

September 28, 2012

Dr. Mary Good, Chair
Little Rock Technology Park Authority
c/o Little Rock Regional Chamber of Commerce
One Chamber Plaza
Little Rock, Arkansas 72204

Dear Dr. Good:

I am pleased to submit herein my preliminary observations regarding the 23 alternative sites proposed for the Little Rock Technology Park. These observations are based upon my general knowledge of the region although I have yet to visually inspect each site. However, I plan to visit them during my next trip.

First, I must say that I am very impressed with the substantial response to the request for alternative sites for the technology park and the process that is being undertaken to review these submissions carefully and to engage in a process to select the best alternative. Although there are a number of possible alternatives, I must say that I am not convinced that any of the sites are ideally suited for the establishment of the technology park. It is most important that if the Authority and research institutions in Little Rock wish to establish a technology park, that they seek a site that clearly meets the success factors of similar parks around the country. To choose a less than optimal site could lead to the slow development, if not failure, of the park, and result in the waste of scarce financial and human capital and be an embarrassment to the sponsors.

Before evaluating the various sites, I think it is appropriate to restate what are considered to be the success criteria of a technology park. The success of technology parks cannot be solely measured based on traditional real estate criteria. Of course, basic real estate objectives must be realized such as positive cash flow, high levels of occupancy, quality development, attraction of appropriate tenants, etc. However, technology parks have a higher standard and a second "bottom line." They are measured based on such factors as the successful commercialization of and licensing revenues from university intellectual property, establishment of new technology companies and their resultant jobs, attraction of research grants and investments and the recruitment of knowledge workers to the university and at the technology organizations in the park.

To meet this higher standard of success, technology parks have to be closely aligned with their sponsoring research sponsors. Proximity is probably the highest success factor because the likelihood and willingness of researchers to engage in technology developments in the park can be facilitated or constrained by park location. Ideally, a successful technology park should be located on the university campus or adjacent to it. Requiring faculty and students to drive to a distant park is a very real deterrent to meaningful collaboration. This is particularly true if proposed site does not have a major attraction and anchor in itself. For example, the University of Arizona Technology Park which is located nearly 10 miles away from the main campus of the University in Tucson acquired from IBM a 1-million+ square feet complex. Although the IBM occupancy was reduced by over 50%, its continuing presence on

the site provides the critical mass for this remote site to be redeveloped and to which technology organizations can be attracted. Another example is ICAR (International Center for Automotive Research) developed by Clemson University, again located nearly 10 miles from the main campus. The university established a graduate program of automotive engineering which is permanently located in the middle of their technology park and to which a number of automotive research organizations such as BMW, Timken Ball Bearings, Michelin and others have been attracted. It is my understanding that at this juncture, none of the Little Rock sponsoring universities or major technology organizations have come forward with an anchor for the park and therefore, the close proximity to the institutions rises to the top as the major site selection criteria.

Close proximity leads to the value-added benefits to the real estate development which is essential for technology parks' success. The value-added benefits include access to university-based facilities such as libraries, gymnasiums, faculty clubs, data centers, vivarium and research facilities and equipment. They include access to various services such as technology commercialization expertise, small business development, advice and mentoring, university services for purchasing, human resources, safety and human subject protection, etc. And the most valuable resource of all is access to knowledge workers on the university campuses such as the entrepreneurial faculty and students which are primarily focused on university life but which, if convenient, will become involved with activities of organizations in the park.

Other critical criteria for research parks' success include the ability to create an attractive campus. Therefore, natural features such as mature trees, lakes and streams, interesting topography, etc. are important. Moreover, easy accessibility and visibility to major roads and intersections are necessary factors. And, of course, due to high utilization and reliability, access to infrastructure is critical particularly at a reasonable cost. Access to fiber, high quality electrical service, gas and modern road system are important factors.

Finally, it is becoming more and more apparent that technology parks are becoming technology villages or communities. There is a need to create an exciting, interactive environment, not just a cluster of research-oriented buildings. Technology parks are becoming mixed-use developments which include a variety of amenities and retail services as well as lodging, common spaces and exciting interactive activities such as seminars, events, farm markets, entertainment, etc. Many sites cannot generate this kind of community unless located next to the university sponsors which have many of the elements in place that are attractive to knowledge workers and create the dynamic environment so sought after by technology organizations and their employees.

With these factors and criteria in mind, I make the following observations (attached) regarding each of the proposed sites. There are at least four which appear to have superior characteristics to the others although marginal when measured against our criteria. These are listed below:


- Site No. 8 – The southeast corner of Asher Avenue and University Avenue. Its location immediately adjacent to the University of Arkansas Little Rock is particularly attractive. The support of the University District Development Corporation will help the Authority to realize its goals. The site has excellent visibility and immediate access to various nearby amenities such as restaurants, hotels, retail services and housing. Accessibility to infrastructure is excellent.

I have a concern, however, about the unusual u-shape of the site and the difficulty of connecting the site due to wetland issues to the south. There is also the problem about the number of retail establishments that will have to be acquired and potentially demolished, some of which

have leases that could extend to years into the future due to options in existing leases. Finally, close proximity to one of the major university sponsors may preclude the other sponsors including University of Arkansas Medical Center and Arkansas Children's Hospital from feeling part of the enterprise and, thus, not support the park as fully as if it were on a more neutral site.

- Site No. 2 - 701 Collins Street. This site is subject to a lot of thoughtful planning with recommendations as to how to improve its neighborhood. Moreover, it is controlled by one owner and is basically vacant for ease of development. It is also close to a number of major public anchors such as the Clinton Presidential Library and Museum, Heifer International World Headquarters and River Market District as well as the international airport. Although to some it might be a negative, the presence of a historic building (the Woodruff House) could be a major benefit since its renovation could lead to an attractive headquarters and marketing suite for the park administration and, more importantly, provide historic tax credits to a private developer. Importantly, however, the site is located quite far from institutional sponsors and it is also located in a light industrial area in which many of the buildings are obsolete.
- Site No. 6 – River Front Plaza, One Allied Drive, Building #5. This site contains primarily one 12-story, 224,000 square foot office building with paved parking. It offers spectacular views of the Arkansas River and is surrounded by some of the city's most established neighborhoods. It has access to a unique river trail system and numerous amenities including restaurants and country club. Being an existing building, the infrastructure is in place including appropriate utilities and safety systems. However, the site is located a long distance from the sponsoring institutions. As a large single structure, it will be difficult to create an attractive mixed-use campus. Due to its size, a fair amount of initial vacancy would be expected and creating a critical mass of activity could be difficult. The building would probably require some ongoing financial subsidy to cover operating costs from vacant spaces during its lease up. The purchase price of the building is not quoted so its cost to be compared to other sites is undeterminable.
- Site No. 13 – 1911 to 2225 John Barrow Road. This site is vacant and therefore would be easy to develop into a technology park. It is of adequate size and has access to infrastructure and utilities. It also has a number of natural features such as large trees and a water feature. Unfortunately, the site is located a fair distance from the sponsor institutions and is divided into three parcels. It is also one of the most expensive properties to acquire;

In conclusion, the above sites stand out above the 23 proposals received for the reasons identified. However, in every case, there are a number of unfavorable characteristics which, in my opinion, do not lead to one superior site which meets all the important success criteria for a technology park. Accordingly, I suggest that the Authority should move with caution in selecting any one of them and to make sure there is not another alternative site that could be made available that would be more favorable to the success of the technology park.

Cordially,

Charles D. Dilks

CDD:vyd

Little Rock Technology Park
Site Submissions – Stage I Evaluation
September 28, 2012

Site No.: 1

Location description: 901 Bond Street, near Clinton National Airport

Positive Features: Size: 27 acres appropriate; few improvements on site to remove; utilities available.

Negative features: Irregular site; industrial environment.

Obstacles to overcome: Proximity to institutions can't be overcome.

Recommendation: Eliminate

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Site No.:	2
Location description:	701 Collins Street, between 6 th and 8 th Streets East of I 30
Positive Features:	Proximity to major anchors such as Clinton Presidential Library and Museum, Heifer Village, River Market District and the international airport. Site owned by one institution, World Services for the Blind; surrounding neighborhood subject to thoughtful downtown development plan; presence of historic building for initial park administrative use which could provide tax benefits to potential developer; utilities and infrastructure available; hotels, restaurants and other amenities are nearby; walking, jogging and bicycle trails.
Negative features:	Site is small at 10 acres although could be expanded; residential acquisitions and demolition required; sponsoring institutions are distant; location is in an industrial area with some obsolete buildings.
Obstacles to overcome:	Parcel size; proximity to institutions can't be overcome.
Recommendation:	Keep for further study.

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Site No.: 3

Location description: SE Quadrant, Roosevelt Road Exit, I 30

Positive Features:

Negative features:

Obstacles to overcome: They are not willing to sell and there is no acquisition cost.

Recommendation: Site is not available for consideration.

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Site No.: 4

Location description: Roosevelt Road to Wright Avenue

Positive Features: Size is appropriate; proposal supported by a group of concerned citizens; natural spring water system could be used as an amenity; infrastructure including utilities are in place.

Negative features: 133 residential and 5 businesses will need to be relocated and/or acquired; no evidence of site control.

Obstacles to overcome: Assembly of usable site from all the numerous parcels.

Recommendation: Eliminate

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Site No.: 5

Location description: Riverfront Plaza
1 Allied Drive
Buildings No 1-3

Positive Features: Existing properties with parking and utilities available;
excellent view of the Arkansas River; nearby amenities.

Negative features: Too distant from sponsoring institutions; size is limited and
can't be expanded; irregular site.

Obstacles to overcome: Proximity to institutions can't be overcome.

Recommendation: Eliminate.

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Site No.: 6

Location description: Building No. 5
1 Allied Drive
Riverdale

Positive Features: Attractive setting; excellent views of the Arkansas River;
existing facility with parking and utilities in place; neighborhood
amenities.

Negative features: One large existing building could be hard to lease up; modest
absorption could require financial subsidies during lease-up period;
difficult to create an interactive tenant mix; a distance to UALR;
expansion would be difficult.

Obstacles to overcome: Lease-up risk; proximity; creating tenant interactions.

Recommendation: Keep for further study.

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Site Submissions – Stage I Evaluation
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Site No.: 7

Location description: 5507 Asher Avenue

Positive Features: None apparent

Negative features: Too small to develop critical mass; too far from UALR

Obstacles to overcome: Size

Recommendation: Eliminate

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Site No.:	8
Location description:	Southeast Corner of Asher Avenue and University Avenue
Positive Features:	Excellent location next to AULR; size will allow critical mass of development; good access and visibility to major street; nearby amenities.
Negative features:	Challenging u-shape would be difficult to create a sense of campus; wetland may prevent connecting site to the South; distance to UAMS and ACH; some leases in retail village could extend long into the future.
Obstacles to overcome:	Options to extend leases; resolve wetland issues that could prevent connecting the site.
Recommendation:	Keep for further study.

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Site No.: 9

Location description: 4400 Block of Kramer Street
West of University Avenue

Positive Features: Proximity to UALR; no improvements to demolish;
small pond could be used as a water feature; access to
public transportation.

Negative features: Irregular site; site too small to create critical mass;
no utilities; distance to ACH and UAMS.

Obstacles to overcome: Proximity to institutions can't be overcome.

Recommendation: Eliminate.

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Site No.:	10
Location description:	Northwest Corner of 12 th Street at University Avenue
Positive Features:	Excellent location at prime intersection; access to amenities; centrally located between major institutions.
Negative features:	Size too small to create critical mass and land locked; 3 existing buildings would have to be demolished.
Obstacles to overcome:	Small size can't be overcome.
Recommendation:	Eliminate

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Site No.:	11
Location description:	Leander Street South of Kanis Road
Positive Features:	Appropriate size for creating critical mass; only 2 structures to be demolished; amenity creating required.
Negative features:	Three separate parcels in irregular shape; limited exposure to major highway; distance to sponsoring institutions.
Obstacles to overcome:	Visibility and parcel assembly
Recommendation:	Eliminate

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Site No.: 12

Location description: Riley Drive East of John Barrow Road

Positive Features:

Negative features:

Obstacles to overcome:

Recommendation: Withdrawn from consideration

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Site No.: 13

Location description: 1911-2225 John Barrow Road
South of Kanis Road

Positive Features: Size appropriate for critical mass build out; reasonable
visibility from major highway.

Negative features: Requires assembly of 3 parcels; not easily visible or accessible
from institutions.

Obstacles to overcome: Site assembly and price; proximity to institutions can't be overcome.

Recommendation: Keep for further study.

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Site No.:	14
Location description:	Northwest Quadrant I-430/I-30 Interchange
Positive Features:	Size large enough to create critical mass; adjacent to major retail outlets.
Negative features:	Distance from sponsoring institutions; irregular shape; site is in flood plain; no public transportation.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	15
Location description:	Northwest Quadrant Stagecoach Road
Positive Features:	Appropriate size; price less expensive than other comparable sites; property is vacant and undeveloped thus allowing for ease in development.
Negative features:	Distance to sponsoring institutions; irregular parcel shape; Ridge Road is substandard.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	16
Location description:	East Side of Shackleford, South Of Colonel Glenn Road
Positive Features:	Appropriate size; interesting natural features.
Negative features:	Distance to sponsoring institutions.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	17
Location description:	Northwest Quadrant Colonel Glenn Road Exit of I-430
Positive Features:	Appropriate size; excellent street approach.
Negative features:	Distance to institutions; irregular shape.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	18
Location description:	Northwest Quadrant Colonel Glenn Road Exit of I-430
Positive Features:	Appropriate size; undeveloped therefore easy to develop; nearby creek would be a natural feature.
Negative features:	Distance to institutions; lack of utilities on site.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	19
Location description:	Southwest and Southeast corners Of 36 th Street at Shackleford Road
Positive Features:	Appropriate size; interesting natural features including stream and woods; undeveloped so no impediments to development.
Negative features:	Distance to institutions; two unconnected sites.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	20
Location description:	Northwest Quadrant Cantrell Road Exit of I-430
Positive Features:	Intersection of two major highways
Negative features:	Existing residential properties, distance to institutions; price.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	21
Location description:	Chenal Parkway at Chenal Valley Drive
Positive Features:	Appropriate size; good natural features; undeveloped.
Negative features:	Distance to institutions; irregular shape; cost.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	22
Location description:	North Side of Highway 10 West of Chenal Parkway
Positive Features:	Appropriate size; natural features.
Negative features:	Distance to institutions; utilities will have to be extended.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate

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Site No.:	23
Location description:	25706 Highway 10 at Roland
Positive Features:	Appropriate size.
Negative features:	Distance to institutions; outside City of Little Rock; irregular shape.
Obstacles to overcome:	Proximity to institutions can't be overcome.
Recommendation:	Eliminate