

ARIZONA COMPETES FUND

Annual Report
November 1, 2013



ARIZONA
COMMERCE
AUTHORITY

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

Table of Contents

1. Overview	3
2. Attracting, expanding or retaining Arizona basic enterprises	3
3. Supporting and advancing programs and projects for rural businesses and small businesses	5

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

I. Overview

Pursuant to A.R.S. § 41-1545 *et seq.*, the Arizona Commerce Authority (the “Authority”) administers the Arizona Competes Fund (ACF). Under A.R.S. § 41-1545.02, grants from the ACF may be used for (i) attracting, expanding or retaining Arizona businesses (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)).

Under A.R.S. § 41-1545.04, the Authority is required to submit an annual report on ACF activity by November 1st of each year. This document constitutes the Authority’s annual report for Fiscal Year 2013 (July 1, 2012 through June 30, 2013).

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

A. Grants Awarded in Fiscal Year 2013

During FY2013, the Authority awarded three grants under A.R.S. § 41-1545.02(A)(1) representing a total commitment of \$3,500,000:

- 1. Grantee: Maverick HealthCare Group, LLC**
Awarded: \$1,000,000
New Jobs: 376 (NAICS 532291)
Average Wage: \$65,000
Health Insurance: 65% paid by company
Capital Investment: \$15,000,000
- 2. Grantee: Accelerate Diagnostics (formerly known as Acceler8 Technologies Corporation)**
Awarded: \$1,000,000
New Jobs: 65 (NAICS 334516)
Average Wage: \$63,000
Health Insurance: 65% paid by company
Capital Investment: \$4,520,000
- 3. Grantee: The Go Daddy Group, Inc.**
Awarded: \$1,500,000
New Jobs: 300 (NAICS 518)
Average Wage: \$58,000
Health Insurance: 65% paid by company
Capital Investment: \$27,000,000

B. Grants Awarded from Program Inception through FY2013 and Grantees’ Progress Towards Grant Requirements

From the inception of the program through the end of FY2013 (i.e., during Fiscal Years 2012 and 2013), the Authority awarded seven grants under A.R.S. § 41-1545.02(A)(1). Tables 1 –

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

3, below, summarize these grants and the grantees' progress through the end of FY2013 towards the jobs, wages and capital investment requirements of the grants.

Table 1: Summary of Grants through FY2013

Company	NAICS	Grant Amount	Grant Amount per Committed Job
Accelerate Diagnostics, Inc.	334 (Manufacturing)	\$1,000,000	\$15,385
Clear Energy Systems, Inc.	335 (Manufacturing)	\$1,000,000	\$4,444
GoDaddy.com, LLC	541 (Professional, Scientific, and Technical Services)	\$1,500,000	\$5,000
Maverick Healthcare Group, LLC	532 (Rental and Leasing Services)	\$1,000,000	\$2,660
Silicon Valley Bank	522 (Finance and Insurance)	\$3,000,000	\$13,636
Ulthera, Inc.	339 (Manufacturing)	\$1,000,000	\$9,009
United Health Care Services, Inc.	524 (Finance and Insurance)	\$200,000	\$500
	TOTAL/AVERAGE	\$8,700,000	\$5,126

Table 2: Job Creation and Wages – Commitment vs. Created through FY2013

Company	Job Creation Commitment over 3 Years	Average Annual Wage Commitment for Jobs Created	Jobs Created (through FY13)	Average Annual Wages of Jobs Created	Health Insurance Premiums Paid
Accelerate Diagnostics, Inc.	65	\$63,000	30	\$105,193	70%
Clear Energy Systems, Inc.	225	\$65,000	5	\$93,200	95%
GoDaddy.com, LLC	300	\$58,000	25	\$72,377	80%
Maverick Healthcare Group, LLC	376	\$65,000	114	\$64,685*	69%
Silicon Valley Bank	220	\$88,000	120	\$110,439	80%
Ulthera, Inc.	111	\$67,000	54	\$101,513	100%
United Health Care Services, Inc.	400	\$37,000	313	\$38,520	90%
TOTAL / AVERAGE	1,697	\$63,286	592	\$65,928	65%+

**Represents the average wages of the 114 new jobs combined with 135 jobs retained jobs as required under the grant agreement.*

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

Table 3: Capital Investment – Commitment vs. Invested to through FY2013

Company	Capital Investment Commitment over 3 Years	Capital Investment Made (through FY13)
Accelerate Diagnostics, Inc.	\$4,520,000	\$954,348
Clear Energy Systems, Inc.	\$7,000,000	\$810,000
GoDaddy.com, LLC	\$27,000,000	\$19,746,658
Maverick Healthcare Group, LLC	\$15,000,000	\$9,419,627
Silicon Valley Bank	\$5,000,000	\$6,805,648
Ulthera, Inc.	\$1,680,000	\$953,078
United Health Care Services, Inc.	\$4,000,000	\$4,161,124
TOTAL	\$64,200,000	\$42,850,483

III. Supporting and advancing programs and projects for rural businesses and small businesses – A.R.S. § 41-1545.02(A)(2)

A. Grants Awarded in Fiscal Year 2013

During FY2013, the Authority awarded 19 grants under A.R.S. § 41-1545.02(A)(2) through two programs in support of rural and small businesses, representing a total commitment of \$4,453,000:

1. Name:

Rural Economic Development Grant (REDG)

Objective:

The Rural Economic Development Grant is a competitive grant program that helps rural communities initiate and sustain economic development projects that focus on job growth and capital investment in base industries. The program provides direct assistance to rural communities for Projects that (i) attract new business development from other states and/or (ii) retain and expand existing businesses, both for the purpose of job creation.

Awarded:

\$1,471,000

Grantees:

Seven awards were made to the following entities:

- 1) Central Arizona Regional Economic Development Foundation (CAREDF)
- 2) City of Casa Grande
- 3) City of Flagstaff
- 4) City of Prescott
- 5) Greater Yuma Economic Development Council (GYEDC)

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

- 6) Town of Pinetop Lakeside
- 7) Verde Valley Wine Consortium

2. Name:

Arizona Innovation Challenge (AIC)

Objective:

The Arizona Innovation Challenge is a competitive business plan competition that helps high-ceiling, innovative start-up and early stage companies establish a foundation and grow in Arizona.

Awarded:

\$2,982,000

Grantees:

Twelve awards were made to the following entities:

- 1) appsFreedom
- 2) Athena Wireless
- 3) Gingerbread Shed
- 4) Instant Bio Scan
- 5) Nasseo, Inc.
- 6) Post.Bid.Ship
- 7) ReplyBuy
- 8) Serious Integrated
- 9) State Health Services
- 10) Stimwave Technologies
- 11) Strongwatch
- 12) Viomics

B. Grants Awarded from Program Inception through FY2013 and Grantees' Progress Towards Grant Requirements

Table 4: Rural Economic Development Grant – FY13

Rural Economic Development Grant – FY13	
Grant Amount	\$1,471,000
Jobs Creation Commitment	805
Average Wages of Jobs Committed	\$49,331
Grant Amount per Committed Job	\$1,827
Jobs Created (through FY13)	422
Average Wages of Jobs Created	\$58,267
Capital Investment Committed	\$77,126,227
Capital Investment Made (through FY13)	\$36,584,857

ARIZONA COMPETES FUND

Annual Report

November 1, 2013

Table 5: Arizona Innovation Challenge – FY13, Fall Round

Arizona Innovation Challenge – Fall, FY13*	
Grant Amount	\$1,482,000
Jobs Creation Commitment	24
Average Wages of Jobs Committed	N/A
Grant Amount per Committed Job	N/A
Jobs Created (through FY13)	22
Average Wages of Jobs Created	N/A
Capital Investment Committed	N/A
Capital Investment Made (through FY13)	\$332,626

Table 6: Arizona Innovation Challenge – FY13, Spring Round

Arizona Innovation Challenge – Spring, FY13*	
Grant Amount	\$1,500,000
Jobs Creation Commitment	14
Average Wages of Jobs Committed	N/A
Grant Amount per Committed Job	N/A
Jobs Created (through FY13)	0 (grants executed immediately before end of FY)
Average Wages of Jobs Created	N/A
Capital Investment Committed	N/A
Capital Investment Made (through FY13)	0 (grants executed immediately before end of FY)

**AIC grant commitments shown in Tables 5 and 6 are for the one-year period of the grant agreements, only. By program design, this one-year period represents an important commercialization stage for the company. Accordingly, more significant job creation and capital investment impacts are projected later in the company's lifecycle, after commercialization milestones are achieved.*