State of Arkansas
90th General Assembly
First Extraordinary Session, 2015

Call Item 2

A Bill

SENATE BILL 6

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

For An Act To Be Entitled

AN ACT CONCERNING ARKANSAS CONSTITUTION, AMENDMENT 82, AS IT RELATES TO A PROJECT FOR A GVAB FACILITY AND AN ADDITIONAL FACILITY; TO DECLARE A LARGE ECONOMIC DEVELOPMENT PROJECT TO BE A QUALIFIED AMENDMENT 82 PROJECT; TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS UNDER ARKANSAS CONSTITUTION, AMENDMENT 82, TO ASSIST IN THE DEVELOPMENT OF A PROJECT FOR A GVAB FACILITY AND AN ADDITIONAL FACILITY; TO APPROVE AND AUTHORIZE THE EXECUTION OF THE AMENDMENT 82 AGREEMENT REGARDING A PROJECT FOR A GVAB FACILITY AND AN ADDITIONAL FACILITY; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO DECLARE A QUALIFIED AMENDMENT 82 PROJECT; TO AUTHORIZE THE AMENDMENT 82 AGREEMENT AND THE ISSUANCE OF GENERAL OBLIGATION BONDS IN CONNECTION WITH A PROJECT FOR GVAB AND ADDITIONAL FACILITIES; AND TO DECLARE AN EMERGENCY.

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

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

Legislative findings and intent.

(a) The General Assembly finds that the:

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

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

(b) The General Assembly further finds that:

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

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

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

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

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

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

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

(1) Declaration of a qualified Amendment 82 project;

(2) Authorization of the execution of an agreement between the State of Arkansas and Lockheed Martin Corporation; and

(3) Authorization for the issuance of bonds bearing the full faith and credit of the State of Arkansas as authorized under Arkansas Constitution, Amendment 82.

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

Definitions.

As used in Sections 2 through 5 of this act:

(1) "Amendment 82 Agreement" means the unexecuted document titled "Amendment 82 Agreement between the State of Arkansas and Lockheed Martin Corporation" submitted to the General Assembly and as found in Section 6 of this act; and

(2) "Project" means the construction, renovation, equipping, and operation of the following by Lockheed Martin Corporation on a site in Calhoun County, Arkansas, that is identified more specifically in the Amendment 82 Agreement:

(A) Additional facilities, known as the "GVAB facilities", for the production of ground vehicles for the United States Department of Defense and other customers; and

(B) Additions and improvements to existing facilities, known collectively as the "additional facility", for the production of additional products not now made at the existing facility.

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

Declaration of qualified Amendment 82 project — Authorization to execute the Amendment 82 Agreement.

(a) The General Assembly:

(1) Finds that the project:

(A) Qualifies as a large economic development project for which the issuance of general obligation bonds is authorized under Arkansas

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. DO NOT CODIFY. The Arkansas Code Revision Commission shall direct the publisher of the Arkansas Code to print the following in the Arkansas Code Title 19 Appendix:

Implementation of the Amendment 82 Agreement.

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

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

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

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

AMENDMENT 82 AGREEMENT

between

THE STATE OF ARKANSAS

and

LOCKHEED MARTIN CORPORATION

_________, 2015

AMENDMENT 82 AGREEMENT

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

Corporation, a corporation organized under the laws of the State of Maryland (the “Sponsor”).

WITNESSETH

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

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

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

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

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

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

WHEREAS, in view of such requirement the State and the Sponsor enter into this Agreement;

NOW THEREFORE

In consideration of the mutual promises contained herein, the State and the Sponsor enter into this Agreement confirming the terms and conditions of the parties' binding agreement to proceed with funding for the project proposed by the Sponsor (the "Project" as defined in Paragraph 1 hereof), including the Amendment 82 Financing (as defined in Paragraph 8 hereof), as more fully set forth below:

1. Project. The Sponsor either owns or leases and operates facilities in Calhoun County, Arkansas for the manufacture of missiles and fire control equipment (collectively, the "Existing Facility"). The Sponsor and persons who employ FTEs in Independent Direct Positions ("Contractors") currently employ individuals whose work equals in the aggregate approximately 656 FTEs, as such term is defined in Paragraph 5 hereof, in connection with operations at the Existing Facility. FTEs employed in connection with operations at the Existing Facility are referred to in this Agreement as "Existing Facility FTEs." The Project is proposed to consist of two parts: construction, renovation, equipping and operation of additional facilities at a site near the Existing Facility and in Calhoun County (the "GVAB Facility") to manufacture ground vehicles for the United States Department of Defense ("DOD") and other customers (the "GVAB Program"), and construction, renovation, equipping and operation of additions and improvements to the Existing Facility (collectively, the "Additional Facility") to enable the Sponsor to manufacture products not now made at the Existing Facility ("Additional Products Production"). In this Agreement the term "Project Facilities" refers collectively to the Additional Facility and the GVAB Facility, and the term "Project" refers to the GVAB Program together with Additional Products Production.

2. Use of Funds for Project; Project Facilities. The Sponsor agrees to use the Grant proceeds in a timely manner to pay Eligible Costs of the Project to be funded from proceeds of the Bonds, and to construct, renovate,

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

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

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

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

(i). "Direct Position" refers to work directly related to the Project performed by FTEs employed by or for the benefit of the Sponsor. The Sponsor shall not designate any FTE attributed to a person as a Direct Position if the Sponsor (i) includes him or her as an employee in any calculation or count of employees for the purpose of qualifying for or receiving any incentive under the Consolidated Incentive Act of 2003 as amended from time to time (Ark. Code Ann. §§ 15-4-2701 et seq.) (the "Incentive Act") or the Governor's Quick Action Closing Fund, Economic Infrastructure Fund, or Community Development Block Grant fund (collectively, and together with incentives under the Incentive Act, the "State Incentives"), or (ii) applies or arranges, after the General Assembly's legislative approval of the Grant, to receive any State Incentive that takes the FTE into account. Provided, however, that funds provided for or applied to training pursuant to Paragraph 9 hereof will not be treated as State Incentives for the purpose of this Paragraph 4(a)(i).

(ii). "Independent Direct Position" refers to FTEs attributed to work performed by a person not employed by the Sponsor if: (a) the Sponsor designates that person as an "Independent Direct Position"; (b) the person holds a position created after the General Assembly's legislative approval of the Grant described herein; (c) the person is employed at the Project Facilities, or at a location within the State of Arkansas and no more than 125 miles from the Project Facilities; (d) the person is employed in connection with operating the Project or the Project Facilities; and (e) the person is employed with the primary objective of providing Integral Component products and services necessary to the operation of the Project, including but not limited to the following operations: (1) manufacturing, assembly, testing, or painting of sub-assemblies or finished products; (2) storage, handling, shipping, or receiving of components or finished products; (3) security or maintenance of buildings or grounds at the Project Facilities; or (4) any other support services at the Project Facilities as approved by the Commission. "Integral Component" means any sub-assembly or final assembly including, but not limited to, drive train, chassis, cab, exterior panels, and cargo beds, but does not include minor parts. The Sponsor shall not designate FTEs attributed to any person an Independent Direct Position if the person's employer (i) includes him or her as an employee in any calculation or count of employees or FTEs for the purpose of qualifying for or receiving any State Incentive or (ii) applies or arranges, after the General Assembly's legislative approval of the Grant, to receive any State Incentive that takes the person or FTE into account. Provided, however, that funds provided for or applied to training pursuant to Paragraph 9 hereof will not be treated as State Incentives for the purpose of this Paragraph 4(a)(ii).

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

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

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

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

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

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

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

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

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

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

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

a. Use of Funds. Proceeds of the Grant will be disbursed by the State to the Sponsor for payment or reimbursement of qualifying costs of acquisition, construction, renovation and equipping of the Project Facilities, for infrastructure improvements, and for any other costs incidental to the Project that are eligible for Amendment 82 Financing and that are approved as eligible by the State ("Eligible Costs"). No funds will be disbursed by the State with respect to the Grant without the prior approval of the Commission and the Authority. The Sponsor's anticipated use of funds is described in Exhibit B to this Agreement. The Commission understands that the Sponsor intends the funds to qualify under Section 118 of the Internal Revenue Code of 1986, as amended from time to time. The funds described herein are specifically bargained for by and between the Commission and the Sponsor and are provided by the Commission to the Sponsor as an inducement contingent on job creation and retention in Arkansas. The funds are to be used by the Sponsor for capital investments and development related to the Project and not to pay current operating costs or dividends. The Commission shall have no duty arising under the Internal Revenue Code or Internal Revenue Code regulations to monitor the Sponsor's use of the funds afforded by the terms of this Agreement. The Commission shall, however, monitor the Sponsor's use of funds as otherwise provided in this Agreement and by applicable Arkansas law.

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

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

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

Disbursement.

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

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

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

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

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

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

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

Recapture Amount = 0.013 X Grant Amount Disbursed X
(1 – (Actual Project FTEs / Project FTEs Agreed per Exhibit A))

b. <u>Additional Employment Commitment</u>. If the Sponsor fails to meet the Additional Employment Commitment for any Project Year, it will repay a portion of the Grant equal to 1.3% (32.5% of 4%) of the total amount of the Grant disbursed as of the end of the Project Year, multiplied by one minus the ratio of the sum of (a) the number of Existing Facility FTEs, and (b) the number of Excess Project FTEs for that Project Year, to 556:

Recapture Amount = 0.013 X Grant Amount Disbursed X
(1 – ((Existing Facility FTEs + Excess Project FTEs) / 556))

c. Compensation Commitment. If the Sponsor fails to meet the Compensation Commitment for any Project Year, it will repay a portion of the Grant equal to 1.4% (35% of 4%) of the total amount of the Grant disbursed as of the end of the Project Year, multiplied by one minus the ratio of the actual average annual wage for Project FTEs (including Excess Project FTEs) for that Project Year to the agreed average annual wage for Project FTEs set forth in Exhibit A for that Project Year:

Recapture Amount = 0.014 X Grant Amount Disbursed X
(1 – (Actual Average Project FTE Wage / Average Project FTE Wage Agreed per Exhibit A))

d. Contract Termination. If the DOD terminates, rescinds or withdraws ("termination") any or all contracts with the Sponsor relating to the GVAB Program (singularly or collectively, "DOD contract") due to the Sponsor's failure to perform any DOD contract to the satisfaction of DOD, or due to any administrative or judicial decision based in whole or in part upon acts or omissions of the Sponsor or its agents or material defects in Sponsor's bid, and Sponsor determines that, as a result of such termination it will not be able to meet any one or more of the Commitments or any other material obligation to the State of Arkansas described in this Agreement, the Sponsor will, upon written notice from the State, repay a portion of the Grant equal to 4% of the total amount of the Grant disbursed as of the termination date multiplied by the difference of the number of Project Years then remaining on the Commitments (as set forth in Exhibit A) less the number of Project Years, if any, deducted under Paragraph 10(f) hereof.

e. Unavoidable Failure Cure Period. In the event the Sponsor fails in any Project Year to meet any one or more of the Commitments, and such failure is a result of events beyond the Sponsor's reasonable control ("Unavoidable Failure"), the Sponsor may cure the failure.

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

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

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

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

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

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

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

a. [Reserved.]

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

c. [Reserved.]

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

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

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

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

a. [Reserved.]

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

c. [Reserved.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Names. The correct legal name of the Sponsor is “Lockheed Martin Corporation”.

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

c. Authorization. The Sponsor has full power and authority to execute and deliver this Agreement and to perform the obligations of the Sponsor pursuant to this Agreement. The Sponsor has duly authorized the execution, delivery, and performance of this Agreement. This Agreement constitutes the valid and legally binding obligation of the Sponsor enforceable in accordance with its terms and conditions. The undersigned authorized signatory of the Sponsor is the lawful agent of the Sponsor with the authority to execute and deliver this Agreement.

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

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

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

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

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

c. Eligible Business. The Sponsor shall qualify as an “eligible business” as defined in the Incentive Act prior to the receipt of the Amendment 82 Financing.

22. General Provisions.

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

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

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

d. Currency. Any reference to dollars or money in this Agreement shall mean legal tender of the United States of America. Any amount required to be paid by a Party pursuant to this Agreement shall be paid by check or electronic transfer payable to the order of the Party to receive such amount.

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

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

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

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

If to the State:

Office of the Governor
State Capitol Room 250
Little Rock, Arkansas 72201
justin.tate@governor.arkansas.gov
rett.hatcher@governor.arkansas.gov

AND

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

AND

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

AND

Arkansas Economic Development Commission
Attn: Executive Director
900 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201
mpreston@arkansasedc.com
bscoggins@arkansasedc.com

AND

Arkansas Development Finance Authority
Attn: President
900 West Capitol Avenue, Suite 310
Little Rock, Arkansas 72201
aaron.burkes@adfa.arkansas.gov
brad.henry@adfa.arkansas.gov

<ins>If to the Commission</ins>:

Arkansas Economic Development Commission
Attn: Executive Director

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

AND

Arkansas Economic Development Commission
Attn: Bryan Scoggins
900 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201
bscoggins@arkansasedc.com

If to the Authority:

Arkansas Development Finance Authority
Attn: President
900 West Capitol Avenue, Suite 310
Little Rock, Arkansas 72201
aaron.burkes@adfa.arkansas.gov

AND

Arkansas Development Finance Authority
Attn: Vice President, Development Finance
900 West Capitol Avenue, Suite 310
Little Rock, Arkansas 72201
brad.henry@adfa.arkansas.gov

If to the Sponsor:

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

randy.oneal@lmco.com

AND

Attn: James C. Mifsud
Deputy General Counsel
Lockheed Martin Missiles and Fire Control
5600 Sand Lake Road, MP-532
Orlando, Florida 32819
james.c.mifsud@lmco.com

AND

Kathryn B. Hasse
Director, Tactical Wheeled Vehicles
Lockheed Martin Missiles and Fire Control
1701 W. Marshall Drive, M/S: SP-11
Dallas, Texas 75051
kathryn.hasse@lmco.com

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

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

j. Waiver. The provisions of this Agreement may be waived only by a subsequent written agreement executed and delivered by all Parties. Any delay or inaction by a Party shall not be construed as a waiver of any of the provisions of this Agreement. A waiver of any provision of this Agreement: (a) shall not be construed as a waiver of any other provision of this Agreement; (b) shall be applicable only to the specific instance and for the specific period in which the waiver may be given; (c) shall not be construed as a permanent waiver of any provision of this Agreement unless otherwise agreed by all Parties in a subsequent written agreement executed and delivered by all Parties; (d) shall not affect any right or remedy available to a Party; and (e) shall be subject to such terms and conditions as provided in a subsequent written agreement executed and delivered by all Parties.

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

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

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

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

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

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

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

EXECUTED and DELIVERED as of _________, 2015.

THE STATE
THE STATE OF ARKANSAS

____

By: Governor, Asa Hutchinson

____

By: President Pro Tempore of the Senate,
Jonathan Dismang

____

By: Speaker of the House of Representatives,
Jeremy Gillam

____

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

<u>Facilities Projects</u>

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:

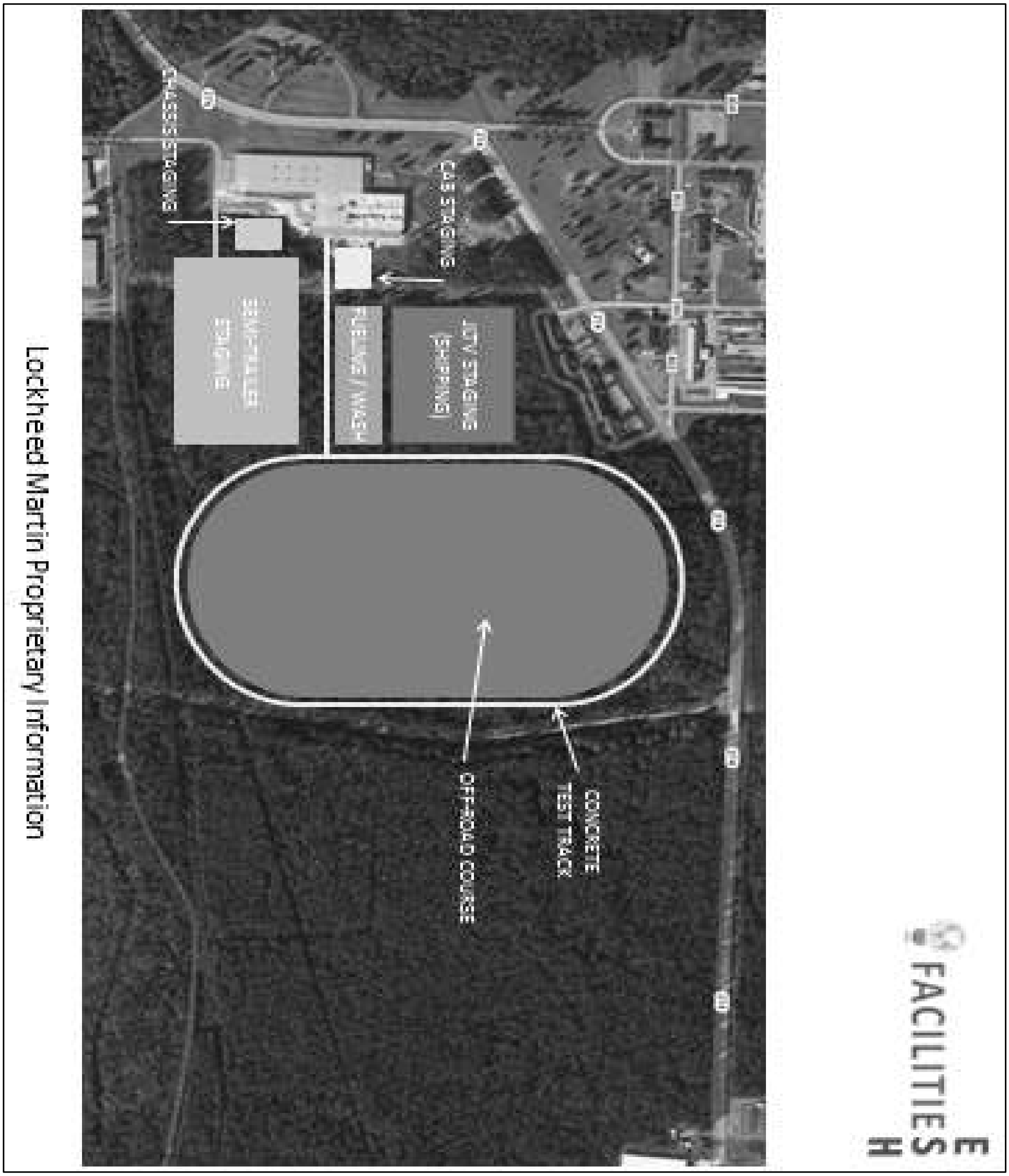

EXHIBIT C

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").

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

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

Business Operations

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

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

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

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

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

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

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

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

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

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

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

defined by the Amendment 82 Agreement.

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

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

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

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

SPONSOR:
LOCKHEED MARTIN CORPORATION

By:________________________________

Name: ______________________________

Title:______________________________

Date: ______________________________

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

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION	ARKANSAS DEVELOPMENT FINANCE AUTHORITY
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title:______________________________	Title:______________________________

Date: ________________________________ Date: ________________________________

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

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

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

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

APPROVED: 05/29/2015