

MEETING MINUTES

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

Date: April 4, 2017 Time: 7:30 A.M.

MEMBERS PRESENT

Jeff Pitcher, Chairman
Natascha Ovando-Karadsheh, Vice Chair
Terry Benelli
James Christensen
Deb Duvall
Matt Likens
Dominic Perry
Scott Rudy
Laura Snow

EX-OFFICIO

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

STAFF PRESENT

Bill Jabjiniak
Kelley Keffer
Pat Block
David Packard

MEMBERS ABSENT

None

GUESTS PRESENT

Mark Freeman, Councilmember
Jeremy Whittaker, Councilmember
Dominic Papa, Executive Director AZIDP

1. Chair's Call To Order

Chair Jeff Pitcher called the Economic Development Advisory Board meeting to order at 7:36 a.m.

2. Items from Citizens Present

None.

3. Approval of Minutes from the March 7, 2017 Board Meeting

Chair Jeff Pitcher called for a motion to approve the minutes from the March 7, 2017 meeting.

MOTION: Terry Benelli

SECOND: Deb Duvall

DECISION: Passed Unanimously

4. LaunchPoint Overview

Chair Pitcher welcomed Kelley Keffer, Project Manager with the Office of Economic Development to EDAB. She began her presentation on LaunchPoint. She provided some background information on the project, noting the City of Mesa had identified technology as an Industry of Opportunity to grow their business base. As part of this technology-based attraction effort, the City decided to pursue LaunchPoint to help bolster the growth of innovative technology companies. From conception, LaunchPoint was designed as an Accelerator model, with the focus primarily placed on post start-up, high growth, technology-based businesses. She noted the original mission of LaunchPoint was to stimulate the establishment and growth of small technology-based companies and other growth oriented businesses in the East Valley. By fulfilling this mission, the Accelerator would contribute to job creation and provide for enhanced economic health in the region. As such, the efforts of the project would be directed at attracting scalable businesses that might have a prototype of some demonstrated level of sales, but were facing challenges with their growth. LaunchPoint would provide low cost office space and amenities, provide access to technical assistance, and create connections to resources to help companies reach their next level of growth.

Kelley Keffer said that between the period from December 2013 to April 2016, LaunchPoint had three resident businesses, with 5 jobs created, capital investment of \$5,000 and the project occupied 300 square feet. She indicated it was apparent from the low numbers, that there were issues with the performance of the project. The Office of Economic Development performed an assessment to determine the primary factors impacting the low interaction rate of LaunchPoint. The areas of concern that rose to the top were the following: location, staffing, programming, environment, a narrow focus and a lack of venture capital and/or angel investors. Some of the concerns that came up were: 1) LaunchPoint was located far off the beaten path and this was a barrier for potential users, 2) LaunchPoint had no dedicated staff person at the facility, 3) LaunchPoint's programming was focused on access to consultants for higher monthly participation fees. The companies had little interest in paying extra for this type of access due to the fact that most entrepreneurs are cash-strapped and a fee-for-service model wasn't appealing to them, 4) The following descriptions were provided regarding the prior facility: low activity, outdated, institutional and tired, 5) Most Accelerators offer access to venture capital and/or angel investors.

Kelley Keffer shared that after completing the assessment, the OED asked themselves what the City was best able to provide, what assets did they have to leverage, and what did they really want to accomplish. After looking at their strengths and weaknesses, the OED realized if the City wants to grow their position in the region, as a place for entrepreneurs and start-ups, they needed to understand a couple of core philosophies. The first core philosophy was economic gardening. This is an entrepreneurial approach which seeks to grow the local economy from within, by recognizing that local entrepreneurs create companies which grow jobs, increase revenue, and bring vibrancy to the local business sector. The second core philosophy was placemaking. Placemaking has to do with planning, design and management of public spaces. In pairing these two concepts, the OED has created an economic development strategy called entrepreneurial placemaking. This concept makes the most of local assets, in an effort to shape attractive and unique places where people want to live, work and play. With this strategy, entrepreneurs are the focus of attraction, bringing people and ideas together to spur creativity, grow jobs and strengthen economies. Therefore, entrepreneurial leaders can focus on creating the best start-up community for their city, based on the unique attributes of their city. The City of Mesa is best positioned to leverage their assets to grow an entrepreneurial community by providing a place for creativity and growth, coordinating and organizing resources, and building

partnerships with providers who deliver the content. A decision was made to reposition LaunchPoint as a place for connecting entrepreneurs and start-ups.

To reflect this shift, they began by articulating an updated vision for entrepreneurship in Mesa. Kelley Keffer shared the new vision statement. The OED also developed an updated mission statement. The new mission statement reads as follows: "LaunchPoint is a unique place for entrepreneurs and small companies that provides flexible space, business development assistance, and networking and training opportunities. It is a place to help businesses launch and accelerate to create new jobs and capital investments in the community."

After reimagining LaunchPoint, Kelley Keffer stated it was important for them to address the location. As previously noted, Ms. Keffer revealed the southeast Mesa location was a barrier to attraction. In examining what the City had to offer, it became apparent there was a solution. The City owns the Mesa Center for Higher Education and the property had underutilized spaces in the building, including the availability of wet and dry lab space and higher education partners. Also, Ms. Keffer shared that the Center is conveniently located in Downtown Mesa, which is much closer to the greater Phoenix entrepreneurial community and has better access to freeways and public transit than the previous site. The decision was made to co-locate LaunchPoint in the Mesa Center for Higher Education. Kelley Keffer told EDAB that one of the approaches when they made the change, was to step back and to treat LaunchPoint as a start-up itself. With this in mind, they decided to ask entrepreneurs what they needed. After conducting this research, they came to the conclusion that there was a gap in the marketplace. They tried to determine what this gap was and how they might fill it. They didn't want to recreate something that was being done five or ten miles down the road. These efforts resulted in changing the model to be more flexible with their participating entrepreneurs. The space now falls into three categories: office space, lab space and collaborative space. The collaborative function is a no-frills use of common space which offers internet access and a place for entrepreneurs to connect and network with others. LaunchPoint also no longer offers consulting services built into the participation pricing and they have also priced the facility use affordably, in an effort to provide an environment that allows their companies to grow. They continually ask the LaunchPoint participants for ongoing feedback and suggestions. They have also added some additional technology to the building, including the use of TV's and Chromecasting for collaboration.

Kelley Keffer shared that in the eleven months since these changes were made and LaunchPoint was relocated to Downtown Mesa, they now have 12 participating companies that occupy 4,000 square feet, representing 31 jobs, and resulting in over 1 million dollars in capital investment. She mentioned they have held more than 12 Tech talks, meetings and trainings with over 250 attendees. She shared she would like to introduce several of the companies from LaunchPoint that were in the audience at today's meeting. She introduced Clean Router, creators of a router that filters out salacious internet content to all connected devices in the home. Clean Router was the recent winner of the 2017 Venture Madness competition; Avagate, LLC., developers of a high profile mobile app, TRANSFORM with Chris and Heidi Powell; Prenda (Code Club Made Easy) developers of a training software platform that is now being marketed and sold to libraries and schools across the nation. She said Prenda was in the top 32 of the Venture Madness competition. She continued to introduce the following companies: Scientific Host, a company with expertise in cyber security and advanced computing solutions; Pioneer Coaching, which focuses on providing service that helps improve communication, interpersonal skills, and employee skills in tech-focused companies; Mesa Technology Group, the founder of this company holds several patents in the field of optics and the company helps

companies prepare proposals including SBIR and STTR grant applications; Ambercycle, Inc., a chemical engineering research and development company that is developing chemical technology to produce conventional polymers from fibrous waste; Urbix Resources, winners of the 2017 Clean Tech Open Business Award as the most investible and commercialization-ready company. Urbix Resources is a graphite refining research and development company that is developing products for applications, including use in lithium ion batteries and other high tech applications; R2 Advanced Technologies, a company that delivers visual excellence through CAD designs and 3D animations; If Studio, a company that is developing a coding education hybrid model that includes a small classroom component and a practice at home component, designed to meet the gap in knowledge for adult learners breaking into coding; W3M, a development company specializing in SaaS based solutions for clients, with a focus on frequent communication and step-by-step partnerships; and Techitezee, the first participating company at LaunchPoint, who have changed their original concept and are now focused on developing networking platforms for business applications. Kelley Keffer further pointed out to EDAB that LaunchPoint has been able to attract and grow in the participant-based, technology arena. This tremendous growth has been spurred organically and has been spurred for two reasons. One, moving to a more central location, with improved access to the greater Phoenix regional entrepreneurial community, has made LaunchPoint more accessible. Second, locating in a City facility has provided more flexibility in the LaunchPoint model, including the type of space which is available. The improved physical offerings have given LaunchPoint the ability to better meet the needs of entrepreneurs and start-ups. Additionally, as they have grown their participation, they have been fortunate to have very passionate participants, both about entrepreneurship and about Mesa, and those participants share LaunchPoint with others, which has elevated their visibility in the greater entrepreneurial community. Kelley Keffer also mentioned they have just created a new LaunchPoint website, which will include buttons featuring each of the participating companies, as well as a meet up page, that details the events that are happening at LaunchPoint. Kelley Keffer stated although they have made great progress, they still have a lot to do. They are working with the Maricopa Small Business Development Center to bring some high value training to LaunchPoint. They are also working with the SBDC to locate a counselor on-site two days a week. These counseling services will not just be for LaunchPoint companies, but for all Mesa businesses that are in need of assistance. She mentioned they will be holding the first Entrepreneur Roundtable, on May 11 at the Mesa Marriott. Starting on April 11, they will begin taping video vignettes of LaunchPoint's participating companies. These will be placed on the website, but also used to create social media marketing videos and to tell the story of entrepreneurship in Mesa. She shared they would also be updating the Strategic Plan for Fiscal Year 2018. She said they will need to create a system for the way they onboard companies into LaunchPoint and how they graduate them out. She suggested EDAB could be involved by talking up entrepreneurship in Mesa. She also suggested the board members get to know the existing LaunchPoint companies. She further suggested the possibility of EDAB members helping to develop a signature event for LaunchPoint or offering to be a mentor to a member of the entrepreneurial community. Kelley Keffer finished her presentation and offered to answer any questions.

Chair Jeff Pitcher took the opportunity to welcome the LaunchPoint businesses that were in attendance. He said he appreciated them taking the time to come to the meeting. He then called for questions.

Comment: Matt Likens thanked Kelley Keffer for the comprehensive review of the tremendous progress LaunchPoint has made in the past 11 months. Board Member Likens told the Board he wanted to provide a little more information about the Venture Madness competition. He

noted the event is sponsored by Invest Southwest throughout Arizona. He indicated the competition consisted of 118 companies that vied for the top honor. He said the field was narrowed down to the top 64 companies and then in the same way that the March Madness basketball tournament whittles down the field, the companies were whittled down to 32, 16, and the eventual winner was Clean Router. He said it was quite an honor to emerge out of such a large field and win the top prize. He congratulated Clean Router for their victory. He also mentioned he had the privilege of being a judge in the first three rounds.

Comment/Question: Brian Campbell thanked Kelley Keffer for her wonderful presentation and pointed out he thought the relaunch of LaunchPoint had been a tremendous success. He gave kudos to the OED staff for making that happen. He said in working on this issue for many years, they have noticed the need for these companies to have advanced business services to help package and prepare them for the venture capital markets they hope these types of businesses will attract. He brought up the fact that the Director of the Silicon Valley Patent and Trademark Office is going to be in Arizona in June. He mentioned it would be possible to facilitate some meetings, if that would be a help to some of the LaunchPoint businesses. He shared that the Patent and Trademark Office has a program they are piloting to roll out in Arizona in June, that targets these types of companies to give them some IP (International Patent) protection as they move forward under federal law, at a much discounted rate. He asked Kelley Keffer if this was the type of thing the LaunchPoint businesses needed more of to get to the next level as they accelerate. He also asked if they needed help looking for workforce.

Answer: Kelley Keffer answered that the continuum, depending on the company, was very wide as to what their actual needs were. She acknowledged this is the reason they continue to ask the companies what their needs are and then they can try and connect them to the resources that will help them reach their next level. She said she would definitely like to share the information about the Patent and Trademark Office with the LaunchPoint businesses, because that would provide a very specific level of expertise that most of the general counseling and tech assistance services do not provide.

Comment: Brian Campbell told Director Jabjiniak he could get the information to him about the group that is hosting the Patent and Trademark Office in Arizona. He indicated he could make sure that Mesa is prominently mentioned.

Response: Kelley Keffer noted some of their companies, especially those in product development, could potentially use those services.

Question: Deb Duvall asked for a little more information about the upcoming signature event so the EDAB board might be of assistance.

Answer: Kelley Keffer said first they need to decide what type of event they will hold. After they make this decision, they will reach out to EDAB and provide some talking points so the board members could approach companies and/or potential sponsors. She indicated they were still in the early planning stages, so she welcomed any suggestions from EDAB.

Question: Natascha Ovando-Karadsheh asked about space at LaunchPoint. She asked if they had enough space to grow. She asked if there was more interest than room.

Answer: Kelley Keffer answered they still have available space, but they are about 80% full. She revealed that this growth has come without a large and loud marketing push and that they have been fortunate to grow organically and they have developed with a very sound technology base. She said the companies they have in LaunchPoint are their best recruiting mechanism. She said there is only one remaining lab space available.

Comment: Director Jabjiniak said he and Chris Brady continue to evaluate the buildings used for LaunchPoint. He pointed out the building they are in was originally built as an educational facility. He stated they are currently using the first floor, but they are taking a look at the physical facilities. They want to encourage the continued entrepreneurship growth. He believes they will be seeing some future discussions involving the City Council about what the next step will be.

Question: James Christensen asked what they could do, in terms of raising capital, to bring those opportunities to the tenants. He mentioned several ways of raising capital including angel investors or venture capital.

Answer: Kelley Keffer said sometimes lending was the answer and sometimes FF&F (Friends, Family and Fools) financing is the only way these businesses can get funded, depending on where they are in the development cycle. She said they plan on offering some training and information about different types of financing available.

Comment: James Christensen stated he thought it would be easy to bring a panel discussion to LaunchPoint and allow the tenants to ask questions.

Response: Kelley Keffer noted that recently Arizona Bank and Trust had come out and done a workshop on Small Business financing from a banking perspective. They provided information on the types of criteria banks would be looking at. She shared the smaller companies are often not sophisticated in the lending arena, so educating them in this area is quite helpful.

Comment: Jeff Pitcher mentioned he appreciated that Kelley Keffer had suggested ways EDAB could help their efforts at LaunchPoint. He said he realized EDAB is a great resource for these businesses, but he appreciated direction on the type of help needed.

Response: Kelley Keffer invited the members of EDAB to come tour the facility and interact with the businesses at LaunchPoint. She pointed out Dominic Perry had recently come out to tour the facility.

5. Smart & Connected AZ Initiative

Chair Jeff Pitcher welcomed Dominic Papa to begin his presentation on Smart & Connected AZ Initiative.

Dominic Papa, Executive Director and Co-founder of the Institute for Digital Progress, introduced himself. He shared that a couple of years ago, he was working for a tech start-up company in Scottsdale, while he was also pursuing his Master's Degree in Public Administration with a focus on local government. He revealed he was a Marvin Andrews Fellow and also worked for the Center of Urban Innovation for Arizona State University. He mentioned this allowed him to see several different viewpoints: from the perspective of a tech company, an academic institution, and a local government. He said he noticed those three large sectors weren't really talking to each other or collaborating. When he graduated, he began working for the City of Phoenix as a Technology Adviser for one of the Council members. He stated his goal at that time was to start a lot of Smart City IoT (Internet of Things) pilot projects from within the City. Being an eager graduate, he was surprised it wasn't as easy as he thought it would be, with bureaucratic red tape making it difficult to get some of his innovative initiatives up and off the ground from within the City. He indicated he did a lot of research on other Smart Cities around the world, like Barcelona, Dubai, Helsinki, New York and San Francisco. He recognized a lot of those cities had an outside, independent organization within the community that drove

technology and innovation. He looked around this region and noted there really wasn't an independent organization fulfilling that need locally, so he started the Arizona Institute for Digital Progress two years ago. The Arizona Institute for Digital Progress (AZIDP) has experienced tremendous success and is why he is before EDAB today presenting their two models for innovation and economic development.

Dominic Papa mentioned AZIDP was a 501(c)3 non-profit organization with a mission of transforming the region into a global hub of Smart City/IoT technology driven by collaborative civic innovation.

Question: Jeff Pitcher asked if he could explain what IoT was.

Answer: Dominic Papa answered that IoT stood for Internet of Things. He pointed out this was quickly moving to IoE, Internet of Everything.

Dominic Papa continued his presentation by telling EDAB that Smart City/IoT Technology has two incredible benefits: The first benefit was Smart City/IoT Technology has tremendous potential to drive economic development and attract investment into cities. The second benefit is they can be leveraged to solve seemingly insurmountable urban challenges that cities and citizens face on a daily basis. He stated, that in terms of economic development, the market for Smart City and IoT Technology is huge and is rapidly growing. The largest market research firms put the combined market potential at over 1 trillion dollars by the year 2020, and he pointed out these sectors have the potential to drive economic development for the City of Mesa. He pointed out that in terms of insurmountable urban challenges, these sectors can help local governments solve these challenges, by helping cities increase their capacity for innovation. He noted, in his experience, innovation in the public sector, continues to be organized haphazardly with disparate short-term initiatives. He also noted that across sectors, many of the same companies and stakeholders that are working on similar projects don't realize it, because there isn't any centralized communication or centralized coordination. Armed with this knowledge, he realized local governments needed help. He mentioned a new type of metropolitan leadership was needed to bring all the various innovation initiatives under one umbrella, where data, knowledge, and insights can be shared and collectively used to create bigger impacts and solve seemingly insurmountable challenges. With that in mind, AZIDP realized complex public challenges require unprecedented collaboration, so AZIDP created the Smart & Connected AZ Council. The S&C AZ Council is a collaboration of some of the leading technology companies within Arizona, such as Intel, Cisco, Verizon, Microchip, and Avnet. It also is composed of anchor educational institutions like ASU and GCU, as well as hospitals like Banner Health and Dignity Health. They also have representation from the local governments. He pointed out that Mayor Giles sits on the S&C AZ Council, as well as the Mayors of Scottsdale and Phoenix, and Supervisor Gates from Maricopa County. He shared the primary mission for the S&C AZ Council is to drive real change for real people through the practical application of technology within their communities.

Dominic Papa stated they want to work with cities to help solve their pressing issues, through rapid development and deployment of pilot technology solutions. The Smart & Connected AZ Council attempts to transform the City into an innovative lean start-up, thereby creating a regional ecosystem that supports innovation, technology and entrepreneurship. He revealed that today he would be presenting two new pathways to innovation: 1) Innovation as a Service (IaaS) and 2) AZ Urban iLabs. He pointed out these new pathways to innovation would provide governments with a process for innovation and these processes would allow all levels of government and industry to bring extremely diverse ideas, skills, and resources together to

solve their ecosystem level problems at astonishing speed. The first path focuses on solving those specific local government challenges. He indicated he realized during his time with the City of Phoenix, that it was clearly evident no one company could provide the breadth of solution to solve these types of complex issues. He noted there had recently been a shift occurring, and governments were now thinking more and more about how to create innovative solutions to their most pressing problems and government officials are realizing the importance of thinking about innovation as a process. Dominic Papa said that in order to solve urban challenges, it is important to make innovation the norm rather than the exception and to establish a routine practice that enables them to consistently and effectively prepare for the biggest challenges of tomorrow. Dominic Papa told the board this is where the Smart & Connected AZ Council comes in. The S&C AZ Council exists to catalyze innovation for governments and provides the energetic and systematic innovation necessary to remove government from stagnation, and help them solve some of their biggest urban issues. The S&C AZ Council provides local governments with a sustainable process for innovation through the Innovation as a Service (IaaS) model. IaaS combines rigorous data analysis, best-in-class idea generation techniques, and strong performance management and is an effective model local government leaders can use to generate and implement bold ideas. Through the IaaS model, the S&C AZ Council will generate customized technology solutions to fit specific city issues and real citizens' needs. Through this model, cities will be able to co-create innovative pilot projects with the best and brightest minds in Arizona, from the leading technology companies to the emerging start-ups such as Clean Router, to hospitals, and university researchers. The S&C AZ Council allows Mesa to leverage the collective brainpower of the community to solve their biggest challenges.

Dominic Papa noted local governments are facing ever increasing budget constraints, so they created a LEAN funding model to support the pilot solutions arising out of this IaaS model. As a non-profit community organization, AZIDP leverages corporate and philanthropic funding, as well as secured endowments. He stated they do not rely on city or agency budgets to fund the pilot programs. In this way, cities have the ability to procure solutions after testing their effectiveness, minimizing the risk to the cities. This allows a city to test and verify the solution works and fits their needs, before having to come up with the money to purchase the solution.

Question: Director Jabjiniak asked how City staff or elected officials give input as these types of pilot projects are developed.

Answer: Dominic Papa shared that his next slide regarding workflow, would help answer Director Jabjiniak's question.

Dominic Papa indicated they initially work with the elected officials, city staff or community members to identify the problem they would like to pose to the S&C AZ Council. They then help better define those problem statements in order to pose the particular issue to the S&C AZ Council. He then shared a slide which represented the Project Evaluation and Implementation Flow after a problem was presented. After the initial step, in which the problem has been well defined, it would move to the S&C AZ Council, and they would determine if this was a project they would want to move forward with as a region. They would then answer the question if it would make sense to proceed with a pilot project. If the answer is yes, then the next step in the process would be the Innovation Task Force. When the process reaches the Innovation Task Force level, this is where they would have representation from the specific cities and ask for input and other resources they might need to develop the pilot that would solve the issue.

Question: Brian Campbell provided an example of a city problem EDAB has struggled with for many years. He revealed the problem was education, as it relates to workforce development.

He pointed out this issue impacts the city, school boards, and the region. He pointed out they struggle from a financing standpoint, a delivery model standpoint and they struggle from the ability to attract new businesses from a workforce standpoint. He asked how the S&C AZ Council would handle this problem, if that was the issue presented.

Answer: Dominic Papa answered that initially, they would define the problem. Workforce development is a very broad challenge, so they would work with the relevant stakeholders to determine the key objectives in solving this issue, so the solution would be successful. Once those metrics were in hand, Dominic Papa said they would pose the challenge to the S&C AZ Council as a whole. At this point, they would be able to take advantage of the combined resources of the many types of representation on the S&C AZ Council to create a holistic solution. Once the problem statement is taken to the S&C AZ Council, it would then be taken to the Innovation Task Force, a smaller group, and that group would be tasked with developing the pilot solution that would then be launched and tested within the City of Mesa. At this step in the process, they design, build and test a handful of scenarios that could work to solve the problem. The Innovation Task Force then poses it back to the S&C AZ Council, who then will adopt the one solution to move forward with. He stated it is a rapid development process like a LEAN start-up.

Question: Brian Campbell asked for a ballpark timeframe on the length of time it would take to complete the steps from definition of the problem through the test program described.

Answer: Dominic Papa answered they envision the entire process taking six months. At the end of the six months, they would have something up and ready for testing. He acknowledged this is a very rapid pace. He said they would then test and measure the pilot solution to see if the City would want to continue the pilot solution and move forward with it, or if it isn't performing as hoped, it would move back to the Council to reiterate and figure out a new solution. He stated if a majority decision is reached that a successful outcome had not been achieved, the best part for the City was the risk had been taken by the S&C AZ Council, with no risk to the City financially.

Question: Jeff Pitcher asked what type of problems are they currently seeing.

Answer: Dominic Papa revealed the S&C AZ Council was just launched less than two months ago, and already they have seen lots of interest from cities and state agencies to help in solving their problems. They have been asked to help the City of Scottsdale solve a problem with their bus route system. They are also working with the City of Surprise for a solution to the fact their Dial-A-Ride is being defunded. Additionally, they are helping with a water meter solution for the City of Phoenix, as well as an issue with the dump trucks in the City of Phoenix Public Works department.

Dominic Papa shared what he has just presented is the process they have envisioned, but he acknowledged they are still in the development process. He noted they don't see this S&C AZ Council developing something *for* the City of Mesa, but *with* the City of Mesa. He stated he has shared this information at today's meeting to receive advice and feedback and to potentially move forward.

Dominic Papa then discussed the second pathway they have envisioned for innovation, which is called AZ Urban iLab. He noted the challenge behind this model was the fact the cities of Arizona, and especially Mesa, are starting to establish their reputation as one of America's major leaders in entrepreneurship and innovation. With this distinction, AZIDP has looked at ways to encourage entrepreneurs to try novel ideas which could have a positive impact on the lives of citizens and residents, as well as how entrepreneurs with ideas to improve urban life,

can test them in real city environments. The answer to these two concerns was to develop AZ Urban iLabs. AZ Urban iLabs opens up the region as a site for experimentation, enabling entrepreneurs to pilot products and services. It would be a tool to facilitate the use of public spaces in the region, to carry out tests and pilot programs on products and services with an urban impact. The idea is to use the cities as urban laboratories. Entrepreneurs would propose groundbreaking, sustainable ideas to enhance life for local citizens, and the S&C AZ Council would select the most promising ideas and they would then be trialed on the city streets and in member institutions such as hospitals and schools. Dominic Papa shared the four main objectives behind this Urban iLab concept were: 1) Innovation – foster business innovation across the region; 2) Shorten time to market – enable companies to test transformative products and services, to prove their value, so they could then be subsequently commercialized; 3) Pipeline – maximize the marketplace for innovative products and services that can be procured by cities and 4) Better services – create new products and services that improve urban life for the residents of Mesa. Some of the benefits to citizens would be: better products, better solutions, and better municipal services. This model will also generate economic development by providing the necessary test space in a real environment, to facilitate market access, maximize business competitiveness, increase capital, and create job growth, especially in the STEM fields. He pointed out this model is also a technology transfer tool, as they attempt to think globally, to solve global challenges locally, and then that entrepreneur could then scale their solution to cities in the nation and all over the world. This model is also a benefit to city and public administration as it is a tool to facilitate the introduction of new solutions. Dominic Papa stated AZ Urban iLab is a gateway to the Smart & Connected AZ Council and facilitates internal coordination among the city departments, in order to meet the City's goals. He pointed out to EDAB that it was not a venture capital group interested in gaining stake or assuming management roles in new companies. He noted they specifically look for solutions that have an urban impact. The pilot programs must demonstrate an express need to use public and private spaces (city streets, infrastructure, hospitals, schools, etc.). Other types of products/services will not be admitted into this project. He also pointed out these solutions must be pre-market. He said this program would not be a showroom for companies with products and services currently on the market, but they would seek out innovative new solutions to presently unresolved needs. Dominic Papa also pointed out these pilot programs must also be aligned with the City of Mesa's vision and meet the needs of the citizens and the community, and have a direct impact on the functioning of the City of Mesa. He also stated it was also not an implementation tool for commercial products designed solely to profit from increased marketing exposure.

Dominic Papa then shared he had been developing this particular model after seeing it in Barcelona three years ago. He then discussed a case study involving Uber. Uber had a new solution, their autonomous vehicle, and they needed somewhere to test it to prove its usefulness. Arizona allowed Uber to come and test the vehicles on their infrastructure. This has created a huge economic development impact for the state of Arizona. He revealed that GPEC had identified autonomous vehicles as one of its key pillars in their Foreign Direct Investment (FDI) plan. He shared that the model he is proposing is very similar to this Uber model. He then discussed the results of a similar model which had been done in Barcelona called @22 Urban Lab. He pointed out that in six years, 80 pilot projects were proposed in Barcelona and 20 of those were tested. Of those 20, 90% have gone on to develop a business based on their pilot project. In those six years, there was a 4.2% growth in companies in Barcelona and a 5.6% growth in the total number of employees in Barcelona. Dominic Papa then shared a chart showing the AZ Urban iLab Process and Implementation Flow. He noted it was similar to the chart shown for the IaaS model. The Smart & Connected AZ Council would

work with the entrepreneurs in evaluating their proposal for their pilot project. They would work with the individual cities to see if the proposed pilots would align with their mission and vision and if so, they would help provide the resources to those small to medium sized companies to develop, test and measure the pilot, and then scale the pilot into partner cities from around the world. Dominic Papa said he is before EDAB today to introduce the board to the two models, but also to ask they recommend the City Council moves forward with a Strategic Public Private Partnership (PPP) with AZIDP to further develop and eventually adopt these innovation models, as part of a broader regional economic development strategy for entrepreneurship, technology and innovation.

Question: Bill Jabjiniak mentioned that the Governor's office has talked about Digi.City. He asked if any board members had heard of Digi.City. He also asked Dominic Papa if he was familiar with Digi.City.

Answer: Dominic Papa said he was familiar with Digi.City.

Question: Bill Jabjiniak asked how this proposal was different than Digi.City.

Answer: Dominic Papa answered they were along the same lines. Digi.City exists to promote Smart City Technology throughout the country. He revealed the establishment of the Smart & Connected AZ Council was essentially a bi-product from the one-day workshop put on by Digi.City. He pointed out the founder of Digi.City, Chelsea Collier, said they needed to start working together collaboratively to promote technology innovation within communities. This would mean, instead of each of the cities and states working separately, the Smart & Connected AZ Council would exist to bring everyone together around one table to promote the idea collectively.

Question: Bill Jabjiniak asked how the Urban iLabs model would help the City of Mesa attract entrepreneurs from outside of Arizona.

Answer: Dominic Papa answered that what they have seen in the model, especially the model in Barcelona, is that by opening up the Urban iLabs, you are essentially creating a living laboratory for entrepreneurs to test their products. He said if an entrepreneur in another city, was working on sensor technology for trash cans, but wasn't allowed to test their product in their home city, because the city wouldn't allow the entrepreneur to touch their infrastructure, the entrepreneur would know he could come to the City of Mesa, work through this structured process, and test his product in Mesa, prove it in Mesa, and then scale it from Mesa. The result would be that now it is a Mesa company, scaling the successful solution from the City of Mesa to cities in our country and around the world. He indicated this is where they see it attracting and retaining this type of entrepreneurial, creative talent.

Question: Matt Likens asked if Dominic Papa's group acted as a sort of middleman or facilitator for a group that will be the interface for a number of potentially innovative solutions. He also sought to clarify it would then be his group that would go to the individual City Councils or other governing bodies to pitch the ideas and determine what the priorities are. He also asked what the difference was between his proposed idea and these innovative companies with innovative solutions, going directly to the City Councils and government agencies themselves. He asked if this method was more efficient or if it would allow better marketing. He sought to understand how this process worked, compared to how it had traditionally been done in the past.

Answer: Dominic Papa answered that his non-profit basically acts as the Research & Development (R&D) arm for cities. By allowing them to do that, they are able to bring all of these innovative initiatives under one umbrella, allowing one city to gain insight from another city through the process. Because they are a neutral, independent party, the non-profit can

bring the cities, states and the private sectors together to develop a collaborative atmosphere, thereby creating efficiency and better opportunities for this efficiency through greater data and transparency.

Chairman Pitcher thanked Dominic Papa for his presentation.

6. Director's Update

Director Jabjiniak began his update by thanking everyone who participated in the City's Business2Baseball efforts. He noted this effort consisted of 34 home games between two stadiums. He pointed out Councilman Mark Freeman attended 25 of those games. He revealed there was an additional event, besides their two regularly sponsored events, in which they hosted a group of CEO's at a Sunday evening game. He indicated he believes this continues to be a good platform for meeting new people interested in the City of Mesa as employers, as well as maintaining their relationships with their existing business community. He told the members of EDAB they are also undergoing a Brand Refresh. He said they will be continuing with the H.E.A.T. Initiative, but they will be refreshing some of the marketing material. He mentioned some different outreaches coming up including the Entrepreneur's Roundtable and a Semiconductor Roundtable. He mentioned they are also seeing a lot of interest in aerospace and sensor technology. He said it is important they continue to tell the story about what sets Mesa apart from other communities. He noted that tonight, they are involved in a public hearing case regarding Pecos Road south of the Phoenix Mesa Gateway airport. He pointed out this area had been receiving a lot of interest from the food processing industry. He shared they are trying to look at ways to make the process easier on the development community, by cutting entitlement risk and investing in infrastructure. The end result will be cutting a process that normally takes six months down to six weeks. He stated there is a decent amount of infrastructure, but he mentioned the water treatment facility that is approximately one year away from completion, will really help serve the area south of the airport. Director Jabjiniak shared the Falcon Tech Center neighborhood meeting went well last week. He revealed the meeting was attended by approximately 10 people, noting one couple spoke against it, but the others in attendance were in favor of the project. He indicated he recently sat on an interview panel for Corinne Nystrom at the Falcon Field airport, pointing out that two of the six prospective candidates spoke about the Falcon Tech Center. He said this tells him people are grasping this as a positive step toward diversifying that economy. He also noted they have had some press on the state of education in the East Valley. The article discussed what things are working, and looked at some of the challenges facing education. Lastly, he stated a press announcement will be coming out in the middle of April regarding the Motorola site on the west side of Dobson. A commercial bakery will be coming into the Motorola site which will service some of the larger retail stores.

Comment/Question: Brian Campbell pointed out that Director Jabjiniak had previously mentioned some of the GPEC initiatives, such as driverless vehicles and wearable technology, as well as aerospace and cybersecurity. He revealed Mesa has significant assets in play in those areas of focus. He asked if there were ways they could develop programs or partnerships to help those existing strengths that are already in place, to take advantage of those growth areas. He asked if EDAB could have a discussion about those areas, because he knows they are points of emphasis coming at the regional and state level as well. He thought it was a good idea to try and get ahead of this issue to reap some great benefits.

Answer: Director Jabjiniak acknowledged he believed if they put some more brainpower behind the effort, they could come up with several initiatives. He shared that the cybersecurity piece at

AZLabs has really grown organically, but he realizes it has gotten big enough that they need to reposition it within the facility. They will need to take a look at what this would look like. He said they have come a long way from the early days of sequestration, but they still have work to do with that facility. He noted that GPEC had announced Innovation Districts. GPEC has determined that initially each community would have one Innovation District, with others to follow. Director Jabjiniak said this process will require a lot of future discussion as they determine the appropriate Innovation District.

Comment: Councilman Freeman thanked each of the Board members for their service and indicated he was very thankful he could attend today's meeting, noting he had learned a great deal. He mentioned he has previously asked Bill Jabjiniak for statistical data regarding which areas in Mesa are prime for growth. He indicated he thinks it is important for EDAB to provide that information, so the Mayor and Council can make informed decisions. He said he was very pleased about the new and redesigned LaunchPoint. He offered assistance, if it was determined that LaunchPoint needed more space, to bring the request to the Council and they would help find more space. He also mentioned Site 17 was on the horizon, as a Request for Proposal would be going out shortly. He asked EDAB to provide feedback on what type of development they would like to see on that site, to help make them a stronger, better community. He also said they continue to work on the Downtown area to make it more viable.

Question: Laura Snow asked how the current administration viewed sequestration, defense spending, etc. and how might that impact Arizona.

Answer: Brian Campbell revealed discussions that he has been a part of, have indicated sequestration is a thing of the past. He pointed out this has resulted in more funding and projects moving forward in that tier. He mentioned he personally feels there have been some disappointing discussions on the State of Arizona's ability to take advantage of some of the P3 programs that the current administration is proposing from an infrastructure standpoint. He said some of the projects around Gateway could be wonderfully tailored for the programs that are coming out, but they are running into resistance of taking advantage of those opportunities at the state level.

Comment: Bill Jabjiniak stated that yesterday at the legislature, the Governor did sign GPLET (Government Property Lease Excise Tax) legislation changes. Director Jabjiniak revealed this will definitely change what they have available in terms of this particular economic development tool. The changes preserved the 8-year tax abatement, but he is waiting for an interpretation from the legal department.

Comment: Deb Duvall told the Board the discussion of Site 17 brings back memories from the prior 30 years of history on that site. She pointed out Site 17 has come before many different community boards over the years, as well as before City Council and she believes if they are going to be discussing the site, it might be interesting to have a short synopsis of what has occurred with Site 17 over the last 30 years.

Response: Jeff Pitcher stated he thought that would be a good idea. He also suggested that with the future plan for growth, they might want to have some brokers like Dominic Perry come in and talk to the board about what is coming up.

Comment: Director Jabjiniak told those that didn't know, Site 17 was a large City-owned parcel next to the Marriott hotel, consisting of approximately 22 acres. He shared it was cleared years ago and has sat vacant for a very long time. He said having the history of the site would benefit the board. He noted there has been a lot of discussion and neighborhood meetings.

Comment: Deb Duvall said that site has resulted in a lot of community heartburn over the years regarding the elimination of the homes and the people who lived there. She reminded the board that a lot of those family members are still around and she asked that they be sensitive and caring to the comments that will be made regarding the site.

Comment: Terry Benelli asked if at a future date, they could get an update on Downtown.

Response: Director Jabjiniak indicated he would see if it was possible to provide an update in June. He noted that during the next EDAB meeting, several EDAB members would be in Washington DC. He said there would still be a meeting even though he would not be in attendance.

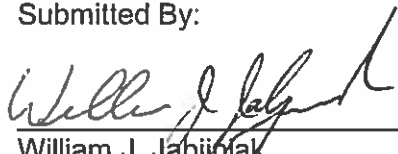
7. Other Business

Chair Pitcher thanked everyone for their attendance. He noted a portion of Fiesta Mall is up for auction. The next meeting of the EDAB board will be May 2, 2017.

8. Adjournment

With no further business before the board, Chair Pitcher adjourned the meeting at 8:55 a.m.

Submitted By:



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