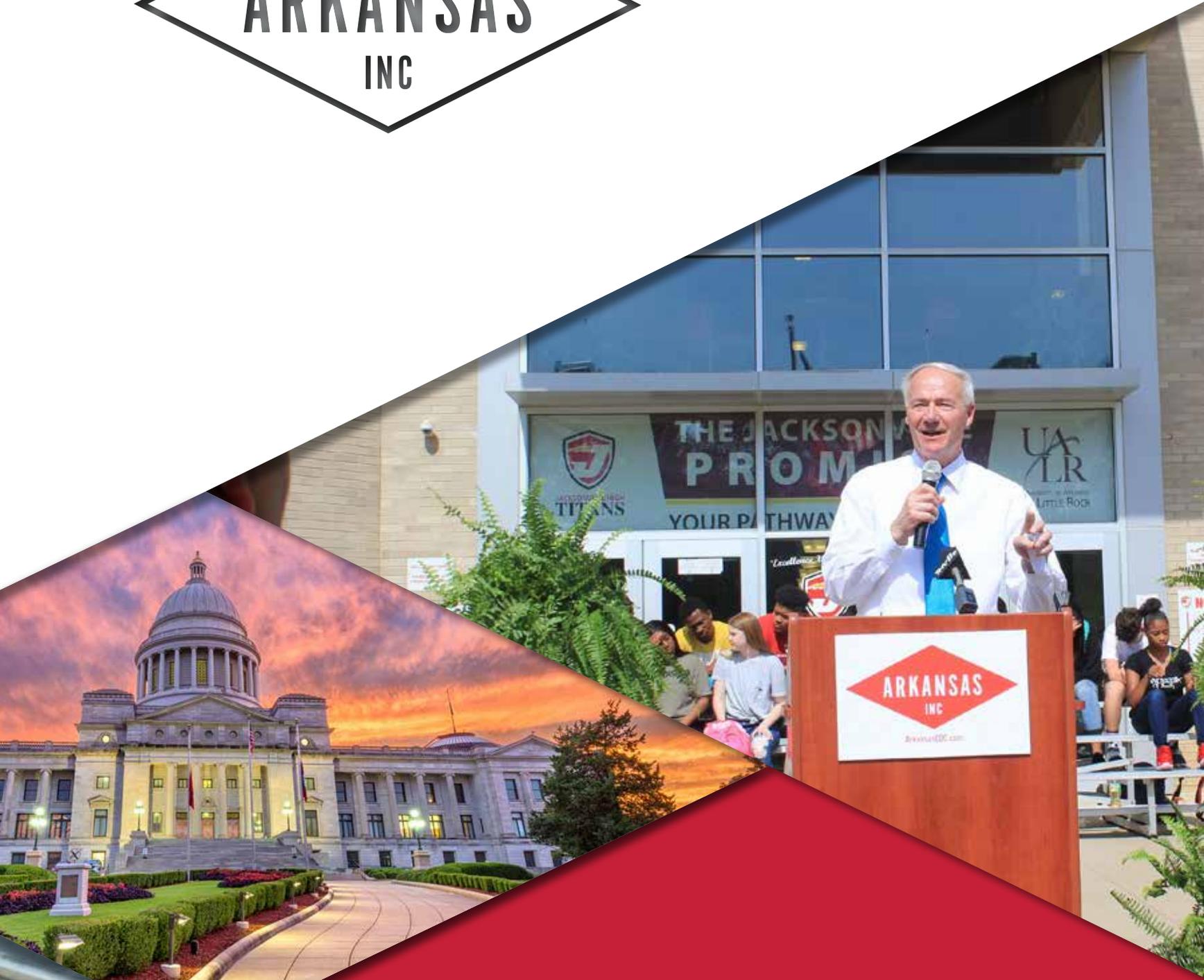


2018 ANNUAL REPORT





ARKANSAS ECONOMIC DEVELOPMENT COMMISSION ANNUAL REPORT 2018

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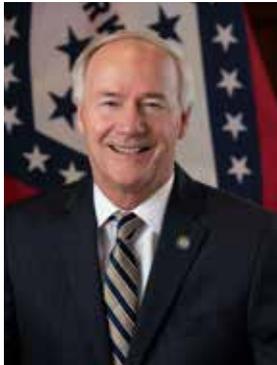
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OFFICE OF THE GOVERNOR



ASA HUTCHINSON
Governor

Dear Citizens of Arkansas,

For the past four years, I have been proud to lead our state in unprecedented growth.

The first law I signed as governor was the Computer Science Initiative. We became the first state in the nation to require all high schools to offer a course in computer coding. Since that time, the number of students enrolled in computer science has increased by 620 percent – from 1,100 to over 8,000. This small step has positioned Arkansas as a national leader in computer-science education, setting the foundation for an increase in economic development in the 21st century.

We have cut taxes by \$180 million, the largest cuts in Arkansas history. About 90 percent of individual taxpayers are benefitting from more money in their pockets. Meanwhile, unemployment has remained at or below the national average every month. We have improved access to technical training and are working with industry to provide training in high-demand sectors.

Out-of-state business executives who are looking for a place to expand recognize that we are building a workforce that is well equipped for high-tech industry. Since becoming governor, we have successfully recruited 418 new and expanding companies, both national and international, to come to Arkansas. That has produced \$8.7 billion in new capital investment in the state and over 17,500 new jobs.

As I have said before, the point of growing our economy is to improve the quality of life for every Arkansan. We do that by providing opportunities to find good-paying and satisfying employment that allows families to pursue a meaningful life. That is my goal every time I telephone a CEO or board a plane to recruit new business.

To that end, I will continue to pursue opportunities in a variety of sectors from skilled advanced manufacturing to cutting-edge scientific research that will create more and better-paying jobs to boost our economy.

Sincerely,

A handwritten signature of Asa Hutchinson in black ink.

Asa Hutchinson



Dear Arkansans,

In 2018, Arkansas was excited to continue the momentum in its economic development efforts. We have brought more jobs and investment to the state, developed a program to strengthen the readiness and competitiveness of our communities for economic development, supported cutting-edge scientific research, and reinforced our state's commitment to our military personnel and their families.

During this past year, the Arkansas Economic Development Commission helped bring 74 new competitive projects to the state, resulting in signed incentive agreements that created 4,279 new jobs with a proposed average hourly wage of \$17.76 and capital investments totaling \$1,806,870,980.

In addition 39 Community Development Block Grants (CDBG) totaling more than \$15.5 million were administered for projects primarily benefiting our citizens of low and moderate incomes. Additional local, state, federal, and private funds leveraged through the CDBG program totaled more than \$96 million. In addition, our Rural Services Division administered 355 grants totaling \$2,582,761.52.

The Minority Business Enterprise Program has continued to grow. In 2018, the Small and Minority Business Loan Mobilization program assisted 55 minority businesses that are in good standing with their lenders. These businesses received \$3,754,883.00 in loans and \$2,492,676.00 guaranty while creating and/or retaining 200 jobs – all with a zero default rate.

In an effort to help communities become more attractive for investment and jobs, the Competitive Communities Initiative program was launched. The program provides for a third-party assessment and recommendations for improving community competitiveness, leading to the potential for more investments, jobs and economic growth.

Arkansas remains on the forefront of STEM thanks to its involvement in a variety of health and FinTech accelerators and the National Science Foundation's Established Program to Stimulate Competitive Research (EPSCoR) program. The five-year grant, from 2015 to 2020, of \$20 million in federal funds has a \$4 million match from Arkansas.

Gov. Asa Hutchinson established the Governor's Military Affairs Committee to support and grow our state's military installations. This year, AEDC's Military Affairs division has distributed \$583,588.75 in grants for such things as a joint land use study, cybersecurity, and a day camp network for children of guardsmen and reservists during monthly drills.

Our state's diverse economy makes it attractive for new and expanding businesses. As our economic climate changes, we are setting the foundation for growth now and for years to come thanks to the support, leadership and dedication from our communities, partners, legislature and our governor.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Preston".

Mike Preston



MIKE PRESTON
Executive Director
AEDC

ARKANSAS INC

MISSION STATEMENT

The mission of the Arkansas Economic Development Commission is to create economic opportunity by attracting higher-paying jobs, expanding and diversifying our state and local economies, increasing incomes and investment, and generating positive growth throughout Arkansas.

EXECUTIVE TEAM



MIKE PRESTON
Executive Director



CLINT O'NEAL
Executive Vice President
Global Business



JIM HUDSON
Executive Vice President
Operations



JEFF MOORE
Executive Vice President
Marketing and Communications

ARKANSAS ECONOMIC DEVELOPMENT COUNCIL

Jim F. Andrews Jr. (El Dorado)

Jay Bunyard (DeQueen)

Rick Barrows (Springdale)

Wayne Callahan (Rogers)

Mike Carroll (Fort Smith)

Tom Denniston (Sherwood)

Al Herringer III (Jonesboro)

Will Brewer (Paragould)

Steve Lux (Hot Springs Village)

Deana Osment (Jonesboro)

Tracy Rancifer (Little Rock)

Gina Radke (North Little Rock)

Gary W. Sewell (El Dorado)

Jon Wickliffe (Little Rock)

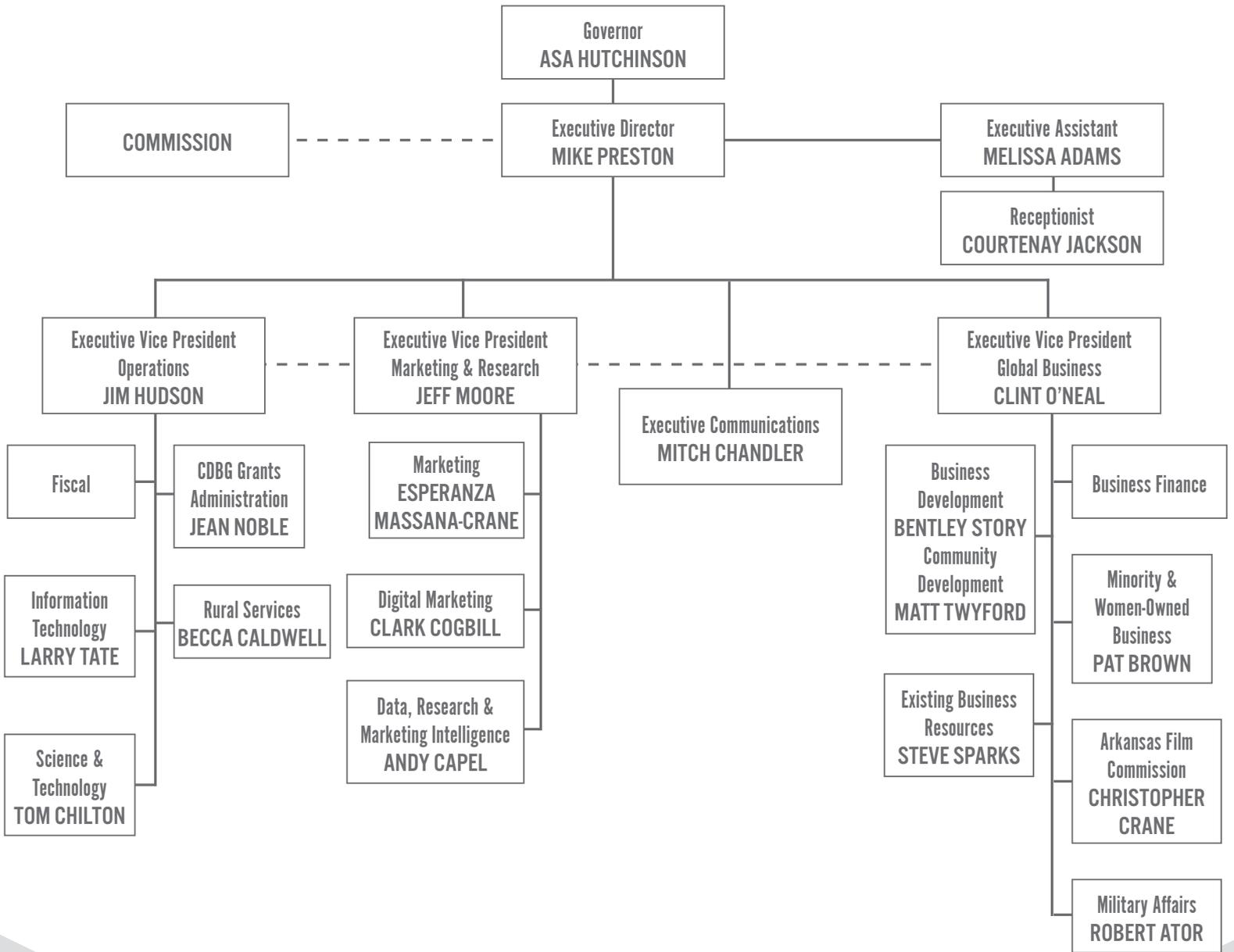
Jim Smith (Fayetteville)

Lang Zimmerman (Mountain Home)



ARKANSAS ECONOMIC DEVELOPMENT COMMISSION

ORGANIZATIONAL CHART



2018 MILESTONES

- Gov. Asa Hutchinson names Col. Robert Ator II as AEDC Director of Military Affairs
- Winrock, Heart Hospital, UAMS team up for health care accelerator
- Conductor, Metova and AEDC join forces to launch 10x Cyber Accelerator



Military grant awarded to Jacksonville High School for cyber training

World Trade Center Arkansas opens work space in AEDC offices

AEDC's Rural Development Division awards 54 grants totaling \$735,516

Gov. Asa Hutchinson named 2018 Rural Advocate of the Year



COMPETITIVE COMMUNITIES

"Competitive Communities Initiative" launched

JAN

FEB

MAR

APR

MAY

JUNE

Clint O'Neal named Executive Vice President of Global Business



Clint O'Neal

First Military Affairs Grant awarded to the City of White Hall to conduct a Joint Land Use Study

Gov. Asa Hutchinson names 85 "Opportunity Zones" to provide tax incentives for private investment in low-income communities

Gov. Asa Hutchinson, IBM host Blockchain Technology Summit. #BC4AR

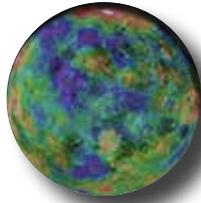
AEDC launches mobile-friendly website





AEDC, FIS partner with VC FinTech Accelerator for 2019

AEDC receives Esri "Special Achievement in GIS" award



Ozark Integrated Circuits receives NASA grants to help further Venus exploration



AEDC designates Russellville as a Competitive Community

JULY

AUG

SEPT

OCT

NOV

DEC

Aerojet Rocketdyne expands solid rocket motor center of excellence at Arkansas facility



AEDC designates Newport, Paragould as first two Competitive Communities

ICBA, Venture Center, State of Arkansas launch ThinkTech Accelerator



SUMMARY BY DIVISION

BUSINESS DEVELOPMENT

AEDC Jobs Announced
(January 2015-January 2019)

+17,500

Change in Nonfarm Payroll Jobs
(January 2015-January 2019)

+80,300

The Business Development division generates economic opportunity through strategic partnerships and is the sales representative for all business and industry seeking to locate and expand in the state. The division communicates and negotiates state incentive programs and assists in the site selection for new business locations and expansion of existing business. The international team within the division focuses on generating foreign direct investment.

During the 2018 calendar year, the Arkansas Economic Development Commission worked 210 projects, 74 of which signed incentive agreements. Upon completion, these 74 projects are projected to create/retain 4,418 jobs and generate \$1,806,870,980 in new capital investment.

BUSINESS RECRUITMENT, RETENTION, AND EXPANSION

MEASURE	2015 ANNUAL	2016 ANNUAL	2017 ANNUAL	2018 ANNUAL
Total Projects	206	210	256	210
Projects Signing Incentive Agreements with AEDC	117	90	136	74
Proposed Jobs	4,868	4,407	3,584	4,279
Proposed Average Hourly Wages	\$19.71	\$21.40	\$21.81	\$17.76*
Proposed Capital Investment	\$2,157,616,467	\$1,657,786,700	\$3,203,248,390	\$1,806,870,980
ECONOMIC INDICATORS				
Arkansas NonFarm Payroll Jobs	1,209,300	1,227,600	1,239,200	1,261,400
Arkansas Unemployment Rate	5.0%	4.0%	3.7%	3.7%
US Unemployment Rate	5.3%	4.9%	4.4%	3.9%

2018 YTD Economic Indicators: Annual Nonfarm Payroll Jobs (not preliminary) and unemployment rates (Not Seasonally Adjusted); Monthly Nonfarm Payroll Jobs (preliminary) and Monthly Unemployment Rates (Seasonally Adjusted) are for December 2018.

** With the exception of one project involving food manufacturing, the proposed hourly wage for 2018 would be \$20.67.*

GLOBAL BUSINESS OFFICES



Seven of the 74 projects that signed financial assistance agreements with AEDC in 2018 were by foreign-owned corporations. Cumulatively, these five projects propose the creation of 319 jobs.

Additionally, during 2018, the AEDC fostered international trade and investment by attending 113 meetings, trade shows and special events.

AEDC INTERNATIONAL TEAM



Ben Walters
International Business
Development Manager
501-682-7334
bwalters@arkansasedc.com



Lindsay Liu
Director - China
(86-21)-2216-6558
lindsay.liu@arkansasedc.com



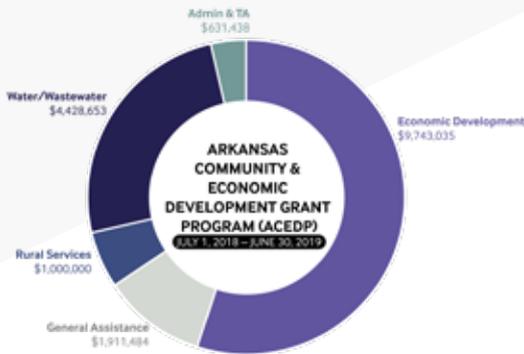
Neal Jansen
Director - Japan and
Southeast Asia
+81-3-4530-9815
njansen@arkansasedc.com



Dr. Cornelius Schnitzler
Director - Europe
+49.30.94047540
cschnitzler@arkansasedc.com

BUSINESS FINANCE

The Business Finance division provides assistance to qualifying applicants that makes it easier to access low-cost funding through either direct debt financing support or indirect equity financing support. Debt support programs within the division are generally limited to fixed-asset financing, while equity support programs generally provide support for working capital needs, both at a cost that is much less than is otherwise available, with each type of program making the applying entity more economically viable.



Act 566 of 2007 created the Equity Investment Tax Credit Incentive Program, a discretionary incentive that is targeted toward new, technology-based businesses that pay wages in excess of 150 percent of the state or county average wage, whichever is less. This program jointly administered by AEDC and the Arkansas Development Finance Authority, allows approved businesses to offer 33.33 percent income tax credits to investors purchasing on equity investment in approved businesses. In 2018, 13 financial incentive agreements were approved. Cumulatively, these projects are projected to raise \$23,905,900 in equity from investors.

BOND GUARANTY PROGRAM

AEDC provided a guarantee for a \$1,250,000 bond issue to support the new Texas CLT, LLC project in Magnolia. In addition to creating approximately 70 high-paying direct jobs, this project will also support the continuation of jobs for loggers and drivers in Southwest Arkansas. Texas CLT will produce a cross-laminated timber (CLT) product that will support the construction industry two ways. The Company will provide CLT mats to help stabilize the ground so machinery can get in and out of the construction site and then provide CLT panels to replace the need for steel beam support structure as the only way to build a commercial building.

2018 EQUITY INVESTMENT TAX CREDIT

PROJECT LOCATION	INCENTED EQUITY RAISE	PROPOSED JOBS	PROPOSED WAGES
Jonesboro	\$500,000	15	\$52.88
Fayetteville	\$400,000	16	\$37.50
Fayetteville	\$7,500,000	130	\$32.00
Fayetteville	\$1,250,000	9	\$32.95
Fayetteville	\$200,000	5	\$30.68
Conway	\$200,000	18	\$37.98
Little Rock	\$250,000	30	\$31.90
Fayetteville	\$2,000,000	32	\$48.00
North Little Rock	\$1,000,000	200	\$37.50
Bentonville	\$6,000,000	30	\$46.64
Springdale	\$200,000	26	\$45.08
Fayetteville	\$500,000	50	\$30.68
Rogers	\$600,000	12	\$85.00
	\$20,600,000	573	\$38.05

COMMUNITY DEVELOPMENT

Our Community Development division works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. A team of regional managers provides Arkansas communities with tools that help them to excel at all facets of economic development. This includes strategic planning, product development, marketing, business retention and expansion, and business development.

After spending the better part of 2017 working on developing the Competitive Communities Initiative (CCI) program along with utility partners and other AEDC team members, the Community Development division spent the majority of 2018 focused on rolling out the program throughout the state. The division worked closely with the pilot communities in the first part of the year, and officially rolled the program out to the state in March 26.

Over the course of the year, the division worked with community leaders from 13 different communities to get them started on the CCI process. Additionally, AEDC met with leadership from over 20 additional communities to discuss the program and encourage them to make plans to begin the process at a later date.

Three communities made it through the process and received their CCI designations in 2018. Paragould and Newport were named CCI Designated Communities in October, and Russellville followed in December.

Additionally, the division continued its mission to assist communities and help them find resources to solve development challenges. Many community visits were made throughout the year to help in this endeavor. These visits included training for communities on various topics involving economic and community development, meetings with local community leaders, and helping communities add and maintain their available properties on the Arkansas Site Selection website. The division also helped communities facilitate resources in support of business development projects.



EXISTING BUSINESS RESOURCES DIVISION (EBRD)

ASSISTED
297
COMPANIES

HELPED CREATE
AND MAINTAIN
1,363
JOBS

COMPANIES ASSISTED ACHIEVED
\$268.3
MILLION
IN NEW AND RETAINED
SALES

The Existing Business Resource division (EBRD) works with new and existing businesses to help companies identify opportunities for improvement and growth, as well as identifying and resolving issues that prevent optimal operations. The division utilizes available resources within EBRD, as well as other statewide programs to help alleviate these issues.

EBRD uses two teams and a two-pronged approach to assist Arkansas companies that have primary NAICS codes as manufacturers. A team of Business Managers and a team of Client Service Managers are essential to the division developing ongoing business relationships with companies statewide to gain insight and understanding and resolution of the immediate and long-term issues they face.

- To develop market information including business opportunities and issues, a team of six Business Managers with specific geographical focus conduct discovery visits throughout the state. Business issues including expansion and growth as well as capital investment opportunities are compiled and analyzed to understand potential State and national trends. Internal AEDC divisions are engaged to capitalize on identified opportunities or issues that need resolution. Should resolution to the opportunity or issue be outside the scope of AEDC, it is referred to an appropriate solution provider to best serve the client's needs.
- To assist in resolution of operational issues, Client Service Managers from the Manufacturing Solutions team, formerly known as Arkansas Manufacturing Solutions, strategically engage at the appropriate level and deliver technical training and consultative solutions to improve operations of the company. The Client Service Managers consist of a staff of seven experienced field engineers expertly qualified in a wide array of skill sets that are vital to addressing and resolving issues that companies face.

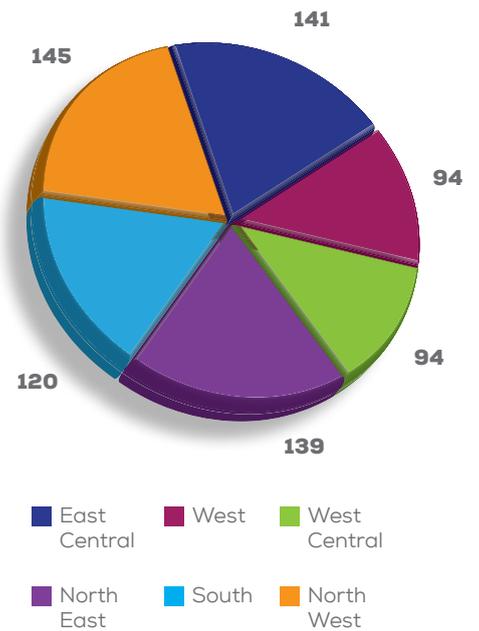
In 2018, the EBRD Business Manager Team performed 733 site discovery visits. The purpose of the visits was to identify and understand concerns regarding workforce, growth, operational excellence, leadership, and supply chain management. Approximately 14 percent of the companies visited were referred to Manufacturing Solutions for immediate follow-up. The EBRD Manufacturing Solutions team provided technical and consulting assistance to 297 companies. All company engagements are surveyed by an independent third party to validate actual business impacts. For calendar year 2018, EBRD helped create and maintain 1,363 jobs by assisting companies. Companies assisted achieved a total of \$268.3 million in new and retained sales, \$26.3 million increased capital investment, and saved \$7.1 million in operational costs.

EBRD, with the leadership and assistance of The AEDC Manufacturing Solutions Group, has engaged in the use of the Toyota Kata as a continuous improvement tool for the division. The Manufacturing Solutions Group (MEP) has led in the creation and implementation of a Kata procedure which resulted in a system that enhances its effectiveness within the division and AEDC as a whole. The Manufacturing Solutions group is also leading the charge within the National MEP system with Toyota Kata. They have effectively shared this system with educators who now have implemented this scientific system of thought and action within our schools. This thought process as implemented in our school system will yield an emerging workforce capable of being productive members of our future talent pool in Arkansas.

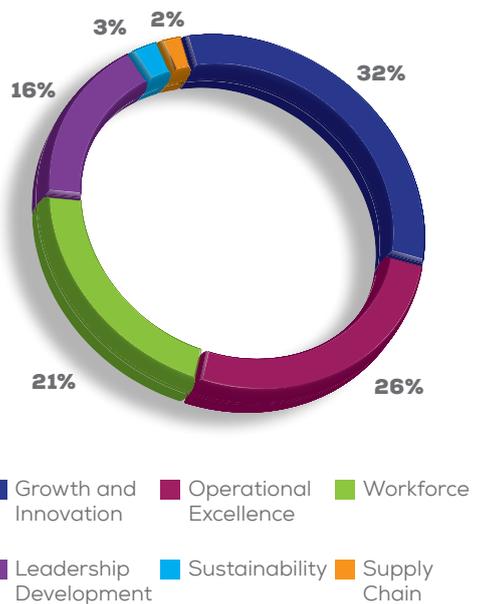
EBRD continues to use its Toyota Kata expertise to improve division processes in engaging and serving our clients. The additional FY 2018 goal for this effort was to constantly maintain a score of 100 on the National MEP score card. EBRD effectively did maintain a "100" rating on the MEP scorecard throughout the entire year. The Division is also using Toyota Kata to guide work processes to develop and implement the new "State Workforce Initiative."

AEDC-MS has been asked by the National MEP Network to participate in a national initiative to promote awareness of Toyota Kata among the 51 National Institute of Standards and Technology (NIST) MEP Centers. The national goal is to double the number of participating centers from 20 to 40.

2018 EBRD Discovery Visits 733 Total



Company Issues Identified During Discovery Calls



EBRD/MEP conducting Industry Training Across the State

GRANTS DIVISION



The Community Development Block Grants (CDBG) division fosters economic growth and benefit to low-to-moderate income persons by administering CDBG to cities and counties for economic development grants and loans to industry that result in job creation and job retention. It also works and to improve the well-being of communities through water/wastewater projects, senior citizen centers, child care centers, public health buildings, fire stations and equipment, community centers, and other public facility and public infrastructure projects. The CDBG program, which is funded through the federal Housing and Urban Development Department (HUD), is administered by AEDC's Grants division under the current consolidated five-year plan.

- The grants division administered a 2018 program allocation from HUD of \$17,714,610.
- An overall total of 101,871 persons, of which more than 67 percent are low-to-moderate income, will benefit from a variety of community and economic development projects.
- A total of 2014 jobs are expected to be created or retained as a result of economic development projects executed in 2018.
- Grant projects executed in calendar year 2018 leveraged \$96,963,258 in other local, state, federal, and private funds, a 6:1 ratio.

In the 2018 calendar year, 39 Community Development Block Grants (CDBG) totaling over \$15.5 million were executed for projects meeting national community and economic goals of providing suitable living environments, improving availability and accessibility of vital public facilities and services, and expanding economic opportunity through the creation and retention of jobs, primarily benefiting persons of low-to-moderate income.

1,522
JOBS
EXPECTED TO BE CREATED OR
RETAINED AS A RESULT OF
ECONOMIC PROJECTS IN 2018



RURAL SERVICES

The division of Rural Services is charged with assisting rural communities with a population of 20,000 and under. Established under Act 302 of 1991 and merged with the Arkansas Economic Development Commission under Act 8 of the 2015 First Extraordinary Session, Rural Services assists local agencies in rural areas with information and technical assistance.

Currently, more than 80 percent of Arkansans live in rural areas. Working under the guidance of the Arkansas Rural Development Commission, Rural Services strives to fulfill that mission. With a carefully chosen staff of dedicated professionals, the agency strives to assist citizens of rural Arkansas through in-house grant programs, funding opportunity research, information sharing, and educational opportunities through regional forums and the annual Arkansas Rural Development Conference.

- Rural Community Grant Program
- Rural Services Block Grant Program
- County Fair Building Grant Program
- Arkansas Game and Fish Wildlife Conservation Education Grant Program
- Arkansas Unpaved Roads Grant Program

In 2018, the Arkansas Rural Development Conference drew more than 650 attendees to the three-day event in Little Rock. Attendees included mayors, county judges, legislators, state and federal officials, and community leaders.



Mike Preston speaking at the 2018 Rural Services Conference in Little Rock.

AEDC'S RURAL SERVICES AWARDED

355

GRANTS ACROSS FIVE PROGRAMS FOR A TOTAL OF

\$2,582,761

IN 2018



FILM COMMISSION



True Detective, Season 3 Producer Scott Stephens and HBO EVP Jay Roewe with Gov. Asa Hutchinson

Created in 1979, the Arkansas Film Commission promotes Arkansas to film, video, television, and commercial production companies and provides liaison services for filmmakers working within the state. Filmmakers with specific location needs are provided with a series of materials designed to show what Arkansas has to offer. Photographs of possible locations, contact names, and crew information supply valuable information to filmmakers.

The office handles liaison services with other federal, state, and local government entities such as the National Parks Service, Department of Transportation and county and city officials. In addition, film office staff members accompany filmmakers on scouting trips within the state and introduce them to community leaders, officials, landowners, and others who can assist the production company.

- Provided hands-on production support, such as location services, equipment procurement, housing, catering, transportation, crew and cast, public relations, safety procedures, traffic control, and coordination of federal, state, and local officials to more than 50 separate productions and projects. The largest of these projects being *Sweet Inspirations*, *Max Winslow*, *House of the Secrets*, and all eight episodes of HBO'S *True Detective Season 3*.
- Promoted and assisted with further development of the Arkansas Production website to effectively capture our industry professionals, locations, and vendor services throughout the state. www.arkansasproduction.com
- Represented AEDC at 17 film festivals throughout the state by providing technical assistance, programming expertise, workshops, Q&A facilitation, and marketing and promotional assistance.
- Continued to work closely with our policy team to draft legislation to actively pursue and institute comprehensive film incentives on a state and local level to compete in the global market.
- Provided communities throughout the state with technical support and information through speaking engagements, training workshops, and festival support.



True Detective, Season 3

arfilm
Arkansas Film Commission

MARKETING AND COMMUNICATIONS

The Marketing and Communications division serves as AEDC's primary resource for promoting the state as a desirable place to do business, leveraging traditional and digital marketing channels, communications and media relations, as well as the administration and utilization of marketing and data technology such as Salesforce, Pardot, and Meltwater.

Specific communications activities occurring since January 1, 2018, include:

Marketing

- Worked with Community Development in the launch and promotion of the Competitive Communities Initiative (CCI), including the announcements and marketing support for participating communities such as Paragould, Newport, Russellville, and Jonesboro.
- Supported the Manufacturing Solutions and Rural Services divisions of AEDC with media outreach for their initiatives, including event promotion and statewide program awareness.
- Launched a new print campaign targeting in-state businesses and featuring agency divisions, their programs and services, and the companies who are finding success through these efforts.
- Developed and launched a national print campaign targeting site location consultants and business decision makers through publication like Area Development, Site Selection, Chief Executive, and other trade/industry publications.
- Assisted the Rural Services division with their marketing and communications needs for the Annual Rural Development Conference.

Communications

- Organized 54 job creation, economic activity and initiatives announcements to state and national media, niche publications.
- Coordinated with the Military Affairs Division and the Military Affairs Grant Program (MAGP) to announce several MAGP grant awards, including Camp Alliance, a day camp for Kids in Drill, and Cyber Warrior Training at Jacksonville High School.
- Supported AEDC's Minority and Women-Owned Business Enterprise for "Matchmakers" event.
- Developed and facilitated several Arkansas feature stories for trade publications, in-state and nationally.

- Provided materials regularly to the Office of the Governor regarding economic development activities.
- Responded to requests and supplied records as required by the Freedom of Information Act.
- Wrote blog posts, additional content for website.
- Coordinated with Film Commission media day, red carpet event for HBO's "True Detective 3" filming and premiere.

Digital Marketing

- Planned and launched lead generation campaigns for the timber, technology & start-up, and food & beverage industries. Launched targeted email newsletters for each industry, consistently outperforming industry-average open and click-through rates (Smart Insights). Launched new tactics, including ongoing, lead-nurturing email drip and LinkedIn InMail campaigns.
- Digital campaigns generated 32 million impressions and 2,600 leads.
- New, mobile-responsive website launched in May, based on feedback from site location consultants, business executives, economic development partners, and AEDC divisions. AEDC Website was one of three sites nominated for Sitefinity's website of the year in the global public sector.
- Increased website visitors by 248% year-over-year. 75% of site visits were from mobile and tablet devices, up from 52% in 2017.
- Planned and launched digital marketing campaigns in support of professional and industry-specific events including Site Selectors Guild, IAMC, and the SHOT Show.
- Created digital content as part of the inbound lead generation strategy, including 72 blog posts, 18 newsletters, four podcasts, the Tech Industry Report, 13 maps, and four case studies.

- Produced three videos highlighting AEDC's shovel-ready sites in Paragould, Newport, and West Memphis.
- "Why Arkansas" brand video created and promoted across digital channels and through business development outreach.
- Grew social media followers 56% year-over-year across LinkedIn, Twitter, & Facebook.
- AEDC was the subject of a LinkedIn case study in December: "Telling the Arkansas Story in LinkedIn".
- Executive Director Mike Preston launched his WeChat account in January.

Data, Analytics & Business Intelligence

- Created a Grant's Management system in Salesforce which gave EPSCoR grant recipients the ability to simplify three systems into one.
- Led the Minority & Women Owned Business Enterprise division through the process of converting their manual certification process to a streamlined digital solution in Salesforce.
- Developed a process to bridge lead generation and nurturing efforts between Marketing and Business Development, continuing the efforts of the division to create a more automated system for MQL to SQL lead handoff.
- Simplified the creation and maintenance of the agency's new and expanded list to the click of a button via Salesforce reporting, namely the timely management and tracking of project incentives.
- Negotiated and implemented the Eventbrite cloud-based event management tool for all agency events, offering a single payment portal for simplified registrations and accounting.

Highlight: NuShores Biosciences



NuShores' NuCress™ bone filler scaffold example
(photo © 2018, UALR)

NuShores Biosciences, LLC (NuShores), founded in 2014, was formed to commercialize patented bone and tissue regeneration technologies developed at the UA-Little Rock. Their patented technology focuses on the regeneration of large bone defects in patients due to trauma or disease. The company was co-founded by Dr. Alexandru Biris, who is currently also serving as a team co-lead for CASE. One of their platform technologies, the NuCress™ bone regeneration scaffold (pictured below) received a 2018 TechConnect Defense Innovation award and invitations to present at one of the nation's premier defense events.

CEO Sharon Ballard has indicated that NuShores is focusing the development of their product line to address complex bone loss in extremities, spine and craniomaxillofacial environments. She added this effort has been a great example of collaboration and scientific development between researchers from UA-Little Rock, University of Tennessee – Knoxville and other medical universities.

In 2018, NuShores was awarded a \$1.7 million Small Business Innovation Research (SBIR) Fast-Track Grant from the National Institute of Health (NIH) in collaboration with Stony Brook University in New York. The project aims to further develop a bone scaffold technology that is designed to use complex materials to generate bone growth in craniofacial-focused applications.

NuShores received three grants during 2018 from the division's commercialization department, including an SBIR matching grant and two TTAG grants.

SCIENCE AND TECHNOLOGY

The goal of the division of Science and Technology is to develop the academic and industrial ecosystem needed to support the creation and survival of a knowledge-based economy in Arkansas. A knowledge-based economy is critical to increasing Arkansas per capita income and standard of living.

Division: Science and Technology – EPSCoR

The division of Science and Technology administers a five-year, \$24 million grant that supports cutting-edge scientific research and strengthens higher education at 10 of the state's colleges and universities. The grant consists of \$20 million from the National Science Foundation through its Established Program to Stimulate Competitive Research (EPSCoR) with a \$4 million state match. The grant supports the Center for Advanced Surface Engineering (CASE), a distribution center comprised of about 125 faculty, students, staff, and administrators around Arkansas. The project's research focus involves materials science, nanotechnology and surface science.

In 2018, CASE published 35 scientific articles in journals such as Computational Materials Science, Applied Physics Letters, Physical Review E, Biochemistry and Biophysics Reports, and the Journal of Biophotonics.

CASE researchers disclosed or filed two patents in 2018, bringing the four-year total to 14 patents from 20 inventors. They also brought an additional \$2.7 million in grant funding to the state, leading to a cumulative \$11.6 million generated.

EPSCoR students received numerous awards on their research posters at regional, national, and international scientific meetings during 2018.

Two additional EPSCoR-supported researchers were awarded fellowships with the Arkansas Research Alliance. The Arkansas Research Alliance is a public-private partnership that funds scientific research across the state.

Division: Science and Technology - Commercialization

The division of Science and Technology's Commercialization programs are designed to support the creation of a knowledge-based economy and bring technology and research developments to market. This department facilitated investments of over \$11.3 million to Arkansas tech-based companies in 2018 through a variety of programs.

The Technology Development Program (TDP) offers investments to R&D-based startup companies to develop their technology to the point they can commercialize it. In 2018, investments totaling \$450,000 were awarded through this program to Arkansas startups in financial services, automotive structural design, agri-business technology, voice-driven business applications and glass coating technology.



The Technology Transfer Assistance Grant (TTAG) is a small grant to help transfer a new technology into a company. \$66,250 was awarded to 12 companies through the TTAG program in 2018.

The In-House R&D Tax Credit Program is designed to help small Arkansas startups gain working capital at this critical time in their development. Twelve companies signed incentive agreements in 2018. The Targeted R&D Tax Credit Program is typically used by large companies to grow their R&D capacity. Two companies signed incentive agreements with AEDC for this program in 2018.

The SBIR Matching Grant program was implemented in 2017 to leverage the Federal Small Business Innovation Research (SBIR) program and stimulate innovation and growth among the state's technology businesses resulting in

the creation and retention of high-tech jobs. 2018 was the first year in history that Arkansas offered a state match to awardees. The first awards in this program total \$750,000 to 12 high-tech startups. Many of the companies that took advantage of this program are commercializing NSF EPSCoR-funded research, fully leveraging the division's offerings.

The Arkansas Business & Technology Accelerator Grant program was created in 2017 to further stimulate innovation and growth among the state's next generation of technology businesses. During this program's first year, two awards were made totaling \$500,000.

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE

The Minority and Women-Owned Business Enterprise division promotes the growth and sustainability of minority and women-owned businesses by providing them with real world technical and professional assistance, certification, procurement, networking, capital, and contracting opportunities while utilizing our partners in state and federal government, higher education, lending institutions and the private sector.

The Minority and Women-Owned Business Enterprise division is proud of the successes achieved over the past year. During 2018, the division accomplished the following:



Conducted extensive engagement of our constituents, including convening, co-sponsoring, or providing resources at 42 events across the state and hosting our signature event, The 2018 Arkansas Matchmaking Event.

Arkansas Legislative Black Caucus

Partnered with the Arkansas Legislative Black Caucus (ALBC) in conducting seven workshops across the state focusing its outreach and awareness efforts on minority business at workshops during the months of August and September to engage constituents on opportunities and incentives available specifically to minority, women-owned and disabled-veteran owned businesses.

Minority View Portal

Worked with the Department of Finance and developed a new Minority Spend Portal in AASIS. The Minority Spend Portal is used to update agency's Minority Business Officer (MBO) information and enter plans for how much will be spent with minority vendors.

Minority and Women-Owned Business Directory

Unveiled upgrades to the Minority and Women Business Directory. The updated AEDC Minority Directory provides a search tool to find vendors who have been vetted by AEDC. Agencies may submit proposed minority vendors, or minority vendors may enter their own information into the directory.

Minority Loan Mobilization Program

- Assisted 55 minority and women business enterprises with obtaining \$3,754,883 in funding and total loan guaranty amount was \$2,492,676.
- Created and/or retained 200 jobs.
- All 55 loans in the Minority Loan Mobilization are in good standing with their lenders.
- Zero default rate.
- Enrolled 15 lenders in the program: Security Bank, Arvest Bank, Home Bank Arkansas, Hope Credit Union, Southern Bancorp, Forge Inc., Lift Fund, Central Arkansas Planning and Development, Farmers Bank, Stone Bank, Relyance Bank, East Arkansas Planning and Development District and Southeast Arkansas Planning Development District.

Minority and Women Business Certification Program

- Maintained a total of 311 business certification
- Total African American - 213
- Total Hispanic American MBE - 19
- Total American Indian - 11
- Total Asian American MBE - 17
- Total Pacific Islander - 3
- Total Serviced Disabled Veteran - 10
- Women-Owned Businesses - 38

Arkansas 2018 Matchmaker Event

The Division hosted its business matchmaking event Sept. 13 in Little Rock. The Matchmaker allowed approximately 300 small and minority business owners from across the state the chance to have 12-minute meetings face to face (speed-dating style) with purchasing representatives based on the company's North American Industry Classification System (NAICS) codes. Attendees received an individualized meeting agenda for their meetings prior to the event.

"The Matchmaker Conference provided a unique opportunity for small and minority business owners to meet with dozens of buyers and suppliers motivated to award contracts and subcontracts to smaller firms," said Mike Preston, executive director of the Arkansas Economic Development Commission. "Small businesses are the backbone of our economy, and we are committed to supporting – and growing – businesses of all sizes in Arkansas. This event creates opportunities for small and minority business owners to make a large number of new contacts in one day."

Workshops

Conducted six pre-certification workshops, and processed new certification, renewals and changes to existing certification profiles.



The Matchmaker Event creates opportunities for small and minority business owners to make a large number of new contacts in one day.

MILITARY AFFAIRS

The Military Affairs division is responsible for making Arkansas the most military friendly state in the nation. The division is the outgrowth of the 2015 Governor's Military Affairs Initiative and is tasked to preserve, protect and grow the missions of the five installations in the state with its associated \$4.5 billion economic impact and 67,000 direct and indirect jobs.

The mission is accomplished through proactive engagement with the Governor's Military Affairs Committee (GMAC), the Arkansas Congressional Delegation, state legislature, state agencies, county judges, mayors and the commanders of the military installations. The addition of a Military Affairs Grant Program (MAGP) allows the division to leverage other sources of funding to remedy issues identified at the installations. The MAGP funding is \$750,000 per year and in just six months, the division granted a total of \$583,588.75 with needs far outstripping the funding.

The last year has seen the hiring of a new director in Col. (Ret.) Rob 'Gator' Ator, the development of our first strategic plan, and numerous positive results in long-term viability of our installations. The division has had numerous successful actions with some listed below:

- Set in motion the first ever Joint Land Use Study of state installations to identify and garner solutions of existing or potential encroachment or incompatible development
- Provided a MAGP grant to start a cyber curriculum at the Jacksonville High School
- Authored legislation to provide for the licensure of military spouses
- Saved the Razorback Range from closure in western Arkansas
- Provided state engagement to protect the replacement of the LRAFB runway (\$170 million)
- Worked with Arkansas Department of Transportation to remedy a 25-year safety issue and garner LRAFB backgate compliance with current force protection requirements
- Built a Guard/ Reserve family care program with Camp Alliance through a MAGP grant
- Worked with Congressional Delegation to garner an additional \$43 million in munitions orders at Pine Bluff Arsenal to reverse a decline in production
- Garnered two new companies to start work at Pine Bluff Arsenal and the production of the new chemical warfare suit
- Hosted Industry Day in White Hall
- Facilitated the renovation of the railhead at Chaffee Crossing enabling the increased use of Fort Chaffee, resulting in planned 170 percent increase in unit exercises planned
- Funded through a MAGP grant the marketing of Fort Chaffee to increase the use of the unique capabilities and ranges of the installation
- The creation of a first-of-its-kind state cyber capability through partnerships with the AR Air National Guard and private sector companies. Authored state legislation and future Federal Legislation.
- Funding and contracted for a marketing program to retain service members leaving the uniform in the State of Arkansas through numerous partnerships and opportunities



Military grant awarded to Jacksonville High School for cyber training

The division is leveraging all stakeholders through the motto of "One Team, One Fight" to grow the missions and the associated impact of our installations.

LOOKING FORWARD

2018 was a very good year for Arkansas' economic development efforts. We were able to assist in bringing 74 competitive projects to the state that resulted in 4,279 new jobs with a proposed average hourly wage of \$17.76.

On behalf of the Arkansas Economic Development Commission, thank you for your partnership, ongoing support, and commitment to building a legacy in economic development for the state of Arkansas!





Arkansas Economic Development Commission
ArkansasEDC.com | 1-800-ARKANSAS
900 W. Capitol Avenue, Little Rock, AR 72201

