



DATE: September 13, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-38

Authorizing Amendments to a Grant with Portland Economic Investment Corporation and an Intergovernmental Agreement with Multnomah County for Additional Investment in the Inclusive Startup Fund

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7252

This action by the Prosper Portland Board of Commissioners (Board) will amend a Grant Agreement with Portland Economic Investment Corporation (PEIC) and an Intergovernmental Agreement (IGA) with Multnomah County to add an additional \$150,000 from Multnomah County for investment in the Inclusive Startup Fund. The Inclusive Startup Fund, a seed fund managed by Elevate Capital, provides early stage investments of \$25,000 to \$75,000 and six months of tailored mentoring to entrepreneurs from underrepresented backgrounds across a variety of industries.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Implementation and funding of the Inclusive Startup Fund delivers on Prosper Portland's goals of prosperity and partnerships. The Inclusive Startup Fund supports and cultivates high-growth entrepreneurs from underrepresented populations and encourages thriving businesses that provide wealth creation opportunities for Portlanders of color and within low-income neighborhoods. The Inclusive Startup Fund is a unique public-private partnership with Multnomah County, the State of Oregon, the City of Beaverton, Elevate Capital, and private and foundation investors.

BACKGROUND AND CONTEXT

On March 9, 2016, the Prosper Portland Board approved Resolution No. 7172, authorizing a \$1,050,000 Grant Agreement (including \$500,000 in capital resources from both Prosper Portland and Multnomah County as well as \$50,000 in operating resources from Prosper Portland) for PEIC to invest the funds in the Inclusive Startup Fund managed by Elevate Capital. Through that same resolution, Prosper Portland and Multnomah County entered into an IGA for \$500,000 to allow Prosper Portland to pass Multnomah County's investment to PEIC. In a separate agreement with PEIC, the State of Oregon contributed \$250,000 to the Inclusive Startup Fund.

The Inclusive Startup Fund originally established a \$3,000,000 total investment goal, including \$1,250,000 from public funds noted above as well as \$1,750,000 in private and institutional contributions. To date, Elevate Capital has raised \$825,000 in private and institutional contributions. In

In addition, Elevate Capital manages the Elevate Capital Fund, which has invested \$1,200,000 in four Inclusive Startup Fund companies and anticipates awarding \$400,000 to a fifth company subject to due diligence. Therefore, while the private and institutional contributions have fallen short of original goals, staff feels that Elevate Capital's aggregate investment in the Inclusive Startup Fund, offsets the shortfall and both meets and exceeds the spirit of leveraging public investment. Additionally, Multnomah County has committed an additional \$150,000 from its 2017/18 budget for investment in the Inclusive Startup Fund, the City of Beaverton is working on a \$50,000 contribution to the Inclusive Startup Fund and the Oregon Growth Board is working on a contribution of \$50,000. Altogether the sum of public and private investments in the Inclusive Startup Fund would be approximately \$2,325,000.

EQUITY IMPACT

The mission of the Inclusive Startup Fund is to invest in underrepresented entrepreneurs, particularly women and people of color. Of the first thirteen companies receiving Inclusive Startup Fund investments:

- More than 60 percent are led by founders of color and 50 percent have a black and/or Latino/a founder;
- 70 percent have a woman founder;
- Collectively they employ 198 individuals; 68 percent of those jobs are held by people of color and/or women;
- \$605,000 was invested into those companies from the Inclusive Startup Fund and those companies raised an additional \$14,625,000 from other investors yielding a leverage of 1/24; and;
- They collectively grew revenues by 72 percent, with an average quarterly revenue growth rate of 123 percent.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff did not conduct any public participation related to this item.

BUDGET AND FINANCIAL INFORMATION

This action is a pass-through funding from Multnomah County so there are no impacts to Prosper Portland's budget.

RISK ASSESSMENT

There are no additional risks to the Inclusive Startup Fund or to Prosper Portland by adding additional funding from Multnomah County.

ATTACHMENTS

None.