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Pulaski County, Arkansas

An Opportunity Zone Prospectus for Little Rock, North Little Rock, Jacksonville & Sherwood

Outline of Prospectus

- **Economic Overview of Pulaski County and Metro Little Rock Region**
- Opportunity Zone Background and Benefits
- Opportunity Zones in Pulaski County
- Resources in Pulaski County

Overview of Pulaski County

Pulaski County is home to over 395,000 people. Within 50 miles of downtown Little Rock, the population is over 1,000,000 people.

Over 115,000 people commute to Pulaski County every day.

Pulaski County supports over 274,000 jobs across a diverse industry including healthcare, government, retail, finance/insurance, military and manufacturing/logistics.

In 2018, the state of Arkansas was named the lowest cost of business in the United States by *CNBC*.

Business Environment

- Top 12 Best Places to Live – Outside Magazine
- Top 100 Places to Live – *Livability*
- Top 10 Large-sized Communities list – *Fourth Economy Community Index*
- #2 Best Places to Retire – *Livability.com*
- #8 “America’s Top 10 Small Cities for Prosperity” – *Resonance Consultancy*
- 7th Best Place for Jobs in the Nation – *Forbes.com*
- 6th Best Real Estate Market in America – *The Wall Street Journal*
- 2nd Best Bang for the Buck Real Estate Market – *Forbes*
- One of “Best Places to Live in the South” – *Southern Travel & Lifestyles*

Regional Success

New Jobs Created...17,397

New Payroll Created... \$629,724,105

New Capital Investment Created... \$2,577,378,979



Stephens

Dillard's



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Leading Employers in the Little Rock MSA

Company	Industry	Employees
Federal, State, Local Governments	Government	71,200
University of Arkansas for Medical Sciences	Education/Medical Services	9,100
Little Rock Air Force Base	Government	7,089
Baptist Health	Medical Services	5,360
Arkansas Children's Hospital	Medical Services	4,000
Little Rock School District	Schools/Colleges/Education	3,500
Central Arkansas Veterans HealthCare Sys.	Medical Services	2,800
Entergy Arkansas	Utility (Electric)	2,740
Pulaski County Special School District	Schools/Colleges/Education	2,700
AT&T	Utility (Telephone)	2,600
CHI St. Vincent	Medical Services	2,600
Verizon Wireless	Communications/Telecommunication	2,500
Arkansas Blue Cross Blue Shield	Insurance	2,265
Dillard's Inc	Department Store	2,000
Union Pacific Railroad	Transportation (Railroad)	2,000
Dassault Falcon Jet Corp.	Falcon Aircraft Models	1,700
CenterPoint Energy	Utility (Natural Gas)	1,600
Acxiom	Information	1,400
Windstream	Telecom	1,400
University of Arkansas at Little Rock	Education	1,380
FIS Global	Financial Technology	1,300
University of Central Arkansas	Education	1,250
North Little Rock Public Schools	Schools/Colleges/Education	1,200
Crow-Burlingame Co.	Automobile Parts Distribution	1,100

Workforce

- 11 four-year universities and 6 two-year colleges with total enrollment of 60,000+ students

Regional Total Labor Force (12 counties)	499,862
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US Unemployment Rate	3.7%
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Little Rock MSA Unemployment Rate	3.2%
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AR Department of Workforce Services, June 2019

Notable Corporate Operations by Employees

- Arkansas Blue Cross/Blue Shield Headquarters – 2,265
- Dillard's Headquarters – 2,000
- Acxiom Headquarters (Conway) – 1,400
- Windstream Headquarters – 1,400
- FIS – 1,300
- Bank OZK Headquarters - 900
- Stephens Inc. Headquarters - 650
- Southwest Power Pool Headquarters – 620
- DXC Technology (Conway) - 600

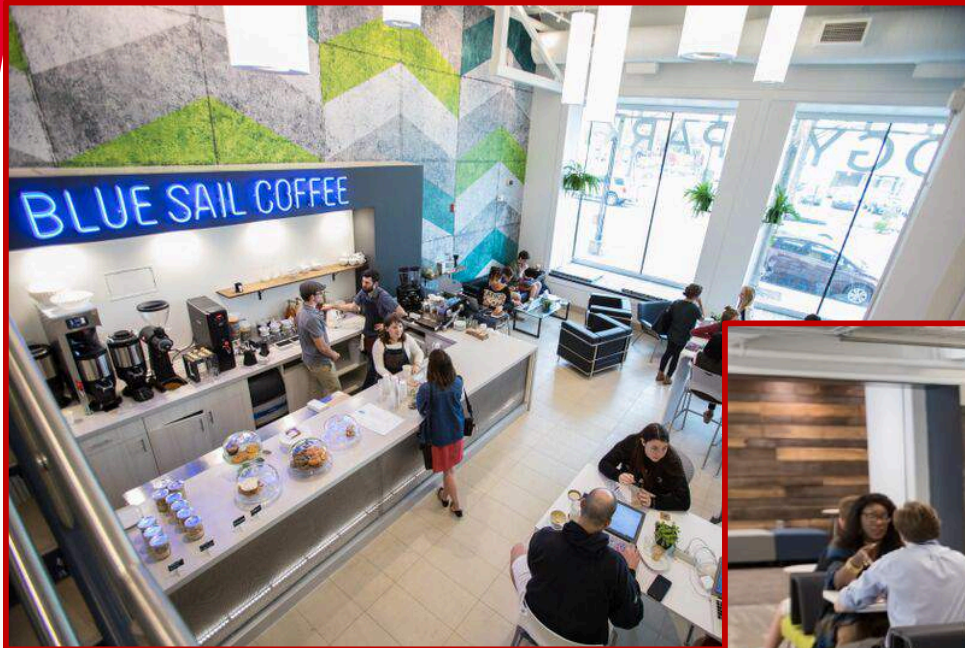


Little Rock Tech Park

- The Little Rock Technology Park was created in 2011 from a sales tax the citizens of Little Rock voted on and approved
- Phase 1 of the Tech Park opened in March of 2017 and already is completely full of over 54 companies
- Phase 2 is currently in early stage planning mode and is targeted to be a combination of wet/dry lab space plus office space
- Headquarters of the Venture Center which hosts two national FinTech accelerators: ICBA ThinkTech Accelerator and FIS FinTech Accelerator



Little Rock Tech Park



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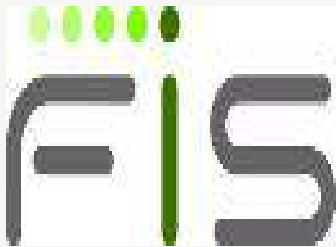
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Start-Up Successes

- **Apptegy** – communication and branding technology for school districts. Apptegy was formed at the Little Rock Tech Park just four years ago and now has over 100 employees
- **Bond.Ai** – financial platform for banks and consumers using artificial intelligence. Bond.Ai moved their headquarters from New York City to Little Rock
- **BankLabs** - cloud-based bank technology solutions that help banks and credit unions create new fee income, attract deposits, expand loan opportunities and differentiate the financial institution from competitors through various product offers
- **LumoXchange** – world's money transfer marketplace for global peer-to-peer payments. LumoXchange provides a seamless way to comparison shop for best possible exchange rates and make payments globally on a single payment
- **Gas Pos** – is the only SaaS solution available today for the fuel industry. Gas Pos includes an EMV-compliant point of sale system that provides advanced payment security for convenience stores, gas stations, travel plazas and truck stops

FinTech Industry

- Considered the birthplace of FinTech when Systematics was founded over fifty years in Little Rock and today is part of FIS
- Headquarters of Stephens, Inc. which is considered the largest private investment bank outside Wall Street
- Bank OZK recently announced a new \$98 million headquarters in Little Rock with anticipated new jobs of 500. Bank OZK is the largest construction lender in Miami and 3rd largest in NYC
- Other related companies in the FinTech field located in the region include Gas Pos, BankLabs, Bond.AI, LumoXchange and Mortgage Peer Network



Stephens Inc.

The Venture Center

THE VENTURE CENTER

The Venture Center has strategically helped startups raise over \$89 million in capital, generate over \$30 million in revenue and create 687 jobs since May 2014.

The Venture Center has been recognized by the Startup Champions Network, the International Business Innovation Association, Startup Federation and others as a “Model Example” of a modern, super hub for innovation.

Venture Center Programs: Pre-Accelerator, Lift the Rock, Jolt, Pitch-N-Pint and Catalyst.



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Quality of Place

- Little Rock/North Little Rock have 64 parks with more than 6,500 acres. Burns Park is one of the largest municipal parks in the nation with 1,575 acres
- The Big Dam Bridge is the largest pedestrian bridge in the world and connects 40 miles of scenic riverside trails
- Southwest Trail – 67-mile biking and walking trail connecting Little Rock to Hot Springs





**Little
Maumelle
River**



Quality of Place

**Pinnacle
Mountain**



**Hiking at Pinnacle
Mountain**



Mountain Biking at Pinnacle Mountain



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**Dickey-
Stephens
Park**

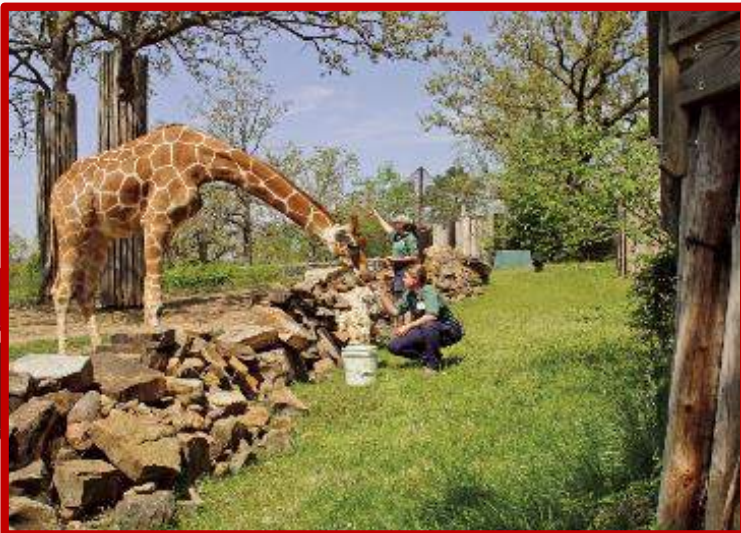


Quality of Place

**Promenade
at Chenal**



**Little Rock
Zoo**



**Robinson
Auditorium**



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Opportunity Zone Tax Incentives

Taxpayers can
get capital
gains
tax deferral
(& more)



*for making
timely
investments
in*

Qualified
Opportunity
Funds (QOFs)



*which
invest
in*

Qualified
Projects located
in Opportunity
Zones



Opportunity Zone Tax Incentives

The Opportunity Zones program offers three tax incentives for investing in low-income communities through a qualified Opportunity Fund ¹:



Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.



Step-Up In Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.



Permanent Exclusion

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

Opportunity Zone Investors

- Any individual, corporation or trust, whether foreign or domestic
- Can defer an unlimited amount of capital gain from the sale or exchange of any property (stock, business assets, personal assets or any other property) to an unrelated person
- Funds must be invested in a “qualified opportunity fund” during the 180-day period beginning on the date of the sale or exchange
- Only capital gains realized in sales or exchanges on or before December 31, 2026, can be deferred under this program



What are Opportunity Funds?

- Any corporation or partnership organized for the purpose of investing in qualified opportunity zone property
- Opportunity Fund self certifies by completing a form and attaches that form to the taxpayer's federal income tax return for the taxable year (no approval or action by the IRS is required)
- Fund must invest at least 90% of its assets into eligible Opportunity Zone property. Financial penalties for not meeting 90% test

Opportunity Zone Business

To qualify as an Opportunity Zone Business:

- substantially all the tangible assets of the business must be used in an Opportunity Zone,
- at least 50% of the gross income earned by the business must be from the active conduct of a business in the Opportunity Zone,
- and the business can hold only a limited amount of investment assets.



Invest in Opportunity Zones



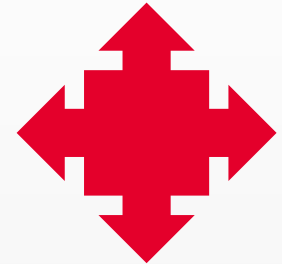
Commercial Real Estate
Development and
Renovation in Opportunity
Zones



Opening New
Businesses in
Opportunity Zones

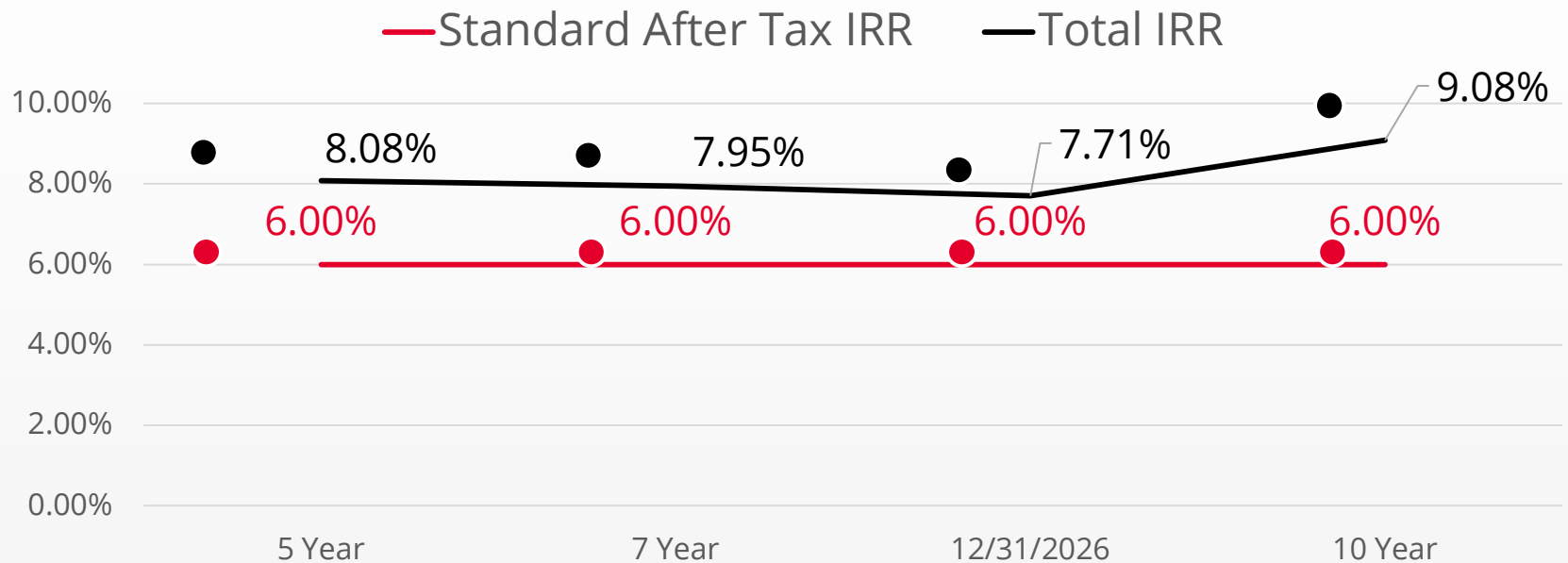


Expansion of
Existing Businesses
into Opportunity
Zones



Large Expansions of
Businesses already
within Opportunity
Zones

Opportunity Zone Incremental Benefit



23.8% Tax Rate	5 Year	7 Year	12/31/2026	10 Year
Standard After Tax IRR	6.00%	6.00%	6.00%	6.00%
Incremental OZ Benefit	2.08%	1.95%	1.71%	3.08%
OZ Investment IRR	8.08%	7.95%	7.71%	9.08%
Percentage Increase	35%	32%	29%	51%

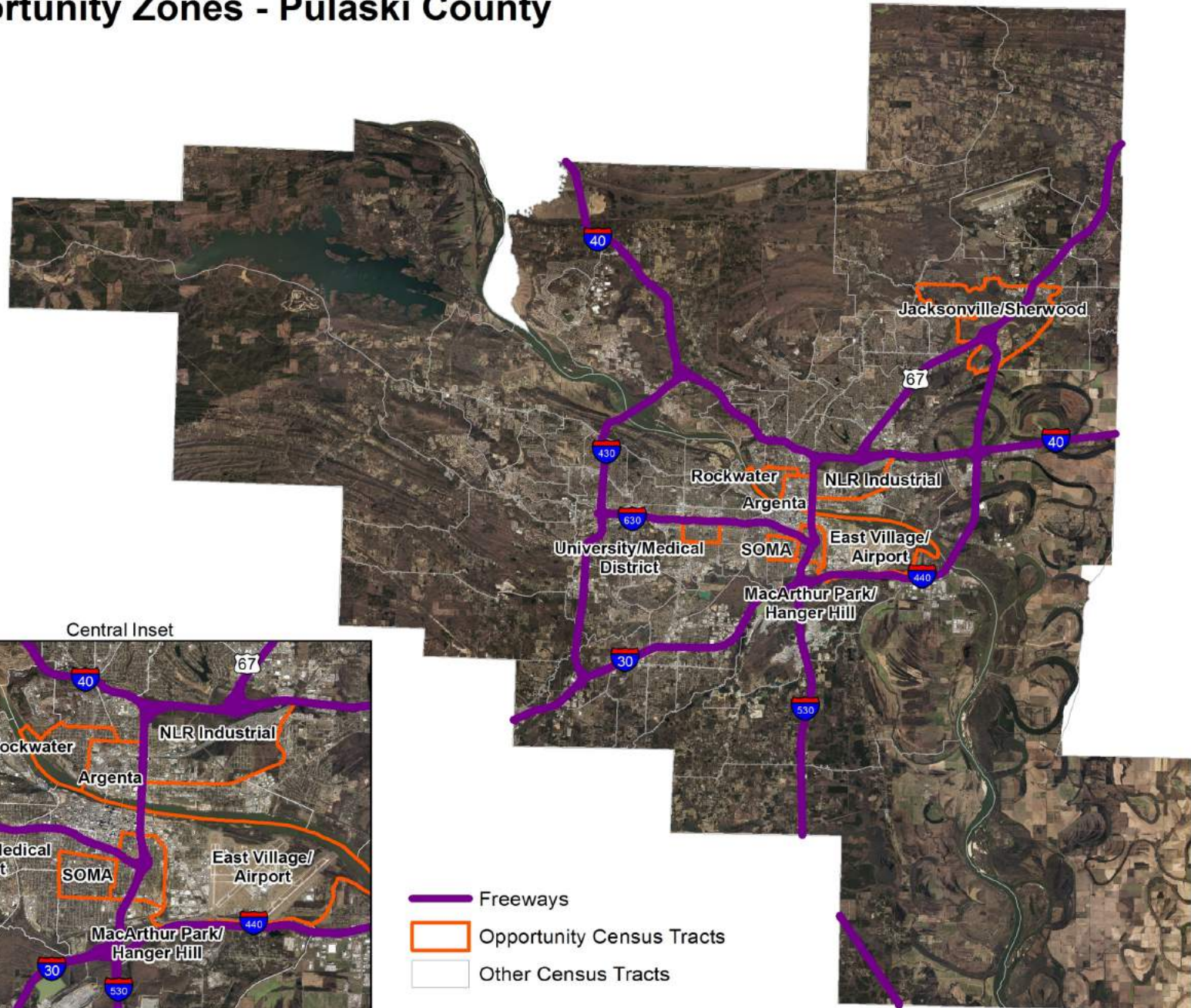
Latest IRS Opportunity Zone Regulations

- Instead of focusing solely on real estate businesses, qualified opportunity funds may now (and will be actively seeking to) invest in general operating businesses located in opportunity zones.
- Qualified opportunity funds no longer must hold onto property for 10-years to get full tax benefits – it can sell the property and the sale proceeds will still qualify if proceeds are reinvested in other qualified property within a year (i.e., a QOF can “churn” or “flip” properties within the fund).
- A building that has been vacant for five years can now satisfy the original use test, meaning that qualified opportunity funds will be more interested in vacant buildings since they do not have to substantially improve them
- Qualified opportunity funds may now lease property. For example, a QOF can lease a building without purchasing it, and the QOF does not have to “substantially improve” the leased property.

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Opportunity Zones - Pulaski County



East Village/Airport

Total Jobs

- 7,918

Top 3 Sectors

- 32% Transportation & Warehouse
- 20% Professional, Scientific & Technical Services
- 12% Retail Trade

Map Legend

1. Clinton Presidential Library & Museum/Clinton School of Public Service
2. Heifer International Headquarters
3. Dassault Falcon Jet
4. Bill & Hillary Clinton National Airport
5. Available Hangar Space
6. Available Call Center/Commercial Space



East Village/Airport

The Assets

- Vibrant neighborhood that was a former industrial area
- **Home of the Presidential Clinton Library and Clinton School of Public Service**
- Headquarters of Heifer International
- Home to **two breweries**, new restaurants and loft apartments
- eStem Public Charter School recently developed old warehouses into their new elementary and junior high school

The Opportunities

- Redevelop existing industrial space into office, retail, industrial and residential uses.
- Greenfield sites available as well



East Village/Airport

The Assets

- Bill & Hillary Clinton National is Arkansas's largest commercial airport that completed \$10 million in recent terminal renovations with \$450 million in additional upgrades planned during the next 20 years
- **Home to Pulaski County's largest manufacturer, Dassault Falcon Jet**
- Airport tenants include two FBO's, Envoy Airlines and recently announced location of Afterglow Aircraft Solutions

The Opportunities

- **Over 250,000 square feet of available hangar and office space owned by the airport**
- 42,800 square feet of available call center/commercial space owned by the airport



SOMA (South Main)

Total Jobs

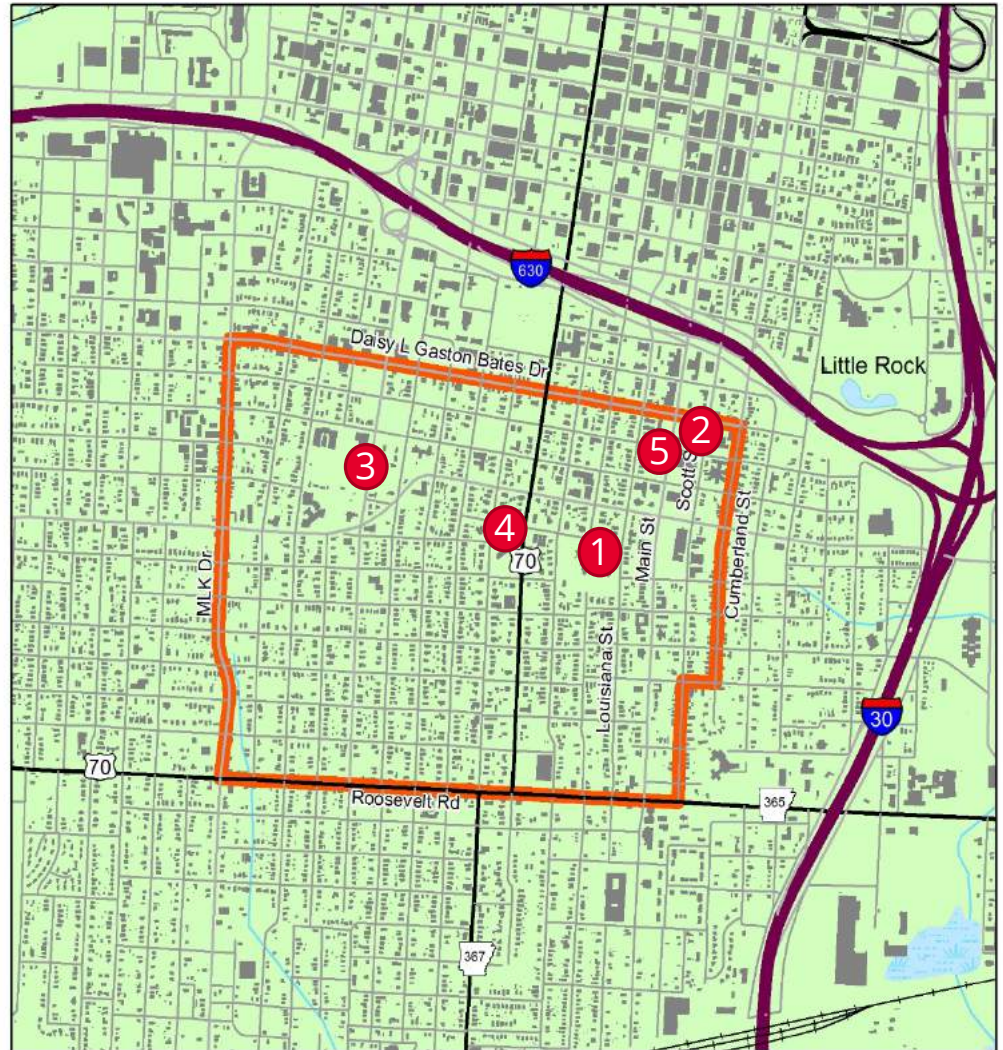
- 1,662

Top 3 Sectors

- 24% Educational Services
- 13% Health Care & Social Assistance
- 11% Other Services

Map Legend

1. Governor's Mansion
2. Bernice Garden
3. Dunbar Park
4. Redeveloped Multifamily Towers
5. New 25,353 SF Retail & Multi-family development



SOMA (South Main)

The Assets

- Vibrant neighborhood in historic district
- **Purse Museum is located in SOMA**
- Home of Governor's Mansion historic housing district
- **Home to restaurants, shops, distillery and new multi-family development**

The Opportunities

- Redevelopment of existing space into office, retail and housing and new development of single-family and multi-family units
- Greenfield sites available as well



SOMA (South Main)

New 25,353-square-foot retail and residential development will be located at 1424 South Main



SOMA (South Main)

First phase of renovations to the Jesse Powell, Cumberland and Fred Parris Towers were completed in February of 2019. The three towers have 616 units and two of the towers are for people ages 50 and over.



MacArthur Park/Hangar Hill

Total Jobs

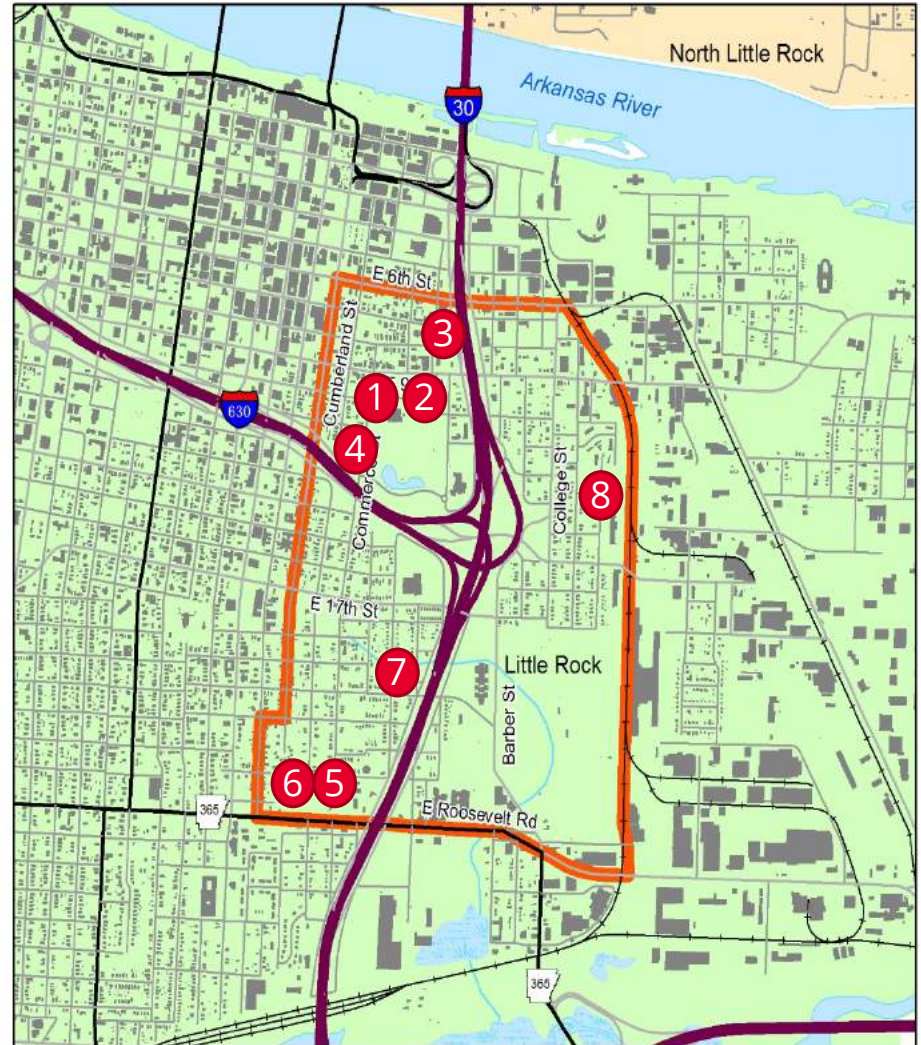
- 1,480

Top 3 Sectors

- 23% Educational Services
- 15% Public Administration
- 11% Administrative & Support

Map Legend

1. Arkansas Arts Center
2. MacArthur Park
3. Holiday Inn Little Rock –
Presidential Hotel
4. Little Rock Firehouse Hostel &
Museum
5. Our House Shelter
6. 300 East Roosevelt Vacant Building
7. 704 East 21st Vacant Building
8. Hangar Hill Park



MacArthur Park/Hangar Hill

The Assets

- **\$128 million expansion at Arkansas Arts Center with completion in 2022**
- Little Rock's oldest city park, MacArthur Park is adjacent to the Arkansas Arts Center
- Home to new and historic townhomes/lofts and reconverted office space as well as a **brewery**



The Opportunities

- Two large vacant buildings at 300 East Roosevelt and 704 East 21st
- Redevelopment of existing space into office, retail and housing and new development of single-family and multi-family units



MacArthur Park/Hangar Hill



704 East 21st Vacant Building



300 East Roosevelt Vacant Building

University/Medical District

Total Jobs

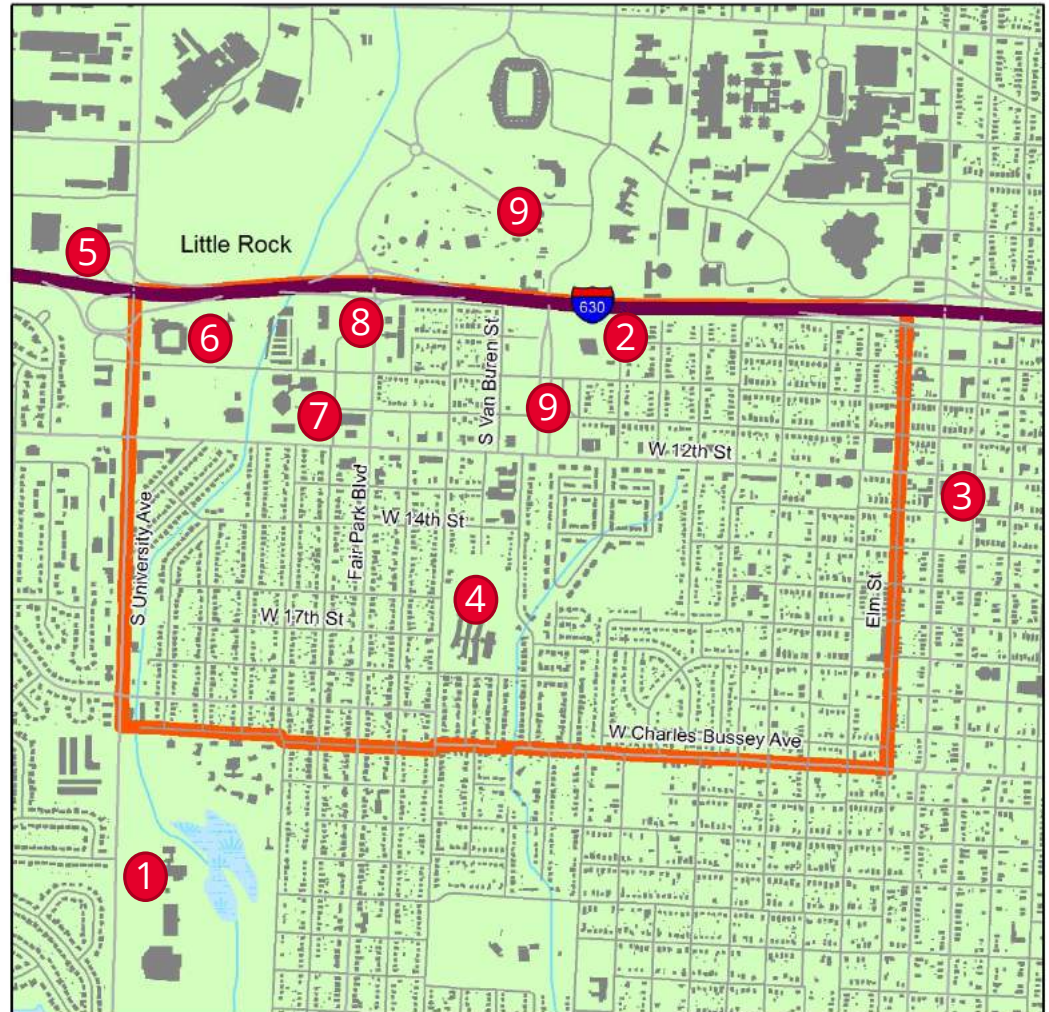
- 2,064

Top 3 Sectors

- 51% Health Care & Social Assistance
- 11% Accommodation & Food Services
- 10% Retail Trade

Map Legend

1. UA – Little Rock
2. Hillary Rodham Clinton Library
3. New police substation
4. Franklin Elementary Development
5. New retail redevelopment
6. Freeway Medical Tower
7. St. Mark's Baptist church
8. OrthoArkansas (New Development)
9. War Memorial Park



University/Medical District

The Assets

- Neighborhood just north of University of Arkansas – Little Rock, a four-year public research institution with a student enrollment of over 11,500
- **Located on the Medical Corridor with several medical clinics and offices including the most recent development, OrthoArkansas**



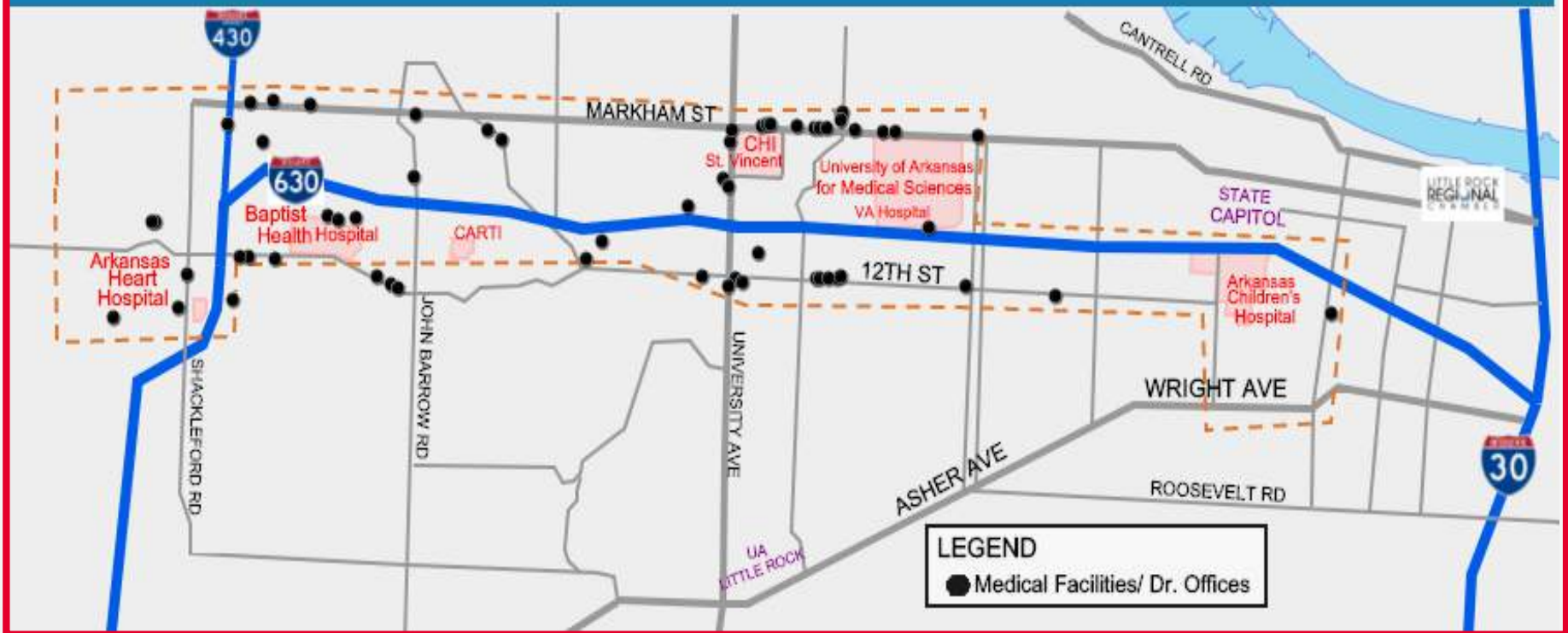
The Opportunities

- Student housing
- Healthcare clinics and offices
- Vacant grocery store
- **Adjacent to new, mixed-use development at former Sears shopping center**



University/Medical District

LITTLE ROCK MEDICAL CORRIDOR



Rockwater

Total Jobs

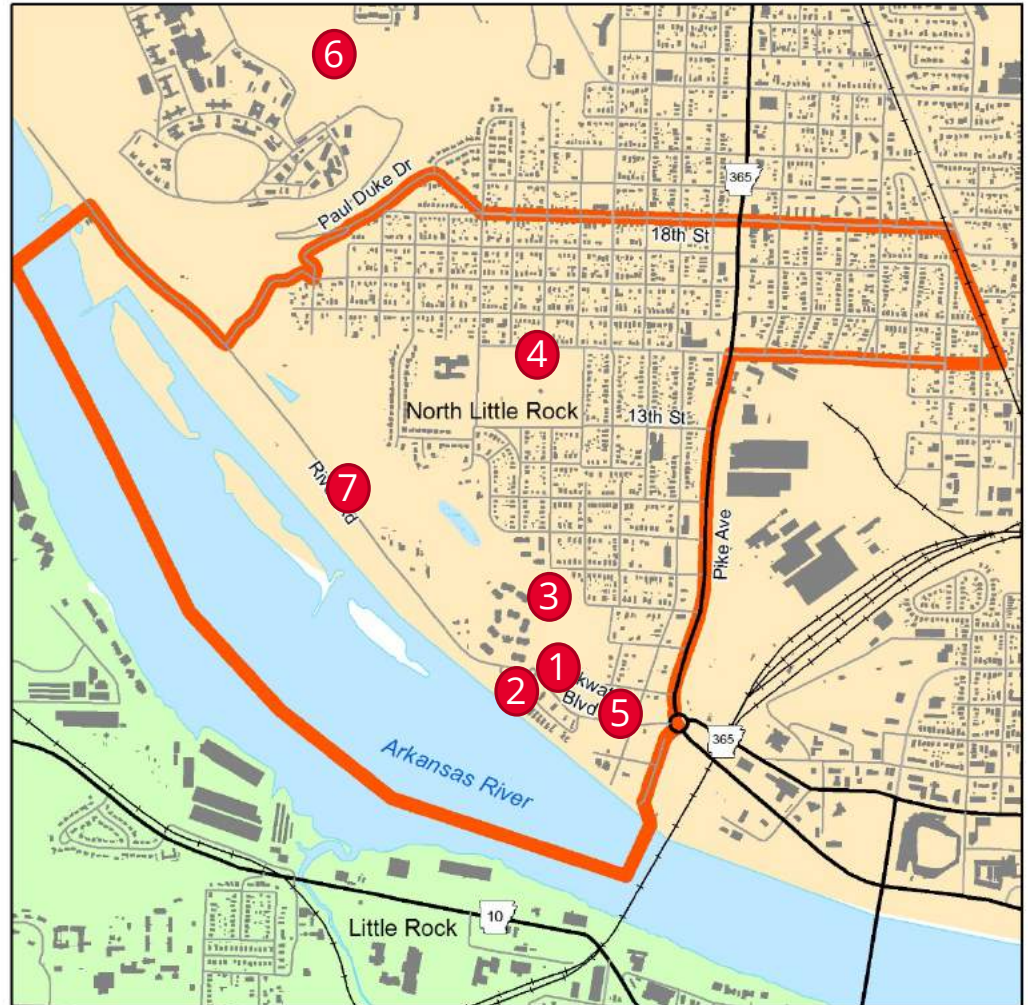
- 310

Top 3 Sectors

- 26% Educational Services
- 11% Healthcare & Social Assistance
- 16% Other Services

Map Legend

1. Rockwater Village
2. Rockwater Marina
3. Riverside at Rockwater
4. Vestal Park
5. Greenfield site for development
6. Fort Roots Veterans Hospital
7. Arkansas River Trail



Rockwater

The Assets

- **Central Arkansas's newest housing development, Rockwater Village, offers classic architectural style of historic Arkansas on the Arkansas River**
- Over \$71 million in new investment to date with \$75 million more investment identified at Rockwater
- Rockwater Marina is a 64-slip marina on the Arkansas River with more slips permitted to construct
- Located on the Arkansas River Trail, an 88-mile bike trail

The Opportunities

- Greenfield sites for office and retail development
- Single-family and multi-family development



Rockwater



Argenta

Total Jobs

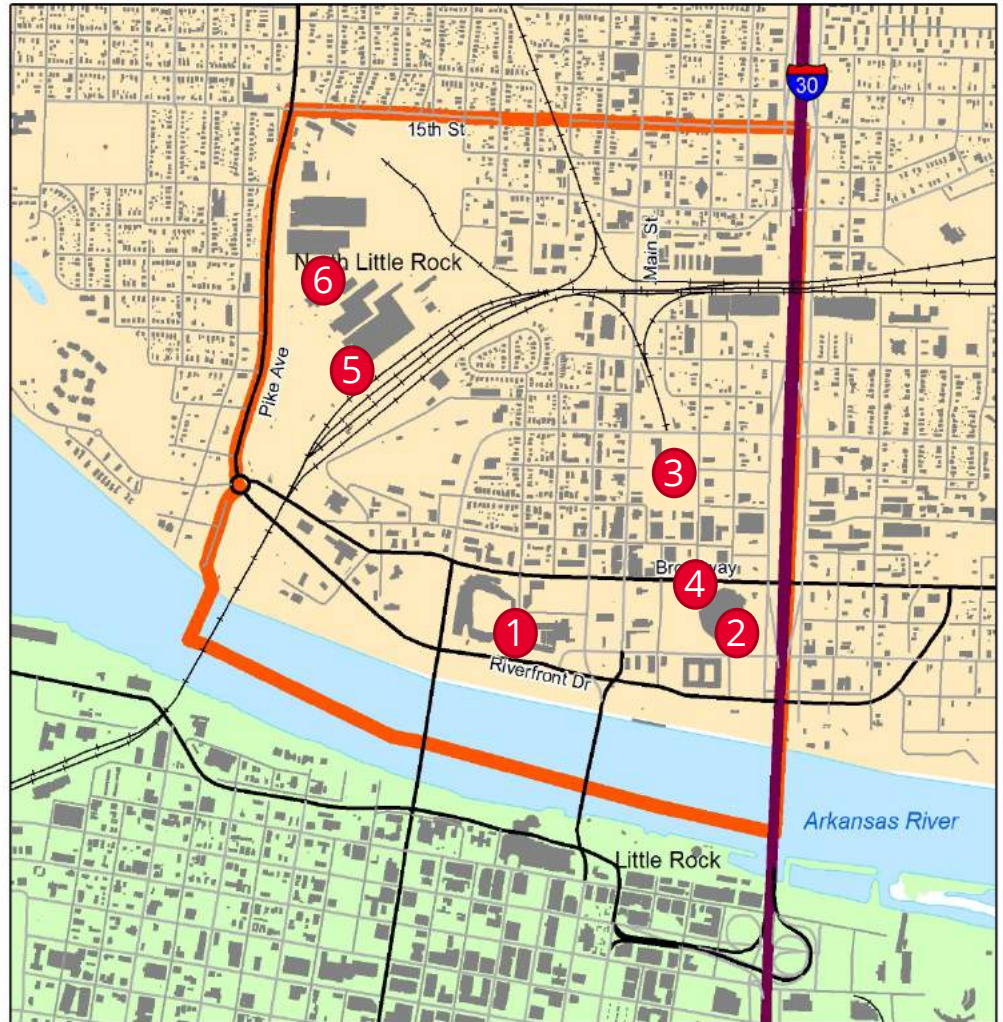
- 4,482

Top 3 Sectors

- 27% Public Administration
- 11% Accommodation & Food Services
- 10% Transportation & Warehousing

Map Legend

1. Dickey-Stephens Park
2. Simmons Bank Arena
3. New Development Argenta Plaza
4. Arkansas Regional Innovation Hub
5. Union Pacific's Jenks Yard
6. 160,000 SF food-grade industrial facility for sale



Argenta

The Assets

- **Argenta is a blossoming, bustling historic downtown district**
- Home to new restaurants, shops, bars, breweries and art studios
- **Dickey-Stephens Baseball Park** and Verizon Arena are located in Argenta
- Future headquarters of First Orion with a new 60,000 office building and anchor tenant of future Argenta Plaza

The Opportunities

- Redevelopment of existing space into office, retail and housing and new development office, single-family and multi-family units



Argenta

The Assets

- **Union Pacific's Jenks Yard is one of the largest locomotive overhaul and maintenance facilities in the nation**
- **Home of the Arkansas Regional Innovation Hub, a maker-space that provides tools and training to entrepreneurs, students and other makers in the economic ecosystem**



The Opportunities

- 160,000 SF food-grade industrial facility for sale
- Redevelopment of existing space into office, retail and residences and development of single-family and multi-family units



NLR Industrial

Total Jobs

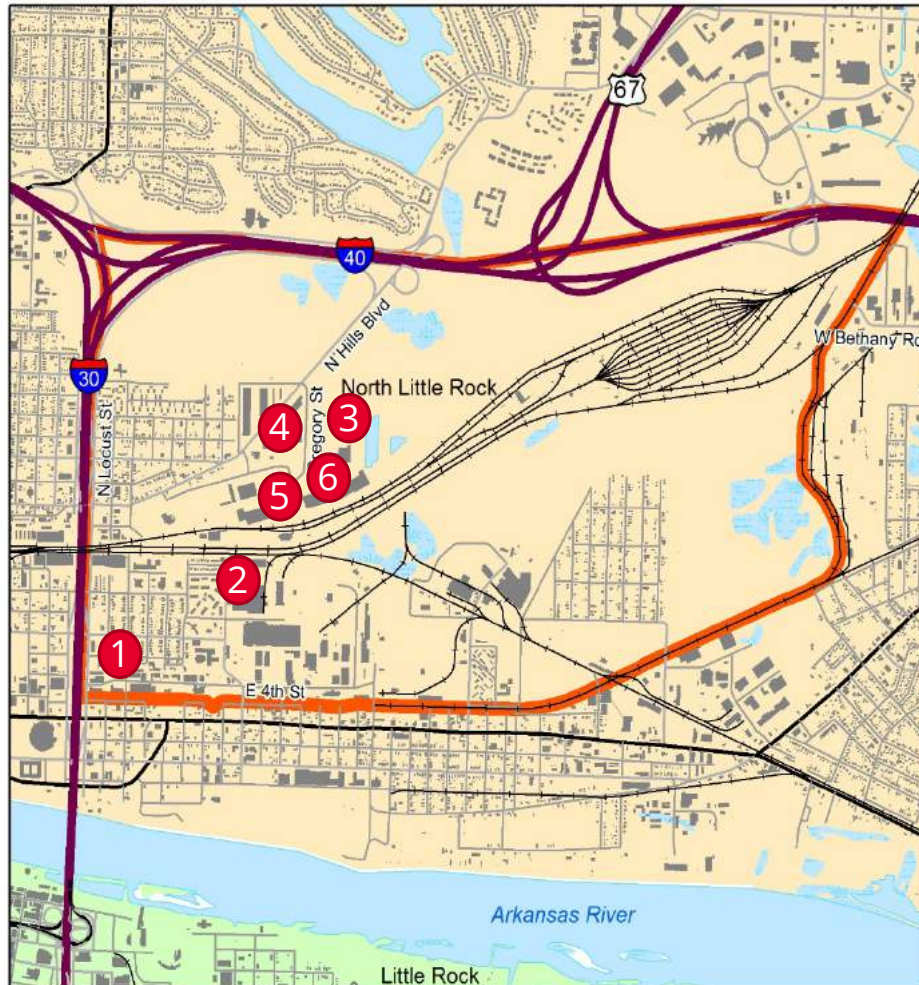
- 1,518

Top 3 Sectors

- 21% Manufacturing
- 16% Construction
- 13% Wholesale Trade

Map Legend

1. Shorter College
2. Safe Foods Facility
3. Zero Mountain Facility
4. Cold Storage Facility for Sale
5. 225,000 SF Industrial Building for Lease or Sale
6. 280,656 SF Industrial Building for Lease



NLR Industrial

The Assets

- Industrial park setting with manufacturing and distribution operations
- New headquarters and manufacturing operation of Safe Foods, a leader in food safety management and a spinoff of UAMS' BioVentures program
- **Home to Shorter College, a private, faith-based, two-year liberal arts college**



The Opportunities

- Available industrial buildings and greenfield sites with rail access
- Single-family and multi-family development and redevelopment

NLR Industrial



**225,000 SF Industrial Building
for Lease or Sale**



280,656 SF Industrial Building for Lease

Jacksonville/Sherwood

Total Jobs

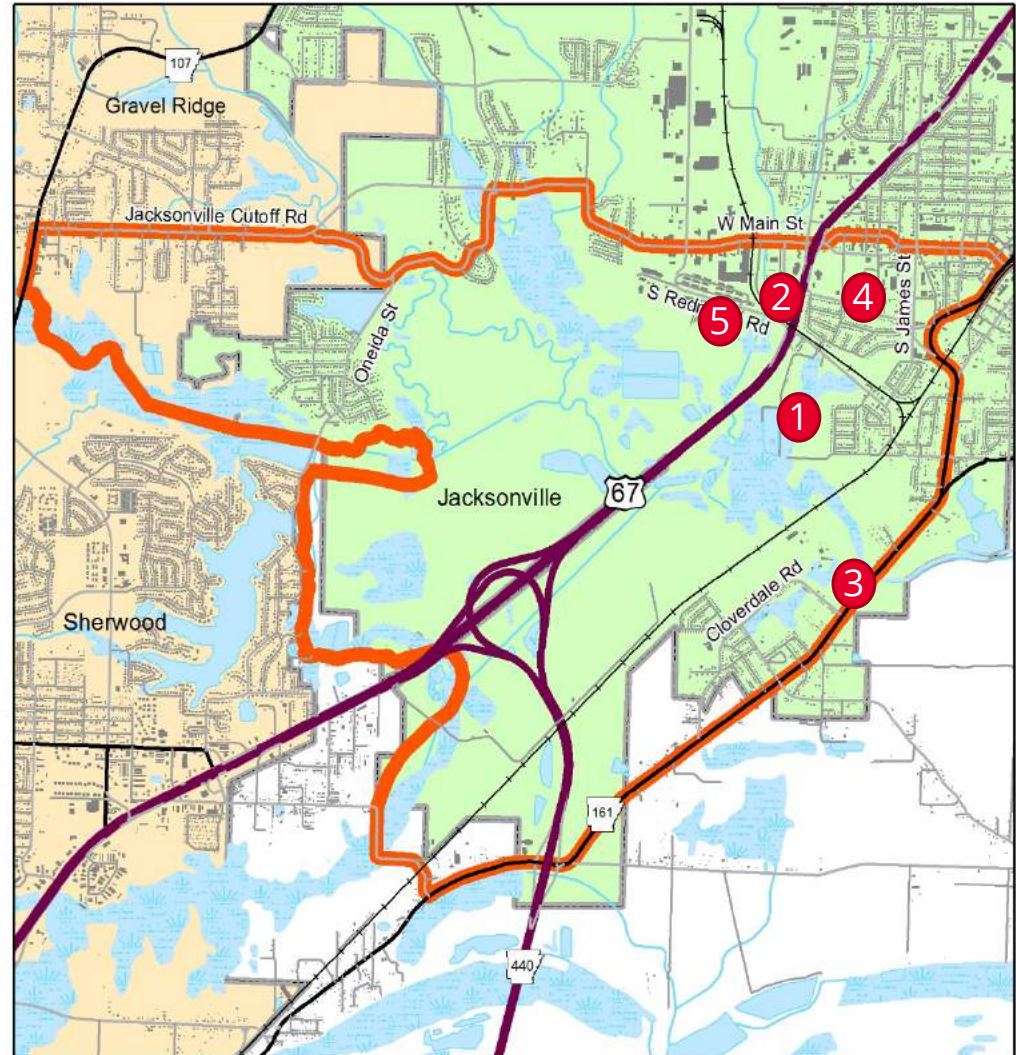
- 2,133

Top 3 Sectors

- 15% Retail Trade
- 11% Wholesale Trade
- 10% Healthcare & Social Assistance

Map Legend

1. Dupree Park
2. Jacksonville Community Center
3. Reeds Bridge Battlefield site
4. Jacksonville Military Museum
5. Lomanco Inc Manufacturing



Jacksonville/Sherwood

The Assets

- Just south of the Little Rock Air Force Base
- Home to a large amount of industrial users, retail development and single-family and multi-family developments



The Opportunities

- Housing Development for military
- Private contractors to the Air Force Base
- Greenfield and brownfield development
- Highway 67 is future Interstate 57



Little Rock Air Force Base

- Established in 1955, LRAFB is the world's premier C-130 training facility, training all Department of Defense and 31 allied nation's air crews
- LRAFB has more than 7,500 active-duty military and civilian members, including 1,488 civilians in both DoD and contractors
- Nearly 5,000 family members live and work on and around the base with an estimated 53,000 retirees in the local area
- The base's total impact on the regional economy in fiscal year 2016 totaled \$469 million. Additionally the base is the 7th largest employer in the state of Arkansas in FY16 with 7,809 jobs on base and 2,847 indirect jobs
- LRAFB estimates that 15-20% of LRAFB airmen remain in the local area after separation or retirement

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- **Other Programs in Pulaski County**

Programs in Pulaski County

Pulaski County Brownfields Program

- Federally funded community development incentive program
- Has leveraged \$76 million in community development for Little Rock and North Little Rock
- Free consultations for reuse strategies, eligibility
- Determination and cleanup planning
- Free Phase I and II Environmental Site Assessments
- Low to 0% interest loans for remediation

Low Income Housing Credits

- Tax credits for the acquisition, rehabilitation or new construction of rental housing targeted to lower-income households
- Tax Credits may be provided to owners of residential rental developments providing low-income housing units. The credits are taken annually for a term of ten years beginning with the tax year in which the development is placed in service or the following year
- Arkansas receives an allocation of approximately \$6.5 million in Low-Income Housing Tax Credit per year. This does not include tax credit developments utilizing tax-exempt bond financing

Programs in Pulaski County

State Historic Tax Credits

- Eligible properties are individually listed on National Register of Historic Places or as listed as “contributing” within a National Register historic district are eligible. Properties that will become eligible for listing following rehabilitation will also be considered
- 25% of the pre-approved rehabilitation expenses on a historic building maybe claimed as a state tax credit. Owners of income-producing properties may claim up to \$400,000 per property. Property owners may claim up to \$25,000 per project for work on their private residences

Federal Historic Tax Credits

- The Historic Tax Credit (HTC) program encourages private sector investment in the rehabilitation and re-use of historic buildings. The federal tax credit allows program participants to claim 20 percent of eligible improvement expenses against their federal tax liability
- Typically, if developers of HTC projects are not able to use the tax credits, they will offer the credits to third parties, including national banks and federal savings associations, to raise part of the equity funding for a project and thereby reduce the amount of debt financing needed for property rehabilitation

Programs in Pulaski County

Federal New Market Tax Credits

- The New Markets Tax Credit (NMTC) Program is an economic development tax incentive administered by the United States Department of the Treasury's Community Development Financial Institutions (CDFI) Fund
- The purchase of NMTCs by investor banks provides equity capital to further commercial economic development activities in underserved geographies. NMTCs are allocated by the CDFI Fund to community development entities (CDEs) under a competitive application process
- The CDE Arkansas Capital Corporation recently received an allocation of \$35 million
- Bank investors receive a credit against federal income taxes for making qualified equity investments in CDEs
- NMTCs, when combined with interest income on loans to small businesses located in underserved geographies can provide banks with competitive returns
- The credit totals 39 percent of the cost of the investment and is claimed over a seven-year period. Bank investments in NMTCs are a CRA eligible activity

Note: there are other federal programs that could be combined with opportunity zones

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