

Kentuckyvired

TSAT Meeting
Thursday, April 19th,
2018

**Project
Status
Update**

**Budget
Update**

Challenges

Closing

Mike Hayden
Chief Operating Officer
Kentucky Communications Network Authority

Project Status Update

Where are we today?

Construction
Highlights

Construction
Overview

Construction
Map

Schedule

Construction Highlights

(As of 3/30/2018)

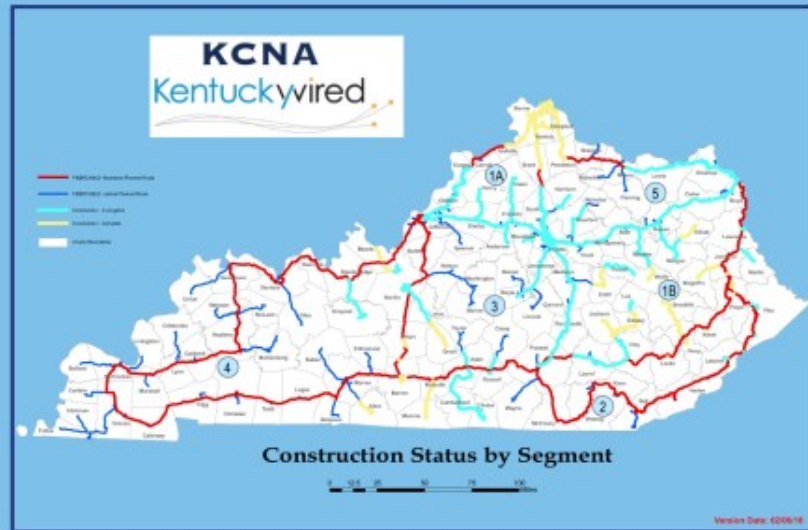
- 735 miles of fiber deployed
- Of the 74 pole attachment agreements needed, 4 are pending
- Multiple third party partnerships are in place:
 - BGN
 - BBTEL
 - CBT
 - EKN
 - OMU
 - Muninet

Construction Overview

(As of 3/30/2018)

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

Map



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

Authority to
Borrow

Cost of SEs

Contingencies

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 debt 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