

November 26, 2013

TO: Members of the MAG Economic Development Committee

FROM: Mayor Marie Lopez Rogers, City of Avondale, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR
THE MAG ECONOMIC DEVELOPMENT COMMITTEE

Tuesday, December 3, 2013-11:30 a.m.
MAG Office, Suite 200 - Saguaro Room
302 North 1st Avenue, Phoenix

A meeting of the MAG Economic Development Committee (EDC) has been scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person or by telephone conference. Use of proxy at the MAG EDC is not permitted. A light lunch will be provided.

Please park in the garage under the building. Bring your ticket to the meeting. Parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the EDC agenda items, please contact Dennis Smith, MAG Executive Director, or Denise McClafferty, Regional Program Manager, at (602) 254-6300.

MAG ECONOMIC DEVELOPMENT COMMITTEE
TENTATIVE AGENDA
DECEMBER 3, 2013

COMMITTEE ACTION REQUESTED

1. Call to Order

The meeting of the Economic Development Committee will be called to order.

2. Call to the Audience

An opportunity will be provided to members of the public to address the Economic Development Committee on items not scheduled on the agenda THAT FALL UNDER THE JURISDICTION OF MAG, or on items on the agenda for discussion but not for action. Members of the public will be requested not to exceed a three-minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Economic Development Committee requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

3. Approval of the November 5, 2013 Economic Development Committee Meeting Minutes

4. Report on Medical Tourism from the Thunderbird School of Global Management

In September 2013, MAG contracted with the Thunderbird School of Global Management Organizational Consulting Practicum program to provide an overview on Medical Tourism in Arizona. The Organizational Consulting Practicum program deploys teams of MBA students who deliver project-focused research and consulting services. The Medical Tourism project focuses on identifying and understanding the current status and competitiveness of medical tourism in Arizona. This includes assessing the market, determining what drives medical tourism in Arizona, and how local governments can assist from a policy level. The Thunderbird team will present their findings and recommendations on this project to the EDC.

2. Information and discussion.

3. Review and approval of the November 5, 2013 Economic Development Committee meeting minutes.

4. Information and discussion.

5. Report from the Arizona Office of Tourism

The Arizona Office of Tourism (AOT) strives to enhance the state economy and the quality of life for all Arizonans by expanding travel activity and increasing related revenues through tourism promotion and development. AOT's goal is to provide precise, research-driven strategies to achieve this mission while serving as the comprehensive leader in Arizona's tourism industry. Sherry Henry, AOT Director, will provide a report on the economic impact of tourism and what that means for the State of Arizona.

6. Report from the Arizona Technology Council

The Arizona Technology Council is the driving force behind making our state the fastest growing technology hub in the nation; connecting and empowering Arizona's technology community. As Arizona's premier trade association for science and technology companies, the Council is recognized as having a diverse professional business community. The Arizona Tech Council continuously monitors federal, state and local policies that impact the growth of Arizona's technology industry. In addition, the Council has more than 750 members and informs and educates policy makers on issues that are important to Arizona's technology community. Steve Zylstra, President and CEO of Arizona Technology Council, will provide the Committee with an update on the organization's latest initiatives and will also discuss the supply chain opportunities with Mexico.

7. Update on the Resolution of Support for Extending the Border Zone in Arizona

Tourism is one of the largest industries in Arizona, and tourists from Mexico are critically important. At the peak of the economy, 24 million Mexican visitors came to Arizona and spent \$2.7 billion. According to Customs and Border Protection (CBP), the Border Crossing Card is one of the most secure travel documents used at the border

5. Information and discussion.

6. Information and discussion.

7. Recommend approval of the Resolution of Support for Extending the Border Zone in Arizona to include all of Arizona.

and allows for faster processing at both the port of entry and interior immigration checkpoints. Currently, the border zone is 75 miles from Arizona's ports of entry except for Yuma, which is 25 miles. Increasing the border zone to all of Arizona will provide more destinations of interest for border crossers, potentially attracting more middle class Mexicans for tourism travel.

MAG staff has worked with the COG/MPO Directors to develop a Resolution of Support for Extending the Border Zone in Arizona. Staff, along with the EDC Chair, have been invited to present at several Arizona COG/MPO Board meetings. To date, the Western Arizona Council of Governments, the Yuma Metropolitan Planning Organization, the Inter Tribal Council of Arizona, and the Flagstaff Metropolitan Planning Organization have signed and passed the resolution. Also, the Nogales City Council has passed the resolution. An update on the Resolution to Extend the Border Zone will be provided. Staff is recommending approval of the Resolution of Support for Extending the Border Zone in Arizona to include all of Arizona

8. Request for Future Agenda Items

Topics or issues of interest that the Economic Development Committee would like to have considered for discussion at a future meeting will be requested.

9. Comments from the Committee

An opportunity will be provided for the Economic Development Committee (EDC) members to present a brief summary of current events. The EDC is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Adjournment

8. Information and discussion.

9. Information.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

November 5, 2013

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

MEMBERS ATTENDING

Mayor Marie Lopez Rogers, Avondale, Chair
Mayor Scott Smith, Mesa, Vice Chair
#Mayor Gail Barney, Queen Creek
*Steven Betts, GPEC
Dr. Joseph Cavinato, Thunderbird
Supervisor Steve Chucuri, Maricopa County
Angela Creedon, Arizona State University
Mark Dreher, East Valley Partnership
*Thomas Franz, Greater Phoenix Leadership
Gary Haydon, Haydon Building Corp.
Michael Hoover, Sundt Construction
Mayor Linda Kavanagh, Fountain Hills
Jim Kenny, El Dorado Holdings, Inc.
*Mayor W.J. "Jim" Lane, Scottsdale
Mayor Michael LeVault, Youngtown
Mayor John Lewis, Gilbert

Mayor Georgia Lord, Goodyear
Mayor Jackie Meck, Buckeye
Mayor Mark Mitchell, City of Tempe
#Mayor Christian Price, City of Maricopa
Jim Rounds, Elliott D. Pollack & Company
Floyd Roehrich, Jr., ADOT
*Todd Sanders, Greater Phoenix Chamber
of Commerce
Mayor Thomas L. Schoaf, Litchfield Park,
Vice Mayor, Jack Sellers, Chandler
Bill Sheldon, WESTMARC
Mayor Greg Stanton, Phoenix
*Sandra Watson, Arizona Commerce
Authority
*Mayor Jerry Weiers, Glendale
Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

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

Roc Arnett, EVP
Anubhav Bagley, MAG
John Catapono, Maricopa Community Colleges
Michael Celaya, Surprise
Alana Chávez-Langdon, MAG
Shane Dille, Nogales, AZ
Laura French, AOT
Jorge Gonzalez Mayagoilia, Mexican Consulate
Shirley Gunther, Avondale
Sapna Gupta, Morrison Institute
Manuel Hopkins, Nogales, Mexico
Saul Ibarra, Nogales, Sonora
Brad Lundahl, Scottsdale
Dan Marum, Wilson & Company

Denise McClafferty, MAG
Lora Mwaniki-Lyman, MAG
Lauren Patheal, Triadvocates
Katie Prendergast, Maricopa County
Linda Priano, MAG
Nathan Pryor, MAG
Tom Remes, Phoenix
Michelle Rider, WESTMARC
Roberto Rodriguez, Mexican Consulate
Dennis Smith, MAG
Chris Stoller, AMC
Tim Strow, MAG
Kelly Taft, MAG
Karrin Taylor, DMB

Mark Valenzuela, ASU SkySong
Aaron White, Nogales, Arizona
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lopez Rogers at 11:38 a.m. Chair Lopez Rogers stated that Mayor Barney and Mayor Price were participating by telephone. Chair Lopez Rogers noted public comment cards were available for those members of the public who wish to comment. Chair Lopez Rogers stated that 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 Lopez Rogers 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. She 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 Lopez Rogers noted that no public comment cards had been received.

3. Approval of the October 8, 2013 Economic Development Committee Meeting Minutes

Chair Lopez Roger asked if the members had any questions regarding the October 8, 2013 meeting minutes. There were none. Mayor Mitchell moved to approve the October 8, 2013 Economic Development Committee meeting minutes. Mayor LeVault seconded the motion and the motion carried unanimously.

The next item was taken out of order.

5. Report from the Consul General of Mexico in Phoenix

Chair Lopez Rogers stated that the Arizona Mexico Commission (AMC) is very instrumental in shaping and implementing policy initiatives with Mexico and welcomed Margie Emmermann, Executive Director and Policy Advisor to the Governor for Mexico & Latin America. Ms. Emmermann stated that she wanted to commend MAG and all the mayors for their commitment in making Mexico a priority and added that the AMC has been championing Mexico for over 54 years. Ms. Emmermann stated that she was honored to introduce the next guest speaker, Consul General Rodriguez. She stated that Consul General Rodriguez is a 36-year career diplomat and noted that he has served in various consular positions in Texas, Cuba, California, Hungary, and Puerto Rico. In June 2013 he was appointed as the Consul General of Mexico in Phoenix.

Consul General Rodríguez thanked MAG, AMC, Chair Lopez Rogers and all the other mayors for their interest in building a better relationship with Mexico. He added that the Consulate's main functions are to provide services and support to Mexican citizens, as well as building relationships with local political authorities and the business community to promote trade, investments, tourism.

Consul General Rodríguez stated the goals in the area of Trade and Economic Promotion include increasing the trade and economic opportunities between Mexico and Arizona to generate economic development. He stated that this can be achieved by providing the Arizona business community information about trade opportunities in Mexico, as well as regulations and information on the business culture and climate, participating in trade missions, expos, economic forums and workshops to promote doing business with Mexico.

Consul General Rodriguez stated that the current priorities include 1) opening an Office of ProMexico in Phoenix; 2) promoting economic forums about trade and investment opportunities between Mexico and Arizona for the public, private and academic sectors that generate public policy recommendations; 3) opening of a Mexican Cultural Center, as a strategy to create a better understanding between the Mexican, Mexican-American and Anglo communities and a more solid and stable relationship between Arizona and Mexico; 4) to create scholarships for Mexican and Mexican-American students with potential to contribute to the economic development of the Arizona-Sonora region; and 5) to promote innovation and research through public-private partnerships in economic sectors that are strategic to the region (high-tech; renewable energy; manufacturing; aerospace and defense; and public health).

Consul General Rodríguez stated that Mexico has the second largest economy in Latin America, an open economy with greater imports and exports than China or Russia, and a good regulatory framework that protects foreign investors. He added that Mexico is Arizona's largest trading partner and that in 2012, Arizona's exports to Mexico totaled \$6.3 billion, which represents 34.2 percent of the state's total exports for that year. Chair Lopez Rogers asked if there were any comments or questions from the committee. Mayor Stanton asked Consul General Rodríguez how this group could promote higher educational student exchanges.

Consul General Rodríguez stated that the Office of Foreign Affairs in Mexico is currently working with the Ministry of Education to accomplish these programs. He added that recently the President of the University of Guadalajara, which has approximately 200,000 students, expressed his interest in establishing a Memorandum of Understanding with the City of Phoenix and universities in Arizona. Ms. Emmermann added that the AMC is in the process of revamping an education exchange program between Arizona and Sonora. This student cross border exchange program is less degree driven and more semester driven that includes course work, language work and experience. Chair Lopez Rogers asked if there were any additional questions or comments. There were none. Chair Lopez Rogers thanked both Ms. Emmermann and Consul General Rodriguez for the information and update they provided to the committee.

4. Report on Legislative Mission to Mexico

House Speaker, Andy Tobin, stated that in September 2013 he led a mission to Mexico to discuss economic development and establish relationships between Arizona and Mexican officials, while focusing on investment and trade. He stated that members from both sides of the aisle had joined together to travel to Mexico City and added that while they were there, the delegation had to walk past the Texas Trade Office everyday. It became apparent that Arizona had missed a golden opportunity. House Speaker Tobin added that the purpose of the trip was to discuss infrastructure, trade and transportation, which he felt was extremely successful. He stated that they were very well received.

House Speaker Tobin noted that additional trips have been identified by members to continue an outreach effort to build relationships and increase dialogue on several policy issues. He indicated that on the next trip in February 2014, the focus will be on technology, tourism and energy and that in June 2014, the focus will be mining, manufacturing and higher education. He added that in an effort to continue this positive relationship with Mexico, he has invited Mexican officials to the Arizona Legislature for "Legislative Day" in January 2014. He stated that he is very proud of all the lawmakers that were part of this delegation on this trip.

Representative Juan Carlos Escamillo commended the Speaker for spearheading the trip to Mexico City and added that other issues discussed included connecting rail opportunities and port of entry for privately owned vehicles (POV) in San Luis. He noted that the City of Luis is fully supportive of this and are discussing a resolution supporting this initiative. Representative Escamillo stated another concern that was discussed included the closing of the highway south of Nogales, where less trucks are coming through, hurting the economy.

Chair Lopez Rogers thanked the legislative representatives for this update and stated that when it comes to economic development all Arizona cities are border cities and it is important for all cities to work together so that Arizona can become globally competitive. Chair Lopez Rogers asked the committee members if there were any comments or questions.

Mayor Smith stated that when he was in Mexico City, it was gratifying when he was speaking with the Foreign Ministry that they were aware of all of the efforts, people, and trips that have come from Arizona. He added that Mayor Stanton and Mayor Rothschild had made trips prior to his visit and the Foreign Ministry stated that they recognize that our state is truly reaching out and is trying to improve and rebuild the relationship with Mexico. Mayor Smith added that the attitude from the Foreign Ministry has been very positive, appreciative, and welcoming.

Mayor Stanton stated that the City of Phoenix is in the process of establishing a Trade & Tourism office in Mexico City. He added that this is open to every city in Arizona and it will allow an in-market presence and draw upon local resources with relevant in-country knowledge to promote and expand export opportunities for Arizona businesses. Mayor Stanton asked the Speaker of the House if he foresees any bills that could disrupt these new relationships with Mexico.

Speaker Tobin stated he does not expect to see additional draft legislation moving forward and added that the members appear to be attentive to the economy of the state, job growth and our education system.

6. Nogales, Arizona and Nogales, Sonora Mayors Discuss Border Opportunities

Shane Dille, City Manager, Nogales, Arizona stated that both Mayor Garino and Mayor Guzman send their regrets on not being able to attend this meeting. Mr. Dille stated that he appreciated this opportunity to address the committee and provided an update on the status of the Mariposa Port of Entry project. He stated that the project is on schedule and the City of Nogales is excited and is anticipating the opening of this \$200 million project in August 2014. He added that when this port was first designed, it was intended to process 300-500 trucks per day, but has been processing well over 1,000 trucks per day. He added that once this expansion is complete, it is estimated that there will be approximately 3,000 trucks crossing per day. He noted that it is extremely exciting to see the kind of interest that is being placed on the border and shows the type of leadership that is present.

Mr. Dille stated that once the Mariposa port of entry is complete, it will include eight commercial lanes, 12 POV lanes, four pedestrian crossings and one lane for tour buses, of which all will contribute to Arizona's economy. He added that there is a need for the necessary improvements to State Route 189, that connecting link from the Mariposa port of entry to Interstate 19, to allow a fluid corridor to enhance trade and commerce.

Mr. Dille discussed the Port of the Nogales foreign trade zone (FTZ) and how it has been a catalyst for increasing near shoring opportunities for global companies. He stated that 250 acres that have been planned out and designed for industry and produce and over 300,000 square feet of permitted warehousing. Mr. Dille added that he sees a change in people's attitudes and mentality towards the border region and meaningful groups, such as MAG and AMC, are becoming champions of this great cause.

Manuel Hopkins, Economic Development Director, Nogales, Sonora added that Nogales, Sonora, has more than 50 years of experience in importing and exporting and has the knowledge of distribution logistics and efficiency in manufacturing. He added as the leading gateway for agricultural imports into Arizona and the United States, the partnership to focus policy efforts at the border is important for building connectivity between Arizona and Mexico. He stated that Nogales, Sonora, was ranked fourth by Foreign Direct Investment (FDI) Magazine as one of the most efficient cities in the world for a small manufacturing city. Mr. Hopkins added that a delegation of border mayors traveled to Mexico City to request additional infrastructure investment and requested additional resources for the border to increase efficiency for goods being inspected at a military checkpoint between Hermosillo and Nogales.

Mr. Hopkins also discussed the impact of tourism and by working together, Mexico and Arizona, could impact the volume of visitors on both sides of the border. He also discussed how Nogales, Sonora is focused on developing an incubator for second tier high manufacturing opportunities and thanked MAG for organizing a tour of several incubators in our region. He added that they are building a Center of Excellence to connect universities in Sonora, Mexico

with Arizona educational institutions to address workforce development and educational exchanges. He added that a University Forum will be held on November 15, 2013 in Nogales, Sonora. He noted that the University of Arizona, Arizona State University, Pima Community College and Cochise College will participate in an information session on semester exchanges, career opportunities and scholarship availability for Mexican students coming here to Arizona to study.

Chair Lopez Rogers asked if there were any comments or questions from the committee. Mayor Lewis commented that the local business communities have recognized the efforts that the government officials are making to positively impact Arizona's economic relationship with Mexico. He also expressed his appreciation in continuing dialogue with business leaders across the border. Mr. Dreher asked in terms of railroad connectivity, what progress has been made. Mr. Hopkins stated this is an effort they are working on and are in early discussions with the Port of Tucson and Union Pacific on how products would be brought across. Mayor Wolcott stated that Arizona has come a long way in the last four years and Arizona must continue to foster these important relationships. Chair Lopez Rogers stated that this is an important discussion and appreciates all the great efforts that are being made.

7. Report on the Obregon, Mexico Symposium

Alana Chávez Langdon, MAG International Economic Development Analyst, stated that earlier this summer MAG was invited to Obregón to tour the city and participate in an international business symposium at the Technological Institute of Sonora. Topics related to the economy and sustainable regional economic development were discussed. She added that in response to this invitation, she traveled to Ciudad Obregón from October 1-3, 2013 to meet with local officials and business community representatives to provide a presentation discussing the importance of an interdependent economic relationship between Arizona and Mexico. Ms. Chávez Langdon provided a brief overview of the region, an update on the development of the Port of Guaymas, explained local governments in the State of Sonora, provided regional economic facts and activities, and discussed potential areas of collaboration.

Ms. Chávez Langdon stated that eight potential areas of collaboration were identified for possible consideration. These areas included 1) exploring the expansion of a sister city relationship for Obregón to the MAG region, 2) organizing a visit to Obregón and Port of Guaymas by MAG EDC officials, 3) facilitating inter-regional engagement of major Chambers of Commerce in each region, 4) identifying regional economic assets for 40 students from the Technological Institute of Sonora to tour while visiting the MAG region, 5) inviting mayors from Sonora to the MAG region next spring, 6) developing an economic driven MOU between mayors in Southern Sonora with mayors in the MAG region, 7) opening a ProMexico office location in Phoenix and 8) establishing a formal bilateral alliance to focus on connecting the development of the Port of Guaymas with economic opportunities served by a north-south trade corridor.

Chair Lopez Rogers asked if there were any questions or comments from the committee. Mayor Smith stated that he is interested in the mayor to mayor exchanges, which could lead to business to business discussions. He added that he believes that this could yield some great benefits. Mayor Price expressed his interest in exploring an Interstate 11 Corridor Initiative for this region.

Mr. Smith stated that this is an Arizona issue and that at some point this needs to have some kind of transition to a mayor to mayor level. He added that it is really refreshing to see how far we have come in the EDC with this freight study. Chair Lopez Rogers added that we need to enhance our partnership with the AMC. Mayor Mitchell added that at the next League of Cities & Towns conference they need to add the AMC and the Consul General on the agenda so that they can do a presentation on how this can impact cities to help invigorate economic development.

8. Request for Future Agenda Items

Chair Lopez Rogers asked if there were any requests for future agenda items. Angela Creedon stated in regards to economic development integration with Mexico, the university is conducting over 35 different initiatives under the lead of Dennis Hoffman and offered to have him provide a presentation on some of these initiatives at a future EDC meeting.

9. Comments from the Committee

Chair Lopez Rogers asked if there were any comments from the committee. There were none. She stated that the next meeting of the EDC will be on December 3, 2013, at 11:30 a.m. at the MAG Office, 302 N. 1st Avenue, Phoenix, Second Floor, Saguaro Room.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 12:59 p.m.

Chair

Secretary