

MARCH 12, 2018

BOARD OF DIRECTORS MEETING PUBLIC SESSION





PUBLIC SESSION AGENDA

- 1 ACA CLIENT ACTIVITY
- 2 PIPELINE UPDATES
- 3 CROSS-BORDER CONNECTED CITIES

ACA CLIENT ACTIVITY

BUSINESS ATTRACTION/EXPANSION

Morgan Stanley



STANLEY
Security



Botanical Food Company, Inc.
DBA



ARIZONA INNOVATION CHALLENGE FALL AWARDEES





PIPELINE UPDATES



BUSINESS ATTRACTION PIPELINE

140

OPPORTUNITIES

38,273

NEW JOBS

\$53,266

AVERAGE WAGE

\$10.1B

CAPEX



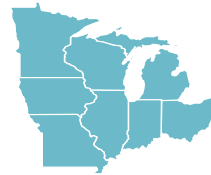
CALIFORNIA
41%



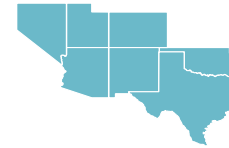
EAST
18%



INTERNATIONAL
16%



MIDWEST
9%



SOUTHWEST
6%



SOUTHEAST
5%



WEST
3%

22%
MANUFACTURING

18%
IT/SOFTWARE

15%
BUSINESS/
FINANCIAL

14%
AEROSPACE
& DEFENSE

9%
CONSUMER
PRODUCTS

9%
BIOSCIENCE/
HEALTHCARE

6%
RENEWABLE
ENERGY

5%
LOGISTICS

ARIZONA
COMMERCE AUTHORITY

2% geography confidential, 4% in "other" industry

CALIFORNIA BUSINESS PIPELINE

59

OPPORTUNITIES

17,900

NEW JOBS

\$55,473

AVERAGE WAGE

\$3.9B

CAPEX

47

NET NEW CALIFORNIA
OPPORTUNITIES FYTD

TOP INDUSTRIES

INFORMATION TECHNOLOGY
BUSINESS & FINANCIAL SERVICES
MANUFACTURING

CALIFORNIA PIPELINE BY INDUSTRY

INFORMATION TECHNOLOGY

12 PROJECTS

JOBS: 7,351
\$107 MILLION CAPEX
WAGES: \$47,203

BUSINESS & FINANCIAL

12 PROJECTS

JOBS: 4,376
\$726 MILLION CAPEX
WAGES: \$79,890

MANUFACTURING

9 PROJECTS

JOBS: 1,847
\$326 MILLION CAPEX
WAGES: \$46,113

AEROSPACE & DEFENSE

8 PROJECTS

JOBS: 1,161
\$80.5 MILLION CAPEX
WAGES: \$47,505

BIOSCIENCE

6 PROJECTS

JOBS: 570
\$567 MILLION CAPEX
WAGES: \$46,996

OTHER

6 PROJECTS

JOBS: 608
\$83 MILLION CAPEX
WAGES: \$33,720

RENEWABLE ENERGY

4 PROJECTS

JOBS: 1,337
\$2 BILLION CAPEX
WAGES: \$66,0117

TRANSPORTATION & LOGISTICS

2 PROJECTS

JOBS: 650
\$11.7 MILLION CAPEX
WAGES: \$31,539

COMBINED TOTAL

59 projects
\$3.9B capex

17,900 jobs
\$55,473 wages



BUSINESS EXPANSION PIPELINE

64

OPPORTUNITIES

10,793

NEW JOBS

\$54,557

AVERAGE WAGE

\$3.6B

CAPEX

23%

MANUFACTURING

28%

IT/SOFTWARE

17%

BUSINESS/
FINANCIAL

14%

AEROSPACE
& DEFENSE

8%

BIOSCIENCE/
HEALTHCARE

3%

LOGISTICS

2%

CONSUMER
PRODUCTS

2%

RENEWABLE
ENERGY

3% in "other" industry

TOTAL PIPELINE BY INDUSTRY

MANUFACTURING	INFORMATION TECHNOLOGY	BUSINESS & FINANCIAL	AEROSPACE & DEFENSE
47 PROJECTS	43 PROJECTS	32 PROJECTS	28 PROJECTS
JOBS: 6,780 \$2.2 BILLION CAPEX WAGES: \$46,360	JOBS: 9,890 \$4.7 BILLION CAPEX WAGES: \$71,699	JOBS: 13,205 \$1.8 BILLION CAPEX WAGES: \$51,056	JOBS: 6,320 \$792 MILLION CAPEX WAGES: \$70,153
OTHER	BIOSCIENCE	RENEWABLE ENERGY	TRANSPORTATION & LOGISTICS
20 PROJECTS	18 PROJECTS	9 PROJECTS	8 PROJECTS
JOBS: 2,635 \$1.4 BILLION CAPEX WAGES: \$26,161	JOBS: 2,822 \$730 MILLION CAPEX WAGES: \$52,754	JOBS: 3,214 \$2.4 BILLION CAPEX WAGES: \$52,837	JOBS: 4,350 \$238 MILLION CAPEX WAGES: \$30,715

COMBINED TOTAL

205 projects
\$14.5 B capex

49,216 jobs
\$54,571 wages

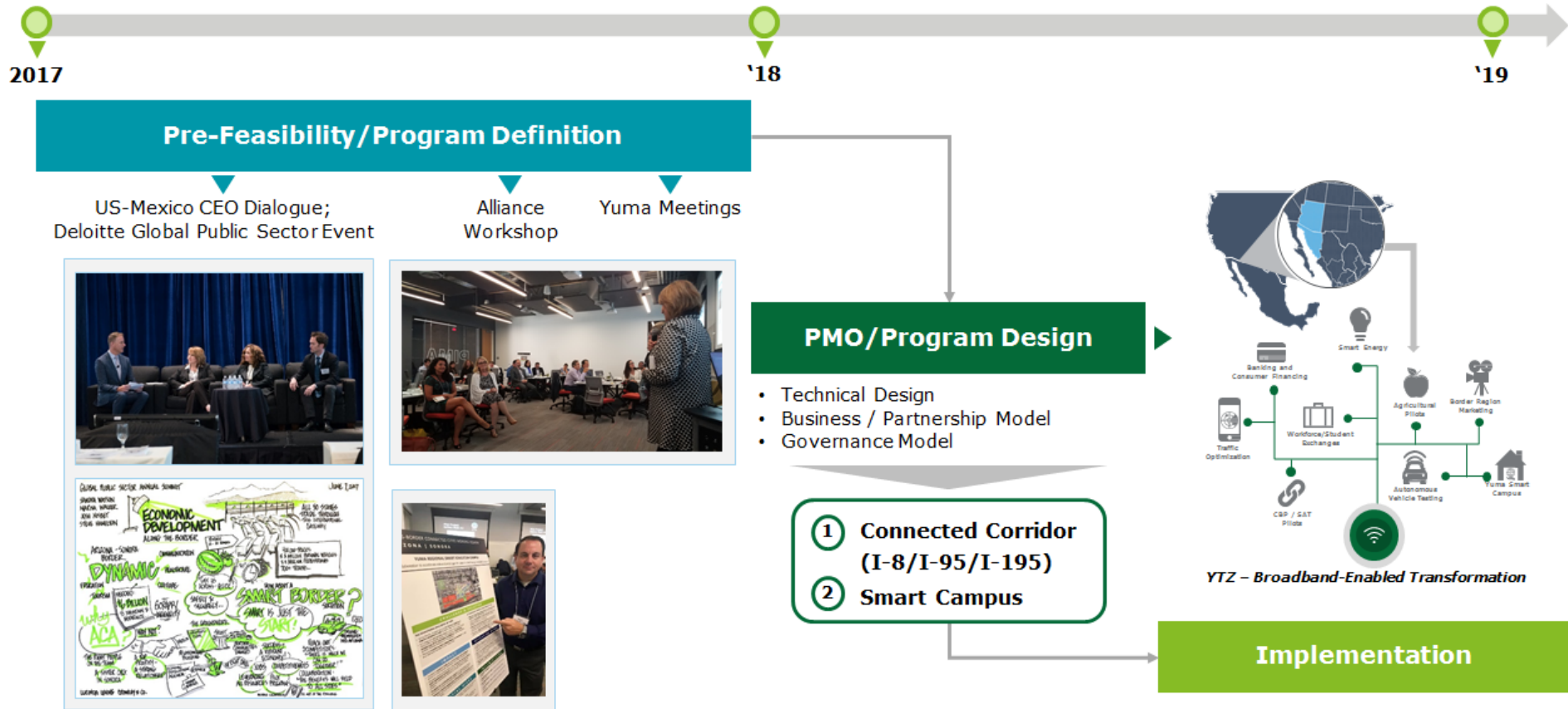


A nighttime photograph of a city skyline. In the foreground on the left is a large, modern building with a grid of windows and balconies. To the right, several other skyscrapers are visible, some with illuminated signs like 'INGTA YOUNG'. Light trails from traffic on a road in the lower right corner suggest a busy urban environment. The sky is a deep blue.

CROSS-BORDER CONNECTED CITIES



2017 MILESTONES AND NEXT STEPS



THE SMART BORDERS/REGIONS PLATFORM

- Builds on **interconnected** nature of border city-pair communities/regions (e.g., United States-Mexico)
- Utilizes **technology-enabled infrastructure and streamlined processes** to meet the needs of business and citizens
- Brings together **coordinated investment** for pilot projects that improve economic and social development



**"Border Dividend" — a
~5-10x return**

EXAMPLE BENEFITS INCLUDE:



Broader Economic
Development



Improved
Mobility and
Security



Broader
Technology
Access



Increased Job
Creation



YUMA TRANSFORMATION ZONE

WHY YUMA?

- \$3.2B agriculture industry, 90% of nation's leafy greens (Oct-Mar)
- Consumer market exceeds 53 million people within 500 miles
- Home to two of the largest military installations in the United States
- Strong university, private, non-profit, and publicly-backed efforts to promote workforce training and education
- Opportunity to address challenges that impede economic development
- Supportive business environment with strong Mayoral backing

YUMA TRANSFORMATION ZONE

KEY FACTS & RATIONALE

Trade Activity in Arizona-Sonora



\$40+ billion worth of goods in two-way trade processed at Arizona's ports



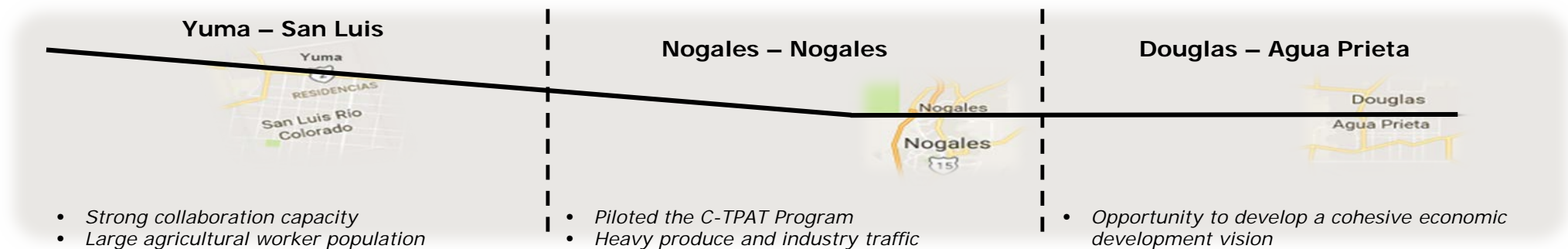
60%+ of the winter produce enter the US through the Nogales port-of-entry



50%+ of sales tax revenues for Santa Cruz County are from Mexican visitors

The Case for Change in Arizona-Sonora

Arizona ports have **strong existing private sector collaboration** and are already a site for several successful **pilot projects to improve border processes**.



FRAMEWORK

Features of the Platform

The overall **Transformation Zone** encompasses all *technological advancements* to the border and serves as a *catalytic platform* for border economic development.

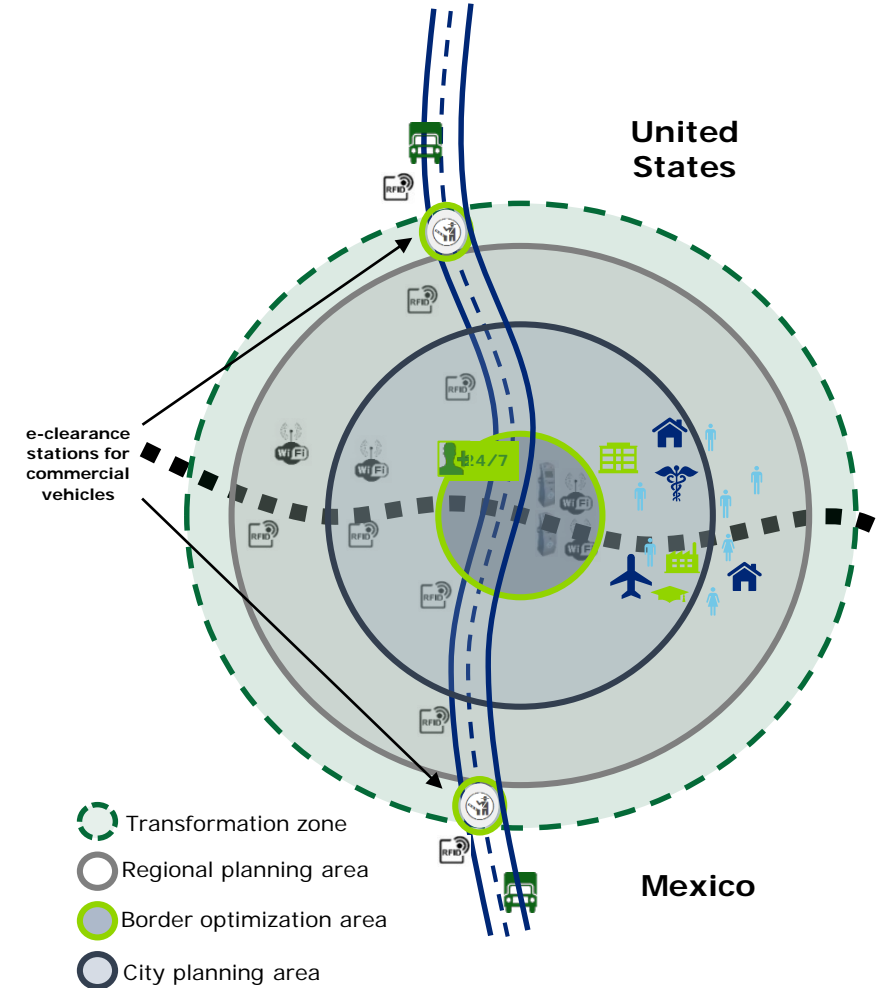
The **Regional Planning Area** enables regional efficiency and mobility through transit-oriented development around supply chains.

The **City Planning Area** creates a more integrated region through complementary strategic planning for economic development, business investment, and workforce training.

The **Border Optimization Area** uses advanced technological infrastructure and better data management to improve border operations.

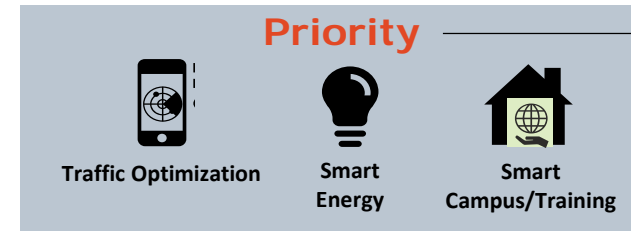
Ubiquitous broadband; IP-based, secure connectivity ...

- ICT
- Command and Control Centers
- Video Surveillance / Analytics
- RFID and Asset Tracking
- Traffic Control
- Kiosks / Bio-Metrics

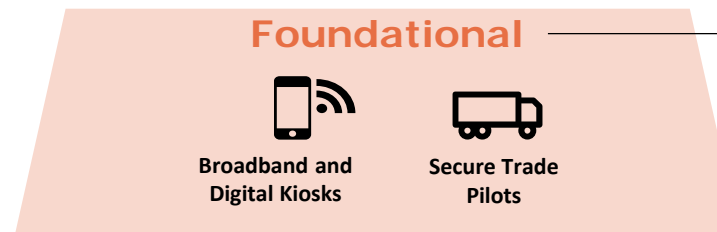


TYPES OF PILOT PROJECTS

Projects identified as ready for further discussion and development

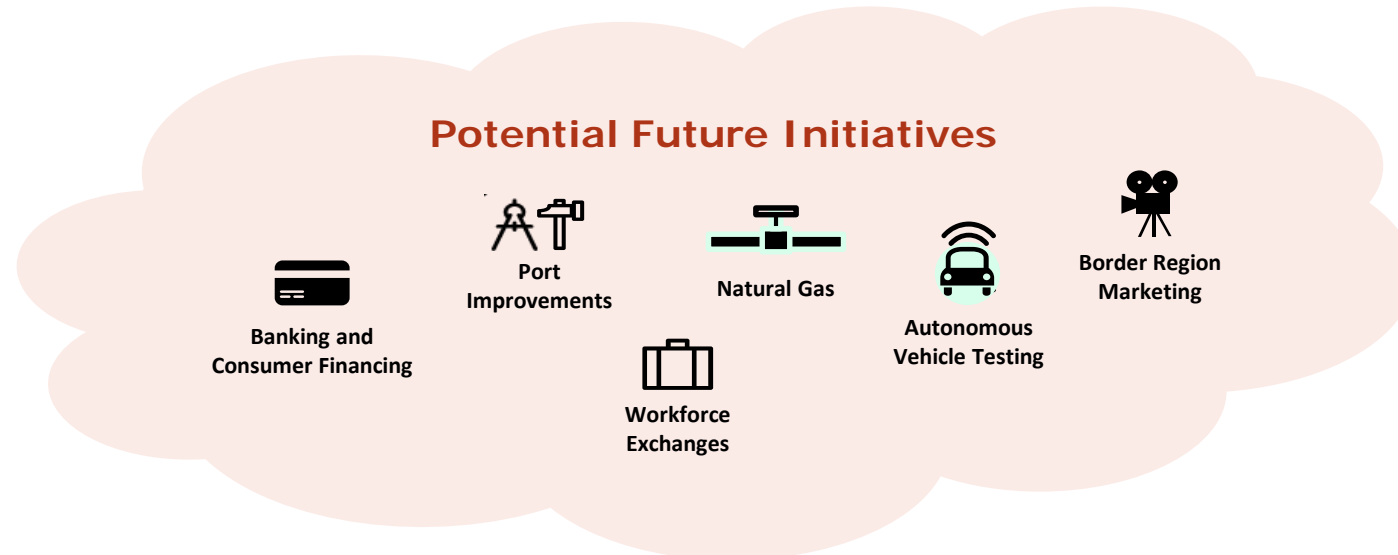


Projects that address known challenges relevant to Smart Borders/Regions with technically mature solutions



Underlying physical and technical infrastructure that enables other concepts

Reserved for future discussions



CONNECTED CORRIDOR

Through the Connected Corridor (I-8/I-95/I-195), Arizona would position itself to leapfrog its Western State partners, deploying the first “digital” Connected Corridor in the U.S. and expand broadband access to rural communities to support economic development, business investment, and better education

Connected Corridor

The first “digital” Connected Corridor in the U.S



“Many Arizona public schools are leading the nation when it comes to science and technology—teaching students to code and developing skills to take with them through life.

“But too many students, specifically in our rural areas, and in our tribal nations are missing out. It’s 2017, but outside of our urban areas, broadband is still spotty.”

-Gov. Ducey, 2017 State of the State



CONNECTED CORRIDOR

- Enable advanced AgTech/Smart Farming applications
- Enable better access to broadband/wireless and educational attainment
- Promote I-8/I-95/I-95 as an AV-testing corridor
- Enable traffic optimization in the border region



THANK YOU

