

MEETING MINUTES

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

Date: June 6, 2017 Time: 7:30 A.M.

MEMBERS PRESENT

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

EX-OFFICIO

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

STAFF PRESENT

Bill Jabjiniak
Pat Block
David Packard
Marc Valenzuela
Jaye O'Donnell

MEMBERS ABSENT

Deb Duvall
Scott Rudy

GUESTS PRESENT

Amy Trethaway
Ricardo Villa-Sanchez

1. Chair's Call To Order

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

2. Items from Citizens Present

None.

3. Approval of Minutes from the May 2, 2017 Board Meeting

Chair Jeff Pitcher asked if anyone had any corrections to the minutes of the May 2, 2017 EDAB meeting. Seeing none, Chair Pitcher made a motion to approve the minutes from the May 2, 2017 meeting.

MOTION: Jeff Pitcher

SECOND: Laura Snow

DECISION: Passed Unanimously

4. Election of Chair and Vice Chair for FY18

Before Chair Pitcher called for the nomination of a Chair and Vice Chair for Fiscal Year 2018, he told the members of EDAB that Director Bill Jabjiniak wanted to introduce a new staff member. Director Jabjiniak invited Marc Valenzuela to introduce himself. Marc Valenzuela introduced himself stating he had just joined the City of Mesa Economic Development staff yesterday as an

Economic Development Specialist. He revealed he had previously worked for Arizona State University where he was an Economic Development Project Manager for the past five years. He informed EDAB that he comes to the City of Mesa with 6-7 years of economic development experience.

Chair Pitcher then invited Bill Jabjiniak to explain the election process. Bill Jabjiniak noted that every year as described in the bylaws, the Board must elect a Chair and a Vice Chair. He pointed out many people who serve on the EDAB board have taken a turn at one of these posts and he thanked them for their service over the years. He then called for a nomination for Chair and Vice Chair for the next fiscal year. Dominic Perry nominated Jeff Pitcher to continue as Chairman and Natascha Ovando-Karadsheh to continue as Vice Chair. Bill Jabjiniak asked if there were any other nominations. Seeing none, he called for a vote, pointing out the term would begin July 1, 2017.

NOMINATION: Dominic Perry nominated Jeff Pitcher as Chair
Dominic Perry nominated Natascha Ovando-Karadsheh as Vice Chair
DECISION: Passed Unanimously

5. Mesa Counts on College Update – Amy Trethaway

Amy Trethaway, Executive Director of Mesa Counts on College, began her presentation. She shared that Mesa Counts on College is an education partnership between the City of Mesa, Mesa Community College and Mesa Public Schools. She also introduced Ricardo Villa-Sanchez, her Program Assistant. She indicated that Mesa Counts on College has existed since 2010-11. As an education strategy partnership, Mesa Counts on College has focused on the development, building and opening of their College Access Center on Mesa Drive and Broadway. In addition to the College Access Center, they also develop and implement higher level education strategy in the community. Amy Trethaway articulated their organization works with Mesa Public Schools and Mesa Community College to increase college completion within the community. She informed EDAB, that in addition to serving Mesa, they also serve the surrounding communities, in terms of client base, customers and partnerships. Their goal is to address completion in the community and set up strategies, programming and support systems in a way which will help students and their families experience the completion of their college experience and not just the opportunity to attend college. She indicated they discuss with the student and their family their philosophy that anyone can attend college. They talk to them about what college means, what it looks like, and how it could fit into their personal situation, allowing them to customize the college experience on a daily basis for members of the community. She revealed that they align themselves with the City of Mesa's Workforce Development Strategic Plan and Initiatives which come out of the City Council and they communicate with Council on a regular basis about these issues. She stated they are just beginning to develop strategies regarding Workforce Development. She suggested thus far, they have implemented strategies regarding access and completion, but the next step will be to connect the job piece to the other strategies. She disclosed that the primary group Mesa Counts on College represents, are the low income and underrepresented population in Mesa, lacking post-secondary credentials. They target individuals who might not have the opportunity or are not aware of the options available to them to pursue an education beyond high school.

She shared that one of the ways Mesa Counts on College measures their success is by looking at FAFSA completion rates. They look at the number of Mesa students who complete the FAFSA, and determine what they can do to increase the number of FAFSA completions.

Question: Dominic Perry asked what the FAFSA was.

Answer: Amy Trethaway answered that FAFSA stands for Free Application for Federal Student Aid. The FAFSA is required of anyone who wants to do anything beyond high school. She indicated the FAFSA determines what the family's expected contribution should be toward the cost of higher education. She further indicated if a family is very low on the income scale, but the student isn't aware of the FAFSA and doesn't fill it out, they will not be able to take advantage of the opportunity which is available to them to receive federal funds to pay for college.

Question: Jeffrey Crockett suggested it would seem possible to get to a 100 percent completion rate on FAFSA. He mentioned he remembered a statistic which indicated that if a student has completed a FAFSA, their chances of attending college are much higher.

Answer: Amy Trethaway responded this statistic was correct.

Question: Jeffrey Crockett observed that if Mesa Public Schools are a partner in this effort, he wondered why they weren't offering some type of course or seminar to encourage the completion of the FAFSA. He stated he realized there might be some people who wouldn't want to fill out the form for privacy reasons, but he thought they should still be able to get to a place where a very high completion rate could be attained.

Answer: Amy Trethaway agreed they should be able to increase the completion rate. She noted there are other cities, specifically mentioning the City of San Francisco, which has an event, in which all the high schools and colleges get involved, and the purpose is to get everyone in attendance to fill out their FAFSA. She noted there were several models, such as the San Francisco one, they could follow as a community, to increase Mesa's FAFSA completion rate. She noted that currently, about 30-40 percent of Mesa's students are filling out the FAFSA.

Question: Jeffrey Crockett asked if the lower income students were filling the FAFSA out at the same 30-40 percentage rate.

Answer: Amy Trethaway disclosed they make the assumption the numbers are lower for the lower income student, but they don't specifically track this data. The information they receive comes directly from FAFSA. She revealed they have hosted one FAFSA Completion Saturday at the Access Center where they had 30 families in attendance.

Question: Terry Benelli asked if there was a different completion rate for each of the different high schools.

Answer: Amy Trethaway answered there is a different completion rate for the different schools.

Question: Terry Benelli asked if the percentage of completion rates was lower at the high schools located on the west side of Mesa.

Answer: Amy Trethaway answered affirmatively.

Question: Terry Benelli asked if those high schools were targeted for FAFSA completion.

Answer: Amy Trethaway answered they haven't done any specific targeting yet, but they have recognized this needs to be part of their strategy going forward. She indicated they would like to see an increase in FAFSA completion across the entire school district, so Mesa's students are getting a fair share of the federal pie. She indicated that currently they are not receiving the funding they could be, because the students and families aren't applying.

Amy Trethaway continued her presentation, noting that Mesa Counts on College also looks at remediation rates. This number indicates how "college ready" a student is upon graduation from high school. This number will determine if a student can enroll right into regular, credit-level, college coursework without requiring additional remediation, or if they will have to enroll in non-credit, non-college level classes to bring themselves up to the level required to succeed in college level coursework. She indicated the latest remediation rates are 60% within the Maricopa Community College District, which means 60 percent of the students enrolling are in need of remediation. She noted this means the students are starting out with a disadvantage in the areas of Math and Reading.

Question: Jeff Pitcher asked how the deficiency is determined.

Answer: Amy Trethaway said that upon entering a community college, every student takes an ACCUPLACER assessment test. This reveals what level classes a student is ready for. Some students score high on their placement test and can go right into college level classes, but other students test low and have to start off with remedial, non-college level coursework. This process adds to the cost of college because the student still has to pay for the non-college level coursework.

Question: Dominic Perry asked for clarification that such a high number of students requiring remedial work would indicate a large gap between the knowledge a student has which is allowing them to graduate from high school and what would actually get them into college.

Answer: Amy Trethaway stated this was correct. She revealed this is one of the huge gaps they have identified, in terms of what students are graduating with from a skill level standpoint, and what they need to enter into the college realm with. She noted this was a conversation that the school district and the colleges have been having behind the scenes.

Comment: Dominic Perry observed 60% was a very high number.

Response: Amy Trethaway agreed, but wanted to make it clear the 60 percent remediation rate is not all Mesa Public School students, but the number reflects the entire Maricopa Community College District. She stated they no longer have specific numbers on the placement tests of Mesa students. She revealed that in 2013, they tracked a cohort of students who had graduated from Mesa Public Schools and gone on to attend Mesa Community College. She stated they then looked at the percentage of those students who needed remediation. She indicated this was the last time they had tracked these remediation rates specifically to Mesa. She mentioned that although the 60% overall number of those needing remediation within the entire community college district isn't great, the problem is a nationwide issue.

Question: Rich Adams asked to clarify that the 60% number being currently discussed, wasn't the FAFSA Completion rate.

Answer: Amy Trethaway responded that the 60% number they were discussing was the number of students who needed remediation when they come into the Maricopa Community College District.

Question: Rich Adams asked if there was a national target number for those completing FAFSA's. He pointed out the reason he was asking about a target number was because many students wouldn't be college-bound, but would be pursuing vocational, military or other options. He asked what would be a realistic target number for a pool of graduating high school seniors who should be completing the FAFSA, so they could determine if Mesa was on target with their completion rate.

Answer: Amy Trethaway stated she didn't know there was any national benchmark, but she indicated they want this number to be as close to 100 percent as it can be. She shared that the students who go on to other forms of post-secondary programs can still fill out a FAFSA. She disclosed that when they are discussing the completion number, they are referring to all post-secondary options.

Question: Rich Adams asked what the process for filling out a FAFSA was like. He asked if it involved mom and dad and tax returns.

Answer: Amy Trethaway answered affirmatively.

Question: Rich Adams asked if it was difficult to fill out the FAFSA.

Answer: Amy Trethaway replied that filling out the forms can be a bit overwhelming. She stated this is why she and her staff visit the schools and host FAFSA nights to help parents with the process. She pointed out that Mesa Public Schools also provides those types of events for families and students as well. She acknowledged it isn't an easy process, but it is very manageable with some direction.

Comment: Jeff Pitcher observed the process involves tax returns and income information, and then with this information they can determine how much you should have to contribute as a parent.

Comment: Jeffrey Crockett revealed he has gone through the process a couple of times and completing the paperwork is about a 30-minute exercise if you have all the records which are needed, but it can be disconcerting because of the level of detail it requests. He shared he would guess it is more a matter of having the information and having the process explained.

Response: Amy Trethaway agreed, pointing out that colleges and universities all require the FAFSA because they have to know the family's income information in order to admit the student. She indicated you cannot attend a community college or university without filling out the FAFSA.

Jeff Pitcher apologized for the fact they had taken so much of Amy Trethaway's time discussing the FAFSA, but in the essence of time, he asked if she would skip to the end of her presentation and provide the information under the "What's Next" portion of her presentation.

Amy Trethaway finished her presentation by sharing that Mesa Counts on College would like to expand their programming to impact their key indicators, like their FAFSA completion rates. They would like to partner with the business community, school district and college support to create some sort of effort around FAFSA completion. She shared they would also like to continue to partner with their community based organizations and increase their presence. She revealed one of their biggest challenges is advertising and marketing. She acknowledged it is difficult to get the word out. She stated they would like to put more effort into their marketing

efforts, so more Mesa Public Schools families and students know that Mesa Counts on College and the Access Center exists. She indicated they were coming up on their second anniversary of having a physical location. She then invited the members of EDAB to come and visit the College Access Center on Mesa Drive and Broadway and take a tour.

Comment: Brian Campbell observed that Mesa Counts on College was a wonderful program he has been a champion of. He mentioned it is a critical component of what they are trying to do in Mesa. He revealed Arizona is 47th in the nation in terms of school funding, but their performance is 26th or 27th in the nation, which isn't too bad considering their level of funding. He stated that even though the number of students needing remediation in college is at 60 percent, he noted this is not just an Arizona problem, but is a nationwide program. He noted that although Arizona isn't receiving a lot of funding, they are getting a lot out of what they do spend. He mentioned the think tanks he has worked with suggest they need to focus their efforts with the students a couple of years earlier than they are currently doing. He told EDAB a lot of the data they are gathering is targeted at sophomore or junior year, but he suggested the data they are receiving from the think tanks is that they are missing a lot of students, because it is almost too late by sophomore or junior years to reach some of these students. He noted that if the students aren't reached sooner, they will require a remediation program. He mentioned Dr. Crow is behind this idea of early intervention because he is dealing with the results of not targeting the students earlier. He suggested expanding to a student's freshman year or even their 8th grade year. He thought this would cure some of the remediation problems. He also suggested another challenge these think tanks have indicated is a concern, is that the FAFSA is a difficult metric when referring to the underserved populations with immigrant status. He suggested this group may not be as comfortable sharing some of the personal financial data with the federal government, so even if they know about the FAFSA, they may not have the necessary trust level to go through the process. He suggested expanding to Chicanos Por La Causa and some of that type of community outreach, to lend credibility to the efforts and to overcome some of the concerns of that particular underserved population.

Response: Amy Trethaway added that Mesa Counts on College does spend a lot of time with junior high students. She pointed out they target 8th, 9th, 10th, 11th, and 12th grades and even sometimes target 7th grade.

Question: Rich Adams stated it didn't seem the mission statement limits the execution to students in the Mesa Public Schools, so he wondered if Mesa Counts on College targets charter schools. He indicated he didn't know what the percentage of students in Mesa was who attended charter schools, but he asked if they were missing that population.

Answer: Amy Trethaway answered that charter schools were one of their biggest customers.

Question: Rich Adams asked if the participation level was more robust at the charter school level.

Answer: Amy Trethaway indicated she wouldn't say it was more robust, but she said they are equally partnered with the charter schools.

Comment: Rich Adams commented he was glad to hear that.

Question: Terry Benelli asked about the remediation rate from the study done in 2012. She asked what was preventing Mesa Counts on College from doing additional studies to benchmark and know if they are making progress.

Answer: Amy Trethaway revealed this type of study takes a big chunk of time and commitment from the community college district to track their cohort. She suggested they would have to discuss with the community college district about their interest in tracking a cohort of Mesa's students only and set up a system to do so.

Comment/Question: Terry Benelli suggested that because they already have a partnership with Mesa Public Schools, which would seem to be a big factor in taking care of the marketing issue. She also mentioned their partnership with Mesa Community College and asked what the roles of MPS and MCC are currently, if the marketing isn't happening and the community college can't help with tracking cohorts.

Answer: Amy Trethaway answered she thought the community college could help track cohorts, but it would be a matter of lighting that fire once again. She noted that since they have done it before, they should be able to do it again.

Comment: Terry Benelli articulated that all of this information was identified with the Gates grant many years ago.

Response: Amy Trethaway agreed.

Comment: Terry Benelli commented she thought there needed to be some kind of tracking mechanism which would benefit Mesa Counts on College, especially if they could produce numbers which would show this was an effective tool. This might help Mesa Counts on College to expand what they are doing.

Comment: Brian Campbell mentioned it was his understanding that both the community colleges and ASU are very aware of the remediation rates. He suggested the challenge is lining it up to the schools within the Mesa family. He stated they need to look at what policies they are implementing in Mesa to reduce remediation rates and the effort will require real legwork. He noted that without the data, they won't know where they are going.

Question: Dominic Perry asked if they knew the number of Mesa residents in Mesa Public Schools versus those in Queen Creek or Gilbert.

Answer: Amy Trethaway answered they did have this information. She revealed she didn't have it in front of her today, but she had the information.

Comment: Bill Jabjiniak asked to see the slide regarding education statistics. He shared that they often talk at EDAB about the number one challenge being workforce. He pointed out the educational attainment is an important piece of workforce development. He pointed out the chart which shows how Mesa compares to Maricopa County.

Response: Amy Trethaway answered the chart shows that the percentage of Mesa's population over 25 with a bachelor's degree or higher in 2015 is 24.9% compared to 30.4% for Maricopa County. She said there is an overall statewide push called Achieve 60AZ to increase the number of residents 25 or older with bachelor's degrees or higher. She stated that in Mesa, this would require a jump from 25% to 60%.

Comment: Bill Jabjiniak acknowledged that the number one question people often ask, is why a company doesn't choose to locate in Mesa. He commented that if they can find the required real estate, then it becomes an issue of workforce development. He suggested that much of the decision making has already been done before the Office of Economic Development even

receives a call. He often hears Mesa can't provide the necessary workforce. Due to this perceived shortcoming, he often talks about the fact they have over a million people within a 30-minute drive in various parts of Mesa. He suggested, that to minimize Mesa's inadequacies in terms of workforce development, they must talk about the entire region in order to compete. He shared he would like to see the Mesa Counts on College program tied even more to economic development because the need for workforce continues to be an obstacle. He commented that the community colleges have indicated they are looking to place counselors into high schools. He articulated he believes it is a good sign. He added that they are also working more and more with community colleges on how to solve the problem specifically for common gain. He also said that having the workforce grow is an important piece of the puzzle.

Comment: Dominic Perry noted one of the big things happening, in terms of commercial real estate and site location, is the fact that HR Directors are becoming more and more involved in the process. These HR Directors look at talent recruitment and talent retention. If a location doesn't have strong places where this talent can send their kids to school, you won't be able to get their business, so this makes workforce development a very big part of site selection.

Comment: Jeffrey Crockett thanked Amy Trethaway for her presentation and apologized for jumping into her presentation with so many questions. He noted there is a very symbiotic relationship between education and economic development. He suggested the possibility of having Mesa Public Schools present to EDAB at a future date. He thought it would be a good idea to start more of a regular dialogue with MPS on these types of issues.

Response: Bill Jabjiniak stated he would look into the possibility and work with Jaye O'Donnell to come up with a good contact that could present to EDAB.

Comment: Jeff Pitcher suggested it would be interesting to have both Mesa Counts on College and MPS together, to discuss ways they might work together.

Comment: James Christensen mentioned he had already spent lots of money sending his kids to school and it seemed to him it was important the students have passion. He observed that without a focus, it is difficult for a young person to know what they want to do, and without knowing what they want to do, it is too expensive. He suggested college is too expensive not to have a plan. He revealed his oldest daughter has friends who went to college, accrued \$100,000 to \$200,000 in debt, and they are now working as servers at Red Robin or as baristas at Starbucks. He pointed out there is nothing wrong with working at one of those places, but not with this type of debt load. He wants to encourage thinking about what could develop a student's passion earlier, so they can work towards their passion during high school, so they are excited to go to college by the time they are finished with high school.

Comment: Matt Likens articulated that the line of questioning Terry Benelli brought up was the missing piece as far as he was concerned. He thought it was necessary to have reliable metrics on an annual basis, so they would know if they were making progress. He commented he didn't know what it would take to get these partners to work together, but he thought it was necessary to have a coalition to determine where they are and to know what they can do to spur improvement in this area. He said he believes that some students find their passion once they are exposed to a broader world. He revealed he thinks that the secondary level is where this broader exposure can happen, but agreed the debt load can be daunting.

Question: Bill Jabjiniak asked how much the Gates Foundation originally funded.

Answer: Amy Trethaway answered it was between 3 million and 3.5 million. She said with that funding, the necessary infrastructure is in place, such as the software management system and the tracking system, to be able to track and use the data. She pointed out it is just a matter of doing it. She observed they are actually further ahead than it sounds, but it is a matter of putting into place specific systems and processes so they can get this information every year and communicate the information they receive.

Question: Bill Jabjiniak asked if she anticipated using that data in the coming years.

Answer: Amy Trethaway answered affirmatively.

Comment: Bill Jabjiniak indicated he thought this information would be very beneficial for EDAB's discussions on a regular basis.

6. Data and Metrics to track activity in the marketplace

Chair Jeff Pitcher invited Director Jabjiniak to make a presentation. Bill Jabjiniak announced he desired an open discussion as EDAB looks at the provided metrics. He pointed out that the Council members have asked to see different data than what has been provided in the past. He asked for EDAB feedback on the data. He revealed he would discuss the GPEC component first, and secondly, he would discuss the pipeline component.

He indicated he would be referring to a handout he had provided for the members of EDAB. First, he discussed GPEC Prospects by Region of Origination. He noted the bulk of the prospect interest is from California with 28 percent. He also added they have a lot of interest from New York, as well as 39 international prospects which includes 6 from Canada, 3 from China and 11 from Europe. He then discussed Prospects by Operation Type, noting the region has 285 active prospects. He discussed the graph provided. He mentioned it is helpful to see what kind of interest they are attracting.

Question: Natascha Ovando-Karadsheh asked how a prospect was defined.

Answer: Brian Campbell answered that these refer to qualified prospects GPEC has evaluated and determined that they are reasonable prospects they have a shot at landing. These prospects have reached a certain level of contact and interest. At this point, a lot of the analytics on a certain area have already taken place.

Question: Natascha Ovando-Karadsheh asked to clarify these prospects weren't at the LOI (Letter of Intent) stage yet.

Answer: Bill Jabjiniak answered they were not.

Question: Jeff Pitcher asked if the prospect had contacted GPEC.

Answer: Brian Campbell revealed the GPEC prospects are GPEC-generated. He noted this report refers to information in the GPEC pipeline. He stated the City of Mesa has other leads beyond that and that is why there is a difference between the two pipelines.

Comment: Bill Jabjiniak said GPEC's leads include those from the state's Arizona Commerce Authority, as well. GPEC and ACA have an agreement to work together, so if a lead comes into the state, within a couple of hours, the lead will also be posted by GPEC. He noted for example

that warehousing and distribution does very well in the West Valley. He observed but Mesa's still competing when a company is at the prospect level.

Bill Jabjiniak noted the last page of the handout represented GPEC Office Prospects. He indicated there were 7 leads in market for space over 200,000 square feet and 12 which were looking for space over 100,000 square feet, which together represents 19 of the 93 prospects. He suggested that currently Mesa only has one space of the size that is ready to go. He stated they are attempting to get other spaces ready. He revealed that a broker might say a property is ready, but the property is not ready according to the definition the client is looking for. He mentioned there has been a lot of press around Fiesta Mall, but for Fiesta Mall to come to fruition, four individual owners have to come to a unanimous agreement on the use. As of right now, this has not happened. He pointed out that the only building currently ready to go in Mesa which is more than 100,000 square feet, is in Riverview. He then discussed the former Bank of America tower. He acknowledged the floor plates in the tower are too small and too dated for the current demand. Today, the demand is in bigger floor plates of roughly 50,000 square feet.

Question: Bill Jabjiniak asked what the size of the floor plate was in the Bank of America Tower.

Comment: Dominic Perry responded it was approximately 18,000 – 19,000 square feet.

Bill Jabjiniak stated these are some of the challenges they face on the office side, because companies do not want to be in the tower anymore because they want to spread out.

Question: Natascha Ovando-Karadsheh asked to clarify that this means they have 19 leads and only one property to pitch.

Answer: Bill Jabjiniak acknowledged this was the sum of the problem.

Bill Jabjiniak said they can pitch other sites and build-to-suit opportunities if the client is ready, but approximately 75% of the prospects desire existing space. This means they are not willing to wait for build-to-suit opportunities and they will move on to another community.

Comment: Dominic Perry shared that “immediate move-in” means how many months it would take to move in. The number of months is typically six to nine months, but a build-to-suit opportunity usually takes 18 to 24 months.

Response: Bill Jabjiniak acknowledged this was correct. By the time you get approvals and entitlements and actually get it built, it is usually 18 to 24 months.

Question: Jeffrey Crockett asked if Director Jabjiniak was saying that, in order to be competitive, they need spec-built office space in Mesa. He asked what the obstacles were to having this type of spec-built office space. He also asked if there were things which could be done to get past those obstacles. He mentioned he understands there is risk on the builder's part.

Answer: Bill Jabjiniak mentioned that on the City side, he is trying to tear down the obstacles and barriers by moving through the administrative process for entitlements quite quickly. However, he stated there are certain things which have to be done. He also stated that although he has a great planning staff, a process still must be gone through, which takes time and time is money. He said they need a developer who is sold on Mesa, then they need to convince a client that locating just over the Tempe border into Mesa, is actually a good location.

He pointed out that southeast Mesa is still not considered a desirable location in terms of office space due to distance. He shared he is trying to capitalize on the bleed over activity from Tempe to come over into Mesa. He continues to try and break down the barriers, but the development process takes time. He pointed out the land costs are usually more affordable in Mesa.

Question: Jeffrey Crockett asked how the other communities around us compare, in terms of office product availability for a six-month move-in.

Answer: Bill Jabjiniak revealed that first of all, they would deal with the workforce issue. Many of them look at Mesa and see Mesa has plenty of workforce, but he pointed out the workforce is all at a different income level and they are looking for a higher level of educational attainment. This is why he focuses on a regional workforce. He pointed out that there is a large discrepancy in the income level in Gilbert and the income level in Mesa. He noted the Office of Economic Development is trying to figure out what is the right data to be sharing with EDAB, as well as with the Council, on a regular basis.

Question: Matt Likens asked if this type of space is available elsewhere in the valley. He suggested that if it was, he would be less concerned because at least the prospects could locate somewhere in the area and possibly commute from Mesa, thereby still providing a benefit to Mesa. He stated that if this type of space isn't available anywhere else, then it is a bigger issue they are facing and would require someone to go at-risk and build these types of spec-built products.

Answer: Brian Campbell mentioned he believes it does matter that the prospect locates in Mesa. He indicated he comes to his understanding from his days with MAG (Maricopa Association of Governments) when he was involved in some of the transportation issues. He shared Mesa is the low-income housing for the MAG region. He said historically they have struggled with being a bedroom community and exporting their jobs into other cities like Scottsdale and Downtown Phoenix. He revealed this puts a strain on Mesa's infrastructure, in terms of transportation and city services such as police, fire, and health, because those people demand the City services, but the generation of the income and the economic benefit are going to other cities. He noted this is a critical issue to the long-term success of the City that these projects be placed in Mesa. This will reduce the demand on the transportation infrastructure and save billions of dollars, as well as reducing the demand on all the other City services.

Question: Matt Likens asked where there was capacity.

Answer: Brian Campbell answered there was capacity in Scottsdale Airpark and some capacity in the Phoenix area, but there is definitely an opportunity in the market if they can capture the market and create a new synergy with this Class A space.

Comment: Matt Likens added he was all for that, but if there isn't this capacity elsewhere, it makes sense for someone to go "at-risk" here and build this type of infrastructure so Mesa can be the choice going forward. He pointed out if there is a lot of capacity elsewhere, he thinks it will be more difficult. He also indicated he didn't know how Mesa compared.

Bill Jabjiniak revealed they currently have been shortlisted as one of five final sites for a client with very high paying jobs. One of the sites is in Mesa, two of the sites are in Tempe, and the other two sites are in other states. He mentioned he wasn't going to worry about the other two states they are competing with, but he is focused on competing with Tempe. He noted this is a

great opportunity and they have been fairly aggressive. He discussed the available properties in Tempe, noting they are \$6 to \$8 higher per square foot, so cost is a factor in Tempe. He indicated the cost is also a factor in Scottsdale and stated that people are leaving Scottsdale because the price is getting too high. He said they are trying to position themselves well against the Tempe properties with a brand new building in a great location. He observed they are still not competing equally against other communities in terms of office space.

Question: Rich Adams asked Director Jabjiniak to share some further comments regarding Fiesta Mall. He stated that from a numbers standpoint, the freeway access is there, there is a large parking field in place and the buildings are in place. He asked if there are successful conversions of dead malls into Class A office space in other parts of the country. He also asked what the barriers were which exist today with respect to Fiesta Mall. He asked if there was a stigma related to the fact that it is a former mall. He asked what else they needed to do to make the Fiesta Mall project happen, other than getting the 4 entities to agree.

Answer: Dominic Perry said the 4 owners agreeing is all that matters, because until they come to a common vision of what they want to have happen on the property, nothing can happen. He suggested there is a tremendous opportunity there and one man has a vision of what he wants, but no one else is seeing the same vision, so the mall will likely sit there forever looking decrepit.

Question: Rich Adams asked if empty stores and lack of a revenue stream motivate.

Answer: Dominic Perry noted the lack of revenue stream has been going on for some time and it hasn't motivated anyone to do anything. He said one of the largest mall owners in the country walked away from this mall.

Bill Jabjiniak agreed with everything Dominic Perry had just pointed out. He said the entitlements are there and the infrastructure is there, as well as the City's vision for a Class A space. The investor who just purchased the common area of the mall (not the 4 boxes) has indicated he is ready to go, but he bought it at such a price point, that if he were to sell off the three outlying lots which have the In-N-Out Burger, the Longhorn Steakhouse and one other restaurant, he will recoup his investment. He indicated they are attempting to put the right people together to help create a common vision.

Comment: Rich Adams commented that this situation defies logic.

Bill Jabjiniak pointed out that on the industrial side, things are starting to change. He said if you look at the number of industrial prospects, there are 62 prospects in the marketplace at 100,000 square feet and above. He noted this is a large number percentage-wise of the 124 total prospects. He acknowledged they are also seeing demand for manufacturing space. He stated that Dexcom was a great example of this type of manufacturing space. They took a building which was built on spec, which was made to be a distribution facility, and turned it into a manufacturing site. He revealed they are using every square inch of their facility and they have done a great job. He said they have seen the cost savings of moving out of the very expensive San Diego market to Mesa and their operating costs are coming down. They also have had no problem finding employees. He also mentioned the Opus development at Longbow, which is a 150,000 square feet spec property. The developer is anxious and ready to go. He pointed out that they are seeing activity in southeast Mesa, as well as industrial activity at Horne and the 60.

He mentioned they are starting to get industrial inventory in Mesa, and they are starting to see some of the announcements that follow.

Director Jabjiniak then discussed the City of Mesa Economic Development Pipeline Report. He stated this report is Mesa-focused. He shared the City has 65 active projects with a new job potential of 11,196 jobs; annual payroll potential of 534.6 million, square footage potential of 12,260,000 square feet and Capital Investment Potential of 3.52 billion. He shared some graphs of the project type breakdowns by Operation Type and by Development/Space Type. He said they are seeing a growing interest in certain segments and he is trying to push the manufacturing side. He then discussed the square footage needs. They currently have 11 prospects with square footage needs over 200,000 square feet.

Question: Bill Jabjiniak asked the board if this was the type of data to share with EDAB and to the elected officials on a regular basis or if there was something better which would be more beneficial and would better tell the story of what is going on in the region and in Mesa.

Comment: Matt Likens commented he believes every corporation is concerned about operating costs. He shared the reason Ulthera decided to stay in Mesa was the \$6 to \$8 per square foot savings realized by staying in Mesa. He stated he believed this is why Dexcom came to Mesa from Southern California. He thought they should share these types of examples. He said he believes it is a good idea to have a California focus because Mesa's costs and infrastructure are so much lower and it provides a great opportunity for companies located in California. He also thought the quality of life was better here than in California.

Response: Director Jabjiniak asked to clarify that Matt Likens was saying to focus on operating costs and quality of life and to dive deeper and try to sell Mesa because it has a lower cost with an approximate \$6 to \$8 savings per square foot. He also noted Mesa doesn't have a primary property tax. He pointed out those are the types of things which can be placed into spreadsheets to help site selectors make comparisons.

Comment: Brian Campbell acknowledged that Matt Likens was right because the data needs to drive strategic planning. He observed that today they have heard, at an office level, Mesa has quite a few challenges because they don't have the inventory and they need a strategic plan which targets their office deficiencies. He mentioned they are also going to run into long-term retail challenges.

Response: Dominic Perry stated the reports don't show Mesa has any deficiencies at all. He pointed out the discussion they have had today has revealed this, but the reports do not reflect the deficiencies.

Comment: Brian Campbell indicated this is why they needed to synthesize this information for their discussion with Council, so they understand. He suggested Class A office space is a challenge for Mesa, and it will continue to be a challenge because of the way retail is nationally. He pointed out "brick and mortar" retail is getting creamed. He shared they will face this issue over and over in their region. He noted they are doing much better in terms of industrial and they can compete at an industrial level because of some of their economic factors and other things. He also noted they need to demonstrate that strategic level of thinking, supported by the data at a Mesa level. He indicated when he sits down with an elected official, they don't have the data understanding of where things are being driven, where the market is pushing or pulling us, or the areas in which they are winning or losing. He shared they don't have the ability to

make strategic decisions because they don't have the information they need to make them. He observed EDAB was able to zoom in very quickly on the issues, but this is because they have been living with this issue for years as a board.

Comment: Laura Snow indicated she agreed with Brian, noting that in addition to the business and operating expense side, she also thought they should tie in workforce and educational attainment so there is an agenda the City Council can actually act on which will help position the City and create conditions where the OED team can be the most effective in winning these contracts. She said it was important to keep connecting the dots back to the things which are on the Council's agenda, so they can actually influence decisions and win more of these types of projects.

Comment: Bill Jabjiniak stated he would like to tie it to workforce because if he can do so, this is a big selling advantage. However, he stated that at this point, he is tying it to the regional workforce, because, if he focuses only on Mesa, they don't stand up to the comparison in some areas, specifically educational attainment.

Response: Laura Snow observed this deficit should light the fire and make it obvious why the City Council should care about education. Although she believes they should already care about education, this is another example of why they should care about education – because they can't sell Mesa to potential locates if they don't have the educational system which supports the executives they are trying to entice to the area who have children they desire a quality education for. She stated it is also important to create a workforce which makes Mesa a place where executives can hire this type of quality employee from the area.

Comment: Natascha Ovando-Karadsheh suggested she would like to see data which would lay out the odds of landing a prospect. She mentioned the example of the larger office product, noting they would only have a 1 in 22 shot, because they only have one piece of property that even allows Mesa to qualify for one of the leads if they were to be chosen as one of the final locations. She suggested they need to show the demand is there, so they can go out into the spec-building community and show the demand for this type of space.

Response: Bill Jabjiniak pointed out if he is a developer and he is deciding between Tempe, with a \$6 to \$8 premium, and Mesa with no premium, he loses out most of the time. He stated it is important to look at developers who will take a risk, but they often are more willing to take this risk in Tempe or Scottsdale. Although Mesa has a positive cost alternative, they are concerned about whether or not they can fill the building. He mentioned that so far the developers are not willing to venture very far east, so he has to focus on the west side of the City and anything near the 101 Corridor.

Comment: Rich Adams suggested this data is great for EDAB, because they are accustomed to seeing it and he believes it is good data, but he believes the data it shows is similar to a car dealer who keeps one car on the lot and wonders why he doesn't sell 10 cars a month. He observed they can see the data and they know the demand is there, but they might need to take the data a few steps further and possibly add some of this into a Strategic Plan and hand it off to Council, to show how Mesa can get where they want to be. He noted the data supports the conclusions EDAB knows makes sense, but they shouldn't assume everyone else comes to the same conclusion. He thinks they should try and hand off those conclusions and allow somebody else to say yes or no.

Response: Bill Jabjiniak noted they are entering their final year of their current Strategic Plan as of July 1. This means they will start the process of creating another 3-year Strategic Plan. He indicated Jaye O'Donnell would be the point person on Staff heading up the effort. He stated he would like a committee to work on the Strategic Plan. He then suggested Brian Campbell, Laura Snow and Dominic Perry be on the committee. He said it was important to send along the right data, so EDAB may see this again at the August meeting. He indicated he wants to refine the information at this level before it is presented to the Council.

Question: James Christensen noted they have a prospect list, but wondered if they have a conversion chart which shows where the success has been, where the jobs are, and what type of industries their successes have been in.

Answer: Bill Jabjiniak stated they currently have a way to track successes, but it isn't broken down in as much detail as today's report is. He revealed it is broken down by square footage, capital investment and jobs. He mentioned they are seeing the number of jobs is down a little, but capital investment and square footage is up. He said it is also their desire to keep the quality of the job up as well, and this has been a focal point. He shared their goal has always been 125% of the County median.

Comment: Jeffrey Crockett revealed he thought it would be helpful to the Council members if they had some kind of report showing trends in where the leads and prospects are. He said it would be nice to have something which looks backwards over 12 months and shows the number of prospects in manufacturing, office or other categories they usually track. He said he thought it might help guide their thinking as to where they need to be.

Comment: Jeff Pitcher commented he thought that would be a good idea because it would show demand.

Comment: Matt Likens stated that showing demand coupled with results would tell a story over time and enable to them to determine what they have to do to get more wins in the future.

7. Director's Update

Chair Pitcher invited Bill Jabjiniak to give the Director's Update. Bill Jabjiniak shared May had been a great month. He revealed a lot of hard work on the part of staff was coming to fruition. He disclosed the DuPont Fabros announcement had just been made in early May. This project is up to 1 million square feet and represents a huge capital investment. He also noted EuroContempo Cabinetry's groundbreaking had taken place on May 22nd and represents 72,000 square feet of manufacturing on Ray Road. He revealed he has a couple of other projects before Planning on Ray Road. Constant Aviation is an on-airport project which went into the old Hawker Beechcraft facility. He mentioned there is still a lot of press surrounding the Fiesta Mall project and the purchase of the common area. He revealed that last week the Niagara (water bottling) announcement came out for a 450,000 square foot building on Elliot Road. He said the department has held a lot of press interviews. Jaye O'Donnell recently did an interview on jobs in early May. He noted the Falcon Tech Center has been approved by the Planning Department and would be going to Council later this month. He also mentioned they had taken 1,000 acres on Pecos Road south of the airport and created a floating Jobs Overlay District. This will allow the entitlement process to be cut back from six months to six weeks. This has been very well received and it passed Council unanimously at their meeting the night before. He mentioned

that 31 press articles had been generated since May 1 and they had received 5 million in Total Impressions in local, national and international press. He shared they also are continuing to do a lot with their digital ad campaigns.

Comment: Brian Campbell offered kudos to Planning and Zoning for the Falcon Tech Center.

Bill Jabjiniak presented Terry Benelli with an award for her service to EDAB. He stated she has been on the advisory board for 6+ years and he thanked her for her service.

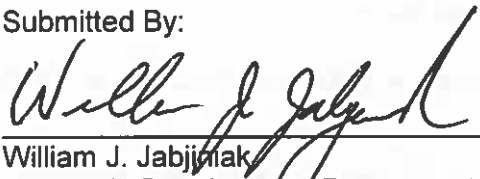
8. Other Business

Chair Pitcher announced there would not be a meeting in July, so the next meeting of the EDAB board would be August 1, 2017.

9. Adjournment

With no further business before the board, Chair Pitcher adjourned the meeting at 8:54 a.m.

Submitted By:



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