

## MEETING MINUTES

Office of Economic Development  
Economic Development Advisory Board  
57 E. 1<sup>st</sup> Street  
Lower Level Council Chambers  
Mesa, AZ 85201

Date: August 2, 2016 Time: 7:30 A.M.

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### MEMBERS PRESENT

Jeff Pitcher, Chairman  
Natascha Ovando-Karadsheh, Vice Chair  
Terry Benelli  
Matt Likens  
Dominic Perry  
Laura Snow

### EX-OFFICIO

Mayor John Giles (excused)  
Chris Brady (excused)  
Rich Adams  
Brian Campbell (excused)  
Jeffrey Crockett  
Sally Harrison

### STAFF PRESENT

Bill Jabjiniak

### MEMBERS ABSENT

James Christensen

### GUESTS PRESENT

J. Brian O'Neill, Interim Executive Director  
Shea Joachim, Business Development Director

#### 1. Chair's Call To Order

Chair Jeff Pitcher called the Economic Development Advisory Board meeting to order at 7:32 a.m.

#### 2. Welcome New Member

Chair Jeff Pitcher announced that the Advisory Board had a new member. He then invited Bill Jabjiniak to provide an introduction for Matt Likens. Director Jabjiniak briefly mentioned Mr. Likens' history with Ulthera, noting that he had sold the company two years ago. He stated that Matt Likens' experience and expertise regarding entrepreneurship would be a welcome addition to this board.

Matt Likens introduced himself, giving detailed information about his background. During his career he worked for Johnson & Johnson and Baxter International. After 23 years with Baxter International, a health care company, he went to work for a start-up business named GMP Companies for five years. During his time at GMP he gained valuable information regarding start-ups. This prepared him to become the CEO of Ulthera in July of 2006. Mr. Likens revealed that Ulthera represented a focused ultrasound, medical device company which imaged skin tissue and also deposited thermal energy very precisely at various depths below the surface of the skin. He briefly discussed the process and noted that this process leads to building new collagen, as the affected tissue recovers and wound healing occurs, as well as leading to permanent tightening of skin tissue. Mr. Likens' pointed out that after being on the medical side of health care for many years, it was quite different for him to move over into the field of aesthetic medicine. He commented that he found great success with Ulthera. When he began at Ulthera in July of 2006, he was the second employee, but the company grew significantly. In 2014, the company earned 117 million in revenue and had an 18 million dollar bottom line. He stated

that at that time, Ulthera had filed to go public in January of 2014. During the process of amending their S-1 documents, Ulthera's confidentiality agreement expired resulting in their information becoming public knowledge. This resulted in three companies expressing an interest in acquiring Ulthera. In 2014, Merz Pharma offered 600 million for the company and they decided to accept the offer. The company had grown to about 220 employees by the time Ulthera was acquired. Half of the employees are in Mesa and the other half are in various field offices in the United States or in parts of Europe, Asia or Latin America. He also briefly discussed his time spent in the international business world. He stated that the past nine or ten months, he has been part of a "Competitiveness Committee" as part of GPEC. This has allowed him to get an idea what the Greater Phoenix Economic Council is attempting to do in their efforts to make Arizona more competitive with current employers and to attract new employers. He noted the strength of the City of Mesa Economic Development office, led by Mr. Jabjiniak, pointing out their strengths in business orientation and customer focus. He gave an example of how a zoning issue had been addressed in a timely manner at Ulthera's manufacturing facility, allowing them to move forward in a timely manner and continue to grow the company significantly. He expressed his concern with the segmentation of the different groups working within Arizona to attract more economic growth, but he worries that this segmentation is not optimal. He is looking forward to helping on the Advisory Board in any way he can and he expressed his appreciation for the opportunity.

### **3. Approval of Minutes from the June 7, 2016 Board Meeting**

Chair Pitcher asked for a motion to approve the minutes from the June 7, 2016 meeting.

**MOTION:** Terry Benelli  
**SECOND:** Laura Snow  
**DECISION:** Passed Unanimously

Matt Likens indicated that he had read the minutes and felt that they were very thorough. He said it made him feel as if he had been in attendance at the previous meeting.

### **4. Phoenix-Mesa Gateway Airport Update Presentation**

Chairman Pitcher invited Brian O'Neill, Interim Executive Director of the Phoenix-Mesa Gateway Airport Authority and Shea Joachim, Business Development Director for the Phoenix-Mesa Gateway Airport Authority to begin their presentation. Mr. O'Neill began his PowerPoint presentation. He began by expressing his appreciation for Shea Joachim and stated that he was thankful to have him on the Phoenix-Mesa Gateway team. Mr. O'Neill shared that he had relocated from New Hampshire in September, where he had spent 20 years at Manchester-Boston Regional Airport, a small regional airport approximately 45 miles north of Boston. At the airport's high point, they served approximately 4.4 million passengers. He mentioned that he has known Director Jabjiniak for quite a long time, noting that when he was the Deputy Director at Manchester-Boston Regional Airport, William Jabjiniak was a senior official with the City of Manchester Economic Development Department. He revealed that there are a lot of exciting things going on at the Phoenix-Mesa Gateway Airport. He pointed out that this is not a typical airport. Rather, it is one that melds a general aviation and training facility, a military operation, as well as a commercial and cargo operation and a large industrial park development project. He said he feels very fortunate to be working on this project. He pointed out that the site is a former U.S. military base. It is owned and operated by the Phoenix-Mesa Gateway Airport Authority, which is a six-member authority consisting of the City of Mesa, the Town of Gilbert, the Town of Queen Creek, the City of Apache Junction, the City of Phoenix and the Gila River Indian Community. Currently, City of Mesa Mayor John Giles is the chairman of the Airport Authority.

Brian O'Neill said that it is unusual for an airport of this size to have three 10,000 foot runways. Mr. O'Neill revealed that this is both a blessing and a curse. On the one hand, it provides infrastructure to do many different things for a long time, but on the other hand, it costs a lot of money to maintain and improve the infrastructure. Last year, the Phoenix-Mesa Gateway Airport welcomed over 1.4 million passengers. Allegiant Airlines is currently the only airline operating out of the airport. Allegiant Air is a very popular leisure airline. They currently offer non-daily service to 38 different destinations. The number of destinations continues to grow. In the last six months, they have added four new destinations: Des Moines, Fresno, Memphis and Sonoma County, California. The Phoenix-Mesa Gateway Airport is a very profitable market for Allegiant and they are continually looking to add more destinations. The airport has full-time U.S. Customs and a General Aviation facility. This means that the airport can take international traffic of aircrafts with 20 seats or less. If they wanted to accept larger aircraft and have some international charters, they would have to increase the facility to have a full-service federal inspection services facility. This would most likely be a 10 or 12 million dollar venture. He shared the non-stop route map for Allegiant Air. He mentioned that the airline serves a lot of upper Midwest communities which are very popular with travelers in this area. He pointed out that airports are important economic engines that create jobs and allow connectivity for people and products to the global marketplace. He indicated that currently the airline brings in approximately 700,000 people from outside the region into the valley. These people spend a significant amount of money on ground transportation, hotels, food and beverage, retail purchases and entertainment. Mr. O'Neill expressed his desire to work closely with the travel and tourism industry, as well as the hospitality industry. He feels that this will help strengthen their partnership in the growing East Valley and the role that they play as an economic engine. He stated that 2000 people currently work on airport. Additionally, with the growing role the airport is playing, there are approximately 10,000 additional jobs in the region. He indicated that they have seen some dramatic increases between Fiscal Year 2010 and Fiscal Year 2013, with a 13% increase in revenue. Additionally, they have seen increases in payroll, job activity, and air visitor spending. He noted that Allegiant is a leisure airline. They have made significant improvements in their customer service and their reliability. He revealed that Allegiant Air just invested in 12 new aircrafts. This is the first time they have purchased new aircraft in the history of the airline. Brian O'Neill then stated that for the Phoenix-Mesa Gateway Airport to be a well-rounded airport, they will need to get a business product. The best way to do this would be to secure a legacy carrier that has frequent, daily service to a hub. He pointed out that this is critical to the continued growth of the airport. He is currently involved in discussions with the major carriers to share the opportunities that are available in the growing East Valley area.

Before turning over the presentation to Shea Joachim to discuss the Business Development aspect of their presentation, Brian O'Neill mentioned that they had held an event called enVision Gateway, where they brought together airport operators, airport developers, airport managers and airport financiers. At this event, they talked about the opportunity that Gateway represents. Shea Joachim then began his portion of the presentation by noting that the airport is very much in the commercial real estate business. He noted that when the Air Force transitioned management over to the Airport Authority, it came with several hundred thousand square feet of existing facilities. Since 1993 when this occurred, there have been a variety of additional buildings that have been constructed on the property. The Airport Authority manages a real estate portfolio that includes about 600,000 square feet of existing facilities, and over 1000 acres of developable property. There are roughly 40 companies that do business on airport, providing approximately 2,000 jobs. Shea Joachim pointed out that the revenues that spin off these assets are very important to the airport. These revenue streams provide diversification to what sometimes can be a very fickle industry. They also help the airport build a very solid revenue base to continue to grow into the future. He shared some photos of some of the existing airport facilities. These include some very old Air Force facilities that need some reinvestment, as well as some brand new, state-of-the-art hangars and MRO (Maintenance, Repair and Operations) facilities. He shared that the existing portfolio is performing at an acceptable level, with a 20% vacancy

rate and rents just slightly below market value. He mentioned that this leaves room for improvement, but considering the condition of some of the existing facilities, this is not surprising. Shea Joachim pointed out that they desire to find a way to get more investment into the airport and turn the land that they have into productive buildings that host employers, which in turn, employ people. He also discussed the enVision Gateway event that they had, noting that a big part of the story of the airport is not just the airport itself, but rather what is happening around the airport. He mentioned success stories like Eastmark, Cadence at Gateway, ASU, and Chandler/Gilbert Community College. These additional assets make this a unique investment opportunity. After the enVision Gateway event, the airport team decided to take something to the market, in an effort to see what the interest might be in investing in the airport and to gauge interest in further development of the airport. One of the challenges the airport faces is that even though they are in the real estate business, they are undercapitalized for being in the real estate business. He indicated that they are holding their own operationally, but their capital budget goes to the airfield to support the infrastructure. He noted that they are not in a position where they could deliver buildings or pursue a build-to-suit opportunity for a new user, so they are in need of a partner. In an effort to find this partner, they released a Request for Qualifications for a firm or team of firms to serve in the role of Master Developer. They are desirous of someone to come in and serve as a development partner with the airport. They are looking for a Master Developer with lots of experience in developing in and around airports, in an effort to provide different offerings to the market for those users who want to go into an existing and ready offering. At this point in time, Shea Joachim pointed out that they can't really respond appropriately to this type of request. The Statement of Qualifications are due next Tuesday, August 9th and they hope to get some quality applications. They have received five "Intent to Respond" notices. Shea Joachim then shared regarding the Gateway Aerospace Park, which is 360 acres focused largely on industrial and office flex space. It is suited to MRO facilities, Research & Development, and Manufacturing. It has some unique characteristics in that it is part of the Foreign Trade Zone General Purpose Zone so it is designated as a Foreign Trade Zone, but not activated. It is also a Military Reuse Zone. Mr. Joachim noted that these two designations on this particular piece of property are unique. He then went on to discuss the future opportunity for development located on the northeast side of the airport property. This is the potential future home of a passenger terminal. When demand justifies the need for this, the effort will move forward. At this point, they are still in the environmental assessment phase with the FAA (Federal Aviation Administration), looking for their concurrence on the finding of "No Significant Impact" so that they can move forward with their development plans. Shea Joachim suggested that it will most likely be private development that will lead on this side of the airport. He indicated the approximately 400 acres on his slide, noting that this acreage is very well suited for private development or non-aeronautical development. He thinks there is a great opportunity to explore some development opportunities in the near future. He mentioned that State Route 24 now goes to Ellsworth Road, noting that Ellsworth Road is currently one of the busiest roads in the East Valley, with between 40,000 to 45,000 cars a day traveling on it. That factor will increase the development opportunities available on the east side of the airport. They also have a lot more flexibility regarding the types of land use they can accommodate on the east side of the airport. This will be another way they can diversify their revenue stream and build long-term lease revenues that the airport can use to invest in other opportunities. At the last board meeting, a new agreement was announced with a new airport restaurant. The restaurant previously located at the airport, Flight Deck Café, closed in May. The new restaurant, Barrio Brewing Company, will be locating at the airport. He shared some plans showing the way in which the new restaurant will use the space. The Flight Deck Café had occupied about 2200 square feet of space, but the Barrio Brewing Company will expand the area to about 3,900 square feet in the General Aviation Center. The restaurant will not be located past security, allowing it to benefit from neighboring residents who might choose to dine at the location. The Mesa restaurateur bringing in the Barrio Brewing Company is very experienced around airports, having many opportunities at Sky Harbor, as well as a couple of concession opportunities at Phoenix-Mesa Gateway. They will be investing a minimum of \$500,000 into the space to retrofit it and make it into an attractive space for the

airport and its patrons. He noted that this restaurant should be a great fit for the area, with the nearby colleges across the street and the growing “foodie” interest in the Gilbert and Mesa area. He shared the restaurant’s general floor plan, indicating that the restaurant would have 160 seats, a wraparound bar, and an upgraded kitchen area. The main entry to the restaurant will be from the south. The restaurateur has future plans to place some kind of seating outside near the airfield to accommodate those people who enjoy watching planes take off and land.

Brian O’Neill continued the presentation, indicating that the Airport Authority, led by Mayor Giles, will be developing the strategic vision for the airport. Mr. O’Neill indicated that after the strategic vision has been determined, he and Shea Joachim will have the tactical implementation of the goals that are determined. The Airport Authority is currently in the middle of the strategic planning process, but the board has already established seven strategic goals: 1) Increase air service, 2) Attract commercial development, 3) Develop regional tourism, 4) Invest in people and assets, 5) Financial sustainability, 6) Develop infrastructure and 7) Community support. He shared that Phoenix-Mesa Gateway desires to be a good neighbor, working closely with the adjacent communities, to make sure they have appropriate land use compatibility planning. They want the adjacent communities to be aware of the economic engine that the airport provides, as well as being aware of the basic opportunities that the airport will provide. At each meeting of the Airport Authority board, they use these seven criteria to evaluate how they are doing. They want to be ready for any future development that comes and not be caught off-guard by the increased demands this type of future development will bring. He ended by saying that the many business success stories at or around the airport, will strengthen the interest other companies will have in doing business in the airport area, as well as interest the airlines with the opportunity the Phoenix-Mesa Gateway Airport will present in the future. He thanked the Advisory Board for allowing him the opportunity to share his presentation.

Chairman Pitcher thanked Brian O’Neill and Shea Joachim for their presentation. He then asked for questions.

Questions: Laura Snow asked about the scope of the capital investment they would need and what types of projects they foresee needing to do. She wondered how they planned to balance infrastructure replacement versus their investment in growth, considering the scale of capital dollars required for both.

Answer: Brian O’Neill discussed the capital expenditures required to maintain three 10,000 square foot runways. He noted that it is very important to maintain and improve this type of infrastructure. He shared that they will be tearing out and replacing over a million square feet of concrete beginning in September. They were able to do this, due to their partnership with the FAA. They went to the FAA and requested entitlement money that is available to an airport based on passenger activity. The FAA has discretionary money and considers safety factors, as well as the infrastructure of the region, in determining whether to award a grant. The FAA awarded the airport a 10 million dollar grant to make the needed infrastructure improvements. They had originally planned to do the improvements in three phases, but this influx of capital will allow them to do the improvements in just one phase. He pointed out that this will be an exciting project and will provide jobs for an additional 107 workers for a year during the improvement process. He noted that this is the type of investment that they need to continue to make. They also will be needing a new Air Traffic Control Tower in the future. This will be a 13 to 16 million dollar project. They are currently discussing ways to make that improvement happen in the future. He also mentioned that any plans for a new terminal on the east side of the airport property will cost between 200 – 250 million dollars. He stated that this is a hefty price tag for a small airport and it will require partnerships to accomplish.

**Comment:** Rich Adams pointed out that he was very impressed with the presentation and he suggested they work with Visit Mesa so they can coordinate their efforts. He noted that specifically, on the tourism end of things, he sees a lot of similarity with what Visit Mesa is trying to accomplish.

**Response:** Brian O'Neill agreed with Mr. Adams and noted that Marc Garcia of Visit Mesa was a big supporter of the airport. He shared that they have strengthened their relationship with Visit Mesa over the past couple of years, but agrees that they could do more.

**Question:** Natascha Ovando-Karadsheh asked how much money it would cost to attract a business product.

**Answer:** Brian O'Neill stated that in 2010, the FAA came out with guidelines for incentive packages. He pointed out that some communities go beyond this by developing some creative incentive packages. The Airport Authority has put forth a very attractive incentive package. These incentives would allow a major airline to place a regional jet at the airport where they could make money. Phoenix-Mesa Gateway Airport has incentives which include: two years free landing fees, two years free terminal facility rental, a significant amount of marketing money, as well as a revenue guarantee. This revenue guarantee provides for any shortfall in the short term, with the knowledge that the product will be successful in the long term. This gives an opportunity to mitigate the risk of starting up and gives the airline an opportunity to thrive.

**Question:** Natascha Ovando-Karadsheh stated that she thought this sounded like a fantastic deal, so she wondered why airlines were hesitating to take advantage of this opportunity. She wondered if it was due to the smaller size of the market or if it was an impression issue.

**Answer:** Brian O'Neill suggested a couple of reasons. One of the reasons he shared was that, as an industry, there hasn't been incremental growth at smaller, regional airports. The incremental growth has come from airlines fortifying their hubs and strategically placing aircrafts to compete against some of the low cost carriers that are invading their market. Secondly, the other challenge he said facing the Phoenix-Mesa Gateway Airport is that Sky Harbor is only 30 miles away and benefits from great highway infrastructure leading to the airport. Sky Harbor is also still not at capacity, so an airline can still grow their business at Sky Harbor and this is appealing to major airlines. He shared an example. If United is doing well at Sky Harbor, it is difficult to convince them to make a move to an airport 30 miles away. Due to the proximity of Sky Harbor, they know that they are already meeting the needs for many of the East Valley's customers, so it is difficult to convince them that they will gain additional passengers by locating at Phoenix-Mesa Gateway.

**Question:** Jeff Pitcher directed his question at Shea Joachim. He asked what kind of rights were being offered to the Master Developers.

**Answer:** Shea Joachim said to generate revenue they will need public/private partnerships. The details of what they offer to Master Developers are still being finalized. This Master Developer will make some investments in infrastructure, and they will make some type of agreement that allows them to recoup this investment with a return of some kind. At this point, Mr. Joachim indicated that they are looking to find the most qualified firm, and then they will finalize these details during the proposal stage. This will allow the select group of most qualified firms to make suggestions as to the type of deals they desire. Shea Joachim noted that whatever incentives are offered, they will need to be beneficial to the airport, and allow them some return.

**Comment:** Jeff Pitcher stated that he was concerned about giving the Master Developer rights to approve on the 360 acre parcel.

**Response:** Shea Joachim said they don't plan on allowing the Master Developer to have rights to approve. All land use decisions would remain with the Phoenix-Mesa Gateway Airport Authority Board itself.

**Comment/Question:** Bill Jabjiniak thanked Brian and Shea for their excellent presentation. He asked Brian O'Neill to briefly explain why Frontier pulled out of the airport.

**Answer:** Brian O'Neill indicated that when Frontier came and began to compete against Allegiant Air, offering service to Denver, Spirit Airlines was also present at that time. This created three, low-cost carriers that were all battling for customers. He noted that Frontier has recreated themselves into a low-cost carrier after being Denver's hometown product for years. Frontier had to adjust to the influx of United and Southwest into the Denver market and change their business model. Their exit from Gateway was related to this change in the company's overall strategy. In the case of Spirit, after they left Gateway, they went over to Sky Harbor, where they are thriving on the spillover created by the major airlines at Sky Harbor. Spirit doesn't aspire to be the biggest and the best. They desire to go into major, growing markets and pick up the residual travelers that cannot be accommodated by the major airlines.

**Question:** Bill Jabjiniak asked Shea Joachim to share one of the unique economic development tools that is unique to Phoenix-Mesa Gateway.

**Answer:** Shea Joachim briefly discussed the Military Reuse Zone program. He indicated this program was created to help former military bases to redevelop. There are two locations in the valley where the program exists. One is at Phoenix-Mesa Gateway Airport and the other is at Phoenix-Goodyear Airport. The program itself provides a TPT (Transaction Privilege Tax) exemption for firms that are doing any type of construction within the Military Reuse Zone. For jobs created within the Military Reuse Zone, it comes with a number of tax credits that are spread out over three years for the firm. This encourages firms focused on aerospace/aviation or defense related industries to choose the airport as a location to grow their businesses.

**Comment:** Matt Likens indicated that he felt one of the factors holding back the Phoenix area from growing more effectively is the difficulty in getting to international markets directly. He noted that there is only one flight each day to London-Heathrow and no other direct flights. Although he realizes Sky Harbor is the logical choice for adding more of these type of direct international flights, he wondered if Phoenix-Mesa Gateway Airport could be a gateway to Mexico or other parts of Latin America in the future. He thinks this lack of direct access to international markets holds back a lot of companies that are operating globally from coming to the area.

**Response:** Brian O'Neill pointed out that one of the challenges that Sky Harbor (and the Valley) faces is that American Airlines makes up half of the traffic at Sky Harbor. Mr. O'Neill shared that if 44 million people come through Sky Harbor each year, half of them get off one plane and get onto another domestic airplane, without ever visiting the Phoenix area. The remaining 22 million people are the origination and destination travelers. These travelers are coming to the valley or leaving the valley to go somewhere else. American Airlines has a huge international hub in Los Angeles and Dallas. American Airlines has determined that Phoenix will be their domestic connecting hub. In addition to American Airlines accounting for 50% of Sky Harbor's traffic, Southwest Airlines is responsible for 25% of their traffic. Mr. O'Neill pointed out that with 75% of traffic coming from two major carriers, it is tough for international travel to gain much ground. Additionally, international travel out of Phoenix-Mesa Gateway is difficult because they don't have the necessary international facilities. If they were to build them, they would become a User Fee airport until they could meet certain thresholds (20,000 international aircraft arrivals or 15,000 international passenger arrivals). As a User Fee airport, they would have to charge the airline for the custom's facility and the custom's officials. Paying this fee is not appealing to an airline, when they can go to Sky Harbor where they will not be charged a fee, because Sky Harbor is a Point of Entry. Secondly, they don't have the required domestic flow. It is unlikely that travelers would fly from China to Phoenix-Mesa Gateway for the chance to fly to Fargo on Allegiant two days a week. Thirdly, although it is growing, Phoenix-Mesa Gateway does not have the established ground transportation network that is necessary to distribute people around the valley.

These are the kinds of things they are working on as they consider what the Phoenix-Mesa Gateway Airport will look like in the future.

**Question:** Rich Adams asked if there were any neighboring landowners who desired to build inappropriate residential projects within the area of the airport.

**Answer:** Shea Joachim answered that the airport had undertaken a 10 month study that looked at land use compatibility, noise compatibility, and height compatibility in and around the airport. The results of the study were presented to the board last month. The board then adopted a resolution, with an intent to adopt the plan as written. The airport is not a land use regulatory entity, so they don't have the ability to dictate what land uses can and cannot be allowed. This is the job of the neighboring cities. The results of that plan will be brought to the various Planning and Zoning boards in an effort to educate the three neighboring communities. It will then be up to them to adopt the plan and the specific regulatory aspects of the plan to further protect the airport. The ability to recognize the difference between an appropriate use and an incompatible use within particular areas of the airport, is very important at the city level.

**Comment:** Rich Adams commented that he is pleased to see they have been proactive in this area.

**Response:** Brian O'Neill gave an example based on his experience in his former position at the Manchester-Boston Regional Airport. He shared that the airport sits between the Town of Londonderry and the City of Manchester. 25 years ago, Manchester-Boston set forth Land Use Compatibility plans. These plans were adopted by the Town of Londonderry and ignored by the City of Manchester. As the airport grew and the passenger activity grew to over 4 million passengers, the homeowners that lived next to the now bustling airport began to complain. They complained to the elected officials who then came to the airport and requested that they fix the problem. The airport reminded the City of Manchester that they had brought plans to the City 20 years prior in an effort to avoid this type of problem. The result was that the airport and the federal government had to buy 200 homes and had to sound insulate an additional 1300 homes around the airport. In Londonderry they didn't have to do anything because they had the foresight to adopt the correct Land Use plan brought to them years before, and they had not allowed residential development to be located too close to the airport. Mr. O'Neill desires to work with the neighboring communities to educate them so this type of thing doesn't happen.

Chairman Pitcher thanked Brian O'Neill and Shea Joachim for their leadership.

## **5. Strategic Discussion for FY17**

Chairman Pitcher invited Bill Jabjiniak to discuss FY17. He noted some of the recent announcements that had been made in the City of Mesa, specifically noting Dexcom. He pointed out that they need to use the tools they have and help Council work in partnership with Economic Development. They are having lots of discussion with expanding their Central Business District and creating several new redevelopment areas. This will go before Council later this month. He briefly discussed GPLET (Government Property Lease Excise Tax) and the tax advantage created by this which is of interest to developers. He briefly shared that they have found some areas of blight in Mesa, but they are not finding slum. He noted that as they began considering the tools they have, the discussion has centered on how they might best interact with Council. In the past, they have brought Council in for discussions on an ongoing basis. They have also tried going directly to individual Council members to have discussions. He requested input from the Advisory Board as to the best way to proceed. He offered the possibility of presenting case studies for newly elected officials, where they could share the way deals come together and the process and time involved to bring a deal to completion. He pointed out the need for greater visibility for the City of Mesa in international markets, noting that the greater Phoenix area may be known in these markets, but not the City of Mesa. He indicated that he has

enjoyed a lot of support from Council over the years, but wondered what the Advisory Board suggested as to how they might continue receiving this strong support.

Comment: Rich Adams shared that it has been his experience, from different boards he has served on, that you rarely realize how much you don't actually know when you begin. He thought it would be very beneficial to the newly elected Council members to find a way to sit down one on one or collectively and discuss the many issues before the City of Mesa from an Economic Development perspective. He thought inviting the newly elected Council members to sit in on a meeting would be critical in helping educate them on the process.

Comment: Chairman Pitcher thought this was a very good idea. Not only would it allow the Advisory Board members to get to know the new Council members, but it would allow them to see how the Advisory Board works.

Comment: Rich Adams also shared that taking the time to meet with a Council Member can result in a shift in attitude over time. He indicated that it is important to invest the time to develop these relationships.

Question: Chairman Pitcher asked how many new Council members there would be.

Answer: Bill Jabjiniak answered that there would be three new Council members after the election.

Comment: Laura Snow commented that she saw this as an opportunity to have some type of orientation for the newly elected Council members, and also an opportunity to structure it so they can define the tools that are in an Economic Development Director's arsenal. Laura Snow also thought providing case studies was a great way to show how the tools applied in different cases and how their use was critical to a deal that came through or one that didn't come through. She thought it would be very helpful to participate in this type of orientation, noting the different backgrounds of the Advisory Board members and how that would have the added benefit of representing different viewpoints in a rapidly changing business environment. She thought they should look at opportunities to engage the new Council members, as well as the continuing Council members.

Comment: Bill Jabjiniak stated that he definitely desired for the Advisory Board to communicate with the elected officials. He desires that they share what they are seeing in the business world and what they are hearing and seeing from an Economic Development perspective. He said this will include telling the story of the past and where they have come from, as well as what they envision for the future.

Comment: Terry Benelli suggested that part of their strategy could be to have the constituents of each of the different Council members reach out to the new Council members and also to the continuing Council members to invite them to discuss Economic Development and its importance. She suggested the use of talking points to use with the Council members so that each member of EDAB was talking about the same things and they could present a consistent message.

Comment: Natascha Ovando-Karadsheh said it might be a good idea to develop materials regarding each district to give out to each Council member. These materials could list the things that have been achieved in their district and list the economic development opportunities in each district. This would help the Council members, as they are out in the community, to know what they are looking for. It would also help them develop the right assets for their particular district.

Comment: Terry Benelli commented that many of the districts already have plans.

Comment: Natascha Ovando-Karadsheh agreed with Terry Benelli and added that it was important that the Council member know and understand what the vision is for a particular area.

Comment: Jeffrey Crockett said he agrees with all the previous comments. He would add that he would like to see them get this effort before the new Council members as early as possible, as they will be receiving so much information as newly elected officials. He wanted to get this information before them as early as possible in the process to provide some context for everything else that will be coming at them. He likes the idea of having talking points for the EDAB so they are all on the same page when they talk to Council members in terms of the message they are presenting. He also liked the idea of presenting them with a notebook that would be tailored to their district, listing the employment centers in their district and the economic development assets in their district. He thought this would be a great resource for them to have. He liked the case study presented today by Brian O'Neill, where he compared the decisions made by the City of Manchester and the Town of Londonderry. He thinks this case study provided a concrete example and can help show what types of problems can be caused by a lack of planning. He indicated that there are a lot of moving parts in City government, but he thinks Economic Development is one of the most important things a Council member does.

Comment: Chairman Pitcher suggested that the Advisory Board could be a great resource for the Council members regarding economic development. This will require the Advisory Board to stay abreast of upcoming developments. He thought the idea of having a united message would be a very good idea. He asked for input on the best way to implement this type of relationship.

Comment: Bill Jabjiniak said this would require Staff to put this information together so that it is available as the November election grows nearer and the new Council members take office at the end of January. He reminded the Advisory Board that changes happen frequently in economic development. A legal decision might come in that completely changes a process they have been using and this effort will require keeping the information given to the Advisory Board fresh.

Comment: Rich Adams said he thought everything suggested at today's meeting had been right on target. He wondered if holding some kind of special, orientation meeting could be a possibility so they could bring the new Council members up to speed. He also suggested that they do this as soon as possible.

Comment: Terry Benelli agreed that it would behoove them to move quickly. She thought holding some kind of special meeting would help give a good overview of the entire process and give the Council members an opportunity to ask questions and see where their interests lie.

Comment: Bill Jabjiniak said it has been interesting to see which districts take a proactive approach to finding out what is going on within their district from an economic development perspective. He is surprised by the varying degrees of interest amongst the different districts.

Comment: Terry Benelli said she thought this goes back to not understanding the need for economic development. She stated that some people believe the market will take care of itself and don't understand that someone in Economic Development needs to be selling the City of Mesa and talking about the things the City of Mesa has to offer in an effort to attract business and industry.

Comment: Bill Jabjiniak noted that Mayor Giles has gone through a learning curve from the time he was previously in office from 1996 to 2000, to his current term as Mayor. Director Jabjiniak stated that things have changed a lot during that time period. Mayor Giles is much more in tune with how things are done today.

Comment: Matt Likens sees this as more of a marketing strategy. He thinks it needs to include a strong message and consistency of the message will prove very helpful. He also said it would help to be able to show the advantages to the Council members in understanding what the Economic Development Advisory Board does. It will require showing them how this will benefit them and their constituents. He believes the message will be well received if they can coordinate all the different components. He also indicated that they will need to find a way to communicate the things that change in a way that allows them to stay current on the issues.

Comment: Natascha Ovando-Karadsheh said she thought it would be beneficial, as they move forward with providing this information to the newly elected and current Council members, to find out who their contacts are. As the new Council members understand the bigger picture, they may have contacts or connections that might be beneficial in terms of economic development for the City of Mesa, for the region and for their district.

Comment: Bill Jabjiniak said it has been his practice to listen to a Council member's vision and then develop the plan accordingly. If they ask, he provides input. He said they will be seeing a big focus on the redevelopment efforts in the next couple of years.

Bill Jabjiniak reminded the Advisory Board that the new GPEC chair will be a Mesa resident, Chris Zaharis. He also stated that having three members from GPEC at the EDAB meetings is very important. He encouraged the members of the Advisory Board to be engaged in the process so they can get as much out of GPEC and East Valley Partnership as possible. He pointed out that there is a unique opportunity with Mayor Lewis taking over the leadership of East Valley Partnership. He wants the Advisory Board to consider where they are going as a community and how they can take advantage of the opportunities that are available. He desires to accomplish a lot in the next two years. Additionally, he would like further input on strategy. Bill Jabjiniak also stated that they would have another new board member at the next board meeting. Deb Duvall will be nominated by the Mayor and confirmed by Council at the next meeting. He also desires to fill the last seat with a Boeing representative and is actively pursuing this effort.

Chairman Pitcher thanked the members of the Advisory Board for their efforts. He stated that the next meeting would take place Tuesday, September 6. He asked if anyone had any further comments or questions.

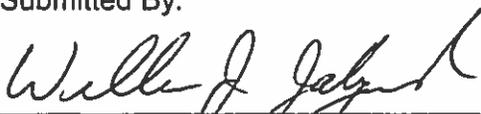
Question: Terry Benelli had a question regarding sales tax monthly reports. She had noted a drop in sales tax revenue and she wondered where she could get further information to understand this change.

Answer: Bill Jabjiniak said he would have Staff pull that information for her.

## 6. Adjournment

Chairman Pitcher adjourned the meeting at 8:58 a.m.

Submitted By:



William J. Jabjiniak  
Economic Development Department Director  
(Prepared by Debbie Frazey)