

# ARIZONA COMPETES FUND

Quarterly Report

October 18, 2016



ARIZONA  
COMMERCE  
AUTHORITY

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## I. Overview

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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 first quarter (July 1, 2016 through September 30, 2016) (“Q1”) of fiscal year 2017 (July 1, 2016 through September 30, 2016) (“FY2017”).

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

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During Q1 of FY2017, the Authority awarded the single grant described below in accordance with A.R.S. § 41-1545.02(A)(1) representing a commitment of \$1,000,000. Preliminary activity relating to other grants should culminate in several additional grants reported in Q2 of FY 2017.

<b>Grantee</b>	<b>McKesson Corporation</b>
Award Amount	\$1,000,000
New Jobs Commitment	790 <sup>1</sup>
Average Wage Commitment	\$54,600
Health Insurance Commitment	At least 65% payable by Grantee
Capital Investment Commitment	\$24,000,000

## 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)

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During Q1 of FY2017, the Authority awarded no grants in accordance with A.R.S. § 41-1545.02(A)(2).

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<sup>1</sup> In order to receive full payment of the grant, the Grantee is further required to retain 1,424 existing jobs paying an average wage of at least \$48,400.

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## IV. Fund Status

Since inception of the ACF, the ACA has awarded 20 grants under A.R.S. § 41-1545.02(A)(1) in the cumulative amount of \$23,100,000 and funded two (2) programs under A.R.S. § 41-1545.02(A)(2) in the cumulative amount of \$19,759,325, resulting in *gross* ACF commitments to date totaling \$42,859,325.

In respect to the 20 grants originally awarded pursuant to A.R.S. § 41-1545.02(A)(1), (i) three (3) grants in an aggregate amount of \$2,950,000 were relinquished by grantees without any payments to the respective grantees and (ii) the performance periods of two (2) other grants expired with aggregate remaining payment commitments of \$667,670, one of which resulted in a repayment by the grantee to the ACA of \$91,090.

In respect to the funding of the two (2) programs under A.R.S. § 41-1545.02(A)(2), (i) two (2) grants in an aggregate amount of \$500,000 were relinquished by awardees without any payments to the respective awardees and (ii) the performance period of three (3) grants expired with aggregate remaining payment commitments of \$103,514.

Taking into consideration the adjustments described in the two (2) preceding paragraphs, the *net* ACF commitments outstanding as of the date hereof total \$38,638,141 (\$42,859,325 in the original gross commitments minus aggregate adjustments of \$4,221,184).

## V. Reporting Schedule – FY2017

Report Name	Reporting Period	Date Published
First Quarter (“Q1”)	7/1/16 through 9/30/16	10/18/16
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