

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)