

1 State of Arkansas
2 90th General Assembly
3 First Extraordinary Session, 2015
4

Call Item 2

A Bill

HOUSE BILL 1003

5 By: Representatives Shepherd, Baine, C. Armstrong, Baltz, Beck, Bragg, Brown, Cozart, Davis, C.
6 Douglas, D. Douglas, Eads, Eaves, Eubanks, Farrer, D. Ferguson, Fielding, L. Fite, Gillam, Gossage,
7 Henderson, Hickerson, Hillman, Holcomb, Jean, Jett, Lowery, J. Mayberry, McElroy, G. McGill,
8 McNair, Neal, B. Overbey, Ratliff, Richmond, Rushing, Sorvillo, Wright
9 By: Senators B. Pierce, Burnett, E. Cheatham, A. Clark, J. Cooper, J. Dismang, J. English, J. Hutchinson,
10 K. Ingram, Maloch, Standridge, E. Williams
11

For An Act To Be Entitled

13 AN ACT CONCERNING ARKANSAS CONSTITUTION, AMENDMENT
14 82, AS IT RELATES TO A PROJECT FOR A GVAB FACILITY
15 AND AN ADDITIONAL FACILITY; TO DECLARE A LARGE
16 ECONOMIC DEVELOPMENT PROJECT TO BE A QUALIFIED
17 AMENDMENT 82 PROJECT; TO AUTHORIZE THE ISSUANCE OF
18 GENERAL OBLIGATION BONDS UNDER ARKANSAS CONSTITUTION,
19 AMENDMENT 82, TO ASSIST IN THE DEVELOPMENT OF A
20 PROJECT FOR A GVAB FACILITY AND AN ADDITIONAL
21 FACILITY; TO APPROVE AND AUTHORIZE THE EXECUTION OF
22 THE AMENDMENT 82 AGREEMENT REGARDING A PROJECT FOR A
23 GVAB FACILITY AND AN ADDITIONAL FACILITY; TO DECLARE
24 AN EMERGENCY; AND FOR OTHER PURPOSES.
25
26

Subtitle

28 TO DECLARE A QUALIFIED AMENDMENT 82
29 PROJECT; TO AUTHORIZE THE AMENDMENT 82
30 AGREEMENT AND THE ISSUANCE OF GENERAL
31 OBLIGATION BONDS IN CONNECTION WITH A
32 PROJECT FOR GVAB AND ADDITIONAL
33 FACILITIES; AND TO DECLARE AN EMERGENCY.
34
35

36 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:



1
2 SECTION 1. DO NOT CODIFY. The Arkansas Code Revision Commission shall
3 direct the publisher of the Arkansas Code to print the following in the
4 Arkansas Code Title 19 Appendix:

5 Legislative findings and intent.

6 (a) The General Assembly finds that the:

7 (1) Creation of jobs and economic growth are critical to
8 improving the lives of the citizens of the State of Arkansas; and

9 (2) Arkansas Economic Development Commission has submitted for
10 the approval of the General Assembly a proposal to issue general obligation
11 bonds of the state to provide financing for a large economic development
12 project.

13 (b) The General Assembly further finds that:

14 (1) The proposed project between the State of Arkansas and
15 Lockheed Martin Corporation is a qualified project under Arkansas
16 Constitution, Amendment 82, and the Arkansas Amendment 82 Implementation Act,
17 § 15-4-3201 et seq., and Lockheed Martin Corporation qualifies as an eligible
18 business under the Arkansas Amendment 82 Implementation Act, § 15-4-3201 et
19 seq.;

20 (2) The proposed uses of the bond proceeds described in the
21 Amendment 82 Agreement qualify as financing for infrastructure or other needs
22 within the meaning of Arkansas Constitution, Amendment 82, and the Arkansas
23 Amendment 82 Implementation Act, § 15-4-3201 et seq.; and

24 (3) Arkansas Constitution, Amendment 82, authorizes the General
25 Assembly to issue bonds bearing the full faith and credit of the State of
26 Arkansas if the prospective employer planning an economic development project
27 is eligible under the criteria established by law.

28 (c) The General Assembly intends for this act to authorize:

29 (1) The issuance of bonds under the authority granted to the
30 General Assembly under Arkansas Constitution, Amendment 82; and

31 (2) Under Arkansas Constitution, Amendment 82, and the Arkansas
32 Amendment 82 Implementation Act, § 15-4-3201 et seq., the execution and
33 implementation of the Amendment 82 Agreement and other provisions necessary
34 to carry out the Amendment 82 Agreement.

35 (d) As provided under the Arkansas Amendment 82 Implementation Act, §
36 15-4-3201 et seq., this act includes the:

- 1 (1) Declaration of a qualified Amendment 82 project;
- 2 (2) Authorization of the execution of an agreement between the
- 3 State of Arkansas and Lockheed Martin Corporation; and
- 4 (3) Authorization for the issuance of bonds bearing the full
- 5 faith and credit of the State of Arkansas as authorized under Arkansas
- 6 Constitution, Amendment 82.

7

8 SECTION 2. DO NOT CODIFY. The Arkansas Code Revision Commission shall

9 direct the publisher of the Arkansas Code to print the following in the

10 Arkansas Code Title 19 Appendix:

11 Definitions.

12 As used in Sections 2 through 5 of this act:

13 (1) "Amendment 82 Agreement" means the unexecuted document

14 titled "Amendment 82 Agreement between the State of Arkansas and Lockheed

15 Martin Corporation" submitted to the General Assembly and as found in Section

16 6 of this act; and

17 (2) "Project" means the construction, renovation, equipping, and

18 operation of the following by Lockheed Martin Corporation on a site in

19 Calhoun County, Arkansas, that is identified more specifically in the

20 Amendment 82 Agreement:

21 (A) Additional facilities, known as the "GVAB facilities",

22 for the production of ground vehicles for the United States Department of

23 Defense and other customers; and

24 (B) Additions and improvements to existing facilities,

25 known collectively as the "additional facility", for the production of

26 additional products not now made at the existing facility.

27

28 SECTION 3. DO NOT CODIFY. The Arkansas Code Revision Commission shall

29 direct the publisher of the Arkansas Code to print the following in the

30 Arkansas Code Title 19 Appendix:

31 Declaration of qualified Amendment 82 project – Authorization to

32 execute the Amendment 82 Agreement.

33 (a) The General Assembly:

34 (1) Finds that the project:

35 (A) Qualifies as a large economic development project for

36 which the issuance of general obligation bonds is authorized under Arkansas

1 Constitution, Amendment 82, and the Arkansas Amendment 82 Implementation Act,
 2 § 15-4-3201 et seq., as supplemented by this act; and

3 (B) Is of the nature intended by the electors of the state
 4 to be financed with bonds under Arkansas Constitution, Amendment 82; and

5 (2) Declares that the project is a qualified Amendment 82
 6 project under the Arkansas Amendment 82 Implementation Act, § 15-4-3201 et
 7 seq., as supplemented by this act.

8 (b) The General Assembly approves the terms of the Amendment 82
 9 Agreement between the State of Arkansas and Lockheed Martin Corporation and
 10 authorizes the execution of the Amendment 82 Agreement in substantially the
 11 same form as presented to the General Assembly but with such changes as are
 12 approved by the officers executing the Amendment 82 Agreement on behalf of
 13 the state.

14
 15 SECTION 4. DO NOT CODIFY. The Arkansas Code Revision Commission shall
 16 direct the publisher of the Arkansas Code to print the following in the
 17 Arkansas Code Title 19 Appendix:

18 GVAB and additional products production project bonds issued under
 19 Arkansas Constitution, Amendment 82.

20 (a)(1) The General Assembly authorizes the Arkansas Development
 21 Finance Authority to issue general obligation bonds of the State of Arkansas
 22 in an amount not to exceed eighty-seven million one hundred forty-five
 23 thousand dollars (\$87,145,000) in the aggregate.

24 (2) The bonds authorized under subdivision (a)(1) of this
 25 section:

26 (A) Are direct general obligations of the State of
 27 Arkansas;

28 (B) Bear the full faith and credit of the State of
 29 Arkansas; and

30 (C) Are payable from general revenues or special revenues
 31 appropriated by the General Assembly.

32 (b) The authority shall issue the bonds under this section in
 33 accordance with the Arkansas Amendment 82 Implementation Act, § 15-4-3201 et
 34 seq.

35
 36 SECTION 5. DO NOT CODIFY. The Arkansas Code Revision Commission shall

1 direct the publisher of the Arkansas Code to print the following in the
2 Arkansas Code Title 19 Appendix:

3 Implementation of the Amendment 82 Agreement.

4 (a) The Arkansas Economic Development Commission and the Arkansas
5 Development Finance Authority may implement the Amendment 82 Agreement
6 consistent with this act, Arkansas Constitution, Amendment 82, and the
7 Arkansas Amendment 82 Implementation Act, § 15-4-3201 et seq.

8 (b) If a provision of this act or of the Amendment 82 Agreement
9 conflicts with any provision of the Arkansas Amendment 82 Implementation Act,
10 § 15-4-3201 et seq., the provisions of this act and the provisions of the
11 Amendment 82 Agreement control.

12
13 SECTION 6. DO NOT CODIFY. The Arkansas Code Revision Commission shall
14 direct the publisher of the Arkansas Code to print the following in the
15 Arkansas Code Title 19 Appendix:

16 Amendment 82 Agreement between the State of Arkansas and Lockheed
17 Martin Corporation.

18 AMENDMENT 82 AGREEMENT

19
20 between

21
22 THE STATE OF ARKANSAS

23
24 and

25
26 LOCKHEED MARTIN CORPORATION

27
28
29
30 _____, 2015

31
32
33 AMENDMENT 82 AGREEMENT

34
35 THIS AMENDMENT 82 AGREEMENT (this "Agreement") is made and entered into
36 by and between the State of Arkansas (the "State") and Lockheed Martin

1 Corporation, a corporation organized under the laws of the State of Maryland
2 (the "Sponsor").

3

4

WITNESSETH

5

6 WHEREAS, the State, under Amendment 82 to its Constitution, may issue
7 general obligation bonds to finance infrastructure or other needs to attract
8 large economic development projects; and

9

10 WHEREAS, the Sponsor proposes to locate such a project in the State by
11 way of building, improving, and operating new and existing manufacturing
12 facilities for the production of products not now made at Sponsor's existing
13 facility and employing State residents in connection therewith; and

14

15 WHEREAS, the State proposes to issue bonds under Amendment 82 and grant
16 a portion of the proceeds of the bonds' sale to the Sponsor to finance
17 infrastructure or other needs in connection with the project; and

18

19 WHEREAS, in consideration of the grant, the Sponsor proposes to make
20 certain commitments to the State regarding project development, employment,
21 and compensation; and

22

23 WHEREAS, the Arkansas Economic Development Commission (the
24 "Commission"), on behalf of the State, made a Formal Proposal dated December
25 11, 2014 (the "Formal Proposal"), to the Sponsor, and tendered to the Sponsor
26 a Letter of Commitment dated April 16, 2015 (the "Letter of Commitment"),
27 which the Sponsor accepted and agreed to on April [16], 2015; and

28

29 WHEREAS, the Arkansas Amendment 82 Implementation Act (the
30 "Implementation Act") requires that the State and the sponsor of a large
31 economic development project enter into an Amendment 82 Agreement to evidence
32 the terms and conditions on which the State will provide Amendment 82 bond
33 financing in exchange for the sponsor's agreeing to make an investment and to
34 locate a new business or substantially expand an existing business in the
35 State in accordance with Amendment 82 and the Implementation Act; and

36

1 and equip the Project Facilities in a manner both timely and appropriate to
2 enable it to carry out the Project efficiently and to satisfy the Commitments
3 (as defined in Paragraph 10 hereof). Plans showing the Project Facilities as
4 the Sponsor intends to complete them are included in Exhibit B hereto. It is
5 agreed and understood that the Sponsor has heretofore expended funds on the
6 Project Facilities, for which it will seek reimbursement from the Grant
7 proceeds.

8
9 3. Project Investment. The Sponsor agrees that its total investment
10 in the Project, including the proceeds of the Grant described in this
11 Agreement, will be at least One Hundred Twenty-Five Million Dollars
12 (\$125,000,000). The word "investment," as used in this Paragraph 3, means
13 funds expended by the Sponsor on capital assets and other items directly
14 related to the Project Facilities and the Project. There shall be no time
15 limitation on the Sponsor's commitment to make the full investment. In
16 addition, notwithstanding Ark. Code Ann. § 15-4-3205, contained in the
17 Implementation Act, the Sponsor shall not be subject to any penalty for
18 failing to make the investment in the Project in the full amount specified in
19 this Paragraph.

20
21 4. Employment Commitments. The Sponsor agrees to meet the
22 requirements specified below with respect to employment to be created and
23 maintained in connection with the Project and Existing Facility. The
24 commitments described in this Paragraph 4 are referred to in this Agreement
25 as the "Employment Commitments." The Employment Commitments will be measured
26 in FTEs.

27
28 a. The Sponsor and its Contractors will employ in Direct Positions
29 and Independent Direct Positions FTEs (i) at the Project Facilities or (ii)
30 located within 125 miles of the Project Facilities and within the State of
31 Arkansas ("Project FTEs"; together with the Existing Facility FTEs, the "LM
32 FTEs").

33
34 (i). "Direct Position" refers to work directly related to the Project
35 performed by FTEs employed by or for the benefit of the Sponsor. The Sponsor
36 shall not designate any FTE attributed to a person as a Direct Position if

1 the Sponsor (i) includes him or her as an employee in any calculation or
2 count of employees for the purpose of qualifying for or receiving any
3 incentive under the Consolidated Incentive Act of 2003 as amended from time
4 to time (Ark. Code Ann. §§ 15-4-2701 et seq.) (the "Incentive Act") or the
5 Governor's Quick Action Closing Fund, Economic Infrastructure Fund, or
6 Community Development Block Grant fund (collectively, and together with
7 incentives under the Incentive Act, the "State Incentives"), or (ii) applies
8 or arranges, after the General Assembly's legislative approval of the Grant,
9 to receive any State Incentive that takes the FTE into account. Provided,
10 however, that funds provided for or applied to training pursuant to Paragraph
11 9 hereof will not be treated as State Incentives for the purpose of this
12 Paragraph 4(a)(i).

13
14 (ii). "Independent Direct Position" refers to FTEs attributed to work
15 performed by a person not employed by the Sponsor if: (a) the Sponsor
16 designates that person as an "Independent Direct Position"; (b) the person
17 holds a position created after the General Assembly's legislative approval of
18 the Grant described herein; (c) the person is employed at the Project
19 Facilities, or at a location within the State of Arkansas and no more than
20 125 miles from the Project Facilities; (d) the person is employed in
21 connection with operating the Project or the Project Facilities; and (e) the
22 person is employed with the primary objective of providing Integral Component
23 products and services necessary to the operation of the Project, including
24 but not limited to the following operations: (1) manufacturing, assembly,
25 testing, or painting of sub-assemblies or finished products; (2) storage,
26 handling, shipping, or receiving of components or finished products; (3)
27 security or maintenance of buildings or grounds at the Project Facilities; or
28 (4) any other support services at the Project Facilities as approved by the
29 Commission. "Integral Component" means any sub-assembly or final assembly
30 including, but not limited to, drive train, chassis, cab, exterior panels,
31 and cargo beds, but does not include minor parts. The Sponsor shall not
32 designate FTEs attributed to any person an Independent Direct Position if the
33 person's employer (i) includes him or her as an employee in any calculation
34 or count of employees or FTEs for the purpose of qualifying for or receiving
35 any State Incentive or (ii) applies or arranges, after the General Assembly's
36 legislative approval of the Grant, to receive any State Incentive that takes

1 the person or FTE into account. Provided, however, that funds provided for or
2 applied to training pursuant to Paragraph 9 hereof will not be treated as
3 State Incentives for the purpose of this Paragraph 4(a)(ii).

4
5 b. For each Project Year, the Sponsor and its Contractors will
6 employ Project FTEs in at least the number shown for such Project Year on
7 Exhibit A (the "Project Employment Commitment"). "Project Year" means a 52-
8 week period shown on Exhibit A and ending on the Sponsor's last payroll date
9 occurring on or before December 31 of the corresponding calendar year.

10
11 c. For each Project Year, the Sponsor and its Contractors will
12 employ at least 556 additional LM FTEs (the "Additional Employment
13 Commitment"). In the event total Project FTEs for any Project Year exceed
14 the number required to meet the Project Employment Commitment for such
15 Project Year, the number by which total Project FTEs exceed the number
16 required to meet the Project Employment Commitment ("Excess Project FTEs ")
17 will be counted in determining whether the Additional Employment Commitment
18 has been met.

19
20 5. Full Time Equivalentents. Full time equivalentents ("FTEs") will be
21 computed by dividing the total number of hours worked for the Project Year by
22 2,080. No person's work hours will be included in any FTE calculation
23 unless (i) during the period employed that person was paid for 30 or more
24 hours of work for each week, on average, and (ii) the person's employer
25 classifies that person's position as "full-time" or "temporary-to-hire" or an
26 equivalent classification.

27
28 6. Compensation Commitment. The Sponsor agrees that Project FTEs
29 will be paid on average at least the average annual compensation shown on
30 Exhibit A, exclusive of non-cash benefits, for the periods shown on Exhibit A
31 (the "Compensation Commitment").

32
33 7. Time Periods. The Sponsor agrees to commence additional
34 construction and renovation of the Project Facilities promptly after the date
35 of closing, issuance and funding of the Bonds (as defined in Paragraph 8
36 hereof)("Closing Date"). The parties anticipate that the Closing Date will

1 occur within 140 calendar days of the date of the award of the JLTV Contract
2 described in Paragraphs 11(e) and 12(e) hereof, but in no event will the
3 Closing Date be later than March 31, 2016, unless extended as described in
4 Paragraph 7(a) hereof (the "Closing Deadline"). The parties anticipate that
5 commercial production at the Project Facilities will commence approximately
6 10 months after the Closing Date.

7
8 a. In the event the conditions to Closing described in Paragraphs
9 11(e) and 12(e) hereof are not fulfilled by March 31, 2016, the State may, at
10 its option:

11
12 (i). Extend the Closing Date, with the consent of the Sponsor, by a
13 period of time authorized by the Commission with any such extension of the
14 Closing Deadline requiring the written consent of the Governor of the State,
15 Speaker of the State House of Representatives, and President Pro Tem of the
16 State Senate; or

17
18 (ii). Terminate this Agreement and any obligation to provide Amendment
19 82 Financing, upon thirty (30) calendar days written notice to the Sponsor.

20
21 b. The Project as proposed by the Sponsor depends upon the award by
22 DOD to the Sponsor of a contract for the production of the proposed Joint
23 Light Tactical Vehicle ("JLTV Contract"). If the Sponsor is not awarded the
24 JLTV Contract and after a period of 120 calendar days following the award of
25 the JLTV Contract there are no pending protest or written objections by an
26 interested party to an award of the JLTV Contract or any other objection to
27 the JLTV Contract solicitation and award process as defined in FAR 33.101,
28 including any objection which has been perfected by a filing with: a) the
29 Department of Army or other executive agency of the United States in
30 accordance with Army Federal Acquisition Supplement Part 5133.1, "Protests,"
31 or similar agency regulation, b) the Government Accountability Office ("GAO")
32 in accordance with 4 CFR Part 21, or c) the U.S. Court of Federal Claims as
33 set forth in that Court's rules, then the State may, at its sole option,
34 terminate this Agreement, and any obligation to provide Amendment 82
35 Financing, upon thirty (30) calendar days written notice to the Sponsor.

36

1 8. Amendment 82 Financing. Subject to the terms and conditions hereof
2 and the Amendment 82 Requirements, as defined in Paragraph 11(b) hereof, the
3 State agrees to provide funds in an amount up to Eighty Three Million Dollars
4 (\$83,000,000) (the "Grant"), plus such additional sums as may be necessary to
5 fund the training facilities described in Paragraph 9 hereof, to or for the
6 benefit of, the Sponsor (together with the Grant, the "Amendment 82
7 Financing"). The Amendment 82 Financing will be funded through the issuance
8 by the Arkansas Development Finance Authority (the "Authority") of general
9 obligation bonds of the State in an amount not exceeding Eighty Seven Million
10 One Hundred Forty-Five Thousand Dollars (\$87,145,000) in the aggregate (the
11 "Bonds"). The Authority will issue the Bonds on behalf of the State pursuant
12 to the powers granted to the Authority by Amendment 82 to the Arkansas
13 Constitution, the Arkansas Amendment 82 Implementation Act, Arkansas Code
14 Annotated 15-4-3201 et seq. (the "Implementation Act"), and the Arkansas
15 Development Finance Authority Act, Arkansas Code Annotated 15-5-101 et seq.,
16 in such denominations and series and upon such terms and conditions as
17 determined by the Authority on behalf of the State, in its sole and absolute
18 discretion. The Bonds will be direct general obligations of the State, the
19 payment of debt service on which the full faith and credit of the State shall
20 be pledged. From the proceeds of the Bonds, the following amounts are
21 intended to be funded by the State:

22
23 a. Use of Funds. Proceeds of the Grant will be disbursed by the State
24 to the Sponsor for payment or reimbursement of qualifying costs of
25 acquisition, construction, renovation and equipping of the Project
26 Facilities, for infrastructure improvements, and for any other costs
27 incidental to the Project that are eligible for Amendment 82 Financing and
28 that are approved as eligible by the State ("Eligible Costs"). No funds will
29 be disbursed by the State with respect to the Grant without the prior
30 approval of the Commission and the Authority. The Sponsor's anticipated use
31 of funds is described in Exhibit B to this Agreement. The Commission
32 understands that the Sponsor intends the funds to qualify under Section 118
33 of the Internal Revenue Code of 1986, as amended from time to time. The funds
34 described herein are specifically bargained for by and between the Commission
35 and the Sponsor and are provided by the Commission to the Sponsor as an
36 inducement contingent on job creation and retention in Arkansas. The funds

1 are to be used by the Sponsor for capital investments and development related
2 to the Project and not to pay current operating costs or dividends. The
3 Commission shall have no duty arising under the Internal Revenue Code or
4 Internal Revenue Code regulations to monitor the Sponsor's use of the funds
5 afforded by the terms of this Agreement. The Commission shall, however,
6 monitor the Sponsor's use of funds as otherwise provided in this Agreement
7 and by applicable Arkansas law.

8
9 b. Other Costs. An amount up to Two Million Five Hundred Thousand
10 Dollars (\$2,500,000) may be funded through the Bonds for the purpose of
11 paying reasonable and necessary costs and expenses of the State in connection
12 with issuance of the Bonds (determined by the Authority, in its sole and
13 absolute discretion), and reasonable and necessary costs and expenses of the
14 State in connection with the approval and accomplishment of the Project and
15 the Amendment 82 Financing (determined by the Commission, in its sole and
16 absolute discretion), specifically including the administrative fee of the
17 Authority and the fees and costs due to those trustees, agents, underwriters,
18 attorneys, financial advisors, accountants and consultants performing
19 services on behalf of the State in connection with the issuance of the Bonds
20 and the Project. The Sponsor shall not be responsible for any of such costs.

21
22 c. Disbursement Procedure. The Grant will be disbursed by the State
23 to, or for the benefit of, the Sponsor in one (1) or more disbursements. The
24 Sponsor may request a disbursement from the Grant by submitting a request for
25 disbursement to the Commission and the Authority ("Request for
26 Disbursement").

27
28 (i). A Request for Disbursement must include an itemization of each
29 cost and expense for which the Sponsor requests payment or reimbursement, and
30 shall be in substantially the form set forth in Exhibit D to this Agreement.
31 In support of a Request for Disbursement, the Sponsor shall provide a copy of
32 all invoices and proof of payment with respect to each cost and expense
33 identified in the Request for Disbursement. The Sponsor shall provide the
34 State with full access to all other directly pertinent documents, records,
35 and other information in the possession, custody or control of the Sponsor
36 that relate to each cost and expense identified with respect to a Request for

1 Disbursement.

2
3 (ii). Upon completion of the verification by the State of the costs and
4 expenses identified in a Request for Disbursement, the Authority shall send a
5 notice of payment to the Sponsor setting forth the amount approved by the
6 Commission and the Authority to be disbursed by the State with respect to the
7 costs and expenses identified in a Request for Disbursement. Within ten (10)
8 business days after the date of a notice of payment, the State will cause the
9 amount set forth in the notice of payment to be disbursed to the Sponsor by
10 wire transfer to an account of the Sponsor designated in the Request for
11 Disbursement. All Requests for Disbursement must be submitted by the Sponsor
12 to the State no later than forty-eight (48) months after the Closing Date.

13
14 (iii). The Sponsor shall further provide the State with full access to
15 all such documents, records, and other information as are reasonably
16 necessary for the State to perform any audit required by the Implementation
17 Act, and including, without limitation, verification that each cost and
18 expense identified with respect to a Request for Disbursement has been
19 actually paid or incurred by the Sponsor, the reasonableness of the nature
20 and amount of the cost and expense, and whether the cost and expense may be
21 properly characterized as Eligible Costs.

22
23 (iv). The State will cooperate with Sponsor in observing security
24 protocols, as set forth in Exhibit C, in place at the Project Facilities and
25 the Existing Facilities, to the extent consistent with Arkansas law.

26
27 9. Training Facilities. From the Amendment 82 Financing the State will
28 provide to or for the benefit of Southern Arkansas University Tech or another
29 similarly qualified provider the amount of One Million, Six Hundred Forty-
30 five Thousand Dollars (\$1,645,000) to be used for construction and equipping
31 of facilities to be located at Southern Arkansas University Tech or in the
32 vicinity of the Project for the training of individuals, including without
33 limitation individuals who may fill Direct Positions or Independent Direct
34 Positions at the Project Facilities or in connection with the Project.

35
36 10. Grant Recapture. The Sponsor understands that all of the economic

1 incentives being offered to the Sponsor as an inducement to locate the
 2 Project in Calhoun County represent an expectation by the Commission that the
 3 Sponsor will timely meet the Project Employment Commitment, the Additional
 4 Employment Commitment, and the Compensation Commitment (together the
 5 "Commitments"). In the event the Sponsor fails to cause any of the
 6 Commitments to be achieved and maintained, the Sponsor will pay to the State
 7 certain amounts (the "Repayment Obligation") to be calculated based upon the
 8 formulas set forth in this Paragraph 10 (the "Repayment Calculations"). The
 9 total amount to be paid by the Sponsor pursuant to any or all of the
 10 Repayment Calculations will not exceed the lesser of Eighty Three Million
 11 Dollars (\$83,000,000) or the total amount of the Grant disbursed by the State
 12 pursuant to Paragraph 8 hereof. Subject to the right to cure provided in
 13 Paragraph 10(e) hereof, any Repayment Obligation due to be paid by the
 14 Sponsor to the State under this Paragraph 10 shall be paid immediately upon
 15 written notice from the State. For the purpose of the Recapture Calculations
 16 the Additional Employment Commitment will be calculated by adding any Excess
 17 Project FTEs to Existing Facility FTEs. Notwithstanding the foregoing, all
 18 Project FTEs counted toward the Additional Employment Commitment will be
 19 subject to the Compensation Commitment, and the Recapture Calculations.

20
 21 a. Project Employment Commitment. If the Sponsor fails to meet the
 22 Project Employment Commitment for any Project Year, it will repay a portion
 23 of the Grant equal to 1.3% (32.5% of 4%) of the total amount of the Grant
 24 disbursed as of the end of the Project Year, multiplied by one minus the
 25 ratio of the number of Project FTEs for the Project Year to the agreed number
 26 of Project FTEs set forth in Exhibit A for that period:

$$\begin{aligned} & \text{Recapture Amount} = 0.013 \times \text{Grant Amount Disbursed} \times \\ & (1 - (\text{Actual Project FTEs} / \text{Project FTEs Agreed per Exhibit A})) \end{aligned}$$

27
 28
 29
 30
 31 b. Additional Employment Commitment. If the Sponsor fails to meet the
 32 Additional Employment Commitment for any Project Year, it will repay a
 33 portion of the Grant equal to 1.3% (32.5% of 4%) of the total amount of the
 34 Grant disbursed as of the end of the Project Year, multiplied by one minus
 35 the ratio of the sum of (a) the number of Existing Facility FTEs, and (b) the
 36 number of Excess Project FTEs for that Project Year, to 556:

1 (i). Events beyond Sponsor's reasonable control include, but are not
2 limited to, acts of God, fire, casualty, riot, act of terrorism, or natural
3 disaster. Events beyond Sponsor's reasonable control do not include contract
4 termination described in subparagraph (d) of this Paragraph 10, Sponsor's
5 decisions or acts or the decisions or acts of its agents, the effect of
6 contracts or agreements with third parties other than the DOD contract,
7 financial distress, merger, acquisition, sale or assignment, acts of
8 creditors, bankruptcy, judgments or collection.

9
10 (ii). In order to cure an Unavoidable Failure the Sponsor must (A)
11 promptly notify the State in writing of the reason for the Unavoidable
12 Failure and that the Sponsor elects to cure the failure, and (B) meet each
13 failed Commitment in the first or second Project Year following the Project
14 Year in which the Unavoidable Failure occurred. In the event an Unavoidable
15 Failure is cured, the Repayment Obligation for the Project Year in which the
16 Unavoidable Failure occurred will be waived by the State.

17
18 (iii). If the Sponsor elects to cure an Unavoidable Failure but fails
19 to cure within the time allowed, the related outstanding Repayment Obligation
20 will be due immediately upon the earlier of written notice from the State, or
21 written notice from the Sponsor to the State that the Sponsor will not be
22 able to timely cure the Unavoidable Failure.

23
24 f. Reduction of Recapture Period. If the Sponsor has for any two
25 complete consecutive Project Years both (a) exceeded the Project Employment
26 Commitment by at least 25%, and (b) met each of the other Commitments, and if
27 the Sponsor is then in compliance with all terms and conditions of the
28 Amendment 82 Agreement, then two Project Years will be deducted from the end
29 of the schedule described in Exhibit A, shortening the time during which the
30 Sponsor must meet the Commitments. No one Project Year may be included in
31 more than one such reduction calculation.

32
33 g. Events of Default. If at any time after Project Year 5 (as
34 described in Exhibit A) the number of Project FTEs (including any Excess
35 Project FTEs) is less than 20% of the Project Employment Commitment in any
36 two Consecutive Project Years ("Substantial Default"), and if such

1 Substantial Default is not a result of an Unavoidable Failure, the Sponsor
2 will, upon written notice from the State, repay a portion of the Grant equal
3 to the sum of: (a) 4% of the total amount of the Grant disbursed as of the
4 termination date multiplied by the difference of the number of Project Years
5 then remaining on the Commitments (as set forth in Exhibit A) less the number
6 of Project Years, if any, deducted under Paragraph 10(f) hereof; and (b) the
7 amount of all interest accruing and to accrue on the Bonds, at their
8 respective coupon rates, for the period of time between the first day of the
9 year following the Project Year in which the Substantial Default first
10 occurred and the first call date for the Bonds.

11
12 11. Conditions of the Financing. In addition to all other conditions
13 set forth in this Agreement and the requirements of any other applicable
14 laws, the economic incentives, including the Amendment 82 Financing, set
15 forth in this Agreement are subject to the following conditions of the State:

16
17 a. [Reserved.]

18
19 b. Satisfactory completion of the actions required by the Governor of
20 the State (the "Governor"), the General Assembly of the State (the "General
21 Assembly"), the Authority, the Department of Finance and Administration (the
22 "Department"), and all other officials pursuant to the requirements of
23 Amendment 82 and the Implementation Act (together, the "Amendment 82
24 Requirements").

25
26 c. [Reserved.]

27
28 d. Satisfactory negotiation and execution of all documents necessary
29 to the issuance of the Bonds, and any other documents required by this
30 Agreement.

31
32 e. The award of the JLTV Contract to the Sponsor (the "JLTV Contract
33 Award"), the passage of twenty (20) calendar days after the award, and the
34 absence of any pending protest or written objection by an interested party to
35 an award of a contract or any other objection to the contract solicitation
36 and award process as defined in FAR 33.101, including any objection which has

1 been perfected by a filing with: a) the Department of Army or other executive
2 agency of the United States in accordance with Army Federal Acquisition
3 Supplement Part 5133.1, "Protests," or similar agency regulation, b) GAO in
4 accordance with 4 CFR Part 21, or c) the U.S. Court of Federal Claims as set
5 forth in that Court's rules. Upon issuance of the Bonds, the State will be
6 obligated to disburse the Grant as hereinabove provided, and the Sponsor will
7 be obligated to perform as described herein, including an obligation to use
8 Grant proceeds in a timely manner to pay costs of the Project eligible to be
9 funded from proceeds of the bonds; provided, however, that the State will
10 have no obligation to disburse the Grant or any part thereof if a court,
11 executive or administrative body has issued, and there remains in effect, a
12 stay, injunction or other order that prevents or delays performance of the
13 JLTV Contract by DOD or the Sponsor.

14
15 f. Written certification by the Sponsor agrees that to the best of its
16 information and belief, based on (1) internal due diligence, (2) a
17 contemporaneous examination of publicly available records at the GAO and the
18 Court of Federal Claims, and (3) affirmative inquiries directed to the U.S.
19 Government JLTV Contracting Officer seeking confirmation that no agency
20 protest has been filed with the Department of the Army ("Army") pursuant to
21 FAR 33.103, "Protests to the agency," that there are no pending protests or
22 objections to the contract solicitation and award process as described above
23 as of the effective date of the certification.

24
25 12. Conditions of the Sponsor. In addition to all other conditions
26 set forth in this Agreement and the requirements of any other applicable
27 laws, the economic incentives, including the Amendment 82 Financing, set
28 forth in this Agreement are subject to the following conditions of the
29 Sponsor:

30
31 a. [Reserved.]

32
33 b. Satisfactory completion of the actions required by the Governor,
34 the General Assembly, the Authority, the Department, and all other officials
35 pursuant to the Amendment 82 Requirements.

36

1 c. [Reserved.]

2
3 d. Satisfactory negotiation and execution of all documents pertaining
4 to the issuance of the Bonds, and any other documents required by this
5 Agreement.

6
7 e. The award of the JLTV Contract to the Sponsor and the absence of
8 any pending protest or written objection by an interested party to an award
9 of a contract or any other objection to the contract solicitation and award
10 process as defined in FAR 33.101, including any objection which has been
11 perfected by a filing with: a) the Department of Army or other executive
12 agency of the United States in accordance with Army Federal Acquisition
13 Supplement Part 5133.1, "Protests," or similar agency regulation, b) GAO in
14 accordance with 4 CFR Part 21, or c) the U.S. Court of Federal Claims as set
15 forth in that Court's rules. Upon issuance of the Bonds, the State will be
16 obligated to disburse the Grant, and the Sponsor will be obligated to perform
17 as described herein, including an obligation to use Grant proceeds in a
18 timely manner to pay costs of the Project eligible to be funded from proceeds
19 of the bonds; provided, however, that the State will have no obligation to
20 disburse the Grant or any part thereof if a court, executive or
21 administrative body has issued, and there remains in effect, a stay,
22 injunction or other order that prevents or delays performance of the JLTV
23 Contract by DOD or the Sponsor.

24
25 13. Termination. In the event any condition to Closing set forth in
26 Paragraph 11 or 12 hereof are not satisfied or waived on or before the
27 Closing Deadline (as extended), either the State or the Sponsor may send
28 written notice of termination to the other Party and thereafter the Parties
29 shall have no further obligations pursuant to this Agreement. Provided,
30 however, that in the event of termination under Paragraphs 7(a)(ii) or 7(b),
31 the notice provisions of such paragraphs shall apply.

32
33 14. Assistance and Collaboration. The Sponsor plans (but is not
34 required) to work collaboratively with:

35
36 a. Calhoun County, Arkansas, with assistance provided by the

1 Commission, with the goal of reaching satisfactory agreements for property
2 tax relief through the issuance of industrial development revenue bonds by
3 Calhoun County, subject to the restriction that the Sponsor would pay an
4 amount not less than 35% of what would otherwise have been payable by the
5 Sponsor if industrial development revenue bonds and a payment in lieu of tax
6 agreement were not provided; and

7
8 b. The City of Camden, Arkansas, and the Ouachita Partnership for
9 Economic Development, Inc., with assistance provided by the Commission, with
10 the goal of reaching a satisfactory agreement providing for an Industry
11 Incentive Award in the amount of \$1,000,000.

12
13 15. Assumption or Sale. In the event the Project, or any part
14 thereof, is sold, conveyed or transferred to any other person or entity, the
15 Sponsor shall remain fully obligated for each of the Commitments, including
16 without limitation any Repayment Obligations.

17
18 16. Confidentiality and Non-Disclosure. The Parties recognize that
19 certain information and records provided by the Sponsor to the Commission or
20 the Authority include trade secrets or other information which, if disclosed,
21 would give advantage to competitors of the Sponsor, or include records
22 related to the Sponsor's planning, site location, expansion, operations,
23 product development or marketing (collectively, "Confidential Business
24 Information"). Such records are generally exempt from public disclosure
25 under the terms of the Arkansas Freedom of Information Act, Ark Code Ann. §
26 25-19-101 et seq. Neither Party to this Agreement nor any related entity,
27 affiliate, or representative of a Party shall make any disclosure of
28 Confidential Business Information without the prior written consent of the
29 other Party; provided however, that a Party may make such a disclosure
30 without the consent of the other Party if the other Party has been afforded,
31 to the extent reasonably practicable, an opportunity to contest the
32 disclosure, and the disclosure is: (a) compelled by legal, accounting, or
33 regulatory requirements applicable to and beyond the reasonable control of
34 the Party; (b) necessary to proceed with the intentions and agreements
35 contained in this Agreement as they specifically relate to any affiliate or
36 representative of any Party; (c) necessary to obtain legislative approval of

1 the undertakings set forth in this Agreement; or (d) required under
2 applicable law binding upon the disclosing Party. The Party making such a
3 disclosure shall give written notice thereof to the other Party as early as
4 reasonably practicable.

5
6 17. Public Reporting Requirements. The Sponsor acknowledges and
7 agrees to comply with the public reporting, monitoring, auditing, and other
8 reporting requirements of the Implementation Act set forth in Ark. Code Ann.
9 §§ 15-4-3206, 15-4-3221, and 15-4-3224. The Sponsor shall reasonably
10 cooperate with the State by providing such documents, records, and other
11 information to the State as may be necessary to comply with the public
12 reporting, monitoring, auditing, and other reporting requirements of the
13 Implementation Act and other applicable laws. The Sponsor shall maintain and
14 make available all documents, records, and other information for annual audit
15 by the Commission, the State's Chief Fiscal Officer, and upon request, but no
16 more often than annually, by the Office of Economic and Tax Policy or a
17 person retained by the Office of Economic and Tax Policy. The Sponsor shall
18 comply with all auditing and reporting requirements of any state or federal
19 regulatory agency or other Governmental Authority that may have jurisdiction
20 over the Sponsor. The State will cooperate with the Sponsor in observing
21 security protocols, as set out in Exhibit C, in place at the Project
22 Facilities and the Existing Facilities, to the extent consistent with
23 Arkansas law. The Sponsor shall cause each person or entity that employs or
24 contracts with an individual holding an Independent Direct Position (the
25 "Independent Direct Employer") to provide to the State such documents,
26 records, and other information as may be necessary to comply with the audit
27 requirements of the Implementation Act, including those set forth in Ark.
28 Code Ann. § 15-4-3206. For the purposes of Paragraphs 4 and 10 hereof no FTE
29 may be counted as an Independent Direct Position unless the Independent
30 Direct Employer fully complies with the State's requests for information
31 necessary to comply with the audit and reporting provisions of the
32 Implementation Act.

33
34 18. Force Majeure. No Party shall bear responsibility or liability
35 for non-performance of any obligations under this Agreement, other than the
36 Commitments, caused by, and during the duration of, major events beyond its

1 reasonable control, such as an act of God, emergency, fire, casualty, lockout
2 or strike, unavoidable accident, riot, war, terrorism, financial market
3 disruption, computer virus or similar threat, or other force majeure.
4 Responsibility for failure to meet the Commitments is described in Paragraph
5 10 hereof, which shall control in the event of any inconsistency between
6 Paragraph 10 and this Paragraph 18.

7
8 19. General Terms. To the extent there may be any conflict between
9 the terms and conditions of this Agreement and the Letter of Commitment, this
10 Agreement shall prevail. To the extent that the Sponsor does not accept for
11 whatever reason any portion of the funds or economic incentives set forth in
12 this Agreement, neither the State, the Authority, nor the Commission shall
13 have any obligation to replace the value of the funds or economic incentives
14 not accepted, inclusive of the value of any matching funds, with other funds
15 or economic incentives. This Agreement will be binding upon and will inure
16 to the benefit of the successors and assigns of the Sponsor. This Agreement,
17 contains all the terms and conditions of the agreement of the parties as to
18 the Amendment 82 Financing.

19
20 20. Representations and Warranties. In order to induce the State to
21 enter into this Agreement, the Sponsor hereby represents and warrants to the
22 State as follows:

23
24 a. Names. The correct legal name of the Sponsor is "Lockheed Martin
25 Corporation".

26
27 b. Organization of the Sponsor. The Sponsor is a business
28 corporation duly organized, validly existing, and in good standing pursuant
29 to the laws of the State of Maryland. The Sponsor has performed all acts
30 required of it to be qualified as a foreign corporation to do business in the
31 State.

32
33 c. Authorization. The Sponsor has full power and authority to
34 execute and deliver this Agreement and to perform the obligations of the
35 Sponsor pursuant to this Agreement. The Sponsor has duly authorized the
36 execution, delivery, and performance of this Agreement. This Agreement

1 constitutes the valid and legally binding obligation of the Sponsor
2 enforceable in accordance with its terms and conditions. The undersigned
3 authorized signatory of the Sponsor is the lawful agent of the Sponsor with
4 the authority to execute and deliver this Agreement.

5
6 d. Purpose. The funds disbursed to, or for the benefit of, the
7 Sponsor pursuant to the Grants shall be used by the Sponsor solely for
8 purposes described in Paragraph 2 hereof.

9
10 e. Non-contravention. Neither the execution and delivery of this
11 Agreement, nor the consummation of the transactions contemplated by this
12 Agreement shall: (a) violate any applicable law including the Amendment 82
13 Requirements; (b) conflict with, result in a breach of, constitute a default
14 under, result in the acceleration of, create the right to accelerate,
15 terminate, modify, cancel, or require any notice pursuant to any material
16 contract or lease to which the Sponsor may be a party or by which the Sponsor
17 may be bound; or (c) violate or conflict with the articles of incorporation,
18 bylaws, or other governing documents of the Sponsor.

19
20 21. General Covenants. In addition to the covenants of the Sponsor
21 set forth elsewhere in this Agreement, the Sponsor covenants and agrees as
22 follows:

23
24 a. Change of Name. The Sponsor shall not change its legal name
25 unless the Sponsor provides notice to the Commission and the Authority as
26 soon as reasonably possible after the change of its name.

27
28 b. State of Organization. The Sponsor shall not change the
29 jurisdiction of the organization of the Sponsor unless the Sponsor provides
30 notice to the Commission and the Authority as soon as reasonably possible
31 after the change of its jurisdiction.

32
33 c. Eligible Business. The Sponsor shall qualify as an "eligible
34 business" as defined in the Incentive Act prior to the receipt of the
35 Amendment 82 Financing.

36

1
2 22. General Provisions.

3
4 a. Governing Law. This Agreement shall be governed by and
5 interpreted pursuant to the laws of the State without regard to principles of
6 conflicts of laws that would require or permit the application of the laws of
7 a state other than the State, except that federal statutes and regulations
8 expressly referenced in this Agreement shall be construed and interpreted
9 according to the federal common law of government contracts as enunciated and
10 applied by federal judicial bodies, boards of contracts appeals, and the
11 Government Accountability Office.

12
13 b. Interpretation. This Agreement shall be interpreted as follows:
14 (a) as though the State and the Sponsor (each a “Party” and collectively the
15 “Parties”) shared equally in the negotiation and preparation of this
16 Agreement; (b) gender or lack of gender of any word shall include the
17 masculine, feminine, and neuter; (c) singular shall include plural and plural
18 shall include singular; (d) the words “include” and “including” mean, in
19 addition to any regularly accepted meaning, “without limitation” and
20 “including but not limited to”; (e) references to Paragraphs refer to
21 Paragraphs of this Agreement; (f) subject headings, captions, and titles
22 shall not affect the interpretation of this Agreement; (g) as a solicitation
23 for offers until this Agreement shall have been executed and delivered by all
24 Parties; (h) the definition of any term in this Agreement shall apply to all
25 uses of such term whenever capitalized; and (i) any Exhibits to this
26 Agreement shall be incorporated into this Agreement as though fully set forth
27 word for word in this Agreement.

28
29 c. Business Day. If any provision of this Agreement shall require
30 the performance of an obligation or the exercise of a right on a date that
31 shall be a legal holiday pursuant to applicable law, a Party may postpone the
32 performance of such obligation or the exercise of such right until the next
33 business day pursuant to applicable law.

34
35 d. Currency. Any reference to dollars or money in this Agreement
36 shall mean legal tender of the United States of America. Any amount required

1 to be paid by a Party pursuant to this Agreement shall be paid by check or
 2 electronic transfer payable to the order of the Party to receive such amount.

3
 4 e. Time for Performance. Time shall be of the essence.

5
 6 f. Brokers. The State shall not be obligated for the payment of any
 7 broker, agent, consultant, finder, or other Person engaged by the Sponsor.
 8 The Sponsor shall not be obligated for the payment of any broker, agent,
 9 consultant, finder, or other Person engaged by the State.

10
 11 g. Expenses. Except as provided in this Agreement, each Party shall
 12 pay all expenses incurred by such Party with respect to: (a) the
 13 negotiation, preparation, execution, delivery, and performance of this
 14 Agreement; and (b) the transactions contemplated by this Agreement.

15
 16 h. Notice. All notices, demands, requests, and other communications
 17 required by this Agreement shall be in writing and shall be delivered to a
 18 Party by either: (a) personal delivery; (b) overnight delivery service with
 19 delivery costs and expenses prepaid and receipt of delivery requested; (c)
 20 certified or registered mail with postage prepaid and return receipt
 21 requested; or (d) by electronic mail to the persons then holding the titles
 22 below. All notices, demands, requests, and other communications permitted or
 23 required by this Agreement shall be delivered to the Parties at the following
 24 addresses unless another address shall be designated by a Party by notice
 25 pursuant to the provisions of this Section:

26
 27 If to the State:

28
 29 Office of the Governor
 30 State Capitol Room 250
 31 Little Rock, Arkansas 72201
 32 justin.tate@governor.arkansas.gov
 33 rett.hatcher@governor.arkansas.gov

34
 35 AND

1 Office of the Attorney General
 2 323 Center Street, Suite 200
 3 Little Rock, Arkansas 72201
 4 oag@arkansasag.gov

5
 6 AND

7
 8 Arkansas Department of Finance and
 9 Administration
 10 Office of the Director
 11 1509 West Seventh Street, Suite 401
 12 Little Rock, Arkansas 72203-3278
 13 jamie.levinsky@dfa.arkansas.gov

14
 15 AND

16
 17 Arkansas Economic Development Commission
 18 Attn: Executive Director
 19 900 West Capitol Avenue, Suite 400
 20 Little Rock, Arkansas 72201
 21 mpreston@arkansasedc.com
 22 bscoggins@arkansasedc.com

23
 24 AND

25
 26 Arkansas Development Finance Authority
 27 Attn: President
 28 900 West Capitol Avenue, Suite 310
 29 Little Rock, Arkansas 72201
 30 aaron.burkes@adfa.arkansas.gov
 31 brad.henry@adfa.arkansas.gov

32
 33 If to the Commission:

34
 35 Arkansas Economic Development Commission
 36 Attn: Executive Director

1 900 West Capitol Avenue, Suite 400
2 Little Rock, Arkansas 72201
3 mpreston@arkansasedc.com
4

5 AND

6
7 Arkansas Economic Development Commission
8 Attn: Bryan Scoggins
9 900 West Capitol Avenue, Suite 400
10 Little Rock, Arkansas 72201
11 bscoggins@arkansasedc.com
12

13 If to the Authority:

14
15 Arkansas Development Finance Authority
16 Attn: President
17 900 West Capitol Avenue, Suite 310
18 Little Rock, Arkansas 72201
19 aaron.burkes@adfa.arkansas.gov
20

21 AND

22
23 Arkansas Development Finance Authority
24 Attn: Vice President, Development Finance
25 900 West Capitol Avenue, Suite 310
26 Little Rock, Arkansas 72201
27 brad.henry@adfa.arkansas.gov
28

29 If to the Sponsor:

30
31 Lockheed Martin Corporation
32 Attn: Mr. Harold R. O'Neal
33 Vice President, Production Operations
34 Lockheed Martin Missiles and Fire Control
35 1701 W. Marshall Drive
36 Dallas, Texas 75051

1 randy.oneal@lmco.com
2
3 AND
4
5 Attn: James C. Mifsud
6 Deputy General Counsel
7 Lockheed Martin Missiles and Fire Control
8 5600 Sand Lake Road, MP-532
9 Orlando, Florida 32819
10 james.c.mifsud@lmco.com
11

12 AND
13
14 Kathryn B. Hasse
15 Director, Tactical Wheeled Vehicles
16 Lockheed Martin Missiles and Fire Control
17 1701 W. Marshall Drive, M/S: SP-11
18 Dallas, Texas 75051
19 kathryn.hasse@lmco.com
20

21 With a copy to:
22 LMC Properties, Inc.
23 100 S. Charles Street, Suite 1400
24 Baltimore, MD 21201
25 Attn: General Counsel
26 theresa.b.shea@lmco.com
27

28 i. Amendment. This Agreement may be modified or amended only by a
29 subsequent written agreement executed and delivered by all Parties in
30 accordance with the requirements of the Implementation Act. The course of
31 dealing and the course of performance among the Parties shall not modify or
32 amend this Agreement in any respect.
33

34 j. Waiver. The provisions of this Agreement may be waived only by a
35 subsequent written agreement executed and delivered by all Parties. Any
36 delay or inaction by a Party shall not be construed as a waiver of any of the

1 provisions of this Agreement. A waiver of any provision of this Agreement:
2 (a) shall not be construed as a waiver of any other provision of this
3 Agreement; (b) shall be applicable only to the specific instance and for the
4 specific period in which the waiver may be given; (c) shall not be construed
5 as a permanent waiver of any provision of this Agreement unless otherwise
6 agreed by all Parties in a subsequent written agreement executed and
7 delivered by all Parties; (d) shall not affect any right or remedy available
8 to a Party; and (e) shall be subject to such terms and conditions as provided
9 in a subsequent written agreement executed and delivered by all Parties.

10
11 k. Binding Effect. The Parties executed and delivered this
12 Agreement with the intent to be legally bound to its provisions. This
13 Agreement shall inure to the benefit of, shall be binding on, and shall be
14 enforceable by the heirs, successors, and assigns of the Parties.

15
16 l. Third Party Beneficiary. The Parties do not intend to create any
17 rights pursuant to this Agreement for the benefit of any third party
18 beneficiary except as expressly provided in this Agreement.

19
20 m. Severability. Each provision of this Agreement shall be
21 severable from all other provisions of this Agreement. The invalidity or
22 unenforceability of any provision of this Agreement shall not affect the
23 validity or enforceability of any other provision of this Agreement. If any
24 provision of this Agreement shall be determined to be invalid or
25 unenforceable by a Governmental Authority in any litigation among the
26 Parties, such provision shall be amended, without further action by the
27 Parties, to the extent necessary to cause such provision to be valid and
28 enforceable.

29
30 n. Remedies. The remedies provided in this Agreement and the Act
31 shall be cumulative and not exclusive of any remedies otherwise available to
32 the Parties pursuant to applicable law.

33
34 o. Conflicts. If there shall be an irreconcilable conflict between
35 the provisions of this Agreement and the provisions of any other document
36 with respect to the transactions contemplated by this Agreement including the

1 Formal Proposal and the Letter of Commitment, the provisions of this
2 Agreement shall prevail and the conflict shall be resolved by reference only
3 to the provisions of this Agreement. To the extent there may be an
4 irreconcilable conflict between the Amendment 82 Requirements and the
5 provisions of this Agreement, the Amendment 82 Requirements shall prevail.
6

7 p. Entire Agreement. This Agreement contains the entire agreement
8 of the Parties on the subject matters of this Agreement, and any oral or
9 prior written understanding on the subject matters of this Agreement shall
10 not be binding on the Parties. Each Party represents, warrants, and
11 covenants that such Party has not been influenced to enter into this
12 Agreement by any Person and has not relied on any representation, warranty,
13 or covenant of any Person other than as set forth in this Agreement.
14

15 EXECUTED and DELIVERED as of _____, 2015.
16

17 THE STATE
18 THE STATE OF ARKANSAS
19
20
21

22 _____
23 By: Governor, Asa Hutchinson
24
25
26

27 _____
28 By: President Pro Tempore of the Senate,
29 Jonathan Dismang
30
31

32 _____
33
34 By: Speaker of the House of Representatives,
35 Jeremy Gillam
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By: Chief Fiscal Officer and Director of the
Department of Finance and Administration,
Larry Walther

By: Director of the Arkansas Economic
Development Commission, Michael Preston

By: President of the Arkansas Development
Finance Authority, Aaron Burkes

THE SPONSOR
LOCKHEED MARTIN CORPORATION

By: Vice President, Production Operations,
Harold R. O'Neal

EXHIBIT A

Compensation Commitment

	Project Year 1 (2016)	Project Year 2 (2017)	Project Year 3 (2018)	Project Year 4 (2019)	Project Year 5 (2020)	Project Year 6 (2021)	Project Year 7 (2022)	Project Year 8 (2023)	Project Year 9 (2024)	Project Year 10 (2025)	Project Year 11 (2026)	Project Year 12 (2027)	Project Year 13 (2028)
Compensation Commitment	\$46,720	\$45,057	\$43,606	\$45,023	\$43,429	\$44,992	\$46,593	\$48,230	\$50,491	\$52,427	\$53,998	\$55,617	\$57,286

	Project Year 14 (2029)	Project Year 15 (2030)	Project Year 16 (2031)	Project Year 17 (2032)	Project Year 18 (2033)	Project Year 19 (2034)	Project Year 20 (2035)	Project Year 21 (2036)	Project Year 22 (2037)	Project Year 23 (2038)	Project Year 24 (2039)	Project Year 25 (2040)	
Compensation Commitment	\$59,005	\$60,777	\$62,599	\$64,475	\$66,411	\$68,410	\$70,457	\$72,573	\$74,750	\$76,994	\$79,299	\$81,679	

Project Employment Commitment

	Project Year 1 (2016)	Project Year 2 (2017)	Project Year 3 (2018)	Project Year 4 (2019)	Project Year 5 (2020)	Project Year 6 (2021)	Project Year 7 (2022)	Project Year 8 (2023)	Project Year 9 (2024)	Project Year 10 (2025)	Project Year 11 (2026)	Project Year 12 (2027)	Project Year 13 (2028)
Employment Commitment	100	122	176	310	538	533	523	514	491	589	589	589	589

	Project Year 14 (2029)	Project Year 15 (2030)	Project Year 16 (2031)	Project Year 17 (2032)	Project Year 18 (2033)	Project Year 19 (2034)	Project Year 20 (2035)	Project Year 21 (2036)	Project Year 22 (2037)	Project Year 23 (2038)	Project Year 24 (2039)	Project Year 25 (2040)	
Employment Commitment	589	589	589	589	589	589	589	589	589	589	589	589	

EXHIBIT B

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Facilities Projects

Construction

- Test Track
- Test Building
- Parking Lots
- Access Roads
- Other construction necessary to support the project

Purchases and Installations

- HVAC Systems
- Furniture and Appliances
- Fencing
- Other purchases and installations necessary to support the project

Building Equipment

- Bridge Cranes
- Warehouse racking
- Assembly Carts
- Other building equipment necessary to support the project

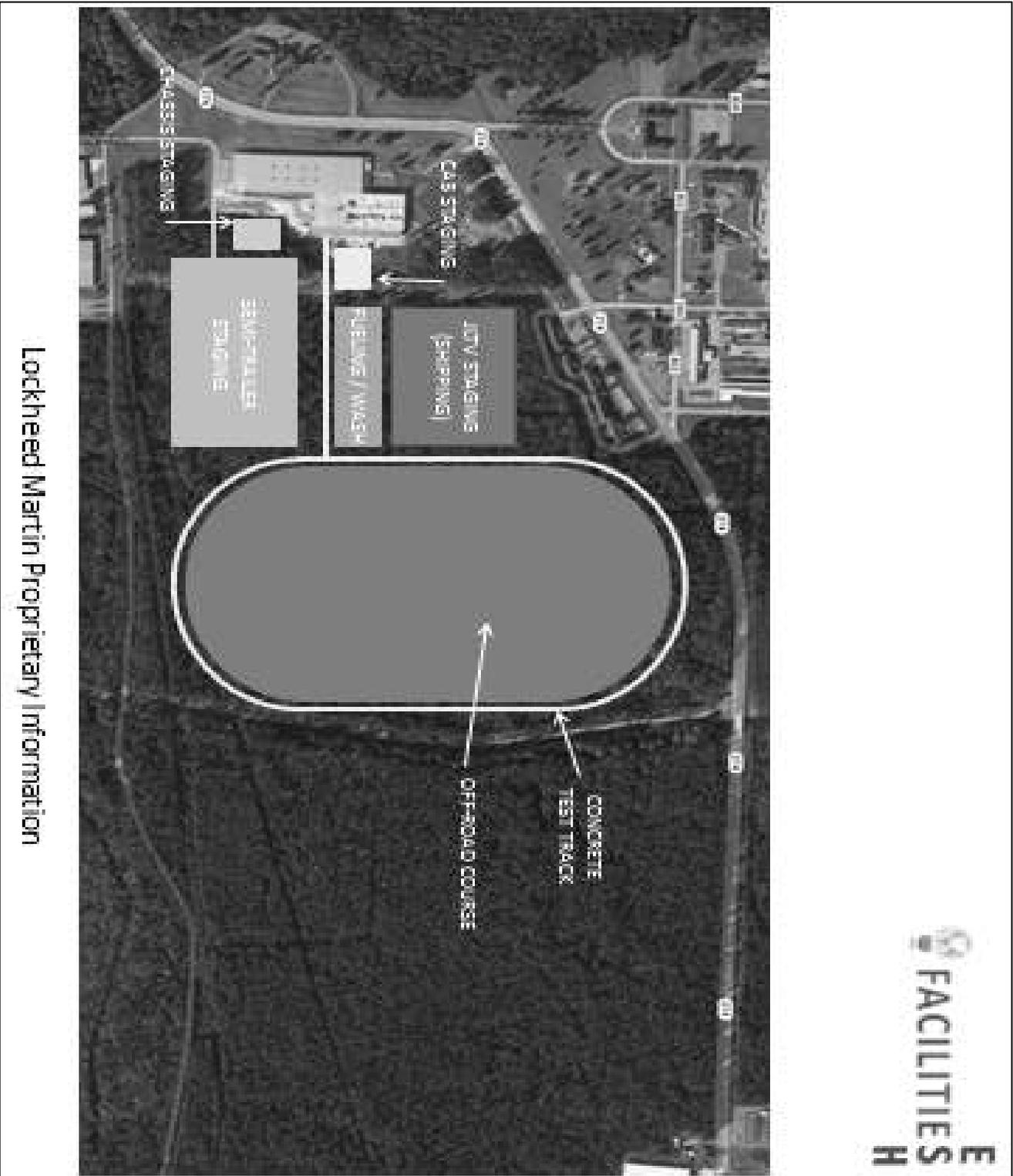
Quality Assurance Equipment

- Calibrators
- Automated Torque System
- Laser Trackers
- Other quality assurance equipment necessary to support the project

Wheeled Vehicles – Rolling Stock

- Forklifts
- Tugs
- Carts
- Trucks
- Other wheeled vehicles necessary to support the project

Plans of Project Facilities:



Lockheed Martin Proprietary Information

LOCKHEED MARTIN
FACILITIES

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EXHIBIT C

SECURITY PROTOCOL

Security Protocol Between Lockheed Martin Corporation, acting by and through its Missiles and Fire Control ("LMMFC") Business Area ("Sponsor") and the State of Arkansas ("State") regarding the Letter of Commitment and the Amendment 82 Agreement for new products and existing facility improvements at the LMMFC Facility in Calhoun County, Arkansas.

Section 1. This protocol applies to the LMMFC Facility in Camden, Arkansas and the LMMFC Facilities in Dallas, Texas and Orlando, Florida. All documents, records and other information pertaining to disbursement requests pursuant to the Letter of Commitment between Lockheed Martin Corporation and the Arkansas Economic Development Commission and the Amendment 82 Agreement between Lockheed Martin Corporation and the State of Arkansas ("State") covering LMMFC's Camden, Arkansas Facility are expected to be in Camden, Arkansas; Dallas, Texas; or Orlando, Florida.

PROCESS

1. Advance Notification: The State will endeavor to the extent practical, and subject to its obligations under Arkansas law, to afford LMMFC reasonable advance notice of its desire to visit any of the LMMFC Facilities, audit and review documents, records and other information pertinent to the Letter of Commitment and the Amendment 82 Agreement, so that preparation can be made and required documents, records and other information can be collated and made available to the State of Arkansas.

Security Services

2. Upon the arrival of any representative(s) of the State to visit a LMMFC Facility and view or audit documents, records and other information at the LMMFC Facility in Camden, Arkansas; Dallas, Texas or Orlando, Florida pertaining to the Letter of Commitment or the Amendment 82 Agreement in Camden, Arkansas, Orlando, Florida, or Dallas, Texas, Security Services will notify the LMMFC Security Services senior executive or local LMMFC Facility Security Officer ("FSO").

1 3. Process the visiting representatives(s) of the State for the
2 necessary badge, any required use of camera and equipment, and entrances into
3 classified areas, if any.

4 4. Contact Business Operations to escort the representative(s) of the
5 State.

6
7 Business Operations

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9 5. Escort the representative(s) of the State to the site Business
10 Operations senior executive, as requested.

11 6. Determine the purpose of the visit, if not already accomplished
12 through the provisions of paragraph (1) above.

13 7. Advise the LMMFC Law Department and Government Compliance if cost or
14 pricing information is to be supplied to the State.

15 8. Co-ordinate access to work areas in the Camden, Arkansas facility or
16 at the Dallas, Texas and Orlando, Florida sites relative to completion of the
17 State's audit of documents, records and other information required to verify
18 costs and expenses identified with respect to Sponsor's submission of a
19 Request for Disbursement pursuant to the Letter of Commitment or the
20 Amendment 82 Agreement.

21 9. During the visit, escort the representatives of the State, and as
22 necessary, make written notes relative to what is provided to the State in
23 conjunction with its audit.

24 10. Advise the applicable Security Services senior executive, the local
25 Facility Security, the Law Department or International Trade compliance if
26 the State representative wishes to photograph, video, take notes or obtain
27 documents or records that could be considered classified or proprietary.

28 11. If the State representative takes any photographs, videos,
29 documents or records LMMFC will ensure that they are cleared for release to
30 the State and are annotated appropriately. It is not anticipated that
31 physical samples will be requested by the State, but to the extent they are,
32 they should also be cleared for release to the State. LMMFC will clear any
33 identified item for release to the State through the LMMFC Public Information
34 Release Authorization procedures.

35 12. If any photographs, video, notes, documents, records and other
36 information are taken, obtain duplicates of same where practical.

1 13. Upon completion of inspection, review or audit by the State, escort
2 the State representative(s) to a designated area for an out-briefing.

3 14. Report results of the visit or audit to the Business Operations,
4 and as appropriate, the Law Department and Government Compliance.

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EXHIBIT D

REQUEST FOR GRANT DISBURSEMENT

TO: ARKANSAS DEVELOPMENT FINANCE AUTHORITY ("ADFA")
 Attn: Vice President Development Finance
 900 W. Capitol, Suite 310
 Little Rock, AR 72201

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION ("AEDC")
 Attn: Director of Business Finance
 900 W. Capitol, Suite 400
 Little Rock, AR 72201

SPONSOR: Lockheed Martin Corporation

RE: Amendment 82 Agreement

REQUEST # _____ (the "Request")

Balance Before this Request	\$83,000,000
Amount of this Request	\$
Balance After this Request	\$

By signing below, Lockheed Martin Corporation (the "Sponsor") represents and warrant to ADFA and AEDC that:

1. Sponsor in not in material default of any term or condition of the Amendment 82 Agreement.

2. The JLTV Contract, as defined by the Amendment 82 Agreement, has been issued to Sponsor, remains in full force and effect, and performance or payment under the JLTV Contract has not been stayed or enjoined.

3. All of the costs represented by this Request qualify as Eligible Costs as defined by the Amendment 82 Agreement.

4. Sponsor is not presently in material default under the DOD Contract, as defined by the Amendment 82 Agreement.

5. Sponsor is presently in compliance with each of the Commitments, as

1 defined by the Amendment 82 Agreement.

2 6. All capitalized terms not otherwise defined herein shall have the
3 meanings ascribed to them in the Amendment 82 Agreement.

4 7. Sponsor has actually paid or caused to be paid each of the costs and
5 expenses for which reimbursement is sought by the Sponsor.

6 8. The attachments hereto include an itemization of each cost and
7 expense for which reimbursement or payment is sought by the Sponsor.

8

9 IN WITNESS WHEREOF, Sponsor has duly executed and delivered this
10 Request as of the date set forth below.

11

SPONSOR:

12

LOCKHEED MARTIN CORPORATION

13

14

By: _____

15

16

Name: _____

17

18

Title: _____

19

20

Date: _____

21

22 By authorizing payment under this Request, neither ADFA nor AEDC make any
23 warranty or representation as to the quality of the Work completed or
24 materials delivered for the Project or with respect to the compliance of the
25 Plans or the Work with any Governmental Regulations, and ADFA and AEDC
26 executes this Application for Advance solely for purposes of approving the
27 disbursement of the Advance requested herein.

28

29 ARKANSAS ECONOMIC DEVELOPMENT

ARKANSAS DEVELOPMENT FINANCE

30 COMMISSION

AUTHORITY

31

32 By: _____

By: _____

33

34 Name: _____

Name: _____

35

36 Title: _____

Title: _____

1 Date: _____ Date: _____

2
 3 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
 4 General Assembly of the State of Arkansas that unemployment levels within the
 5 state are unacceptably high; that it is in the best interests of the state to
 6 encourage the development of manufacturing facilities within the state and to
 7 provide additional job opportunities for Arkansans; that the development and
 8 completion of a GVAB facility and an additional facility by Lockheed Martin
 9 Corporation within this state are important to the economic health of the
 10 state and its citizens because they will provide additional job
 11 opportunities; and that this act is immediately necessary because any delay
 12 in the effective date of this act will delay completion of the GVAB facility
 13 and additional facility by Lockheed Martin Corporation and the creation of
 14 new jobs in the state. Therefore, an emergency is declared to exist, and this
 15 act being immediately necessary for the preservation of the public peace,
 16 health, and safety shall become effective on:

17 (1) The date of its approval by the Governor;

18 (2) If the bill is neither approved nor vetoed by the Governor,
 19 the expiration of the period of time during which the Governor may veto the
 20 bill; or

21 (3) If the bill is vetoed by the Governor and the veto is
 22 overridden, the date the last house overrides the veto.