ORDINANCE NO. _________

AN ORDINANCE TO AUTHORIZE ISSUANCE OF TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BONDS UNDER THE AUTHORITY OF ACT NO. 9 OF 1960, AS AMENDED, AND THE MUNICIPALITIES AND COUNTIES INDUSTRIAL DEVELOPMENT REVENUE BOND LAW, AS AMENDED, TO SECURE AND DEVELOP INDUSTRY WITHIN THE CITY; TO AUTHORIZE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BONDS; TO AUTHORIZE EXECUTION AND DELIVERY OF A MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING SECURING THE BONDS; TO AUTHORIZE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BY AND BETWEEN THE CITY, AS LESSOR, AND MARTIAL ARTS SERVICES, INC., AS LESSEE; TO AUTHORIZE AND APPROVE EXECUTION AND DELIVERY OF A SUBLEASE AGREEMENT BY AND BETWEEN THE LESSOR, MARTIAL ARTS SERVICES INC., AS SUBLESSOR, AND ATA INTERNATIONAL, INC., AS SUBLESSEE; TO AUTHORIZE EXECUTION AND DELIVERY OF AN AGREEMENT FOR PAYMENTS IN LIEU OF TAXES; TO AUTHORIZE EXECUTION AND DELIVERY OF OTHER DOCUMENTS RELATING TO THE ISSUANCE OF THE BONDS AND TO PRESCRIBE OTHER MATTERS IN RELATION THERETO; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

WHEREAS, the City of Little Rock, Arkansas (the “City”), is authorized under the provisions of Act 9 of the First Extraordinary Session of the Sixty-Second General Assembly of the State of Arkansas, Ark. Code Ann. §14-164-201 to 224 (Repl. 2004 and Supp. 2011), as amended, the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. §§14-164-501 to 526 (Repl. 2004 & Supp. 2011) (collectively, the “Act”), to own, acquire, construct, reconstruct, improve, equip and lease facilities to secure and develop industry and to assist in the financing thereof by the issuance of bonds payable from the revenues derived from such facilities; and

WHEREAS, the City, pursuant to Resolution No. 14,121 (May 5, 2015) has previously expressed its intent to issue its industrial development revenue bonds under the authority of the Act for the purposes
hereinafter described for the benefit of Martial Arts Services, Inc., an Arkansas corporation (the “Company”) and ATA International, Inc., an Arkansas corporation (“ATA”), such bonds to be issued as described below; and

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

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

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

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

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

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

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

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

(a) Based on information compiled and released by the Arkansas Employment Security Department, unemployment in the City during February, 2017 averaged 3.8%. Completion
of the Project is expected to ensure continued employment and other benefits to residents of the City.

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

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

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

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

Section 3. To prescribe the terms and conditions upon which the Bonds are to be sold to the Purchaser, the Mayor is hereby authorized and directed to execute at the request of the Company, the Bond Purchase Agreement on behalf of the City, by and between the City and the Purchaser, and approved by the Company. The Bond Purchase Agreement is hereby approved in substantially the form submitted to this meeting and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Purchaser, the Company and Wright, Lindsey & Jennings LLP, Little Rock, Arkansas (“Bond Counsel”), in order to complete the Bond Purchase Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval. Copies of the Bond Purchase Agreement in substantially the form
authorized to be executed are on file with the City Clerk and are available for inspection by any interested person.

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

Section 5. There is hereby authorized and directed the execution and delivery of the Lease Agreement by and between the City, as lessor, and the Company, as Lessee, and a Sublease Agreement by and among the City, as Lessor, the Company, as Sub-Lessor, and ATA, as Sublessee, and the Mayor and the City Clerk are hereby authorized to execute, acknowledge and deliver the Lease Agreement and the Sublease Agreement for and on behalf of the City. The Mayor and City Clerk are hereby authorized to execute, acknowledge and deliver a Home Office Payment Agreement between the City, the Company and the Purchaser. The Mayor and the City Clerk are hereby authorized to execute, acknowledge and deliver the RNA Agreement and an Intercreditor Agreement between the City, the Company, ATA, and the lenders of the Company. The Lease Agreement, the Sublease Agreement, the Home Office Payment Agreement, the RNA Agreement, and the Intercreditor Agreement are hereby approved in substantially the forms submitted to this meeting, with such changes as shall be approved by such persons executing the documents, their execution to constitute conclusive evidence of such approval. A copy of each of the Lease Agreement, the Sublease Agreement, the Home Office Payment Agreement, the RNA Agreement, and the Intercreditor Agreement in substantially the forms authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.

Section 6. The City and the Company recognize that under Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted under past decisions of the Supreme Court of the State of Arkansas applicable to facilities financed pursuant to the Acts, including particularly the case of Wayland v. Snapp, 232 Ark. 57, 334 S.W.2d 663 (1960), the Project will be exempt from ad valorem taxation. Although the City makes no representation as to the continued precedential value of such past decisions, the Company
has agreed to enter into an Agreement for Payments in Lieu of Taxes to be dated as of the date of its
execution and as supplemented from time to time in accordance with the provisions thereof (collectively,
the “PILOT Agreement”) requiring the Company to make certain payments in lieu of all *ad valorem* taxes
which would otherwise be levied on the Project real and personal property by local public bodies with
taxing power. In order to provide for such payments, there is hereby authorized and directed the execution
and delivery of the PILOT Agreement, and the Mayor is hereby authorized to execute and deliver the PILOT
Agreement for and on behalf of the City. The PILOT Agreement is hereby approved in substantially the
form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized
to confer with the Company and Bond Counsel in order to complete the PILOT Agreement in substantially
the form submitted to this meeting, with such changes as shall be approved by such persons executing the
document, their execution to constitute conclusive evidence of such approval. A copy of the PILOT
Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available
for inspection by any interested person.

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

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

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

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

**Section 11. Severability.** In the event any section, subsection, subdivision, paragraph, subparagraph,
item, sentence, clause, phrase, or work of this ordinance is declared or adjudged to be invalid or
unconstitutional, such declaration or adjudication shall not affect the remaining provisions of this ordinance, as if such invalid or unconstitutional provision were not originally a part of this ordinance.

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

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

PASSED: May 2, 2017

ATTEST:

______________________________________  _____________________________________
Susan Langley, City Clerk        Mark Stodola, Mayor

APPROVED AS TO LEGAL FORM:

______________________________________
Thomas M. Carpenter, City Attorney

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