

PHOENIX BUSINESS JOURNAL

AUGUST 26-SEPTEMBER 1, 2022

RUNNING ON EMPTY?

Developers face new obstacles
amid shifting water regulations
as homebuilding demand grows

BY ANGELA GONZALES, 16-19

GETTY IMAGES

T H E L I S T
M&A LAW PRACTICES
PAGES 20, 22

REAL ESTATE

A record-low number of churches
are on the market in the Valley
despite demand for buildings
AUDREY JENSEN, 5

MANUFACTURING

A Canadian company that makes
climate systems for data centers
plans to build a plant in Mesa
BRANDON BROWN, 12

EXECUTIVE INC.

Valley transplant Anthony Sharett
talks the importance of mentoring,
helping other Black men in banking
NIENKE ONNEWEER, 29

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PHOENIX RANKS NO. 2 FOR DECLINING HOME PRICES

Phoenix ranks No. 2 on a list of cities with the greatest month-to-month decline in home values, according to a report from Seattle-based Zillow.

Phoenix home values dropped by 2.8% between June and July of this year. Phoenix's drop in value was greater than the national average, where home values across the country saw a month-to-month decline for the first time since 2012, decreasing by 0.1%.

Read more online: bizj.us/1qg895.

JIM POULIN | PBJ

THE LIST

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- **Sept. 16:** Mortgage Lenders & Brokers
- **Sept. 23:** Commercial RE Brokerages | Printing Firms

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NEWS

SPORTS BUSINESS

Meet ASU's Mullett Arena

Hockey, multipurpose facility to be named after major donors

BY BRANDON BROWN
bbrown@bizjournals.com

The home of Arizona State University's men's hockey team – and the temporary home of the NHL's Arizona Coyotes – will be known as Mullett Arena.

Don and Barbara Mullett are major boosters to Sun Devil Hockey and has donated "significant" funds to the men's hockey program. Don Mullett is the chairman of the Bradley Corp., a Wisconsin-based manufacturing company.

Don Mullett's connection to hockey at ASU goes back to when

his son Chris played on ASU's club team. Mullett played an administrative and leadership role for the team and when ASU wanted to make its hockey team a Division 1 program, Mullett donated funds to make that possible. This latest donation for the arena is coming from the newly formed Barbara H. Mullett Family Foundation.

The Mullett family has a history of donating funds to grow the game of hockey. In 1998 the family built the Mullett Ice Center in Heartland, Wisconsin. Mullett said used some of his knowledge and experience with that facility to help ASU come up with plans for its facility.

"I know about rinks, I know how they work and I know how much money they make," Mullett said. "This should far exceed the revenue of the rink I built in Wisconsin."

Mullett Arena is located on ASU's

Arizona State University named its new hockey arena after donors Don and Barbara Mullett



BRANDON BROWN | PBJ

Tempe campus just off Rio Salado Parkway and is part of the school's Novus Innovation Corridor.

Construction is wrapping up on \$115 million arena that will also be home to ASU's wrestling and gymnastics teams. The first ASU event to be held in the arena will be a men's hockey game on Oct. 14 and at the end of the month the Arizona Coyotes will play their first home game in the arena.

The Coyotes are trying to build a new arena in Tempe and after they were kicked out of their former home in Glendale, the team

and ASU came to an agreement allowing the Coyotes to play at the 5,000-seat ASU arena for the next three or four years. As part of that agreement, the Coyotes had to build an annex next to the arena that will have NHL-caliber locker rooms and medical facilities. That construction is set to wrap up in December.

Besides sports, the arena the goal is to book concerts and other musical and cultural events in the arena. ASU has brought on the Oak View Group to manage the arena, handle sponsorships and book other events in Mullett Arena.

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2022 UPCOMING EVENTS

Save the Date

 <p>Meet the C-SUITE (in-person) Sept. 9, 2022</p>	 <p>Corridors of Opportunity Surprise (virtual) Sept. 14, 2022</p>	 <p>INNO UNDER 25 Save the Date Sept. 14, 2022</p>	 <p>SMALL BUSINESS AWARDS 2022 Presented By  (in-person) Sept. 22, 2022</p>	<p>Pinal County 2022: Arizona's New Manufacturing Region</p>  <p>(in-person) Sept. 28, 2022</p>	<p>SRP Economic Forecast 2023</p>  <p>(hybrid) October 6, 2022</p>
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Sponsorship opportunities are available for all events.

NEWS

TECHNOLOGY

Intel to split revenue from new Valley fabs

Deal with Brookfield Asset Management valued at \$30 million

BY CROMWELL SCHUBARTH
cschubarth@bizjournals.com

Intel Corp. entered into what it is being called a “first of its kind” partnership to help fund its ambitious factory expansion plans.

The Santa Clara, California, semiconductor giant has entered a \$30 billion partnership with Brookfield Asset Management Inc. in which Intel will retain control over its two new fabs being built in Chandler but split the revenue that comes from it.

The deal builds on momentum from the recently passed Chips Act, Intel CFO David Zinsner said

in a news release about the deal. He said that even with the help that will provide, the company needs to find new ways to finance its building plans.

“Our agreement with Brookfield is a first for our industry, and we expect it will allow us to increase flexibility while maintaining capacity on our balance sheet to create a more distributed and resilient supply chain,” Zinsner said.

Scott Peak, a managing partner in Brookfield’s infrastructure group, told the Wall Street Journal that partnerships like this are common in the energy and telecommunications industries. His firm has over \$750 billion in assets under management.

“By combining Brookfield’s access to large-scale capital with Intel’s industry leadership, we are furthering the advancement of

Intel’s newest factory, Fab 42, became fully operational in 2020 on the company’s Ocotillo campus in Chandler, Arizona. In March 2021, Intel announced a \$20 billion investment to build out two new factories (or “fabs”) on the Ocotillo campus.



INTEL CORP.

leading semiconductor production capabilities,” Brookfield CEO Sam Pollock said.

When Intel announced plans for its new Arizona factories last year, it said they would cost \$20 billion to build. But the company on Aug. 23 said that was an early estimate and the inflation was also having an impact.

The company is also planning to spend up to \$100 billion each on new facilities it plans in Ohio and Germany. Intel said it hopes to replicate the co-investment model in Arizona with other partners for its

other buildouts.

Intel said that the Brookfield deal is expected to provide a \$15 billion cumulative benefit to its adjusted free cash flow and is add to its earnings per share during the construction and ramp phase.

Despite the expected benefits from the CHIPS Act, warnings that a semiconductor shortage is about to turn into a glut have pushed Intel’s stock down to five-year lows.

Intel employs about 12,000 in Arizona, and the new additions to the Chandler campus are expected to add another 3,000 employees.

Pinal County 2022: Arizona's New Manufacturing Region

Join Pinal County and the Phoenix Business Journal September 28 at Wild Horse Pass from 3pm - 6pm for a panel discussion on economic development in this region. You'll hear from panelists representing various industries on why they chose Pinal County to do business.

Arizona Commerce Authority President and CEO, Sandra Watson, will moderate the panel discussion which will focused on several of the significant projects that make up the nearly \$7B in capital investment and 12,000 jobs announced in recent years throughout Pinal County.

Panelists:

Ziad Haddad, GM & Business Director, Electronic Chemicals & HF North America, Solvay

Britton M. Worthen, Chief Legal Officer, Nikola Corporation

More panelists to be announced soon!

PHOENIX
BUSINESS JOURNAL

NEWS

COMMERCIAL REAL ESTATE

Valley church sales see record decline

Transactions peaked in 2019 but buyer demand continues

BY AUDREY JENSEN
ajensen@bizjournals.com

The church real estate market has significantly slowed down in recent months as the Valley and Arizona recover from the Covid-19 pandemic.

While buyer demand for houses of worship has continued, a record-low number of churches in the Valley have been listed for sale in 2022 compared to previous years, real estate experts say.

Church membership was already declining over the past several decades, but the Covid-19 pandemic made it even harder for churches to survive because of a significant drop-off in participation, membership and donations in recent years.

“Lower revenue for many, but not all churches, should result in more churches looking to sell and pull out their equity, as well as redefine and/or reinvest in their ministries or create new ones,” said Thomas Smith, a senior vice president with NAI Horizon’s church realty solutions team. “But many facing declining attendance and revenue seem to be holding on to their existing facilities and locations praying and hoping that things will return as they were pre-Covid.”

In the years leading up to the pandemic, a significant number of religious buildings were selling across the Valley in 2019, when many churches were growing and moving into new buildings. Research conducted by NAI Horizon shows the Valley saw nearly 40 known church building sales in 2019 compared to about five this year.

Earle Shroyer, an Arizona church marketing specialist of 40 years, said he only knows of about three



NAI HORIZON

churches in the Phoenix area that are currently listed for sale. He said this is the lowest number of churches listed for sale in Arizona that he’s seen since he started in the market.

“It’s been very difficult for a lot of these churches; they’ve been hanging on. If they’re part of a mother church, some of the national organizations are helping them to survive, to cover their expenses,” Shroyer said, adding that the largest number of churches he’s had for sale at one time reached 23 listings. “Last year, I just ran out of churches to sell.”

Coming up with strategies

During the pandemic, a lot of churches pivoted to online services, which has also helped some survive, but many are still struggling financially. Experts say churches should not wait until the last second to sell their buildings and instead come up

Sales of religious buildings have significantly dropped off in 2022 compared to the previous year in the Phoenix metro.

with a strategy to increase membership and take advantage of their existing real estate.

Smith said religious organizations can sell their buildings and lease it back or sell and downsize their space. If churches sell their buildings, Smith said this could help their revenue and create more opportunity to reach more potential members or rebrand their messaging.

The buyer market for church buildings has also become more diversified than in previous years, Smith said. Certain properties with a lot of land that are conveniently located sometimes sell to developers looking to turn the facility into new housing, storage or other commercial uses.

It has also become more common for younger, growing churches to occupy vacant retail space,

which has remained steady despite the pandemic, according to Avison Young.

“It’s been pretty steady for the last couple of years, the inquiries we get,” said Matt Milinovich, a principal at Avison Young in Phoenix. “Once they really dive into it and look where retail rates are at and how retail rates are growing across our market, I think it gets more challenging for churches to rent retail space. When they do, they’re usually in B and C quality centers because the rates align, the parking is available.”

Smith said many existing and new churches prefer to lease and are often housed in flex industrial, retail or schools, “so there has been positive increases in additional churches and/or religious entities being born, which of course is a good sign and may well lead to future purchases from these new entities.”

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RETAILING

RESTAURANTS LEASE AT NEW SHOPPING CENTER

Two new sit-down restaurants have been unveiled for the planned 700,000-square-foot shopping, entertainment and dining center in Surprise, Village at Prasada, which is nearly 100% leased.

The two new restaurants, Lou Malnati's Pizzeria and Cold Beers & Cheeseburgers, will be located within the development's restaurant row, Street Fare at Alexandria.

The new eateries will add to a growing list of restaurants and tenants at the new \$500 million shopping center, which the developer of the project, Scottsdale-based SimonCRE, says is the largest to be developed on the West Coast in a decade. Other restaurants moving in include Barrio Queen, Firebirds Wood Fired Grill, Cooper's Hawk Winery & Restaurant and O.H.S.O. brewery.

The major power center also sits next to the new Costco store, a planned hybrid health care facility and other retail options such as Black Rock Coffee Bar adjacent to the Loop 303 and Waddell Road.

Village at Prasada will also house major retailers including Sprouts Farmers Market, Hobby Lobby, TJ Maxx, Marshalls, PetSmart, Burlington Coat Factory, and Ulta. It will also feature a restaurant row and a FatCats Entertainment facility next to a planned multifamily project with more than 500 units.

DEAL OF THE WEEK

Pinal County goes all in

Government body buys 1,400 acres to allow for Lucid expansion

Lucid Group Inc. (Nasdaq: LCID) recently finalized development and lease agreements with Pinal County and the city of Casa Grande for an additional 1,400 acres, county records show.

The new agreements will bring the Lucid site to about 2,000 acres overall, or about the size of an OEM auto manufacturing campus for Lucid and potential suppliers, the county said. Through its expansion, the county said Lucid could hire more than 6,000 people at full buildout.

For the lease agreement, Pinal County purchased at least 1,400 acres of land from 14 property owners for approximately \$113.5 million, according to Scottsdale-based Land Advisors Organization. Kirk McCarville and Trey Davis of Land Advisors facilitated the land assemblage and sale.

It's unclear what the total land sale price was based on county documents. The county said it used \$115.65 million of a recently approved bond to buy the site and for some additional costs such as bond insurance premiums.

Pinal County and Casa Grande approved the development, lease and purchase agreements in pub-



LUCID MOTORS

The exterior of Lucid Motors' new plant in Casa Grande.

lic hearings in July. Lucid, which signed the agreements in early August, will pay an annual rent of \$7.1 million for four years with an option to buy the property. The county also approved a \$126 million bond, most of which was used to purchase the site for Lucid's lease.

Casa Grande has said that Lucid launched a campaign a few months prior to establish a new vision for its campus in the city. Recent reports show that Lucid plans to start construction on the third phase of its AMP-1 production plant next year, with the project extending into 2024 and possibly 2025.

The third phase of the expansion will include new buildings and

the expansion of existing facilities, Teslarati reported in August. The city is also investing nearly \$7 million to expand and improve roadways near the site.

Recently, Lucid cut in half its already reduced targets for production of its luxury electric vehicles due to supply chain and quality control issues.

Instead of making and delivering between 12,000 and 14,000 EVs this year, the Newark, California-based company said it will now only be able to deliver between 6,000 and 7,000 at its factory in Casa Grande, south of Phoenix. It originally targeted delivering 20,000 this year but had to cut its targets in March.



BUTLER DESIGN GROUP

Merit Partners, First Industrial Realty Trust and Diamond Realty Investments are building a three-building facility on about 113 acres in the West Valley.

DEAL LOG

MASSIVE INDUSTRIAL PROJECT BREAKS GROUND

What: The first phase of C|303, a new 1.75 million-square-foot industrial facility with three buildings, recently broke ground.

Where: Across 113 acres at the northwest corner of Loop 303 and Camelback Road in Glendale

Who: Phoenix-based Merit Partners, First Industrial Realty Trust and Diamond Realty Investments

▶ THEY SAID IT

“Phoenix’s future is really bright just because of the population growth, the availability of warehouse space. They’re somewhat close to the Texas markets and that’s a really strong growth market as well. We’re seeing a lot more interest in near-shoring and the Mexican markets, and Phoenix is well positioned to handle a lot of the traffic as well.”

RICH LACHOWSKY, a research director for Newmark, said of the Phoenix industrial market, which is one of five in the U.S. that has more than 30 million square feet under development.



NEWMARK

SPONSORED CONTENT

New ASU engineering school designed to meet consumer demand for advanced manufacturing systems

By Sona Srinarayana, Arizona State University

Manufacturing is ubiquitous in modern life. Our computers, our cars and many of the products we use daily are created using advanced manufacturing systems. To meet the needs of an increasingly high-tech landscape, existing manufacturing systems must evolve and engineering students must prepare for a technologically-enhanced future of work.

This is why the Ira A. Fulton Schools of Engineering at Arizona State University has launched the School of Manufacturing Systems and Networks, which opened its doors last fall and is now blossoming into a critical part of the seven Fulton schools.

The School of Manufacturing Systems and Networks integrates academic programs, faculty expertise and innovative research to address current and future challenges, improve sustainability and generate economic opportunities that will revitalize manufacturing in Arizona and beyond. The school will play a significant role in supplying the skilled talent needed to support U.S. efforts to reestablish its leadership in advanced manufacturing.

As one of the country's largest and most comprehensive engineering schools, the Fulton Schools of Engineering is well positioned to lead industry-relevant research and technology innovation in the processes and systems that will drive the future of manufacturing.

"ASU's record of innovation and leadership in engineering education puts us at the center of a national effort to accelerate advanced manufacturing and, in turn, to substantially improve competitiveness and innovation



for a myriad of critical industries. This includes semiconductors and microelectronics, two areas that are vital to national security," says Kyle Squires, ASU vice provost for engineering, computing and technology and dean of the Fulton Schools of Engineering.

Preparing students for factories of the future

"If you look across the country, there are more than 2 million manufacturing jobs that could go unfilled, and this particular school is trying to fill that workforce gap," says Binil Starly, the inaugural director of the School of Manufacturing Systems and Networks.

Starly joins ASU after nine years as a North Carolina State University professor. There, he led the Data Intensive Manufacturing Environment Lab, or DIME, where he merged digital and physical technologies to advance discrete and continuous manufacturing processes.

Associate professor Dhruv Bhate has a heightened awareness of the looming manufacturing job deficit based on his prior engineering industry roles at Intel Corp. and PADT Inc.



"As we look forward and imagine the future of manufacturing, we have the opportunity to shape it in a more responsible way to advance humankind like never before," says Bhate, a faculty member in the School of Manufacturing Systems and Networks.

Students in the school will develop their skills in modeling, automation, sensing, advanced manufacturing processes, robotics, human-machine teaming, machine learning, data optimization and digital twin systems, among other areas.

The School of Manufacturing Systems and Networks is located on ASU's Polytechnic campus in Mesa, which is already home to programs in robotics and autonomous systems, information technology, human systems engineering and software engineering — an area Starly says will equip students with the information systems knowledge required to advance artificial intelligence on the factory floor.

Thomas Sugar, a professor and the associate dean of Barrett, the Honors College at the Polytechnic campus, is looking forward to working with faculty members in the new school.

"ASU is investing in professors that are experts in Industry 4.0," he said. "This is crucial when building an advanced manufacturing ecosystem in Arizona where the Fulton Schools of Engineering will become the largest technical producer of talent in the U.S."

Industry-centric environments provide authentic learning opportunities

The presence of new and existing Valley manufacturers investing in next-level technologies is already spurring opportunities for ASU and the Arizona workforce.

TSMC, the world's largest semiconductor manufacturer, is investing \$12 billion in a new chip-making plant in north Phoenix, while Intel and NXP Semiconductors are expanding their presence in the Valley.

Additionally, a growing electric vehicle industry, including Lucid Motors, Atlys Motor Vehicles, ElectraMeccanica and Nikola Motor, is adding to the prospective career options for students.

Seasoned collaborations with some of Arizona's top manufacturing employers, such as Rockwell Automation, PADT Inc., Honeywell Aerospace, Pilgrim Aerospace Fasteners, Siemens, Raytheon Missiles and Defense, TPI Composites and Lallemand Baking will help foster the new school's industry-forward mindset.

"We are trying to put the most advanced manufacturing technology in the hands of ASU students as soon as possible," says Michael Cook, director of global academic enablement at Rockwell Automation, a company that provides industrial automation solutions to countries around the world. "In many institutions, there is a lag between when (students) adopt technologies and when they get integrated into the curriculum. The goal is to integrate the most current technologies so that program participants will graduate with the skills needed to meet the demands of the workplace."

The School of Manufacturing Systems and Networks is poised to take on the challenge. Says Starly, "I'm looking forward to taking this school that's in its initial stages and laying the groundwork so it has the foundation to grow at scale over the course of the next five to 10 years."

Learn more at <https://msn.engineering.asu.edu>



Arizona State University serves almost 80,000 students across the Phoenix Metropolitan area and is ranked by U.S. News & World Report as the country's most innovative school. Since 2002, the university's mission has been to create a new model for higher education in the United States that meets the challenges of the 21st century.

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PRIVATE EQUITY

INVESTORS SHIFT STAKES IN CARVANA

A trio of big institutional shareholders have recently shifted their stakes in Tempe-based Carvana, according to filings with the Securities and Exchange Commission.

Two private equity firms — 3G Capital and Tiger Global Management — have dropped their positions in Carvana (NYSE: CVNA), while the Bill and Melinda Gates Foundation acquired a new stake.

Tiger Global reported holding 8.5 million Carvana shares (worth more than \$1 billion) at the end of March, but last week its latest quarterly filing showed just 112,000 Carvana shares (worth about \$2.5 million) on June 30.

Similarly, 3G Capital held 515,000 Carvana shares back in March, worth some \$61 million, but the firm did not report holding any shares in its August 15 quarterly report.

The Bill and Melinda Gates Foundation trust, which manages the charity's endowment, opened a new position in Carvana according to a quarterly report filed earlier this month. The foundation reported holding 520,000 shares in the company, worth about \$11 million, on June 30.

The Gates Foundation also opened a new position in Vroom, a smaller competitor to Carvana, during the last quarter. The foundation held 2.5 million Vroom shares at the end of June, worth about \$3 million. Vroom has dual headquarters in New York City and Houston.

VENTURE CAPITAL

'Dynamics have shifted'

Inflation, recession talk cool investor market

Startups looking for venture capital funding are having a harder time finding it this year, but Valley investors say there are still opportunities for founders to land an investment in the rebalanced market.

Creeping inflation and fears of a recession have caused some VCs to pull back from the record investing during the Covid-19 pandemic, but the market is still active, the power has just been redistributed.

"The dynamics have shifted from a founder dominant market over the last couple of years, to a more investor dominant market," Leib Bolel, a partner at Scottsdale-based Grayhawk Capital, said in an interview. "Most founders have come to terms that valuations have decreased quite a bit."

2021 was by far the best year for startup funding across the U.S., with more than \$340 billion invested in hundreds of companies, up from \$167 billion in 2020, according to Pitchbook. Arizona startups too saw record investment last year, collectively securing more than \$1.89 billion in 2021.

This year investment in startups has slowed, but the money is still



JACOB TYLER DUNN

flowing. Arizona startups hauled in \$463.08 million across 39 deals during the second quarter, up from \$201.49 million a year earlier and \$227.69 million in Q1.

Grayhawk Capital closed its third fund at \$76 million last year and has been deploying that capital all year, most recently leading an \$8 million seed investment in Utah-based Bacon. Bolel said 2022 will likely be their busiest year in recent years.

The Grayhawk Capital team, from left to right: Brian N. Burns, Sherman Chu, Leib Bolel and Brian S. Smith

Bolel said some local companies have put capital raising plans on hold for the next year or so, in hopes of avoiding a round of funding at a lower valuation, commonly called a down round.

"[Founders] are doing one of two things: They're either taking convertible notes, they're doing SAFE notes or they're just putting their head in the ground and growing and waiting for the cycle to have an uptick," Bolel said.

WHO'S RAISING?

SYNSABER

Amount: \$13 million

Round: Series A

CEO: Jori VanAntwerp

Headquarters: SynSaber is a remote-first company but its CEO is based in Chandler

Investors: Florida-based SYN Ventures (unrelated to the company) led the round with additional participation from Rally Ventures and Cyber Mentor Fund, all of which invested in the company's seed round in July 2021.

Details: SynSaber is an industrial cybersecurity startup for operational technology — as opposed to information technology or IT. The funding will be used to expand its team and add new customers.



TYLER MOTT

Jori VanAntwerp and Ron Fabela are the co-founders of SynSaber.

▶ PUBLIC COMPANIES

ACTIVIST INVESTOR UPS STAKES IN 2 VALLEY BUSINESSES

Starboard Value, an activist investor, has increased its holdings in both GoDaddy and NortonLifeLock, according to the firm's most recent quarterly report.

Tempe's GoDaddy Inc. (NYSE: GDDY) is now the New York investment firm's most valuable holding, and the biggest portion of its portfolio, valued at more than \$582 million as of June 30. Starboard originally bought a 6.5% stake in GoDaddy back in December and it held 6.8% of the company's outstanding shares in April.

Starboard's shares of Norton-

LifeLock Inc. (Nasdaq: NLOK) were valued at more than \$421 million at the end of June, making it the firm's fifth most valuable holding at the time.



GETTY IMAGES

SPONSORED CONTENT

'The next economic frontier': How Arizona is poised to lead deep-space innovation

Arizona Commerce Authority

On any given Saturday in the fall, students pack into Arizona Stadium, home to the University of Arizona (UArizona) football team. They come for touchdowns, tailgating and (hopefully) a Wildcats victory. Few may guess, however, that below the east stands lies the technological building blocks of deep-space exploration.

At the Richard F. Caris Mirror Laboratory, scientists, engineers and technicians are developing enormous 27-foot mirrors, larger than most aboveground swimming pools. The mirrors will power the Giant Magellan Telescope, expected to be the largest and most advanced Earth-based telescope in the world, when completed.

The mirror lab at UArizona represents just one out-of-this-world feature of Arizona's vivid space ecosystem. Bolstered by world-renowned university expertise, a robust aerospace and defense industry, promising startups and unique natural advantages, Arizona is fully poised to capitalize on a rapidly expanding space economy.

Limitless horizons

Space spending globally is growing at its fastest annual rate in nearly a decade, according to the Space Foundation, hitting a record \$469 billion in 2021. Morgan Stanley estimates that by 2040, the global space industry could surge to over \$1 trillion.

Arizona features all the pieces needed to compete for new space investments, according to a 2018 Deloitte assessment. The firm compared Arizona with 13 other states with ties to the space industry across six focus areas including manufacturing, launch services area, validation and component testing, space situational awareness and mining. Only Arizona boasts a presence in every category.

Arizona's attractiveness for space investments is amplified by the impressive base of industry leaders with operations in the state, including Lockheed Martin, Boeing, Honeywell Aerospace, Virgin Galactic, World View Enterprises and General Dynamics Mission Systems. Raytheon Missile and Defense, which advances technologies such as hypersonics, microelectronics and sensors, is headquartered in Tucson. Northrop Grumman Space Systems, one of NASA's top contractors, has facilities in Chandler, Gilbert and Mesa.

"We're proud Arizona is home to one of Starliner's landing locations. Arizona has all the ingredients to drive the future of space travel," said Mark Gaspers, senior manager of government operations at Boeing and chair of the Workforce Arizona Council. "With research and university preeminence, technology clusters in areas like optics and sensors, and a large engineering workforce to grow from, Arizona has the key components for the industry's future."

Expertise in abundance

The University of Arizona, which ranks fifth for NASA-funded activity, has long been at the forefront of space exploration dating to the founding of the Lunar and Planetary Laboratory and the first Ranger missions to the moon in the 1960s. In recent years, the university was instrumental in creating the Near Infrared Camera, one of four scientific instruments onboard the James Webb Space Telescope.

In May 2011, NASA selected LPL to lead the OSIRIS-REx sample return mission to the near-Earth asteroid Bennu. OSIRIS-REx launched in 2016 and will return with any samples collected in 2023.

At Arizona State University, scientists and researchers have been leading contributors for Mars missions since the NASA Viking missions in the

1970s. The university boasts 40 instrument facilities and laboratories and is participating in more than 25 active space missions.

"Space is the next economic frontier," said Jim Bell, a professor and director of the Space Science and Technology (NewSpace) Initiative at Arizona State University, who is heavily involved in NASA missions like those of the Mars rovers Spirit, Opportunity and Curiosity. "Advancements in areas like rocketry, satellites and space tourism are pushing the bounds of what was previously thought possible. That family weekend trip to the moon? It may be closer than we think."

Talented startups

Top talent and unparalleled university expertise have helped fuel new space startups.

In Flagstaff, engineering research and development company Catalyst Space Technologies recently opened its headquarters. The company is focused on modular spacecraft designs and mission architectures intended to interact with on-orbit service. Catalyst was founded by a pair of Embry-Riddle graduates with a vision for a more accessible and sustainable future in space.

"We're aiming to double our staff every year for the next few years," said Catalyst founder Ghonhee Lee. "The built-in network of support in northern Arizona, from Moonshot to Northern Arizona University and its community of entrepreneurs, has been the perfect fit for us."

Paragon Space Development, a Tucson-based company and global leader in life support and thermal control technologies, was recently awarded a long-term NASA contract to develop the next generation of space suits. Paragon will participate on a multinet network team that could generate \$3.5 billion in funding over the life of the program. The next-gen suits will be used for missions to the moon and the International Space Station.

Space tourism

Arizona is fast becoming a hotbed for space tourism, one of the space industry's fastest-growing sectors. Grand View Research, a market research company, expects space

tourism to be a multibillion dollar market by 2030.

In July, Virgin Galactic announced plans to open a new manufacturing facility in Mesa. The facility will serve as the final assembly point for the space travel company's Delta class spaceships, creating 400 highly skilled aerospace engineering and manufacturing jobs.

Other notable space tourism activity in the state includes companies like Blue Origin, which is partnering with Arizona State University to lead the University Advisory Council for Orbital Reef, a commercial-use space station. The \$130 million, NASA-funded effort would house researchers, tourists and commercial customers on the space station.

Additionally, Tucson's World View will transport stratospheric ballooning tourists to the edge of space to view the curvature of the Earth and see the layers of the upper atmosphere.

Renewed interest in deep-space travel means further opportunities in the public and private sectors.

With a vibrant industrial ecosystem and some of the world's foremost space experts, Arizona promises to continue to lead space innovation.

Learn more about Arizona's aerospace industries at azcommerce.com/industries/aerospace-defense

ARIZONA
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Interior rendering of the Giant Magellan Telescope showing seven of the world's largest mirrors made at the University of Arizona's Richard F. Caris Mirror Laboratory.

Image credit Giant Magellan Telescope – GMTO Corporation

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DEVELOPMENT

MODUS BUYS CASA GRANDE LAND FOR MORE BTR UNITS

Phoenix-based Modus Cos. — known for building communities that focus on saving energy to curb greenhouse gas emissions — just closed on 39 acres in Casa Grande, with plans to build 470 build-to-rent homes.

With major employers such as Nikola, Lucid and Kohler bringing more than 6,400 jobs to the area — and many more moving to the region for other jobs — founder Ed Gorman figured there's going to be a need for more housing.

Purchased from Walton Cos. for \$2.9 million, the acreage is at I-10 and Florence Boulevard, next to the 1 million-square-foot Promenade Shopping Center.

The project will be built in two phases, featuring resort-like amenities in the community, including clubhouse, fitness center, pool, hot tub, pickleball courts, and a dog park.

While build-to-rent communities are known for detached single-family homes with their own backyards, these backyards will be even bigger than the typical BTR backyard, Gorman said. They will be at least 15 feet deep.

Plans call for breaking ground by the end of the year, which is when he plans to break ground on 270 apartment units during the first quarter and 200 BTR units during the second or third quarter at I-10 and Watson Road in Buckeye.

ON THE MOVE

BACK IN THE GAME

Longtime developer Garth Wieger starts homebuilding firm

Longtime Arizona real estate developer Garth Wieger is getting back into the homebuilding business, with plans to focus strictly on rental units.

He has joined with cabinet maker Ron Simon to start RSI Homes LLC.

"Our plans are to build first in Arizona, then Texas and Georgia and probably California as well," said Wieger, who will serve as president and CEO of RSI Homes.

"We anticipate being a significant builder in each of the markets," he said. "Our goal is to provide housing for the policemen, firemen, teachers — the hardworking people that serve our community."

Plans call for building three types of rental units: single-family homes, build-to-rent detached homes within a community, and four-plex and eight-plex residences that look like single-family homes.

His goal is to introduce the first product in 2023.

"We hope to open six projects within the next 12 months in areas where jobs are being created at the highest rates — in the northwest, southeast and west, along the I-10 corridor."

As the founder of Scottsdale-based Montage Acquisitions,



JILL MCNAMARA

Longtime land developer Garth Wieger has formed RSI Homes LLC.

Wieger has been developing land for investors for the past seven years.

While Montage Acquisitions has about 3,000 acres of land throughout the Valley, he's been busy entitling and engineering parcels and selling parcels to homebuilders and developers.

Wieger said he has hundreds of acres in escrow across the Valley to sell to homebuilders but none of those parcels are for RSI Homes.

It's possible Montage may sell some of its land to RSI in the future, he said.

Before getting involved in land development, Wieger had served in top positions at several homebuild-

ers — including Continental Homes, Shea Homes and UDC Homes — before co-founding Journey Homes and Fortis Real Estate Investments in 2000.

RSI Homes will be backed financially by Simon's Newport Beach, California-based RSI Equity Partners.

Simon and RSI Equity Partners CEO Alex Calabrese and CFO David Lowrie will have seats on the RSI Homes board and will be actively involved in the new company, Wieger said.

For now, RSI Homes is based in Phoenix, but could move its corporate headquarters to Newport Beach, Wieger said.

▶ NAME TO KNOW

Atlanta-based Cortland hired **Ashley Nye** to serve in the new role of director of development for Arizona. She will lead the multifamily developer's push to build apartments in Phoenix and Tucson.

Nye left her role as development manager for Trammell Crow Co., where she managed the development of multifamily projects.

The Tucson native — who earned her master's in landscape architecture from Arizona State University after completing undergraduate work at University of Arizona — also previously worked at Point B as a landscape architect.

With 24 multifamily properties in Arizona, Nye said the goal is to double that over the next few years with a combination of ground-up development and continued acquisitions.



CORTLAND

HEALTH CARE

RIGHT AT HOME EXPANDS

After operating the Right at Home Arcadia franchise since 2019, Chris Slagle is expanding his territory to Scottsdale, Paradise Valley and Fountain Hills.

Omaha-based Right at Home, which offers in-home care to seniors and adults with disabilities, has more than 600 franchises in the U.S. and seven other countries. It costs anywhere between \$32 and \$36 an hour, depending on the need, Slagle said.

Slagle's expansion comes at a time when baby boomers add

10,000 65 year-olds every day, according to AARP. By 2030, there will be more than 61 million 65 year-olds.

With 45 caregivers, plans call for hiring more as he secures more clients in the new territories, said Slagle.



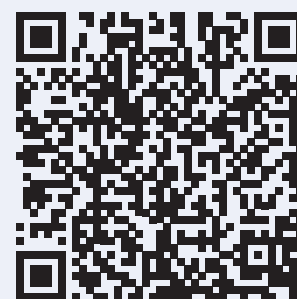
RIGHT AT HOME



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FOOD & LIFESTYLE

RESTAURATEUR PROPOSES 2 NEW CONCEPTS IN SCOTTSDALE

After owning and operating Mesquite Fresh Street Mex in Old Town Scottsdale for eight years, the team at AR Concepts is going to try it again in the entertainment district with two new restaurants under one roof.

Ahmad Alatrash, the co-founder of AR Concepts, confirmed to the Business Journal that he is in the process of opening two new restaurants – Chickadees Chicken and Fries and Grindhouse Coffee Bar – on the corner of Buckboard Trail and Indian Plaza in Old Town Scottsdale in the former Oasis Café space.



AR CONCEPTS

Chicken sandwich from Chickadees in Old Town Scottsdale.

The combo chicken sandwich and coffee shop restaurant is set to open over Labor Day weekend, Alatrash said.

While Alatrash has found success with the original Mesquite Fresh location in Old Town and the handful of others he has opened around the Valley, he said he's always been interested in opening more restaurant concepts and when the landlord of the space approached him earlier this year, he decided it was time to go for it.

"I have always wanted to dip my hands in the chicken sandwich industry," Alatrash said. "This was perfect, they came to us and I decided it was time to launch my chicken sandwich concept that had been in my head for a long time."

The 2,000-square-foot space was a bit large for what Alatrash was thinking, so he decided to put another concept in there as well – Grindhouse Espresso Bar. The idea is to have a spot that is open and can attract business all day long. Alatrash's plan is to start selling coffee at 6 a.m. and closing up after the bars close at 3 a.m. In between he imagines having different rushes for chicken sandwiches and coffee.

ECONOMIC DEVELOPMENT

XNRGY CHOOSES MESA

Canadian manufacturer plans to build \$145M plant

Xnrgy Climate Systems, a Canadian company that manufactures climate systems for data centers, has submitted plans to the city of Mesa to build its U.S. headquarters and a manufacturing facility.

The Montreal-based company said it will add 800 jobs and manufacture cooling and heating systems to benefit the growing high-tech manufacturing industries growing in the Southeast Valley.

In July and August, Xnrgy and design firm Gensler submitted a handful of pre-submittal review documents to the city of Mesa, indicating Xnrgy chose Mesa over the city of Chandler for the destination of the plant. In January, the Business Journal reported that Xnrgy was considering sites in both cities for its U.S. headquarters.

According to the documents submitted to the city of Mesa, Xnrgy will build its campus on 38 acres in southeast Mesa just south of the Apple Inc. (Nasdaq: AAPL) data center on Elliot Road.

Plans call for construct-



GENSLER

ing two matching, single-story 250,000-square-foot manufacturing buildings and a 50,000-square-foot multistory office building that will connect the manufacturing sites.

In total, the project will cost \$145 million to construct, according to documents filed with the city. Xnrgy said it will create 800 full-time jobs on the site with an average annual salary of \$65,000.

Besides data centers, Xnrgy explores new ways to cool and heat facilities in several industries and the company said it plans on using the

Rendering of the Xnrgy Climate Solutions U.S. headquarters, which will be built in Mesa.

Mesa facility for focus on research and development and to facilitate the rapid demand for its climate systems.

"Operations will help serve the needs of the region's growing economic partners who specialize in industries of semiconductors, mission critical systems, data centers, life sciences, health care and electric vehicle batteries by improving their sustainability goals with impactful reductions of their energy usage, water usage and carbon footprint," Xnrgy wrote in its submittal to Mesa.

► COMPANY TO KNOW

ECHO WEST

What: A newly formed commercial real estate and investment brokerage focused on the sale and advisory of net leased assets — mostly single and multi-tenant retail properties.

Where: Based out of Phoenix, but brokered deals all over the country.

Who: Founded by Matt Mathers, Sean Westfall, Ryan Moroney and Tim Westfall. The company has hired three others and is looking to grow with more brokers this year.



ECHO WEST

EXPANSION

ANGRY CRAB SHACK TO OPEN NEW LOCATIONS

Mesa-based seafood chain Angry Crab Shack announced this month it will be opening its fourth location outside of Arizona during Q4 2022, but that is just the beginning, according to company officials.

Angry Crab Shack, which was founded by former Arizona State University and NFL football player Ron Lou, is an experiential restaurant concept that serves up seafood boils with Cajun and Asian-inspired sauces. There are currently 18 locations open with new ones coming to Atlanta and Tempe before the end of the year.

Company president Andrew Diamond said a local franchise group is building locations in Maricopa and Gilbert from the ground up, another franchise group in Seattle has signed a lease for a new space and will open during the first quarter of 2023. Three restaurants



ANGRY CRAB SHACK

Mesa-based restaurant chain Angry Crab Shack is looking to expand its footprint across the United States.

could also be coming to London, he said, after an investment group in the United Kingdom reached out.

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LEASING

COWORKING INDUSTRIAL SPACE CONCEPT TO DEBUT

A lot of small businesses start in a garage. It might take a while before a business can operate its own warehouse and commit to a long-term lease.

Alex Morrison, co-founder and CEO of Portal Warehousing, is looking to address that need in the Valley. Portal Warehousing is partnering locally with a landlord to rent out a warehouse and in turn, rent out smaller spaces to emerging businesses. After launching the concept in Salt Lake City this May, Portal Warehousing — and its small business tenants — were set to open this month in Tempe in a roughly 35,000-square-foot warehouse at 2636 S. Wilson St.

“We’re trying to solve that middle piece which is, ‘Here’s a stepping stone to growing your company to a point where you’re confident in signing a five-year lease and taking on 5,000 square feet,’” Morrison said.

The business was born while Morrison and his co-founders observed the fast acceleration of the reliance on e-commerce during the Covid-19 pandemic while working at real estate private equity firm Capstone Equities. While Amazon doubled its real estate footprint between the end of 2019 and the end of 2021, several small and micro e-commerce businesses also emerged, appearing in Facebook and Instagram advertisements. Morrison and the team of six found many of those businesses were operating out of garages or self-storage units.

DEVELOPMENT

New industrial hub

8 projects break ground, hunting for tenants in the southeast Valley

Eight projects have started construction so far this month in one of the hottest areas for new industrial developments in the Valley.

Between Aug. 1 and Aug. 12, eight different developers broke ground on 4.5 million square feet in the southeast Valley near the Chandler Municipal Airport and Phoenix-Mesa Gateway Airport, according to Lee & Associates, a commercial real estate brokerage.

Those projects are well-positioned to attract tenants to be vendors for nearby Apple Inc. and Facebook (now Meta Platforms Inc.) data centers as well as accommodating the electric vehicle and semiconductor industries, said Chris McClurg, principal at Lee & Associates.

Here are the eight industrial projects:

- ▶ Midway Commerce Center: 302,000 square feet. Developer Creation broke ground on the Chandler Airport project on Aug. 10
- ▶ Chandler Airpark 202: 593,000 square feet. Developer US Capital Development broke ground on the Chandler Airport project on Aug. 1
- ▶ Chandler Airport Business Center: 317,000 square feet. Develop-



WHARTON INDUSTRIAL

Rendering of the Hub@202 development, which is being constructed in Mesa on the northwest corner of Warner and Sossaman roads near Phoenix-Mesa Gateway International Airport and the Loop 202.

- er CapRock broke ground on the Chandler Airport project on Aug. 12
- ▶ Hub@202: 578,000 square feet. Developers Wharton Industrial and Madison Ventures Plus broke ground on the Mesa Gateway project on Aug. 5
- ▶ Met 202: 770,000 square feet. Developer Eisenberg broke ground on the Mesa Gateway project on Aug. 1
- ▶ Gateway Grand: 1,074,858 square feet. Developer Greystar broke ground on the Mesa Gateway project on Aug. 1
- ▶ Power Industrial: 585,955 square feet. Developer Principal Life broke ground on the Mesa Gateway project on Aug. 5
- ▶ Advanced Industrial Center:

335,066 square feet. Developer ViaWest broke ground on the Mesa Gateway project on Aug. 5

McClurg said the Mesa Gateway and Chandler Airport were sought-after areas by developers and employers because of the availability of land and skilled labor living nearby.

According to a Q2 2022 report from Lee & Associates, the Phoenix metro’s industrial dropped to a record 4% vacancy. During that period, more than 33 million square feet of industrial projects were under construction and the average asking lease rate rose to \$9.48 per square foot — up 6.8% from the Q1 2022 mark and 21.5% year-over-year.

DEAL LOG

SCOTTSDALE OFFICE BUILDING SELLS

With a nearby retail center already on its portfolio, Federal Realty Investment Trust has acquired the Scottsdale Forum office building.

The Maryland-based real estate investment firm paid \$53.6 million for the 214,000-square-foot office building at 6263 N. Scottsdale Road. That equates to about \$250 per square foot.

With the acquisition of Scottsdale Forum, Federal Realty Investment Trust (NYSE: FRT) now has three Phoenix-area assets — and its first Valley office asset — on its portfolio.

Federal Realty Investment Trust owns the Camelback Colonnade shopping mall and The Shops at Hilton Village center, located about a quarter-mile south of Scottsdale Forum.

The group entered the Phoenix market last June after acquiring the two retail centers from RED Development for a combined price of \$200 million.

JLL Capital Markets brokered the sale of Federal Realty Investment Trust’s acquisition of the building from CapRidge Partners.



RON DAVIS | PBJ

The nearly 214,000-square-foot Scottsdale Forum office building was acquired by Maryland-based Federal Realty Investment Trust.

▶ BY THE NUMBERS

40,000

The square footage of Nuro Inc.’s remodeled Tempe office, which will play a key role in reimagining the company’s Phoenix business plan from on-road operations to tele-operations.

4.2 million

The value of Nuro’s office remodel, which includes a new open concept space, restrooms, coffee bar and conference rooms for the developer of autonomous vehicles and software used for delivery services. The Tempe office also serves as a command center, which will monitor and steer Nuro’s R2 driverless vehicles in California and Texas.



Read more online: bizj.us/1qg6rf

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While they don't waste as much water as some people think because the water is recirculated and disinfected, splash pads at residential communities may not be included in new developments as homebuilders look to save water usage.



JIM POULIN | PBJ

COVER STORY

THE WATER GAME

As drought conditions intensify in one of the country's hottest real estate markets, some Valley homebuilders are scrambling to secure water

BY ANGELA GONZALES | AGONZALES@BIZJOURNALS.COM

As drought conditions worsen across the Southwest, some Valley homebuilders are running into problems securing a water supply for their projects. ¶ That's because the Arizona Department of Water Resources – the state agency that issues water certificates – is changing certain groundwater models, causing some developments to come to a halt as builders wait for approvals in certain areas, particularly Pinal County and the West Valley.

As developers run out of buildable land, forcing them to the outskirts of the Valley, they can face water supply hurdles. And now that ADWR is questioning whether existing groundwater supply is enough for these projects, builders may eventually need to rely on other sources that could add to the cost of building a home.

There are certain areas of the Valley where builders don't have access to groundwater sources, but they know ahead of time they will be responsible for securing other water sources.

But this is different.

Now some builders who thought they had access to groundwater for land already purchased are now being told there might not be enough water for their projects.

"The one thing we don't like in this business is uncertainty," said Mark Stapp, a real estate developer and executive director of the master of real estate development program at WP Carey School of Business at Arizona State University. "The one thing this is creating is uncertainty."

ADWR's shift comes at a time when Colorado River reservoirs are dropping to critically low levels. On Aug. 16, the Department of the Interior said Arizona and other states would face further cuts in

2023, putting more pressure on Valley municipalities – many of which have taken initial steps to preserve water or shift allocations – to grapple with potential shortages in the future.

Different rules for commercial, residential use

Homebuilders are required to make sure their projects have 100 years of assured water supply in accordance with the Groundwater Management Act of 1980, said Spencer Kamps, vice president of legislative affairs for the Home Builders Association of Central Arizona. As part of that act, homebuilders are required to replenish the groundwater they use, he said.

"What that does is the Groundwater Management Act assures that our groundwater tables are going to be pumped dry," Kamps said. "What we've ultimately done with the department's model is we're shutting down the one land use that actually saves groundwater and encourages the mining of groundwater."

And if water issues hold up homebuilders' ability to build homes to keep up with demand, he

CONTINUED ON PAGE 18



CONTINUED FROM PAGE 17

said, that will lead to fewer companies moving here.

“Somebody is asleep at the switch about how we’re going to grow as a state,” Kamps said.

Certain cities – such as Phoenix, Chandler and Mesa – are designated by ADWR as having an assured or adequate water supply. Homebuilders have been able to expand in those cities without having to worry about water, he said.

However, some of those municipalities are running out of land, which is why builders have to look to the Valley’s periphery.

And as homebuilders are the only ones held to the 100-year test of assured water supply – essentially to protect homebuyers – that has left the door wide open for multi-family developers, including apartments and build-to-rent communities, which aren’t held to the same standards.

“As a state, we need to figure out if for-sale housing has any value,” Kamps said. “Our water laws conflict dramatically with achieving that goal if for-sale housing is important to Arizona. It’s time to have a really healthy conversation about how we grow as a state.”

Cheryl Lombard, president and CEO of Valley Partnership, said this is now an economic development issue.

“If you’re not able to build homes where jobs are, that’s a bit of a concern,” she said.

Growing concerns in West Valley

The struggles developers face in Pinal County – where there is a moratorium on new water certificates – are beginning to emerge in the rapidly growing West Valley.

ADWR sent deficiency letters in June of 2021 for certificate of assured water supply applications from two homebuilder projects that rely on groundwater in the Hassayampa sub-basin in the West Valley, citing a lack of groundwater for the new communities.

Owned by PulteGroup Inc. (NYSE: PHM), those 791 parcels are within Festival Ranch and Sun City Festival communities in Buckeye.

“Although the model and model report have not yet been finalized, the department has information indicating that the proposed subdivision’s estimated groundwater demand for 100 years is like-



ly not met when considered with other existing uses and approved demands in the area,” ADWR stated.

ADWR is finalizing a numeric groundwater flow model for the Hassayampa sub-basin that updates a previous model submitted to the department by applicants, said Shauna Evans, ADWR public information officer.

“Preliminary model results have indicated that there may not be sufficient groundwater availability to meet all demands over the 100-year modeling projection period,” Evans said.

It’s unclear what options PulteGroup has moving forward. The homebuilder declined requests to comment for this article.

Grady Gammage Jr., a founding member of Gammage & Burnham focusing on water law and real estate, represents clients getting ready to file their applications for a 100-year certificates of assured water supply in

Luxury Valley communities often come complete with a variety of amenities from lakes to splash pads. This is an aerial view of Scottsdale Ranch.

that same area of the West Valley, noting that “they are probably going to be stalled or delayed in the same way Pulte’s has been.”

Running out of groundwater?

A shortage of groundwater is nothing new in certain parts of Pinal County.

ADWR has not been issuing 100-year certificates of assured water supply based upon groundwater supplies for new subdivision plats in the Pinal Active Management Area for a few years now because its models show that all area groundwater is reserved for existing subdivision plats – some of which are not yet built – and other uses, including farming.

Available groundwater supplies have been largely reserved for existing subdivision plats in other areas, so new plats may slow in those areas, said Michele Van Qualthem, a Phoenix attorney who represents

homebuilders on water issues.

“Whether water is available for new development is a local question that may vary, depending on the location and water provider,” she said.

While it’s unclear exactly how many new master-planned communities and subdivisions could face water shortages, most of those impacted are in outlying areas where certain municipalities don’t have a designation of water supply for new communities. Even so, Pinal County officials contend there are 25,000 home lots in the pipeline that currently have an assured water supply.

Overall in metro Phoenix, between 26,000 and 28,000 single-family building permits will be issued in 2022, said Jim Daniel, president of RL Brown Housing Reports.

All of those houses, though, should have assured water – or at least they did at the time the build-



GETTY IMAGES

er bought the land.

Last summer, when ADWR officials met with a Pinal stakeholder group to discuss the water issue, ADWR Director Tom Buschatzke told the group “the days of utilizing native groundwater for development in Pinal are over, it’s done.”

That means builders will need to bring their own water – not from groundwater – to their projects, which could be an expensive proposition that ultimately gets passed on to the homebuyer.

“There are a number of large master-planned developments throughout the AMAs where their ability to prove a 100-year assured water supply is challenging,” said Douglas MacEachern, communications administrator for ADWR. “As in the Pinal AMA, the ability of developments to get certificates of assured water supply exclusively on groundwater is becoming quite limited.”

“If you’re not able to build homes where the jobs are, that’s a bit of a concern.”

CHERYL LOMBARD,
president and
CEO, Valley
Partnership

What’s happening in Douglas Ranch, other West Valley projects

In the West Valley, the 37,000-acre Douglas Ranch in Buckeye, only has a 100-year assured water supply for its first phase, Trillium, which represents 3,029 acres.

Jerry Colangelo, partner of Phoenix-based JDM Partners that owns a portion of Douglas Ranch, says he’s not worried, even though water has always been an issue faced by Arizonans.

When The Howard Hughes Corp. (NYSE: HHC) paid \$600 million for Douglas Ranch last fall, executives did their due diligence, he said.

“They knew exactly what they were buying and exactly what the water situation was,” Colangelo said. “But they had the confidence this thing is going to be resolved.”

It will take upward of eight years for the first phase of Douglas Ranch to be developed, giving more time for the water issues to be resolved at the rest of the development, he said.

“Our project is a 40-50 year project,” Colangelo said. “Look at the history of how the state of Arizona has dealt with water. They come out looking really good. I choose to align myself with those people and those who are positive about that process continuing; not the naysayers.”

Yes, there will be challenges, he said.

“But I have the confidence we as a state will overcome the challenges,” he said. “We’re not going to stop the people from coming. They’re coming.”

Greg Vogel, CEO of Land Advisors Organization, who brokered the 3,300 acres that Pulte bought more than 20 years ago in the West Valley with plans to build 9,000 homes, said there have been plenty of water studies that showed there was enough water for 1 million people in that area of the West Valley. He estimates there are only about 20,000 people living in that area.

“DWR has a draft study they will not release,” Vogel said. “We’re looking forward to seeing it. But just to say they’re going to hold up a plat without sharing all the cards in the deck seems unfair and unjust.”

Some question state’s calculations

Craig Helsing, manager of land acquisition and development for Brown Homes, said one of his projects in Prescott stalled when ADWR issued a new groundwater flow

model last summer for the Prescott AMA.

“Whenever you roll out a new software program, there’s glitches,” Helsing said. “This new model had some glitches in it, which we all recognized. We either could wait for ADWR to make the corrections to the model or we could spend resources to have our consultant make changes to the model, with ADWR approval, which they agreed to, to speed up the time.”

Usually, it takes about 10 months for the water approval process, but this time it took 18 months, he said.

“We were the first in the queue of 10 applications up in the Prescott AMA that used this model,” Helsing said. “Everyone else – including us; we’re in there a couple of times – was on hold until the first guy can prove that it works. So it took us until May of this year to get our Certificate of Assured Water.”

It’s been frustrating, he said.

“It messes with everybody’s business plans,” Helsing said. “But we are all professionals. And we are all respectful of the rules and statutes that we need to follow. We work together to achieve the results that everyone’s looking for, mostly to be responsible.”

Brown Homes’ plans call for building 162 homes on a 44-acre site in Chino Valley, with model homes opening early next year.

Meanwhile, a stakeholder group has questioned ADWR’s recent model that demonstrates how much groundwater is available in the Pinal AMA.

The group has submitted its own calculations, which shows the area is only 10,000-acre feet short over the next 100 years, far from the 8 million-acre feet shortage ADWR had concluded, said Steve Miller, chairman of the Pinal County Board of Supervisors.

While he awaits ADWR’s response, Miller said he understands completely that the Pinal AMA will not rely 100% on groundwater for future development.

“It’s not going to be business as usual,” he said. “We certainly understand it cannot be groundwater entirely supplied going forward.”

For now, there are about 25,000 existing home lots within areas that have the 100-year CAW, he said.

“There’s going to be availability for people to build homes going forward for a period of time,” he said. “I don’t know how long it will take to use up that inventory.”

GLOSSARY OF TERMS

Arizona Groundwater Management Act of 1980

Created to aggressively manage the state’s finite groundwater resources to support the growing economy.

Active Management Area

Areas with heavy reliance on mined groundwater. Arizona is broken up into five main AMAs (Phoenix AMA, Pinal AMA, Prescott AMA, Santa Cruz AMA and Tucson AMA) and each has its own management goal. In Phoenix, Prescott and Tucson AMAs, the primary management goal is safe-yield by 2025; ensuring no more groundwater is being withdrawn than is being replaced annually.

Assured Water Supply

A.R.A. 45-576(L) stipulates sufficient groundwater, surface water or effluent of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years.

Adequate Water Supply

This program operates outside of the AMAs, ensuring that the water adequacy or inadequacy is disclosed in a public report provided to potential first purchasers and that any water supply limitations are described in promotional or marketing materials. However, in a mandatory adequacy jurisdiction, adequacy of water supplies must be demonstrated before plat approval and issuance of a public report.

Arizona Department of Water Resources

The sole purpose of this agency is to ensure that homeowners who buy a home within a subdivision have an adequate supply of water for 100 years.

Source: Arizona Department of Water Resources, U.S. Geological Survey

T H E L I S T

Compiled by Dale Brown
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LAW PRACTICES – MERGERS & ACQUISITIONS

RANKED BY NUMBER OF LOCAL M&A ATTORNEYS (LIST CONTINUED ON PAGE 22)

Rank	Firm / 2021 Rank Website	Address Phone	M&A attorneys, local	M&A attorneys, firmwide	# of local mergers and acquisitions completed in 2021	Total value of local mergers and acquisitions completed in 2021	Top local executive	Year estab. locally
1	Snell & Wilmer ① swlaw.com	400 E. Van Buren St., #1900 Phoenix, AZ 85004 602-382-6000	50	72	140	n/a	Matthew Feeney	1938
2	Jennings, Strauss & Salmon PLC ② jsslaw.com	1 E. Washington St., #1900 Phoenix, AZ 85004 602-262-5911	27	27	56	\$955.38 million	Jeffrey Gardner	1942
3	Weiss Brown ④ weissbrown.com	6263 N. Scottsdale Rd., #340 Scottsdale, AZ 85250 480-327-6650	16	16	26	\$406 million	Scott Weiss, scott.weiss@weissbrown.com	2010
4	Quarles & Brady LLP ⑦ quarles.com	2 N. Central Ave., #600 Phoenix, AZ 85004 602-229-5200	14	50	n/a	n/a	Brad Vynalek; Leonardo Loo, leonardo.loo@quarles.com	1970
4	Greenberg Traurig LLP ③ gtlaw.com/en/locations/phoenix	2375 E. Camelback Rd., #800 Phoenix, AZ 85016 602-445-8000	14	351	8	\$3.67 billion	Nicole Goodwin	1999
6	Fennemore ⑤ fennemorelaw.com	2394 E. Camelback Rd., #600 Phoenix, AZ 85016 602-916-5000	13	43	15	\$904 million	James Goodnow, jgoodnow@fclaw.com	1885
7	Gallagher & Kennedy ⑦ gknet.com	2575 E. Camelback Rd., #1100 Phoenix, AZ 85016 602-530-8000	11	11	74	\$3.48 billion	Dean Short II, dcs@gknet.com	1978
7	Lewis Roca ⑤ lewisroca.com	201 E. Washington St., #1200 Phoenix, AZ 85004 602-262-5311	11	21	16	\$778.87 million	Kenneth Van Winkle Jr.; Laura Pasqualone	1950
9	Perkins Coie LLP ⑩ perkinscoie.com	2901 N. Central Ave., #2000 Phoenix, AZ 85012 602-351-8000	10	325	16	\$2.55 billion	Todd Kerr, tkerr@perkinscoie.com	1960
10	Osborn Maledon PA ⑦ omlaw.com	2929 N. Central Ave., 21st Floor Phoenix, AZ 85012 602-640-9000	9	9	21	\$445.32 million	Scott Rodgers, srodgers@omlaw.com	1995

NOTES: n/a - not applicable, not available or not approved * - not listed in 2021

► CLOSER LOOK

216

Total number of local attorneys involved in mergers and acquisitions practices for the 20 law firms on this list

RANKED BY TOTAL VALUE OF 2021 LOCAL M&A DEALS

Greenberg & Traurig LLP	\$3.67B
Gallagher & Kennedy	\$3.48B
Polsinelli PC	\$2.98B
Ballard Spahr LLP	\$2.94B
Perkins Coie LLP	\$2.55B

ABOUT THE LIST

Information was obtained from representatives of the law firms through email surveys and could not be independently verified by the Phoenix Business Journal. Only those firms responding to our inquiries are listed.



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LAW PRACTICES – MERGERS & ACQUISITIONS

RANKED BY NUMBER OF LOCAL M&A ATTORNEYS (LIST CONTINUED FROM PAGE 20)

Rank	Firm / 2021 Rank Website	Address Phone	M&A attorneys, local	M&A attorneys, firmwide	# of local mergers and acquisitions completed in 2021	Total value of local mergers and acquisitions completed in 2021	Top local executive	Year estab. locally
11	Milligan Lawless PC ⁽¹⁴⁾ milliganlawless.com	5050 N. 40th St., #200 Phoenix, AZ 85018 602-792-3500	8	8	27	n/a	Robert Milligan	2008
12	Squire Patton Boggs ⁽¹³⁾ squirepattonboggs.com	2325 E. Camelback Rd., #700 Phoenix, AZ 85016 602-528-4000	6	315	9	\$365.5 million	Pedro Miranda, pedro.miranda@squirepb.com	1979
13	Polsinelli PC ⁽¹⁸⁾ polsinelli.com	1 E. Washington St., #1200 Phoenix, AZ 85004 602-650-2000	5	127	30	\$2.98 billion	Phillip Guttilla, pguttilla@polsinelli.com	2002
14	Ballard Spahr LLP ⁽¹⁴⁾ ballardspahr.com	1 E. Washington St., #2300 Phoenix, AZ 85004 602-798-5400	4	87	37	\$2.94 billion	David Armstrong	2006
14	Clark Hill PLC ⁽¹⁸⁾ clarkhill.com	14850 N. Scottsdale Rd., #500 Scottsdale, AZ 85254 480-684-1100	4	45	6	\$155 million	Darrell Davis; James Brophy	2009
14	Gust Rosenfeld PLC ⁽¹⁷⁾ gustlaw.com	1 E. Washington St., #1600 Phoenix, AZ 85004 602-257-7422	4	4	5	\$120.3 million	Tom Chauncey II; Scott Malm; Christina Noyes; Robert Haws; Susan Segal	1921
17	Sacks Tierney PA ^(*) sackstierney.com	4250 N. Drinkwater Blvd., 4th Fl. Scottsdale, AZ 85251 480-425-2600	3	3	n/a	n/a	Bryan Gottfredson, gottfredson@sackstierney.com	1960
17	Dickinson Wright PLLC ⁽¹⁴⁾ dickinsonwright.com	1850 N. Central Ave., #1400 Phoenix, AZ 85004 602-285-5000	3	93	5	\$180 million	Stephen Richman	1968
19	Wallin Hester PLC ⁽²¹⁾ wallinhester.com	1760 E. Pecos Rd., #332 Gilbert, AZ 85295 480-240-4150	2	2	19	\$800 million	Troy Wallin, twallin@wallinhester.com	2007
19	Zuber Lawler LLP ^(*) zuberlawler.com	2415 E. Camelback Rd., #700 Phoenix, AZ 85016 480-513-9288	2	30	5	\$90 million	Janet Jackim, jjackim@zuberlawler.com	2020

NOTES: n/a - not applicable, not available or not approved * - not listed in 2021

► CLOSER LOOK

\$20.8B

Total value of the 348
M&A deals completed in
2021 by the 16 law firms
that provided deal value
information

RANKED BY YEAR FOUNDED LOCALLY

Fennemore	1885
Gust Rosenfeld PLC	1921
Snell & Wilmer	1938
Jennings, Strouss & Salmon PLC	1942
Lewis Roca	1950

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Years *Thomson
Reuters*

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T H E L I S T

How gloomy economic forecasts could impact M&A

Attorneys weigh in on how a recession, politics could effect deals

BY DALE BROWN
dbrown@bizjournals.com

What is in the news lately – Covid-19 pandemic, inflation, a possible recession, increasing political polarization – isn't likely to be classified as nutrients to foster the growth of the mergers and acquisitions marketplace, but three local attorneys practicing M&A law say the future could be a mixed bag of indicators for buyers and sellers.

While conducting a survey for this week's Law Practices – Mergers & Acquisitions list, we asked par-

ticipants about their market outlook for the remainder of the year.

"For the remainder of 2022 and well into 2023, both the number of M&A transactions and the total dollars involved in those transactions are likely to decline. Even though there will be good strategic grounds for acquisitions to occur, they face headwinds due to increasing interest rates which increases the cost to finance an acquisition. In addition, fluctuating markets make it more challenging to reach a consensus on the fair value of a business." – Terry Thompson, shareholder, Gallagher & Kennedy

"The extreme urgency of getting deals funded and completed seems to have calmed down. Activity continues, but valuations are more tempered and timelines are more realistic. Seems like we are back



Terry Thompson,
shareholder,
Gallagher &
Kennedy



Scott Weiss,
attorney, Weiss
Brown

to basics, but that could change quickly." – Scott Weiss, attorney, Weiss Brown

"Our M&A practice remains busy, reflecting business optimism in the U.S. economy, notwithstanding recent interest rate hikes, consumer drawbacks and reduced productivity, because we usually represent entrepreneurs who typically remain positive even in light of negative factors – we find that they uncover creative ways to avoid negativity to opportunistically compete." – Janet Jackim, partner, Zuber Lawler LLP

We also asked list participants if the nation's increasing polarity, as shown in political campaigns, has any effect on mergers and acquisitions.

"I would not say that disagreement in the political scene impacts

local M&A deals, but what I have noticed is how some deal participants attempt to adopt communication strategies that they learned in politics (i.e., stretching the truth, spreading disinformation, denying direct knowledge of matters, delaying, and deflecting). Maybe that was always present, but it did not seem to be as prevalent as it is today, which is discouraging." – Weiss

"Not in our practice. Some states in the U.S. are less supportive of our core business – cannabis – but most, if not all, will embrace cannabis because of its tendency to create jobs/wealth and tax revenues. These issues tend to be apolitical." – Jackim

"In transactions that involve interaction with certain governmental authorities or national security, non-business factors can sometimes affect the feasibility or structuring of transactions. Otherwise, although parties are cognizant of the broader social context in which their businesses operate, non-business factors rarely materially affect a particular transaction." – Thompson

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Boot Camp Workshop highlights resources for small businesses

By Kathy Shayna Shocket

Arizona is home to about 500,000 small businesses, and the journey to plan, strengthen and successfully grow, can be challenging.

Accessing capital, understanding health options, managing credit and bookkeeping, for example, are among the top concerns facing small business owners.

Those challenges and hot topics were addressed at the free August 11, Small Business Boot Camp Workshop held at the Arizona Commerce Authority [ACA] in Phoenix.

The Phoenix Business Journal partnered with ACA to help the growing number of small business entrepreneurs seeking knowledge and resources.

It's the third in a series of four workshops headlining an impressive group of five panelists with accounting, banking, legal, healthcare benefits and business expertise.

"Grow Your Business: Access to Capital and Other Resources" featured experts from REDW LLC, Wells Fargo, Gallagher & Kennedy, Blue Cross Blue Shield of Arizona and [BCBSAZ], and America's Small Business Development Center [SBDC] Arizona.

Robert Theobald, the Small Business Ombudsman and vice president of Small Business Services at ACA, the state's leading economic development

organization, moderated the in-person and virtual event which began with the informative presentation "Why Bookkeeping Matters: A CPA's Perspective."

Cheryl Folkerth, CPA, Principal, REDW LLC, outlined detailed information on the best practices in bookkeeping, including budget, cash flow management, business analysis software information, resources and tax preparation.

"When you are working with investors, one of the first places they look is your tax return and they compare that to your accounting," said Folkerth.

"So you want to be sure that those two things are in sync," she added, relating to the challenging topic of accessing capital.

The Boot Camp Workshop's interactive components included questions from the in-person participants as well as those online throughout the event.

Among the several questions for example, for Folkerth was from a business owner asking about bookkeeping. "One of my biggest challenges is cash flow," explained the attendee. Another asked, "What do you think is the number one mistake small business owners are making?"

Tim Maxey, Lead Business Growth Strategy Consultant for Small Business, Wells Fargo, was also one of

the featured presenters. He noted that small businesses owners were asking good questions. "There was quite a bit of engagement from the participants," he said of the workshop being a successful resource.



When you are working with investors, one of the first places they look is your tax return and they compare that to your accounting. So you want to be sure that those two things are in sync.

CHERYL FOLKERTH
CPA, PRINCIPAL, REDW LLC

In his presentation, Maxey reviewed the importance of managing business credit, taking control of your credit history, what potential lenders may look for, the business credit lifecycle, making sense of financing options and places to access free educational resources.

Maxey also offered some advice, for example to one of the business owners who asked a question about accessing capital when one business owner's

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credit is pretty solid, but the other owner's credit has some challenges.

Dominick San Angelo, M&A & Securities Attorney, Gallagher & Kennedy (G & K.), presented an overview of capital raising considerations, steps to prepare for raising capital through equity offerings, as well as some of the pitfalls.

In his "Raising Capital Through Equity Offerings," presentation, he also pointed out the pros and cons of the four types of capital sources.

San Angelo emphasized that business owners should identify why and for what you need capital, decide whether outside equity fundraising is right or not, get your house in order (Clean up your corporate documents, CAP Table, contracts, etc.), figure out what you have and what you need, assemble a team of professionals (CFO or outside CFO; accountant; tax advisor; banker; lawyer, for example) and then "Go Pitch!"

Cari Stinchcomb, Director, Large Group Client Services at Blue Cross Blue Shield of Arizona, presented

"Healthcare Benefits 101: An overview of a complex system."

Her presentation included such topics as the types of small group health insurance plans available, and eligibility requirements. She also discussed why offering competitive and comprehensive employee benefit packages can help retain and attract top talent.

"Why would you want to offer health insurance? The number one reason is, it's competition for talent," said Stinchcomb.

"Employees want to feel protected and secure," she added pointing out how the work force looks differently now at job benefits. "Believe it or not, wages are not the only factor that employees are looking at," she said.

CJ, Johnson, Funding Outreach Specialist, America's Small Business Development Center (SBDC) Arizona, talked about the wide array of free resources provided by the Arizona SBDC Network, and the success stories of small business entrepreneurs who benefited from SBDC.

The SBDC Arizona is the state's largest and most accessible statewide source of assistance for small businesses in every stage of development. It's in the position of guiding small business owners, one-on-one through free counseling and additional resources and training.

"The assistance the Arizona SBDC Network provides to small businesses creates a positive impact in our communities by producing stronger businesses with best practices," said Johnson.

Theobald, who added that the ACA works closely with the Arizona SBDC



Why would you want to offer health insurance? The number one reason is, it's competition for talent . . . Employees want to feel protected and secure. Believe it or not, wages are not the only factor that employees are looking at.

CARI STINCHCOMB**DIRECTOR, LARGE GROUP CLIENT SERVICES
AT BLUE CROSS BLUE SHIELD OF ARIZONA**

Network, wrapped up the recent workshop speaking about the State Small Business Credit Initiative (SSBCI). Market President and Publisher, of the Phoenix Business Journal, Ray Schey, applauds the ongoing success of the workshops.

"It's been interesting to host the Small Business workshops in partnership

with the Arizona Commerce Authority and hear from so many small business owners at various stages of growth," he said.

"We plan to continue the workshops with presenters from various sectors including, banking, accounting, legal and health care. If you're thinking of starting a small business, these sessions are very informative and will save time and money for those who attend."

Stinchcomb is among those who praise the PBJ and ACA collaboration. "I know every small business owner that participated learned of at least one new resource or program they could tap into to grow their business," she said.

Theobald added that it was also a great opportunity to meet and connect with those experts as well as other businesses owners that are looking to grow their businesses. "I always enjoy meeting small business owners and learning more about their businesses and their plans to grow," he said.

The next workshop in the free series of ACA and PBJ's partnership, will be held on November 2, in Phoenix, with both an in-person attendance and a virtual component.

Information on this future workshop and recordings of the past three workshops in the Small Business Boot Camp Workshop series, can be found on its website at <https://www.azcommerce.com>

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Local business professionals share expertise with small business owners

By Kathy Shayna Shocket

Don't guess about your credit. Manage it. Being able to tell your business' story to potential lenders, and forming a team of strategic advisors early; are all key for small business owners looking to expand and grow.

That was part of the wealth of advice and information shared at a recent noteworthy workshop for small business owners.

Arizona's small businesses are key to the state's economy and the Small Business Boot Camp Workshop held August 11, at the Arizona Commerce Authority (ACA) in Phoenix, was a valuable, free opportunity for small business owners to learn from the experts.

It's the third in a series of four workshops headlining an impressive group of five panelists with accounting, banking, legal, healthcare benefits and business expertise.

The Phoenix Business Journal partnered with ACA for the workshops to help the growing number of small business entrepreneurs seeking knowledge and resources.

"Grow Your Business: Access to Capital and Other Resources" featured experts from REDW LLC, Wells Fargo, Gallagher & Kennedy, Blue Cross Blue Shield of Arizona and [BCBSAZ], and America's Small Business Development Center [SBDC] Arizona.

The morning's first three panelists shared their expertise and recommendations in their different fields, yet echoed some common advice.

For example, Cheryl Folkerth, CPA, Principal, REDW LLC, Tim Maxey, Lead Business Growth Strategy Consultant for Small Business, Wells Fargo, and Dominick San Angelo, M&A & Securities Attorney, Gallagher & Kennedy [G & K.], all touched on the importance of organizing your paperwork as well as building a team of professional experts.

Folkerth discussed building a team for a business' bookkeeping and accounting needs, in her presentation "Why Bookkeeping Matters: A CPA's Perspective."

"Not only should you be looking at cash flow but you should be looking at your budget," she said. explaining how cash flow smooths the process for preparing mandatory tax reports.

During Maxey's presentation, he reviewed the importance of managing business credit, what potential lenders may look for, the business credit lifecycle, making sense of financing options and stressed the importance of professional relationships.

"Building a relationship with your banker is important for small business owners," said Maxey.

"It is very important that the banker

knows the small business owner and their business to see how they can most effectively meet your needs."

In San Angelo's "Raising Capital Through Equity Offerings," presentation, he gave a high-level overview of capital raising considerations, steps to prepare to



I think the message is a good one: forget the investment climate that we used to have. Times have changed, and investors are going to be more selective, so if you need outside capital, you need to up your game if you want to win over a potential investor.

DOMINICK SAN ANGELO

M&A & SECURITIES ATTORNEY, GALLAGHER & KENNEDY


raise capital through equity offerings, as well as some warnings, and pitfalls.

His recommendations also included assembling a team of professionals; for example, a CFO or outside CFO, accountant, tax advisor, banker, lawyer.

In regard to entrepreneurs looking to raise capital, San Angelo adds

continued on page 28

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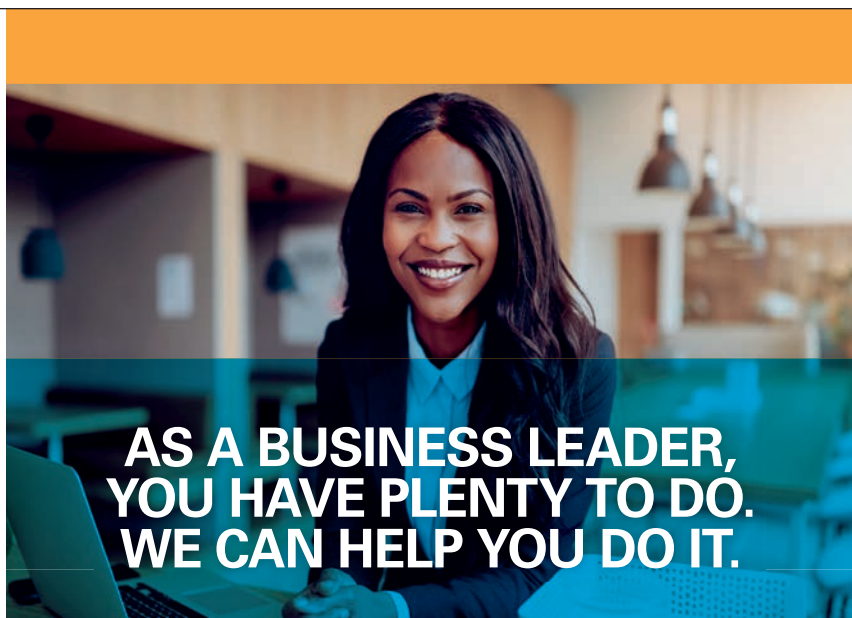


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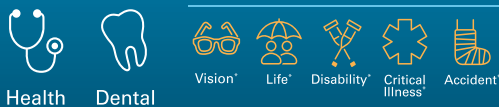


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continued from page 26

that “Investment conditions and the rigor with which investors are evaluating opportunities have changed dramatically in the last nine months or so, compared to where we were in 2020–2021, when interest rates were at historic lows and investors were looking to deploy capital at higher-risk investments.”

“I think the message is a good one: forget the investment climate that we used to have. Times have changed, and investors are going to be more selective, so if you need outside capital, you need to up your game if you want to win over a potential investor.”

The second group of panelists spoke about resources.

Cari Stinchcomb, Director, Large Group Sales and Support, BCBSAZ, presented “Healthcare Benefits 101: An Overview of a Complex System.”

Her presentation included such topics as the types of small group health insurance plans available, and eligibility requirements.

She also discussed why offering competitive and comprehensive employee benefit packages can help retain and attract top talent, pointing out that some of the Gen Z are actually returning to wanting more security and how they’re looking at benefits very differently.

Stinchcomb explained the Mental Health First Aid (MHFA) training program as well as reviewed the areas of focus of the Foundation for Community & Health Advancement, which BCBSAZ formed in 2021.

CJ Johnson, Funding Outreach Specialist, America’s Small Business Development Center (SBDC) Arizona, talked about the wide array of free



The assistance the Arizona SBDC Network provides to small businesses creates a positive impact in our communities by producing stronger businesses with best practices.

CJ JOHNSON

FUNDING OUTREACH SPECIALIST,
AMERICA’S SMALL BUSINESS
DEVELOPMENT CENTER

resources provided by the Arizona SBDC Network, and the success stories of small business entrepreneurs who benefited from SBDC Arizona.

The SBDC Arizona is the state’s largest and most accessible statewide source of assistance for small businesses in every stage of development.

Johnson’s presentation highlighted



the organization’s guidance from loan request and loan package preparation to lender referrals and other tools to help develop business plans.

“The assistance the Arizona SBDC Network provides to small businesses creates a positive impact in our communities by producing stronger businesses with best practices,” said Johnson.

“These stronger businesses are then able to approach lenders with more confidence in obtaining the capital that they need to grow!”

Robert Theobald, the Small Business Ombudsman and vice president of Small Business Services, moderated the in-person and virtual event, which also included questions from the in-person and online participants.

Theobald also spoke about the State Small Business Credit Initiative (SSBCI), a federal program administered by

the Department of the Treasury to strength state programs that support private financing to small businesses and business enterprises owned and controlled by socially and economically disadvantaged individuals.

ACA is the state’s leading economic development organization. The Small Business Boot Camp was

originally launched by the ACA on April 27, 2020, as an effort to help small businesses work through the COVID Crisis.

It began as a six-week program to connect entrepreneurs and small business leaders with local experts who provide support, guidance and resources, and is now a comprehensive resource for small businesses statewide.

The next workshop in the series of ACA and PBJ’s partnership, will be held on November 2, in Phoenix, with both an in-person attendance and a virtual component.

Information on this future workshop and recordings of the past three workshops in the Small Business Boot Camp Workshop series, can be found on its website at <https://www.azcommerce.com>

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Anthony Sharett's passion is music, and he is on the Rock & Roll Hall of Fame Museum Board of Trustees.

JIM POULIN | PBJ

BY NIENKE ONNEWEER
nonneweer@bizjournals.com

Anthony Sharett became president of Pathward NA less than a year shy of the March announcement of its name change from MetaBank.

For Sharett, the name change solidifies Pathward's purpose: empowering financial inclusion through products and services for consumers and small- to mid-sized businesses.

"We feel like we're providing [them] with a path forward, providing them with access to capital and money that they may not get from traditional resources," Sharett said. Meta Financial Group Inc. (Nasdaq: CASH), MetaBank's South Dakota-based holding company, changed its name to Pathward Financial Inc. in July.

Sharett grew up in the small town of Troy, Ohio, where he watched people struggle financially. After attending Ball State University, where he ran track, he studied law at Ohio State University. Sharett spent the first 20 years of his career in Columbus, Ohio.

Law was "a way to help folks that needed it, whether it be individuals or companies," he said. It provided him a platform and voice for the financially

ANTHONY SHARETT

COMPANY:
Pathward NA

TITLE: President

EDUCATION:
Bachelor's degree, political science, Ball State University; juris doctor, Ohio State University

HOMETOWN: Troy, Ohio

FAVORITE BAND:
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Anthony Sharett talks about MetaBank's name change at [PhoenixBusinessJournal.com](https://www.phoenixbusinessjournal.com)

underserved to make a positive impact in business.

Sharett describes himself as a lawyer who has built his career representing financial service companies across the gamut. He was previously the interim president of Nationwide Bank, then president of Nationwide Pet. He started at Pathward in 2019, moving into the role of chief legal and compliance officer and corporate secretary, before being appointed president earlier this year.

In the beginning of the pandemic, Pathward provided stimulus payments and nearly \$500 million in Payment Protection Plan loans to small- and mid-size businesses. With no previous infrastructure, Sharett admired how his colleagues rallied to provide support for existing and new clients.

"Our purpose is easy to get behind. It's easy to support," Sharett said. Any action at Pathward happens through the lens of financial inclusion. Even when an opportunity is profitable, "if it's not in alignment with our purpose, there's a good chance that we won't do it."

After living in Phoenix for over three

years, Sharett calls it home. The city is welcoming and a great hub for travel, he said, with abundant opportunities for philanthropy. Sharett is on the boards of Valley of the Sun United Way and the Arizona Community Foundation and a member of Greater Phoenix Leadership.

"I have found that this is a community that is willing and able to give back to those that need it," Sharett said.

Why is financial inclusion important to you and Pathward? Statistics show that the number of underbanked and underserved consumers is growing. You can look no further than the impact that the Covid-19 pandemic had on our consumers. And so one of the things that we're very proud of is that we provided billions of dollars of economic impact stimulus payments to consumers that, but for our participation, that program would not have received those. It's important to me because I've seen people struggle – family, friends, those that weren't looking for a handout, but they were looking for a hand up, that may have been just a victim of circumstance as to why they may be underbanked or underserved.

What are your strengths in your career? There's an old adage that if you want to go fast, go alone; if you want to go far, go together. And I have found that, you know, I try to be as collaborative as possible with my colleagues in a professional setting. I have found that trying to be genuine and authentic and self-aware have helped me throughout my career. But more importantly, understanding that we win together. I try to employ a collaborative approach, both at work and also in my personal life.

What is it like to be a Black president in the financial world? I think with that comes a tremendous amount of responsibility. We [in] the legal profession, particularly in the corporate legal setting, or a large law firm setting, while we've made inroads and strides as far as how many African Americans have excelled in those areas, we still have a long way to go. Financial services has struggled to retain and promote black executives, particularly in banking. And so with that, I find there's a tremendous level of responsibility to sponsor individuals who may have similar plays and also mentor them. I endeavor to try to reach back and help those much in the way that I received help [in] my career.

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ARCHITECTURE & PLANNING

New Hire

**Chris Jones**

Director of Planning
Todd & Associates
Inc.

Todd & Associates is pleased to announce the hiring of Christopher Jones, PLA, Director of Planning.

Chris brings more than 24 years of planning and landscape architecture for the design of master planned communities, residential and non-residential site planning, urban infill and mixed-use developments, and single family Built to Rent (BTR) communities. His broad range of project experience and expertise continues to drive Todd & Associates commitment: creating communities that enrich lives.

COMMERCIAL REAL ESTATE

Promotion

**Antonya Williams**

Education Group Business
Unit Leader for McCarthy's
Southwest Region

**McCarthy Building
Companies**

Antonya was named
Business Unit Leader of
McCarthy's Education

group in the southwest. She oversees operations, planning, workforce development and community partnerships for K-12 and higher education construction teams in Arizona. Her background in operations and business expansion, combined with her empowering leadership style, position the Education group for continued growth and delivery of industry-leading collaborative construction strategies in education sectors across the region.

EDUCATION

New Hire

**Randi Economou**

CEO
Capstone Publishing

Capstone, an innovative publisher and education technology provider of children's content for schools and

home, has named Randi Economou as its new CEO. With more than 25 years of professional experience in education and industry expertise in education technology, she brings a unique mix of talent and background to the CEO role, along with an understanding of how to build and foster an effective and rewarding culture.

FEATURED

SEMICONDUCTORS | NEW HIRE

David Arkow

Head of Global Sales
MOOV

Moov is proud to announce David Arkow as the company's head of global sales. He will be based at Moov's headquarters in Tempe, Arizona. Arkow is a veteran sales leader with experience at early-stage startups and mature organizations across the e-commerce, fintech, insurtech and pharma industries. David brings an invaluable skill set that includes building and scaling strategic sales organizations, implementing scalable sales operations and cultivating team cultures that attract top talent. Most recently, Arkow served for two years as vice president of sales at New York City-based Mulberry Technology, an e-commerce Series B-stage product company. Prior to joining

Mulberry, Arkow spent more than seven years at Trustpilot, an online-review platform, where he saw the company from series A through IPO as director of sales. He earned a business certificate from Columbia University in New York City and a bachelor's degree in business from Ithaca College in New York.

ARCHITECTURE & PLANNING

New Hire

**Brad Meyerhoff**

Senior Project Manager
Todd & Associates
Inc.

Todd & Associates is pleased to introduce Brad Meyerhoff, our newest Senior Landscape Project Manager. His over two

decades of experience includes Community Developments, Mixed Use, Multifamily, Mid and High-rise Developments, Senior Living, and Healthcare Campuses. Brad's passionate about creating spaces that encourage better mental and physical health through a holistic design approach, marrying form and function. He holds a Master's of Landscape Architecture from Virginia Tech University.

CONSTRUCTION

New Hire

**Skye Graham**

Procurement Manager
**Spectra Electrical
Services, Inc.**

After 18 years as Service Coordinator then Office Manager, I have enjoyed the transition to Spectra,

taking on and learning a new role in the construction industry. The team atmosphere leaves endless opportunity to grow within Spectra Electrical Services. #TeamSpectra is proud to have Skye on board!

EDUCATION

New Hire

**Taylor Hedrick**

Marketing & Development
Coordinator
STEM Sports

Taylor Hedrick has been promoted to the title of Marketing & Development Coordinator at STEM

Sports. Having joined the STEM Sports team in 2020, Taylor now leads all aspects of developing and implementing marketing strategies in order to best grow the STEM Sports' brand. Taylor recently received a Marketing and Advertising degree from Grand Canyon University.

LEGAL SERVICES

New Hire

**Todd W. Rallison**

Of Counsel
Gallagher & Kennedy

Todd returns to G&K's environmental team after 20+ years at Intel as global legal director of corporate services and, most recently, as

senior director of global government affairs, manufacturing, and sustainability policy. Todd's extensive experience advising on environmental health and safety issues – such as chemical regulation, ESG, and product regulation and liability – enables him to provide a holistic and strategic approach to serve clients' environmental needs in Arizona and nationally.

NONPROFIT ORGANIZATIONS

New Hire

**Colette Black**

Chief Development Officer
**UMOM New Day
Centers**

UMOM New Day Centers is pleased to introduce Colette Black, our Chief Development Officer. Colette

will develop and execute UMOM's strategic fundraising initiatives. With over a decade of nonprofit tenure, Colette has held a variety of executive positions working in early childhood education, a domestic violence shelter, and serving the indigent and refugee populations. She is a "fundraising warrior" specializing in directing funds to communities of color and other disadvantaged people.

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VIEWPOINT

Send comments and letters to:
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MY VIEW

How businesses should really help nonprofits thrive

Phoenix Business Journal's recent coverage of nonprofit startups ("Paying it Forward: Nonprofits to Know," July 22) is a worthy and inspiring celebration of human kindness. The leaders of the nine profiled entities speak with shared conviction about the value of extending helping hands to address the needs of their neighbors. Their stories are a tribute to the seminal role of voluntarism as a defining feature of community life in America and a welcome reminder to the business community about the critical role that the nonprofit sector plays in public service.

However, there is a cautionary tale to be told that goes beyond this celebration of altruism and that requires more careful consideration by the business community about where it invests its resources and what strategies may be best suited to exercise its corporate social responsibility.

While cause-related marketing, event sponsorships and short-term grants are laudable, the impact – and, for that matter, the return on investment – of these forms of corporate support is tenuous, whether in terms of enhancing the human condition or upgrading organizational performance.

As has been the case since 2001, when I managed the first statewide survey of nonprofits in Arizona, the beneficiaries of corporate largesse continue to lack the infrastructure, systems and processes required for organizational viability.



GETTY IMAGES

To "move the needle on progress," we need to disrupt the system, this columnist says.

Indeed, the nonprofit business model has remained essentially the same for decades. It's anchored in outmoded practices of governance, planning, administration and financing that limit the nonprofits' ability to adapt, innovate and effectively address the changing demands and needs of a 21st century technology-driven economy.

Two results follow: First, notwithstanding their good intentions, we read with unsettling regularity articles about failures of governance and nonprofits at risk or on the verge of insolvency or in the midst of internal dysfunction. Second, the capacity of these organizations to significantly move the needle on indicators of social and economic progress by more than increments

is severely limited. Increasing the numbers of new nonprofits is not a substitute for systemic reform.

This is a condition that neither the doubling of dollars nor the scores of workshops, degree and certificate programs, or books and articles about organizational and board effectiveness can alter.

If we are to move the needle of progress – to create the good and healthy society – we need to creatively disrupt the current system.

On the one hand, we need to consolidate entities rather than hail their proliferation; create productive economies of scale and integrated systems of information management; and institute accountability metrics that verify relevance and impact.



Herb Paine,
president
of Paine
Consulting
Services.



JIM POULIN | PBJ

New nonprofits to know were featured in the July 22 edition.

Moreover, we need to leverage advances in information technology, analytics and science in order to enhance organizational performance and client outcomes.

It is in these areas that I believe the corporate community can add transformative value. The times call for corporate leadership to collectively rethink their philanthropic role and to imagine and execute smart strategies that leverage and share their intellectual and technological capital in ways that inform the redesign of community caring and reposition nonprofits from incremental to catalytic change agents.

Herb Paine is president of Paine Consulting Services.

► SUBMISSION GUIDELINES

Keep your comments brief and civil, and remember to mention which news story you're writing about. Submissions for "My View" or "Letters to the Editor" may be edited and published or otherwise used in any medium.

MY VIEW

WHAT TO EXPECT WHEN YOU'RE EXPECTING A RECESSION

Where will the second half of 2022, and even 2023, take us? The Wells Fargo Investment Institute believes the economic cycle will run faster, interest rates will rise further, and the economy and capital markets will remain fragile in the months ahead as we likely head toward a moderate recession.

Uncertain about how to respond or what actions to take next? Let's start by unpacking what this fore-

cast means for both your investments and your wallet.

Prepare, don't panic: If you feel anxious just hearing the word "recession," keep in mind that recessions are a natural part of every economic cycle. In our Investment Institute Midyear Outlook, we discuss the hallmarks of a recession, how long and deep this moderate one may be, and what Federal



Darrell
Cronk, chief
investment
officer for Wells
Fargo Wealth
& Investment
Management.

Reserve actions may affect the job market and interest rates.

Focus on thoughtful decision making: When you hear about a recession, you might feel the need to take action in the moment, like flipping a light switch. Our recommendation is for a "dimmer switch" approach for equity portfolios and more, along with talking to your professional adviser to assess your needs vs. wants.

Take stock of your priorities and options: Even if you don't have a big investment portfolio, now is an

opportunity to reflect on the quality of your investments and make sure you're making the right decisions, financially and psychologically. It's time to review the Great Resignation, how much cash you should have on hand, and consider the risk of trying to time the markets




For more tips on what to do with your portfolio while facing the unknowns of the remainder of this year and beyond, visit the WFII site at www.wellsfargo.com/investment-institute/

Darrell Cronk is chief investment officer for Wells Fargo Wealth & Investment Management.



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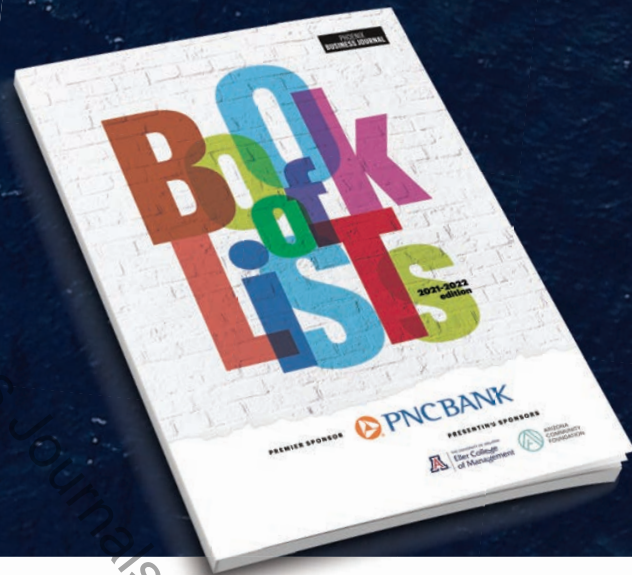
³ **Additional information about the America's Home Grant program:** The America's Home Grant program is a lender credit. Program funds can only be used for nonrecurring closing costs including title insurance, recording fees, and in certain situations, discount points may be used to lower the interest rate. The grant cannot be applied toward down payment, prepaid items or recurring costs, such as property taxes and insurance. Borrowers cannot receive program funds as cash back.

⁴ Maximum income and loan amount limits apply. Fixed-rate mortgages (no cash out refinances), primary residences only. Certain property types are ineligible. Maximum loan-to-value ("LTV") is 97%, and maximum combined LTV is 105%. For LTV >95%, any secondary financing must be from an approved Community Second Program. Homebuyer education may be required. Other restrictions apply.

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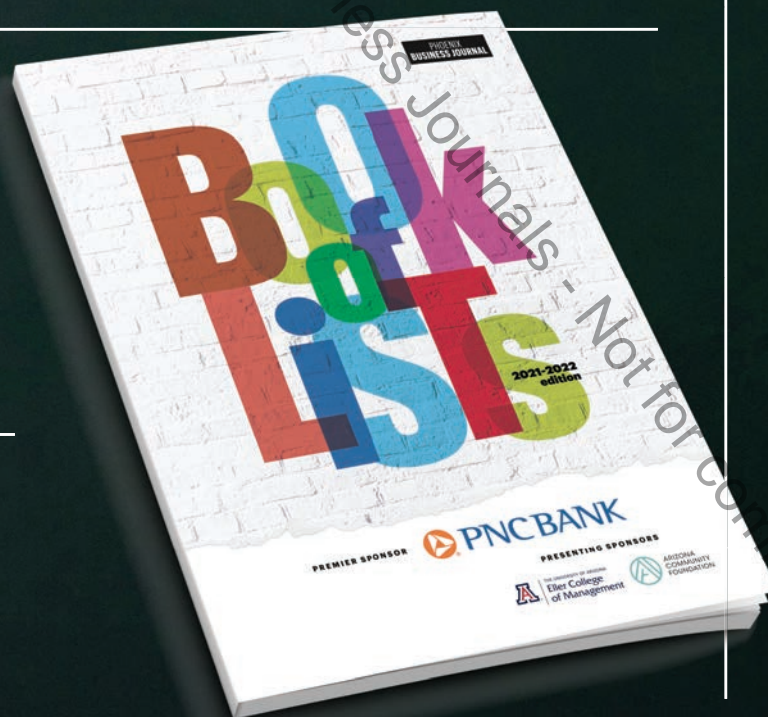
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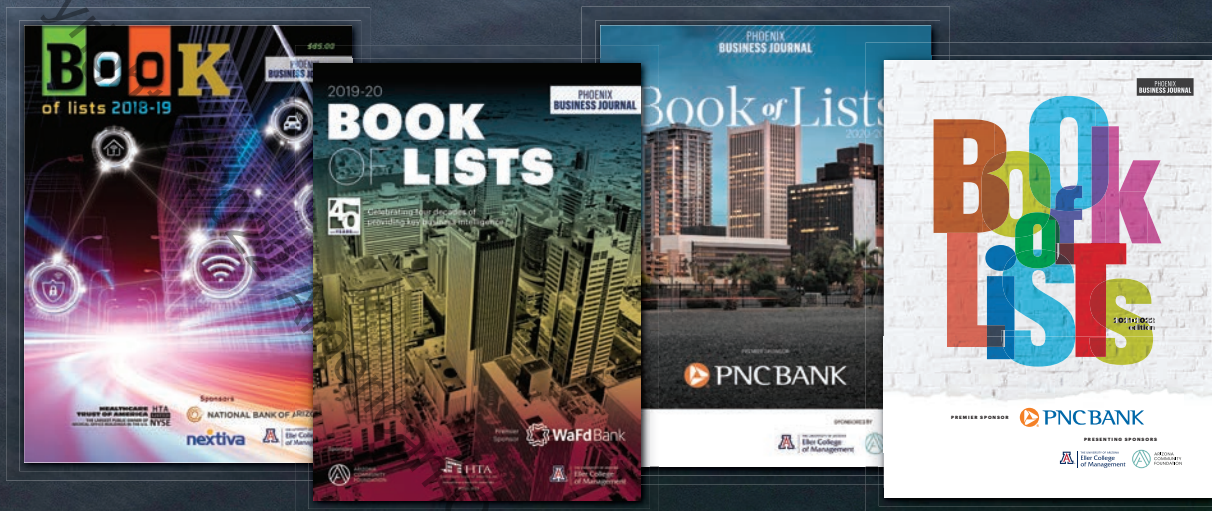
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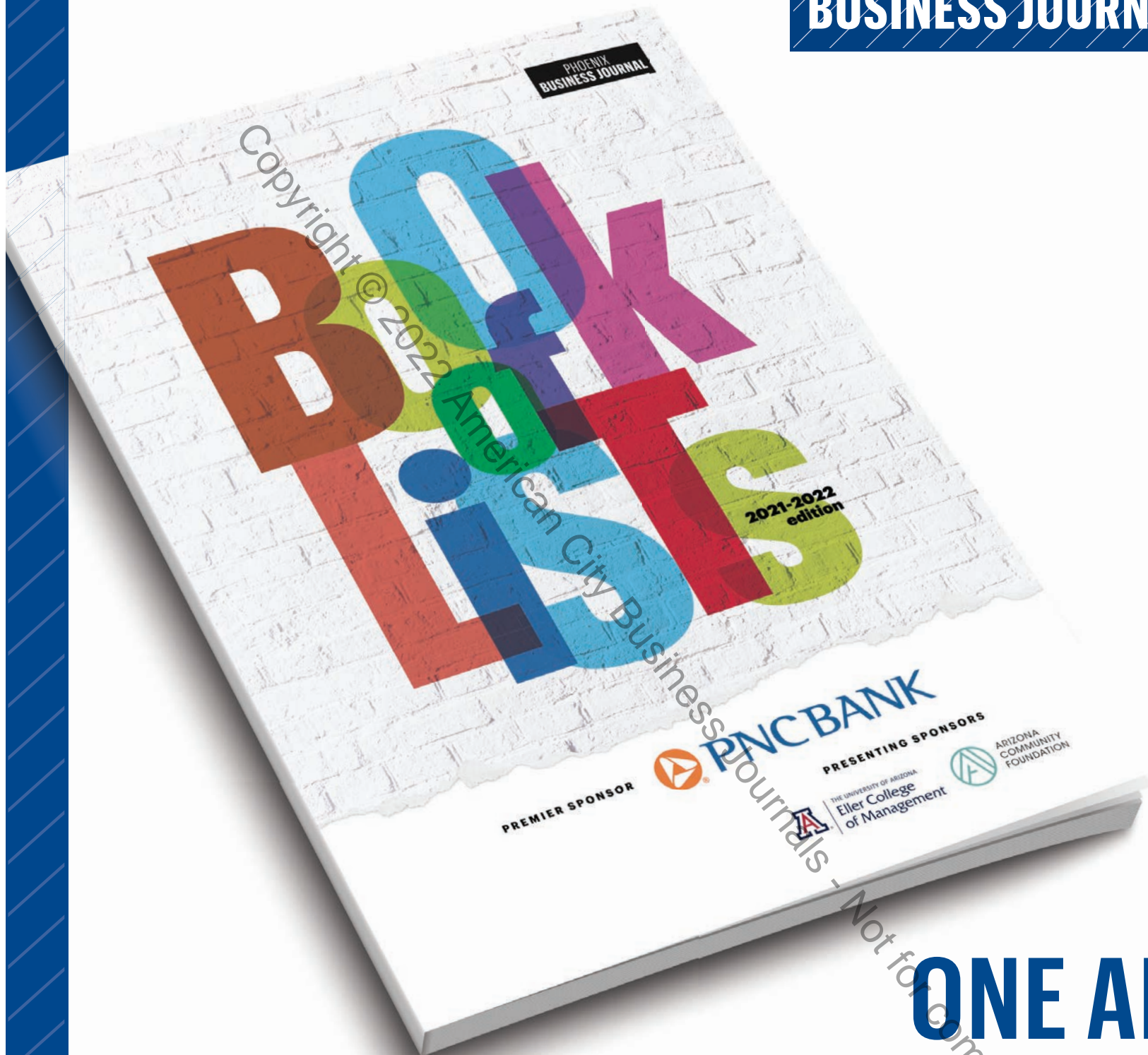
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