@comcast.net">lbrice@comcast.net</a>
Michael Galvin	541-937-2393	<a href="mailto:mgalvin@pachell.net">mgalvin@pachell.net</a>	Lowell School Board	Education	2014	12/19	Jared Cobb	541-937-2157	<a href="mailto:cityadmin@ci.lowell.or.us">cityadmin@ci.lowell.or.us</a>
Ellen Teninty	541-345-5091	<a href="mailto:eggt@comcast.net">eggt@comcast.net</a>	Cogito Partners	Business	2005	12/19	Julie Fischer Rick Wiemholt	541-556-6654	<a href="mailto:julie@coaltopartners.com">julie@coaltopartners.com</a> <a href="mailto:rickwiemholt@gmail.com">rickwiemholt@gmail.com</a>
Mark Bodie	541-431-6184	<a href="mailto:mark.bodie@wellsfargo.com">mark.bodie@wellsfargo.com</a>	Wells Fargo Bank	Business / Finance	2016	12/19	Mike Murphy Gary Collins	541-334-5820 541-344-5424	<a href="mailto:MMurphy@bannerbank.com">MMurphy@bannerbank.com</a> <a href="mailto:gary@fib.com">gary@fib.com</a>
Robert Scoggin	541-942-8711	<a href="mailto:scogginrob@msn.com">scogginrob@msn.com</a>	Homestead Furniture	Business	2001	12/19	John Milandin Len Blackstone	541-782-2815	<a href="mailto:johnianet_milandin@msn.com">johnianet_milandin@msn.com</a> <a href="mailto:len@blackstoneinc.net">len@blackstoneinc.net</a>
Barry Miller	541-521-8839	<a href="mailto:barrymiller@alum.mit.edu">barrymiller@alum.mit.edu</a>	Soft Hands 2 Care	Business	2012	12/20	Jake Clifton	541-912-6371	<a href="mailto:jake.clifton@gmail.com">jake.clifton@gmail.com</a>
Kelli Weese	541-997-3437	<a href="mailto:kelli.weese@ci.florence.or.us">kelli.weese@ci.florence.or.us</a>	City of Florence	Government	2009	12/20	Jesse Dolan	808-205-7407	<a href="mailto:jesse.dolan@ci.florence.or.us">jesse.dolan@ci.florence.or.us</a>
Jessica McCormick	541-285-5227	<a href="mailto:jessica@laneworkforce.org">jessica@laneworkforce.org</a>	Lane Workforce Partnership	Business / Labor	2018	12/20	Kristina Payne	541-285-6001	<a href="mailto:kristinap@laneworkforce.org">kristinap@laneworkforce.org</a>
Ric Ingham	541-935-2191	<a href="mailto:ringham@ci.veneta.or.us">ringham@ci.veneta.or.us</a>	City of Veneta	Government	2014	12/20			
Kari Westlund	541-743-8750	<a href="mailto:kwestlund@cvalco.org">kwestlund@cvalco.org</a>	Travel Lane County	Ex-Officio	2017	N/A	Andy Vobora	541-743-8770	<a href="mailto:andy@travellanecounty.org">andy@travellanecounty.org</a>

\* These positions are appointed by their respective elected bodies.

\*\* This position is appointed by the LCOG Board.

Changes are indicated in **Bold**

## MINUTES

### Lane Economic Committee

Lane Council of Governments (LCOG), Fifth Floor Conference Room

859 Willamette Street -- Eugene

November 19, 2018

11:30 a.m.

PRESENT: Robert Scoggin, Chair; Dan Betschart, Mike Eyster, Jessica McCormick, John Milandin, Matt Michel, Karen Hyatt, Paul Berger, Bob Ehler

GUESTS: Heidi Larwick, Jeff Gepper

#### 1. Welcome/Introductions/Changes to the Agenda

Robert Scoggin convened the Lane Economic Committee (LEC) at 11:37 a.m. Those present introduced themselves.

#### 2. Public Comment

Mr. Milandin invited everyone to the First Tech Challenge for grades 7-12, a robotics competition that organized by Lane ESD. It takes place December 15th, 9am-5pm in Junction City. Students teams will build a robot that simulates the landing on Mars in 2019. It helps students gain insights into the possibility of a technical career while designing, programming, and implementing a robot.

#### 3. Comments from the Members, Chair & Staff

There were no comments.

#### 4. Review minutes from October 15, 2018

**Action item: Approve minutes**

Mr. Scoggin announced that without a quorum present, the minutes could not be approved.

#### 5. Discuss 2018 LEC membership and officer appointments

**Action item: Appoint membership subcommittee**

Mr. Scoggin reported that there are six Committee members whose membership is up at this time. The only ones currently present were Karen Hyatt and Paul Berger. Mr. Scoggin instructed that if those members would like to stay on for another term, they should let Dan Betschart know. Mike Eyster will be taking Susie Johnston's place, and the remaining three positions will be filled by someone from Cottage Grove, someone from the City of Eugene, and someone from the City of Springfield. The application deadline is December 14th, 2018. A committee is needed to select members. Mr. Berger and Mr. Eyster volunteered for the selection committee, and Mr. Scoggin reported that Mike Galvin had also volunteered to serve on that committee. Applications will be reviewed until the middle of January.

## 6. Elevate Lane County

Heidi Larwick, Director of Connected Lane County, gave a slide presentation about Elevate Lane County, which is program of Connected. CLC (Connected Lane County) is intended to create seamless transitions for kids in K-12 so that they are prepared for whatever they choose after high school graduation. Elevate focuses largely on the transitions from middle to high school and from high school to post-high school life, working with all 16 school districts in Lane County, as well as LCC, U of O, Lane Workforce Partnership, United Way, and the Early Learning Alliance.

Elevate stemmed from a work group focused on the transition from middle and high school to college and career. About two years ago, that group identified a need for providing relevance to students to connect classroom learning to what they would be doing after high school or college. Elevate was developed to help ensure a skilled workforce to support economic growth, by creating learning opportunities for students and educators and by building a technology portal.

Elevate was formed in January 2017, initially as a pilot program on a small scale, focusing on the tech sector. The goal is for every student to have explored 6-7 types of careers by the time they graduate. The strategy for students is as follows:

- Starting in 4th and 5th grade, students are paired with female coders to program Lego robots. The reason for pairing specifically with female coders is that 4th-5th grade is when girls start to de-identify as good at math and science.
- In middle school, students participate in a career expo, in which they get hands-on experience in different industries through approximately 40 different industry partners. The most recent expo was in October. Each industry had an activity relating to its relevant skill set. For example, Market of Choice let students experiment with flavoring popcorn, which exposed them to food sciences, and create a label to understand marketing.
- In high school, students are offered tours of industries, job shadows and internships, all of which help them learn about possible jobs in Lane County. Elevate also hosts a job fair for graduating seniors.

Elevate's strategy for educators includes placing teachers in paid summer externships with companies. For example, a high school chemistry teacher spent 3 weeks doing Quality Analysis with So Delicious and 3 weeks with Forest Technical Coatings. She can use what she learned to show students how chemistry is used in various careers. Most of the educator externships have been in tech, and those teachers have revamped computer science classes to be more relevant to the local economy's needs.

Since Elevate was launched in early 2017, the following has been achieved:

- over 4,000 students have had experience through Elevate
- 183 new businesses have participated in some capacity
- first ever middle school career event
- 6 new CTE programs launched in computer science
- 3 tech pathway guides developed
- over 3,032 paid hours for 17 educators
- 16/16 districts participating

Mr. Eyster asked if Elevate connects students to higher education, and Ms. Larwick answered that it does.

Ms. Larwick showed the Elevate website ([elevatelanecounty.org](http://elevatelanecounty.org)). On the website, students can apply for

internships, and educators can apply for externships. Elevate has developed guides to help students with different pathways, and counselors have access to those guides. The guides were constructed from a high school counselor interviewing people from each industry. For example, the Food & Beverage Sector Guide gives families an overview of the Food & Beverage industry, types of jobs, types of skills needed, different pathways to get into this sector through 4-year university, 2-year college, or post-high school work. These guides also set out specific pathways that can be followed in Lane County in each industry (for example, post-high school through LCC, or U of O).

Mr. Milandin commented that Elevate is an excellent program. Ms. Larwick remarked that it has good successes so far. For example, in the first round they worked with students in an alternative high school and placed those students in internships. One student was not on track to graduate, and he found something he loved and was then placed with a company that gave him good mentorship. He graduated and got a paid internship with another company in summer. That company later hired him, and they are paying for him to go to LCC.

Mr. Berger mentioned that mentorship is key. He participates in the 4J middle school mentorship program. He wondered if there is a mentorship component to the Elevate programs. Ms. Larwick responded that mentorship comes into play mostly in internships and job shadows. Mr. Berger also inquired whether Elevate has any connection at UO with the Secondary School Transition Center at the School of Education? Ms. Larwick replied that they do not have those connections right now, but they would like them. Their connections now are through the Department of Education at UO, and they have a heavy focus on high school courses that offer LCC credits.

In response to a question from Mr. Eyster, Ms. Larwick noted that it is too early to tell if Elevate is having an impact on graduation rates in Lane County. However, they have received a Register-Guard Award, and Elevate will be featured as a success of education and industry together at the Oregon Business Council 2018 Summit on December 3rd in Portland.

Mr. Berger wondered how people get on the Elevate advisory committee. Ms. Larwick said that she can appoint members, and she explained that the expectations of the advisory committee include a work group and an industry advisory group.

Ms. Larwick highlighted some other successes of Elevate's programs. On National Manufacturing Day in October, Elevate organized student tours of 8 different companies for 250 students. This focused on food & beverage, advanced manufacturing, and wood products. It was spearheaded by the Eugene Chamber, the Springfield Chamber, Rain, OMEP, and Lane Workforce Partnership. Also, Elevate was awarded a federal grant to develop a pre-apprenticeship program in computer science that will lead to Apprenti or to LCC.

Mr. Milandin asked how students about learn about career development pathway programs. Ms. Larwick responded that Elevate regularly communicates with all the school districts.

Mr. Scoggin wondered which school districts are most active with Elevate and what could be done to get other school districts more involved. Ms. Larwick said that 4J, Bethel, Junction City, Creswell, and Elmira are the most active districts. It is slowly gaining momentum, and she goes around to talk to school boards as they do their budgeting. Some school districts have more barriers than others. They are trying to develop programs in Florence, Oakridge, and McKenzie so that people in those districts do not have to travel far for the programs.

Mr. Gepper asked about similar programs in other parts of Oregon. Ms. Larwick stated that Elevate looked at other programs as models, but they did not find one that would work here. In Oregon, there are

some that work through local Chambers but usually only benefit one school district. For example, Portland and Salem have strong programs, but only for one district at a time. They looked at the cost, and they recognized that it would be a heavy lift to ask industry to invest in this, not knowing if it was going to work. Hopefully Elevate will be a model for programs in other areas.

Mr. Milandin mentioned that the Oakridge school district has formed a CTE advisory committee which is in its second month. Mr. Milandin used a guide written for North Dakota, which he adapted. The advisory committee meets once per quarter and are starting a speakers' bureau using local industry. With that, students have an opportunity to get a 15-minute introduction to different industries and jobs, and in the afternoon the speakers can offer students a tour of their company. They have used Elevate Lane County, and he recognizes that it is excellent and is a perfect feeder program for the labor force in all our communities.

Mr. Milandin added that the governor has put \$300 million into the 2019 budget, some of which is for apprentice programs in Oregon. He wondered if Elevate will get a piece of that? Ms. Larwick replied that they will be competitive for some of those funds. Elevate has talked to the governor about their programs, and Colt Gill is also a big advocate for Elevate and is speaking with the governor about it.

Mr. Berger asked if Elevate has connections to the Makers Movement, and Ms. Larwick said that they have been a part of planning meetings with them. Additionally, they have a program regarding STEM opportunities for students. Mr. Berger mentioned STEM vs. STEAM, the importance of soft skills, and that there is a dearth of humanities and arts in schools. Ms. Larwick stated that Elevate partners with Lane Arts Council and are trying to incorporate arts into their programs.

Mr. Scoggin invited Ms. Larwick to present at a future CWEDD meeting.

## **7. Current Government Loan Programs**

Heidi Larwick left at 12:17 pm.

Dan Betschart gave a presentation on Small Business Government Loan Programs. He provided two handouts, including "Key areas that lenders look at when reviewing a loan application," and a matrix of different loans available through LCOG.

Mr. Betschart started by explaining that the loan programs operate self-sufficiently, i.e. with no subsidy from government agencies and no local cost for economic benefits provided. LCOG pays fees to the SBA and other organizations, and if a loan goes bad, those funds cover it.

The key benefits of Government Loan Programs include the ability to do more deals or projects, attractive fixed interest rates, low cash equity down payments, and improved access to capital.

The main myth of Government Loan Programs is that you do not need more information to present to a loan program for your application. The information required includes personal tax returns, business tax returns, SBA forms, etc. In other words, it is the same information that banks require for loans.

There are two types of loan programs: Guaranty Program, which is guaranteed by the SBA; and Subordinate Program, in which the bank gives a first loan and a government entity gives a second loan.

Mr. Betschart reviewed the various loan programs offered through LCOG and each program's key features.

- SBA 504 Loan (subordinate loan program): This has a 50/40/10 loan structure; targets real property acquisition or construction; has low fixed interest rate; the project should create or save jobs; deals with owner-occupied properties; subordinate to bank debt, and can now refinance; \$200,000-\$5.5 million; \$5-5.5 million project is standard; no non-profits; no deals that don't make sense; CDC gets board approval 7-30 days; SBA approves loan in 3-7 days; CDC delivers SBA commitment letter to borrower and bank; bank funds interim or construction loan; SBA funds upon completion of construction - SBA sends wire directly to bank, usually 60-90 days
- SBA 7A Loan: Uses include working capital, equipment, real estate, business acquisition and refinance; finance up to 90% of project costs; bank sets interest rate up to prime + 2.75%; maximum loan amount: \$5 million; guarantees up to \$3,750,000; secondary market available; SBA provides 75-85% loan guaranty

Mr. Berger noted that Pacific Continental was major generator of these types of loans, and he wondered if it is the same with Columbia. Mr. Betschart replied that it is not the same, but there are many deals with Oregon Pacific Banking Company, where many people from Pacific Continental ended up.

- USDA Rural Business Development Fund: Targets rural communities (outside urban growth boundaries of Eugene and Springfield); loan amount \$50k-200k; low fixed interest rate; local and quick approval; 50/40/10; subordinate to bank

Mr. Michel asked if the Rural Business Development loans were the same as the USDA "Red Leg" loan program, and Mr. Betschart responded that this is different.

- EDA Revolving Loan Fund: EDA (Economic Development Administration) is another federal entity similar to USDA; loans throughout Lane County but primarily Eugene and Springfield; loan amount from \$50,000-150,000; low fixed interest rate; 50/40/10
- USDA Business and Industry Guaranty Program: Targets rural communities; starts at \$2 million and goes up
- State of Oregon Credit Enhancement Fund: Alternative to SBA 7A program; guaranty program through the state; more flexible and can accommodate non-profits, unlike SBA 7A
- State of Oregon Business Development Fund: Targets manufacturing, distribution, and tourism industries; loan up to \$1 million; low fixed interest rate; 50/40/10; subordinate to bank debt; each new project resets availability
- Targeted Oregon Business Development Fund: Similar to OBDF; prime minus 4% interest rate (floor of 4%)
- City of Eugene Business Development Fund: Business Growth Loan (city limits); Downtown loans (downtown area); river loans (next to river along Franklin); Art loans (gap financing for art/music); loan amount \$5,000-\$500,000; low fixed interest rate; subordinate to bank

Mr. Betschart described some projects that have been funded by government loans through LCOG:

Midtown, LLC purchased and renovated the Meridian building using a 504 loan.

Tri-Quality Business Forms, Inc. in Eugene is a forms manufacturer that purchased a building using an

OBDF loan.

Aesthetic Surgical Arts (plastic surgeon) constructed a new medical building when they needed a larger facility using a 504 loan.

Central Coast Watersports in Florence purchased and upgraded a building with equity in the building and no cash down.

Ninkasi Brewing started in 2005 using the old Spencer brewery on Gateway, but they wanted to move to Eugene. They purchased and renovated an existing building with a bank loan, an SBA 504 loan, and borrower cash. The project cost was \$700,000. They had only been in business for 1.5 years, so they had to put in 15%. In 2009, they did a big expansion by purchasing and renovating an existing building and purchasing equipment with two 504 loans (one for real property and one for equipment), plus an OBDF loan. In the end, the project involved the bank, State of Oregon OBDF, SBA 504, and borrower "in kind" contribution. Mr. Scoggin asked about another big renovation that Ninkasi did, and Mr. Betschart replied that LCOG was not involved in that project.

Willamette Pass Ski Resort purchased and installed a high-speed, 6 passenger chairlift. This project was financed by a bank, an SBA 504 loan, and borrower cash. SBA has four rules for collateral: (1) Business has been going well; (2) seasoned management; (3) logical expansion of the business; (4) existing business. All of those requirements were met.

Mr. Betschart continued by reviewing some key identifiers for loans, including shortage of cash for down payment, volatile or short earnings history, limited collateral and debt coverage. Some types of businesses to look for are manufacturing, businesses in rural areas, and expansion with job creation. A key benefit of Government Loans is the ability to move forward with different types of projects.

Mr. Gepper wondered which loans generate the most interest from the public, and Mr. Betschart replied that would be the Revolving Loan Fund. These loans are smaller deals, and they almost always partner with the city. People get a working capital loan with the City of Eugene.

Mr. Berger asked for clarification about the size of the deals dropping, and Mr. Betschart explained that he has observed that trend just in the last six months.

Mr. Gepper inquired whether the volume of smaller loans is making up for big dollar loans, and Mr. Betschart responded that they are still processing the same number of loans. With SBA 504 loans, LCOG contracts with a certified development company. Their contract with Cascades West ended, and LCOG had to build up the 504's again. Now LCOG is working with a certified development company in Roseburg. Mr. Betschart believes LCOG will be able to keep loan programs going so they can continue to support economic development and small business.

Mr. Betschart mentioned that Lane County contributed \$500,000 in grant funds and got a \$500,000 match from EDA to expand the Revolving Loan Fund program.

#### **8. Set next meeting date: December 17, 2018**

Mr. Scoggin said the next LEC meeting will tentatively be on December 17, 2018.

Mr. Scoggin adjourned the meeting at 12:48 pm.

*(Recorded by Rachel Burstein)*

MEETING: LANE ECONOMIC COMMITTEE

DATE: Monday, January 28, 2019

TIME: 11:30 a.m. – 1:00 p.m.

LOCATION: Lane Council of Governments  
859 Willamette Street, Suite 500  
Eugene, Oregon 97401

CONTACT: Dan Betschart, 541-682-3359; Denise Walters; (541) 682-4341  
[dbetschart@lcog.org](mailto:dbetschart@lcog.org) [dwalters@lcog.org](mailto:dwalters@lcog.org)  
Lunch will be ordered for LEC Members unless you notify us of your inability to attend

*All individuals are expected to observe respectful behavior and decorum during this public meeting. Anyone acting in a disruptive, disorderly or threatening manner will be asked to leave, and may be precluded from participating in future opportunities for public comment. Please be courteous and respectful. Please turn off or mute all cell phones and pagers.*

1. Welcome / Introductions / Changes to the Agenda (5 minutes) Ric Ingham
2. Public comment (5 minutes) Ric Ingham
3. Comments from the Members, Chair & Staff (2 minutes) Ric Ingham
4. Review minutes from October 15, 2018, and November 19, 2018 (5 minutes) Ric Ingham  
Action item: Approve minutes
5. Discuss 2019 LEC membership and officer appointments Dan Betschart  
Action item: Recommend nominations to LCOG Board (10 minutes)
6. Economic Resilience in Oregon (30 minutes) Josh Bruce/Jeff Gepper
7. Roundtable Discussion – updates from members (30 minutes) Dan Betschart
8. Set next meeting date: February 25, 2017 Ric Ingham

Adjourn

## MINUTES

### Lane Economic Committee

Lane Council of Governments (LCOG), Fifth Floor Conference Room

859 Willamette Street -- Eugene

October 15, 2018

11:30 a.m.

**PRESENT:** Robert Scoggin, Chair; Dan Betschart, Mark Bodie, Denise Walters, Mike Galvin, John Milandin, Bob Ehler, Mike Galvin, Paul Berger, Ric Ingham, Rick Wiemholt, Jacob Clifton, Sarah Means, Karen Hyatt, Jackie Mikalonis, Kari Westlund, Mike Eyster, Ellen Teninty, Gary Collins, Anne Fifield

**GUESTS:** Darby Giannone, Kate Hammarback, Jessica McCormick, Austin Ramirez, Jeff Gepper, Howard Schussler

#### **1. Welcome/Introductions/Changes to the Agenda**

Robert Scoggin convened the Lane Economic Committee (LEC) at 11:33 a.m. Those present introduced themselves.

#### **2. Public Comment**

Ellen Teninty, as part of her work communicating with the public about ODOT projects, announced that work will be starting at the end of this month or in early November on portions of I-105 in order to bring it up to seismic standards. The Washington/Jefferson on and off ramps and the section over the river will be under construction for two years. Various lane closures and on and off ramp closures at times will result in traffic backups and will necessitate taking alternate routes.

#### **3. Comments from the Members, Chair & Staff**

There were no comments.

#### **4. Review minutes from September 17, 2018**

##### **Action item: Approve minutes**

Mr. Berger moved, seconded by Mr. Ingham, to approve the September 17, 2018 minutes. The motion carried unanimously.

#### **5. Nation of Makers**

Darby Giannone, Oregon Delegate, Nation of Makers, gave a slide presentation on the Maker Movement.

Ms. Giannone began by sharing her background in business, economic development, and how she got into the Maker Movement. She then stated that a data analysis was done in 2010 to project what 2020 would look like, business-wise. Since we are almost at 2020, here are some current statistics: 24% of all entrepreneurs would be age 55-64, 1 in 5 people over 65 is still working, women open 1,800 businesses in the U.S. every day, over the last 11 years, women-owned businesses reached \$1 million in revenue 46% of the time, and 54% of the population lives in cities (by 2050 that will be 70%).

Ms. Giannone emphasized that we are in a socially connected marketplace. Bespoke products and services are the direction of the market. Global growth is being run by emerging sectors of countries where there is disposable income, for example, China and India. Sector strategy shows that putting efforts into a niche market results in greater economic growth. She also mentioned the barbell economy. 97.6% of businesses in Oregon are considered small, but then we have companies such as Nike and Intel on the other ends. She spoke about the extremely rapid growth of technology and how ubiquitous it has become in a short period of time.

Ms. Giannone explained that all of these transformations just from 2010 to 2020 have led to fundamental shifts that affect the way we work, play, and live. We now have a checklist for economic development:

- workforce education
- technology innovation
- business creation
- global trade
- physical infrastructure and planning
- regulation and taxation
- quality of life

Communities are required to provide for all of those elements. It is much harder in rural communities, small, and poor communities. We have moved from an information age to an experience age and post-industrial economy. The thinking in the previous era now no longer fits. Community must become the first part of economic development. Passive consumers now need to become engaged consumers and, therefore, community members.

Ms. Giannone tackled the question, “Who is a maker?” A maker can be a person someone who has a hobby and makes things to sell, someone who has a side hustle to augment income or keep a job while building a business in the hope that it will become a lifestyle business or a legacy business. The Maker Movement is nationwide and worldwide, but there is a difference between developed countries with access to technology and developing countries with less access. Most of the Maker Movement is in developed countries, where everyone has access to some form of technology.

Ms. Giannone shared the history of the Maker Movement. San Francisco Made, formed in 2010, which was the first maker organization to help makers find distribution and help with business development. Since then, all major cities have maker organizations. In 2014, Obama launched the Maker Initiative, through which cities, universities, and libraries, etc. could support the process of maker to manufacturer. In 2016, the Nation of Makers organization was formed to get into policy leveraging. In 2018, the first Nation of Makers Conference (NOMCON) was held in Santa Fe. Ms. Giannone proposed bringing a future NOMCON to Lane County and is working with Travel Lane County on this endeavor.

Ms. Giannone opined that the Maker Movement is important because much of the revenue and job development in a community is under-reported or not reported, due to the focus on traded sector and big business. The Nation of Makers has two initiatives: To track all of the maker nations in the U.S., and to assess all of the revenue generated by makers. A slide showed that 57% of the U.S. population age 18 and up can be identified as makers, and makers pump \$29 billion into the economy.

Ms. Giannone then spoke about the qualitative side of the Maker Movement. This involves quality of life, community development, what you do when you act locally, CTE education, STEM education, STEAM education, and any personal characteristics that make someone an engaged and productive person in their community.

Ms. Giannone gave Fifteenth Night as an example of a meaningful problem. Citizens asked Hack for a Cause to create an app to help youth on the street access resources. Also, RAIN connects people so that they have resources to work on problems that have been identified. She mentioned that many organizations in Lane County are making a big impact by facilitating maker spaces and running entrepreneurial programs. Through cross-communication and combining programs, they are spreading the impact. She mentioned Manufacturing Day, which with the CTE program and a combination of workforce partnerships and schools. This involves kids, cross-training for teachers, opportunities for administrators to understand about manufacturing, and other elements that are the result of organizations working together.

Anne Fifield arrived at 11:55 am

Manufacturers such as Hummingbird are also operating in collaborative and innovative ways. They working with partners throughout the community to bring people together across different elements of the industry. If we have new ways of operating and transform organizations, we need to transform leadership as well. Leadership needs to be collaborative and innovative. Community and the economy are combined, with community being the biggest element. We must get past passive engagement, and everyone needs to get involved and do things in an organization. Good leadership will create opportunities for people to engage, network, and collaborate across industries and organizations. Ms. Giannone complimented the sector strategy for its power to bring together all kinds of people across all kinds of organizations and maximize everyone's constitution. Oregon's Food & Beverage sector is a good example of this.

Ms. Giannone then presented the goals for hosting NOMCON 2020, which are to engage the community in positive stories of place, highlight points of engagement to foster collaboration and economic success, and leverage a network of organizations, leaders, and businesses to create a community response to community events. With NOMCON, we can identify and tell good stories about our downtown, town, county, and state, engaging people at all levels, network across organizations, align goals, leverage resources, and create a collective impact. The Maker Movement then becomes a way to talk about important concepts that we do not usually see in the day-to-day work of economic development.

Ms. Westlund asked Ms. Giannone to provide a profile of NOMCON. Ms. Giannone responded that it would center community organizations around an event with no financial or political pressure. The event would be a way to leverage collaboration across the community. It requires a lot of communication so that the community knows the conference is happening and what it is all about. Mr. Berger added that it could be a teachable moment for the community, so the event serves the city itself, not only conference attendees. Ms. Giannone agreed that the conference is a legacy for the community than for the people who attend, and it helps the community figure out ways to communicate across sectors.

Ms. Westlund wondered what the attendance was at the Santa Fe NOMCON this year, and Ms. Giannone responded that it was approximately 250, and everyone was from a big city. There was only one session on rural issues. Conversely, in Lane County, we could put together many sessions and panels on rural issues. We could also connect youth to this conference through CTE and other programs. Ms. Westlund inquired about the timeline for bidding for the 2020 NOMCON. Ms. Giannone explained that the applications open in January 2019. She is attending the 2019 NOMCON in Chattanooga, with a pre-conference in Nashville, to learn how to put in the bid for 2020. She hopes to collaborate with Portland to put in a bid for a pre-conference in Portland and the main conference in Lane County.

Ms. Teninty asked if the Maker Movement is different from micro-entrepreneurship. Ms. Giannone replied that the Maker Movement is a sociological way to describe what is happening. Micro-enterprise is one of the pieces encompassed by the Maker Movement.

Mr. Milandin requested an outline of the program for the proposed 2020 NOMCON. Ms. Giannone stated that on the application, we can say what kinds of things we can do and support in the community. The recent conference included topics such as resources available to open a maker space, how we can affect national policy regarding small business, an initiative to map organizations, and how we assess economic contribution. Ms. Giannone found the important strands to be STEM and CTE education, community engagement and the reasons people are coming together, and the level of collaboration across sectors in a community to achieve goals. The two strands she has identified so far for the 2020 NOMCON are youth and rural issues, but many others could be added.

Mr. Berger noted that entrepreneurs feed off of other people being makers, and Ms. Giannone commented that that is the RAIN model.

Mr. Wiemholt spoke about his company in California, which builds robotic arms and legs. His employees speak at high schools in Santa Clara County about the industry and how to get started in the industry. His concern is the students who end up not going to college. He is now in Oakridge and is equally concerned about the number of high school graduates who are going directly into the workforce instead of to college. Ms. Giannone responded by speaking about CTE programs, Elevate Lane County, and other programs that encourage creating things that help gain kids' interest. Mr. Berger added that this approach is also effective in the 4J middle school mentoring program in which he participates. Mr. Wiemholt expressed that he tries to communicate with kids directly through the schools by creating opportunities to take students to the plant, allow them to observe elements of robotics building, etc. He encourages other companies to do things like this as well.

Howard Schussler arrived at 12:25 pm.

Ms. Giannone agreed that it's hard for some kids to engage in subjects such as math and science without a frame or purpose for them.

Ms. Westlund mentioned that long before NOMCON came up, Ms. Giannone was interested in local-made organization. Ms. Giannone responded that she was not able to start a new organization at that time, but a maker district has been started in the area, and other maker spaces are operating. She works with UO to do research on makers, which looked at 120 makers, linking the Maker Movement in Lane County to the Maker Movement nationally. NOMCON is now creating momentum.

## **6. Oregon Impact Fund Oregon Community Foundation**

Kate Hammarback arrived at 12:30 pm.

Kate Hammarback, of Occam Advisors, works with the Oregon Community Foundation, which is piloting a loan program called the Oregon Impact Fund. She gave a slide presentation about this program.

Ms. Hammarback shared that the Oregon Impact Fund launched in January and was built off a pilot program that OCF did using grant funding, which made 8 concessionary rate loans, mostly to community development financial institutions. This generated interest in how OCF could bring new money to bear in Oregon for the things they care about, such as economic development and affordable housing in the area. OCF put together a \$20 million fund, half from donor-advised funds, and half from the actual endowment of OCF. The investments range from \$500,000 to \$2 million. These are primarily loans, and they look for low-risk opportunities in order to keep interest rates low. The preference is for intermediaries, such as revolving loan funds, community development financial institutions, and other organizations that take lending capital and loan it out to other partners and organization. There is a state-wide focus, with about

half of the loans in the Portland area, and the other half elsewhere in the state. There are two projects in Lane County etc.

Ms. Hammarback explained that the mission areas for the fund are education, health, economic vitality, sustainable natural resource management, and affordable housing. The Fund will be investing \$20 million over 3-year timeline. \$6.25 is already committed, and at least two organizations will be coming through the pipeline in the next quarter. At least annually, they will talk with all 8 pilot organizations to check in regarding impacts and financial health.

Ms. Hammarback then showed a timeline of the program. It launched in January 2018, with the first investments in Community Lending Works and Network for Oregon Affordable Housing. In April, investment went to Micro Enterprise Services of Oregon, in July to Craft3, and in October to Sponsors, Inc. Ms. Hammarback emphasized that they have been active in outreach around the state. Over 100 organization are in open, active engagement regarding possible investments. They have spoken with 55 organizations that have found not to be a fit for the OIF program because they are mostly looking for grant capital. OIF is low-risk, so they also prefer to be tied to an organization's pool rather than to a particular project. An organization must also have the capacity to take on the logistics of the loan. Two organizations are investment ready, meaning their impact, track record, and financial structure have been assessed and found to be a fit for OIF, and a program team has been assigned. OIF is able to maintain flexibility around timing of when the capital is drawn and when it is repaid, which helps keep the cost down for the organizations.

Ms. Hammarback further stated that most leads for OIF investments have fallen into the mission areas of economic vitality and affordable housing. Sustainable Natural Resource Management is more challenging because there are fewer intermediaries in that area. Health and Education are most challenging from a traditional perspective because there usually is not a debt/capital piece that is not addressed. OIF is talking with an organization that does early childhood education and is trying to expand.

Ms. Hammarback displayed slides of several organizations and projects in which OIF has been involved in this area, including preservation of affordable housing in Oakridge, the Washburne Cafe (through Community Lending Works), and Sponsors, Inc.

Mr. Berger wondered if an organization such as Womenspace would be a suitable candidate to for investment to make micro loans to their clients. Ms. Hammarback responded that for that purpose, grants are better because they are more flexible. The Fund does not want to replace grants with loans, but loans allow people to do different things. They can often allow foundations or individuals to put more money to work. She stated that there is more interest in organizations starting lending programs similar to Mr. Berger's example, and they are still learning how they might be helpful in those endeavors. Mr. Berger remarked that there is a transitional piece, in that money is needed to transition people off the streets. Ms. Hammarback replied that the Fund has conversations with organizations or leaders of projects, and they then introduce that organization to other lenders or resources which might be better fits, especially for non-profits. She emphasized that the first step is bringing resources together without reinventing the wheel and determining if the Fund is a good partner for that. They look for gaps in which they can be helpful. They fund intermediary levels now, but they may eventually partner in projects rather than only funding intermediaries.

Ms. Mikalonis asked who is managing the loan program.

Sarah Means, Rick Ingham, and Darby Giannone left at 12:53 pm.

Ms. Hammarback responded that referrals come through OCF, Occam Advisors is the first discussion point, they put together a team of people from both OCF and Occam for due diligence and underwriting, and then recommendations are made to the board. Once the investment is made, Occam services the loan.

**7. Current Government Loan Programs**

Mr. Betschart postponed this topic until the next meeting due to time constraints.

**8. Set next meeting date: November 19, 2018**

Mr. Scoggin said the next LEC meeting will be on November 19, 2018.

Mr. Scoggin adjourned the meeting at 12:56 pm.

*(Recorded by Rachel Burstein)*