



Sedgwick County...
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Sedgwick County

525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 16-775, Version: 2

Resolution authorizing the redemption and payment of taxable industrial revenue bonds issued for the benefit of Beechcraft Corporation and the sale and conveyance of certain property to Textron Aviation.

Recommended Action: Adopt the resolution and authorize the Chairman to sign.

Since 1989, Sedgwick County has issued nearly \$1.5 billion of industrial revenue bonds for the benefit of Beechcraft and its corporate predecessors. Currently, \$68,803,736.59 of those bonds remain outstanding. Much of the property acquired with the bond proceeds is owned by Sedgwick County and leased to the company. As bond issues are paid off, ownership of the property that was acquired with those bonds is transferred to the company.

Beechcraft has been acquired by Textron Aviation. Textron intends to refinance the County's Beechcraft bonds with new industrial revenue bonds that will be issued by Wichita. The company has sent notice of its intent to exercise its option to purchase the property acquired with the bonds and to redeem those bonds. To enable Textron to do so, the Board of County Commissioners (BOCC) must take certain actions:

- 1) Authorize the redemption of the outstanding bonds - i.e. the Series 2006 through Series 2013 bonds;
- 2) Approve Beechcraft's exercise of its option to purchase the assets financed with the proceeds of the outstanding bonds;
- 3) Approve Beechcraft's exercise of its option to purchase assets financed with bonds that have already matured - i.e. the Series 2003 - Series 2005 bonds; and
- 4) Approve the release of the existing site lease, **IRB** lease and Trust Indenture which authorized and secured the bonds.

Additionally, the Chairman, County Clerk, and perhaps other County officials must sign various documents in conjunction with these actions, as listed below:

- Bill of Sale - transferring 2003-2006 assets to Textron Aviation Inc. (property tax abatement has expired);
- Bill of Sale - transferring 2007-2013 assets to the City of Wichita in connection with the refinancing;
- Cancellation, Discharge and Release of Trust Indenture;
- Termination and Release of Lease; and
- Termination and Release of Site Lease.

The Resolution provides the necessary approvals and authorizations.

Alternatives: N/A

Financial Considerations: This action has no fiscal impact on Sedgwick County. Repayment of the bonds is the sole responsibility of the company, so neither the bonds nor the debt service payments appear on the County's financial statements. Certain property acquired with the bonds was awarded a property tax exemption by action of the BOCC. Upon redemption of the bonds, those tax exemptions will expire, but they will be replaced by new tax exemptions awarded by Wichita. The new exemptions will be in the same amounts and will continue for the same number of years as would have been provided by the county pursuant to its original actions.

Legal Considerations: The Resolution and other attached documents have been drafted by Gilmore & Bell, which serves as bond counsel to Sedgwick County and Wichita.

Policy Considerations: N/A