
EIGHTH SUPPLEMENTAL LEASE AGREEMENT

DATED AS OF AUGUST 1, 2023

by and between

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
(Lessor)

and

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
(Lessee)

Supplementing:
Lease Agreement
Dated as of November 1, 2008
by and between
Lessor and Lessee

TABLE OF CONTENTS

(The Table of Contents is not part of the Lease Agreement,
but for convenience of reference only)

	<u>PAGE</u>
SECTION 1. CERTAIN DEFINED TERMS AND REFERENCES.....	3
SECTION 2. AMENDMENTS TO THE ORIGINAL LEASE.	5
SECTION 3. LEASE OF PROJECT.	5
SECTION 4. ACCEPTANCE OF PROJECT.	6
SECTION 5. LEASE RENTAL PAYMENTS.....	6
SECTION 6. ACTIONS RELATING TO TAX EXEMPTION OF INTEREST COMPONENTS.	6
SECTION 7. ASSIGNMENT BY THE LESSOR.....	7
SECTION 8. HEADINGS.	7
SECTION 9. GOVERNING LAW.....	8
SECTION 10. DELIVERY OF RELATED DOCUMENTS.	8
SECTION 11. ENTIRE AGREEMENT; AMENDMENT; SEVERABILITY.....	8
Signature Page	S-1
Exhibit A – Project Description	
Exhibit B - Lease Rental Payments	
Exhibit C – Project Site	

EIGHTH SUPPLEMENTAL LEASE AGREEMENT

This **EIGHTH SUPPLEMENTAL LEASE AGREEMENT** (“Eighth Supplemental Lease”), made and entered into as of August 1, 2023, by and between the **LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD**, an agency of the Lexington-Fayette Urban County Government, created pursuant to Chapter 183 of the Kentucky Revised Statutes (the “Lessor”), located at 4000 Terminal Drive, Suite 206, Lexington, Kentucky 40510 and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky created pursuant to Chapter 67A of the Kentucky Revised Statutes and a political subdivision, duly organized and existing under and by virtue of the laws and Constitution of the Commonwealth of Kentucky, as amended (the “Lessee”), located at 200 East Main Street, Lexington, Kentucky 40505.

W I T N E S S E T H:

WHEREAS, the Lessor has heretofore entered into a Lease Agreement dated as of November 1, 2008 (the “Original Lease”), by and between the Lessee and the Lessor relating to the issuance of its Series 2008 Bonds, recorded in the Fayette County Clerk's Office on December 10, 2008 in Deed Book 2848, Page 378; and

WHEREAS, Section 2.02 of the Trust Indenture provides that the Original Lease may be supplemented from time to time whenever Obligations are issued by the Lessor, by the execution and delivery of a supplemental lease; and

WHEREAS, the Lessor has heretofore entered into a First Supplemental Lease Agreement dated as of November 1, 2009 (the “First Supplemental Lease”), by and between the Lessee and the Lessor relating to the issuance of its Series 2009 Bonds, recorded in the Fayette County Clerk's Office on November 20, 2009 in Deed Book 2913, Page 393; and

WHEREAS, the Lessor has heretofore entered into a Second Supplemental Lease Agreement dated as of November 1, 2012 (the “Second Supplemental Lease”), by and between the Lessee and the Lessor relating to the issuance of its Series 2012 Bonds, recorded in the Fayette County Clerk's Office on December 18, 2012 in Deed Book 3119, Page 412; and

WHEREAS, the Lessor has heretofore entered into a Third Supplemental Lease Agreement dated as of March 1, 2013 (the “Third Supplemental Lease”), by and between the Lessee and the Lessor relating to the reissuance of its 2009 Series B Bonds, recorded in the Fayette County Clerk's Office on June 26, 2013 in Deed Book 3163, Page 63; and

WHEREAS, the Lessor has heretofore entered into a Fourth Supplemental Lease Agreement dated as of June 1, 2014 (the “Fourth Supplemental Lease”), by and between the Lessee and the Lessor relating to a line of credit provided by Branch Banking and Trust Company (the “2014 Credit Facility”), recorded in the Fayette County Clerk's Office on February 25, 2015 in Deed Book 3294, Page 81;¹ and

WHEREAS, the Lessor has heretofore entered into a Fifth Supplemental Lease Agreement dated as of October 1, 2016 (the “Fifth Supplemental Lease”), by and between the Lessee and the Lessor relating to the issuance of its Series 2016 Bonds, recorded in the Fayette County Clerk's Office on July 6, 2017 in Deed Book 3506, Page 312; and

WHEREAS, the Lessor has heretofore entered into a Sixth Supplemental Lease Agreement, dated as of September 1, 2018 (the “Sixth Supplemental Lease”), by and between the Lessee and the Lessor, relating to the amendment and extension of the 2014 Credit Facility provided by Truist Bank (formerly known as Branch Banking and Trust Company) (as amended and extended, the “2018 Credit Facility”);² and

WHEREAS, the Lessor has heretofore entered into a Seventh Supplemental Lease Agreement, dated as of November 1, 2019 (the “Seventh Supplemental Lease”), by and between the Lessee and the Lessor, relating to the issuance of its Series 2019 Bonds, recorded in the Fayette County Clerk's Office on May 13, 2020 in Deed Book 3751, Page 173; and;

WHEREAS, the Lessor has determined to provide for the refunding of the Refunded Prior Bonds (as defined herein); and

WHEREAS, the Lessor has further determined that it is necessary to finance the costs of the acquisition of additions, extensions, and improvements to the present airport facilities at Blue Grass Airport, Lexington, Kentucky (the “Airport”), consisting of airport improvements, including a new approximately 50,000 square foot hangar and associated office space, a 120,000 to 150,000-gallon fuel storage facility for bulk storage of aviation fuels that serve all users of the Airport, and general aviation improvements comprised of other terminal renovations including upgrades to restrooms, utilities, HVAC systems, baggage belt system repairs, deicing containment facility, expansion to the airport rescue and firefighting training center building, installation of solar arrays, Gumbert Road improvements and replacement of passenger boarding bridges, all constituting additions, extensions and improvements to the existing airport facilities at the Airport (the “2023 Project”); and

¹ The Fourth Supplemental Lease Agreement was entered into to provide for the lease of the 2014 Project to the Lessee in connection with the issuance of the 2014 Revolving Credit Note under the 2014 Credit Facility. The 2014 Revolving Credit Note was renewed and extended as the 2018 Revolving Credit Note under the 2018 Credit Facility (the “2018 Renewal”), which is secured by the Eighth Supplemental Trust Indenture. The 2014 Revolving Credit Note as originally issued is no longer outstanding. The Sixth Supplemental Lease Agreement was entered into in connection with the 2018 Renewal. The 2014 Project, along with additional improvements, is now referred to as the 2018 Project.

² See Footnote 1.

WHEREAS, the Governing Body (as defined in the Trust Indenture) adopted the 2023 Series Bond Resolution on May 24, 2023 (the “2023 Series Resolution”) which authorized the issuance of the Series 2023 Bonds (as defined herein) in a principal amount not to exceed \$110,000,000, which shall be issued as General Airport Revenue Obligations. Such Series 2023 Bonds shall be issued for the purposes of (i) financing the 2023 Project; (ii) refunding the Refunded Prior Bonds, as defined herein, (iii) funding the Debt Service Reserve Fund, if necessary, (iv) paying capitalized interest, (if any), and (v) paying costs of issuance in connection with such Series 2023 Bonds; and

WHEREAS, the Lessor now seeks to enter into this Eighth Supplemental Lease (which, collectively with the Seventh Supplemental Lease, the Sixth Supplemental Lease, the Fifth Supplemental Lease, the Fourth Supplemental Lease, the Third Supplemental Lease, the Second Supplemental Lease, the First Supplemental Lease and the Original Lease, is referred to collectively hereinafter as the “Lease”), relating to the issuance of the Series 2023 Bonds, which is to be recorded in the Fayette County Clerk's Office; and

WHEREAS, upon the execution, delivery and issuance of the Series 2023 Bonds, the Lessor shall provide the Lessee with original executed counterparts of this Eighth Supplemental Lease, including a new schedule of Lease Rental Payments for all Outstanding Obligations of the Lessor, to be attached as **Exhibit B** to this Eighth Supplemental Lease, as further provided herein;

NOW THEREFORE, in consideration of the Lease Rental Payments to be paid hereunder and the covenants and agreements contained herein, it is agreed by and between the parties as follows:

SECTION 1. Certain Defined Terms and References.

(a) Capitalized terms used herein, unless otherwise defined, shall have the meaning provided in the Trust Indenture and the Lease. In addition to the terms defined elsewhere in this Eighth Supplemental Lease, the following terms have the meanings given below unless the context clearly requires otherwise:

“Code” means the Internal Revenue Code of 1986, as amended.

“Eighth Supplemental Lease” means the Eighth Supplemental Lease Agreement, dated as of August 1, 2023, by and between the Lessor and the Lessee, which supplements the Lease.

“Lease” means collectively, the Original Lease as amended and supplemented from time to time, including as amended and supplemented by the First Supplemental Lease, the Second Supplemental Lease, the Third Supplemental Lease, the Fourth Supplemental Lease, the Fifth Supplemental Lease, the Sixth Supplemental Lease, the Seventh Supplemental Lease and the Eighth Supplemental Lease.

“Lease Rental Payments” means the payments, including the principal and interest components thereof, specified in **Exhibit B** attached hereto and made a part hereof.

“Maximum Rate” means, with respect to the Series 2023 Bonds, **twelve percent (12%) per annum.**

“Original Lease” means the Lease Agreement dated as of November 1, 2008, by and between the Lessee and the Lessor relating to the issuance of the Lessor’s Series 2008 Bonds.

“Project” means collectively, the 1994 Project, the 1998 Project, the 2003 Project, the 2008 Project, the 2014 Project³, the 2016 Project, the 2018 Project, the 2019 Project and the 2023 Project all as described in *Exhibit A* hereto, and any replacements or additions thereto permitted under the Lease, which Project constitutes Airport Facilities.

“Refunded Prior Bonds” means collectively:

(a) A portion in the principal amount of \$ _____ of the Board’s \$5,400,000 Variable Rate General Airport Revenue Refunding Bonds, Reissued 2009 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT), reissued on March 26, 2013 in the aggregate principal amount of \$5,400,000 (as refunded, the “Refunded Prior Reissued 2009 Series B Bonds”),

(b) A portion in the principal amount of \$ _____ of the Board’s \$39,095,000 General Airport Revenue and Revenue Refunding Bonds, 2016 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable), currently outstanding in the principal amount of \$26,235,000 (as refunded, the “Refunded Prior 2016C Bonds”), and

(c) A portion in the principal amount of \$ _____ of the Board’s \$32,000,000 General Airport Revenue and Revenue Refunding Bonds, 2019 Series A (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable), currently outstanding in the principal amount of \$30,665,000 (as refunded, the “Refunded Prior 2019A Bonds”).

“Tenth Supplement” means the Tenth Supplemental Trust Indenture, dated as of August 1, 2023, by and between the Board and the Trustee.

“Trust Indenture” means the Trust Indenture, dated as of November 1, 2008, between the Lessor and the Trustee, as the same may be duly amended, modified or supplemented in accordance with its terms.

“Trustee” means U.S. Bank Trust Company, National Association, Louisville, Kentucky as successor trustee to U.S. Bank National Association, Louisville, Kentucky (as successor trustee to The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky), and any successor Trustee as determined or designated under or pursuant to the Trust Indenture.

³ The 2014 Project, together with additional improvements, is now referred to as the 2018 Project. See Footnote 1.

“2023 LFUCG Series Ordinance” means Ordinance No. _____-2023 adopted by the Urban County Council on June ___, 2023, with respect to the Series 2023 Bonds.

“Series 2023 Bonds” means, collectively, the 2023 Series A Bonds, the 2023 Series B Bonds and the Taxable 2023 Series C Bonds.

“2023 Project” means the acquisition of additions, extensions, and improvements to the present airport facilities at the Airport, consisting of airport improvements, including a new approximately 50,000 square foot hangar and associated office space, a 120,000 to 150,000-gallon fuel storage facility for bulk storage of aviation fuels that serve all users of the Airport, and general aviation improvements comprised of other terminal renovations including upgrades to restrooms, utilities, HVAC systems, baggage belt system repairs, deicing containment facility, expansion to the airport rescue and firefighting training center building, installation of solar arrays, Gumbert Road improvements and replacement of passenger boarding bridges, all constituting additions, extensions and improvements to the existing airport facilities at the Blue Grass Airport (as further described in *Exhibit A* hereto) at the Project Site (as described in *Exhibit C* hereto).

“2023 Series A Bonds” means the Board’s \$ _____ General Airport Revenue and Revenue Refunding Bonds, 2023 Series A (Lexington-Fayette Urban County Government General Obligation) (Non-AMT).

“2023 Series B Bonds” means the Board’s \$ _____ General Airport Revenue and Revenue Refunding Bonds, 2023 Series B (Lexington-Fayette Urban County Government General Obligation) (AMT).

“2023 Series Resolution” means the Series Resolution adopted by the Governing Body on May 24, 2023, which authorized the execution and delivery of the Series 2023 Bonds.

“Taxable 2023 Series C Bonds” means the Board’s \$ _____ General Airport Revenue and Revenue Refunding Bonds, 2023 Series C (Lexington-Fayette Urban County Government General Obligation) (Federally Taxable).

(b) References to sections or exhibits, unless otherwise indicated, are to sections of or exhibits to this Eighth Supplemental Lease.

SECTION 2. Amendments to the Original Lease.

The following terms defined in Section 1 of the Lease are hereby amended and restated as follows:

Exhibit A to the Lease is hereby amended and restated in its entirety by replacing it with *Exhibit A* attached hereto. Exhibit B to the Lease is hereby amended and restated in its entirety by replacing it with *Exhibit B* attached hereto.

SECTION 3. Lease of Project.

Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Project in accordance with the provisions of this Eighth Supplemental Lease, to have

and to hold for the Lease Term; provided that the Lessor shall continue to maintain and operate the Airport as provided in Chapter 183 of the Kentucky Revised Statutes. Upon and during the acquisition, construction, installation and equipping of the Project, all leasehold rights granted to Lessee by Lessor under this Eighth Supplemental Lease shall vest in Lessee, without any further action on the part of Lessor.

SECTION 4. Acceptance of Project.

The Lessee hereby certifies to the Lessor its acceptance of the Project.

SECTION 5. Lease Rental Payments.

(a) Lessee agrees to pay to Lessor during the Lease Term, the Lease Rental Payments specified in *Exhibit B*. The interest component of the Lease Rental Payments shall not exceed the applicable Maximum Rate. The Lease Rental Payments during the Lease Term will be absolute and unconditional in all events; provided that, no Lease Rental Payments will be due from the Lessee so long as, at least three Business Days prior to the applicable Payment Date, the amount required to pay Debt Service Charges on the Outstanding Obligations is on deposit in the Debt Service Payment Account of the Debt Service Fund, other than as a result of (i) the transfer of an amount from the Debt Service Reserve Fund that causes the amount in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement or (ii) a draw on a Debt Service Reserve Fund Credit Instrument. If the Trustee has transferred amounts from the Debt Service Reserve Fund to the Debt Service Fund, the Lease Rental Payment then due shall be the amount (i) required to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement and/or (ii) the amount required to reimburse the draw made on the Debt Service Reserve Fund Credit Instrument. If a Lease Rental Payment has not been included in the budget of the Urban County Government for the fiscal year in which a payment is required, at the meeting of the Urban County Council immediately succeeding receipt of notice from the Trustee that such payment is required, such budget shall be amended to include all remaining Lease Rental Payments for that fiscal year.

(b) Lessee agrees to deposit the Lease Rental Payments in the Sinking Fund and to pay from the Sinking Fund directly to the Trustee, the Lease Rental Payments specified in *Exhibit B*, for deposit directly in the Debt Service Payment Account of the Debt Service Fund and such Lease Rental Payments shall not be deemed revenues or assets of the Lessor. Each payment shall be applied first to payment of the interest component of the Lease Rental Payment to which it relates; provided, however, Lessee may make advance payments of principal components of Lease Rental Payments. Such Lease Rental Payments shall correspond to the payments due with respect to the Debt Service Charges on the Outstanding Obligations.

SECTION 6. Actions Relating to Tax Exemption of Interest Components.

(a) The Lessor and the Lessee each covenant that it will restrict the use of moneys realized under this Eighth Supplemental Lease in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of entering into this Eighth Supplemental Lease, so that there will not exist at any time any obligation in connection with this Eighth Supplemental Lease or the Project that constitutes an obligation the interest on

which is includable in gross income for federal income tax purposes or constitutes an “arbitrage bond” under Section 148 of the Code, and the regulations prescribed under that Section and any subsequent amendments or modifications thereto (other than related to the Taxable 2023 Series C Bonds, the interest on which is subject to federal taxation). Any officer of the Lessor or Lessee having responsibility with respect to the execution and delivery of this Eighth Supplemental Lease shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessor or Lessee, give an appropriate certificate of the Lessor or Lessee pursuant to Sections 103 and 148 of the Code and those regulations, setting forth the reasonable expectations of the Lessor or Lessee on the date of entering into this Eighth Supplemental Lease regarding this Eighth Supplemental Lease and the use of those moneys (other than related to the Taxable 2023 Series C Bonds, the interest on which is subject to federal taxation). If required, Lessee agrees to complete and file or cause to be filed in a timely manner an information reporting return on IRS Forms 8038-G and 8038, as applicable, with respect to this Eighth Supplemental Lease as required by the Code.

(b) The Lessor and the Lessee each represent and covenant that it will not use the Project, or permit the Project to be used, in such a manner as would result in the loss of the exclusion from gross income for federal income tax purposes of the portion of the Lease Rental Payments designated as the interest component on *Exhibit B*, afforded under Section 103(a) of the Code (except for the interest related to the Taxable 2023 Series C Bonds).

(c) With respect to the 2023 Series A Bonds, the Lessor and the Lessee each represent and covenant that it will not take any actions which will violate any of the provisions of the Code, or would cause such 2023 Series A Bonds to become “private activity bonds” within the meaning of the Code.

(d) The Lessor and the Lessee each covenant to take all action required to maintain exclusion from gross income for federal income tax purposes afforded under Section 103(a) of the Code, of the portion of the Lease Rental Payments designated as the interest component on *Exhibit B* hereto (except for the interest related to the Taxable 2023 Series C Bonds).

SECTION 7. Assignment by the Lessor.

As security for the payment and performance by the Lessor of all of its Obligations under the Trust Indenture, including particularly the payment of the principal of and interest on the Series 2023 Bonds and the payment of all amounts due or to become due thereunder, but excluding any termination payments under any Interest Rate Hedge Agreement, the Lessor has assigned to the Trustee, under and pursuant to the Trust Indenture, all of the Lessor's right, title and interest in, to and under this Eighth Supplemental Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder.

SECTION 8. Headings.

All section headings contained in this Eighth Supplemental Lease are for convenience of reference only and are not intended to define or limit the scope of any provision of this Eighth Supplemental Lease.

SECTION 9. Governing Law.

This Eighth Supplemental Lease shall be construed in accordance with and governed by the laws of the Commonwealth.

SECTION 10. Delivery of Related Documents.

Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transaction contemplated by this Eighth Supplemental Lease.

Lessor and Lessee agree that this Eighth Supplemental Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and this Eighth Supplemental Lease.

SECTION 11. Entire Agreement; Amendment; Severability.

(a) This Eighth Supplemental Lease, together with attachments and exhibits, and other documents or instruments executed by Lessee and Lessor in connection with this Eighth Supplemental Lease, including the 2023 LFUCG Series Ordinance, constitute the entire agreement between the parties with respect to the lease of the Project.

(b) This Eighth Supplemental Lease may not be modified, amended, altered or changed except with the written consent of the Lessee and the Lessor.

(c) If any provision of, or any covenant, obligation or agreement contained in this Eighth Supplemental Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Eighth Supplemental Lease. The invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

[Remainder of page intentionally left blank]

[Signature page to the Eighth Supplemental Lease Agreement]

IN WITNESS WHEREOF, the parties have executed this Eighth Supplemental Lease by their authorized officers on the dates of the respective acknowledgments as of the date first written above.

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____
Linda Gorton
Mayor

ATTEST:

By: _____
Abigail Allan
Urban County Council Clerk

**LEXINGTON-FAYETTE URBAN COUNTY
AIRPORT BOARD, Lessor**

By: _____
Chair
Lexington-Fayette Urban County
Airport Board

ATTEST:

By: _____
Secretary
Lexington-Fayette Urban County
Airport Board

[Notary Page for the Lexington-Fayette Urban County Government]

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this ___ day of _____, 2023, by Linda Gorton, as Mayor of the Lexington-Fayette Urban County Government, an urban county and political subdivision of the Commonwealth of Kentucky, on behalf of said Lexington-Fayette Urban County Government.

Notary Public

My commission expires: _____

(SEAL)

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by Abigail Allan, as Clerk of the Urban County Council of the Lexington-Fayette Urban County Government, an urban county and political subdivision of the Commonwealth of Kentucky, on behalf of said Lexington-Fayette Urban County Government.

Notary Public

My commission expires: _____

(SEAL)

[Notary Page for the Lexington-Fayette Urban County Airport Board]

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this ___ day of _____, 2023, by _____, as Chair of the Lexington-Fayette Urban County Airport Board, an agency of the Lexington-Fayette Urban County Government, on behalf of said Board.

Notary Public

My commission expires: _____

(SEAL)

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF FAYETTE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023, by _____, as Secretary of the Lexington-Fayette Urban County Airport Board, an agency of the Lexington-Fayette Urban County Government, on behalf of said Board.

Notary Public

My commission expires: _____

(SEAL)

This instrument was prepared by:

John C. Merchant, Esq.
Attorney at Law
Dinsmore & Shohl LLP
255 East Fifth Street, Suite 1900
Cincinnati, Ohio 45202

EXHIBIT A

PROJECT DESCRIPTION

1994 PROJECT DESCRIPTION

Proceeds from the 1994 Series B Bonds were used to refund certain outstanding short-term debt, reimburse the Board for certain owner's costs incurred in completing various improvements to the Airport including an employee parking lot and to purchase a new chiller for the Airport's Terminal building HVAC system.

1998 PROJECT DESCRIPTION

Proceeds from the 1998 Bonds were used to pay the cost of constructing a multi-level automobile parking deck adjacent to the Terminal building. At the time of issuance, it was anticipated that the parking deck would be used primarily for public parking, but that rental car companies doing business on the Airport would use the remaining portion of the parking deck for rental car ready/return functions. Accordingly, the proceeds from the 1998 Series A Bonds were used to pay that portion of the construction cost attributable to the public parking portion of the parking deck and the 1998 Series B Bonds were used to pay the rental car portion of the parking deck. As of the date of this Report, no portion of the parking deck has been used for any rental car related purpose. Proceeds of the 1998 Series C Bonds were used to refund an outstanding bank note.

2003 PROJECT DESCRIPTION

Proceeds from the 2003 Series A Bonds were used to pay in part various airfield, Terminal concourse additions and other Terminal area related improvements. Proceeds of the 2003 B Bonds were used to fund, in part, the costs of constructing a rental car ready/return automobile parking facility. Part of the cost of the ready/return facility was to relocate an air freight building located on the site of the ready/return facility.

2008 PROJECT DESCRIPTION

1. Relocate Runway 8/26

Replacement of Runway 8/26, including the construction of 4,000 feet by 75 feet runway and taxiway system, apron areas, access roads, NAVAIDs, and removal of existing Runway 8/26 and related areas. The major components of the proposed project include, but are not limited to, the following items:

- (i) Construct 4,000' long x 75' wide Runway 9/27 with parallel taxiway network to B-II criteria, and provide Runway/Taxiway centerline separations and Runway Safety Areas (RSA) to C-II criteria;
- (ii) Remove existing Runway 8/26 and associated taxiway pavements;

- (iii) Remove existing Taxiway C pavement west of Runway 4/22;
- (iv) Construct an access road to GA facilities;
- (v) Construct other infrastructure and drainage improvements associated with the construction of the access road;
- (vi) Construct new Taxiway B;
- (vii) Construct remote large aircraft parking area;
- (viii) Construct approximately 72,000 square yard GA apron;
- (ix) Provide infrastructure for self-service fuel system (by others);
- (x) Construct one 8-unit and one 10-unit T-Hangar buildings (NON-AIP/PFC);
- (xi) Relocate existing or install new Runway 22 Glide Slope;
- (xii) Relocate the Low Level Wind Shear Alert System (LLWAS), Automated Surface Observing System (ASOS), Stand-Alone Weather Sensor (SAWS) and Remote Transmitter/Receiver (RTR) facilities;
- (xiii) Potentially relocate Runway 22 Precision Approach Path Indicator (PAPI) system;
- (xiv) Install new visual navigational aids (PAPIs and REILs) and Medium Intensity Runway Light (MIRL)/Medium Intensity Taxiway Light (MITL) systems for Runway 9-27 and associated taxiways; and
- (xv) Provide landscape screening and features to mitigate potential visual impacts to NHRP listed cultural resources, per forthcoming EA/SHPO MOA/FAA NEPA finding.

2. *Taxiway D Realignment*

This project includes the design and construction related to the relocation of Taxiway D. To accommodate the proposed new Taxiway D alignment, utilities will have to be relocated and four buildings will have to be removed.

3. *Sanitary Sewer Improvements*

This project will include the construction of a new force main from the Airport's main pump station to the Mint Lane pump station near Dunbar High School. This project also includes approximately 9,000 linear feet of six inch PVC pipe and minor improvements to the Airport's main pump station.

4. Terminal Interior Renovations – Phase II

This project includes the design and renovation of 13,000 square feet of baggage claim space and 22,000 square feet of ticket lobby and public space. This project includes the repairing and/or replacement of the existing flooring, replacing the existing ceiling system, and wall finishes in the baggage claim and ticket lobby. The existing lighting fixtures will be replaced with energy efficient fixtures and the existing restroom will be enlarged.

5. Terminal Curb Front Improvements

This project consists of the design and renovation of the exterior of the passenger Terminal curbside. The Terminal curb front improvements include the removal and replacement of approximately 6,000 square feet of existing exterior column wraps, approximately 28,000 square feet of curbside canopy and replacement of inadequate curbside lighting. Also included will be the replacement of curbside signage.

2014 PROJECT DESCRIPTION

Following the amendment and extension of the 2014 Credit Facility through the execution of the 2018 Credit Facility, the 2014 Project, together with additional improvements, is now referred to as the 2018 Project (as described herein).

2016 PROJECT DESCRIPTION

The 2016 Project consists of the acquisition of additions, extensions, and improvements to the present airport facilities at the Airport, consisting of constructing airport facilities, including baggage belt replacements, parking facility improvements, a car rental maintenance facility and general aviation improvements comprised of the construction of hangars, a fence relocation for Versailles Road access and other terminal renovations constituting additions, extensions and improvements to the existing airport facilities at the Blue Grass Airport.

2018 PROJECT DESCRIPTION

The 2018 Project consists of:

1. Continuation of interim financing for the 2014 Project which consists of the following:
 - (a) construction of a new approximately 54,000 square foot maintenance facility, which will include a maintenance garage, offices, a warehouse, and storage for snow removal and field maintenance equipment;
 - (b) movement of approximately 500,000 cubic yards of fill material to allow construction of Taxiway D and a new Aircraft Rescue and Firefighting Facility;

(c) construction of the new approximately 27,000 square foot Aircraft Rescue and Firefighting Facility, which will include offices, housing for officers, training rooms, and storage of public safety vehicles;

(d) realignment of Taxiway A and the construction of Taxiway C;

(e) realignment of the northernmost section of Taxiway A;

2. Additional improvements to be financed through the 2018 Credit Facility:

(a) demolition of old Aircraft Rescue and Fire Fighting facility;

(b) demolition of a general aviation hangar;

(c) runway rehabilitation and safety modifications projects, which will include in-depth pavement testing, a runway safety area determination, initial safety coordination, preliminary design and development;

(d) acquisition of equipment including but not limited to aircraft rescue and firefighting equipment, and

(e) the acquisition, equipping, furnishing and installation of other capital expenditures at Blue Grass Airport, Lexington, Kentucky.

2019 PROJECT DESCRIPTION

The 2019 Project consists of the acquisition of additions, extensions, and improvements to the present airport facilities at Blue Grass Airport, Lexington, Kentucky, consisting of airport improvements, including terminal improvements, general aviation development projects and land acquisition, to the existing airport facilities at the Blue Grass Airport.

2023 PROJECT DESCRIPTION

The 2023 Project consisting of airport improvements, including a new approximately 50,000 square foot hangar and associated office space, a 120,000 to 150,000-gallon fuel storage facility for bulk storage of aviation fuels that serve all users of the Airport, and general aviation improvements comprised of other terminal renovations including upgrades to restrooms, utilities, HVAC systems, baggage belt system repairs, deicing containment facility, expansion to the airport rescue and firefighting training center building, installation of solar arrays, Gumbert Road improvements and replacement of passenger boarding bridges, all constituting additions, extensions and improvements to the existing airport facilities at the Blue Grass Airport.

[SEE ATTACHED AIRPORT PROPERTY MAP]

EXHIBIT B
LEASE RENTAL PAYMENTS
[SEE ATTACHED]

EXHIBIT C
PROJECT SITE

[SEE ATTACHED]