

1 hereinafter described for the benefit of Martial Arts Services, Inc., an Arkansas corporation (the
2 “Company”) and ATA International, Inc., an Arkansas corporation (“ATA”), such bonds to be issued as
3 described below; and

4 **WHEREAS**, the necessary arrangements have been made with the Company for the financing of a
5 substantial industrial project consisting of a corporate headquarters building and related improvements,
6 facilities, furniture, fixtures and equipment related to ATA’s use of the Project as a corporate headquarters
7 business in Little Rock, Arkansas (the “Project”) located at 1800 Riverfront Drive within the corporate
8 boundaries of the City and to be utilized in ATA’s business; and

9 **WHEREAS**, permanent financing of the Project costs, necessary costs and expenditures incidental
10 thereto and the cost of the issuance of bonds is being furnished by the City pursuant to the Acts through the
11 issuance of its Taxable Industrial Development Revenue Bonds (Martial Arts Services, Inc., Project) Series
12 2017, in the principal amount of not to exceed Thirteen Million Dollars (\$13,000,000.00) (the “Bonds”);
13 and

14 **WHEREAS**, an open public hearing on the question of the issuance of the Bonds was held before the
15 City Board of Directors on May 2, 2017, following publication of notice in the *Arkansas Democrat-Gazette*
16 on April 19, 2017; and

17 **WHEREAS**, the Bonds will be issued pursuant to the terms and provisions of a Mortgage, Security
18 Agreement and Fixture Filing (the “Mortgage”), granted by the City in favor of the purchaser of the Bonds;
19 and

20 **WHEREAS**, the City acknowledges and consents to all liens and encumbrances on, security interests
21 in and rights to, the title to the Project granted by the Company and acknowledges that the Company’s
22 interest in the Project will be transferred to the City subject to the such liens, encumbrances and security
23 interests and such acknowledgement and consent may be evidenced through the execution of a Recognition
24 of Prior Interests, Nondisturbance and Attornment Agreement between the City, the Company, and the
25 lenders of the Company (or such lenders’ agents) benefitting from such lien, encumbrance or security
26 interest (the “RNA Agreement”);

27 **WHEREAS**, the necessary arrangements have been made by the City to lease the Project to the
28 Company pursuant to the terms of a Lease Agreement (the “Lease Agreement”) and with Company to
29 sublease the Project to ATA for use as a corporate headquarters pursuant to the terms of a Sublease
30 Agreement (the “Sublease Agreement”).

31 **NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY**
32 **OF LITTLE ROCK, ARKANSAS, THAT:**

33 **Section 1.** The Board of Directors makes the following findings and determinations:

- 34 (a) Based on information compiled and released by the Arkansas Employment Security
35 Department, unemployment in the City during February, 2017 averaged 3.8%. Completion

1 of the Project is expected to ensure continued employment and other benefits to residents
2 of the City.

3 (a) ATA currently intends to utilize the Project as a corporate headquarters for providing
4 services related to operations, teaching, licensing, marketing and membership development
5 of participating martial arts schools worldwide.

6 (b) The Company's and ATA's continued presence within the City is expected to be an
7 important factor in the economic well-being and employment base for the City and its
8 inhabitants.

9 (c) The Bonds shall not constitute general obligations of the City within the meaning of any
10 constitutional or statutory limitation, but shall be special limited obligations of the City as
11 provided in the Acts, the principal and interest on which shall be payable solely from the
12 revenues or other receipts, funds, monies and property pledged therefor under the
13 Mortgage.

14 **Section 2.** There is hereby authorized and directed the issuance from time to time of the Bonds and
15 the sale thereof to the Company (the "Purchaser") pursuant to the terms and provisions of a Bond Purchase
16 Agreement to be dated as of the date of delivery of the Bonds (the "Bond Purchase Agreement"), which
17 Bond Purchase Agreement is specifically approved in Section 3 hereof. The Bonds shall be sold at the
18 purchase price of par plus accrued interest, if any, and shall be issued and delivered according to the terms
19 and provisions of the Bond Purchase Agreement. The Bonds shall be issued in the original aggregated
20 principal amount of not to exceed Thirteen Million Dollars (\$13,000,000.00), shall be dated as of the date
21 of their delivery, shall have a maturity as stated in the Bonds which shall be no more than twenty (20) years
22 from the date of issuance of the Bonds, shall bear interest at the rate of not to exceed 5.5% per annum, shall
23 be in the form, and shall be issued upon the terms and conditions recommended by the Company, all as
24 more particularly set forth in the Mortgage approved in Section 4 hereof. The Mayor is hereby authorized
25 and directed to execute and deliver the Bonds as requested by the Company, and the City Clerk is hereby
26 authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto.

27 **Section 3.** To prescribe the terms and conditions upon which the Bonds are to be sold to the Purchaser,
28 the Mayor is hereby authorized and directed to execute at the request of the Company, the Bond Purchase
29 Agreement on behalf of the City, by and between the City and the Purchaser, and approved by the Company.
30 The Bond Purchase Agreement is hereby approved in substantially the form submitted to this meeting and
31 the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Purchaser, the
32 Company and Wright, Lindsey & Jennings LLP, Little Rock, Arkansas ("Bond Counsel"), in order to
33 complete the Bond Purchase Agreement in substantially the form submitted to this meeting, with such
34 changes as shall be approved by such persons executing the document, their execution to constitute
35 conclusive evidence of such approval. Copies of the Bond Purchase Agreement in substantially the form

1 authorized to be executed are on file with the City Clerk and are available for inspection by any interested
2 person.

3 **Section 4.** To prescribe the terms and conditions upon which the Bonds are to be secured, executed,
4 authenticated, issued, accepted and held, the Mayor and the City Clerk are hereby authorized and directed
5 to execute, acknowledge and deliver the Mortgage, by and between the City and the Purchaser, and the
6 Mayor and City Clerk are hereby authorized and directed to cause the Mortgage to be accepted, executed
7 and acknowledged by the Purchaser. The Mortgage is hereby approved in substantially the form submitted
8 to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with
9 the Company, the Purchaser and Bond Counsel in order to complete the Mortgage in substantially the form
10 submitted to this meeting, with such changes as shall be approved by such persons executing the documents,
11 their execution to constitute conclusive evidence of such approval. Copies of the Mortgage in substantially
12 the form authorized to be executed are on file with the City Clerk and is available for inspection by any
13 interested person.

14 **Section 5.** There is hereby authorized and directed the execution and delivery of the Lease Agreement
15 by and between the City, as lessor, and the Company, as Lessee, and a Sublease Agreement by and among
16 the City, as Lessor, the Company, as Sub-Lessor, and ATA, as Sublessee, and the Mayor and the City Clerk
17 are hereby authorized to execute, acknowledge and deliver the Lease Agreement and the Sublease
18 Agreement for and on behalf of the City. The Mayor and City Clerk are hereby authorized to execute,
19 acknowledge and deliver a Home Office Payment Agreement between the City, the Company and the
20 Purchaser. The Mayor and the City Clerk are hereby authorized to execute, acknowledge and deliver the
21 RNA Agreement and an Intercreditor Agreement between the City, the Company, ATA, and the lenders of
22 the Company. The Lease Agreement, the Sublease Agreement, the Home Office Payment Agreement, the
23 RNA Agreement, and the Intercreditor Agreement are hereby approved in substantially the forms submitted
24 to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with
25 the Company, ATA, the Purchaser and Bond Counsel in order to complete the Lease Agreement and the
26 Sublease Agreement in substantially the forms submitted to this meeting, with such changes as shall be
27 approved by such persons executing the documents, their execution to constitute conclusive evidence of
28 such approval. A copy of each of the Lease Agreement, the Sublease Agreement, the Home Office Payment
29 Agreement, the RNA Agreement, and the Intercreditor Agreement in substantially the forms authorized to
30 be executed is on file with the City Clerk and is available for inspection by any interested person.

31 **Section 6.** The City and the Company recognize that under Article 16, Section 5 of the Constitution
32 of the State of Arkansas, as interpreted under past decisions of the Supreme Court of the State of Arkansas
33 applicable to facilities financed pursuant to the Acts, including particularly the case of *Wayland v. Snapp*,
34 232 Ark. 57, 334 S.W.2d 663 (1960), the Project will be exempt from *ad valorem* taxation. Although the
35 City makes no representation as to the continued precedential value of such past decisions, the Company

1 has agreed to enter into an Agreement for Payments in Lieu of Taxes to be dated as of the date of its
2 execution and as supplemented from time to time in accordance with the provisions thereof (collectively,
3 the “PILOT Agreement”) requiring the Company to make certain payments in lieu of all *ad valorem* taxes
4 which would otherwise be levied on the Project real and personal property by local public bodies with
5 taxing power. In order to provide for such payments, there is hereby authorized and directed the execution
6 and delivery of the PILOT Agreement, and the Mayor is hereby authorized to execute and deliver the PILOT
7 Agreement for and on behalf of the City. The PILOT Agreement is hereby approved in substantially the
8 form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized
9 to confer with the Company and Bond Counsel in order to complete the PILOT Agreement in substantially
10 the form submitted to this meeting, with such changes as shall be approved by such persons executing the
11 document, their execution to constitute conclusive evidence of such approval. A copy of the PILOT
12 Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available
13 for inspection by any interested person.

14 **Section 7.** The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed
15 to do any and all things necessary to effect the execution and delivery of the Bonds, the Bond Purchase
16 Agreement, the Mortgage, the Lease Agreement, the Sublease Agreement and the PILOT Agreement, and
17 to perform all of the City’s obligations under and pursuant thereto. The Mayor and the City Clerk are
18 hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents,
19 certificates and other instruments approved by the City Attorney that may be required for the carrying out
20 of such authority or to evidence the exercise thereof.

21 **Section 8.** Because the City is here involved with the constructing and furnishing and equipping of a
22 complex corporate headquarters project requiring highly specialized work and specialized types of
23 construction, furniture, fixtures and equipment, it has been and is hereby determined by the Board of
24 Directors that competitive bidding be, and the same is hereby, waived as to this particular industrial project.
25 This action is taken by the City pursuant to applicable laws of the State of Arkansas, including particularly
26 the Act.

27 **Section 9.** That the Mayor is hereby authorized to pay (if not otherwise paid) the necessary expenses
28 incidental to the issuance of the Bonds including, but not limited to, fees and costs of Bond Counsel, Issuer’s
29 Counsel, permitting costs, publication costs and filing fees, but solely from the proceeds of the Bonds
30 available for payment of the costs of issuance.

31 **Section 10.** Wright, Lindsey & Jennings LLP, Little Rock, Arkansas, is hereby appointed as Bond
32 Counsel with respect to issuance of the Bonds, the fees and expenses of which firm shall be costs of the
33 Project and paid from the proceeds of the Bonds or by the Company.

34 **Section 11. Severability.** In the event any section, subsection, subdivision, paragraph, subparagraph,
35 item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be invalid or

1 unconstitutional, such declaration or adjudication shall not affect the remaining provisions of this ordinance,
2 as if such invalid or unconstitutional provision were not originally a part of this ordinance.

3 **Section 12. Repealer.** All ordinances, resolutions, bylaws, and other matters inconsistent with this
4 ordinance are hereby repealed to the extent of such inconsistency.

5 **Section 13. Emergency Clause.** *There is hereby found and declared to be an immediate need for the*
6 *securing and developing of substantial corporate offices in order to provide additional employment, retain*
7 *existing employment, alleviate unemployment, and otherwise benefit the public health, safety and welfare*
8 *of the City and the inhabitants thereof, and the issuance of the Bonds authorized hereby and the taking of*
9 *the other actions authorized herein are immediately necessary on connection with the securing and*
10 *developing of substantial industrial operations and deriving the public benefits referred to above; therefore,*
11 *an emergency is declared to exist and this ordinance being necessary for the immediate preservation of the*
12 *public health, safety and welfare shall be in force and effect immediately upon and after its passage.*

13 **PASSED: May 2, 2017**

14 **ATTEST:**

APPROVED:

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17 **Susan Langley, City Clerk**

_____ **Mark Stodola, Mayor**

18 **APPROVED AS TO LEGAL FORM:**

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20 _____
21 **Thomas M. Carpenter, City Attorney**

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