

MEETING MINUTES

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

Date: November 5, 2019 Time: 7:30 A.M.

MEMBERS PRESENT

Natascha Ovando-Karadsheh, Chair
Jim Kasselmann, Vice Chair
Rich Adams
Brian Campbell
Deb Duvall
Christopher Nickerson
Dominic Perry
Brad Wilson

EX-OFFICIO

Mayor John Giles (Excused)
Chris Brady, City Manager
Sally Harrison
Jeffrey Pitcher
Jim Kalberer *on behalf of Dan Olson*

STAFF PRESENT

William Jabjiniak
Jaye O'Donnell
Maribeth Smith

MEMBERS ABSENT

Matt Likens

GUESTS PRESENT

Duane Roen, ASU Vice Provost
Aric Bopp, ASU Economic Development Director

1. Chair's Call to Order

Chair Natascha Ovando-Karadsheh called the Economic Development Advisory Board meeting to order at 7:30 a.m. She congratulated Board member Rich Adams for being selected as Mesa's Man of the Year. Mr. Adams has dedicated his time and expertise to this community for many, many years without expecting anything in return. We are honored to have him on the Board.

2. Items from Citizens Present – None

3. Approval of Minutes from the October Board Meeting

MOTION: Brian Campbell moved to approve the October 1, 2019 minutes as presented; seconded by Deb Duvall. Upon tabulation of votes, it showed:

AYES – Ovando-Karadsheh, Kasselmann, Adams, Campbell, Duvall, Nickerson, Perry, Wilson

NAYS – None

Chair Ovando-Karadsheh declared the motion carried by unanimous vote.

4. Future Growth at the ASU Polytechnic Campus

Dr. Duane Roen, ASU Vice Provost, noted that Aric Bopp, formerly with the Mesa Economic Development Department, was in attendance at the meeting. Information packets were provided to the Board regarding ASU degree programs, recent economic development activity as well as the research going on at the ASU Polytechnic campus. Each of the ASU campuses has a dean serving as vice provost, which keeps administrative costs down. The ASU charter outlines the vision to ensure the success of students and to serve the community. The locations of ASU sites throughout the metro area were reviewed on a map, with the Polytechnic campus at the intersection of Williams Field and Power Roads. This fall, ASU has 75,000 students on campus and 45,000 online students. The total footprint

of the ASU Polytechnic campus is roughly the same as the Tempe campus, although there are about 50,000 students at the Tempe campus versus 5,000 at the Polytechnic campus. This is a special time with a convergence of activities engaging chambers of commerce, Valley businesses, mayors' offices, Pre-K to 12 schools, community colleges, faith-based groups and community organizations. These provide opportunities not only for students to learn but to become engaged in the community and to make a difference in the world. ASU teaches students that they need to be entrepreneurs out in the community from day one. This is a pathway to positive outcomes for the East Valley and beyond.

The ASU Poly Innovation District contains a little over 300 acres and is located west of the Phoenix-Mesa Gateway Airport and the SkyBridge development area. ASU has been collaborating with the Airport and SkyBridge on how to benefit one another and this part of the Valley. The ASU Poly Innovation District will provide opportunities for businesses and industry partners with shared interests. This district is seen as a living laboratory for research, development, design, and testing. It is not just a place to work and study, but a place for people to live. With the District being next to the core of the Polytechnic campus, there will be a lot of opportunity for interaction between business and industry partners and the students, faculty and staff at the Polytechnic campus. For five years in a row, ASU has been named the most innovative university in the Country. The intent is to ramp up that innovation even further in the future.

The big problems facing Arizona in particular and the world are water, energy and food. Those three elements are inseparable. Arizona and the Polytechnic campus in southeast Mesa are well-positioned to address those three elements, which will be a big part of our future in Arizona. The technology is emerging to do a better job of creating and recovering fresh water, generating and storing renewable energy, and producing high-value food. 33 Buckets is a student-developed company that uses solar panels and local building materials in underserved parts of the world to help produce drinkable water. ASU generates a lot of its own power with solar panels. The unique convergence in the southeast Valley of education, research, business, transportation, and housing has the potential to be a living laboratory showing the world what technology can do to make business, industry and life better in the future as well as attract a lot of talent. The assets in this area of the southeast Valley include the research being done at ASU Polytechnic regarding energy and food, the availability of energy and water, the workforce at the Eastmark community, great K-20 education partners including EVIT, ASU, and Chandler-Gilbert Community College, available land partners, and the Phoenix-Mesa Gateway Airport. Many of those land partners have participated in the monthly SMERF meetings, created and led by Aric Bopp.

ASU is heavily invested in advanced manufacturing, robotics, automation and additive manufacturing, and hopes to attract industry partners to the Poly Innovation District. There are phenomenal activities going on at Phoenix-Mesa Gateway Airport, especially with the SkyBridge development. The fall enrollment at ASU Polytechnic is 5,300 on campus and another 4,000 online students, with engineering being the biggest presence on campus. ASU offers about 100 undergraduate and graduate programs at the Polytechnic campus, and there is interest from two colleges in having a presence on campus. There is a lot of groundbreaking research being conducted at the ASU Polytechnic campus, including soft and wearable robotics, 3D printing, sustainable fuels, algae testbeds, food waste, ecology and wildlife, and teacher preparation. The all-woman Desert Wave Robotics Team recently placed first in the US and third in the world in an international competition in their rookie season.

ASU Polytechnic is at a special moment in history where it can work with the City of Mesa and other Valley partners to drive economic development in the East Valley and the region as a whole. The Economic Development Advisory Board was invited to the Innovation Showcase at ASU Polytechnic campus on Friday, December 6, 2019, 3-5 p.m. at the Sun Devil Fitness Center. Engineering students will present projects they designed, some in partnership with local businesses and industries. ASU's Open Door will be held on Saturday, February 29, 2020 at the Polytechnic campus from 1-5 p.m.

Board Discussion

Chair Ovando-Karadsheh recently visited Raleigh and noted the vibrancy and innovation in their Research Triangle. Drawing a line from Tempe to the ASU Polytechnic campus to downtown Mesa would create a triangle and she suggested branding it the new East Valley Research Triangle. She noted that the proposed downtown Mesa campus was not shown on the map of ASU Valley locations. She appreciated what ASU has done to stimulate the Gateway area.

Dr. Roen thought a research triangle in the East Valley was a fantastic idea. He was very excited about the ASU downtown Mesa project and felt it will do for downtown Mesa what ASU's presence has done for downtown Phoenix. It does need to be added to the map.

Deb Duvall asked about applying to the Polytechnic campus.

Dr. Roen stated the ASU home page online has information about all of their programs and admissions. Some programs are only available at one campus and some are available at all campuses.

Rich Adams noted that Rotary International is big into bringing fresh water into third world countries and developing areas. There may be some opportunities for 33 Buckets to collaborate with them and he offered to make that connection with Dr. Roen. He asked what percentage of the power usage ASU generates through solar panels.

Aric Bopp noted that ASU has more solar installations than any other university in the US. He did not know the exact percentage.

Dr. Roen noted there are solar panels on nearly every parking structure at the ASU Tempe campus as well as other locations, which generate a sizable amount of power. The goal is to be net zero at some point. He will research the amount of power generated and report back to the Board.

Sally Harrison noted that Dr. Roan participated in the bus tour last week with a behind the scenes tour through the ASU Polytechnic campus. It is interesting to see all of the growth in that area.

Chair Ovando-Karadsheh highly recommended that Board members take the behind the scenes tour.

Dr. Roen stated tours can be custom tailored for a single person or small group.

Jim Kalberer, as an industry representative, sees the exciting things going on at ASU Polytechnic. Through his company, he has the opportunity to visit different sites and technology events and see the growth in technology from AI, additive manufacturing, and robotics. That is the future and ASU Polytechnic is positioned very well. He asked how industry partners can make the connection with ASU for some of those innovations.

Dr. Roen offered to make connections and Mr. Bopp can also be contacted for connections with industry partners.

5. Inner Loop Study Presentation – Item pulled from agenda.

6. Hawes Crossing PAD Presentation – Item pulled from agenda.

Chair Ovando-Karadsheh stated that items 5 and 6 were added to the agenda late and presentation materials were not received in time for the meeting. Those items have been pulled from the agenda for a future meeting.

Rich Adams supported pulling these items as he appreciates having the opportunity to review and study presentation materials several days in advance of a meeting.

Chair Ovando-Karadsheh asked that all presenters submit their materials to the Office of Economic Development, so that they are included in the Board's agenda packet as a standard policy moving forward. This will allow the Board members time for review and research prior to the Board meeting.

7. Board Discussion on ACC Hearing

Brian Campbell advised that there is an Arizona Corporation Commission hearing today at 10 a.m. regarding Project Red Hawk at Elliott and Sossaman Roads. Mayor Giles sent a letter of support to the Arizona Corporation Commission regarding Project Red Hawk and the growing technology center near the Elliot Road Tech Corridor and the existing Apple global command center, Niagara Bottling and EdgeCore. His letter states that the project will benefit Mesa greatly by bringing in strong revenue, quality jobs, and will attract future economic development in a location that is ideal for high-tech manufacturers and data centers. Mr. Campbell applauded the Mayor's leadership in this matter and the partnership with SRP. At the hearing, City representatives will testify on behalf of the Mayor and his letter in support of SRP's application for a Certificate of Environmental Compatibility (CEC) to provide customer-requested infrastructure and energy services to Project Red Hawk in Mesa.

8. Director's Update

Director William Jabjiniak reported on the positive press received over the last 30 days. SkyBridge has received tremendous coverage, including leasing activity on the first building. There is a lot of interest in the export opportunity with Mexican-US customs at Phoenix-Mesa Gateway Airport.

The Union held a groundbreaking on October 22. The Union will be working on the utilities and garage foundations between now and Spring Training, and there will be parking on a portion of that field.

Home2 Suites at Mesa Longbow held a groundbreaking last month. They are currently working on a drainage easement issue and we expect shovels in the ground by the end of the year.

There was an economic development overview for the Japan Times which has not run yet, and there is a lot of interaction and positive feedback around the Asian district with Jaye O'Donnell leading that effort.

A statewide webinar will be held regarding Opportunity Zones and there is a lot of activity in each of Mesa's Opportunity Zones. Although many projects within the zones are not funded by Opportunity Zone Funds, there are currently about five that are. While other parts of the country are seeing permits start to fall off and the activity slowing down, Mesa is in growth mode. The \$70 million Longbow development is approximately 40 percent funded by an Opportunity Zone Fund. There are five industrial buildings on Ray Road and Sossaman that will be 100 percent funded with Opportunity Zone Funds. Developers are interested in Opportunity Zones and are paying attention to the rules and the changes that are coming.

Brian Campbell was in a discussion with some East Valley financial professionals who inquired where to direct clients to invest in Opportunity Zones. He asked if the City was reaching out to some of the Funds that exist on the East Coast and other places to help direct those funds into Mesa so that we can capture that opportunity.

Mr. Jabjiniak stated there has not been a targeted marketing campaign to the Funds, although he would like to see that done. The prospectus posted online has generated interest, and we have a dedicated Opportunity Zone website. We have been able to reach the local Funds, although we would like to reach out on a national level. 24/7 In Touch has invested a lot of money into the Fiesta Opportunity Zone area, although they were not able to use an Opportunity Zone Fund as they were moving too fast. A lot of the big industry on Ray Road also couldn't wait for the regulations to be released. Some of the more recent deals are looking at how to use Opportunity Zone Funds going forward. That outreach will be critical for us as we start the new year.

Jeff Pitcher stated there is a lot of money out there and a lot of interest in Opportunity Zones. He represents one fund based on the East Coast that has already completed two deals. They did look in Mesa but were unable to make a deal here.

The first What's Happening Tour covered southeast Mesa was held in October with a lot of positive feedback. Sally Harrison was recognized for the vision which arose out of last year's EDAB bus tour. Maribeth Smith was thanked for her efforts in putting everything together. It was a three-hour bus tour on the current development and opportunities in southeast Mesa. The next tour will cover the rest of Mesa.

Chair Ovando-Karadsheh encouraged Board members to take the tour or at least drive around and see what's happening throughout Mesa. The National Association of Realtors head economist spoke before the Board of Realtors recently about Arizona in relation to the rest of the country. What is happening here is really unique and has become a data point. We need to continue to push ahead and take advantage not only of the strong economy but this amazing time of growth. It is important for each of us to advocate and support that growth and development. People beyond our market are starting to know who we are and what we do.

Rich Adams appreciated the vision of former Mayor Finter on the Falcon Vision Commission and the results that we are seeing today. Jaye O'Donnell was instrumental in executing a lot of that and should be commended as well as Bill Jabjiniak and his team.

Mr. Jabjiniak noted that we are in one of the longest economic expansions on record, but there will eventually be a slowdown. Also, the investment in infrastructure is what has driven the activity on Ray Road.

The annual conference of the International Economic Development Council was held in mid-October in Indianapolis. Mr. Jabjiniak is originally from Virginia, as is Mr. Bopp. He noted Virginia knew more about what's going on in Mesa, Arizona than he could ever imagine. We are on the map now domestically, which is impressive. We are also reaching across the borders to Japan and other places internationally.

Upcoming Events

- November 14, 2019, 10 a.m. Urbix ribbon cutting. Urbix is a graduate of our LaunchPoint facility that has expanded and moved to a location in the Falcon Field area.
- December 10, 2019, 10 a.m. Landing 202 groundbreaking on the north side of Ray. This is Marwest Development's Phase II and there are discussions regarding Phase III already.

9. Future Agenda Topics

The Board discussed ideas for future agenda topics.

- Jack Sellers, State Transportation Board, and MAG Transportation Planners:
 - Preferred Alignment Study / I-10 reliever corridor
 - 202 Loop – How to accommodate growth
 - State Route 24
- Mayor and Council
- Chris Camacho - GPEC update
- Update on Opportunity Zones
- Business Retention and Expansion Report
- Report on Mesa businesses

Brad Wilson asked if there was communication with other East Valley cities to see how Mesa compares.

Mr. Jabjiniak advised that Mesa's population to job ratio is three to one. Tempe provides the best comparison with the University and has a ratio of almost one to one. We make a concentrated effort to not compete with our neighbors. He noted however, businesses such as Dexcom do not see the boundary line between Mesa and other cities. Their concern is where they can attract workforce and manufacture their products. The key to how we continue to grow as a region is our workforce.

Brian Campbell noted that the job ratio is critical because the job is what generates the revenue in the community whereas the housing unit creates the drain on city resources. When you look at Mesa's ratio of three to one versus our sister cities that are almost one to one, that illustrates our need to be ever vigilant on the employment areas.

Mr. Jabjiniak noted that for every manufacturing job, there are four indirect jobs.

Jim Kasselmann noted that out of Dexcom's 900 jobs, about three-quarters are manufacturing jobs.

Sally Harrison noted the Mesa Industry and Defense Council has been in place for four years and continues to grow with companies like Northrup Grumman and Boeing. That committee brings issues to congressional staff and military groups. A new committee, the Mesa Financial Network, is doing well and held a recent meeting with representatives from both Senator Sinema and Senator McSally's offices. The Committee on Aging will kick off this week. Ms. Harrison attended a field hearing last Friday with Senator McSally on aging and Alzheimer's.

The Board discussed having Chris Camacho back for an update on GPEC. Mr. Jabjiniak reported on Mesa's return on our \$240,000 a year investment in GPEC. For every dollar we spend, we get \$55 back. He felt everyone was pleased with how they work together with the Arizona Commerce Authority.

10. Other Business

The next EDAB meeting will be held on December 3, 2019, 7:30 a.m. Jim Kasselmann will host the meeting at the Dexcom facility in Mesa.

11. Adjournment

Chair Ovando-Karadsheh adjourned the meeting at 8:30 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director

(Prepared by Dana Desing, TEI: 14082507)