



**ARIZONA COMMERCE AUTHORITY BOARD MEETING
MINUTES**

**WEDNESDAY, JANUARY 11, 2012
10:00 am – 12:00 pm**

**333 North Central Avenue; Phoenix, Arizona; 85004
19th Floor Conference Room**

A. Call to Order

Governor Brewer, Chair called the January 11, 2012 Board of Directors meeting to order and welcomed the attendees and public.

B. Roll Call

The meeting was noticed and properly posted. Governor Jan Brewer requested that Jill Boyar call the roll. A quorum was present.

Board Members Present

Governor Jan Brewer, Chair
Jerry Colangelo, Co-Chair
Don Cardon, President/CEO
House Speaker Andy Tobin
Sherman Jennings
Gary Abrams
Michael Bidwill
Paul Bonavia

Drew Brown
Philip Francis
Stephen Macias
Mary Peters
Doug Pruitt
Victor Smith
Candice Wiest

Board Members Not Present

Senate President Steve Pierce
Mike Ingram

Via Conference Line

Craig Barrett
Tim Jeffries
Vicki Panhuise
Richard Adkerson
Michael Manson
Roy Vallee

C. Welcome Remarks from Chair

Governor Brewer made opening comments regarding the Arizona budget and the upcoming legislative session.

D. Welcome and Report from Co-Chair

Co-Chair Jerry Calangelo discussed TEAM ACA industry efforts and announced that TEAM ACA would contribute 50% of the ACA CEO compensation package.

E. Approval of ACA Board of Directors Public Minutes of the September 27, 2011 Meeting

Chair Governor Brewer moved to approve the minutes, Phil Francis seconded the motion. Motion was approved.

F. CEO's Report.

CEO Don Cardon discussed new client announcements and the status of the ACA deal closing fund.

During the CEO Report, Mary Peters requested to be heard. She announced that the National Defense Authorization Act for 2012 was passed (PL 112-81) on 12/31/2001. The legislation mandates that the FAA is to establish a program to integrate unmanned and manned aircraft into the National Air Space (NAS) at six national test sites. The ACA will be working with local partners by pursuing till designation and will be reporting further at our next meeting.

G. Executive Session

Mary Peters moved to go into Executive session, Victor Smith seconded. Motion was approved.

1. ACA Business Plan
2. Business Prospects and Client Announcements
 - a. Deal Closing Guidelines, Policy and Approval Process
3. Personnel
4. Compensation Metrics

H. Items for Discussion and Possible Action

1. Sandra Watson gave a presentation on the proposed fee schedule for incentives programs.

Doug Pruitt moved to adopt the incentive programs fees as presented, Drew Brown seconded. Motion was approved.

2. Sandra Watson gave a presentation regarding the propose Executive Committee Authority resolution.

Victor Smith moved to approve the resolution as presented, Paul Bonavia seconded. Motion approved.

I. Committee Reports

1. Candice Weist presented the Audit Committee report.
2. Paul Bonavia presented the Ethics Committee report.
3. Craig Barrett presented a report from the Business Plan Committee and a draft business plan.

Gary Abrams made the motion to adopt business plan as presented, Philip Francis seconded. Motion was approved.

4. Mary Peters presented the Compensation Committee report.

J. Presentations and Items for Discussion

1. Michael Hunter reviewed the Legislative Session competitiveness issues; presentation posted online.
2. Honorable Jim Kolbe, Steve Betts, and John Halikowski presented on Intermountain West Transportation Corridor; presentation posted online.
3. Chair requested that Steve Zylstra be invited back to present at the next meeting.

K. Call to Board Members for Items for Future Agendas

No comments or future items for discussion at this time.

L. Call to the Public

Chair, Governor Jan Brewer asked the public if they would like to address any comments or questions to the Board.

Don Cardon - Anyone who knows me knows I speak openly from the heart. I live life with faith and family as my foundation, and rely heavily on passion, tenacity and integrity in a determination to succeed but always reminding myself that life is not about me. With that in mind, every decision I make must align with these values.

As most of you know, my passion is entrepreneurship, creating and finding a way. Whether expressed in the private or public sector, I realize my greatest strengths lie in the ability to create ideas and see them come to fruition. I believe this has been achieved in the creation, focus and establishment of the ACA. That is why, after careful thought and consideration, and after discussions with the Governor, Jerry Colangelo, and the Board of Directors, I will be transitioning from the role of CEO of the Arizona Commerce Authority over the next six months. After a successor is found, and ample time has been devoted to a seamless transition, I will return to my personal business enterprises, which I have been away from for nearly three years.

When I was recruited by Governor Brewer and asked to transform the state-run Department of Commerce into a globally competitive model, my goal was to create the vision, engage the private sector, establish the foundation, and provide the focus necessary to create a public/private platform capable of truly advancing the state globally. I made a commitment to Governor Brewer, to Jerry and



to this Board that I would stay on as CEO as long as it took to establish these very things and to prepare it for long-term success.

The ACA has, in a relatively short period of time, attracted nearly 11,000 jobs and \$9 billion in capital investment. Arizona has seen a four hundred percent increase in job growth in the past two years, and in the past year alone, we have added 46,000 new jobs. Additionally, in the last thirty days we launched the most aggressive innovation challenge in the country and secured the presence of Silicon Valley Bank. These two advancements are truly game changers for Arizona. They will create a nationally recognized magnet concerning our state's ability to attract venture capital, which we have pursued for years.

I believe it is noteworthy to realize these accomplishments occurred during what is arguably the greatest recession in our state's history and during the same time we were shutting down an entire state agency while transferring such responsibilities to the private sector.

I attribute these accomplishments to the commitment and personal resolve of Governor Brewer, to a pro-business legislature that passed a landmark jobs bill, and to the credibility and continued commitment to the future of our state brought to the Board of Directors by Jerry Colangelo. I also attribute these successes to each one of you, who bring your passion and desire for Arizona to be all it can be. These accomplishments would not have been possible without Sandra Watson, my personal hero and under-recognized champion in this transformation, or the passionate staff of the ACA.

The ACA has changed the face of business in Arizona and now serves as a powerful platform, which will not only attract global investments, but also cultivate a commitment to entrepreneurship, innovation and the establishment of the most business friendly environment in the nation. While I realize we have a long way to go, we have made significant progress. In life, these accomplishments should be noted as encouragements for us all to continue.

I announce this departure in good conscience knowing that we have established a public/private focus unparalleled in this state's history with regard to globally competing; not for the purposes of partisanship, or egos, or looking to government as the solution, but rather born out of a passion focused singularly on the economic future of our families and employment opportunities for our children.

The ACA will become, if preserved in the humility of serving rather than being served, a powerful engine in supporting the private sector's capacity to lead the way in preserving and expanding the quality of life all Arizonan's need and desire.

It has been my pleasure to serve as the Director of the Arizona Department of Commerce and now as the President and CEO of the ACA. I will devote the next several months to continuing the momentum of this organization and assisting with a seamless transition. The last three years have been among the most challenging, fascinating, demanding, invigorating and remarkably rewarding of my career.

I thank the Governor for her courageous support, steadfast commitment to the success of our state and the ACA, as well as her faith in my abilities to carry out this monumental task. This is just the beginning for the ACA, and I am confident this organization is well-positioned to carry Arizona strongly into the next century.



- Will undertake a National wide search for the selection of new CEO
- A search committee will be hired
- Mary Peters will contact the attorney's for the contract of hiring for the ACA CEO.

Governor Jan Brewer

"Don played an integral role in transforming the outdated Department of Commerce into what is today a revitalized, restructured Arizona Commerce Authority that is solely focused on jobs and economic growth. I thank him for his service to this state and the role he has played in helping lead the Arizona Comeback. Arizona's economic future has been brightened by Don's vision and dedication."

Jerry Colangelo, Co-Chair, ACA

"Don Cardon was the right man at the right time to launch the Arizona Commerce Authority. His visionary attributes helped create this authority with an infrastructure that can be successful for many years to come. I respect the time, the effort and the passion he exhibited during the start up process and I wish him the best as he transitions over the next several months. The bottom line is that he did a great job in helping establish the ACA. Thanks Don for a job well done."

Richard Adkerson, President and CEO, Freeport McMoRan and ACA Board Member

"Don Cardon's leadership proved instrumental in building the foundation of the ACA. His vision and determination led to the successful creation of this new model, and for that, I'm grateful. Don's commitment to the ACA and to Arizona is remarkable, and I know that because of his hard work, the ACA is positioned to be a global force for decades to come."

Roy Vallee, Executive Chairman, Avnet and ACA Board Member

"At the request of Governor Brewer, Don Cardon took on the challenging role of head of the Department of Commerce. Don recognized the need for dramatic change and he was instrumental in the process and effort that led the elimination of the Department of Commerce and the creation of the ACA. While Don made his intentions to return to the private sector known early on, it later became clear that he was the best person to launch the ACA and manage through the full transition of the Commerce Department activities. He once again answered the call of the Governor and the Board of Directors and put his personal endeavors on hold for the betterment of the state. His experience and knowledge, coupled with his entrepreneurial background and passion for Arizona, helped create the new vision for the ACA. Don brought tremendous leadership and an unrivaled commitment to the ACA. While his guidance and knowledge will be missed, he has accomplished everything that was asked of him. I understand his desire to return to his private life and business endeavors. We should all thank him sincerely for his work and efforts to secure Arizona's economic future."

The ACA Staff

"Don Cardon's game-changing vision not only created the model for the Arizona Commerce Authority, but guided the ACA through the significant transition from a state run agency to a public-private corporation. His passion and drive to create a stronger, more prosperous Arizona for future generations encourages



those who work with him to perform and compete aggressively on a global platform. Don's character, compassion, and dedication inspire us each day. Whoever takes over the role of CEO has big shoes to fill. We appreciate the strong foundation Don's leadership created, and we look forward to continuing to carry out the mission of the ACA to the level of success he envisioned."

Speaker Andy Tobin expressed his appreciation for Don as great innovator and promoter for Arizona.

Victor Smith, expressed his gratitude for Don Cardon's efforts in the rural sector.

Marty Schultz, praised Don Cardon's work at the ACA.

Serena Unrein from Public Interest Research Groups, addressed the need for transparency at the ACA. The need to be fully accountable to the public.

Glenn Hamer, President of the Arizona Chamber of Commerce, expressed his appreciation for Don Cardon's work as CEO of ACA.

M. Adjournment

Gary Abrams moved to adjourn, Mary Peters seconded. The committee adjourned at 12:30 PM.