

RESOLUTION NO. 16-443

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THE ADVISABILITY OF AMENDING AN EXISTING LETTER OF INTENT FOR THE PURPOSE OF ISSUING INDUSTRIAL REVENUE BONDS TO FINANCE OR REFINANCE THE INSTALLATION OF IMPROVEMENTS TO CERTAIN EXISTING AVIATION MANUFACTURING AND FLIGHT TESTING FACILITIES LOCATED IN THE ENVIRONS OF THE CITY OF WICHITA, KANSAS AND THE ACQUISITION OF CERTAIN MACHINERY AND EQUIPMENT FOR SUCH FACILITIES; AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS (TEXTRON AVIATION, INC.).

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State of Kansas (the "State"); and

WHEREAS, the City Council (the "Governing Body") of the City desires to promote, stimulate and develop the general economic welfare and prosperity of the City and its environs, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State; and

WHEREAS, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* and K.S.A. 10-116a (collectively, the "Act"), the City is authorized to issue revenue bonds for such purposes and to refund such revenue bonds previously issued; and

WHEREAS, the City has heretofore issued twenty-five series of its taxable industrial revenue bonds in the original aggregate principal amount of \$1,352,682,000, outstanding as of December 15, 2016 in the aggregate principal amount of \$317,089,501.40 (the "Outstanding Cessna Bonds"), the proceeds of which were used to provide funds to pay the costs of the installation of improvements to certain existing aviation manufacturing and flight testing facilities and the acquisition of certain machinery and equipment for such facilities (the "Cessna Project") located in the environs of the City, which are currently leased by the City to the Cessna Aircraft Company ("Cessna"); and

WHEREAS, the City currently has in place a Letter of Intent from the City to Cessna dated September 13, 2013 (the "Letter of Intent") indicating the intent of the City to issue taxable industrial revenue bonds for the benefit of Cessna in an amount not to exceed \$513,600,000, of which \$383,400,000 remains unused; and

WHEREAS, in connection with the acquisition of Cessna by Textron Aviation, Inc., a Kansas corporation ("Textron Aviation") as its wholly owned subsidiary, the Governing Body hereby determines that it is necessary and advisable to amend the Letter of Intent to permit the remaining taxable industrial revenue bonds authorized by the Letter of Intent to be issued for the benefit of Textron Aviation; and

WHEREAS, the Governing Body hereby further determines that it is necessary and advisable to amend the Letter of Intent to permit the Outstanding Cessna Bonds to be refunded for the benefit of Textron Aviation; and

WHEREAS, Sedgwick County, Kansas (the “County”) has heretofore issued twenty-four series of its taxable industrial development revenue bonds in the original aggregate principal amount of \$1,452,882,324.05, outstanding as of December 15, 2016 in the principal amount of \$68,803,736.59 (the "Outstanding Beechcraft Bonds"), the proceeds of which were used to provide funds to pay the costs of the installation of improvements to certain existing aviation manufacturing and flight testing facilities and the acquisition of certain machinery and equipment for such facilities (the "Beechcraft Project") located in the environs of the City, which are currently leased by the County to the Beechcraft Corporation (“Beechcraft”); and

WHEREAS, in connection with the acquisition of Beechcraft by Textron Aviation as its wholly owned subsidiary, the Governing Body hereby determines that it is necessary and advisable to amend the Letter of Intent to permit the issuance by the City of its taxable industrial revenue bonds in an aggregate principal amount of approximately \$68,803,737, plus financing costs, to refund the Outstanding Beechcraft Bonds for the benefit of Textron Aviation and to acquire such bond financed assets.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. Ratification of Letter of Intent for Textron Aviation. The Letter of Intent is hereby amended, ratified and confirmed for the benefit of Textron Aviation, and the remaining \$383,400,000 aggregate principal amount of taxable industrial revenue bonds authorized by the Letter of Intent may be issued to finance the installation of improvements to existing aviation manufacturing and flight testing facilities and the acquisition of certain machinery and equipment for such facilities at Textron Aviation’s facilities in the City and its environs (the “Improvement Bonds”). All such Improvement Bonds shall be issued subject to the conditions set forth in the Letter of Intent.

Section 2. Refinancing of Outstanding Cessna Bonds. The Governing Body hereby finds and determines that the refinancing of the debt represented by the Outstanding Cessna Bonds will promote, stimulate and develop the general economic welfare and prosperity of the City and its environs, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State. An amendment to the Letter of Intent is hereby authorized for the purpose of permitting the issuance of refunding revenue bonds to refund the Outstanding Cessna Bonds for the benefit of Textron Aviation (the “Refunding Bonds”). All such Refunding Bonds shall be issued subject to the conditions set forth in the Letter of Intent.

Section 3. Refinancing of Outstanding Beechcraft Bonds. The Governing Body hereby finds and determines that the acquisition, construction and equipping of the Beechcraft Project will promote, stimulate and develop the general economic welfare and prosperity of the City and its environs, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State. The City is hereby authorized to issue its revenue bonds pursuant to the Act, in one or more series, in an aggregate principal amount of approximately \$68,803,736.59, plus financing costs (the “Acquisition Bonds”), to refinance the Outstanding Beechcraft Bonds and acquire the Beechcraft Project. All such Acquisition Bonds shall be issued subject to the conditions set forth in the Letter of Intent.

Section 4. Property Tax Exemption. To the extent that the Cessna Project was granted an exemption from payment of ad valorem property taxes pursuant to K.S.A. 79-201a, such exemption shall remain in place for the remaining duration of the exemption period attributable to each portion of the Cessna Project. To the extent that the Beechcraft Project was granted an exemption from payment of ad valorem property taxes pursuant to K.S.A. 79-201a, an exemption shall be granted for the remaining duration of the exemption period attributable to each portion of the Beechcraft Project. Notwithstanding the foregoing, to

the extent any portion of the Cessna Project or the Beechcraft Project is subject to an existing Fire Protection Agreement, each such Fire Protection Agreement shall remain in effect and be assigned to Textron Aviation or an appropriate amendment thereto shall be executed by and between Fire District No. 1 of Sedgwick County, Kansas and Textron Aviation.

Section 5. Limited Liability of City. The Improvement Bonds, the Refunding Bonds and the Acquisition Bonds (collectively, the “Bonds”) and all interest thereon shall be paid solely from the revenues to be received by the City from the bond-financed improvements and not from any other fund or source. The City shall not be obligated on such Bonds in any way, except as herein set out. In the event that any of the Bonds are not issued, the City shall have no liability to Textron Aviation.

Section 6. Execution and Delivery of Documents. The Mayor is hereby authorized to execute an amendment to the Letter of Intent permitting the issuance of the Bonds for the benefit of Textron Aviation as herein described, and the City Clerk is authorized to deliver executed copies of this Resolution and the amendment to the Letter of Intent to Textron Aviation. The City Clerk is further authorized to provide a copy of this Resolution to the Board of County Commissioners of the County in accordance with the requirements of K.S.A. 12-1741a.

Section 7. Further Action. The Mayor, City Clerk and other officials and employees of the City, including the City Attorney and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) execution on behalf of the City of the information statement regarding the proposed issuance of each series of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act; and (b) providing for timely notice of redemption of the Outstanding Cessna Bonds and the Outstanding Beechcraft Bonds.

Section 8. Effective Date. This resolution shall become effective upon adoption by the Governing Body.

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ADOPTED by the City Council of the City of Wichita, Kansas, on November 8, 2016.

(SEAL)

Jeff Longwell, Mayor

ATTEST:

Karen Sublett, City Clerk

APPROVED AS TO FORM:

Jennifer Magaña, Director of Law
and City Attorney

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution adopted by the City Council of the City of Wichita, Kansas on November 8, 2016, as the same appears of record in my office.

DATED: November 8, 2016.

Karen Sublett, City Clerk

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**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF WICHITA, KANSAS
HELD ON NOVEMBER 8, 2016**

The governing body of the City of Wichita, Kansas met in regular session at the usual meeting place in the City, at 9:00 a.m., the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

Among other business, in accordance with notice published on October 31, 2016, in the *Wichita Eagle*, a public hearing was held by the governing body relating to the amendment of an existing Letter of Intent to issuance taxable industrial revenue bonds and the proposed issuance of taxable industrial revenue bonds in the aggregate principal amount of approximately \$68,803,736.59, plus financing costs, to refund industrial revenue bonds previously issued by Sedgwick County, Kansas for the benefit of Beechcraft Corporation and to acquire such bond financed assets. All interested persons were afforded an opportunity to present their views on the issuance of the Bonds and the location and nature of the Project to be financed with the proceeds of the Bonds. Thereupon, the public hearing was closed.

Thereupon, there was presented a Resolution entitled:

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Thereupon, Councilmember _____ moved that said Resolution be adopted. The motion was seconded by Councilmember _____. Said Resolution was duly read and considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the governing body, the vote being as follows:

Yea:

Nay:

Thereupon, the Resolution was then duly numbered Resolution No. 16-443, and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

CERTIFICATE

I certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Wichita, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

Karen Sublett, City Clerk