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JUN 23 2016

MEMORANDUM

Economic Development – Council Memo ED16-030

DATE: JUNE 23, 2016

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, CITY MANAGER *MR*
MICAH MIRANDA, ECONOMIC DEVELOPMENT DIRECTOR *MR*

FROM: MICHAEL WINER, ECONOMIC DEVELOPMENT SPECIALIST *MR*

SUBJECT: RESOLUTION NO. 4966 APPROVING AN AGREEMENT WITH THE EXPORT-IMPORT BANK OF THE UNITED STATES AUTHORIZING THE CITY OF CHANDLER AS A PARTICIPANT IN THE REGIONAL EXPORT PROMOTION PROGRAM; AND AUTHORIZE THE MAYOR TO SIGN ALL NECESSARY DOCUMENTS

RECOMMENDATION: Staff recommends City Council pass and adopt Resolution No. 4966 approving an agreement with the Export-Import Bank of the United States authorizing the City of Chandler as a participant in the Regional Export Promotion Program; and authorize the Mayor to sign all necessary documents.

BACKGROUND: Resolution No. 4966 authorizes the Mayor to execute a Regional Export Promotion Agreement between the City of Chandler and the Export-Import Bank of the United States to promote export growth by cooperatively marketing Export-Import Bank financial support programs.

DISCUSSION: International trade is a major driver of economic prosperity and access to export financing is necessary for companies to effectively compete in the global marketplace. Currently, there is evidence of a gap in export financing support services within the greater Phoenix region. A recent survey of small and medium-sized firms conducted for the Greater Phoenix Export Plan found that only 4 percent are exporting and that lack of financing is one of the top reasons for not exporting. To help companies in Chandler gain access to this crucial export financing, and in turn foster local export growth, Economic Development staff has been pursuing a partnership with the Export-Import Bank.

The Export-Import Bank is the official export credit agency of the United States. An independent, self-sustaining Executive Branch agency, its sole mission is to support American job growth by facilitating the export of United States goods and services. The Export-Import Bank accomplishes this by equipping American businesses with the financing tools necessary to compete for global sales when private sector lenders are

unable or unwilling to provide financing. Solutions include export credit insurance, working capital, loan guarantees, project and structured finance, finance lease guarantees, and direct loans. With no minimum financing fees or minimum annual insurance premiums, the Export-Import Bank often represents the best starting point for small business exporters and companies new to international sales.

The Export-Import Bank's Regional Export Promotion Program is a cooperative marketing and training program designed specifically to make the Export-Import Bank's export finance products more accessible to small and medium-sized businesses by way of local, state, and regional economic development organizations. Each program member pledges to make financing assistance and entrepreneurial services available to local businesses in order to create, promote, and expand exports from their area. The Export-Import Bank provides members with free marketing and training materials, qualified finance experts to speak at members' local events, assistance with outreach and counseling, and access to a network of lenders, insurance brokers, and United States Government export resources.

Staff initiated discussions with the Export-Import Bank about becoming a Regional Export Promotion Program member in June 2015. Since that time, staff has also interviewed Chandler companies that have utilized the Export-Import Bank's financing solutions and presented on the Regional Export Promotion Program to the Community and Neighborhood Services and Economic Development Subcommittee (February 24, 2016), which directed staff to proceed with seeking membership. The City was invited to apply for Regional Export Promotion Program membership after staff participated in the Regional Export Promotion Program Annual Meeting and the Export-Import Bank Annual Conference held in Washington D.C. in April 2016. In late May, the Export-Import Bank sent a formal letter of acceptance along with the Regional Export Promotion Agreement. Per the letter, Regional Export Promotion Program membership is contingent upon (1) signing the Regional Export Promotion Agreement between the City and the Export-Import Bank and (2) the City's designated staff member attending a Trade Finance Solutions for Exporters and Lenders training seminar.

The Regional Export Promotion Agreement would run through May 25, 2018, according to Section 4B of the Agreement. Either party can terminate the Agreement early by providing at least thirty days prior written notice to the other party. The Agreement can also be extended with written approval from the Export-Import Bank.

Staff has taken the steps necessary to ensure the City will be prepared to fulfill all responsibilities of Regional Export Promotion Program membership upon executing the Regional Export Promotion Agreement. These responsibilities include the following:

- Maintain at least one qualified, trained staff member
- Participate in the Export-Import Bank's Trade Finance Solutions training in Washington, D.C.
- Organize at least three Export-Import Bank seminars or make a minimum of three Export-Import Bank presentations per year
- Refer 10 small business exporters to the Export-Import Bank per year
- Ongoing reporting of seminars and referrals to the Export-Import Bank

- Regular attendance at the Regional Export Promotion Program Annual Meeting, the Export-Import Bank Annual Conference, and Regional Export Promotion Program quarterly webinars

FINANCIAL IMPLICATIONS: The Regional Export Promotion Agreement does not require payment to the Export-Import Bank for participation in the Regional Export Promotion Program and operational expenses have been budgeted in the Economic Development Division's Cost Center (1520).

PROPOSED MOTION: Move City Council pass and adopt Resolution No. 4966 approving an agreement with the Export-Import Bank of the United States authorizing the City of Chandler as a participant in the Regional Export Promotion Program; and authorize the Mayor to sign all necessary documents.

Attachments: Resolution No. 4966
Regional Export Promotion Agreement

RESOLUTION NO. 4966

A RESOLUTION OF THE CITY OF CHANDLER, ARIZONA, APPROVING AN AGREEMENT BETWEEN THE CITY OF CHANDLER AND THE EXPORT-IMPORT BANK OF THE UNITED STATES TO PROMOTE EXPORT GROWTH BY COOPERATIVELY MARKETING EXPORT-IMPORT BANK FINANCIAL SUPPORT PROGRAMS.

WHEREAS, the City desires to facilitate the increase of exports from Chandler by providing export assistance to companies operating within its jurisdiction; and

WHEREAS, the Export-Import Bank of the United States' Regional Export Promotion Program is a cooperative marketing arrangement to promote United States exports by raising awareness of Export-Import Bank financial support programs; and

WHEREAS, the City believes that participation in the Regional Export Promotion Program would benefit companies in Chandler and the general public;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chandler, Arizona, hereby approves the Regional Export Promotion Agreement between the City of Chandler and the Export-Import Bank of the United States and authorizes the Mayor to execute the Agreement.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of _____, 2016.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4966 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ____ day of _____, 2016 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY (*kb*)

Regional Export Promotion Program

REGIONAL EXPORT PROMOTION AGREEMENT

BETWEEN

City of Chandler

AND

EXPORT-IMPORT BANK OF THE UNITED STATES

THIS REGIONAL EXPORT PROMOTION AGREEMENT (this "Agreement"), dated as of May 23, 2016 is entered into between City of Chandler herein called ("Regional Export Promotion Participant" or the "REPP") and the EXPORT-IMPORT BANK OF THE UNITED STATES, an agency of the United States of America ("Ex-Im Bank") with reference to the following facts.

1. The Regional Export Promotion Program (the "**REP Program**") is a cooperative marketing arrangement between Ex-Im Bank and certain cities, counties and states (or agencies thereof), and/or local non-profit economic development entities, to promote U.S. exports by use of Ex-Im Bank financial support programs (collectively, the "**Ex-Im Bank Programs**"), including Ex-Im Bank's working capital programs and its export credit insurance programs.

2. The REPP is duly licensed and authorized by the State of Arizona to do business within such State; and is vested with all general powers granted by such State law to perform such activities as described herein.

3. The REPP wishes to participate in the REP Program to facilitate the increase of exports from the State of Arizona and to provide export assistance and facilitate functions within its jurisdiction.

NOW, THEREFORE, the REPP and Ex-Im Bank agree as follows:

1. Scope of Obligations and Duties of REPP. The REPP shall:

- A. Have met the criteria for becoming a REPP as outlined in Appendix A to the satisfaction of Ex-Im Bank in its sole discretion.
- B. Perform the responsibilities of a REPP as outlined in Appendix B.
- C. Perform and cause all of its employees, contractors and agents to perform its duties and conduct all activities with respect to the REP Program and all other Ex-Im Bank Programs in a professional manner consistent with applicable laws, the highest ethical standards and at all times in a commercially reasonable manner.
- D. Notify Ex-Im Bank promptly and in writing of any material changes in its programs, structure or mission.
- E. Maintain at least one qualified, trained officer dedicated to promoting Ex-Im Bank Programs.
- F. Notwithstanding anything in this Agreement to the contrary, none of the REPP, any of its employees, contractors and agents shall have any authority, expressed or implied, to bind, commit or otherwise obligate Ex-Im Bank to any third party in any manner whatsoever or represent itself, express or implied in any manner as an agent of Ex-Im Bank.

G. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not be deemed or construed in any manner to constitute any form of partnership, joint venture, common association, tenancy-in-common or joint tenancy relationship or any other form of legal entity between Ex-Im and the REPP under any applicable state or federal law.

2. Duties of Ex-Im Bank. Ex-Im Bank may among other things:

- A. Provide periodic educational and training seminars relating to Ex-Im Bank Programs and the REP Program
- B. Permit, at the sole discretion of Ex-Im Bank, the Ex-Im Bank logo for use on joint marketing materials.
- C. Coordinate direct-mail campaigns.
- D. Provide the REPP with Ex-Im Bank Program instructions, marketing materials, applications and related documentation on all Ex-Im Bank Programs.
- E. Provide support by Ex-Im Bank's regional office for joint calls, seminar participation and training.
- F. Provide free admission to the Ex-Im Bank annual conference for one designated REPP representative.

3. Additional Provisions Relating to Applications. The REPP may charge exporters seeking assistance with applications a fee for its services, which fee may be in addition to those normally charged by Ex-Im Bank. The REPP shall notify Ex-Im Bank of its fee schedule and of all changes thereto within thirty (30) days of such change. The REPP shall, and shall cause each of its employees, contractors and agents to, notify exporters, in writing, that Ex-Im Bank fees are separate from any fees charged by the REPP. Ex-Im Bank fees may not be amended, waived or otherwise modified in any way by the REPP or any of its employees, contractors and agents.

4. Miscellaneous.

- A. The REPP will not pledge or make available to any exporter any of its reserves or assets to enhance the credit worthiness or security for a potential transaction or the financial position of such exporter.
- B. This Agreement may be terminated by either the REPP or Ex-Im Bank upon not less than thirty (30) days prior written notice to the other party. If not previously terminated pursuant to the prior sentence, this Agreement shall expire on the second anniversary of the date set forth below under Ex-Im Bank's signature, unless Ex-Im Bank agrees in writing to extend the terms beyond such date.

EXPORT-IMPORT BANK OF
THE UNITED STATES

City of Chandler

By: 
(Signature)

By: _____
(Signature)

Name: *JAMES G. BURROWS JR*
Title:

Name:
Title:

Date *5/25/2016*

Date _____

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY *KB*

APPENDIX A

CRITERIA FOR BECOMING A REPP

1. Organization must be regional, state or local economic development organization or World Trade Center, SBDC or similar not-for-profit entity whose mission is to provide export assistance to small businesses.
2. Submit Annual Report or other formal document that demonstrates the organization's track record of providing export assistance to small businesses. If export assistance is a new function, then a marketing plan or similar formal document may be submitted. This document must demonstrate that your organization has the capacity to fulfill the ongoing responsibilities of this Agreement as stipulated in Appendix B herein.
3. Designate at least one person in your organization to be the Ex-Im Bank primary day-to-day contact person. This person must attend Ex-Im Bank's "Trade Finance Solutions" training seminar in Washington, D.C. soon after organization has been approved to participate in the Program.
4. Commit to fulfilling the ongoing responsibilities of REPPs as stipulated in Appendix B of this Agreement.

APPENDIX B

RESPONSIBILITIES OF A REPP

1. Maintain at least one qualified, trained officer dedicated to promoting EXIM Bank Programs.
2. Market Ex-Im Bank's small business programs through personal visits, seminars, telephone outreach programs, press releases, mailings, email and other forms of digital communications.
3. Organize at least 3 EXIM Bank seminars or make a minimum of 3 EXIM Bank presentations per year.
4. Refer 10 small business exporters to EXIM Bank per year.
 - Referrals must be reported using the REPP referral tool on the REPP webpage on exim.gov.
 - Referrals can include joint business calls with EXIM Bank regional staff.
5. Assist Regional Offices with customer calling as appropriate:
 - a. Screening potential customers
 - b. Referring calls to regional staff
 - c. Arranging calls for regional staff
 - d. Calling on behalf of regional staff
 - e. Joint calling with regional staff
6. Report seminars and referrals to EXIM Bank headquarters on an ongoing basis via the online REPP seminar and referral tools.
7. Coordinate with EXIM Bank on export promotion activities in their locality in conjunction with other intermediaries, i.e. arranging EXIM Bank seminars, Global Access Forums, etc.
8. Maintain knowledge of EXIM Bank's small business programs through regular attendance at the REP Program Annual Meeting, Exim Bank Annual Conference, REP Program Quarterly webinars and other EXIM Bank sponsored events and activities.