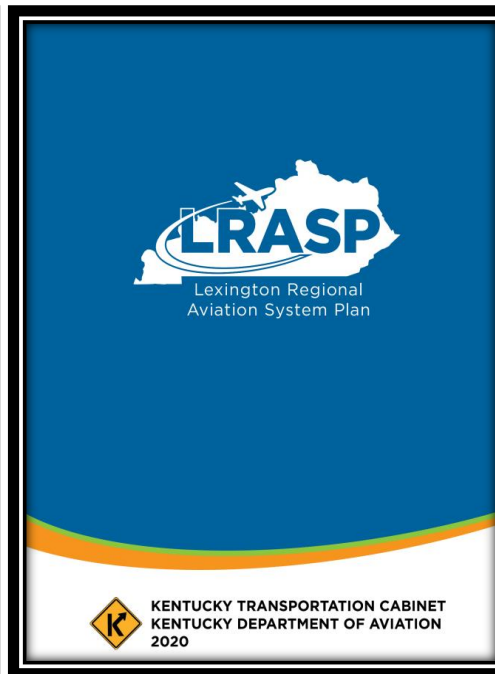
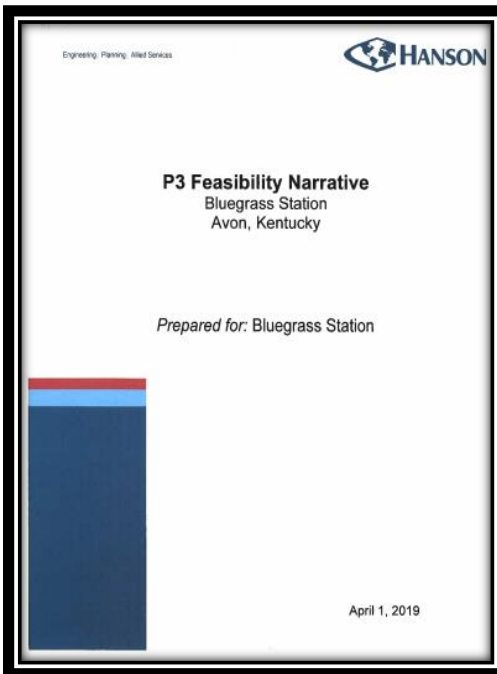


Bluegrass Station Airport P3 Implementation Path Report Overview

Executive Summary (1/2)

The needs of the aviation community and the military community lead the way in pushing the Bluegrass Station Airport P3 Project forward. The Project will help meet the region's demand for aviation infrastructure, meet the growing logistical needs of current and potential military and defense-related agencies and the project accomplishes a significant goal of the 9 county Regional Competitiveness Plan by providing a possible mega site. *

This report and previous studies show the Project's viability based on investor interest, public need and Return On Investment. The report provides a path with multiple structure and financing options, as well as multiple "off ramps" for the Commonwealth. The timing attempts to capture the fleeting opportunity because of the loss of greenspace, site selections and customer missions.



Executive Summary (2/2)

This P3 project differs significantly from most previous projects as it is a Revenue Risk Payment model instead of an Availability Payment model. The difference continues with multiple, diversified repayment sources, and better ROI. The combination of the transportation infrastructure and the industrial park mutually supporting and justifying each other is a unique situation. This relationship meets public benefit and financial feasibility better than either can do independently. *

Historically, public projects are rarely received as highly favorable until the results and benefits of those projects are realized. The work to boost this project's public popularity through transparency and strategic public outreach must be done.



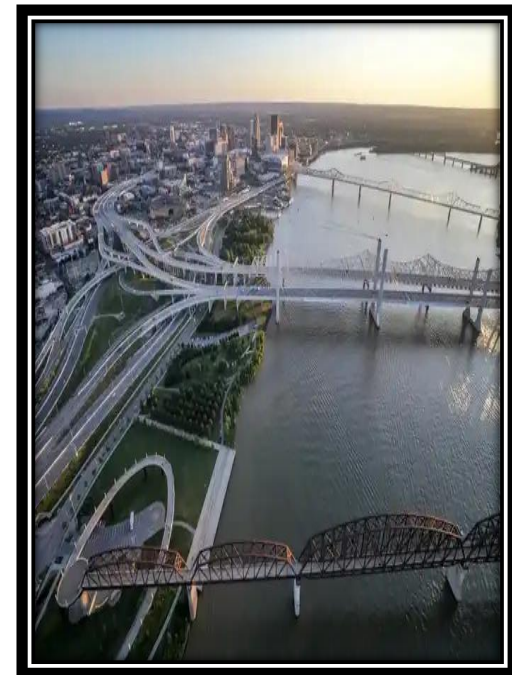
Mayo-Underwood P3



300 Building Plaza P3



BGS Federal P3 Buildings



Louisville Ohio River Bridges P3

Project Structuring Options

Option 1 (Commonwealth Agency): The most traditional structure is to have the Commonwealth serve as the lead governmental entity and be the lessor and counterparty to the private master developer. This option could provide the most operational efficiencies by having the same owner and existing administration for both Bluegrass Station and this Project. *

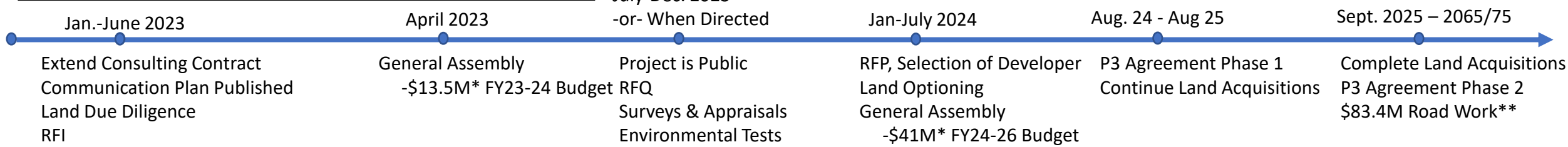
Option 2 (Commonwealth Project Authority): An alternative structure is that the Commonwealth create an Authority that would serve as the lead governmental entity. Such an Authority could have appointed expertise, representatives from multiple agencies and, potentially, from the impacted local governments. The Authority would award the P3 contract, acquire the land, lease the land to the master developer, and receive ground rent and revenue share from the Project. *

Option 3 (Bourbon County SPGE): Another alternative is for Bourbon County to create an Airport Authority or a SPGE (Special Purpose Governmental Entity), which would serve the same role as the Option 2, Commonwealth-created Authority. **

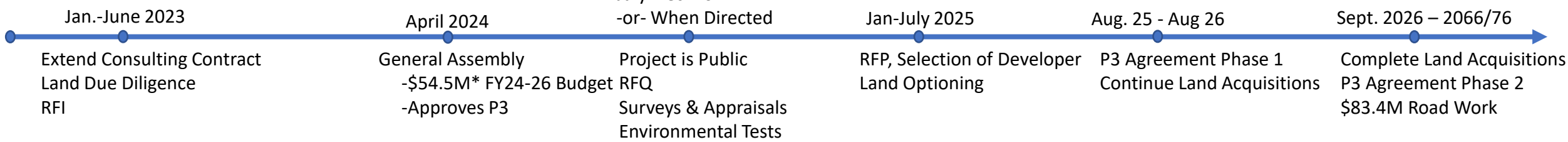
Structural Pros and Cons

Options	Pros	Cons
Option One (Commonwealth Agency)	<ul style="list-style-type: none"> • Similar tenants and security concerns at Bluegrass Station and Airport • Common public ownership of both sites ensures a mutually supporting relationship • State to project budget ratio good • 2023 possible if current year appropriation • Commonwealth receives project revenue 	<ul style="list-style-type: none"> • Commonwealth typically does not operate airports or airparks • Multi-layered decision making • Least local populace/agency representation • GA 2024 Appropriation if no current year appropriation
Option Two (Commonwealth Statutory Authority)	<ul style="list-style-type: none"> • Transfers risk to independent entity • Expertise appointed & available reach back • Greater local populace representation • Commonwealth Authority gets revenue • 2023 schedule may be possible with legislation and appropriation 	<ul style="list-style-type: none"> • Potential for competing efforts at Bluegrass Station and Airport due to separate leadership • Less direct control of project and operations • Outside perception of unknown leadership • Legislation to create authority • Authority independently finances land acquisition and professional services through a bridge loan or IRB or Commonwealth appropriates initial funds
Option Three (Bourbon County SPGE/Airport Authority)	<ul style="list-style-type: none"> • Standard Airport Authority model • Buy-in regularly demonstrated in operations • Local and regional appointed expertise with fewer agencies involved • 2023 schedule may be possible if local officials agree 	<ul style="list-style-type: none"> • Minimal Commonwealth input on design, tenants, and operations • No Commonwealth project revenue • County independently finances land and professional services, or Commonwealth appropriates initial funds for potential reimbursement • Requires Commonwealth administrative approvals • Dual site tenants must work with both public entities • County to project budget ratio poor • Bureaucratically complex

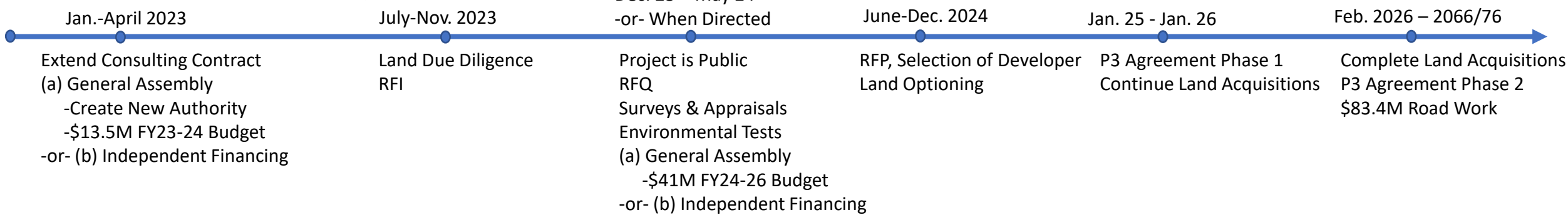
Option 1a (Commonwealth Agency FY23-24 Appropriation):



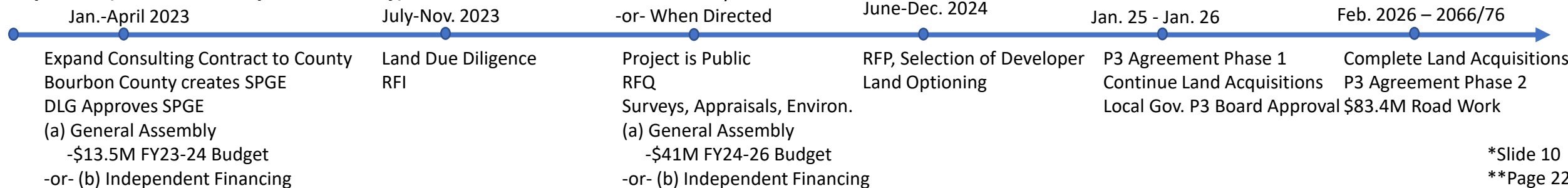
Option 1b (Commonwealth Agency FY24-26 Appropriation):



Option 2 (Commonwealth Authority):



Option 3 (Local SPGE/Airport Authority):




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Path Outline (1/2)

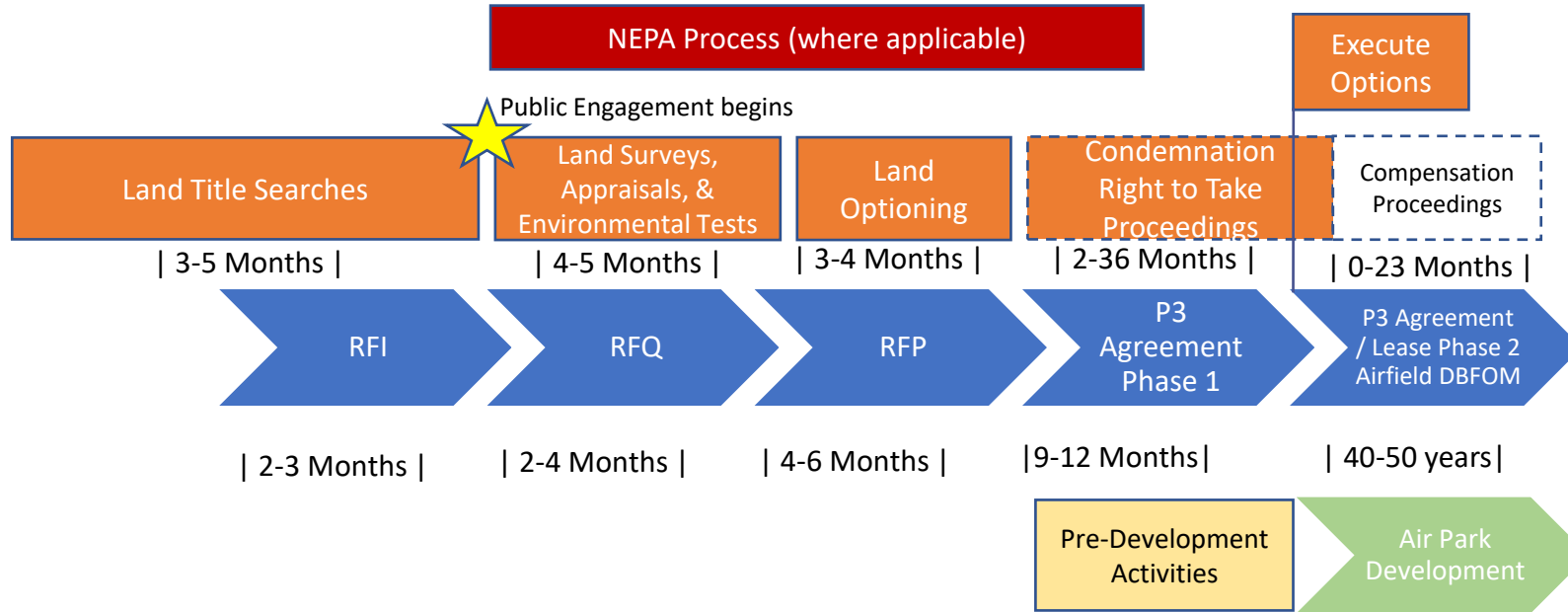
Investments		\$800K		\$11.5M - \$13.5M		\$6.5M-\$9M	\$28.5M-\$31.5M	
Project Steps	Feasibility and Implementation Path	Issue RFI and RFQ	Shortlist and Issue RFP	Enter Into Land Options	Execute P3 Agreement Preferred Proposer	P3 Pre-Development Tasks	Complete Land Acquisition	Commercial and Financial Close
	FY2022	2023		2024		2024-2025		2025
Option 1: KY Option 2: PA Option 3: AA PD= Proposer/Developer	KY →	KY PA AA	→	Proposer/ Developer	→	P/D KY PA AA	→	\$18.8 - \$23.3 M: Procurement and Predevelopment Investment Repaid to Commonwealth
Risk Transfer Timeline	Counterparty (KY/PA/AA) →			Proposer/Developer →				

Path Outline (2/2)

Roadway Expenditures	Roadwork Begins (\$16 M)			Roadwork; spans 10 years & \$53M			
Project Steps	Airfield Development Begins	Airpark Development Begins	Airfield Completed & Operational	Airpark First Tenants	Repayment to Commonwealth, PA or AA	Stabilized Cashflow Achieved	Lease Term Ends
	FY2025	2026	2027	2027-2028	2028-2029	2030	2055-2065
Outcome	Airfield Ground Rent Payments Begin	Airpark Ground Rent Payments Begin		Annual Revenue: Approx. 3,000-6,000 Jobs \$12M-\$20M New Annual Tax Revenue	Investment Return: \$28.5 - \$31.5M Bonds Issued to Repay Land Investment or Bridge Loan from Investors		Project reverts to Commonwealth, PA, or AA
Risk Transfer Timeline	Proposer/Developer 						Counterparty (KY/PA/AA)

Construction Impact:
 Approximately 6,400 jobs
 Approximately \$600M in direct earnings

Project Timeline*



Next Steps

Our Consulting Team was asked to submit an estimate of what the Commonwealth’s upfront financial investment would be in order to bring this Project to the market and achieve commercial and financial close. The estimate for the standard P3 process breaks down the funding request into four discrete tasks as detailed below:

- **Task 1** – Additional pre-development activities to include issuance of a Request for Information (RFI) and receive and review responses, draft a Request for Qualifications (RFQ), and conduct certain land acquisition due diligence tasks that will not impact landowners, such as title exams
- **Task 2** – Issue RFQ and shortlist teams, begin implementing public outreach strategy, draft, and issue Request for Proposals (RFP) and enter P3 Agreement
- **Task 3** – Developer conducts Phase 1 of the P3 Agreement, which includes pre-development activities, such as site investigations, finalize financing, and development of 60-80 percent of design
- **Task 4** – Commercial and financial close and complete land acquisition necessary to commence construction

Tasks	Time Period	Estimated Investment Amount	Options for reimbursement <small>*see key below chart</small>
Task 1: Issuance of RFI and evaluate responses, land acquisition due diligence, draft RFQ	4-6 months	\$800,000/FY23 consulting fees	KY
Task 2: RFQ issuance, shortlist teams, begin public outreach, RFP process, enter into P3 Agreement	6-10 months	\$4 – 5 million/FY24 land acquisition	KY, PA, AA
		\$3 – 3.5 million/FY24 consulting fees	KY, PA, BC
		\$3 million/FY24-25 environmental assessment (EA)	KY, PA, AA
Task 3: Phase 1 of P3 Agreement Pre-development Activities	9-12 months	\$3 – 5 million/FY24-25 land acquisition	KY, PA, AA
		\$3.5 - 4 million/FY24-FY25 consulting fees	KY, PA, BC
Task 4: Complete land acquisition, commercial and financial close	3-47 months	\$28 – 31 million/FY25 completion of land acquisition	KY, PA, AA
		\$750,000/FY25 consulting fees	KY, PA, AA
Total		Up to \$55 million <small>*to be reimbursed no later than FY28</small>	<small>**KYTC approximately \$16M prior to FY27 and \$67.4M thereafter</small>

Key

KY - Commonwealth of Kentucky

PA - Commonwealth-created Authority (Public Authority)

BC - Bourbon County

AA - Local government Airport Authority or Special Purpose Governmental Entity