



Arizona Competes Fund

Quarterly Report

January 1, 2024 through March 31, 2024

ARIZONA COMPETES FUND

Quarterly Report

April 15, 2024

I. Overview

Pursuant to A.R.S. § 41-1545 et seq., the Arizona Commerce Authority (the “Authority”) administers the Arizona Competes Fund (the “ACF”). In accordance with A.R.S. § 41-1545.02, grants from the ACF may be used for (i) attracting, expanding or retaining Arizona basic enterprises (A.R.S. § 41-1545.02(A)(1)); and (ii) supporting and advancing programs and projects for microenterprises, rural businesses, small businesses, and business development that enhance economic development (A.R.S. § 41-1545.02(A)(2)).

This document constitutes the Authority’s quarterly report regarding ACF activity for the third quarter (January 1, 2024 through March 31, 2024 (“Q3”)) of fiscal year 2024 (July 1, 2023 through June 30, 2024 (“FY2024”)).

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

During Q3 of FY2024, the Authority awarded two (2) grants described below in accordance with A.R.S. § 41-1545.02(A)(1) representing a commitment of \$5,400,000.

| Grantee | Nucor Steel Kingman, LLC |
|-------------------------------|--------------------------|
| Award Amount | \$400,000 |
| New Jobs Commitment | 128 ¹ |
| Average Wage Commitment | \$85,793 |
| Health Insurance Commitment | 65% |
| Capital Investment Commitment | \$100,000,000 |

| Grantee | LG Energy Solution Arizona, Inc. |
|-------------------------------|----------------------------------|
| Award Amount | \$5,000,000 |
| New Jobs Commitment | 2,800 |
| Average Wage Commitment | \$47,000 |
| Health Insurance Commitment | 65% |
| Capital Investment Commitment | \$2,852,000,000 |

¹ The grant requires the grantee to retain 75 existing full-time jobs filled as of the effective date of the agreement paying an average annual wage of at least \$ 82,500.

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III. Grants supporting and advancing programs and projects for microenterprises, rural businesses, small businesses, and business development that enhance economic development – A.R.S. § 41-1545.02(A)(2)

During Q3 of FY 2024, the Authority awarded ten (10) grants in accordance with A.R.S. § 41-1545.02(A)(2) through the following program and projects that support microenterprises, rural businesses, small business and business development that enhances economic development:

| | |
|--------------------|---|
| Program: | Arizona Innovation Challenge (“AIC”) |
| Objective: | The AIC is a competitive business plan competition that helps innovative start-up and early-stage companies establish a foundation and grow in Arizona. |
| Awards: | AIC awards made in Q3 FY2024 aggregated to \$1,500,000. |
| Grantee(s): | AIC awards were made in Q3 FY2024 to the following entities in the amount of \$150,000: <ol style="list-style-type: none">1. AlgoFace, Inc.2. DX4Liver3. Homer Farms, Inc.4. Macula Vision Systems, Inc.5. Nobel Works Corp.6. OXbyEL Technologies, Inc.7. Simplifyance, Inc.8. Solid State Networks I, LLC9. SunFlex Solar10. Swift Coat, Inc. |

IV. Fund Status ²

Since inception of the ACF, the ACA has awarded 222 grants through various programs and projects resulting in gross ACF commitments to date totaling \$124,029,528. Under A.R.S. § 41-1545.02(A)(1), 55 grants have been awarded in the cumulative amount of \$89,000,000. Through the other programs and projects under A.R.S. § 41-1545.02(A)(2), 167 grants have been awarded in the cumulative amount of \$35,029,528.

In respect to the 55 grants originally awarded pursuant to A.R.S. § 41-1545.02(A)(1); (i) five (5) grants in an aggregate amount of \$6,450,000 were relinquished by grantees without any payments to the respective grantees, and (ii) the performance periods of ten (10) other grants expired with aggregate remaining payment commitments of \$5,665,489, two (2) of which resulted in repayments by the grantee to the ACA of \$102,491.

² Totals in this section include grants funded by the ACA from FY12 to the present solely pursuant to A.R.S. § 41-1545.02.

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In respect to the funding of the programs and projects under A.R.S. § 41-1545.02(A)(2), (i) two (2) grants in an aggregate amount of \$400,000 were cancelled without any payment to the awardee, and (ii) the performance period of 12 grants expired with aggregate remaining payment commitments of \$413,458.

Taking into consideration the adjustments described in the two (2) preceding paragraphs, the net ACF commitments as of the date hereof total \$111,000,582 (\$124,029,528 in the original gross commitments minus aggregate adjustments of \$12,928,946).

V. Reporting Schedule – FY2024

| Report Name | Reporting Period | Date Published |
|-----------------------------|--------------------------|----------------|
| First Quarter (“Q1”) | 7/1/23 through 9/30/23 | 10/13/23 |
| Second Quarter (“Q2”) | 10/1/23 through 12/31/23 | 1/12/24 |
| Third Quarter (“Q3”) | 1/1/24 through 3/31/24 | 4/15/24 |
| Fourth Quarter (“Q4”) | 4/1/24 through 6/30/24 | 7/15/24 |
| Comprehensive Annual Report | 7/1/23 through 6/30/24 | 11/1/24 |

