

March 29, 2016

TO: Members of the MAG Economic Development Committee

FROM: Mayor Michael LeVault, Town of Youngtown, Chair

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

Tuesday, April 5, 2016 - 11:30 a.m.  
MAG Office, Suite 200 - Saguaro Room  
302 North 1<sup>st</sup> 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  
APRIL 5, 2016

COMMITTEE ACTION REQUESTED

1. Call to Order

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

2. Pledge of Allegiance

3. 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.

4. Approval of the March 1, 2016 Economic Development Committee Meeting Minutes

5. Potential Foreign Direct Investment Action Items for Local Governments

Over the last few months, the Economic Development Committee has been discussing how this region could develop integrated strategies for attracting and leveraging foreign direct investment (FDI) into a broader global vision. The Committee has heard from the Transportation and Trade Corridor Alliance (TTCA) on how to establish Arizona as a leader in high value trade and investment. In addition, the Greater Phoenix Economic Council is working through the Global Cities Initiative, which is a joint project of Brookings and J.P. Morgan Chase, to lead the Phoenix, Arizona, FDI effort. These two initiatives are working in tandem. MAG also

3. Information and discussion.

4. Review and approval of the March 1, 2016 Economic Development Committee meeting minutes.

5. Information and discussion.

created a list of foreign-owned companies in the region to support the municipalities in more effectively increasing exports and FDI. Carol Colombo from Fedelta Partners, also a member of the TTCA and the Arizona District Export Council, will provide input on how local government elected officials can begin reaching out to these companies to strengthen relationships and their FDI strategy.

6. Discussion on Enhancing Regionalism Through the Talent and Expertise on the MAG Economic Development Committee

At the February Economic Development Committee meeting, the members developed a better understanding of the international stakeholders in Arizona and how the EDC can collaboratively support their efforts. The EDC comprises many talented and experienced leaders who could serve as a great resource for our local economic development effort. They are, as Malcolm Gladwell defines in his book *The Tipping Point*, the connectors – people who link us up with the world. Knowing the right people and whom to connect with can be very valuable when working to retain, attract or expand a business in the region. The Committee will discuss how this talent and expertise can be organized to benefit the region.

7. How to Optimize the Economic Development Opportunities Related to Spring Baseball

Spring training baseball is a driving force in Arizona's economy. It is estimated that the spring training teams, and the ballparks they play in, generate more than \$809 million annually in economic impact for the state. Individually, many cities work to promote their community, build relationships with existing businesses and increase economic development during spring training. Spring training, and the 15 teams that play here, help to brand Arizona and provide a higher profile in the corporate community. MAG staff will present high level metrics on the metro areas that are home to the spring training teams. EDC

6. Information, discussion, and input.

7. Information and discussion.

members will be requested to share their experiences and best practices on how they leverage spring training from an economic development perspective.

8. Report on the Opportunity Arizona Event - Identifying a Qualified Workforce through Career and Technical Education

On March 3, 2016, the Greater Phoenix Chamber of Commerce and the Maricopa Association of Governments gathered the Valley's leading voices to discuss pathways for the business and education communities to work together to strengthen and grow our economy. The purpose of this event was to bring awareness of the opportunities for high-earning, highly technical career paths that are available to students and employers. In addition, MAG produced a video that highlighted the different Joint Technical Education District programs across the state and the difference these programs are making in students' lives. A representative from the Greater Phoenix Chamber of Commerce will provide a report on this event to the Committee.

8. Information and discussion.

9. Update from the Arizona Commerce Authority

An update will be provided on economic development issues of interest in the state of Arizona.

9. Information and discussion.

10. Update from the Greater Phoenix Economic Council

An update will be provided on economic development issues of interest in the Greater Phoenix Region.

10. Information and discussion.

11. 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.

11. Information.

12. Comments from the Committee

An opportunity will be provided for the Economic Development Committee (EDC) members to present a brief summary of current events and/or share any practical applications of information and initiatives presented to EDC members. 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

12. Information.

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
ECONOMIC DEVELOPMENT COMMITTEE

March 1, 2016

MAG Offices, Saguaro Room  
302 North 1<sup>st</sup> Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Michael LeVault, Youngtown, Chair  
Mayor W.J. "Jim" Lane, Scottsdale, Vice Chair  
#Mayor Gail Barney, Queen Creek  
\*Steve Betts, GPEC  
Tony Bradley, Arizona Trucking Association  
\*Mayor Cathy Carlat, Peoria  
Dr. Joseph Cavinato, Thunderbird  
Angela Creedon, Arizona State University  
Superintendent Greg Donovan, West-MEC  
Mark Dreher, East Valley Partnership  
Councilmember Michael Farrar, Carefree  
\*Neil Giuliano, Greater Phoenix Leadership  
\*Sintra Hoffman, ADOT  
Mayor Linda Kavanagh, Fountain Hills  
\*Jim Kenny, El Dorado Holdings, Inc.  
Dr. Randy Kimmens, Maricopa Community  
Colleges  
#Supervisor Kunasek, Maricopa County

Mayor John W. Lewis, Gilbert  
\*Mayor Georgia Lord, Goodyear  
#Councilmember David Luna, Mesa  
Mayor Jackie Meck, Buckeye  
#Mayor Mark Mitchell, Tempe  
#Mayor Christian Price, Maricopa  
Jim Rounds, Rounds Consulting Group  
\*Todd Sanders, Greater Phoenix Chamber  
of Commerce  
#Mayor Thomas L. Schoaf, Litchfield Park,  
Councilmember Jack Sellers, Chandler  
Councilmember Lorenzo Sierra, Avondale  
Bill Sheldon, WESTMARC  
#Dan Spitz, Achen-Gardner Construction  
\*Mayor Greg Stanton, Phoenix  
\*Sandra Watson, ACA  
Mayor Jerry Weiers, Glendale  
\*Mayor Sharon Wolcott, Surprise

\* Not present

# Participated by video or telephone conference call

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

Denyse Airheart, City of Maricopa  
Len Becker, Buckeye  
RJ Cardin, Maricopa County Parks  
Alan Carey, GBI  
Alana Chavez Langdon, MAG  
Carol Colombo, Fedelta  
Luis Cordova, Rounds Consulting Group  
Bill Cowdrey, AZTEC  
Natalia Cuneo, MAG  
Tom Doyle, El Mirage  
Jami Dennis, MAG

Kristen Ennis, City of Goodyear  
Walt Gray, West Side Town Hall  
Kathya Hidalgo, Phoenix  
Daryl Jones, Avondale  
Karen Kunasek Taylor, AZ Strategies, LLC  
Hank Marshall, City of Phoenix  
Denise McClafferty, MAG  
Emily Mead, GPEC  
Karla Moran SRP  
Ryan Peters, Chandler  
Michelle Pierson, City of Phoenix

Scott Powell, Tempe  
Nathan Pryor, MAG  
Marvin Rochelle, Resident  
Rachel Smetana, Scottsdale  
Dennis Smith, MAG

Amy St. Peter, MAG  
Kelly Taft, MAG  
Kevin Tyne, Maricopa County  
Marge Zylla, Tempe

1. Call to Order

The Economic Development Committee (EDC) meeting was called to order by Chair LeVault at 11:35 a.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney, Supervisor Kunasek, Mayor Mitchell, Councilmember Luna, Mayor Price, Mayor Schoaf and Dan Spitz, joined the meeting by teleconference.

Chair LeVault stated public comment cards were available for those members of the public who wish to comment. He added parking validation was available for the MAG parking facilities for those who parked in the garage.

Chair LeVault commented that a flyer was distributed among the members of the committee regarding an event that the Arizona State University in partnership with the University of Calgary and the Anahuac University will be hosting. The event is called “Unlocking North American Competitiveness”, which will take place on March 30-31, 2016, at the Hyatt Regency Phoenix. Mr. LeVault asked the committee members to inform MAG staff if they are interested in attending this event since space is limited.

Chair LeVault recognized the students from Thunderbird School of Global Management who were sitting in the audience. The students are working on a project to advance and improve BIEN in order to make it a more useable tool. The students will present their report on BIEN at the May EDC meeting.

3. Call to the Audience

Chair LeVault noted 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 LeVault recognized public comment from Alan Carey, a Phoenix resident.

Mr. Alan Carey stated that he received an email from Valerie Pierron who noted that a

Toulouse Metropole area representative, Mr. Baran, is looking forward to the development of the relationship between MAG, the Greater Phoenix Economic Council and the Toulouse Metropole area and to start collaborating in health research projects.

4. Approval of the February 2, 2016, Economic Development Committee Meeting Minutes

Chair LeVault asked members of the committee if they had any questions or comments regarding the February 2, 2016, meeting minutes. There were none. Mayor Lane moved to approve the February 2, 2016, Economic Development Committee meeting minutes. Angela Creedon seconded the motion and the motion carried unanimously.

5. Update on the Metropolitan Phoenix Export Alliance

The Director of the Metropolitan Phoenix Export Alliance Dawn Nagel provided a report on the Metropolitan Phoenix Export Alliance (MPEXA). Ms. Dawn stated that through the participation in the Global Cities Initiative, a joint project of Brookings and JP Morgan Chase, Greater Phoenix has launched Metro Phoenix Export Alliance to achieve these plan objectives and increase exports.

Ms. Nagel reported that smaller companies have a vast untapped export potential. Small and medium-sized businesses generate the majority of net new jobs. Ms. Nagel added that helping these firms grow by selling internationally is important to our economy. Less than 1 percent of U.S. companies export and from those who do export, 58 percent export to only one country. Many businesses could benefit from learning more about these international opportunities and resources available to help. The role of MPEXA is to expand international trade and raise awareness on the benefits of exporting.

Ms. Nagel stated that there is a huge trade potential between Mexico and Canada with this region, and with other regions in the world as well. She noted that the objective of MPEXA is to establish Greater Phoenix as a global trade hub and position the Greater Phoenix Region as a location of choice for global investors. Ms. Nagel noted that Mr. Frijia will expand on the foreign direct investment component of the Global Cities Initiative, which would be the phase two of this initiative. MPEXA is established to be the push, the outbound, and then the Global Cities FDI part to be the inbound by bringing companies to the region.

Ms. Nagel commented that MPEXA's specific goals include: doubling the value of exports as a percentage of Greater Phoenix Gross Domestic Product by 2015; increasing the number of small and medium-sized exporters in Greater Phoenix; expanding and promoting awareness of global business opportunities for Greater Phoenix companies; and positioning Greater Phoenix as a global-ready market.

Ms. Nagel noted that MPEXA's value is to be a single point of contact. MPEXA is expected to be the "Go-To-HUB" for small and medium-sized businesses looking for export related assistance and guidance. Ms. Nagel added that MPEXA is the source for information on: export related resources and information that is easily accessible; trade events, export

resources and education; regulation and financing; federal and local resources; and community outreach.

Ms. Nagel stated that MPEXA will achieve its objective by supporting and promoting existing resources, such as engaging with Economic Development Directors, formalizing relationships with key partners, engaging companies, supporting partner organizations and creating new avenues to showcase export resources.

Ms. Nagel stated the MPEXA is creating new venues to get the message out together with its partners. Small Business Association has something similar to TED Talks called Arizona Speaks, and in February they had a global talk with a member of the Arizona District Export Council on how to do business abroad. There will be a Small Business Association conference in May with about 500 participants, which will include a whole MPEXA track. She added that the School of Management has a JP Morgan Chase fund to help economies grow. They have a focus on executive leadership and they have a grant to recruit companies that make an impact in their industry. It is called the Edge Program. More information can be found in MPEXA's website.

Ms. Nagel indicated several ways in which the EDC can help MPEXA. MPEXA is a three-year plan but the JP Morgan grant received is only for the first year. The plan will need more resources for which MPEXA needs partners and supporters. Ms. Nagel stated that MPEXA is looking for: financial support and in-kind support; companies to be pointed to use MPEXA; inviting MPEXA to speak; establish MOUs with MPEXA where cities share information on their trade missions, events and company success stories; printing services for marketing collateral; and engaging local news and media publications. MPEXA works closely with ACA, U.S. Commercial Service, Arizona District Export Council and Cities and Towns.

Ms. Nagel commented that in the first 90 days, MPEXA linked over 350 attendees jointly to events that took place December through February. Some new upcoming events are: three webinars on doing business in Africa on March 3<sup>rd</sup> at MAG; a presentation on trade policy and FDI in the next meeting of the Organization of Women in International Trade on March 17<sup>th</sup>; and a presentation of the EX-IM bank on March 31<sup>st</sup>.

Ms. Nagel stated that MPEXA is dedicated to increasing exports in Greater Phoenix by improving coordination, developing new resources and demonstrating that the Greater Phoenix region is the place to start and grow global companies.

Mayor Kavanagh asked why companies that would like to export are not doing it. Ms. Nagel responded that before the creation of MPEXA there was a survey to verify this fact. The survey results indicated that some companies are simply satisfied by not exporting, other companies do not know where to start and where to find resources, and other companies indicated that sometimes regulations are daunting.

Mayor Lane stated that in current times there is a high complexity on international contracts and asked if MPEXA provides any assistance regarding the protection of intellectual property

for companies in the technology industry that want to export. Ms. Nagel responded that MPEXA does not focus directly on this issue, but if a company has a concern regarding intellectual property, they would connect them with the right organization. Ms. Nagel added that recently there was a case of a company from Phoenix who sells guns and they needed to find a way to ship guns and weapons that were classified to a show that was permitted, and through team work, the right information on how to address the issue was found.

Mayor Lewis asked if MPEXA includes BIEN as part of the resources they recommend to small and medium-sized businesses. Ms. Nagel responded that MPEXA does promote BIEN but BIEN needs to get Canada and Mexico more involved. MPEXA is currently looking to further engage with the Canadian Consulate in Los Angeles because they can provide support to get more Canadian companies signed up.

Mr. Dreher asked how can companies that are already doing business with subsidiaries of European companies in the U.S. expand into the European market and get more exposure. Ms. Nagel responded that the companies already exporting, but wanting to expand, should get connected to the U.S. Commercial Service, which has great programs such as the Gold Key Service that connects companies to specific markets.

Mr. Marshall from the City of Phoenix made a comment on export data. He stated that only one percent of U.S. companies export, and 50 percent of these companies do it to a single market. He added that about 75 percent of companies started exporting because foreign companies contacted them to buy their products. Companies need to be prepared to be reactive to this kind of situations and respond to these requests.

Chair LeVault thanked Ms. Nagel for her presentation.

6. Report on the Global Cities Initiative Foreign Direct Investment Strategy

Greater Phoenix Economic Council (GPEC) Vice President for International Business Development Stephane Frijia provided an update on the foreign direct investment cohort of the Global Cities Initiative (GCI). Mr. Frijia stated that GPEC is currently in the middle of completing the three-year GCI plan and they are putting a stronger emphasis in foreign direct investment (FDI) and trade, along with what GPEC has traditionally been doing with business attraction, market intelligence, community partnership program and the Velocity program.

Mr. Frijia continued his presentation focusing on the FDI and trade component of the GCI plan. He stated that one of the strategic objectives for the following years, is branding this region as location of choice for FDI. Mr. Frijia stated that Brookings is looking for cities to participate in this FDI program.

Mr. Frijia noted that GPEC has been doing FDI attraction for some time and stated that in the early 2000s, FDI was less than one percent within GPEC's pipeline, and today FDI represents 18-20 percent of the pipeline. In the last 10 years GPEC increased its knowledge on what companies are looking for in order to come to the region.

Mr. Frijia stated that when it comes to FDI, companies look at five primary components in a region: the supply chains, skilled workforce, research institutions, and customers and trade relationships. If these five components are met, then companies look into other attributes such as the cost of doing business in the region. However, it is hard that a company finds a region where all the needs are met, so usually companies base their decisions on needs rather than choice. This means that in order to brand the region well, it is essential to have a great knowledge on the five key components, so that companies' needs can be addressed immediately. He added that to build this knowledge base, a lot of coordination and collaboration among key partner is needed.

Mr. Frijia stated that the Phoenix Metro region has been recently selected by Brookings together with other major metro areas in the U.S. to develop a long-term FDI plan. So far, GPEC has retooled its FDI plan every year. The idea is to move away from this yearly review to build a long term (three-years or more) strategy that can be executed together with key partners.

Mr. Frijia commented that the three-year plan would be based on strong knowledge of the five key factors previously mentioned, and understanding policy that might have implication in FDI. The plan should be ready for the public by October-November.

Mr. Frijia noted that in the last 9 months he has seen among EDC members increasing enthusiasm in global trade and FDI, especially having had Carol Colombo presenting at the last EDC meeting on a state framework for FDI. He added that we are at a point with interest coming from different stakeholders. If a FDI plan is developed and supported by all cities and councils, the plan will be more likely to be implemented and will contribute to building more capacity.

Mr. Frijia stated that the core team of this program is composed of nine members and an advisory team conformed by the International Leadership Council and the Economic Development Directors Team task force. Each of the core members have a specific task. Mr. Frijia added that when the Economic Development Directors Team task force provides advice, it would be very helpful if Mayors can support the dialogue. Brookings staff and the Metro Exchange Members are key support in this plan as well.

Mr. Frijia commented that the essence of the plan is knowing what is going on in this region. This knowledge will be based on interviews of companies that come to the market through Greenfield projects and Mergers and Acquisitions. The findings of these interviews will shape the plan. For every finding there will be a specific tactic built that needs to have a rational. Mr. Frijia added that cities should provide input because the more voices heard, the more effective the plan will be. He added that all the information gathered by Carol Colombo during her research will be incorporated into this plan.

Mr. Rounds stated that in the last months, we have seen more interest in several economic development areas among many stakeholders but he indicated that typically in some cases, in order to be successful, there needs to be an organization taking a leading role. He asked in the

case of FDI and workforce development who will be taking the leadership/management roles. Mr. Frijia responded that regarding FDI, GPEC will lead the coordination of the FDI plan. Regarding the leadership for workforce development initiatives, since the issue affects domestic and foreign companies, the discussion is broader. GPEC itself is not a workforce development organization but supports all initiatives that intend to develop the workforce needed because one of the main concerns of companies is whether they can find the talent they need or not. If a company cannot find the talent needed they will not choose that region. He added that since the workforce is a key component of FDI, GPEC will continue to be a strong proponent of initiatives that have the goal of developing the workforce.

Mr. Smith stated that MAG's role is to be the data bench for GPEC and that the organizations do not need to be duplicating efforts. If GPEC, ACA or any other agency has a specific data need, MAG can help. Mr. Smith noted that cities with big data can play a key role in FDI. He noted that in the previous month, MAG handed out the list of the international companies located in each of the communities. These companies are the ones that are already here and need attention from the cities. Mr. Smith noted that a MAG staff member talked to a big firm in this region, and the firm decided to relocate 500 jobs to Texas because Texas is providing the support they need. The company was not contacted at all by the city in which it is located. Mr. Smith indicated that if cities do not pay attention to this list, they could be next in losing a business. Economic development (ED) departments are key for FDI and contribute enormously to identifying those key international companies with which relationship building is essential. If cities identify any opportunity among the international companies in their communities, GPEC and ACA are ready to get involved and provided all the information needed.

Mr. Smith commented that since cities are now doing their budgets, it is the moment to assign more resources into the ED departments for the international work. It could be adding a new staff member to focus on this field, or hiring an intern to work on the list. He added that no agency has enough resources to work on its own, which makes collaboration essential. Data analytics for FDI will make the difference and allow the region to be smarter and successful.

Councilmember Farrar stated that the state and municipalities have done little in assisting industries and individual enterprises in promoting exports. There is a study recently released by the International Trade Administration that states that in 2013 companies like Novartis, Michelin, and Samsung have spent 53 billion dollars in American research and development. That same year companies like Honda and Loreal exported 360 billion dollars worth of good from the United States. He added there are despair groups with huge amount of talent that are almost working independently of each other and we do not have a band leader that can bring all groups together and highlight the advantages of Arizona. We do see this collaboration happening in other states like Utah, Indiana, and Texas. Councilmember Farrar added that MAG plays a very important role in engaging cities to get more involved in FDI.

Councilmember Farrar commented that Thunderbird School of Global Management and Arizona State University are great resources for the workforce development in the region. These resources are just starting to be utilized and that practice should continue to grow.

Ms. Carol Colombo from Fedelta Partners stated that the list of international companies that MAG handed out to cities are key assets for cities. Mayors and ED heads can hold breakfast events every other month to meet with the top FDI companies in their communities. This initiative would improve the relationship building tremendously. Ms. Colombo suggested EDC members try this practice for a few months and see what comes out of it. Cities could also offer these companies to come to the EDC and present about their experience of doing business in this region. This initiative will be an educating experience and increase business attraction. Seventy percent of all FDI is expansion of existing companies. These existing foreign companies are the greatest opportunities. Ms. Colombo added that relationships are what makes the difference.

Mr. Smith indicated that on the Texas example previously mentioned, they had all the job training people, community colleges and the joint technical districts involved in the conversation with the company. If cities were to hold breakfast events with top FDI companies, workforce development stakeholders could also be invited. He added that we have the resources, but we do not have full collaboration.

Chair LeVault commented that he was stunned when he found out how many organizations are involved in the international business field.

Mayor Lane noted that for ED teams there are not many differences when working with foreign and domestic companies, but there is one that is important, which is the development of relationships not only with the existing businesses in the community, but also foreign relationships. Mr. Frijia commented that relationship building and a solid branding message are key facts to increasing FDI. What is needed is a continued effort, steady branding and messaging. Developing the right network is essential to keep growing.

Councilmember Sierra asked how the political climate affects FDI in our region, such as bill 1070, not increasing investment into the Maricopa Community College system or threatening to close out the Joint Technical Education Districts. It was noted that the effects vary across industry sectors. If a company has a specific concern on a political issue, GPEC does research on the impact of the political issue in that specific industry or the operation of a company, and to what extent the business could mitigate the issue.

Mr. Sheldon asked if these issues affect the credibility, the ease of doing business or investment coming into the state. Mr. Frijia responded that GPEC provides the context, but also provides the facts to the companies and never misrepresents what is really happening.

Mayor Lane stated that the best relationships are the ones with people that came to the region and with the ones that are here.

Chair LeVault thanked Mr. Frijia for his presentation.

7. Report on the Arizona Trade and Investment Office

Arizona Commerce Authority (ACA) Vice President for of International Trade Kevin O'Shea provided an update on export data and ACA main activities. Mr. O'Shea stated that U.S. exports in 2015 decreased 7.3 percent but Arizona exports went up 6.6 percent, which was a new export record, 22 billion dollars. In 2015, Arizona was the state that saw the largest export increase measured by dollar, which was \$1.3 million. He added that since the Great Recession, only three states have seen export growth every year: Arizona, Kentucky and South Carolina.

Mr. O'Shea reported that Arizona exports to Mexico went up seven percent in calendar year 2015 compared to 2014, from 8.6 billion up to 9.2 billion. The companies using the services of the ACA Mexico trade office are companies selling into Mexico aerospace components, medical devices, mining equipment and technology, sport accessories, and engineering and utility services. These companies are located in Phoenix, Mesa, Chandler, Scottsdale and more cities. Some of these companies have never exported before.

Mr. O'Shea stated that the ACA is helping companies to be proactive exporters and not only to look to Sonora, but also look beyond Sonora. There are other export markets such as Baja, Sinaloa, Chihuahua, Nuevo Leon, Mexico City and more. Mr. O'Shea added that some key opportunities in Mexico are advanced manufacturing, aerospace, and medical devices. The largest aerospace cluster in Mexico is located in Baja, which is essentially Tijuana and Mexicali. Mexico also has an increasing demand for professional services, and a growing middle class that likes American consumer products.

Mr. O'Shea noted that the office has been helping Arizona companies throughout Mexico to find opportunities. The office provides trade and export assistance, and logistics assistance in trade missions and trade shows. He added that the office helps companies see if there is a true demand on their products in Mexico. The office assist companies in finding the right sales channel partner, doing business to business match making, preparing Spanish marketing material, and with technical assistance for participating in trade shows. Mr. O'Shea added that the ACA has helped companies participate in many trade shows throughout Mexico.

Mr. O'Shea stated that the ACA has an ExporTech program. The ExporTech program is a 60-day export boot camp that includes six to eight companies. At the end of the program, each company graduates with an export plan dedicated to the company's service or product. The program also provides technical assistance to go into the market, which makes the companies execute the plan. To date, there have been five programs held in the City of Phoenix, one in Tucson, and another one in Mesa. In each program there are companies coming from different cities in the state.

Mr. O'Shea made reference to a previous comment made by Mr. Dreher regarding a company that wants to export to a new market. He stated that this company would benefit from the ExporTech program. The program is very useful even though the company is already exporting.

Mr. O'Shea added that over a 100 Arizona companies have been utilizing the Mexico trade office services. Seventy-Five percent of these companies are from the Greater Phoenix area. Companies are having success in two ways, they are making sales and finding distributors by attending trade shows and missions. For instance Pilgrim Screw, a Chandler company, found a distributor by attending a supplier expo in Mexicali. Mr. O'Shea also added that ACA is promoting the BIEN platform in these events. The Mexico City Office has constantly been promoting BIEN.

Mr. O'Shea stated that last week he took a group of companies to the Mexicali Supply Expo. He emphasized that whereas the California representation was composed by all governmental agencies partners, the Arizona representations was a mix of private and governmental organizations.

Mayor Kavanagh stated that since we put great effort into helping our businesses grow and export, if we put any effort in discouraging American companies from moving their manufacturing plants abroad. Mr. O'Shea responded that the ACA is not in the business of exporting jobs. The ACA mission is to help Arizona companies grow their revenue so there are more jobs created. When ACA helps a company look into opportunities in Mexico, it is to sell into Mexico, not to move there. Mayor Kavanagh added if there is any effort to discourage these companies moving abroad with some other agency. Mr. O'Shea responded by explaining the nearshoring phenomenon. American companies that moved to China to manufacture are having great difficulties there, such as protection of intellectual property, high logistic costs, increasing labor costs, and diminishing quality control. However, these companies are not moving back to the U.S., in which case, if they move to Mexico, it is a great opportunity for Arizona because they would be able to use our supply chains.

Councilmember Farrar stated that even tough this nearshoring phenomenon is occurring, nobody can really stop a company from relocating, because it is a matter of comparing labor costs in different markets and identifying where setting the operations of company will make it more competitive.

Mr. O'Shea referred to a previous comment regarding the lack of band leader for the state and emphasized that the state does have a leader, which is the Governor. He added that the Governor is the economic development chief executive, and he is the band leader for export promotion and business attraction. It is great to have a Governor who is committed to this task. Mr. O'Shea commented that in the past ten to twelve month since we have had this new Governor, he has not heard a single negative comment of Arizona from Mexico, and the challenge is to stay this new path.

Mr. Frijia addressed Mayor Kavanagh's previous comment regarding companies deciding to move elsewhere. GPEC, ACA and cities are engaged in business retention and expansion programs, so as soon as anybody hears about a company thinking to relocate, there is a team that will contact the company to see if there is anything that can be done and identify the reasons for them leaving. Mr. Frijia added that sometimes a fix can be provided, but other times the company leaves.

Chair LeVault thanked Mr. O'Shea for his presentation.

8. Update from the Arizona Commerce Authority

Mr. O'Shea provided an update on the Arizona Commerce Authority activities. Arizona Department of Transportation John Halikowski is in Mexico signing an agreement with SCT, which is the U.S. Department of Transportation equivalent. The agreement is about collaborating with improvements on Highway 15, which is our main trade corridor with Mexico. The agreement is a Memorandum of Understanding that will be available online shortly. The discussion will also focus on championing improvements in our major gateways to Mexico, particularly in Nogales and San Luis.

9. Update from the Greater Phoenix Economic Council (GPEC)

Greater Phoenix Economic Council (GPEC) Director of Community Development Emily Mead, stated that GPEC will have, on March 22, 2016, a micro electronic event. It is the launch of the third market intelligence report focused on the micro electronic industry and it will be hosted at SkySong in collaboration with SEMI Arizona. Mayor Lane and Mayor Stanton will be in attendance. It will be from 8:00 to 11:30 a.m. It is a huge event that will include speakers from Avnet, Anchore and ASM America.

10. Request for Future Agenda Items

Chair LeVault asked if there were any requests for future agenda items and there were none.

11. Comments from the Committee

Chair LeVault asked if there were any comments from the committee. Ms. McClafferty mentioned that MAG has been working with the Phoenix Chamber of Commerce on an event that is coming up in March 3, 2016. The event is to bring awareness to the career technical education districts. The event is going to be at the Sheraton. She noted that MAG developed a video that features specific Joint Technical Education Districts. One in the Navajo Reservation that focuses on veterinarian services, another one from the East Valley Institute of Technology that focuses on the automotive sector, another one from the West Maricopa Education Center that focuses on the aerospace sector, and one from the Pima County Joint Technical District that focuses on nursing services. The videos will be available for cities to put on their Channels 11. Chair LeVault asked if the MAG table for this event is full. Ms. McClafferty responded that the table is full.

Adjournment

There being no further business, the Economic Development Committee meeting was adjourned at 1:05 p.m. The next meeting of the EDC will be on Tuesday, April 5, 2016, at 11:30 a.m. at the MAG Office, 302 N. First Avenue, Phoenix, Second Floor, Saguaro Room.

---

Chair

---

Secretary