

ARIZONA COMPETES FUND

Quarterly Report

July 15, 2016



ARIZONA
COMMERCE
AUTHORITY

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I. Overview

Pursuant to A.R.S. § 41-1545 *et seq.*, the Arizona Commerce Authority (the “Authority”) administers the Arizona Competes Fund (the “ACF”). In accordance with A.R.S. § 41-1545.02, grants from the ACF may be used for (i) attracting, expanding or retaining Arizona basic enterprises (A.R.S. § 41-1545.02(A)(1)) and (ii) supporting and advancing programs and projects for rural businesses, small businesses and business development that enhance economic development (A.R.S. § 41-1545.02(A)(2)).

This document constitutes the Authority’s quarterly report regarding ACF activity for the fourth quarter (April 1, 2016 through June 30, 2016) (“Q4”) of fiscal year 2016 (July 1, 2015 through June 30, 2016) (“FY2016”).

II. Grants attracting, expanding or retaining Arizona basic enterprises – A.R.S. § 41-1545.02(A)(1)

A. Grants Awarded in Q4 FY2016

During Q4 FY2016, the Authority awarded the following ACF grant in accordance with A.R.S. § 41-1545.02(A)(1):

| | |
|--------------------------------|---------------------------------|
| Grantee: | Nagra USA, Inc. |
| Award Amount: | \$500,000 |
| New Jobs Commitment: | 349 |
| Average Wage Commitment: | \$131,792 |
| Health Insurance Commitment: | At least 65% payable by Grantee |
| Capital Investment Commitment: | \$35,500,000 |

Preliminary activity occurring in Q4 FY2016 should culminate in several additional grants in accordance with A.R.S. § 41-1545.02(A)(1) reported in Q1 FY2017.

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B. Grants Awarded in Q3 FY2016.

During Q3 FY2016, the Authority awarded the following five (5) ACF grants in accordance with A.R.S. § 41-1545.02(A)(1):

| | |
|--------------------------------|--|
| Grantee: | Republic Services Customer Resource Center West, LLC ¹ |
| Award Amount: | \$500,000 |
| New Jobs Commitment: | 520 |
| Average Wage Commitment: | \$40,047 |
| Health Insurance Commitment: | At least 65% payable by Grantee |
| Capital Investment Commitment: | \$3,700,000 |

| | |
|--------------------------------|--|
| Grantee: | Carlisle Companies Incorporated |
| Award Amount: | \$1,000,000 |
| New Jobs Commitment: | 130 |
| Average Wage Commitment: | \$118,504 |
| Health Insurance Commitment: | At least 65% payable by Grantee |
| Capital Investment Commitment: | \$5,720,000 |

| | |
|--------------------------------|---|
| Grantee: | Orbital ATK, Inc. |
| Award Amount: | \$750,000 |
| New Jobs Commitment: | 155 |
| Retained Jobs Commitment: | 236 |
| Average Wage Commitment: | \$116,000 for new jobs, \$113,000 for retained jobs |
| Health Insurance Commitment: | At least 65% payable by Grantee |
| Capital Investment Commitment: | \$19,900,000 |

¹ Grantee is an indirect wholly-owned subsidiary of Republic Services, Inc.

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Grantee: JDA Software, Inc.
Award Amount: \$350,000
Commitment: Retain Grantee's global headquarters in Arizona for at least 10 years ²

Grantee: ZipRecruiter, Inc.
Award Amount: \$500,000
New Jobs Commitment: 238
Average Wage Commitment: \$75,924
Health Insurance Commitment: At least 65% payable by Grantee
Capital Investment Commitment: \$11,390,000

C. Grants Awarded in Q2 FY2016

During, Q2 FY2016, the Authority awarded no grants in accordance with A.R.S. § 41-1545.02(A)(1).

D. Grants Awarded in Q1 FY2016

During, Q1 FY2016, the Authority awarded no grants in accordance with A.R.S. § 41-1545.02(A)(1).

² During the 10-year period, Grantee is precluded from transferring to a location outside of Arizona more than five (5) of its current 314 employee headquarters workforce.

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III. Grants supporting and advancing programs and projects for rural businesses, small businesses and business development that enhance economic development – A.R.S. § 41-1545.02(A)(2)

A. Grants Awarded in Q4 FY 2016

During Q4 FY2016, the Authority awarded grants through the following program supporting small business and business development that enhances economic development:

Program: Arizona Innovation Challenge (“AIC”)

Objective: The AIC is a competitive business plan competition that helps innovative start-up and early stage companies establish a foundation and grow in Arizona.

Awards: AIC awards made in Q4 FY2016 aggregated \$1,500,000.

Grantees: AIC awards were made in Q4 FY2016 to the following six (6) entities in the amount of \$250,000 each:

1. Allbound, Inc.
2. AniCell Biotech, LLC.
3. CleanTechnology, Inc.
4. MWI Laboratories, LLC
5. Salutaris Medical Devices, Inc.
6. Smart Brain Aging, Inc.

B. Grants Awarded in Q3 FY2016

During Q3 FY2016, the Authority awarded no grants in accordance with A.R.S. § 41-1545.02(A)(2).

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C. Grants Awarded in Q2 FY2016

During Q2 FY2016, the Authority awarded grants through the following program supporting small business and business development that enhances economic development:

Program: AIC

Awards: AIC awards made in Q2 FY2016 aggregated \$1,500,000.

Grantees: AIC awards were made in Q2 FY2016 to the following six (6) entities in the amount of \$250,000 each:

1. Beacon Biomedical, Inc.
2. BeckonCall, Inc.
3. ClearVoice, Inc.
4. Paraffin International, Inc.
5. Smart Clinic, LLC
6. The Medical Memory, LLC

D. Grants Awarded in Q1 FY2016

During Q1 FY2016, the Authority awarded no grants in accordance with A.R.S. § 41-1545.02(A)(2).

IV. Fund Status

Since inception of the ACF, the ACA has awarded 19 grants under A.R.S. § 41-1545.02(A)(1) in the cumulative amount of \$22,100,000 and funded two (2) programs under A.R.S. § 41-1545.02(A)(2) in the cumulative amount of \$19,759,325, resulting in ACF commitments to date totaling \$41,859,325.

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V. Reporting Schedule – FY2017

| Report Name | Reporting Period | Date Published |
|-----------------------------|--------------------------|----------------|
| First Quarter (“Q1”) | 7/1/16 through 9/30/16 | 10/15/16 |
| Second Quarter (“Q2”) | 10/1/16 through 12/31/16 | 1/15/17 |
| Third Quarter (“Q3”) | 1/1/17 through 3/31/17 | 4/15/17 |
| Fourth Quarter (“Q4”) | 4/1/17 through 6/30/17 | 7/15/17 |
| Comprehensive Annual Report | 7/1/16 through 6/30/17 | 11/1/17 |