

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

December 6, 2011

MAG Offices, Saguaro Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Thomas L. Schoaf, Litchfield Park,
Chair

*Mayor Hugh Hallman, Tempe, Vice Chair

Steven Betts, GPEC

Dr. Joseph Cavinato, Thunderbird

Mark Dreher, East Valley Partnership

Thomas Franz, Greater Phoenix Leadership

Jim Kenny, El Dorado Holdings, Inc.

Mayor Jim Lane, Scottsdale

Mayor Michael LeVault, Youngtown

Mayor John Lewis, Gilbert

Mayor Marie Lopez-Rogers, Avondale

Mayor Jackie Meck, Buckeye

#Mary Peters, Mary Peters Consulting

*Jim Rounds, Elliott D. Pollack & Company

Floyd Roehrich, Jr., ADOT

Todd Sanders, Greater Phoenix Chamber
of Commerce

Mayor Jay Schlum, Fountain Hills

Mayor Elaine Scruggs, Glendale

Councilmember, Jack Sellers, Chandler

Jeffrey Simmons, Ryley Carlock &
Applewhite

*Mayor Scott Smith, Mesa

Mayor Lyn Truitt, Surprise

*Sandra Watson, Arizona Commerce
Authority

Candace Wiest, WESTMARC

Supervisor Mary Rose Wilcox, Maricopa
County

Vice Mayor Thelda Williams, Phoenix

* Not present

Participated by video or telephone conference call

OTHERS PRESENT (from sign-in sheet(s)):

Roc Arnett, EVP

Sherief Ayoub, Emerald Contracting

Farhana Baki, MAG

Scott Butler, Mesa

Brent Cain, HDR

Miranda Culver, Mesa

Jonathan Donie, MAG

John Dugan, Cinnabar Southwest, LLC

Margie Emmermann, AMC

Jami Garrison, MAG

Jenna Goad, Glendale

Walt Gray, Merchants for a Better Maryvale

Shelley Gunther, Avondale

Greg Haggerty, Dibble Engineering

Bob Hazlett, MAG

Sintra Hoffman, ADOT

Carol Ketcherside, Valley Metro RPTA

Kathleen Lee, GPEC

Brad Lundahl, Scottsdale

Christine Mackay, City of Chandler

Denise McClafferty, MAG

Jeff Mihelich, City of Surprise

Jennifer Pena, Litchfield Park

Linda Priano, MAG

Nathan Pryor, MAG
Amy St. Peter, MAG
Dennis Smith, MAG
Kelly Taft, MAG

Jack Tomasik, CAAG
Marisa Walker, ACA
Mark Young, Queen Creek

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Schoaf at 11:35 a.m. Chair Schoaf noted that Mary Peters was participating by telephone conference.

Chair Schoaf noted that public comment cards were available for those members of the public who wish to comment. Transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available for the MAG parking facilities for those who parked in the garage.

2. Call to the Audience

Chair Schoaf stated according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Chair Schoaf noted that no public comment cards had been received.

3. Approval of the November 1, 2011 Economic Development Committee Meeting Minutes

Chair Schoaf asked if the members had any questions regarding the November 1, 2011 meeting minutes. There were none.

Mayor Schlum moved to approve the November 1, 2011 Economic Development Committee meeting minutes. Mayor Lopez-Rogers seconded the motion and the motion carried unanimously.

4. Discussion on Innovation

Mr. Smith noted it is clear that MAG member agencies play a vital role in nurturing innovation that will result in higher paying jobs and sustainable growth. He then introduced a panel of speakers who support and encourage innovation in our region to discuss how innovation is linked to economic development and how it can help improve our region's economy.

Mr. Smith introduced Steve Shope of Sandia Research Company. Mr. Shope explained that the Small Business Innovation Research (SBIR) program is a highly competitive program

that encourages domestic small businesses to engage in Federal Research/Research and Development (R/R&D) that has the potential for commercialization. He stated that Federal agencies with extramural research and development budgets that exceed \$100 million are required to allocate 2.5 percent of their R&D budget to these programs, which is approximately \$2.4 billion per year. He reported in 2010 the funding for Arizona was \$1.87 per capita as compared to \$11.4 per capita in the state of California. Mr. Shope noted that in 2010, the number of SBIR Phase 1 Proposals were 303, while California had 2,619 proposals.

Mr. Shope stated he believes Arizona is not using our small business resources, not engaging in this program and our region is not submitting enough proposals. He noted that many businesses are unaware of these opportunities and do not submit applications. For the proposals that were submitted, the success rate in Arizona was 15 percent compared to just 17 percent in California, which means our success rate is relatively the same when our region does submit proposals. Mr. Shope reported in 2011 Arizona did receive seven NASA SBIR awards. Four awards went to the Tuscon area and three were awarded to the Phoenix Metropolitan area. Mr. Shope stated that it is critical that we use this program for innovation.

Chair Schoaf asked if there were any questions or comments. Ms. Wilcox asked Mr. Shope if he won any of the awards. Mr. Shope stated that he did win one NASA SBIR award.

Mr. Smith introduced Janice Kleinwort from ASU SkySong, Director of Economic Affairs. Ms. Kleinwort stated the ASU Scottsdale Innovation Center is currently strictly business but will be retail and residential in the future. She noted they are a partner with the City of Scottsdale and she thanked Mayor Lane for his support. She stated ASU SkySong represents economic development and global enterprises and is home to entrepreneurs, student entrepreneurs and ASU employees. The incubator houses twenty one companies, of which twelve are virtual.

Ms. Kleinwort stated ASU SkySong is also an accelerator currently with twenty six student companies, while also being a “soft landing” location for international companies. She indicated SkySong is a facilitator and connector and also offers mentoring, SBIR/STTR training, business plan analysis, funding connections and business concierge.

Ms. Kleinwort indicated something unique that SkySong offers is an online mentoring platform that facilitates online conversations with mentors and mentees, along with face to face mentoring and a mentoring marketplace. She stated there is a \$50 membership fee for this program and it is available to anyone who is interested at www.asuventurecatalyst.org.

Chair Schoaf asked if there were any questions or comments. Mr. Smith stated that although there are a lot of great resources in this area, many are unknown from one part of the valley to another and asked how everyone in the valley could learn about and use these programs. Ms. Kleinwort noted that anyone could access these programs by going to

www.skysong.asu.edu. Mr. Shope and Chair Schoaf agreed that there needs to be better outreach and marketing so people can find these resources.

Chair Schoaf asked if there is a database available to the public to know what resources the region has in regards to innovation. Ms. Kleinwort stated that ASU SkySong is updating their website that lists their partners and companies that they work with. This will be available in January 2012. Mr. Smith stated that in the interim, there could be a innovation link section posted on the new Phoenix Rising website (www.phoenixrising.com) directing the public to innovation resources in our region.

Chair Schoaf asked if there were any other questions or comments. There were none.

Mr. Smith introduced Christine Makay, Economic Development Director of the Innovations Incubator in Chandler. Ms. Makay thanked the committee and noted that the incubator has been open for eighteen months, is technology based, and was designed by scientists and technology entrepreneurs. She noted the incubator offers state-of-the-art facilities, laboratories and a specialized core of services, equipment and support to accelerate success. She stated that Innovations provides 40,000 square feet of wet and dry lab space to meet the needs of emerging companies who focus on biotechnology, bioinformatics, medical devices, nanotechnology, sustainable technology and software design.

Ms. Makay stated they offer turnkey labs, which means you can walk in and you are ready to work. Innovations provides well-equipped, turnkey space, office support, shared amenities and practical business educational opportunities. She noted they currently have nineteen companies on site, which include DNA, forensics, cancer research, nanotechnology, engineering, software, hardware, laser science, hydrogen research, sustainable technologies and medical devices. Ms. Makay stated she believes that they have also created a community feel by connecting each company to one another by putting on different events. She stated for more information about their facility and what they have to offer you can go to www.innovationsincubator.com.

Mr. Smith introduced Julie Neal from AZ TechCelerator. Ms. Neal stated that AZ TechCelerator is a four-building campus, in Surprise, Arizona, totaling nearly 60,000 square feet providing affordable space, tools and resources to grow innovation and technology businesses. Ms. Neal indicated, AZ TechCelerator is currently seventy percent occupied, which has exceeded their expectations. In addition to the facility services, they offer access to community mentors that will help new businesses succeed. She stated the mentorship program offers business planning, grant writing consulting, marketing and branding professionals.

Ms. Neal noted collaboration is very important and AZ TechCelerator provides roundtable tenant meetings, special events and collaboration with other incubators in our region. These collaborations have been very successful and some businesses have begun working together due to these events. Ms. Neal spoke about some of the businesses that they are working

with, such as Static AZ, which is working on a “plug and go” global energy saver, which is a way to save energy serving as a surge protector, line conditioner and amperage reducer. Another tenant is Chilled Solar. Chilled Solar produces cold water from a combination of renewable energy sources. Lastly, Ms. Neal highlighted Athena Wireless which is working on a mini-radio that has a multi-gigabit capacity that will eliminate any need for fiber cable. Ms. Neal noted that to date they have created over fifty high paying jobs. She also suggested a great benefit would be to have an incubator alliance where every incubator could share information and resources.

Chair Schoaf thanked everyone for their presentations and asked if there were any other questions or comments. There were none.

5. Thunderbird School of Global Management Programs

Charles Reeves, Program Manager from Thunderbird School of Global Management, stated Thunderbird is the world’s number one ranked school of international business with more than sixty years of experience in developing leaders with a global mindset and business skills. He discussed the Thunderbird Organizational Consulting Practicum, which is a capstone course that matches teams of MBA students with organizations for thirteen weeks. This program combines classroom instruction with a real time project with a real client, where students deliver professional level results. He noted clients range in scope from local, to national and international. The student consultants are experienced, young professionals that have international business experience, language and cultural fluency and are hand selected second year MBA candidates.

Mr. Reeves noted Thunderbird also offers organizational strategies and assessments, business plans and pro-forma financials, supply chain opportunities and investments, marketing strategies and research, market entry strategies and human resource strategies. Some of the businesses that Thunderbird has worked with includes Honeywell, Merrill Lynch, Red Wing Shoes, and The Core Institute.

Mr. Reeve stated projects occur between January through April and September through December with an average team size of between four to six students. The cost to participate is \$1,000 for non-profits, \$2,000 for public and \$2,500 for profit companies. He noted the project is run by Professor Michael Finney who will review the project synopsis and discuss how the project would meet the dual goals of both the business and the students.

Mr. Reeve’s invited any of the committee members and their businesses to contact Michael Finney or Mr. Reeve’s by email at michael.finney@thunderbird.edu or charles.reeves@thunderbird.edu. Mr. Reeves noted that he believes this is a fantastic resource for the business community and hopes that businesses take advantage of this.

Chair Schoaf asked if there were any other questions or comments. There were none.

6. Metropolitan Business Planning Initiative Update

Amy St. Peter offered a update on the Metropolitan Business Planning Initiative. She noted this work is possible because of the partners involved, such as Maricopa Association of Governments, Greater Phoenix Economic council, MBP Stakeholders Group, members of the Advisory Team, Thunderbird School of Global Management, Arizona Commerce Authority, Arizona State University, and Maricopa Community Colleges. Ms. St. Peter stated in September 2011, the first draft of the strategic overview was submitted and the purpose of the overview was to analyze the regions economy. In October 2011, a work session was held in partnership with the Brookings Institution and the Greater Phoenix Economic Council (GPEC). Ms. St. Peter stated the work that has been completed will be presented to Brookings and the other regions in this round at the meeting in Washington, DC in December for their feedback.

Ms. St. Peter introduced Kathleen Lee, of GPEC to highlight some of the key trends and findings. Ms. Lee noted our region is at a cross roads and the recession revealed deep structural challenges, such as the loss of more 300,000 jobs statewide since peak employment, housing foreclosures and thirty percent reduction in house values. Our area is recovering slower than many other states with a recovery not expected until 2016 or 2017. On a positive note, Ms. Lee stated our population growth is the third largest in the United States with a 24.2 percent growth between 2000 and 2010, we have low labor costs, business friendly environments and regulations, and a skilled workforce.

Ms. Lee continued discussing the key findings of our regional concentration, such as strengths in high growth industries offering opportunities for new export and technology clusters, cluster development strategies in renewable energy, energy efficiency, aerospace & defense, pharmaceutical and medical devices, medical IT and computer and electronics. Ms. Lee highlighted some of the key findings and strategies in areas such as innovation and regional concentration, while Ms. St. Peter presented on governance, human capital, spatial efficiency.

Ms. St. Peter stated the end goal is to develop a business plan for a lead initiative that has the potential to transform the region's economy and will provide an update to the members on the strategic overview and the analysis conducted for this initiative. Ms. St. Peter noted the measure of the project's success will be if our economy is stronger and we have more opportunities as a result of this process. She stated that she welcomes any questions, concerns or suggestions that anyone would like to address and that they are striving to make sure the plans is responsive to the needs and priorities of this region.

Chair Schoaf asked if there were any questions or comments from the committee. There were none.

7. Update on EDC Projects

Denise McClafferty thanked the committee for allowing her to provide an update on several Economic Development projects. Ms. McClafferty stated MAG staff is currently working with the City of Nogales, Arizona Mexico Commission, the Central Arizona Association of Governments and the Pima Association of Governments to coordinate a trip to Nogales, scheduled for Monday, December 12, 2011. She stated the purpose of the trip is to explore how leadership in this region could assist in improving the border crossing to be more competitive. She noted there has been a good response and interest in the trip, with over fifty attendees.

Ms. McClafferty also gave an update on the San Luis trip that is scheduled for December 20, 2011, which will include the Mayors of San Luis, Yuma, and Somerton and the Arizona Mexico Commission to discuss the issues involved in Punta Colonet, such as the Presidential Permitting process, rail crossings and the port of entry.

Ms. McClafferty noted that MAG is continuing to work with the Arizona Commerce Authority, Arizona Department of Transportation, and the Arizona Aerospace and Defense Commission on a supply chain study for Arizona. She stated one of the ideas is to develop a database of suppliers that links to a web portal where suppliers could log on and update their own information and core competency areas. The Arizona Commerce Authority is taking the lead on putting together a working group that will develop a scope of work for a Request For Proposal to do this work.

Ms. McClafferty stated that the Canada Arizona Business Council suggested that MAG work with them on a “meet and greet” with elected officials and Canadian business leaders in Arizona. The purpose of this event is to bring together the elected officials with existing Canadian enterprises in the Valley to discuss targeted mutual interests. She noted that this event would be held in February or March 2012. Ms. McClafferty attended the December CABC board meeting at the Scottsdale Airpark where she met with numerous Canadian business members and elected officials.

Lastly, Ms. McClafferty noted that staff started working with the Thunderbird School of Global Management to develop a scope of work for a Supply Chain Landscape Analysis including Arizona-Mexico nearshoring. She said that after meeting with the new Canadian Consulate for Arizona, Brad Niblock, he and his staff expressed interest in a Supply Chain Landscape Analysis for Arizona and Canada with a focus on better understanding trade and the movement of products or services.

Chair Schoaf asked if there were any questions or comments from the committee. There were none.

8. Request for Future Agenda Items

Chair Schoaf asked if there were any requests for future agenda items. There were none.

9. Comments from the Committee

Mark Dreher, from East Valley Partnership reported that on December 5, 2011 the Annual Economic Forum was held and a speaker brought a national perspective and interesting facts regarding Arizona. The speaker reported Arizona was ranked very high in friendliness in doing business with and embracing new businesses. Mr. Dreher felt this was very refreshing and positive for our region.

Chair Schoaf noted there is a variety of purposes for the Economic Development Committee and if anyone has any ideas or topics that they feel would be beneficial to committee to contact him or the MAG staff.

Chair Schoaf stated that the next meeting is scheduled for January 10, 2012.

Adjournment

Vice Mayor Williams moved to adjourn the meeting. Mayor Lane seconded the motion and the motion carried unanimously. There being no further business, the Economic Development Committee meeting was adjourned at 1:05 p.m.

Chair

Secretary