

July 15, 2015

Senator Bill Sample, Chair
Representative David L. Branscum, Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock, AR 72201

Dear Senator Sample and Representative Branscum:

As required by Act 510 of 2007, please find attached and below an accounting of the annual report of the Economic Development Incentive Quick Action Closing Fund for the period July 1, 2014 through June 30, 2015 (FY 2015). This includes only companies that received monies from the fund during this time period. A total of \$156,252,000 has been allocated to the Quick Action Closing Fund (\$50 million during the 86th General Session, \$50 million during the 87th General Session, \$15.727 million during the 88th General Session \$20.525 million during the 89th General Session and \$20 million during the 90th General Session). An overview of expenditures, unpaid commitments, funds offered but not accepted and the fund balance is as follows:

Expenditures for FY 2015	\$19,465,294
Expenditures prior to FY 2015	\$89,015,137
Unpaid commitments	\$12,673,330
Offered to projects but not yet accepted	\$22,460,000
Uncommitted balance	\$18,568,950

Minus

Refunds/Clawbacks for FY 2015	\$ 765,295
<u>Refunds/Clawbacks prior to FY 2015</u>	<u>\$ 5,165,416</u>

TOTAL \$156,252,000

Act 510 stipulates that the annual report will contain the following:

1. The names and addresses of the businesses receiving money from the fund.
2. The date, amount, and purpose of the disbursements of money from the fund. (Please note that the information for points 1 and 2 are contained in the attached document.)
3. An evaluation of the effectiveness of the disbursements made from the fund.

A key point to remember is that the word "quick" in the fund's title refers to the ability of the Governor to act quickly and decisively in highly competitive situations to finalize an agreement with a company to locate in Arkansas. It does not refer to the speed at which the funds will be disbursed. There can be a substantial lag from agreement to disbursement since there is usually a lag from announcement of a project until construction begins.

The Quick Action Closing Fund has made a profound difference in our ability to compete for projects. Bad Boy Mowers, Ben E. Keith, Dassault, Cooper Tire, HP, Mars, Caterpillar, Welspun, Big River Steel and many other announcements you have heard about would not have happened without the ability to use the fund to close the deal.

The 63 companies proposing job creation and/or retention projects that have received monies from the fund projected the creation and retention of 17,173 jobs at an average hourly wage of \$21.54. The projected cumulative investment of these projects was \$1.705 billion. As of June 30, 2015, these 63 projects have created and retained 13,663 jobs.

4. Any suggestions for improving the use of the fund.

The Quick Action Closing Fund is used judiciously and leveraged with funds from Planning and Development Districts, Community Development Block Grants from the US Department of Housing and Urban Development, the Delta Regional Authority, and the US Economic Development Administration. This, in effect, allows the AEDC to extend the use of the Quick Action Closing Fund. Allowing the fund to be funded to its maximum on an annual basis, and increasing the size of the fund will allow for greater success in bringing quality companies with quality jobs that will help increase Arkansans' per capita personal income and broaden our tax base.

I am available to answer any questions the council may have.

Sincerely,



Michael Preston
Executive Director

MP/kn
Enclosure

Economic Development Incentive Quick Action Fund (Governor's Quick Action Closing Fund) Information

87th Session Account

Annual report of expenditures for fiscal period July 1, 2014 - June 30, 2015

Company Name	Location	Date	Purpose	Amount	Cumulative Pmts
South Coast Baking	Springdale	7/10/2014	Equipment	\$ 598,437.59	\$ 598,437.59
Aspen Transportation	Jonesboro	7/9/14	Construction	\$ 7,699.41	\$ 7,699.41
Total Paid					\$ 606,137.00

Economic Development Incentive Quick Action Fund (Governor's Quick Action Closing Fund) Information

88th Session Account

Annual report of expenditures for fiscal period July 1, 2014 - June 30, 2015

Company Name	Location	Date	Purpose	Amount	Cumulative Pmts
Bad Boy Mowers	Batesville	9/11/2014	Construction and Expansion	\$ 501,736.82	\$ 501,736.82
		12/4/2014	Construction and Expansion	\$ 1,563,407.93	\$ 2,065,144.75
		12/31/2014	Construction and Expansion	\$ 134,855.25	\$ 2,200,000.00
SSN Funding (Soul of the South)	Little Rock	12/18/2014	Working Capital	\$ 250,000.00	\$ 250,000.00
Dixie Consumer Products / GP	Ft Smith	12/29/2014	Building renovations	\$ 1,000,000.00	\$ 1,000,000.00
Winrock International	Morrilton	8/1/2014	Innovate Arkansas	\$ 300,000.00	\$ 300,000.00
Greater Productions, Inc.	Fayetteville/LR	10/22/2014	Film	\$ 349,020.83	\$ 349,020.83
SGL Carbon, LLC	Ozark	10/7/2014	Construction	\$ 2,473,403.00	\$ 2,473,403.00
		11/18/2014	Construction	\$ 26,597.00	\$ 2,500,000.00
South Coast Baking	Springdale	7/10/2014	Equipment	\$ 101,562.41	\$ 101,562.41
The Last Ride	Benton/LR	10/1/2014	Film Rebate	\$ 142,042.00	\$ 142,042.00
ADFA (AR Venture Capital Fund)	Little Rock	10/24/2014	Picasolar, Inc.	\$ 300,000.00	\$ 300,000.00
		12/2/2014	Creative Things	\$ 1,000,000.00	\$ 1,300,000.00
		12/2/2014	Pel-Freeze, Arkansas, LLC	\$ 500,000.00	\$ 1,800,000.00
		12/2/2014	Energy Design Group Enterprise	\$ 542,000.00	\$ 2,342,000.00
		12/2/2014	NanoMech, Inc.	\$ 600,000.00	\$ 2,942,000.00
		12/2/2014	Movista, LLC	\$ 400,000.00	\$ 3,342,000.00
		12/2/2014	Data Co Technologies, Inc.	\$ 300,000.00	\$ 3,642,000.00
		12/2/2014	Collinear Networks, Inc.	\$ 700,000.00	\$ 4,342,000.00
		1/21/2015	Greenwave Brands, Inc.	\$ 500,000.00	\$ 4,842,000.00
		3/18/2015	NowDiagnostics, Inc.	\$ 500,000.00	\$ 5,342,000.00

Company Name	Location	Date	Purpose	Amount	Cumulative Pmts
Frostyair of Arkansas	Batesville/Maumelle	9/11/2014	Payee M C Harcourt	\$ 9,821.00	\$ 9,821.00
		9/16/2014	Renovations and Equipment	\$ 66,261.84	\$ 76,082.84
		9/22/2014	Payee M C Harcourt	\$ 3,964.00	\$ 80,046.84
		10/1/2014	Renovations and Equipment	\$ 14,899.29	\$ 94,946.13
		10/13/2014	Renovations and Equipment	\$ 94,269.80	\$ 189,215.93
		10/20/2014	Payee M C Harcourt	\$ (3,964.00)	\$ 185,251.93
		11/18/2014	Renovations and Equipment	\$ 16,859.19	\$ 202,111.12
		11/19/2014	Payee M C Harcourt	\$ 60,297.62	\$ 262,408.74
		12/4/2014	Renovations and Equipment	\$ 246,298.98	\$ 508,707.72
		1/7/2015	Renovations and Equipment	\$ 165,221.24	\$ 673,928.96
		1/23/2015	Renovations and Equipment	\$ 493,031.00	\$ 1,166,959.96
		2/12/2015	Renovations and Equipment	\$ 207,878.86	\$ 1,374,838.82
		3/16/2015	Renovations and Equipment	\$ 122,809.38	\$ 1,497,648.20
		4/8/2015	Renovations and Equipment	\$ 129,710.66	\$ 1,627,358.86
		5/12/2015	Renovations and Equipment	\$ 137,455.90	\$ 1,764,814.76
		5/29/2015	Renovations and Equipment	\$ 35,185.24	\$ 1,800,000.00
nGage Labs	Little Rock		Office Space, Recruiting, Retention, Travel,		
		7/21/2014	Training	\$ 46,383.75	\$ 46,383.75
			Office Space, Recruiting, Retention, Travel,		
		9/3/2014	Training	\$ 47,631.25	\$ 94,015.00
			Office Space, Recruiting, Retention, Travel,		
		9/19/2014	Training	\$ 48,297.25	\$ 142,312.25
			Office Space, Recruiting, Retention, Travel,		
		10/20/2014	Training	\$ 47,309.84	\$ 189,622.09
			Office Space, Recruiting, Retention, Travel,		
		11/12/2014	Training	\$ 49,002.33	\$ 238,624.42
			Office Space, Recruiting, Retention, Travel,		
		12/10/2014	Training	\$ 58,056.91	\$ 296,681.33
			Office Space, Recruiting, Retention, Travel,		
		1/29/2015	Training	\$ 63,912.51	\$ 360,593.84

Company Name	Location	Date	Purpose	Amount	Cumulative Pmts
NanoMech, Inc.	Fayetteville	7/29/2014	Equipment	\$ 174,852.00	\$ 174,852.00
		8/7/2014	Equipment	\$ 147,861.00	\$ 322,713.00
		8/14/2014	Equipment	\$ 277,787.00	\$ 600,500.00
		9/16/2014	Equipment	\$ 320,643.32	\$ 921,143.32
		10/1/2014	Equipment	\$ 272,887.59	\$ 1,194,030.91
		3/16/2015	Equipment	\$ 900,928.22	\$ 2,094,959.13
		4/16/2015	Equipment	\$ 111,415.80	\$ 2,206,374.93
Ben E Keith Co	N Little Rock	2/24/2015	Infrastructure, Construction, Engineering	\$ 2,000,000.00	\$ 2,000,000.00
Arkansas Venture Center	Little Rock	3/11/2015	Private Investment Matching	\$ 268,099.25	\$ 268,099.25
Metova	Conway	2/20/15	Office Renovations	\$ 25,018.24	\$ 25,018.24
		3/11/15	Office Renovations	\$ 5,643.45	\$ 30,661.69
		3/25/15	Office Renovations	\$ 1,692.75	\$ 32,354.44
		5/13/15	Office Renovations	\$ 3,234.23	\$ 35,588.67
Big Cloud Analytics	Conway	5/1/15	Office Renovations & Network Expenses	\$ 3,875.00	\$ 3,875.00
Refunds to account:					
Nice-Pak	Jonesboro	7/15/14	Clawbacks for Underperformance	\$ 23,934.00	\$ 23,934.00
Caterpillar	North Little Rock	8/13/14	Clawbacks for Underperformance	\$ 59,400.00	\$ 83,334.00
Nice-Pak	Jonesboro	8/25/14	Clawbacks for Underperformance	\$ 11,967.00	\$ 95,301.00
Nice-Pak	Jonesboro	9/11/14	Clawbacks for Underperformance	\$ 11,967.00	\$ 107,268.00
First Orion		9/11/14	Clawbacks for Underperformance	\$ 112,000.00	\$ 219,268.00
Nice-Pak	Jonesboro	10/7/14	Clawbacks for Underperformance	\$ 11,967.00	\$ 231,235.00
Nice-Pak	Jonesboro	11/7/14	Clawbacks for Underperformance	\$ 11,967.00	\$ 243,202.00
Nice-Pak	Jonesboro	12/10/14	Clawbacks for Underperformance	\$ 11,967.00	\$ 255,169.00
Nice-Pak	Jonesboro	1/13/15	Clawbacks for Underperformance	\$ 11,967.00	\$ 267,136.00
Nice-Pak	Jonesboro	2/10/15	Clawbacks for Underperformance	\$ 10,709.00	\$ 277,845.00
Hewlett-Packard	Conway	3/3/15	Clawbacks for Underperformance	\$ 356,000.00	\$ 633,845.00
Nice-Pak	Jonesboro	3/11/15	Clawbacks for Underperformance	\$ 11,338.00	\$ 645,183.00
Nice-Pak	Jonesboro	4/9/15	Clawbacks for Underperformance	\$ 11,338.00	\$ 656,521.00

Company Name	Location	Date	Purpose	Amount	Cumulative Pmts
Caterpillar	North Little Rock	4/15/15	Clawbacks for Underperformance	\$ 78,000.00	\$ 734,521.00
First Orion		4/16/15	Clawbacks for Underperformance	\$ 8,098.00	\$ 742,619.00
Nice-Pak	Jonesboro	5/26/15	Clawbacks for Underperformance	\$ 11,338.00	\$ 753,957.00
Nice-Pak	Jonesboro	6/5/15	Clawbacks for Underperformance	\$ 11,338.00	\$ 765,295.00
Windstream	Little Rock	6/30/15	Clawbacks for Underperformance	\$ 22,965.00	\$ 788,260.00
Total Paid (reduced by refunds)					\$ 18,070,896.93