

	<b>TO:</b>	ACA Board of Directors	<h1>MEMORANDUM</h1>
	<b>FROM:</b>	Don Cardon	
	<b>DATE:</b>	January 6, 2012	
	<b>RE:</b>	Action Items for January 11, 2012 Board Meeting	

**Agenda Item “H” – Items for Discussion and Possible Action.**

At the January 27, 2012 meeting of the Arizona Commerce Authority (the “Authority”) Board of Directors (the “Board”), I will submit the following two items for Board consideration and possible approval under Agenda Item “H”: (1) a fee schedule for the Authority’s incentive programs (attached hereto as Exhibit 1), and (2) a Board resolution to empower the Executive Committee of the Board (attached hereto as Exhibit 2).<sup>1</sup> This purpose of this memorandum is to briefly summarize each item. If you have any further questions about these items prior to the meeting, please do not hesitate to contact me or Sandra Watson.

**1. Fee Schedule.**

Pursuant to A.R.S. § 41-1504(C)(1), the Authority is required to assess and collect incentive application fees, in an amount not to exceed 1% of the requested incentive, and the Board is required to adopt the manner in which fees are calculated for each program. Exhibit A is the Authority’s proposed fee schedule.

As you will see, the proposed fees are simply 1% of the incentive, with two exceptions. One, we have proposed a maximum fee of \$100,000 across the board. And two, where the Authority is not involved in determining the actual amount of the incentive – such as in the case of tax reclassification programs – we have proposed simply a one-time processing fee in the amount of \$50. We believe this schedule represents fees that are straightforward and reasonable.

**2. Board Resolution.**

Pursuant to section 5.1(a) of the Authority Bylaws, the Board must empower the Executive Committee through a Board resolution. Exhibit B is a proposed resolution, drafted by the Authority’s attorneys, to accomplish that step. It describes the Executive Committee’s authority with the same verbiage as the Bylaws, except that it adds that the Executive Committee may not appeal, amend or modify a resolution previously adopted by the full Board. We believe this is a perfunctory step and grants the Executive Committee a very typical scope of authority.

---

<sup>1</sup> Board committees will present additional items for Board consideration and possible approval.

Exhibit 1

**ARIZONA COMMERCE AUTHORITY (ACA)**  
**Fee Schedule for Processing Applications and Administering Incentives\***

Program	Proposed Fee	Frequency	Basis
Angel Investment Program (Investors)			
>	1% of incentive amount (potential fee \$75 to \$875)	Per qualified investment	Incentive amount can range from \$7,500 to \$87,500.
Military Reuse Zone			
TPT exemptions	1% of incentive amount (with maximum fee of \$100,000)	Per contract	Incentive has no cap.
Renewable Energy Tax Incentives			
	1% of the tax credit incentive amount (potential fee \$2,000 and up; with maximum fee of \$100,000)	Per pre-approval application	Incentive has no cap.
Quality Jobs Tax Credit			
	1% of incentive amount (potential fee \$90 to \$36,000)	When the taxpayer claims a first year tax credit.	Incentive can range from \$9,000 to \$3,600,000 per company.
Commercial/Industrial Solar Tax Credit			
	1% of incentive amount (maximum potential fee of \$500)	Per application	Incentive can be up to \$50,000.
Arizona Competes Fund (Deal Closing Grants)			
	1% of incentive amount	Per application	Incentive amount has no cap.
Job Training Grants			
	1% of incentive amount (maximum potential fee of \$15,000)	Per application	Incentive amount can be up to \$1,500,000.
Qualified Energy Conservation Bonds			
	1% of incentive amount (with maximum fee of \$100,000)	Per contract	Incentive has no cap.
Healthy Forest			
	\$50 flat application fee	Per application	ACA is not involved in the final determination of the incentive amount.

\*Applies to ACA incentive programs which do not already have statutory fees.

Exhibit 2

RESOLUTION NO. 2012-01

The following resolution was adopted at a meeting of the Board of Directors on January 11, 2012:

Pursuant to section 5.1(a) of the Arizona Commerce Authority Bylaws, the Board hereby delegates to the Executive Committee the authority to act in the name, place, and stead of the Board, provided, however, that the Executive Committee shall not have the authority of the Board in the following matters: (a) the filling of vacancies on the Board or on any committee; (b) the amendment or repeal of these bylaws; (c) the removal of any member of the Board; (d) the adoption, amendment repeal of any Authority policies; or (e) repealing, amending, or modifying any resolution previously approved by the full Board, except for any amendment or modification that, in the opinion of the Chairperson of the Board, does not materially alter, restrict, or expand upon any of the matters contained in the original Board resolution.

IN WITNESS WHEREOF, the Co-chairperson of the Board has executed this resolution on January \_\_, 2012.