

SEPTEMBER 19, 2019

BOARD OF DIRECTORS MEETING PUBLIC SESSION





PUBLIC SESSION AGENDA

- 1 THANK YOU OUTGOING BOARD MEMBERS
- 2 WELCOME NEW BOARD MEMBERS
- 3 FY 19 RESULTS
- 4 FY 20 YTD RESULTS
- 5 PIPELINE UPDATES
- 6 OPPORTUNITY ZONES
- 7 RURAL ARIZONA



THANK YOU BOARD MEMBERS!

Drew Brown, *Founder & Chairman*, DMB Associates

Wyatt Decker, *CEO*, Mayo Clinic in Arizona

David Goldstein, *President*, Diamond Ventures, Inc.

Mignonne Hollis, *CEO & President*, Business & Tax Analyst, LLC

John Kaites, *Owner*, Public Policy Partners, LLC

Jim Keely, *Founding Partner*, Colliers International Scottsdale Office

Steve Macias, *President & CEO*, Pivot Manufacturing

Brian Mueller, *Co-Chairman / President & CEO*, Grand Canyon University

Victor Smith, *President & Owner*, JV Farms

WELCOME NEW BOARD MEMBERS!

Nancy Ham, *CEO & Director, WebPT*

Duff Hearon, *Owner & CEO, Ashland Group*

Richard Luebke, *Board Chairman, Pima Medical Institute*

Clate Mask, *CEO & Co-Founder, Keap*

Quinn Palomino, *CEO & Founder, Virtua Partners*

Girish Rishi, *CEO, JDA Software*

Jack Selby, *Managing Director, Thiel Capital*

Barry Smith, *CEO, Magellan Health*

John Wolfe, *SVP & SW Region Manager, Cox Communications*

Ex-Officio

Karen Fann, *President, Arizona Senate*

Rusty Bowers, *Speaker, Arizona House*

Russell McCloud, *Supervisor, Yuma County*

Christian Price, *Mayor, Town of Maricopa*

ACA FY '19 RESULTS



105

PROJECTS



24,422

NEW JOBS



\$66,000

AVG. WAGE



\$2.6B

CAPITAL INVESTMENT

Results are 5-year projections

FY '20 Q1 YTD RESULTS

PROJECTS

34

NEW JOBS

8,037

AVERAGE WAGE

\$58,133

CAPEX

\$975M

SOUTHWEST



3,791 NEW JOBS

\$652M CAPEX

SOUTHEAST



1,350 NEW JOBS

\$14M CAPEX

MIDWEST



1,355 NEW JOBS

\$234M CAPEX

CALIFORNIA



920 NEW JOBS

\$25M CAPEX

EAST



508 NEW JOBS

\$34M CAPEX

INTERNATIONAL



113 NEW JOBS

\$16.5M CAPEX

TARGET INDUSTRIES	BUSINESS & FINANCIAL SERVICES	TECHNOLOGY & INNOVATION	CONSUMER PRODUCTS & SERVICES	BIOSCIENCE & HEALTH CARE	AEROSPACE & DEFENSE
BY JOBS	46%	25%	11%	10%	4%
BY PROJECTS	21%	29%	21%	12%	12%

FY '20 Q1 YTD ACA CLIENT ACTIVITY

Business Attraction & Expansion



Acronis



CORNING | Corning Gilbert

Cognizant



Opendoor



ttec





PIPELINE UPDATES



TOTAL PIPELINE BY INDUSTRY

TECHNOLOGY & INNOVATION	CONSUMER PRODUCTS & SERVICES	AEROSPACE & DEFENSE	BUSINESS & FINANCIAL SERVICES	BIOSCIENCE & HEALTHCARE
69 PROJECTS	59 PROJECTS	36 PROJECTS	24 PROJECTS	19 PROJECTS
JOB: 14,072 CAPEX: \$11.3B WAGES: \$64,150	JOB: 10,555 CAPEX: \$1.7B WAGES: \$45,587	JOB: 4,881 CAPEX: \$992M WAGES: \$68,978	JOB: 8,635 CAPEX: \$323M WAGES: \$67,239	JOB: 1,517 CAPEX: \$511M WAGES: \$55,704
TRANSPORTATION & WAREHOUSING	NATURAL RESOURCES & MINING	INDUSTRIAL	EDUCATIONAL SERVICES	ARTS, ENTERTAINMENT & RECREATION
13 PROJECTS	11 PROJECTS	10 PROJECTS	4 PROJECTS	2 PROJECTS
JOB: 2,061 CAPEX: \$560M WAGES: \$47,469	JOB: 1,533 CAPEX: \$2.5B WAGES: \$49,772	JOB: 1,165 CAPEX: \$457M WAGES: \$47,403	JOB: 1,744 CAPEX: \$297M WAGES: \$54,025	JOB: 1,625 CAPEX: \$704M WAGES: \$37,231

TOTAL

247 projects **47,788** jobs
\$19.4B capex **\$57,721** wages

TOTAL PIPELINE BY PROJECT TYPE

MANUFACTURING	OFFICE	HEADQUARTERS	WAREHOUSE & DISTRIBUTION
120 PROJECTS	55 PROJECTS	30 PROJECTS	13 PROJECTS
JOB: 24,032 CAPEX: \$11.9 WAGES: \$52,420	JOB: 14,472 CAPEX: \$516M WAGES: \$66,968	JOB: 3,509 CAPEX: \$186M WAGES: \$69,003	JOB: 1,910 CAPEX: \$401M WAGES: \$45,116
DATA CENTER	RESEARCH & DEVELOPMENT	MEDICAL FACILITY	OTHER
9 PROJECTS	8 PROJECTS	8 PROJECTS	4 PROJECTS
JOB: 390 CAPEX: \$4.9B WAGES: \$72,782	JOB: 662 CAPEX: \$48M WAGES: \$81,368	JOB: 718 CAPEX: \$275M WAGES: \$53,004	JOB: 2,095 CAPEX: \$1B WAGES: \$38,295

TOTAL

247 projects **47,788** jobs
\$19.4B capex **\$57,721** wages

BUSINESS ATTRACTION PIPELINE

168

PROJECTS

37,167

NEW JOBS

\$56,936

AVERAGE WAGE

\$17.2B

CAPEX

CALIFORNIA



40%

INTERNATIONAL



17%

EAST



15%

MIDWEST



10%

SOUTHWEST



7%

SOUTHEAST



6%

WEST



5%

TARGET INDUSTRIES
(BY PROJECTS)

28%

CONSUMER PRODUCTS & SERVICES

27%

TECHNOLOGY & INNOVATION

13%

AEROSPACE & DEFENSE

11%

BUSINESS & FINANCIAL SERVICES

5%

TRANSPORTATION & WAREHOUSING

5%

NATURAL RESOURCES & MINING

4%

BIOSCIENCE & HEALTHCARE

4%

INDUSTRIAL

CALIFORNIA BUSINESS PIPELINE

67

PROJECTS

12,810

NEW JOBS

\$67,267

AVERAGE WAGE

\$9.6B

CAPEX

TARGET INDUSTRIES (BY PROJECTS)

43%

TECHNOLOGY &
INNOVATION

25%

CONSUMER
PRODUCTS &
SERVICES

7%

AEROSPACE &
DEFENSE

6%

BUSINESS &
FINANCIAL
SERVICES

6%

TRANSPORTATION
& WAREHOUSING

4%

BIOSCIENCE &
HEALTH CARE

BUSINESS EXPANSION PIPELINE

79
PROJECTS

10,621
NEW JOBS

\$60,467
AVERAGE WAGE

\$2.2B
CAPEX

TARGET INDUSTRIES (BY PROJECTS)

29%
TECHNOLOGY &
INNOVATION

18%
AEROSPACE &
DEFENSE

16%
BIOSCIENCE &
HEALTHCARE

15%
CONSUMER
PRODUCTS &
SERVICES

6%
BUSINESS &
FINANCIAL
SERVICES

5%
TRANSPORTATION
& WAREHOUSING

5%
INDUSTRIAL

4%
NATURAL
RESOURCES
& MINING



OPPORTUNITY ZONES



ARIZONA'S OPPORTUNITY ZONES

CREATION

Arizona's Opportunity Zones were created through a provision in the U.S. Tax Cuts & Jobs Act of 2017.

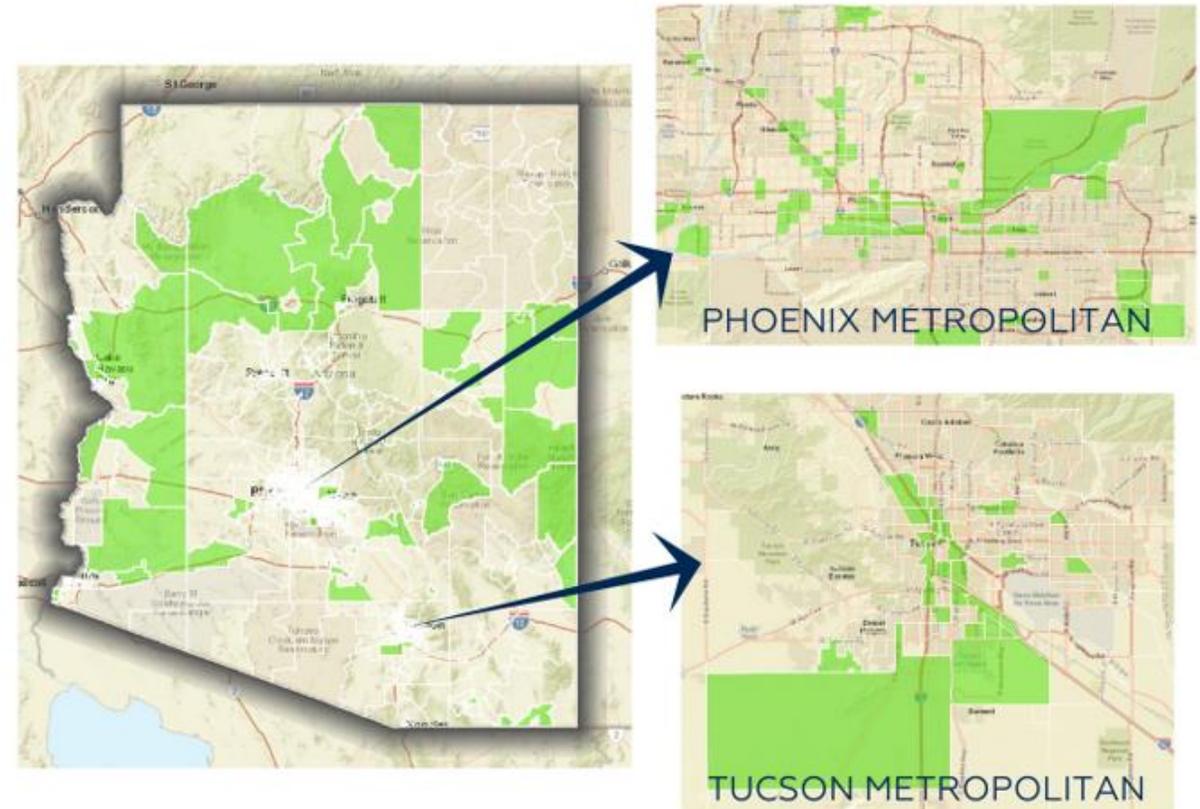
- Governor Ducey designated the ACA to lead the collaborative statewide effort to identify and submit Arizona's Opportunity Zones plan to the U.S. Treasury
- Arizona became one of the **first states** to have its Opportunity Zones officially designated on April 9, 2018

Opportunity Zones legislation provides capital gains benefits to encourage investors to:

- Sell passively held investments
- Reinvest capital gains from those investments in property or businesses in select lower-income communities called Opportunity Zones

OPPORTUNITY FUNDS

Investing in Opportunity Zones requires the use of an intermediary vehicle called an Opportunity Fund.





ARIZONA'S OPPORTUNITY ZONES

GUIDANCE

CRITICAL U.S. TREASURY ROLE

Guidance from the U.S. Treasury is critical to the success of Opportunity Zones.

Guidance updated in February 2019:

- Allows Opportunity Funds to form
- Makes multi-year projects feasible
- Makes rehab projects more desirable
- Makes feasible investing in businesses that are largely, but not wholly, in Opportunity Zones

DETAILS & CLARIFICATIONS

The Spring 2019 guidance clarified:

- Tax implications of interim gains and rules for reinvestment
- How several key provisions and rules apply to investments in operating businesses
- How to invest in projects on leased land

GUIDANCE, ROUND 3

- Detailed anti-abuse provisions
- Reporting requirements



ARIZONA'S OPPORTUNITY ZONES

STAKEHOLDER ENGAGEMENT

The ACA has led several Opportunity Zones-focused initiatives since the last board meeting.

ACA ACTIVITIES

Opportunity Zones & Opportunity Funds Conference – Sept. 27, 2018

Hosted a full-day conference on Opportunity Zones and Funds for 400 attendees from throughout Arizona in partnership with the Council of Development Finance Agencies (CDFA).

Webinar Series on U.S. Treasury Opportunity Zones Guidance – Ongoing

Initiated a webinar series to quickly engage stakeholders on the latest guidance from the U.S. Treasury as it becomes available.

- Webinars were conducted in October 2018 and May 2019, each of which educated approximately 200 stakeholders on actionable items from U.S. Treasury guidance

Opportunity Zones Speakers Bureau:

Established a collection of experts to provide guidance for groups and communities across the state on how they can best utilize Opportunity Zones provisions to meet their specific goals.

- Presentations have been delivered at more than a dozen locations across the state in communities including Benson, Buckeye, Bullhead City, Coolidge, Eloy, Flagstaff, Mesa, Prescott Valley, Scottsdale, Superior, Tempe and Tucson

On-Demand Resources:

Created several digital resources for stakeholders to use to answer common Opportunity Zones questions and to connect with each other.

ARIZONA'S OPPORTUNITY ZONES

ADVANCING THE OPPORTUNITY

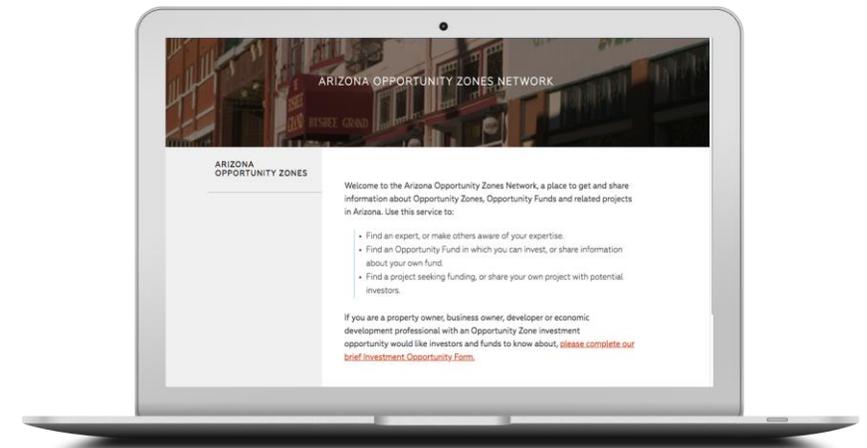
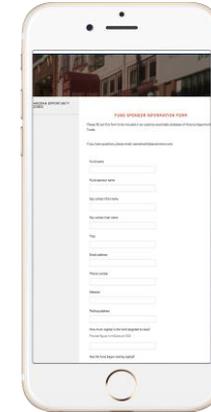
ARIZONA OPPORTUNITY ZONES NETWORK

The ACA has built a new tool designed to further connect Arizona's Opportunity Zones community.

The publicly searchable Arizona Opportunity Zones Network (AOZN) tool enables stakeholders to:

- Connect with experts or offer their own expertise
- Explore Opportunity Funds to invest in or share information about their own funds
- Find a project seeking funding or property for sale, or share information about their own projects or properties with potential investors.

Current Status: 80 projects in the database. We continue to gather information about our Opportunity Zones community from investors, fund sponsors, legal experts, project developers, land owners and accounting professionals. This information serves as the backbone of the AOZN.



A wide-angle landscape photograph of a desert in Arizona during sunset. Two prominent, flat-topped buttes are visible against a sky filled with golden and blue clouds. The foreground shows sparse desert vegetation and a dirt path. The text "RURAL ARIZONA" is centered over the image in a white, sans-serif font.

RURAL ARIZONA





RURAL & STATEWIDE INITIATIVES

BROADBAND: As a result of Governor Ducey's leadership, through the AMS process, the ACA created a Broadband Division to work with communities and carriers to deploy enhanced broadband connectivity to Arizona's rural regions.

Objectives:

- Leverage state resources with federal grants for both technical assistance grants and deployment grants
- Establish regional coalitions to provide local input on regional needs
- Coordinate with other state broadband construction projects
- Become the go-to resource for stakeholders to access broadband knowledge

SMALL BUSINESS: The ACA's **Small Business Ombudsman** – created by the Arizona Legislature in 2018 to serve as a liaison between small businesses and regulatory government agencies – has made progress on the following fronts:

- Established Arizona's first partnership with the Arizona Small Business Development Center (SBDC) network to provide enhanced resources to Arizona rural small businesses
- Ongoing work directly with rural communities to specifically educate them on available programs
- Conducting calls to rural small businesses jointly with SBDC representatives
- Enhanced the Small Business Checklist, the ACA's one-stop online resource for starting a business

FORESTRY: Working with U.S. Forest Service, SRP & Bureau of Reclamation and the Arizona Department of Fire and Forestry Management to solicit large scale wood products manufacturing employers to bid on the 4FRI phase II RFP.

RURAL WORKFORCE:

- Conducted Workforce Summits in rural communities to help employers leverage non-traditional sources labor
- Created a partnership with SRP & Coconino County to identify other regional employers to cross-walk displaced Navajo Generating Station employees.



THANK YOU

