

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

December 3, 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 Chucri, 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
John Nelson, ADOT
Mayor Christian Price, City of Maricopa
Jim Rounds, Elliott D. Pollack & Company
*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)):

Miguel Aceves, CDM Smith
Thomas Adkins, Glendale
Roc Arnett, EVP
Anubhav Bagley, MAG
John Catapono, Maricopa Community Colleges
Michael Celaya, Surprise
Alana Chávez-Langdon, MAG
Kiva Couchon, AOT
Laura French, AOT
Walt Grey, West Side Town Hall Program
Shirley Gunther, Avondale
Pam Lindley, Phoenix
Denise McClafferty, MAG

Lora Mwaniki-Lyman, MAG
Lauren Patheal, Triadvocates
Scott Powell, Gilbert
Linda Priano, MAG
Nathan Pryor, MAG
Tom Remes, Phoenix
Dennis Smith, MAG
Chris Stoller, AMC
Tim Strow, MAG
Kelly Taft, MAG
Karrin Taylor, DMB

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lopez Rogers at 11:53 a.m. Chair Lopez Rogers stated that Mayor Barney, Mayor Wolcott, Mayor Schoaf, Sandra Watson and David Randolph were participating by telephone. Chair Lopez Rogers welcomed John Nelson, Senior Policy Advisor, ADOT to this committee meeting. Chair Lopez Rogers also stated that the next Joint Planning Advisory Council meeting would be taking place on December 11, 2013 at Wild Horse Pass Hotel and added that if members would like to attend, they should contact MAG staff.

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 November 5, 2013 Economic Development Committee Meeting Minutes

Chair Lopez Roger asked if the members had any questions regarding the November 5, 2013, 2013 meeting minutes. There were none. Bill Sheldon moved to approve the November 5, 2013 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

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

Denise McClafferty, MAG Regional Program Manager, stated that 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 and how local governments can help to support this effort. She added that it was suggested that the Thunderbird team conduct a landscape analysis on the medical tourism industry in Arizona. Ms. McClafferty stated that this project focused on identifying and understanding the current status and competitiveness of the industry, including assessing the overall market, determining what drives medical tourism in Arizona and how local governments can assist from a policy level to support this industry.

The Thunderbird team included Will James, Rahul Pandey, Chancharas “Oil” Chantarakam, and Sean Foley. The team stated they would be discussing three categories of patients when talking about medical tourism; outbound, inbound, and intra-bound. The team provided an overview of the industry, identified successful examples of medical tourism markets

(domestically and abroad), analyzed the current competitive market landscape for sub-specialty care in Arizona, noting the strengths, weaknesses and opportunities for growing the industry in the state.

The Thunderbird team found that the key drivers attracting medical tourists are the quality of treatment received, the cost of care, and the length of waiting periods. Other supporting drivers are usage of technology, geography, tourism and vacation, visa requirements, and culture. The team added that treatment for heart disease, cancer and neurosurgery are areas where U.S. medical tourism has been flourishing. The team stated that the Texas Medical Center (TMC) in Houston is one example that not only provides treatment to the U.S. population, but also attracts many international patients. They added that the TMC is home to some of the nation's best hospitals, researchers, physicians, educational institutions and health care providers. It was noted that in 2012, TMC had approximately 7.2 million patient visits, which included 16,000 international patients that visited the center.

The Thunderbird team discussed various member partners and programs that target international patients. These include identifying hospitals, locating housing, and making travel arrangements for patients and their families. Another service offered is a Special Service representative that can coordinate transportation and offers 30 different languages to assist in navigating through customs and coordination through the airport to the medical centers.

The Thunderbird team also discussed the Medical Tourism Association (MTA) and the services that they provide, such as creating medical tourism destination guides. These guides include details about hospitals, tourism, concierge services, and provide other important details a patient may look for before making a decision on a healthcare provider. The MTA also organizes an annual Medical Tourism World Congress. This event invites hospitals and tourism providers from Thailand, India, Singapore, along with several from the U.S. and provides opportunities for networking among doctors, concierge service providers, hospitals, and pharmaceutical companies.

The Thunderbird team stated that the Mayo Clinic, here in Arizona, is a good example of a hospital organization that understands the importance of international medical tourism. They added that the Mayo Clinic provides 17 different languages through online and print media, with 200 physicians that can speak Spanish. The team also discussed the importance and benefits of medical tourism clusters and how these clusters can play a successful roll in medical tourism. The Thunderbird team stated that Arizona is well positioned to attract patients from other states and countries due to our year round sunshine, numerous golf courses, world class spas, national parks, and our arts and entertainment venues.

The Thunderbird team stated that Dr. Stuart Flynn, Dean of the University of Arizona Medical School, mentioned that roughly 80 percent of all medical advancements occur within a 25-mile radius of an academic medical center and research shows that strong research institutions, commitment to cutting edge technology, reputable medical school programs, and partnerships/collaborations among hospitals and state/city governments, all lead to the creation of an elite brand recognized for its specialized healthcare treatment and

procedures. The team added that these factors attract patients from out of state and out of the country, but also entice doctors with various backgrounds and specialized skills to move to a certain state.

The Thunderbird team discussed the partnerships that are being created in Arizona, such as the University of Arizona Medical School relocating to downtown Phoenix to support and create the Phoenix Biomedical Campus and the partnership of Mayo Clinic's Medical School with Arizona State University. The team also discussed other national ranking hospitals, which include Saint Joseph's Medical Center-Barrow Neurological Institute, which is highly ranked and recognized in sub-specialty care, Phoenix Children's Hospital, The University of Arizona Medical Center, Scottsdale Healthcare Shea Medical Center and John C. Lincoln Hospital.

The Thunderbird team stated it is important to look at what markets are most accessible to Arizona and discussed potential international medical tourists coming from Canada and Mexico. The team indicated that Arizona's proximity to Mexico, the large Hispanic residents presence in Arizona, and the fact that some of the wealthiest members of the Mexican population live along the border with Arizona, give Arizona an advantage over many competitor states. The team added that in terms of Canada on medical tourism, Arizona is a well-known destination to Canadians. Canada provides public healthcare to their citizens, however, if treatment is not available in Canada, or the wait time is considered too long, all provinces will provide full coverage outside of Canada. They noted that Canadian citizens must first get approval from the provincial government and a doctor's recommendation prior to going abroad for treatment, but research shows that the number of willing medical tourists is 62 percent, if the government is willing to pay for costs.

The Thunderbird team then provided several recommendations including the need to: 1) Identify a neutral entity to take lead in promoting medical tourism, 2) Focus on further connecting general tourism and economic development, 3) Identify collaboration with hospitals, research institutions, medical schools, and state/city governments, 4) Organize symposiums to increase networking and referral opportunities, 5) Identify markets for business attraction efforts - especially Mexico and Canada,) Increase the number and national recognition of sub-specialty care available in Arizona, 6) Seek membership in Medical Tourism Association (MTA), and 7) Engage in strategic marketing initiatives, including advertisement placement.

Chair Lopez Rogers thanked the team for their study and asked if there were any comments or questions from the committee. Mark Dreher asked if the team had considered the impact of the Affordable Care Act into their study and how that may fit into long term opportunities and also asked if the team had interviewed medical groups/people within the local community. The team stated that they did not conduct any research in regards to the Affordable Care Act and added that they did interview a number of different organizations, which included the Mayo Clinic, hospital concierges, TGen, etc. and although there is a number of strengths in Arizona, there are not many in specialized care.

Mayor Lewis asked Sherry Henry, Director, Arizona Office of Tourism (AOT), if a potential patient contacts our state Office of Tourism today, do we have a direct, neutral contact in regards to medical tourism. Ms. Henry stated that at this point they do not have a direct contact, but are staying close to this issue. She added that the AOT does work with the Arizona Mexico Commission and the connection with Sonora and medical tourism. Ms. Henry added that the word is spreading and AOT is working with St. Joseph's Hospital in trying to get more people to focus on medical tourism.

Mayor Kavanagh stated in the study the team discussed attracting doctors to our region and asked if the research included residency programs that were offered in Arizona. The team stated that residency specific research was not part of this project.

Mayor Lane thanked the team for the presentation and stated that the City of Scottsdale has taken the lead in bringing together operators and key specialty stakeholders within the healthcare industry with the formulation of the Cure Corridor cluster, including Mayo Clinic, Scottsdale Healthcare, Virginia G. Piper Cancer Institute, National Bone Marrow Transplant Institute, pharmaceutical companies and a variety of biomedical and biotechnical companies. He added that the City of Scottsdale held a symposium to gather members of the Cure Corridor together and that the cluster is working collaboratively to promote it. Mayor Lane stated that the Cure Corridor is the largest employer in Scottsdale including an estimated 28,000 employees, and that cities' economic development departments play a key role to bring the appropriate entities together to promote medical tourism in their communities.

Dennis Smith stated that when meeting with the stakeholder group, strategies were discussed on how to increase medical tourism. One opportunity that came out of the stakeholder meetings was the doctor to doctor symposiums. He added that if cities can work together to help sponsor these symposiums and collaborate with the Arizona Mexico Commission (AMC), we can bring these doctors from Mexico to Arizona to get them familiar with our institutions and doctors in Arizona. This is how relationships get built. Chair Lopez Rogers added that in conversations with AMC they are very interested in collaborating to bring these groups together.

Mayor Stanton added that he has met families at Barrow receptions who are staying for an extended period of time for treatment, and stated that an important factor that should not be ignored is the experience that the extended family is having while the patient is receiving treatment. He stated that cities need to make sure that the families have positive experiences while they are here. Mayor Stanton stated that concierge services, shopping, activities, etc. is critically important.

Mayor Lopez Rogers thanked the Thunderbird team and presented each member a small token of appreciation for their work and wished them success in their future careers.

5. Report on the Arizona Office of Tourism

Sherry Henry, Director, Arizona Office of Tourism (AOT), stated that she commended the Thunderbird team for their informative research that they provided and echoed how important tourism is to the Arizona economy. Ms. Henry then provided an overview of how

travel and tourism impacts our state. She stated that when visitors travel to Arizona their spending trickles down to economic sectors generating thousands of jobs, millions in earnings, and billions of dollars in tax revenues, all of which contribute to Arizona's economic health and development. She indicated that in 2012, Arizona had over 38.1 million domestic and international overnight visitors, which generated \$19.3 billion in direct travel spending throughout our state. Ms. Henry added that \$5.4 billion in earnings was generated by Arizonans employed by tourism jobs and that the tourism industry lessens the annual tax burden for every Arizona household by \$1,080.

Ms. Henry stated that Arizona's domestic competition includes Utah, Colorado, New Mexico, Texas, California, Florida, New York and Hawaii and added that Arizona's international competition includes France, Italy, Peru, and China. She indicated that in order to stay competitive and encourage visitation, the AOT implements marketing programs, research-driven advertising campaigns, trade and media relation initiatives, communications and public relations, and community and Tribal tourism efforts to attract visitors to come to Arizona. She added that this fiscal year the AOT is working on six different marketing plans, all promoting Arizona's unique travel assets. She added that each one of these researched based campaigns were developed to touch target demographics. The AOT recently launched a new national campaign that will run through March 2014. Ms. Henry stated that this five month long campaign encourages travelers to let themselves go and experience various unique Arizona travel adventures throughout the state.

Ms. Henry noted that international travel is also vital to our state, because these visitors stay longer, they see more of what Arizona has to offer, and as a result they spend more. She stated that the AOT is working to expand media relations in key strategic international markets, and will be running marketing campaigns in Canada and Mexico, Arizona's two largest international business markets.

Ms. Henry also discussed community programs and added that the AOT recently partnered with the City of Nogales to help define tourism opportunities in their area so that they can encourage visitation and benefit from valuable visitor dollars. She added that the AOT also works with 22 American Indian Tribes to continue to maintain the strong relationships and help the tribes promote their specific tourism destinations that are only found on tribal lands.

Ms. Henry stated that the AOT has collaborated with the Arizona Commerce Authority (ACA), Arizona Mexico Commission and the Arizona Department of Transportation with the Governor's Border Communities Road Map Project, which is a strategic action plan with economic development priorities and policy direction to encourage economic prosperity for Southern Arizona Border Communities. Another opportunity the AOT is working on is an update of the Mexico Visitors survey. The last survey was conducted in 2007 and the AOT knew then it was a valuable survey because it helped determine the economic impact of Mexico visitation and how our Arizona communities benefit from their travel spending. Ms. Henry concluded that the AOT has a consumer website at www.arizonaguide.com and a business-to-business website www.azot.gov and invited the committee members to visit those websites.

Chair Lopez Rogers thanked Ms. Henry for her presentation and asked if there were any questions or comments from the committee. Steve Betts asked if the AOT leverages their

marketing dollars to coordinate with the Arizona Commerce Authority (ACA) to attract corporate business. Ms. Henry stated that with continued efforts with Sandra Watson and the ACA, they have ran mutual campaigns. They also have side-by-side marketing plans with the ACA, which will be running in the Wall Street Journal, that has a cross mutual message promoting Arizona.

6. Report from the Arizona Technology Council

Steve Zylstra, President & CEO, Arizona Technology Council (AZTC), provided an overview of the organization and discussed key efforts to attract and grow talent in Science, Technology, Engineering and Mathematics (STEM) related areas, as well as supply chain opportunities related to the growing aerospace and automotive industries in Mexico. Mr. Zylstra stated the Council was established in 2002 after the Arizona High Tech Industry Cluster merged with the Arizona Software & Industry Association. He added that in June 2008, the Aerospace, Manufacturing and IT Clusters of Tucson merged with the Council to give the organization a state-wide presence.

Mr. Zylstra stated they have close to 750 member companies throughout the state, that includes Phoenix, Tucson, Flagstaff, Sierra Vista and Prescott. They have offices in Phoenix and Tucson and hold events regularly in northern Arizona, making the AZTC Arizona's only statewide organization serving the technology sector. Mr. Zylstra briefly went over some of the events, programs, expos, and conferences that they hold throughout the year. He also stated that after reading headline after headline about skilled labor shortages and routinely hearing from technology leaders about the difficulty of finding technology talent, the AZTC commissioned the Seidman Research Institute at Arizona State University to conduct a workforce study that focused on the manpower needs of high-technology companies operating in Arizona and stated the results have been published in The Arizona Technology Workforce Study.

Mr. Zylstra indicated that the primary research from this study identified that Arizona institutions are graduating enough technology workers, however, the concentration of the industry is lacking and challenges exist for hiring non-U.S. citizens, wages are relatively lower than other peer markets and experienced workers with at least two years of highly relevant experience are hard to find. As a result, companies may need to increase their willingness to grow talent within and/or hire a greater percentage of recent graduates who have hands-on experience through internships and capstone-like courses. Mr. Zylstra concluded that the disconnect between suppliers and demand of technology talent has inhibited the ability to increase opportunities in this industry and that the technology council will be working with its members and educational institutions to address this issue.

Mr. Zylstra discussed AZTC TechJob Fair, in partnership with TechFetch.com, that was held in September 2013. This job fair helped to connect technology businesses that were hiring, with job seekers. He added that this event featured speakers highlighting trends and technologies that prospective employees can use to leverage their skills. He noted that over 20 technology companies and over 200 job seekers attended the last job fair. Mr. Zylstra also discussed a few events that the AZTC is currently working on to get kids excited about STEM related careers. These include the Arizona SciTech Festival, the Middle School Science Bowl, the Arizona Science & Engineering Fair, and FIRST (For Inspiration and Recognition of

Science and Technology) Robotics High School Competition.

Mr. Zylstra discussed the supply chain with the aerospace and automotive industries with Mexico. Through discussions with several companies he found that most of these companies are already doing work with Mexico. He added one concern he heard from members is that Mexico is looking into a new tax or tariff that would make it less desirable for American companies to do business in Mexico.

Chair Lopez Rogers thanked Mr. Zylstra for his presentation and asked if there were any questions or comments from the committee. Mr. Betts stated that he had spoke with Senator McCain on the subject of the possibility of increasing the cap on Visas for technical workers and asked if Mr. Zylstra has had these conversations with anyone in the House delegation. Mr. Zylstra stated he has had similar discussions with delegation members. He added that he is also the Chairman of the Technical Council of North America and is promoting the doubling the number of H1-V Visas, as this is a national issue, and critical to the technology industry.

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

Due to time constraints, this item was tabled until the next meeting.

8. Request for Future Agenda Items

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

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 January 7, 2014 at 11:30a.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 1:34 p.m.

Chair

Secretary