



Arizona Competes Fund

Quarterly Report

January 1, 2017 through March 31, 2017



ARIZONA COMPETES FUND

Quarterly Report

April 17, 2017

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 third quarter (January 1, 2017 through March 31, 2017) (“Q3”) of fiscal year 2017 (July 1, 2016 through June 30, 2017) (“FY2017”).

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

During Q3 of FY2017, the Authority awarded the three (3) grants described below in accordance with A.R.S. § 41-1545.02(A)(1) representing a commitment of \$3,900,000. Preliminary activity relating to other grants should culminate in several additional grants reported in Q4 of FY 2017.

| Grantee | Rogers Corporation |
|-------------------------------|---------------------------------|
| Award Amount | \$900,000 |
| New Jobs Commitment | 190 ¹ |
| Average Wage Commitment | \$75,358 |
| Health Insurance Commitment | At least 65% payable by Grantee |
| Capital Investment Commitment | \$21,690,000 |

¹ In order to receive full payment of the grant, the Grantee is further required to retain 384 existing jobs paying an average wage of at least \$61,939.



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| Grantee | Farmers Insurance Exchange |
|-------------------------------|---------------------------------|
| Award Amount | \$500,000 |
| New Jobs Commitment | 1,188 |
| Average Wage Commitment | \$41,140 |
| Health Insurance Commitment | At least 65% payable by Grantee |
| Capital Investment Commitment | \$41,250,000 |

| Grantee | Orbital ATK, Inc. |
|-------------------------------|---------------------------------|
| Award Amount | \$2,500,000 |
| New Jobs Commitment | 500 ² |
| Average Wage Commitment | \$98,050 |
| Health Insurance Commitment | At least 65% payable by Grantee |
| Capital Investment Commitment | \$8,801,000 |

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)

A. Grants Awarded in Q3 FY2017

During Q3 FY2017, the Authority awarded one (1) grant in accordance with A.R.S. § 41-1545.02(A)(2) through the following program that enhances economic development for rural businesses.

² In order to receive full payment of the grant, the Grantee is further required to retain 1,216 existing jobs paying an average wage of at least \$98,050.



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| 1. Rural Economic Development Grant (“REDG”) | |
|---|---|
| Objective: | The REDG is a competitive grant program designed to help rural Arizona communities develop infrastructure that strengthens their capacity and competitiveness for economic growth, and thereby ultimately improves economic conditions and enhances the quality of life in rural Arizona. To that end, the REDG provides grants to partially fund qualifying rural infrastructure projects that will generate private sector job creation (or retention) and capital investment, particularly in base industries. |
| Grantee: | One (1) REDG award was made in Q3 FY2017 to the following entity: 1. City of Yuma \$151,453 |

IV. Fund Status

Since inception of the ACF, the ACA has awarded 104 grants through three programs resulting in *gross* ACF commitments to date totaling \$47,901,748. Under A.R.S. § 41-1545.02(A)(1), 24 grants have been awarded in the cumulative amount of \$28,000,000. Through the two programs under A.R.S. § 41-1545.02(A)(2), 80 grants have been awarded in the cumulative amount of \$19,901,748.

In respect to the 24 grants originally awarded pursuant to A.R.S. § 41-1545.02(A)(1); (i) three 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 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 programs under A.R.S. § 41-1545.02(A)(2), (i) one grant of \$250,000 was relinquished by the awardee without any payment to the awardee, and (ii) the performance period of five grants expired with aggregate remaining payment commitments of \$246,887.

Taking into consideration the adjustments described in the two preceding paragraphs, the *net* ACF commitments as of the date hereof total \$43,787,191 (\$47,901,748 in the original gross commitments minus aggregate adjustments of \$4,114,557).



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V. Reporting Schedule – FY2017

| Report Name | Reporting Period | Date Published |
|-----------------------------|--------------------------|----------------|
| First Quarter (“Q1”) | 7/1/16 through 9/30/16 | 10/18/16 |
| Second Quarter (“Q2”) | 10/1/16 through 12/31/16 | 1/17/17 |
| Third Quarter (“Q3”) | 1/1/17 through 3/31/17 | 4/17/17 |
| Fourth Quarter (“Q4”) | 4/1/17 through 6/30/17 | 7/17/17 |
| Comprehensive Annual Report | 7/1/16 through 6/30/17 | 11/1/17 |

