



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

APPROVED: MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-1 DATE 6/23/16
MARINA BAKER, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 06/23/16
Agenda Item #: R.1
Est. Start Time: 9:30 a.m.
Date Submitted: 06/14/16

Agenda Title: **Authorizing Execution of Intergovernmental Agreement to Support the Inclusive Start-Up Fund.**

Requested

Meeting Date: June 23, 2016 Time Needed: 45 minutes
Department: County Management Division: Finance & Risk Mgmt.
Contact(s): John Tydlaska
Phone: 503-988-6277 Ext. 86277 I/O Address: 503/5/531

Presenter

Name(s) & Title(s): Mark Campbell, Chief Financial Officer

General Information

1. What action are you requesting from the Board?

Authorize the Chair to enter into an Intergovernmental Agreement with the Portland Development Commission ("PDC", and such agreement, the "IGA") pursuant to which County will pay \$500,000 (the "County Funds") to PDC, and PDC will disburse the County Funds to support businesses that are founded by persons who are under-represented in the start-up community.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

A Pew Research Center study of 2013 U.S. household net worth revealed that the median net worth of white households was 13 times greater than that of black households and 10 times greater than that of Latino households. Additionally, households with a business owner tend to have greater net worth than households without a business owner.

Several efforts have been undertaken locally to support the start-up community, but the impacts of these efforts has not addressed gender and racial disparities. A recent PDC survey of the local entrepreneurship community found that businesses owned by people from underrepresented populations are not receiving the same level of support as businesses owned by white males. Of the 114 venture capital deals in Portland during a recent two-year span, 96 percent of beneficiary companies were founded or led by at least one white male, whereas a much smaller percentage of these companies had at least one founder or leader who was female (19%), African American (2%), or Latino (1%). Thus, supporting startup businesses that are owned or led by people from underrepresented

populations in order to increase their chances of succeeding may be an effective strategy to address wealth inequality.

The County and PDC have worked together to launch a more inclusive start-up fund (the "ISF") that will focus on mentoring and providing access to early-stage capital for local firms that are founded or led by a person from an underrepresented population. The ISF will receive \$1,250,000 of public funds for initial capitalization (the County Funds, together with \$500,000 from PDC and \$250,000 from the State of Oregon) and has committed to raising an additional \$1,750,000 to create a \$3,000,000 investment fund. For administrative efficiency, government contributions to the ISF will flow through PDC. As a result, pursuant to the IGA, PDC will disburse the County Funds to support the work of the ISF and businesses that have been underrepresented in the start-up community.

3. Explain the fiscal impact (current year and ongoing).

Payment of the full amount of the County Funds is budgeted in the County's FY 2016 budget (Program Offer 72011B). The County has no financial obligations under the IGA beyond FY 2016, and this IGA will have no ongoing fiscal impact.

4. Explain any legal and/or policy issues involved.

Article XI, Section 9 of the Oregon Constitution prohibits the County from holding an ownership position in a private company. As a result, the County funds are being paid to PDC, which will then grant the funds to a non-profit entity that will invest the funds with the ISF. The County will not have a direct or indirect ownership position in the ISF or any company supported by the ISF.

5. Explain any citizen and/or other government participation that has or will take place.

The County, PDC, and the State of Oregon are the initial funders for the ISF. The County has worked with PDC in developing and creating the ISF, including selecting the members of an advisory committee to evaluate the responses received by PDC from a competitive Request for Information process. The advisory committee ultimately selected Elevate Capital from a pool of six submitted proposals.

Required Signature

**Elected
Official or
Department
Director:**

Mark Campbell /s/

Date:

06/14/16