

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

February 4, 2014

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, Tempe
John Nelson, ADOT
Mayor Christian Price, Maricopa
Jim Rounds, Elliott D. Pollack & Company
*Todd Sanders, Greater Phoenix Chamber
of Commerce
Mayor Thomas L. Schoaf, Litchfield Park,
*Councilmember, 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
Alana Chávez-Langdon, MAG
Dan Davis, Avondale
Jami Garrison, MAG
Jorge González, Mexican Consulate
Rachel Laffall, Maricopa
Denise McClafferty, MAG
Dan Marum, Wilson & Company
Lora Mwaniki-Lyman, MAG
Lauren Patheal, Triadvocates
Scott Powell, Gilbert

Kate Prendergast, Maricopa County
Linda Priano, MAG
Nathan Pryor, MAG
Michelle Rider, WESTMARC
Roberto Rodriguez, Mexican Consulate
Dennis Smith, MAG
Michelle Rider, WESTMARC
Shannon Selby, Tempe
Tim Strow, MAG
Kelly Taft, MAG
Tye Thede, ASU
Marc Valenzuela, ASU
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lopez Rogers at 11:40 a.m. Chair Lopez Rogers stated that at the last EDC committee meeting Mayor Weiers was fixing the flag in the front of the room and it occurred to the Chair that this committee does not include the Pledge of Allegiance. She added that she would like to include this as part of the agenda and asked everyone to please stand to join her in the Pledge of Allegiance.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Mayor Barney, Tom Franz, Mayor LeVault, Mayor Lord and Sandra Watson joined the meeting via teleconference.

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.

3. 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.

4. Approval of the January 7, 2014 Economic Development Committee Meeting Minutes

Chair Lopez Roger asked if the members had any questions regarding the January 7, 2014, meeting minutes. There were none. Steve Betts moved to approve the January 7, 2014 Economic Development Committee meeting minutes. Mayor Schoaf seconded the motion and the motion carried unanimously.

Chair Lopez Rogers welcomed our friends from Nogales, Sonora, Mexico, which included U.S. Consul General, Chad Cummins, Mayor Ramon Guzmán, Manuel Hopkins and Saul Ibarra, from the City of Nogales, Sonora and the Mexican Consul General here in Phoenix, Roberto Rodriguez Hernandez to the meeting. She also thanked Glenn Williamson from the Canada Arizona Business Council for being here today.

5. Update on the Arizona-Canda Bilateral Relationship

Glenn Williamson, CEO & Founder, Canada Arizona Business Council (CABC), provided an update on the economic impact of Canada and Arizona. He noted that the trade relationship between the United States and Canada is the largest in the world and Canada is an important factor in Arizona's economy. He indicated that four of the top ten banks in the world are now based in Canada and Arizona's exports to Canada totaled approximately \$2.1 billion in 2011, and imports accounted for about \$1.4 billion.

Mr. Williamson added that tourism is another important economic driver, with an estimated 872,000 Canadians visiting Arizona in 2011, spending approximately \$816 million. He noted that residential investment is a common entryway into a market, and local governments are increasingly looking to Canada as an important economic development pipeline. He stated that Canada is an extraordinarily strong financial neighbor to the United States and that the issue is not whether the country of Canada is interested in investing in the United States, but that Arizona is not getting market share.

Mr. Williamson provided a map showing just how many Canadian owned business are located in Maricopa County. Mr. Williamson stated that the CABC is committed to increasing Arizona's overall market share in trade, Foreign Direct Investment (FDI) and tourism with Canada and reported that in 2013, four million Canadians visited Florida, compared to just 1.1 million visiting Arizona. He added that with a new market strategy, he believes that Arizona can pull more visitors from Canada's eastern provinces, who have traditionally chosen Florida as a tourism destination.

Chair Lopez Rogers asked if there were any comments or questions from the committee.

Mr. Smith asked if any municipalities have joined the CABC to try to improve these relationships. Mr. Williamson stated that in the past, the CABC had been a private sector organization with approximately 100 members, and this year, Mayor Lewis asked to meet with Mr. Williamson and have a discussion about getting the governments involved. Mr. Williamson added that to date the CABC has worked with Peoria, Gilbert, Buckeye and Phoenix to get a general overview on how they can help them with their economic development activities, and also use CABC as a resource. Mayor Lewis added that it has been a pleasure and it is a great partnership. He noted that Mr. Williamson's leadership is greatly appreciated and urged other municipalities to get involved. Mr. Williamson pointed out that they also work closely with the Arizona Commerce Authority.

Mr. Rounds stated that he follows the blending of tourism and economic development issues very closely and feels like something is missing, great ideas are being repeated, but not everyone is on the same page. He feels that we need to develop a lead entity or group that can cover these issues. Mr. Williamson added that the Arizona Office of Tourism (AOT), Arizona Commerce Authority (ACA) and economic development agencies in the cities are doing something right because that market has grown every year for the last eight years. Ms. Watson thanked Mr. Williamson for his comments and added that the AOT and ACA are working more closely together and have a joint effort to promote opportunities with Canada and Arizona.

Mayor Stanton asked Mr. Williamson if there were any other specific things the elected officials could do that can help advance the FDI from Canada to our region. Mr. Williamson stated that connectivity is the most important thing and added that a high level CEO recently visited another state and was given the Governor's cell phone number and at the very least these high level CEO's need to have the mayor's cell phone number. Mr. Betts stated that Arizona has been struggling to get the commercial real estate investments back and asked Mr. Williamson if he could comment on this subject. Mr. Williamson stated that the CABC has 150 Canadian entities that control 6 million square feet of office and high-end, tier one space in this region and they are interested in investing more. He added that they also have another class of investment groups in Canada that range from \$1 billion to \$150 billion and this group is interested in direct investments. Mr. Williamson added that he has met with some of the mayors around the table to see what they have available.

Mayor Smith thanked Mr. Williamson for his presentation and stated that we are not missing the opportunities, but it is clear that we are not maximizing the opportunities to their fullest potential. He added that it was important for the region to consider how cities can leverage individual efforts by using tourism as a tool for attracting direct investment instead of solely focusing on selling the experience. Mr. Rounds added that the leisure and hospitality is the only sector that has recovered all their jobs since the downturn, however, we should be about 20-30 percent higher than where we are. He stated that there still needs to be more coordination and that the potential is here, but something is missing.

Mayor Lane commented that Scottsdale is one of the primary tourism draws in the region and they do use these tactics and work very closely with CABC. Mayor Lane provided examples of the events, such as Spring Training, Phoenix Open, Arabian Horse Show, Barrett Jackson Car Show, etc. to promote the region. Mayor Mitchell added that all the pieces for creating a regional strategy exist, but that a concrete plan is needed to move forward. Mr. Smith stated that if it is the request of the committee, staff could form a stakeholders group, to get more information and see if there is a strategy, with the economic development people and bring this back to a future meeting. He added that with the incubators that we have throughout our valley, we should also look into establishing a relationship in research, innovation, and education with Canada. Mayor Lane added that he couldn't agree more with Mr. Smith. He added that we need to collectively and individually work to translate those tourism dollars into investment dollars.

6. Report from the U.S. Consul General in Nogales, Sonora, Mexico

Chad Cummins, U.S. Consul General in Nogales, Sonora, Mexico stated that there are profound changes taking place in Mexico. He added that the economy in Sonora, Mexico is booming and grew about 5.5 percent last year. He stated that there are approximately 400,000 people currently living in Nogales, with an expected increase to 1 million within the decade. He added that Mexican consumers spend approximately \$7 million each day and Arizona stands to see that number rise substantially.

Consul Cummins discussed the unprecedented changes taking place politically, which include major changes to the Mexican Constitution. He added that the PRI (Partido

Revolucionario Institucional) historically looked inward and was very concerned about national issues and sovereignty. The Mexico of today is a dynamic, outward looking country. He indicated that economically, they are seeing big changes in regards to the energy sector, which will allow American companies to do business in Mexico. He reported on the changes in property laws and noted that foreigners are now able to purchase property along the border and beaches in Mexico. Consul Cummins also discussed the recent increased tax rates from 11 percent to 16 percent along the border, which will provide an incentive for more Mexicans to cross into Arizona for everyday shopping needs. He added that the Walmart in Nogales, Arizona has the largest sales by volume of any Walmart in the country and that will only increase once the tax increase goes into effect.

Consul Cummins also discussed the social changes that impact immigration along the border. He reported that Mexico has changed very quickly and the average family size is now 2.1, the same size as the American family. He noted that people are staying in school longer, are getting married later, and are urbanizing very rapidly, which lead to a reduction of illegal immigration. He added that when the numbers come out for 2013, Consul Cummins would not be surprised to see a negative illegal immigration rate from Mexico. He noted that although illegal immigration is still a big problem, this massive wave of immigration from Mexico, is probably over. Consul Cummins stated that along the border they are seeing people from Central America, Honduras, Guatemala, and El Salvador trying to cross illegally and that unfortunately, the circumstances of those countries continue to persist and drive people out of their countries, but in regards to Mexico, a lot of people are returning to Mexico.

Consul Cummins stated that Nogales, Sonora is very open to expanding and doing more business with Arizona. He commended MAG for its positive efforts in improving Arizona's relationship with Mexico and added that the first binational forum that took place last year was well attended by our local elected officials and added that it sent a very positive message to the officials in Nogales. It showed that Arizona is interested in doing business with Mexico, and was very symbolic. He noted that the effects of some of the negativity is primarily gone in Sonora, but regrettably, Arizona continues to have an image problem at the federal level in Mexico City. He indicated that 43 percent of Americans have a negative perception of Mexico, the highest its ever been, and added that Arizona needs to encourage our citizens to go back to Mexico and take a look at how it has changed.

Roberto Rodríguez Hernández, Consul General of Mexico in Phoenix, stated that he recognizes the comments of Consul Cummins and despite recent history, Mexico's relationship with Arizona is very important. He added that his office remains committed to building relationships and opportunities that promote trade, investment and tourism on both side of the border. Mr. Smith asked Consul Cummins to share his experience of crossing the border into Arizona in November. Consul Cummins explained that on Thanksgiving Day, the backup was over two miles long and the wait time to come across the border into Arizona was over four hours. The Mexican consumer was coming from Mexico a day early to get a start on Black Friday shopping. He mentioned the importance of staffing and infrastructure at the border and stated that Mexico must also do its fair share to facilitate commerce on its side of the port of entry.

Chair Lopez Rogers asked Consul Cummins if he could comment on the education aspect. Consul Cummins stated that education is a critical piece and the State Department has an initiative called 100,000 Strong. The purpose of 100,000 Strong is to foster region-wide prosperity through greater international exchange of students through partnerships with foreign governments, universities, and with the private sector. He noted that currently there are only 14,000 student from Mexico studying in the United States and he believes that there are a lot of opportunities that exist for Arizona to take advantage.

Chair Lopez Rogers thanked Consul Cummins and the Consul Hernandez for the information and asked if there were any other questions or comments from the committee. There were none.

7. Update on the Second Binational Economic Forum - Consolidation of the Arizona-Sonora Mega-Region

Mayor Guzmán, Nogales, Sonora, Mexico, thanked the committee for this opportunity and for the hospitality from MAG. He congratulated Consul Cummins for the great collaboration and partnership to promote Nogales and extended his gratitude to the Consul of Mexico in Phoenix. He added that he will always have his cell phone ready for the mayors in Maricopa County.

Mayor Guzmán then discussed the Second Binational Economic Forum that is scheduled to take place on April 10-11, 2014 in Nogales, Sonora. He noted that this event will continue to bring together the mayors from Arizona and 72 mayors from around the state of Sonora to sign a cooperative agreement to create a mega region. He added that the purpose of the mega region is to position Arizona-Sonora as a center of trade for attracting international investment, as well as to provide a framework for addressing key policy matters such as transportation, infrastructure, education, economic development, border security, promotion, trade and tourism.

Mayor Guzmán provided an overview of the primary objective, which included consolidating joint efforts to accomplish international exposure with high expectations of increased regional development, in coordination with local governments, associations and chambers of Sonora and Arizona. Mayor Guzmán reiterated that whether cities are large or small, they will all play a significant role to promote the mission of the mega-region. He added that he is looking forward to the input and participation of our mayors on this initiative.

Chair Lopez Rogers thanked Mayor Guzmán for his presentation and asked if there were any questions or comments from the committee. Mr. Smith stated that a historic conversation took place this morning at the League that was led by Mayor Mitchell, who will be the incoming President of the League of Arizona Cities and Towns. He noted that this would be an opportunity to use the League as a vehicle to have discussions with the 71 mayors from Sonora. Mayor Mitchell added that what is good for Sonora is good for the State of Arizona and vice versa. Chair Lopez Rogers encouraged all members to attend this binational forum on April 10-11, 2014, so that we can show them how important this relationship is to Arizona.

8. Economic Development Data and Analysis Meetings

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

9. Request for Future Agenda Items

Chair Lopez Rogers asked if there were any requests for future agenda items. Jim Rounds stated that if the opportunity arises he would like to discuss some of the challenges regarding budget issues that the members around this table are facing and would like to see if anyone has some innovative ways to look at things a bit differently than we have in the past.

Chair Lopez Rogers stated that MAG staff was contacted by the Technological Institute of Sonora (ITSON) from Ciudad, Obregon regarding hosting a delegation of forty administrators, faculty and students. She added that they have expressed an interest in meeting key government/policy, economic development and industry organizations during a visit to Phoenix in late March. Chair Lopez Rogers requested that MAG staff provide and update of the details of this event at the March meeting.

10. Comments from the Committee

Chair Lopez Rogers asked if there were any comments from the committee.

Mayor Stanton announced that Maricopa County just opened its own service counter within Phoenix City Hall. He added that the move is designed to create a convenient, one-stop shop to make it easier for residents to obtain permits at one location. Supervisor Chucuri added that this is a great start to a business mindset of Maricopa County and the City of Phoenix welcomed the idea with open arms.

Chair Lopez Rogers stated that the next meeting of the EDC will be on March 4, 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 1:02 p.m.

Chair

Secretary