TSAT Meeting
Thursday, April 19th, 2018

Mike Hayden
Chief Operating Officer
Kentucky Communications Network Authority
Project Status Update

Where are we today?
Construction Highlights
(As of 3/30/2018)

- 735 miles of fiber deployed
- Of the 74 pole attachment agreements needed, 4 are pending
- Multiple third party partnerships are in place:
  BGN
  BBTEL
  CBT
  EKN
  OMU
  Muninet
## Construction Overview
(As of 3/30/2018)

<table>
<thead>
<tr>
<th>Scope</th>
<th>UOM</th>
<th>Total Qty</th>
<th>Installed Qty Cumulative</th>
<th>Installed Qty March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huts</td>
<td>EA</td>
<td>20</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Bldg. Entry</td>
<td>EA</td>
<td>1,003</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td>Conduit</td>
<td>LF</td>
<td>843,303</td>
<td>437,069</td>
<td>27,012</td>
</tr>
<tr>
<td>MRC</td>
<td>EA</td>
<td>61,838</td>
<td>18,612</td>
<td>1,112</td>
</tr>
<tr>
<td>Strand</td>
<td>LF</td>
<td>11,813,611</td>
<td>955,562</td>
<td>65,879</td>
</tr>
<tr>
<td>Fiber</td>
<td>LF</td>
<td>12,701,272</td>
<td>513,395</td>
<td>88,547</td>
</tr>
</tbody>
</table>
Current Schedule

- Ring 1A: 7/10/2020
- Ring 1B: 7/20/2020
- Ring 2: 7/29/2020
- Ring 5: 8/17/2020
- Ring 3: 8/24/2020
- Ring 4: 10/13/2020
Budget

- KentuckyWired Contract Terms Will Be Funded in Next Biennium
- SB200 Delivered to Secretary of State April 14, 2018
APs over the next 2 years

FY2019 - $36,887,000
FY2020 - $35,768,300

Availability Payments are contractually obligated payments the Commonwealth makes to bond holders.

Funded from General Funds verses Necessary Government Expenses
Authority to Borrow

KRS 154.15-020 KCNA ....With approval of the board, the executive
director may make, execute, and effectuate contracts, leveraging future
revenues from provision of the government-to-government services and
sale or lease of the excess capacity, to incur debt in the name of the
authority and enter into financing agreements with the Commonwealth,
agencies of the Commonwealth, lending institutions, investors, or
investing entities.

The total amount of debt or financing under this subsection shall not
exceed one hundred ten million ($110,000,000), and shall not leverage
any future revenues committed to the repayment of any other debt, or
expected to be used for the repayment of any other debt, as of the time
the debit or financing is entered into.
Cost of Supervening Events

Supervening Events, sometimes called Compensation Events, are incidents foreseen in the project's contract as possible and which could delay the project's schedule.

In many cases, the responsibility to cover the costs of delays due to supervening events lies with the Commonwealth. Asking the project's construction subcontractors to carry the risk for these "SEs" would have required a higher initial project price.

There are over 200 claimed supervening events to the project. Some will cause delays that come with a fiscal impact. The Commonwealth has a contractual obligation to review such claims and pay any that are undisputed.

The Commonwealth and the construction contractors have reached a proposed Settlement Agreement in which the all current SEs would be resolved, with the exception of SE 3, relating to easements.

Settlement Cost $88,000,000
Contingencies

Construction projects come with unforeseen delays and costs. KentuckyWired's original project provided no funds to cover contingencies. It would be prudent to plan ahead to ensure that the project's current situation is avoided in the future.

$22,000,000 Contingency Funds
Make Ready Engineering / Construction

Challenges

Each line represents a company or organization or government entity, but only one of them owns the pole.

Pole attachment agreements give the others a right to attach.
Questions

Winchester Hut