

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: December 1, 2009: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Jared Langkilde
Jim LeCheminant
Steve Parker
Jeff Pitcher
Jo Wilson

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady
Brian Campbell
Jeff Crockett
Charlie Deaton
Steve Shope

STAFF PRESENT

Betsy Adams
William Jabjiniak
Shea Joachim
Jaye O'Donnell

MEMBERS ABSENT

Christian Alder (excused)
Steve Wood (excused)

GUESTS

Nancy Lashnits

1. Chair's Call To Order

Chair Jim LeCheminant called the December 1, 2009 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

None

3. Approval of Minutes from November 3, 2009 board meeting.

Chair LeCheminant called for a motion to approve the minutes from the meeting held on November 3, 2009.

MOTION: Terry Benelli moved that the minutes from November 3, 2009 be approved as written.

SECOND: Jo Wilson

DECISION: Passed unanimously.

4. Report on Workforce Subcommittee

Ms. Jo Wilson, Chair of the Workforce Subcommittee, gave a brief report on the meeting that was held on Thursday, November 19, 2009.

She commented that at the last meeting it was discussed and a decision was made to meet with the Provost of ASU Polytech Campus to find out what the needs are at the campus to establish a Ph. D. level program. A very successful meeting was held with Dr. Keith Hjelmstad.

Ms. Wilson explained the Workforce Subcommittee members discussed the need to initiate a process for the development of a training and education resource guide for prospective companies.

In addition there were several new members welcomed to the Workforce Subcommittee. The Workforce Subcommittee will meet again after the first of the year.

Mr. Brian Campbell commended Ms. Wilson for her work with the Workforce Subcommittee. He also commented that the state legislature and other groups were working to establish an estimate of college graduates that are on financial public assistance. The legislature is looking at tying some of the Tax Credits and other programs to help remove college graduates from financial public assistance. The number of college graduates currently in Mesa would be great assets to be integrated into the workforce system for businesses coming into Mesa.

5. Presentation on the Chamber of Commerce Relocation

Mr. Charlie Deaton gave a brief background of the location of the Chamber prior to its current location. The Chamber has been in the current building since 1984 and the building is in need of major maintenance. He explained that a new location has been discussed for the last two years. It also has been discussed whether the Chamber and the Convention and Visitors Bureau would remain together. The Chamber of Commerce Board of Directors position currently favors a new location at the Stapley Center. The Board will be meeting with Chris Brady in the next few weeks to discuss options. There has been no decision to date.

Mr. Chris Brady, City Manager, commented that the City Council was strongly in favor of the Chamber staying in or close to the downtown area. The City Council feels that the Chamber needs to be more centrally located especially with the light rail extension coming to the downtown area.

Mr. Brian Campbell encouraged the Chamber of Commerce and the Convention and Visitors Bureau to stay together and also to stay in the downtown area.

MOTION: Jared Langkilde moved that the EDAB Board strongly support the Chamber of Commerce and Convention and Visitors Bureau to remain together in the downtown area.

SECOND: Rich Adams

DECISION: Passed unanimously

6. Presentation on New Market Tax Credit

Ms. Nancy Lashnits, with Ballard Spahr, explained the basics of the New Market Tax Credit (NMTC). She said that the program began in 2001 in order to encourage private investment in low-income communities across the United States.

The program operates out of the U.S. Treasury Department through the Community Development Financial Institutions (CDFI) Fund. The CDFI Fund allocates money each year to Community Development Entities (CDEs). There are currently almost 1,500 CDEs, including government sponsored entities (Phoenix Community Development and Investment Corporation) and private investment companies (Bank of America, National Trust Community Investment Corporation).

The NMTC is claimed over 7 years beginning when an equity investment is made in the CDE. The credit equals 5% of the investment in years 1-3 and 6% of the investment in years 4-7, for a total of 39% of the investment in the CDE.

Every NMTC transaction is extremely complicated, very tax-intensive, and requires a lot of lawyer and financial advisor time and effort to complete. The investment is generally made in connection with other financing to make a project or business enterprise work financially.

The advantage for business or nonprofit entities receiving the investments is that they are equity investments that the business or nonprofit does not need to repay.

How it works:

- The Community Development Entities (CDE) must have a primary mission of community development. CDE can be a corporation, a partnership or an LLC, and must be a for-profit entity.
- The CDE must use substantially all (85%) of the proceeds from Qualified Equity Investments (QEIs) to make Qualified Low-Income Community Investments (QLICIs) in Qualified Active Low-Income Community Businesses (QALICBs) located in low-income communities.

Requirements include:

- 50% of its gross income is derived from the active conduct of certain businesses in a low-income community;
- 40% of the use of tangible property owned or leased by the business is within a low-income community;
- 40% of services performed for the business by its employees is in a low-income community;

Certain activities are very limited, such as collectables, financial property, and residential rental property.

The active business must be in a Low-Income Community. These are qualified census tracts where the poverty rate exceeds 20% of the population, or the median income is

below 80% of the statewide or metropolitan area median income, and includes certain rural areas.

7. Directors Report

Mr. Bill Jabjiniak thanked the EDAB Board members for their support of Economic Development throughout the year and wished them a Merry Christmas and a Happy New Year. He also extended an invitation to all EDAB Board members to attend the GPEC Holiday Open House on Thursday, December 3, 2009.

The Mayor's Breakfast is scheduled for 7:30 a.m., Thursday, January 28, 2010 at the Phoenix/Mesa Hilton Hotel.

Mr. Jabjiniak, Jim LeCheminant, and Jeff Crockett met to discuss and revise the Subcommittees. Several members were moved around to best match their expertise to meet the needs of the subcommittees. He encouraged the Board members to discuss or contact him with suggestions or ideas regarding the revision of the Subcommittees. He also commended Ms. Wilson for her work on the Workforce Subcommittee and invited her to explain her work on the Community Learning in Partnership (CLIP) Grant.

Ms. Wilson explained that the City of Mesa, Mesa Public Schools and Mesa Community College has jointly been awarded a planning grant by the Bill and Melinda Gates Foundation. The grant is intended to help boost college graduation rates by improving coordination between cities, colleges and K-12 schools. Mesa is one of seven government bodies in the United States to be awarded the planning grant. After the nine-month collaborative planning phase, Mesa will be eligible to apply for the second phase of the CLIP grant, a \$3 million grant from the Gates Foundation. The need for a well trained and educated workforce is essential for the future of Arizona.

Chari LeCheminant commented that the Subcommittees have a great opportunity to provide much needed leadership and guidance in the community and at the state level. He encouraged other subcommittees to meet and become involved.

Mr. Rich Adams suggested to Mr. Deaton (Chair) that the Business, Retention and Expansion (BRE) Subcommittee meet after the first of the year.

8. GPEC Update

Mr. Campbell encouraged the Board to attend the GPEC Holiday Open House on Thursday, December 3, 2009. He also shared that GPEC is moving forward with helping the State to revise the Economic Development legislation.

Mr. Jabjiniak commented that Mayor Smith and two other East Valley mayors are hosting a breakfast for aerospace companies. The aerospace companies are predominately from Mesa, but also include Chandler and Gilbert. The date for the breakfast has not been finalized. He understood it to be more of a fund raising effort to become a member of GPEC. GPEC is hoping to increase private sector membership.

9. Other Business

Mr. Deaton inquired of Mr. Jabjiniak how the State plans on remodeling or revising the economic development policies.

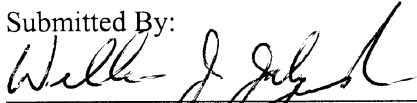
Mr. Jabjiniak responded that he attended a meeting on Monday, November 30, 2009 hosted by GPEC. The purpose of the meeting was to gather ideas, input, or thoughts on an alternative form for economic development efforts on a State level. This is the first of six or seven different Focus Groups that will be meeting. The consultants are bringing the groups together to hear input on what may be appropriate from a State prospective. The need for strong political leadership is a must if Arizona is to continue to grow.

Chair LeCheminant reminded the EDAB members of the next scheduled meeting on January 5, 2010 to be held at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, Arizona 85201.

10. Adjournment

Chair LeCheminant adjourned the meeting at 8:40 a.m.

Submitted By:



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