

Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES

Date: August 5, 2008: 7:33 A.M.

MEMBERS PRESENT

Rich Adams
Christian Alder
Theresa Carmichael
Jared Langkilde
Jim LeCheminant
Steve Parker
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith
Chris Brady
Brian Campbell - Chair
Jeff Crockett
Charlie Deaton

STAFF PRESENT

Betsy Adams
Shelly Allen
William Jabjiniak
Cathy Ji
Shea Joachim
Amy Morales
Patrick Murphy
Mike Paredes
Scot Rigby

MEMBERS ABSENT

Dale Easter (excused)
Steve Shope (excused)

GUESTS

Barry Broome

1. Chair's Call To Order

Vice-Chair Jim LeCheminant called the August 5, 2008 meeting of the Economic Development Advisory Board to order at 7:33 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, Arizona 85201.

2. Approval of Minutes from June 3, 2008 board meeting.

Vice-Chair LeCheminant called for a motion to approve the minutes from the meeting held on June 3, 2008.

MOTION: Theresa Carmichael moved that the minutes from June 3, 2008 be approved as written.

SECOND: Christian Alder

DECISION: Passed unanimously

3. Welcome new board members

Vice-Chair LeCheminant welcomed the new EDAB board members and asked them to introduce themselves.

Rich Adams introduced himself as President/CEO of Southwest Business Credit Services. He has worked on several Boards and Committees for the City of Mesa and is excited to be on the EDAB board.

Jeff Crockett commented that he is an Attorney with Snell & Wilmer and has been a long-time resident of Mesa. He is anxious to work on the EDAB board.

Jared Langkilde stated that he is with Mesa Community College (MCC) and has served on the Planning & Zoning Board, and the Board of Adjustment. He is pleased to serve on the EDAB board.

Jo Wilson is an Administrator with Mesa Community College/Red Mountain (MCC). She is looking forward to serving on the EDAB Board.

4. Hear a presentation on GPEC Solar Initiative

Mr. Barry Broome, Greater Phoenix Economic Council (GPEC) President/CEO gave a presentation on the GPEC Solar Initiative.

Mr. Broome stated that the United States was formerly #1 in the world for the semiconductor business, but has fallen 50% since 1998 to overseas production.

The Solar Industry has significant market potential such as:

- Growth of a green-collar workforce.
 - 62,000 new jobs in solar energy by 2015.
 - 1 in 4 U.S. workers in the renewable energy/energy efficiency industries by 2030 (including engineering, manufacturing, construction, accounting and management).

For every \$1M invested in solar electricity - 5 to 15 jobs are created.

- Alternately for every \$1M invested in oil and gas exploration, only 1.5 jobs are created.

U.S. is a sleeping giant for solar energy.

- Following Germany, Japan and Spain, the U.S. is the 4th largest market for photovoltaic's (PV) production.

The opportunity to change Arizona's economy is to diversify and rebuild.

Arizona has the opportunity to capture solar with the GPEC pipeline. In over the next ten (10) years), in tax revenues \$1.7B, and instant international connectivity in economic output is \$50B.

- Top Site-Selection Decision Factors are:
 - Solar
 - Semiconductor
 - Workforce
 - Facilities
 - Equipment
 - Supply chain

Arizona's high-wage jobs are at risk, but there is the opportunity to recover lost semiconductor jobs by attracting solar manufacture. Over the last 6 years Arizona has shed over 12,000 high-wage semiconductor jobs

Solar will replicate the semiconductor industry path such as:

Arizona has a long shelf life with 60 years of Motorola, 30 years of Intel.

- Arizona was home to early innovation of R&D technology and chip manufacturing.
- Nearly 24,000 semiconductor jobs (2006 data) make Arizona 4th largest market for semiconductor employment.
- Intel and Motorola comprise half of Arizona's semiconductor employment (over 12,000).
- Intel has invested \$9B in its Arizona fabs since 1996.

Solar manufacturing decisions made now will mirror expanse of semiconductor industry concentration in U.S. The largest states for semiconductor employment are:

- #1 is California
- #2 is Texas
- #3 is Oregon
- #4 is Arizona

Arizona is the natural choice for solar, but cannot effectively compete with what the other states/regions offer to the solar companies. It is strategically positioned for the full economic upside. However, Arizona is still missing economic opportunities for high wage jobs.

- Arizona is leading the nation with key solar assets:
 - Highest concentration of sun in the United States.
 - Aggressive mandate for distributed technologies such as solar panels in the state's renewable source portfolio standard.

- World's largest utility scale concentrated solar plant to be constructed in Gila Bend by APS (Solana/Abengoa).
- Home to the nation's only photovoltaic testing laboratory at ASU Polytechnic.
- World -class optics and photonics programs at UofA.
- World's first school of sustainability at ASU (Global Institute of Sustainability).
- Top 2 markets in terms of concentration of semiconductor workforce talent relative to total employment.

Yet, Arizona ranks 7th of the 7 Mountain West states pursuing solar energy. Arizona is losing to Oregon's Programs and the state's business energy income tax credit. Oregon has landed 5 major solar deals, is replacing lost semiconductor jobs, and is establishing itself as a hub for solar manufacturing. Oregon does not need sunshine to provide the headquarters and manufacturing facilities. They have a strong economic development program and incentives.

Arizona has the opportunity to improve the State's competitiveness and to move from #7 to become the #1 state. Suggestions for an opportunity to improve are with a solar tax credit, with credit and property tax reclassification, and with an incentive package plus workforce, fiscal responsibility and solar assets.

Arizona needs to take immediate action.

Quality jobs through solar program:

- Keep jobs and money in Arizona.
- Build on state's commitment to transition towards renewable energy.
- Leverage displaced semiconductor workforce.
- Capture pipeline of projects to impact state's economy.
- Create high-wage solar jobs with no negative impact to state and local revenue.
- Compete to become a global industry leader.
- Support fiscally responsible economic development programs.

Chair Campbell commented that a pattern is emerging with tools for the state being readied such as: Section 108, IDA, GPEC and the State involvement. There is a small window of time for everything to come together. The City needs to take advantage of the time frame and be prepared with all the tools available. He did suggest that staff identify the Shovel Ready Sites in preparation for the coming opportunities.

5. Directors Report

Mr. William Jabjiniak, Director of Economic Development, commented on the application process for Section 108. He stated that the 30-day public review period began on August 2, 2008. A public meeting is to be held on Wednesday, August 13th. He encouraged the Board members to speak in favor of the Section 108 application process and to encourage businesses to apply for a loan. There are certain criteria for the loan, and he stressed that it is a loan and not a grant. Section 108 is another tool for the City to use to create jobs. The City is actually borrowing from the Federal Government, but the City of Mesa administers the loan. The City is in partnership with banks and the community to help businesses use the Section 108 as a tool to create jobs.

Mr. Steve Parker asked if any applicants have applied or if there are any projects in mind.

Mr. Jabjiniak replied that the application for the Section 108 funds will go to City Council on August 18, 2008, but that there are no targeted projects. It is a great tool to offer from the City's toolbox.

He commented that the Mesa General Hospital on Mesa Drive closed the end of May, 2008, but will reopen as the Arizona Regional Medical Center sometime in October.

Mayor Smith commented that this was a great effort on the part of a group of doctors. With help from our partners, legislators, and staff the City was able to have the Legislature change the law to provide more time for arrangements to be made to reopen the hospital sometime in October as the Arizona Regional Medical Center.

Mr. Jabjiniak explained The Industrial Development Authority (IDA) of the City of Mesa. It was adopted on 9/16/1980, revised on 9/07/2000. The IDA offers Tax-Exempt Industrial Revenue Bond Financing. The IDA was established to promote industry and develop trade, to assist in the rehabilitation, expansion and development of all kinds of businesses and industries which will promote and insure economic development and job opportunities in Mesa.

Please contact Mr. Jabjiniak with any questions or comments regarding the IDA.

6. Discussion regarding Sub-Committees

Mr. Jabjiniak suggested the Board review the list of Sub-Committees that would be e-mailed out to them. The sub-committees will be discussed at the next meeting.

Mr. Langkilde responded that he liked the idea of the Sub-Committees and was interested in taking action on issues.

Vice-Chair LeCheminant liked the idea, but suggested it not be limited to specific geographic areas and to marketing the whole city instead of areas. He also suggested a Sub-Committee to deal in working with the different governments.

Mr. Adams commented that he was very receptive to the committees, and suggested that the Open Meeting laws and rules be explored first before deciding on any Sub-Committees.

Mr. Jabjiniak responded that Debbie Spinner, City Attorney, would be coming to the next meeting to brief EDAB on the Open Meeting rules and laws.

Ms. Wilson commented she would be interested in the Workforce Training sub-committee.

Chair Campbell encouraged the Board to respond quickly with ideas to Mr. Jabjiniak or staff, and to seek out ideas or suggestions outside the Board, such as co-workers or other outside groups.

7. Other Business

Chair Campbell suggested that the month of September EDAB meeting be held on September 2 or 9th due to the September 1st Labor Day holiday. The Board members are to quickly let Chair Campbell, Mr. Jabjiniak or staff know of their preference.

8. Items from Citizens Present

No comments.

9. Adjournment

Chair Campbell adjourned the meeting at 9:03 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)