

**ARIZONA COMMERCE AUTHORITY BOARD OF DIRECTORS
PUBLIC MEETING MINUTES**

Wednesday, May 19, 2021 at 1:00 p.m.
Arizona Commerce Authority
100 N. 7th Avenue, Suite 100, Phoenix, AZ 85007

I. Call to Order and Roll Call

Governor Ducey, Chair, called the May 19, 2021 meeting of the Arizona Commerce Authority Board of Directors to order at 1:03 p.m. and welcomed attendees and the public. The meeting was noticed and properly posted. Governor Ducey requested Melissa Mills call the role. Quorum of voting members present.

Board Members Present Via Zoom Conference:

| | |
|---------------------|---------------------------|
| Governor Doug Ducey | Jack Selby |
| Sandra Watson | Duff Hearon |
| Michael Bidwill | Chancellor Lee Lambert |
| Gary Abrams | Dr. Rita Cheng |
| Girish Rishi | Dawn Grove |
| Wick Pilcher | Supervisor Steve Gallardo |
| Barry Smith | John Arnold |
| Richard Luebke | |

Board Members Not Present:

| | |
|----------------------|-----------------|
| Speaker Rusty Bowers | Dr. John Wolfe |
| President Karen Fann | Taylor Lawrence |
| Dr. Michael Crow | Quinn Palomino |
| Dr. Robert Robbins | Nancy Ham |
| Mayor Cathy Carlat | Don Slager |
| | Clate Mask |

II. Welcome Remarks from Chair - Governor Doug Ducey

Governor Doug Ducey, Chair, thanked everyone for joining virtually and expressed enthusiasm for hosting the next meeting in person. The Governor recognized two departing board members, Mr. Don Slager and Dr. Rita Cheng, for their leadership and service.

The Governor noted the announcements of several key business locates since the last Board meeting.



It was also noted that now 3.1M Arizonans have received at least one dose of the COVID 19 vaccination. The Governor thanked Mr. Michael Bidwill for his leadership in establishing the State Farm Stadium vaccination site and noted that vaccines are widely available in Arizona.

Arizona's Back to Work Plan, as of July 10th, will cease federal supplementation of unemployment benefits. Instead of paying people NOT to work, Arizona will incentivize work, providing a \$2,000 bonus for full-time employment and a \$1,000 bonus for part-time employment.

Additional support for: increasing access to childcare and providing support for individuals to obtain their GEDs or community college credits.

At this time there are an estimated 170,000 available jobs in Arizona and the Governor is determined to clear the unemployment rolls

The Governor commits to reform taxes for the seventh straight year which could lead to a \$4 billion surplus by 2022.

Governor Ducey thanks the Board for input and leadership to keep Arizona at the head of the nation for COVID recovery.

III. Consent Agenda

a) Approval of March 3, 2021 Board Meeting Minutes

Governor Ducey, Chair, called on the board for a motion to approve the consent agenda items. Michael Bidwill made motion to approve, Girish Rishi seconded. All board members in favor. Consent agenda items approved as presented.

Governor Ducey, Chair, calls on Sandra to present CEO Report.

IV. CEO Report-Sandra Watson (A.R.S. § 38-431.02(K))

Sandra Watson, President & CEO, thanks Governor, emphasizing that it has been a highly successful year for economic recovery.

Sandra describes the ACA FY 2021 Year To Date Results:

- To-date in Fiscal Year 2021, we've worked 93 projects with companies that have committed to creating more than 22,000 jobs and investing more than \$23.5 billion in capital in our state. These jobs have an average wage of over \$67,000.



- Notably, Intel announced a historic \$20 billion statewide investment in March, which has contributed significantly to the more than \$21 billion in capital investment added since our last meeting.
- Nearly 40 percent of these projects, both by job and by industry, are in the consumer products category. Manufacturing, which cuts across the other many industries, makes up a sizable share.
- California continues to account for a large percentage of our efforts, with over 4,300 jobs to date through attraction projects. That's followed by the Midwest at just over 1,300 jobs.
- Our international volume of projects remains healthy, with 1,300 jobs and almost \$500 million in capital investment from foreign direct investment.

Sandra then highlighted some of the FY 2021 Year To Date Client Activity, including:

- CIS Global, a Tucson-based manufacturer of linear motion slides and power distribution products for the IT, Data Center, and Consumer Appliance sectors, announced plans to expand its headquarters, adding 100 projected new jobs.
- LiveRamp, a leading data connectivity platform, announced it will open a new office in Greater Phoenix, bringing more than 100 full-time tech jobs to the region.
- PennyMac Financial Services, one of the largest publicly-traded residential mortgage companies in the country, announced the opening of its new mortgage sales and operations center in Phoenix.

Sandra noted that driving our success is a very strong project pipeline.

- Our most up-to-date pipeline reflects 286 opportunities, which collectively represents a total of over 87,000 jobs with average wages at just under \$60,000 and a \$59 billion capex. Attraction projects account for 77 percent of our total pipeline with expansion projects representing the remaining 23 percent.
- We have added nearly 90 percent of the total pipeline opportunities this year, which is a direct result of our aggressive outreach strategies we deployed over the course of the fiscal year. These efforts have been heavily focused on global advanced manufacturing companies.
- Manufacturing opportunities represent 58 percent of pipeline opportunities and 68 percent of jobs. There are over 59,700 potential jobs and nearly \$52 billion in capex represented by manufacturing in the pipeline.
- Since the last time we met, Office Projects remain the second-largest pipeline segment at 10,000 jobs, \$373 million capex and just over \$67,500 average wages.



- We have added three additional headquarters projects, now totaling 38 opportunities. This reflects over 10 percent of the pipeline projects with nearly 10,000 jobs and just under a billion dollars in capex.
- Arizona remains a premier location for logistics projects due to its modern infrastructure and strategic location. Logistics projects represent 19 opportunities and \$908 billion capex.
- This is followed by Data Center projects, which account for a strong capex of \$3.5 billion and high wages just over \$75,000
- An important note is that nearly a third of the attraction pipeline accounts for California opportunities, which represents 15,000 projected new jobs and \$6.6 billion capex. The second-largest volume of business attraction opportunities is international with a total 10,000 new jobs, and \$22 billion in capex.

Sandra noted that our strong economic position and robust pipeline are a testament to Arizona's steady approach during the pandemic. Here are just some of the indicators.

- In terms of total numbers, Arizona's labor force has now fully recovered from the pandemic low reached in August. The state now has 3,335 more people participating in the workforce than it did in February 2020. In contrast, the U.S. labor force has nearly 4 million fewer people in it than pre-pandemic, and growth seems to have plateaued.
- Further, Arizona is the number 5 most recovered state for unemployment claims and when comparing the number of unemployment insurance claims between April 2019 and April 2021, Arizona is 3rd-best in the nation.
- These numbers will only improve through Governor Ducey's "Back To Work" plan, which outlines policies that incentivize job seekers to fill the thousands of jobs available across the state.
- As reflected in both the projects won to date and our pipeline, advanced manufacturing continues to take off. Arizona had the 3rd-fastest year-over-year tech manufacturing growth in the nation at 2.3 percent, while a majority of states actually saw decreases. Last year, Arizona added the 8th most tech jobs of any state.
- A Small Business Recovery Report published by Intuit shows that small businesses in our state have seen a 23 percent increase in revenue over pre-pandemic levels! The resilience of Arizona small businesses is outpacing states such as California, Texas, Nevada, Florida, New York, Illinois and Washington.



- It's no surprise Arizona is a top six state for economic momentum according to State Policy Reports. And when you exclude states that have less than two million people, Arizona comes in at number two.

Smart policies and a steady hand administered by Governor Ducey during the pandemic has helped us weather the storm and accelerated our rebound.

Examples of those policies include keeping construction and manufacturing essential, adopting a light touch related to small business enforcement, and avoiding the harmful and costly shutdowns seen in other states. It bears repeating: Arizona never shut down, and, today, we're seeing how important that steady approach really was.

In the last 16 months, we've celebrated three electric vehicle groundbreakings and the construction of a statewide automotive workforce training center.

- Nikola broke ground on its million-square-foot manufacturing plant in July 2020.
- Lucid Motors completed the initial phase of construction on the first greenfield EV factory in North America in December 2020 -- at an unprecedented speed.
- Drive48, Arizona's state-of-the-art Advanced Manufacturing Training Center, was completed in March. The 13,000-square-foot facility, which houses complex robotics equipment, was constructed in just five months.
- And last week, ElectraMeccanica celebrated the groundbreaking of its U.S. Assembly Facility and Engineering Technical Center.

Our momentum doesn't stop there.

- Intel announced a record breaking \$20 billion investment for two new advanced semiconductor fabs.

Additionally, we've celebrated an increase of manufacturing supplier wins as well.

- The governor mentioned UAJC Whitehall, a leading supplier of precision extruded aluminum automotive components and assemblies. The Michigan-based company will take over the former Walgreen's distribution center in Flagstaff for a new plant that will manufacture parts for electric vehicles. The company's \$60 million investment is lauded as a record-breaking investment for the region and will offer wages 60 percent higher than the County per capita income.



- BD announced it would invest \$65 million for a state-of-the-art facility in Tucson to serve as a hub for the company's supply chain, increasing the resiliency of the U.S. medical device supply.
- Calgary-based APEL Extrusions, a leading aluminum extrusion company, announced the relocation of its headquarters to Arizona, with plans for a manufacturing operation as well. This will serve as a major benefit to the automotive sector in the state.
- The largest lithium battery recycler in Northern America, LiCycle, announced that Gilbert, Arizona would serve as the location for the company's third facility. The new operation will be engineered to directly process full electric vehicle packs without dismantling, helping meet the increased demand in North America as well as Arizona.
- And finally, Photocentric, a pioneer in additive manufacturing, announced Avondale as the selected location for its U.S.-based headquarters, more than doubling its space and streamlining its U.S operations.

Whether you look at jobs, manufacturing employment, tech jobs, our labor force, economic momentum, unemployment claims, small business strength and more, Arizona is surging ahead of the rest of the country.

This momentum continues to catch the attention of the national media. Last week, CNBC released a feature titled, "Why Arizona Is Becoming A Hotbed For Tech."

The piece delves into Arizona's surging technology industries such as semiconductors, electric vehicles, automated driving, advanced manufacturing and more as well as the factors driving the state's tech transformation over recent years.

This is recognition at the highest levels of the dynamic, innovation-inspired growth happening right now. The Board viewed a short clip of the 20-minute segment to get a sense of the feature:

Sandra concludes update, hands meeting back to Governor Ducey, Chair.

The Governor complimented Sandra's leadership and successful businesses attraction strategies, leading to long-term investments in Arizona's economic growth. The narrative is changing; Arizona is the place for high quality jobs.

Executive Session

Governor Ducey, Chair, called for motion to enter into Executive Session. Michael Bidwill made motion, Wick Pilcher seconded. All board members in favor. The board entered into Executive Session at 1:27 p.m.



a) Client Updates

b) Business Development Strategies

V. Adjournment

Governor Ducey, Chair, called for motion to adjourn. Gary Abrams made motion, Wick Pilcher seconded. All in favor. The meeting was adjourned at 1:58 p.m.

