

July 29, 2014

Senator Bill Sample, Chair
Representative John Charles Edwards, Chair
Arkansas Legislative Council
Room 315, State Capitol
Little Rock, AR 72201

Dear Senator Sample and Representative Edwards:

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, 2013 through June 30, 2014 (FY 2014). This includes only companies that received monies from the fund during this time period. A total of \$132,502,000 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, and \$16.775 million during the 89th General Session). An overview of expenditures, unpaid commitments, funds offered but not accepted and the fund balance is as follows:

Expenditures for FY 2014	\$13,464,209
Expenditures prior to FY 2014	\$70,408,478
Unpaid commitments	\$17,462,735
Offered to projects but not yet accepted	\$24,370,000
Uncommitted balance	\$ 3,670,768
Refunds/Clawbacks for FY 2014	\$ 2,971,439
<u>Refunds/Clawbacks prior to FY 2014</u>	<u>\$ 154,371</u>
 TOTAL	 \$132,502,000

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. LM Wind Power, Dassault, Cooper Tire, HP, Mars, Caterpillar, Welspun and many other announcements you have heard about would not have happened without the ability to use the fund to close the deal.

In the interest of enhancing transparency, this, and future annual reports will report both proposed and actual jobs created and retained by Quick Action Closing Fund recipients. Further, a more stringent definition of "retained jobs" is being operationalized so that only existing jobs that would have been lost, if not for Quick Action Closing Fund money, are counted in proposed and actual jobs reported.

The 55 companies proposing job creation and/or retention projects that have received monies from the fund projected the creation and retention of 15,545 jobs at an average hourly wage of \$18.96. The projected cumulative investment of these projects was \$1.562 billion. As of June 30, 2014, these 55 projects have created and retained 12,372 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,



Grant Tennille
Executive Director

GT/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, 2013 - June 30, 2014

Company Name	Location	Date	Purpose	Amount	Cumulative Payments
Thermold Magazines	Ft Smith	10/16/2013	New product creation	\$ 238,748.00	\$ 238,748.00
		10/17/2013	Travel associated with new product development	\$ 10,025.08	\$ 248,773.08
		1/16/2014	New product development (molds)	\$ 251,226.92	\$ 500,000.00
Monticello Economic Dev Comm	Monticello	8/14/2013	Rail	\$ 30,290.00	\$ 30,290.00
		9/12/2013	Rail	\$ 43,474.83	\$ 73,764.83
		9/19/2013	Rail	\$ 117,026.62	\$ 190,791.45
		10/17/2013	Rail	\$ 46,308.83	\$ 237,100.28
		11/4/2013	Rail	\$ 58,420.43	\$ 295,520.71
		1/30/2014	Rail	\$ 4,479.29	\$ 300,000.00
Inuvo	Conway	12/13/2013	Equipment/fixtures	\$ 125,230.95	\$ 125,230.95
Dassault Falcon	Little Rock	10/17/2013	Building construction and renovation	\$ 2,000,000.00	\$ 2,000,000.00
L&R Distribution	Pine Bluff	6/10/2014	Asset purchases	\$ 137,539.55	\$ 137,539.55
Winrock International	Morrilton	1/10/2014	Contract with Winrock for Innovate Arkansas	\$ 300,000.00	\$ 300,000.00
Umarex USA	Ft Smith	8/21/2013	Building expansion and parking	\$ 478,182.00	\$ 478,182.00
ConAgra Foods	Russellville	8/14/2013	Parking/road	\$ 742,000.00	\$ 742,000.00
City of Little Rock (Dassault/Falcon)	Little Rock	8/23/2013	Road	\$ 121,075.83	\$ 121,075.83
		11/4/2013	Road	\$ 47,008.42	\$ 168,084.25
		1/30/2014	Road	\$ 238,957.99	\$ 407,042.24
Arkansas Research Alliance	Conway	12/10/2013	Research salaries and expenditures for Arkansas Research Alliance	\$ 750,000.00	\$ 750,000.00
City Title & Closing (Creative Things)	Lowell	10/28/2013	Acquisition of facility	\$ 435,000.00	\$ 435,000.00

Company Name	Location	Date	Purpose	Amount	Cumulative Payments
ADFA (AR Venture Capital Fund)	Little Rock	10/2/2013	Investment into Nanomech	\$ 1,000,000.00	\$ 1,000,000.00
		10/15/2013	Ark Challenge Project	\$ 150,000.00	\$ 1,150,000.00
		11/13/2013	Vivienne Bioscience/equip and investment	\$ 216,000.00	\$ 1,366,000.00
		2/10/2014	Home DX Project/investment	\$ 400,000.00	\$ 1,766,000.00
		2/26/2014	Refund to Expenditure - Vivienne	\$ (20,916.82)	\$ 1,745,083.18
		3/20/2014	Blue Oak Resources Project/investment	\$ 5,000,000.00	\$ 6,745,083.18
		4/7/2014	Refund to Expenditure - Blue Oak Resources	\$ (1,995,724.13)	\$ 4,749,359.05
Soul of the South		2/7/2014	Building remodel	\$ 168,404.00	\$ 168,404.00
		4/11/2014	Building remodel	\$ 331,596.00	\$ 500,000.00
nGage Labs	Little Rock	2/24/2014	Rent/furnishings/software/training/recruitment	\$ 305,617.32	\$ 305,617.32
		3/21/2014	Rent/furnishings/software/training/recruitment	\$ 144,955.64	\$ 450,572.96
		4/29/2014	Rent/furnishings/software/training/recruitment	\$ 104,059.26	\$ 554,632.22
		5/30/2014	Rent/furnishings/software/training/recruitment	\$ 85,227.33	\$ 639,859.55
		6/25/2014	Rent/furnishings/software/training/recruitment	\$ 47,763.15	\$ 687,622.70
Diamond Bear Brewing	North Little Rock	5/1/2014	Equipment	\$ 116,000.00	\$ 116,000.00
NanoMech, Inc.	Fayetteville	8/14/2013	Equipment	\$ 329,653.64	\$ 329,653.64
		12/17/2013	Payment to Waco Title Company	\$ 1,000,000.00	\$ 1,329,653.64
		1/30/2014	Facility improvement, development, equipment	\$ 146,471.76	\$ 1,476,125.40
		4/22/2014	Equipment	\$ 40,453.45	\$ 1,516,578.85
		4/25/2014	Equipment	\$ 24,495.20	\$ 1,541,074.05
		4/29/2014	Facility improvement	\$ 111,843.43	\$ 1,652,917.48
		6/10/2014	Facility improvement, development, equipment	\$ 320,541.49	\$ 1,973,458.97
Umarex	Ft. Smith	11/8/2013	Building expansion/parking	\$ 203,069.00	\$ 203,069.00
Porocel Industries	Pulaski County	6/10/2014	Building construction and improvement	\$ 250,000.00	\$ 250,000.00
GGNSC (Golden Living)	Ft. Smith	8/14/2013	Equipment and furnishings	\$ 13,350.10	\$ 13,350.10

Company Name	Location	Date	Purpose	Amount	Cumulative Payments
NUVZN Technologies	Rogers	11/5/13	Mold construction	\$ 389,881.96	\$ 389,881.96
		1/7/14	Rent expense reimbursement	\$ 62,523.04	\$ 452,405.00
		3/17/14	Rent reimbursement, mold construction	\$ 536,285.05	\$ 988,690.05
Grace of Lake		5/1/14	Film Rebate	\$ 13,260.50	\$ 13,260.50
		6/10/14	Film Rebate	\$ 9,702.03	\$ 22,962.53
Aspen Transportation	Jonesboro	4/25/14	Facility retrofit and equipment	\$ 65,597.46	\$ 65,597.46
		6/25/14	Facility retrofit and equipment	\$ 5,684.35	\$ 71,281.81
Orbea	North Little Rock	12/20/13	Training/building renovation	\$ 100,000.00	\$ 100,000.00
Remington Arms	Lonoke	3/28/14	Construction (slab and blocks)	\$ 465,250.00	\$ 465,250.00
Firestone	Prescott	7/15/13	Site improvements	\$ 119,608.47	\$ 119,608.47
Refunds to account:					
Nice-Pak	Jonesboro	7/9/13		\$ 11,967.00	\$ 11,967.00
Nice-Pak	Jonesboro	8/6/13		\$ 11,967.00	\$ 23,934.00
Pinnacle Foods	Fayetteville	8/3/13		\$ 36,981.12	\$ 60,915.12
Caterpillar	North Little Rock	9/5/13		\$ 34,800.00	\$ 95,715.12
Nordex	Jonesboro	9/9/13		\$ 2,309,020.63	\$ 2,404,735.75
Nice-Pak	Jonesboro	9/9/13		\$ 11,967.00	\$ 2,416,702.75
Nice-Pak	Jonesboro	10/16/13		\$ 11,967.00	\$ 2,428,669.75
Nice-Pak	Jonesboro	12/18/13		\$ 11,967.00	\$ 2,440,636.75
Nice-Pak	Jonesboro	1/10/14		\$ 11,967.00	\$ 2,452,603.75
Hewlett-Packard	Conway	2/5/14		\$ 459,000.00	\$ 2,911,603.75
Nice-Pak	Jonesboro	11/15/13		\$ 11,967.00	\$ 2,923,570.75
Nice-Pak	Jonesboro	2/12/14		\$ 11,967.00	\$ 2,935,537.75
Nice-Pak	Jonesboro	4/9/14		\$ 23,934.00	\$ 2,959,471.75
Nice-Pak	Jonesboro	5/6/14		\$ 11,967.00	\$ 2,971,438.75
Total Paid				\$ 13,464,208.67	