

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
ECONOMIC DEVELOPMENT COMMITTEE

September 9, 2014

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

MEMBERS ATTENDING

Mayor John Lewis, Gilbert, Chair
Mayor Michael LeVault, Youngtown, 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
*Mayor Alex Finter, Mesa
#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 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, ACA
Mayor Jerry Weiers, Glendale
Mayor Kenneth Weise, Avondale
Mayor Sharon Wolcott, Surprise

* Not present

Participated by video or telephone conference call

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

Karen Allen, U.S. Dept of Commerce
Alan Carey, Gilbert
Doreen Cott, Queen Creek
Leila Gamiz, MAG
Elizabeth Higgins, Tempe
Brad Lundhal, Scottsdale
John Lunsford, Phoenix
Denise McClafferty, MAG
Lora Mwaniki-Lyman, MAG
Natalia Cuneo, MAG

Linda Priano, MAG
Nathan Pryor, MAG
Kristian Richardson, U.S. Dept of Commerce
Michelle Rider, WESTMARC
Kristen Sexton, Avondale
Dennis Smith, MAG
Tim Strow, MAG
Kelly Taft, MAG
Mark Valenzuela, ASU
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair Lewis at 11:34 a.m. Chair Lewis thanked Mayor LeVault for chairing this committee for the past few months, while there was an absence of a chair.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Mayor Lord, Tom Franz and Todd Sanders joined the meeting via teleconference. Chair Lewis recognized Mayor Weise, City of Avondale, as a new member of the committee. Chair Lewis noted public comment cards were available for those members of the public who wish to comment. Chair Lewis 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 Lewis noted that the Call to the Audience provides an opportunity to members of the audience who wish to speak 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. Citizens are requested to not exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Economic Development committee requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Lewis recognized public comment from Alan Carey, who stated that he is a resident of the Town of Gilbert. Mr. Carey recommended, for consideration, three projects for MAG. These projects included developing an economic development relationship with the European capital Toulouse, France. He explained Airbus has its head office in Blagnac, France near Toulouse, and it is Europe's aerospace capital. He noted that it also has a secondary cluster for cancer research. Mr. Carey suggested that MAG organize a program to develop this relationship because it would encourage MAG based companies to export to this area and companies from Topulouse and Blaganac would open a facilities in the MAG region, creating jobs and revenues for MAG cities.

Mr. Carey also stated that there is not one central location where people can find a list of business events taking place in MAG cities. He explained that a delegation from France was organizing a trip to Arizona and when they reached out to the Convention and Visitors Bureau for a list of business activities in our cities, they were told that they would have to contact each city directly. Mr. Carey suggested that MAG communities provide a yearly list of activities related to business tourism. He noted that this would result in an increase of revenue for MAG communities, regardless of which city the event is being held in.

Mr. Carey also recommended expanding the MAG website BIEN to also represent Western Europe. He explained that he is part of a group that represents five countries in Europe and

that they have expressed interest in seeing an expansion of the BIEN website. He added that this region may be throwing away potential revenues from exports and missing out on potential growth in the MAG region. Chair Lewis thanked Mr. Carey for his comments. Chair Lewis added that we have made major efforts with Mexico and Canada and suggested that we also consider Western Europe.

4. Approval of the August 5, 2014 Economic Development Committee Meeting Minutes

Chair Lewis asked if the members had any questions regarding the August 5, 2014, meeting minutes. There were none. Mayor LeVault moved to approve the August 5, 2014 Economic Development Committee meeting minutes. Steve Betts seconded the motion and the motion carried unanimously.

Chair Lewis asked Dennis Smith, MAG Executive Director, to introduce Karen Allen and discuss her new assignment. Mr. Smith stated that Ms. Allen is originally from Phoenix, Arizona and has attended Arizona State University and the University of California, Los Angeles. He added that Ms. Allen will be stationed in the new office in Mexico City. Ms. Allen added that she has been assigned to a two-year term in Mexico City, as a Commercial Officer in the energy sector. This sector includes petroleum and chemical, as well as renewables, including solar, wind, and water. She stated that she is looking forward to working with MAG and is excited to promote trade between the United States and Mexico.

5. Report on Business Development Opportunities of Super Bowl XLIX

David Drennon, Vice President of Strategic Initiatives, Arizona Commerce Authority, and Chris Petroff, Vice President of Marketing, Greater Phoenix Economic Council, provided an overview of the Super Bowl 2015 Visiting CEO Program. Mr. Drennon briefly explained that the team has outreached to over 700+ targeted base industry CEO's with companies that they believe would be a great match for Arizona. Mr. Drennon stated that they are in Phase 1 of the program and have contacted the top 200 companies that includes industry targets and rising stars who may have an interest in doing business in Arizona.

Mr. Drennon stated that it will be a very unique year because the Arizona Super Bowl Host Committee is also planning the Pro Bowl, which is one week prior to the Super Bowl. He added they are also focusing on the days and events leading up to the game. He explained that there will be a "Welcome to Arizona" event on January 29, 2015 and thanked Mayor Lane and the City of Scottsdale for their leadership with the event. He noted that they are also in discussions with Fender Musical Instruments Corporation, in Scottsdale, to host some of the events.

Mr. Drennon stated that on January 30, 2015 various cities and partners are putting together an a la carte menu, where selected CEO's can choose and attend various activities throughout our region. He thanked Michelle Rider from WESTMARC, Mayor Lord, Mayor Weise, Mayor Barrett, Mayor Schoaf, Mayor Meck, Mayor Wolcott, and Mayor LeVault for their partnerships on these events. Some activities being discussed include touring Luke Air Force Base to experience a F-35 flight simulator, as well as going out on the flight line to feel the force of the jets. They are also partnering with Salt River Project, Mayor Finter, Mayor

Mitchell and Mayor Lewis to arrange an airplane tour over area lakes to show the visiting CEO's that Arizona has quite a bit of water, as well as a possible stop to tour the Apple plant.

The group is also working with Arizona Public Service, Mayor Weirs and Mayor Barrett to schedule a flight on a seaplane out of the Scottsdale Airpark. The participants would fly over the red rocks and land on Lake Pleasant for a light reception. Mr. Petroff stated that the purpose of these efforts are geared to get the CEO's interested in what Arizona has to offer, as well as discussions on economic development, including all the reasons they want to do business in our state. Mr. Drennon noted that the Waste Management Phoenix Open is being held one day prior to the Super Bowl and the visiting CEO's are also being invited to attend that event. On February 1, 2015, game day, an "Over-the-Top" VIP seating event is being planned.

Chair Lewis asked what the elected officials can do to help support this cause. Mr. Drennon stated that they are working with the congressional delegation to assist in identifying companies, and if anyone on this committee has personal connections, to please let him know so that they can add them to the list and contact them. Chair Lewis thanked them both Mr. Drennon and Mr. Petroff for the report and asked if there were any other comments or questions from the committee. Ms. Watson commented that the work that the team is doing, identifying lists and obtaining non-public contact information, are difficult tasks and wanted to personally thank the team for all the hard work that they have done.

6. Collectron International Management, Inc.

Robert Morena, General Manager, Collectron, provided an overview on the company. He explained how shelter plans and maquiladora services have helped more than 250 companies start up and operate their maquiladora operations. He added that they have generated over 450,000 jobs in Mexico and that Collectron represents 1.4 percent of the State of Sonora's Gross Domestic Product (GDP) and seven percent of the manufacturing GDP. Mr. Morena stated that Collectron is supported by the local, state and federal governments of Mexico, and that the shelter and maquiladora services enable companies to quickly initiate a manufacturing operation in Mexico, without establishing a local legal presence. He added that it also provides an alternative to investments and expenditures associated with near-sourcing.

Maria Elena Rigoli, Collectron President, provided a report on the importance of the services offered by Collectron. She explained that there are approximately 5,500 maquiladora companies established in Mexico that generate over 2 million jobs, however, these companies do not have any suppliers in Mexico. Ms. Rigoli explained that if trade between Sonora and Arizona wants to be increased, suppliers in Sonora must be promoted and production capacity needs to be increased. She asked members of the committee to let small businesses in Arizona know that they can reduce the cost of operations and increase their capacity by doing business with Mexico.

Robert Brenner, Senior Vice-President of Logistics Warehousing and Distribution for Americas, Avnet, stated that they are a client of Collectron. He indicated that they are the largest global distributor of electronic components, computer products and embedded

technology, serving customers in more than 120 countries. He added that their headquarters are located in Phoenix, Arizona. Mr. Brenner stated that Avent connects the world's leading technology companies with more than 100,000 customers by providing cost-effective, value-added services. He reported that Avent was named on Fortune's Most Admired list for technology distribution; ranked number 985 in the 2014 Forbes list of the world's biggest public companies; ranked number 117 on the 2014 Fortune Global 500; and was named a 2014 World's Most Ethical Company by Ethisphere Institute.

Mr. Brenner reported that during the last fiscal year, the company generated a revenue of \$27.5 billion. He explained that the main reason for using a shelter program is because it reduces transition and start up cost by leveraging local know-how and allows the company to concentrate on their business. He added that when a company begins to do business in a new country it can be complicated to know where to start. Mr. Brenner also discussed the Nogales, Sonora, Mexico facility, which is just 180 miles from Phoenix, Arizona. He explained that the facility has a lot to offer, including the wide range of expertise in electronics, wire and cable harnesses, industrial, and commercial and medical industry products. Mr. Brenner also stressed the stability of its workforce, the availability of warehousing, storage, customer service and planning, as well as the various certifications and skills of their employees.

Chair Lewis thanked Collectron and Avnet for the report and asked if there were any comments or questions from the committee. Dr. Cavinato commented on the importance of shelter companies and indicated that they are the key to making things work because they enhance the presence of supply chains.

7. International School of Arizona - Preparing for a Global Future

Michelle Borie, Head of School, International School of Arizona (ISA), introduced her team and presented a short video that explained the value and importance of learning a second language at a young age, and explained the school and its mission. Ms. Borie explained that ISA is a tuition-based, non-profit 501(c)3 institution and students range from age two through middle school years. She added that the school was founded in Scottsdale, Arizona in 1997 by a group of French Americans in the Phoenix community. She explained that one of the main founder's spouse was recruited from France to Arizona by Honeywell and saw an unmet bi-lingual educational need in the Phoenix metropolitan area and this is why the school was formed. The school continues to grow every year and specializes in bilingual language fluency in French and Spanish. Ms. Borie added that the school also offers weekend and after school language programs that include Mandarin, German, Italian and Arabic.

Ms. Borie explained that the curriculum consists of the highest standards from the American, French and Spanish education systems. She reported on the certified, qualified teachers that come from French and Spanish speaking countries, as well as the low student-teacher ratio. She indicated that ISA's programs are accredited by the French Ministry of Education, the Spanish Ministry of Education, and AdvancEd, which is the American accrediting entity. Ms. Borie added that ISA prepares students to become proficient in two languages and also

prepares them to become global leaders in a diverse and nurturing environment. Ms. Borie offered ISA's partnership with cities who are working on efforts in attracting people to the valley.

Veronique Bevali, Director of Curriculum, explained that ISA is the only Diploma in Spanish as a Foreign Language (DELE) exam center in the state of Arizona authorized by the Cervantes Institute, granted on behalf of the Spanish Ministry of Education. The DELE diplomas certify the level of ability achieved by the students and is valid indefinitely. She added that this is the only official diploma in Spanish recognized internationally. Sharon Brown, Admissions & Development, reported that ISA currently has 302 students enrolled in their program and 95 percent of the families live permanently in the United States. She added that these families are looking for a bilingual, bi-literate and bi-cultural environment to educate their children, and that these families commute from Apache Junction, Cave Creek, Chandler, Fountain Hills, Gilbert, Glendale, Mesa, Paradise Valley, Peoria, Phoenix, Scottsdale and Tempe.

Bassel Osmani, Director of Board of Trustees, stated that his children are enrolled in this school and that he went to a similar french immersion school growing up. Mr. Osmani attended Arizona State University and has a Master of Science & Engineering. He stated that this type of education prepared him with the cultural know how to partner up with students from Lebanon and France to conceive and operate Pita Jungle. Mr. Osmani reported that while the economy was in a downturn, ISA doubled enrollment and that they are currently looking to expand their campus. He added that strategic partnerships with cities and towns in Arizona can be a great economic tool. Mr. Osmani stated that the future of our cities and the state lies in the ability of our kids to be able to outperform in this global economy and ISA is committed in providing this education.

Chair Lewis thanked the team for the report and recognized ISA and Veronique Bevali for donating her time in providing the French translation to the BIEN website. Chair Lewis added that this school is a great asset to the Valley. Chair Lewis asked if there were any comments or questions from the committee. There were none.

8. Update on Mexico Initiatives

Alana Chávez Langdon, MAG International Economic Development Analyst, provided an overview on recent Mexico initiatives. She reported that in a follow up visit to the MAG region on June 27, Deputy Samuel Moreno, a member of the State Congress of Sonora, has extended an invitation to members of MAG's Regional Council and Economic Development Committee to visit with him and key leaders in Hermosillo the week of November 10, 2014. Ms. Chávez Langdon explained that the primary reason of this visit would be to continue to strengthen relationships and connect the region to economic development opportunities in Sonora's capital. She added that CANACINTRA, Mexico's largest industrial chamber, will also be hosting a large expo that week in Hermosillo where additional business development opportunities could occur.

Ms. Chávez Langdon also provided an overview on sessions that MAG held at the League of Arizona Cities and Towns Conference that took place in August. She discussed the

Arizona-Sonora Megaregion Panel Session, where discussions included developing a binational megaregion to compete in the global economy and thanked Mayor Stanton for his leadership at this session. The participants included five mayors from Arizona and three mayors from Sonora. The second session she discussed was on the ARI-SON Binational Megaregion Council session, and explained that this was the first meeting where mayors from Sonora and representatives from key regions throughout Arizona sat down as a Council for the ARI-SON Megaregion, to begin discussing and organizing framework for the initiative representation on both sides of the border. She thanked Mayor LeVault for facilitating the meeting. Ms. Chávez Langdon also discussed the agreement that was signed commemorating binational local cooperation between cities in Arizona and Sonora, recognizing the historic meeting of mayors from both Arizona and Mexico at the conference.

Ms. Chávez Langdon noted that she was invited to participate on a panel at the first binational meeting for regional development in Ciudad Obregón in the municipality of Cajeme, which is located in Southern Sonora on September 4 and 5, and over 200 people attended this event. During the visit, 12 mayors from Guaymas, Empalme, Bacum, San Ignacio, Cajeme, Rosario, Quiriego, Benito Juarez, Álamos, Navojoa, Etchojoa and Huatabampo signed an agreement to create a regional entity called the Southern Sonora Promotion Council (COPPSON) to further economic development opportunities in Southern Sonora. She added that she believes that this was the first effort to regionalize a specific area in Sonora and stated by formally creating such a subregion, this could be helpful to furthering engagement through the Arizona Sonora megaregion.

Ms. Chávez Langdon presented numerous newspaper articles and press clips coverage of the forum. One article she discussed was headlined “Positive Exchanges Between the Region of Cajeme and Arizona. She added that this type of headline speaks volumes to how far relationships have improved and is very positive for Arizona. Ms. Chávez Langdon stated that this region has 20 universities and four industrial and technological parks. She also provided an overview of several areas of key industries and synergistic opportunities between the Maricopa region and the Southern Sonora region that includes aerospace, healthcare, biomedicine, pharmaceuticals, medical devices, IT communications and software.

Ms. Chávez Langdon stated when she was at the forum, she attended various meetings and events with local officials and business leaders. She discussed the signing of an agreement to form a Southern Sonora Promotion Council, as well as various roundtables and community business events, including a ribbon cutting ceremony. She also attended a regional meeting that included mayors of Southern Sonora and Senator Claudia Pavlovich Arellano, who is slated to run for Governor of Sonora. She also discussed proposed next steps, which includes MAG facilitating a visit with Mayor Rogelio Diaz Brown and his delegation. She explained that they have a high level of interest in discussing direct flights between Phoenix and Obregon or Guaymas from Williams Gateway Airport. Other discussions may include entrepreneurial and innovation competitions and university exchange programs.

Ms. Chávez Langdon concluded her presentation by identifying upcoming Mexico-related events in the region, which include the Mexican Independence Day Celebration on

September 15, 2014 at Phoenix City Hall and the State of Americas Dinner with Former Mexico President Vicente Fox on September 23, 2014 in Peoria. Other events include the October 4, 2014 Surprise Fiesta Grande, which is a street style festival at Grand Avenue and Hollyhock Street in the City of Surprise and the BIEN database, which is targeted to launch in late October. She added that there will be a state delegation trip to Mexico City on October 5-8, 2014 for the official opening of the Mexico City office and the CANACINTRA Expo in Hermosillo, Sonora will be held November 11-14, 2014. Handouts of all the events were provided to the committee members.

Chair Lewis thanked Ms. Chávez Langdon for the report. He stated that if it is possible, he would like to have Mayor Stanton call into the next EDC meeting on October 7th, so that the committee could be part of the excitement in Mexico City. Mayor Stanton stated that he will be at the opening of the Mexico City office and added that MAG has been an investor and a great supporter of this initiative. He added that if they can work out the technology aspect, he would call into the meeting. Chair Lewis asked if there were any comments or questions from the committee.

Mayor Wolcott stated that on October 4, the City of Surprise is sponsoring the Surprise Fiesta Grande, which will be held from Noon-9 p.m. and admission is free. She added that when you put the right people together, ideas begin to grow, and thanked Mayor Stanton for his suggestions. Mayor Wolcott added that Mayor Guzmán from Nogales, Sonora offered to provide the entertainment, which includes over 60 entertainers. She stated that the City is also putting together an Economic Business Tour for Mayor Guzmán and his delegation on Friday October 3, as well as that Saturday morning. Mayor Wolcott added that this tour is a great opportunity to show off all the wonderful areas in the valley and encouraged all the cities to participate.

9. Overview of the Activities of the MAG Economic Development Committee (EDC)

Chair Lewis gave a brief background on why the EDC was formed and where the committee is heading. He stated that this committee works in partnership with Arizona Commerce Authority, Greater Phoenix Economic Council, as well as with our cities and communities. Chair Lewis also provided members a list of current projects that this committee is working on and discussed the value and importance of sharing information and best practices. He stated that if any member has suggestions for speakers or projects to feel free to mention them at future committee meetings.

Dennis Smith, MAG Executive Director, stated that the set up of this committee is quite unique and recognized Denise McClafferty for all her hard work on this committee. Mr. Smith explained that the role of the EDC is to develop an opportunity-specific and action-orientated plan that fosters and advances infrastructure in the MAG region, especially transportation infrastructure that would further economic development opportunities. Mr. Smith discussed MAP-21 Title 23, U.S.C. Sec 13 Metropolitan Planning (h) Scope of Planning Process. It states that Metropolitan Planning Organizations support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity and efficiency. Mr. Smith stated we need to connect transportation to the economy.

Mr. Smith indicated that because of the economic downturn and declining sales tax revenues, it was necessary for MAG to reduce the Regional Freeway Program by \$6.9 billion. The reduction in sales tax funds compounded by the nearly 64,000 pending and foreclosed homes, was the second worst in the country. This is what led MAG to form the EDC in October 2010.

Mr. Smith discussed the amount of imports from Mexico to Texas, California and Arizona. He stated that one of the reasons there is a large jump in Texas imports is the large auto making industry in Mexico. He also noted that Texas is attempting to take the produce industry by moving it across the Durango Highway in Mexico. He emphasized that the economic recovery is slow and if Arizona wants to have a great economy, it needs to increase its imports and exports. He added that we should focus on Mexico's market, as well as Canada and other international markets.

Mr. Smith suggested that Arizona look into expanding the mining industry and its supply chain, expand the BIEN database, continue coordinating with all the economic development agencies in our region, and get the new governor's support on these initiatives. He briefly discussed the list of projects that are currently being worked on through this committee and also discussed the City of Peoria highlighting the border crossing card at an upcoming State of Americas event. Mr. Smith stated that tourism is the number one sector and we need to make it easier for the people from Mexico to get to Arizona.

Chair Lewis stated that this committee has a very unique group of leaders and thanked them for four years of success. He noted that there are two current transportation seats available on this committee and letters of interests are currently being accepted.

10. Request for Future Agenda Items

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

11. Comments from the Committee

Chair Lewis stated that yesterday was an great example of teamwork between the cities, county and state leaders on all their efforts with the major rainstorm that took place in the Valley. Councilmember Sellers stated that he has just returned from China as part of a legislative delegation and stated that there are some specific things that Taiwan may be interested in partnering on with this region.

Chair Lewis added that the elected officials have been invited, at no cost, to the AZ Bio Awards on September 17, 2014 and added that Mayor Lane will be receiving the 2014 Public Service Award at this event. He stated that the MAG team is cheering for the Phoenix Mercury to win game two this evening.

Mr. Dreher commented that the East Valley Partnership, along with Salt River Project is sponsoring tomorrow's Governor debate, which begins at 6:00 p.m. and invited members to attend or watch the debate.

Because Mayor Weiss had to leave, he asked Mayor LeVault to comment on his behalf. Mayor LeVault stated that with the recent information that the Arizona economy will not see a full recovery until 2016, he wondered if there any areas that this committee can look at.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:05 p.m.

Chair

Secretary