

# **LITTLE ROCK** TECHNOLOGY PARK

## **Phase 1A Information Packet Presented July 22, 2015**

**prepared for**



**City Board of Directors**

## SUMMARY

The subject of this request, financing for Phase IA, involves a large amount of the site acquisition and the renovation of approximately 39,000 s.f. of gross building area.

The former Exchange Bank Building, located at the northeast corner of Capitol Avenue at Maine Street, is leased to the State of Arkansas for a 15-year term expiring September 20, 2027. There are 78 parking spaces included in the State lease. In addition, the State leases 85 parking spaces on a year-year basis.

**Location:** The location is the north side of Capitol Avenue on both sides of Main Street with one additional parcel on the north side of 4th Street. On the east side of Main Street, the site is bordered by Scott Street between Capitol Avenue and 4th Street.

**Land Area:** Approximately 3.25 acres in total  
Phase 1A contains approximately 94,500 s.f. or 2.17 acres

**Building Size:** Phase 1A: approximately 84,000 s.f.  
Complete development: over 600,000 s.f.

**Owner:** Little Rock Technology Park Authority, a non-profit corporation organized under Act 1045 of the Arkansas General Assembly

**Proposed Loan Amount:** \$17,500,000

**Preliminary Loan Closing Date:** January 6, 2016

**Loan Type:** Interest only, fixed rate, with right to prepay on principal. It is the intent of the LRTPA to prepay principal as it receives City Board appropriations from the capital fund sales tax.

**Term:** Six years with year 1 construction funding in progress payments

**Collateral:** Phase IA real estate assets, listed in "Summary of Assets" section (Page 4)

**Projected Net Funding Available For Debt Service:** \$742,000 (Page 6) plus City Board appropriations from the capital fund sales tax.

**LOCATION MAP**

**PHASES 1-5**



**PHASE 1A**



Light Green – Stephens properties, Dark Green – Richard Mays, Sr. et al properties

## Summary of Assets

The collateral for the requested financing will include the real property described below.

### **West Side of Main Street, Capitol Avenue to 4<sup>th</sup> Street**

Legal Description: North ½ of Lot 7 and all of Lots 8, 9, 10, 11, and 12 of Block 75, Original City of Little Rock, Arkansas

Land Area: 275 ft. on Main Street X 140 ft. on Capitol Avenue

### **East Side of Main Street, Capitol Avenue North to KATV Studio Building**

Legal Description: Lots 2, 3, 4, 5 and 6 of Block 5, Original City of Little Rock, Land Area: 250 ft. on Main Street X 140 ft. on Capitol Avenue

### **Northwest Corner of Capitol Avenue and Scott Street**

Legal Description: Lots 7, 8 and 9 of Block 5, Original City of Little Rock Land Area: 140 ft. on Capitol Avenue X 150 ft. on Scott Street

## Phases of the Proposed Development

1. NE Corner Capitol Avenue at Main Street
  - a. Site acquisition
  - b. Demolition (Stephens Building, KATV Parking Deck/East Office)
  - c. Surface parking
  - d. Renovation of 415 and 417 Main Street
  - e. General office & meeting room facilities
2. NE Corner 4<sup>th</sup> Street at Main Street
  - a. 74,000 square feet new construction
  - b. Wet/Dry Lab plus general office, meeting facilities
3. West side Scott Street, Capitol Avenue to 4<sup>th</sup> Street
  - a. 30,000 square feet new construction on ground floor
  - b. 800 car parking structure above
4. SE Corner 4<sup>th</sup> Street at Main Street
  - a. 192,000 square feet new construction (with possible renovation of KATV studio space)
  - b. General office plus auditorium, dry lab, classrooms and meeting facilities
5. West side Main Street, Capitol Avenue to 4<sup>th</sup> Street
  - a. 308,000 square feet new construction
  - b. General office, dry lab, meeting facilities

**Capital Cost Model – Phase IA**

Phase 1A includes two-thirds of the land area planned for the park and the two buildings currently planned for renovation. The renovation will completely update and modernize approximately 39,000 s.f. of gross building area while retaining the architectural character of the original buildings. The summary below details the investment in property acquisition, construction, furniture and equipment and indirect cost.

	<b><u>PHASE IA</u></b>
<b>PHASE LOCATION</b>	NE Corner Capitol Ave. at Main
<b>PHASE DEFINITION</b>	Site acquisition Demolition Renovate 39,000 s.f.
<b>DEVELOPMENT COST</b>	
Site acquisition	\$13,000,000
Demolition and remediation	250,000
Surface parking	-
Utility relocation allowance	125,000
Construction	
General	7,800,000
Specialty	125,000
Indirect	
Architect-engineer	500,000
Specialty consulting	45,000
Civil engineering	9,500
Geo tech	6,500
Reimbursables	25,000
Development management	250,000
Leasing fees	136,000
Marketing	75,000
Financing	
Interim interest	470,000
Legal and origination	140,000
Furniture, fixtures, equipment	500,000
Contingency	<u>543,000</u>
Total	<u>\$24,000,000</u>

**Pro Forma Financial Projection – Phase IA**

**Gross Scheduled Income**

State of Arkansas	
Department of Higher Education (including 75 parking spaces)	\$ 755,000
Eighty-five parking spaces	48,000
Operating expense reimbursables	38,000
Tech Park Tenant Income	478,000
Total	\$ 1,319,000
Less: Vacancy, Discounts and Collection Loss (Tech Park)	(191,000)
<b>Gross Operating Income</b>	<b>\$ 1,128,000</b>
<b>Operating Expenses (facilities only)</b>	
State of Arkansas premises	\$173,500
Tech Park premises	212,500
Total	386,000
<b>Net Operating Income*</b>	<b>\$ 742,000</b>

\* In addition, the Little Rock Technology Park was allocated the sum of \$22 million from the voter-approved, ten year 3/8% capital funding sales tax. Through 2015, approximately \$6.8 million will be funded pending the City's resolution. The balance is subject to (1) sales tax collections and (2) city board appropriation.