PORTLAND DEVELOPMENT COMMISSION  
Portland, Oregon

RESOLUTION NO. 7172

AUTHORIZING TERMS FOR A GRANT TO THE PORTLAND ECONOMIC INVESTMENT CORPORATION AND AN INTERGOVERNMENTAL AGREEMENT WITH MULTNOMAH COUNTY FOR INVESTMENT IN THE INCLUSIVE STARTUP FUND

WHEREAS, supporting entrepreneurs and startups from under-represented communities is a goal of the Portland Development Commission (“PDC”) 2015-2020 Strategic Plan;

WHEREAS, the lack of seed capital and mentorship for women and minority entrepreneurs has created a challenge for many entrepreneurs and early stage companies;

WHEREAS, by improving the conditions for survival for early stage minority-led businesses, Portland can grow the pool of viable startups that can add jobs, raise later stage funding, and serve as leaders and mentors for their communities;

WHEREAS, PDC seeks to encourage capitalization of the Inclusive Startup Fund (“ISF”) to make investments to startups in the earliest stages of development;

WHEREAS, PDC desires to make $500,000 (“PDC Funds”) available to ISF for investment in businesses at the earliest stage of development;

WHEREAS, PDC desires to make a $50,000 grant (“Operating Funds”) to the Portland Economic Investment Corporation (“PEIC”) to support the operation of PEIC and particularly the oversight of the ISF investment;

WHEREAS, Multnomah County (“County”) has budgeted $500,000 (“County Funds”) to transfer to the PDC via an Intergovernmental Agreement (“IGA”) to invest in the ISF;

WHEREAS, PDC and the County desire to grant the PDC Funds, the County Funds, and the Operating Funds via one grant agreement in the amount of $1,050,000;

WHEREAS, the State of Oregon will contribute $250,000 to the ISF via a separate agreement with PEIC;

WHEREAS, the ISF is designed to attract up to $1,750,000 in matched private capital;
WHEREAS, PDC desires to fund the ISF through PEIC, a 501 (c) 4 entity, and to assign six convertible notes totaling $150,000 in face value, and provide resources to assist PEIC in covering certain initial operating expenses; and

WHEREAS, PEIC will make investments that will be managed by Elevate Capital.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to enter into a Grant Agreement with PEIC, with terms substantially in accord with Exhibit A, attached hereto, for funding the ISF with $1,000,000 and to make a grant of $50,000 for funding the operation of PEIC;

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to enter into an IGA with the County to receive funds to complement the ISF with terms substantially in accord with Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the Grant Agreement and IGA if such modifications do not materially change PDC’s obligations or risks; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on March 9, 2016

Gina Wiedrick, Recording Secretary
INCLUSIVE STARTUP FUND TERMS FOR IGA WITH MULTNOMAH COUNTY
AND GRANT AGREEMENT WITH PORTLAND ECONOMIC INVESTMENT CORPORATION

The Program:
- Inclusive startup program that focuses public and private resources to young companies that are owned or managed by demographic populations that are currently under-represented in the business startup field
- Under-represented population goals for the program: 40 percent African American and Latino; 40 percent women; 20 percent other under-represented including Native American, disabled, veteran, etc. (In addition, the investment fund manager shall also consist of diverse demographic representation including race/ethnicity and gender)
- Investment in increments of approximately $25,000 to $75,000 per startup and not exceeding $250,000 in aggregate for a single startup
- Five-year goal of support to 30 startups
- The fund manager will provide mentoring and business-advising services to startup companies

Implementing Partners:
- PEIC will receive grants of public funds
- PEIC makes investment in Elevate Capital (investment manager) through subscription and other agreements (PDC retains right to confirm subscription agreement consistent with the Program elements)
- Elevate Capital invests in startups in accord with the program; paid out of the ISF

Funding Partners and Use of Funds:
- $1,250,000 public funds:
  - PDC Grant of $1,000,000 to PEIC
  - PDC: $500,000 (plus six convertible notes from PDX Challenge Startups)
  - County: $500,000 (County transfer to PDC via IGA)
  - State of Oregon: $250,000 (direct grant to PEIC)
- Goal of $1,750,000 private fund match
- Total fund goal of $3,000,000
- Fees and carried interest to be consistent with industry standards for a fund of this size and focus
- Right to approve or match better terms offered by any other investor

Disbursement:
- March 31, 2016: $250,000 public funds plus up to $250,000 private match
- March 31, 2017: $1,000,000 public funds plus up to $1,500,000 private match (release of public funds is subject to public partner review and approval of fund manager’s best efforts to reach goal)

Long Term Use of Returns:
- Returns from the program to be used by PEIC for economic development and continued support to under-represented populations
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RESOLUTION TITLE:
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Adopted by the Portland Development Commission on March 9, 2016

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☐ Consent Agenda  ✔ Regular Agenda

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and as duly recorded in the official minutes of the meeting.

Date:
March 11, 2016

Gina Wiedrick, Recording Secretary