

# APPENDIX A

# Hunden Partners

Leading Advisors in Destination Real Estate Development

## General Burnside Island State Park Feasibility Study

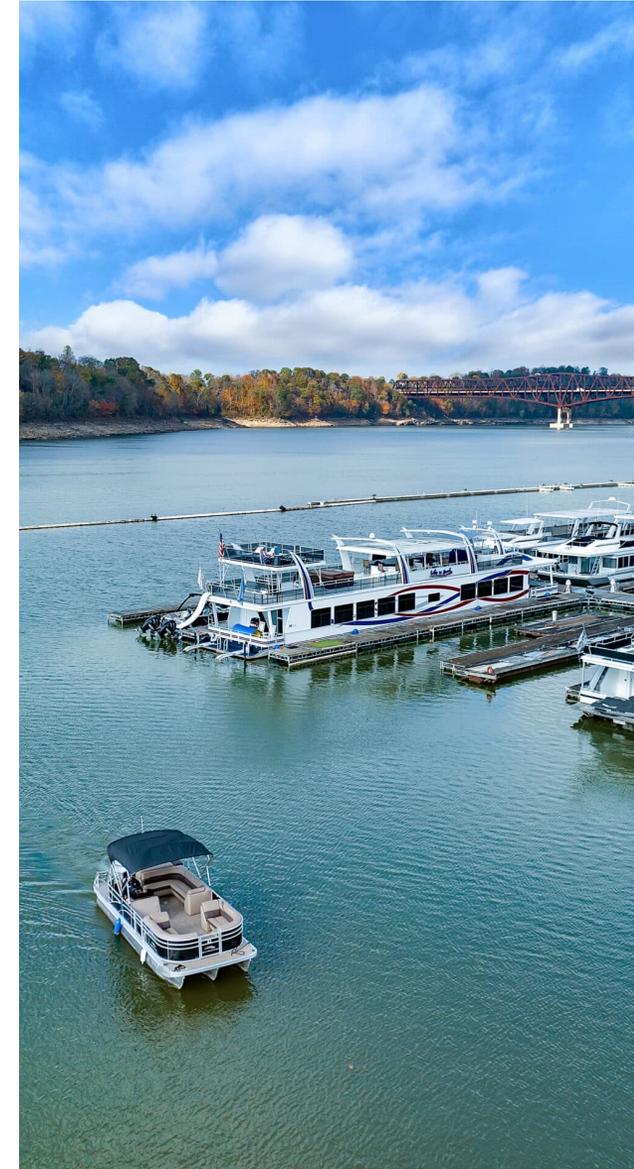
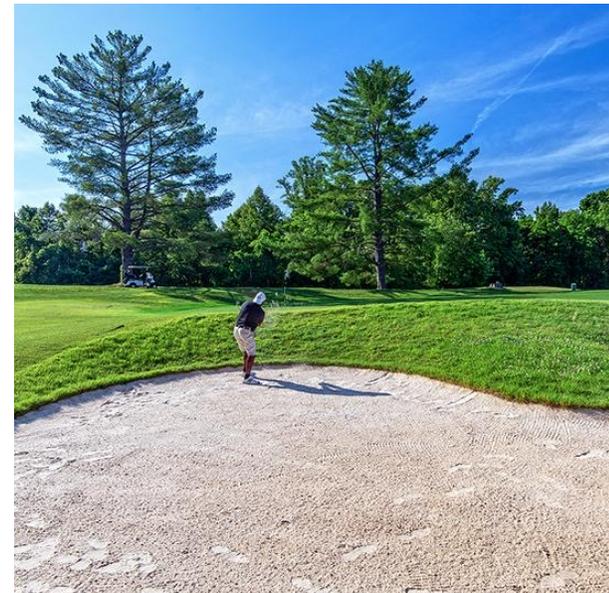
Complete Report

November 22, 2024

**hunden**  
partners

# Feasibility Study Table of Contents

- 1.) Executive Summary
- 2.) General Burnside Island State Park Profile
- 3.) Economic, Demographic, & Tourism Analysis
- 4.) Lodging Industry Trends & Analysis
- 5.) Conference Center Market Analysis
- 6.) Amphitheater Market Analysis
- 7.) Tourism Market Analysis
- 8.) Case Studies & Best Practices



# Situational Overview

---

**The Dream BIG Burnside Authority engaged Hunden Partners to conduct a feasibility study for developing lodging, dining, conference, and entertainment facilities at General Burnside Island State Park on Lake Cumberland, Kentucky, as a public-private partnership.**

**The Authority is a City of Burnside agency that collaborates with representatives from the City of Somerset, Pulaski County Government, and the Somerset-Pulaski Economic Development Authority (SPEDA).**

- Dream BIG Burnside Authority aims to use the feasibility study to assess the timing for the island's development, clarify desired amenities, and refine a strategy to advance the Project.
- Dream BIG Burnside Authority acknowledges that this is State Park land and will ensure requirements are in place to maintain public access.
- Dream BIG Burnside Authority intends to retain the island's current amenities, such as the golf course, campgrounds, and RV parking, though locations or designs may be adjusted. The new development is envisioned as a destination resort.
- The feasibility study will evaluate the Project's economic feasibility, identify key amenities in competing destinations, and explore options for moving forward.



**“We’re optimistic that a developer could make this a major attraction in the Lake Cumberland region. This is the type of public-private partnership we need as we work ... to bring about more economic development in Eastern Kentucky.”**

**- Gov. Steve Beshear, 2014**

# Destination Resort with Local Community Access

The Project's primary goal is to assess the feasibility of a destination resort to attract incremental out-of-state visitors, with a secondary goal of ensuring local community access. Case studies highlight ways the resort can maintain high-end standards while offering public access to locals.

## Highlights of Public Access Features:

- Local access considered throughout development
- Maintained public access to select amenities
- Access to on-site food and beverage outlets with seasonal public events (e.g., wine tastings, holiday-themed dinners)
- **Local visitation patterns in case study destinations indicate consistent local engagement, with an average of 32 percent of visitors traveling from within 25 miles.**
- Additional community development opportunities on General Burnside Island



# General Burnside State Park Overview

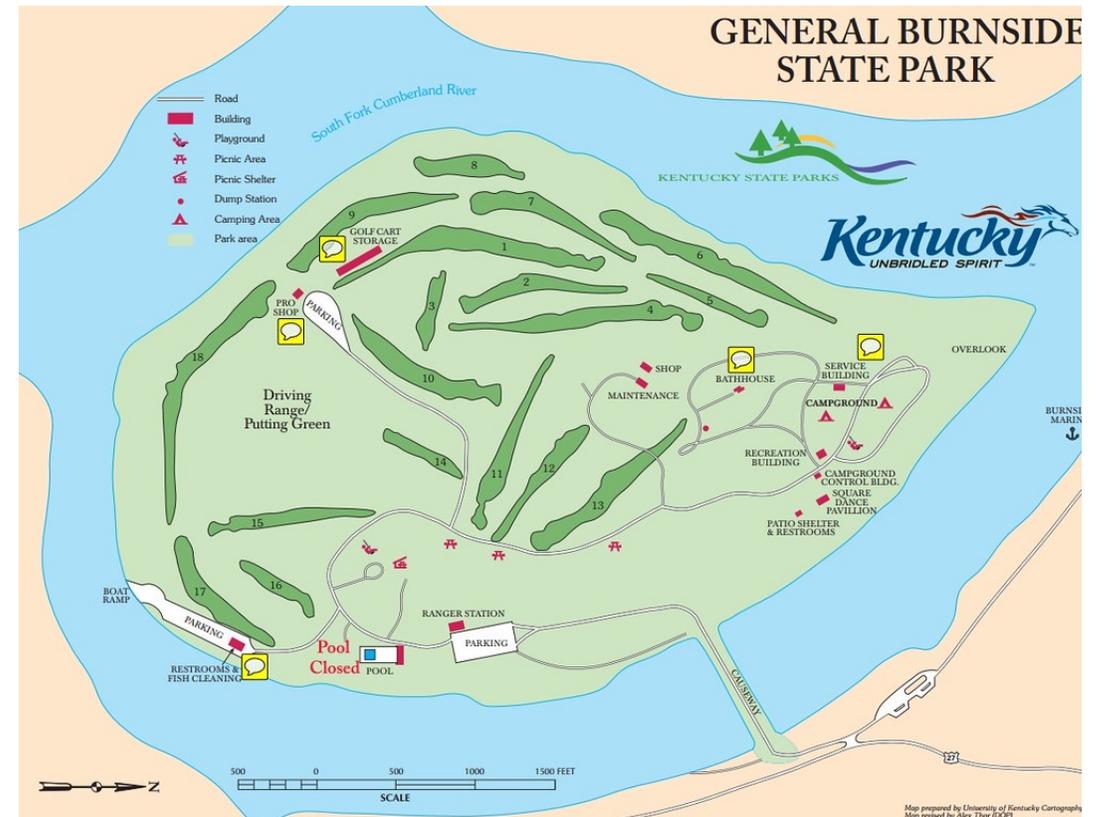
Located in Somerset, Kentucky, General Burnside Island State Park is approximately 136 miles from Louisville and 85 miles from Lexington. The 400-acre island, situated on Lake Cumberland, offers the following amenities:

- **Award-winning 18-hole public golf course**
- **75-acre campground with 94 utility hookup sites**
- **Picnicking areas**
- **A privately owned marina with approximately 350 slips**
- **Six-lane public launching ramp**

While the Park was once home to a public pool more than a decade ago, the pool has since closed and the area remains vacant. The park hosts several annual events, and the largest, "Christmas Island," attracts more than 10,000 visitors.

Support amenities, such as restaurants, retail, entertainment, and lodging are scarce near the island.

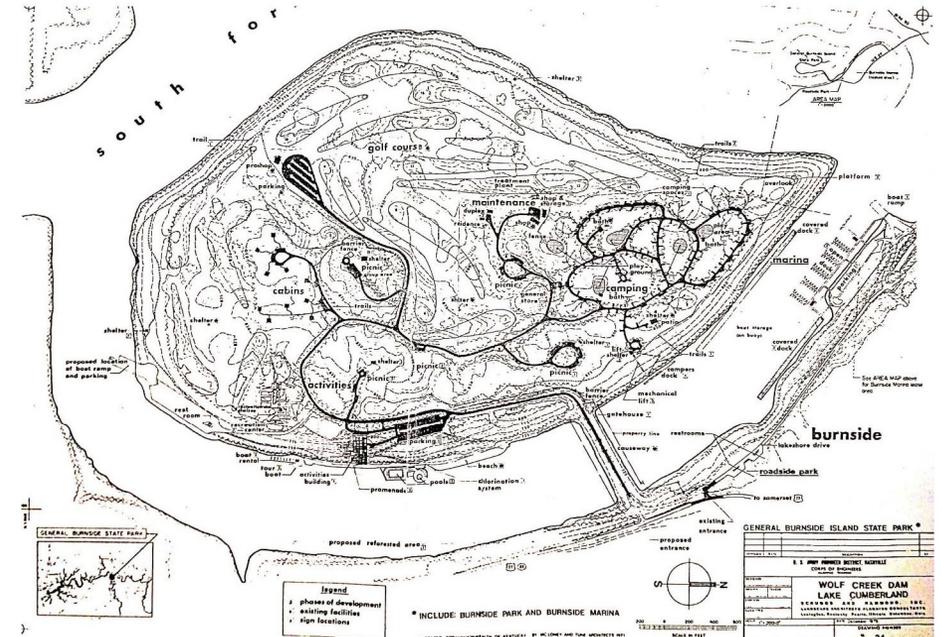
The Park is located in an Opportunity Zone, an economic development tool designed to spur growth in low-income communities and provide tax benefits to developers



# Burnside Island Historical Overview

- In 1957, Congress transferred ownership of the property now known as General Burnside Island to the Commonwealth of Kentucky on the condition the island be developed as a public park. In 1971, the U.S. Army Corps of Engineers designed the adjacent Master Plan which included Congress's intended Phase II amenities. To help deliver Phase II of Congress's original intent, the City of Burnside formed the Dream BIG Burnside Authority.
- As recently as 2015, RFPs for resort development of the island have attracted interest from various parties, but no proposals have successfully advanced in the island's development. However, it is not uncommon for resort developments to go through several iterations before becoming a reality.
- **Dream BIG Burnside, along with leadership from the City of Burnside and the City of Somerset, has continued to push for the development of the island. Alignment from leadership, as well as positive trends in high-end, experiential travel provide positive outlooks for attracting the right partner to develop a resort on Burnside Island.**

## Burnside Island Master Plan, 1971



**“We’re optimistic that a developer could make this a major attraction in the Lake Cumberland region. This is the type of public-private partnership we need as we work ... to bring about more economic development in Eastern Kentucky.”**

**- Gov. Steve Beshear, 2014**

# Hotel Industry Trends

## REVENUE GROWTH

As of 2024, U.S. RevPAR is 16 percent above 2019 levels, driven primarily by price increases, with ADR now 21 percent higher than in 2019.

## DEMAND FOR QUALITY

Luxury and Upper Upscale hotels have experienced increased room demand, meanwhile economy hotels have experienced a decline in RevPAR and room demand.

## BRANDED HOTELS

Since 2019, major branded hotel groups have seen double-digit growth in market share, driven by operational efficiencies, loyalty programs, and acquisitions of independent hotels.

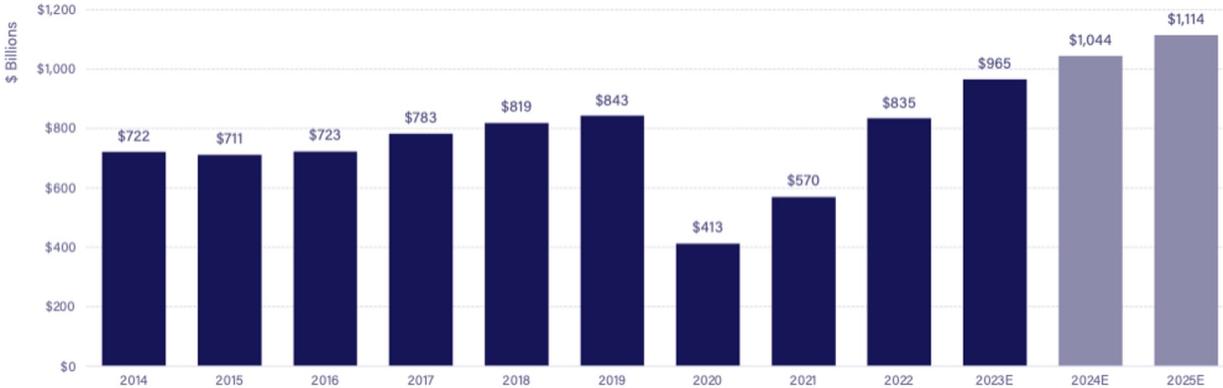
## LEISURE & GROUP DYNAMICS

Leisure travelers are increasingly drawn to international destinations due to the strong dollar and pent-up demand following Covid-19. However, group demand for domestic high-end hotels also continues to rise.

Source: Skift Research, Costar, Various

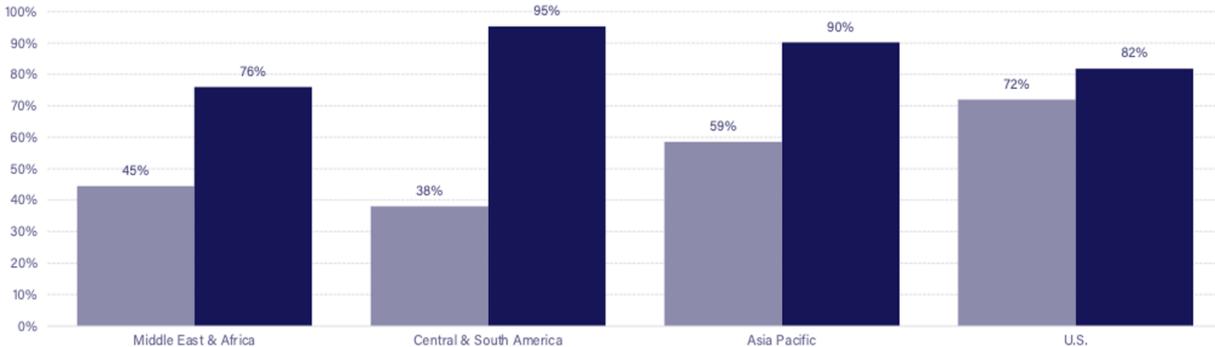
Global Hotel Revenues (\$ Billions)

Global hotel revenues have exceeded 2019 levels for the first time since the pandemic.



Hotels: Branded Existing Supply vs Future Pipeline

■ Brands as % of total current supply ■ Brands as % of total future pipeline



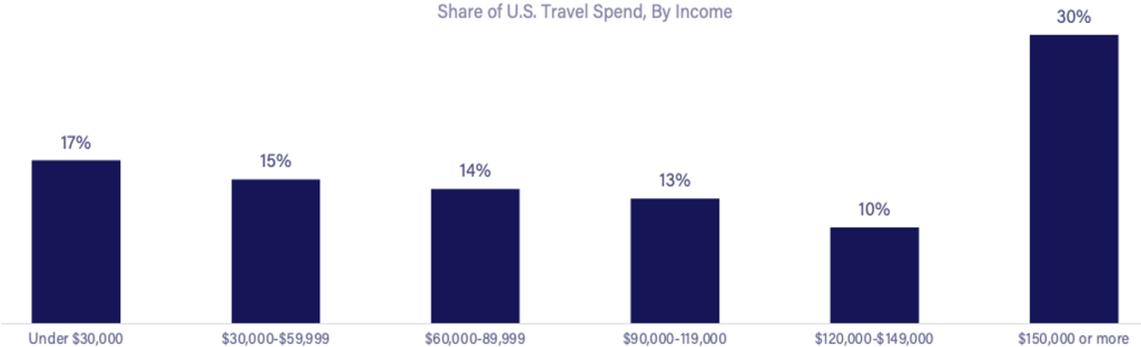
# Hotel Development & Demographic Trends

**High-end travel demand surged in 2023 and continues to increase, with travel being the top priority for higher-income households.**

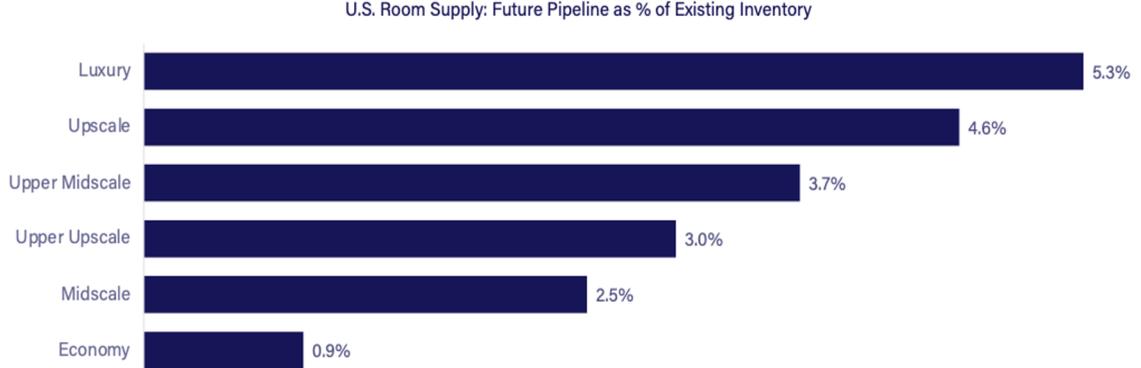
- Higher-income households dominate the U.S. travel market, with those earning \$150,000 or more accounting for 30 percent of total travel spending.
- High-income travelers are most likely to view their trips as high-end experiences, with 93 percent of travelers who took a luxury trip at an income level of \$500,000 or more.
- Today’s high-end travel is highly personalized and offers exclusive, intellectually stimulating, and engaging experiences.
- Investors are responding to these trends, with new high-end hotel construction outpacing all other chain scales, according to STR data.

Source: Skift Research

Share of U.S. Travel Spend By Household Income



U.S. Room Supply: Future Pipeline Under Construction as a % of Existing Supply



# Wellness Tourism Trends

## WELLNESS GROWTH

Wellness tourism is expected to experience robust growth, with a CAGR of 36.2 percent from 2020 to 2022, reflecting a strong, post-pandemic recovery.

## HIGHER EARNERS

Higher income earners are increasingly likely to prioritize their physical and mental well-being when making travel decisions.

## OUTDOOR ACTIVITIES

When planning a wellness vacation, 79 percent of people prioritize accessible nature and outdoor activities.

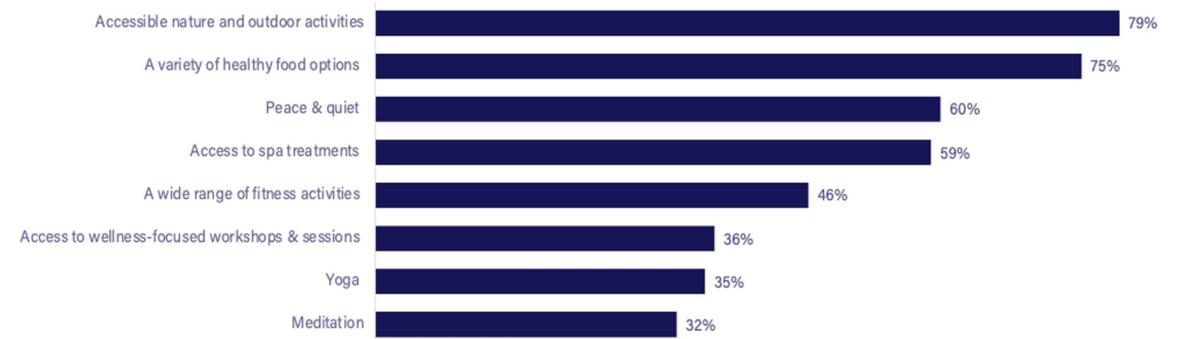
## WELLNESS OUTSPENDING

Most travelers seek a reboot during wellness vacations, with wellness tourists outspending non-wellness travelers by 175 percent domestically and 41 percent internationally.

Source: Skift Research

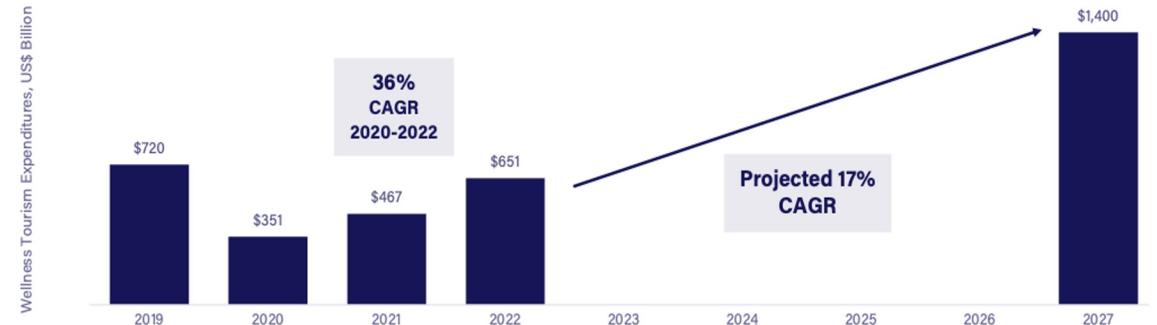
### Top Must-Haves for a Personal Wellness Vacation

Consumer Preferences for Wellness Vacation Essentials, Share of Respondents



### Wellness Tourism is Set to Quadruple by 2027

Wellness Tourism Growth Projections, 2019-2027



# Kentucky Tourism Trends

**Affluent visitors are traveling domestically and internationally to Kentucky for its authentic assets, such as bourbon experiences and horse racing.**

- **Horse racing and bourbon tourism have been influential in the advancement of complementary tourism offerings in cities such as Louisville, Lexington, and Bardstowm. Kentucky has experienced an uptick in fine dining and high-end/boutique hotel developments to accommodate travelers.**
- According to a study by Tourism Economics, 79.3 million travelers visited Kentucky in 2023, a 4.5-percent increase from 2022. Those travelers spent a total of \$9.7 billion across the Commonwealth.
- In 2022 and 2023, visitors to the Kentucky Bourbon Trail (KBT) stayed for an average of 3.2 days and had an average household income of \$130,000. The KBT has continued to increase its year-over-year visitation totals, topping 2.5 million visitors in 2023.
- Following football, horse racing is the second most popular spectator sport in the United States. Kentucky is home to Churchill Downs and Keeneland, two premier horse racing facilities in the country. The Kentucky Derby, held at Churchill Downs, is renowned as the world's most prestigious horse racing event.



# Horse Soldier Farms Distillery

**When completed, the \$200-million Horse Soldier Farms Distillery, a mixed-use and entertainment development in Somerset, will become a must-visit destination in Kentucky, significantly enhancing the area's tourism appeal.**

- Currently, the Kentucky Bourbon Trail is concentrated in the north-central part of the Commonwealth, known as the "Golden Triangle." The new development will shift demand toward southern Kentucky, offering greater accessibility to large markets such as Nashville and Knoxville.
- On over 200 acres of land, the Horse Soldier Farms Distillery will feature a village with event spaces for festivals and concerts, shops, community rooms, a chapel and event center, health and wellness facilities, and a high-end lodge with cabins.
- The affluent demographic drawn to bourbon tourism aligns directly with the target population for the Project on nearby Burnside Island. Together, the two developments will create synergies, strengthening demand for both.



# SWOT Overview: General Burnside Island Development



## STRENGTHS

- Prominent location on Lake Cumberland
- Established tourism market with regional leisure attraction
- Lack of existing comparable regional destinations
- Existing amenities/ infrastructure



## WEAKNESSES

- Unproven market for high-end travel
- Site accessibility
- Lack of supporting community assets
- Privacy versus public use



## OPPORTUNITIES

- Unique resort-style development to elevate the offerings at Lake Cumberland
- Attraction of private partners/capital sources
- Net new tourism generation within Kentucky



## THREATS

- Site control
- Seasonal tourism market
- Potential complexities of ownership & development

# Scenario 1: General Burnside Island Recommendations

Feature	Size & Capacity
 <b>Hotel/Lodging</b>	120 Keys + 15 Cabins
 <b>Amenity/ Event Activation</b>	Seasonal Land & Water Rentals, Spa, Recreation Center, and More Seasonal Events & Live Entertainment
 <b>Food &amp; Beverage</b>	Variety of outlets
 <b>Function Space</b>	Flexible Outdoor Space 8,000 SF Indoor Space <b>Ballroom</b> 4,500 SF <b>Meeting Rooms</b> 3,500 SF 3 Divisible Spaces
 <b>Parking</b>	~125-175 Spaces (1 space per key)



# Scenario 2: General Burnside Island Recommendations

Feature	Size & Capacity
 <b>Hotel/Lodging</b>	140 Keys + 30 Cabins
 <b>Amenity/ Event Activation</b>	Seasonal Land & Water Rentals, Spa, Recreation Center, and More Seasonal Events & Live Entertainment
 <b>Food &amp; Beverage</b>	Variety of outlets
 <b>Function Space</b>	Flexible Outdoor Space 9,500 SF Indoor Space <b>Ballroom</b> 5,000 SF <b>Meeting Rooms</b> 4,500 SF 3 Divisible Spaces
 <b>Parking</b>	~125-175 Spaces (1 space per key)





# Market Findings Headlines

# Implications

## Economic & Demographic Analysis

### Regional Drive Times

The city of Burnside is surrounded by major cities in nearly all directions. Within a three-hour drive, large metropolitan areas such as Louisville, Cincinnati, and Nashville account for a combined population of more than 7.6 million people.

### Accessibility

The Project offers a unique opportunity to attract a new type of visitor not typically seen at Kentucky tourism destinations that are not near water (bourbon and horse racing). The strong accessibility provided by multiple modes of transportation – including boat, car, and air – will help attract these visitors.

### Regional Attractions and Events

The Burnside region hosts several attractions and annual events that draw significant visitation from regional and long-distance visitors who travel from more than 25 miles away, which further affirms that people are willing to drive to the area for an attraction.



# Implications

## Lodging Industry Trends and Analysis

### Outdoor Amenities and Experiences

Visitors are increasingly seeking unique and engaging experiences at high-end destinations, particularly outdoor options. The more amenities offered, the higher the demand from long-distance visitors.

### Kentucky Tourism Demographics

Known for unique attractions such as the Kentucky Bourbon Trail and horse racing events, Kentucky has been a historically popular destination for affluent national and international travelers.

### High-End Travel Progress

Higher-income earners are dominating the travel industry, seeking high-end destinations. As a result, new high-end hotel construction outpaces all other chain scales.



# Implications

## Amphitheater, Live Entertainment, & Tourism Amenities

### Lack of Retail Amenities

The Burnside area features a significant gap in the retail market. Data from Claritas and discussions with stakeholders indicate limited food & beverage options, particularly full-service restaurants.

### Amphitheater Opportunities

The Project can add outdoor amphitheater asset to complement other amenities, such as the golf course and lake, which are heavily used from spring through fall. This venue can also be utilized as an attractive event space for outdoor weddings and private events.

### Tourism Assets

Analysis of case studies reveals that the most visited and best-performing properties offer a wide variety of on-site and off-site tourism amenities. Expanding Burnside's offerings will enhance the city's appeal and competitiveness.



# Implications

## Conference Center Competitive Analysis

### Gaps and Opportunities

While the local market offers a wide variety of event spaces, ranging from small community venues to large conference centers, a gap exists in upscale mid-sized facilities that could cater to groups looking for destination meeting facilities. This presents a clear opportunity for new developments to fill an underserved niche.

### Lack of Complementary Assets

The absence of key complementary amenities, such as full-service dining options and convenient transportation, presents a challenge. Without these elements, visitor satisfaction, post-event spending, and the ability to attract larger or multi-day events are limited. Venues that integrate lodging, and food & beverage services tend to perform better.

### Interviews: A Common Thread

Interviews revealed common themes around accessibility, seasonality, and programming. Additionally, while strong demand continues for weekend events, weekday utilization remains a challenge, suggesting an opportunity for new or enhanced programming. Stakeholders emphasized that leveraging local attractions and offering on-site conveniences could help drive more consistent attendance throughout the year.



# Retail Market Opportunity Gap



## Overview

Hunden conducted a retail market opportunity gap analysis using data from Claritas to evaluate supply and demand within a one-hour drive of General Burnside Island State Park. The opportunity gap, also known as unspent dollars, highlights unmet demand across specific retail categories.



## Full-Service Restaurants

The report reveals a clear shortage of sit-down dining options. This unmet demand suggests opportunities for new restaurants to attract locals and visitors seeking quality dining experiences.



## Food & Beverage Places

Among the retail types, the food services and drinking places sector exhibited the largest gap, with **unspent dollars** surpassing **\$93 million**. The tables to the right offer a detailed breakdown of a few key sectors: full-service restaurants, drinking establishments, and limited-service restaurants.



## Limited-Service Restaurants

In contrast, limited-service restaurants, such as fast-food chains, are oversupplied.

### Full-Service Restaurants

Demand: \$173.3 M  
– Supply: \$97.1 M

---

**Market Potential: \$76.2 M**

### Drinking Places (Bars)

Demand: \$13.5 M  
– Supply: \$1.5 M

---

**Market Potential: \$12.0 M**

### Limited-Service Restaurants

Demand: \$145.9 M  
– Supply: \$172.7 M

---

**Market Potential: -\$26.8 M**



# **Case Study Analysis**

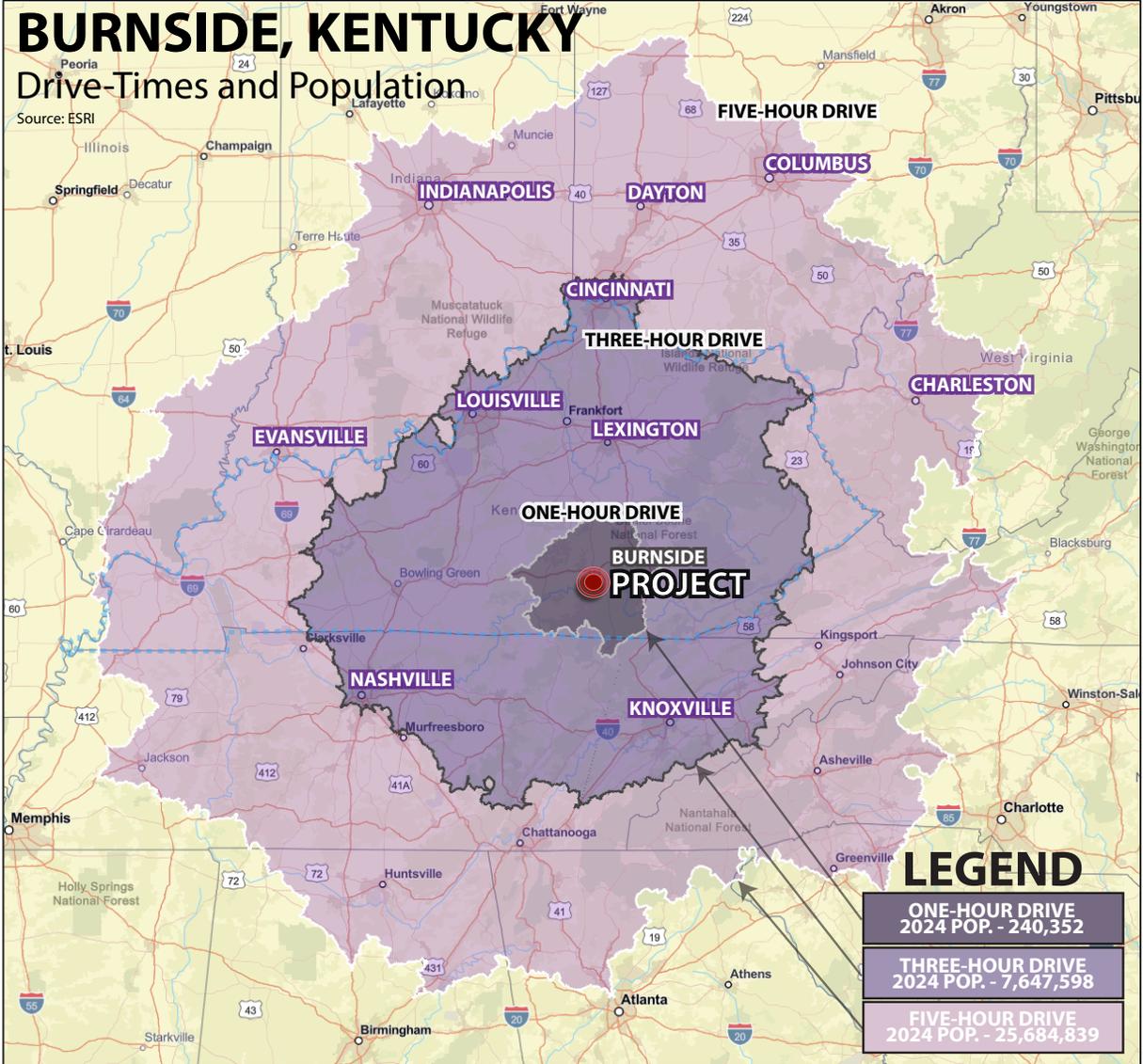
# Regional Drive Times

Within three hours of Burnside are more than 7.6 million people, which captures large metropolitan areas such as Louisville, Cincinnati, and Nashville. When considering several major cities in the Midwest region, that number exceeds 25 million people within a five-hour drive time.

These increasingly populated drive-time regions, along with Burnside’s lack of immediate access to major commercial airports, make the area primarily a drive-in market.

Estimated Drive-Time Statistics from Burnside Island (2024)			
	1-Hour	3-Hour	5-Hour
Population	240,352	7,647,598	25,684,839
Households	95,559	3,096,485	10,304,137
Median Household Income	\$47,010	\$65,936	\$69,243
Median Home Value	\$161,572	\$266,490	\$264,007
Median Age	42.2	39.6	39.7

Source: ESRI



# Comparable Resorts Overview

Hunden selected nine hotel resort destinations comparable to the Project to create a competitive set. These properties vary in location, room counts, opening year, drive-time populations, visitor origins, and on-site amenities. On average, the competitive set attracted nearly 309,000 visitors in 2023, with 36 percent coming from out of state, highlighting the strong long-distance appeal of these destinations. The shaded properties will be highlighted in further detail on the following slides.

Burnside Island Comparable Hotel Resorts												
Property	Property		Location						2023 Visitation			
	Property	Year Opened	Rooms	City	State	County Population	3-Hour Drive Time Population	3- Hour Drive Time MHI	2023 Visits	% Visits 100+ Miles	% Within State	% Out of State
1	Lanier Islands Legacy Lodge	1988	282	Buford	GA	975,353	12,857,991	\$76,144	208,200	43%	63.4%	36.6%
2	The Wolfeboro Inn	1987	44	Wolfeboro	NH	52,200	9,290,466	\$94,950	53,100	28%	53.9%	46.1%
3	Mill Falls at the Lake	1985	171	Meredith	NH	64,800	10,394,804	\$93,370	142,000	44%	41.1%	58.9%
4	Grand View Lodge	1919	329	Nisswa	MN	67,900	5,263,648	\$87,911	491,800	62%	86.0%	14.0%
5	Four Seasons Island Resort	1925	55	Pembine	WI	42,106	1,970,084	\$71,707	69,300	34%	68.4%	31.6%
6	Big Cedar Lodge	1965	362	Ridgedale	MO	57,865	3,441,589	\$58,480	1,100,000	76%	32.6%	67.4%
7	Sun Outdoors San Diego Bay	2021	282	Chula Vista	CA	3,299,130	20,751,165	\$93,690	227,859	37%	87.5%	12.5%
8	The Lake House on Canandaigua	2020	124	Canandaigua	NY	113,170	5,036,379	\$67,403	228,700	25%	80.6%	19.4%
9	The Sagamore Resort	1930	386	Bolton Landing	NY	29,426	4,396,199	\$78,717	258,600	72%	62.0%	38.0%
	<b>Average</b>	<b>1971</b>	<b>226</b>	<b>-</b>	<b>-</b>	<b>522,439</b>	<b>8,155,814</b>	<b>\$80,264</b>	<b>308,840</b>	<b>47%</b>	<b>64%</b>	<b>36%</b>
	<i>General Burnside Island State Park Project</i>	<i>-</i>	<i>-</i>	<i>Burnside</i>	<i>KY</i>	<i>66,217</i>	<i>7,647,598</i>	<i>\$66,265</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

Source: Hunden Partners, ESRI, STR

# General Amenities



**Key Takeaway - "If you ask five different people why they are here, they will give you five different reasons" (Four Seasons Islands Resort). The diversity of amenities is crucial to the success of a resort-style destination.**

Property	Event Space	Golf Course	Trails	Playground	Zip Line	Snack Shack	Restaurant	Spa	Golf Carts	Pavilions	Sand Volleyball	Arcade	Total
Lanier Islands Legacy Lodge	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	11
The Wolfeboro Inn	✓		✓				✓			✓			4
Mill Falls at the Lake	✓		✓			✓	✓	✓					5
Grand View Lodge	✓	✓	✓		✓	✓	✓	✓	✓		✓		9
Four Seasons Island Resort	✓	✓	✓				✓	✓	✓		✓	✓	8
Big Cedar Lodge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12
Sun Outdoors San Diego Bay	✓		✓	✓		✓	✓	✓				✓	7
The Lake House on Canandaigua	✓		✓			✓	✓	✓					5
The Sagamore Resort	✓		✓	✓		✓	✓	✓	✓	✓		✓	9
<b>Total</b>	<b>9</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	

# Rentable Water Activities



**Key Takeaway - No two destinations are the same. A higher total score does not necessarily indicate a better destination. Each offers a variety of amenities for water recreational activities, which is the most important factor to consider.**

Property	Boat Rental	Jet Ski Rentals	Boat Slips	Daily Boat Slips	Boat Fuel	Inflatable Water Park	Kayaks	Paddle Boards	Swimming Pool	Beach	Total
Lanier Islands Legacy Lodge	✓		✓	✓	✓	✓			✓	✓	7
The Wolfeboro Inn		✓				✓	✓				3
Mill Falls at the Lake	✓						✓	✓			3
Grand View Lodge	✓	✓	✓				✓	✓			5
Four Seasons Island Resort	✓						✓		✓		3
Big Cedar Lodge	✓	✓	✓	✓	✓		✓	✓	✓	✓	9
Sun Outdoors San Diego Bay									✓		1
The Lake House on Canandaigua	✓		✓	✓	✓		✓	✓	✓		7
The Sagamore Resort	✓		✓	✓			✓	✓	✓		6
<b>Total</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>2</b>	

# Competitive Set Performance



## Key Takeaways:

- Occupancy levels in the competitive set have not returned to pre-pandemic levels; however, rates have surged, with a nearly nine percent CAGR increase from 2016 to 2023, which matches the national trend of increased demand for high-end travel
- Strong summertime performance in both occupancy and rate
- Success in shoulder seasons relies on event activation, seasonal amenities, and promotions

2023 Hotel Occupancy  
**51.9%**



2023 ADR  
**\$426.95**



ADR CAGR  
(2016 - 2023)  
**8.6%**



Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels  
Burnside, KY | Competitive Set

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPar	% Change
2016	1,356	495,087	–	281,238	–	56.8	–	\$266.63	–	\$151.46	–
2017	1,349	492,385	-0.5%	282,507	0.5%	57.4	1.0%	\$271.17	1.7%	\$155.58	2.7%
2018	1,354	494,221	0.4%	289,859	2.6%	58.6	2.2%	\$285.80	5.4%	\$167.62	7.7%
2019	1,494	545,162	10.3%	314,430	8.5%	57.7	-1.7%	\$281.10	-1.6%	\$162.13	-3.3%
2020	1,626	593,665	8.9%	229,855	-26.9%	38.4	-33.4%	\$279.90	-0.4%	\$125.90	-22.3%
2021	1,747	637,655	7.4%	323,559	40.8%	50.7	32.1%	\$403.54	44.2%	\$204.76	62.6%
2022	1,747	637,655	0.0%	336,109	3.9%	52.7	3.9%	\$425.86	5.5%	\$224.47	9.6%
2023	1,754	640,037	0.4%	332,499	-1.1%	51.9	-1.4%	\$426.95	0.3%	\$221.80	-1.2%
2024 YTD (August)	1,753	425,979	0.0%	222,084	-1.8%	52.1	-1.7%	\$448.71	2.4%	\$233.94	0.6%
<b>CAGR (2016-2023)</b>	<b>4.2%</b>	<b>4.2%</b>		<b>2.6%</b>		<b>-1.2%</b>		<b>8.6%</b>		<b>6.6%</b>	

Source: Smith Travel Research, Hunden Partners

# Lanier Islands Legacy Lodge

**Location:** Buford, GA

**Opened:** 1988

**Owner:** Virgil Williams Family

## Features:

- **Outdoor Pool:** Saltwater pool with cabanas and a seasonal bar
- **Dining Options:** Five outlets ranging from full-service to grab-and-go
- **Spa:** Full-service spa on-site
- **Indoor Event Space:** Nearly 20,000 sq. ft. of function space
- **Outdoor Event Space:** More than 50,000 sq. ft., including multiple wedding venues
- **Golf:** 18-hole championship course
- **Fitness Center:** Equipped with modern facilities
- **Entertainment Complex:** Water park, beaches, dining, and seasonal activities at Margaritaville property



# Amenity & Event Activation

Boating



Pickleball



Water Park



Spa



Golf



Christmas Lights



Rentable Water Activities



Snow Tubing

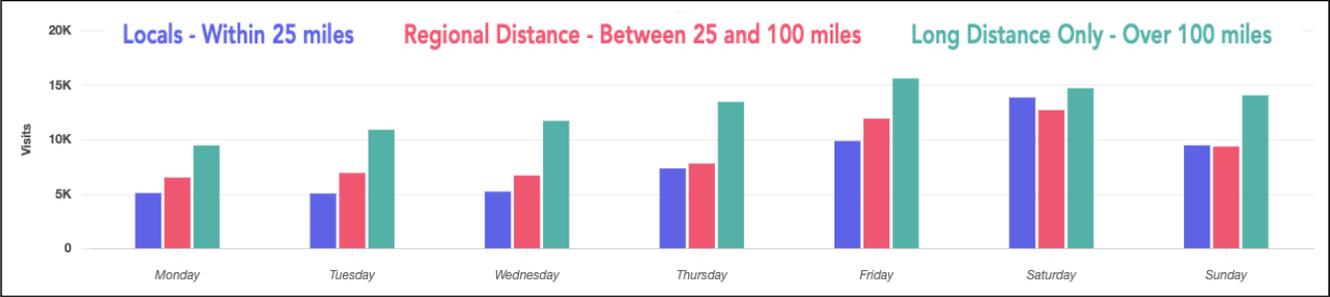
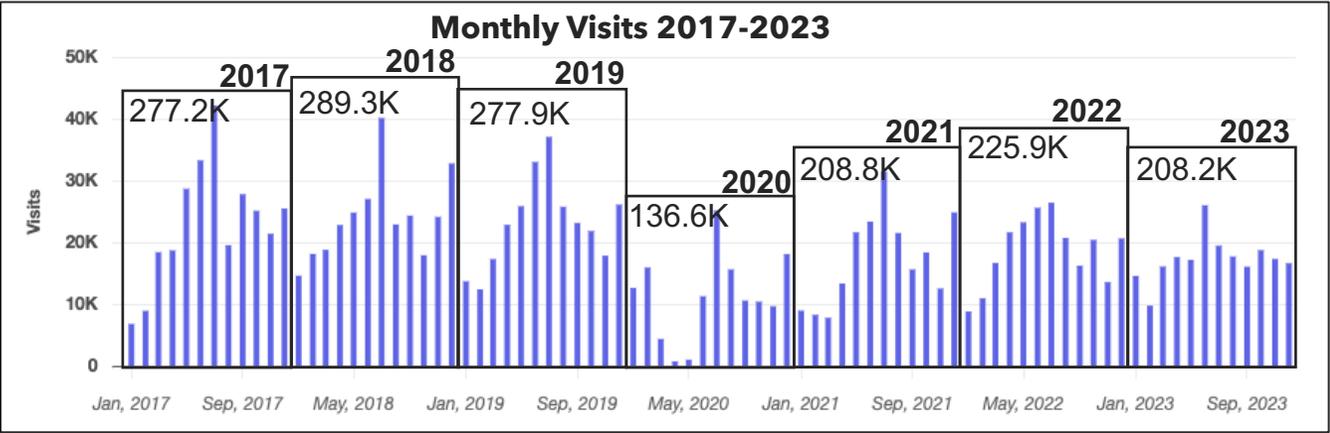
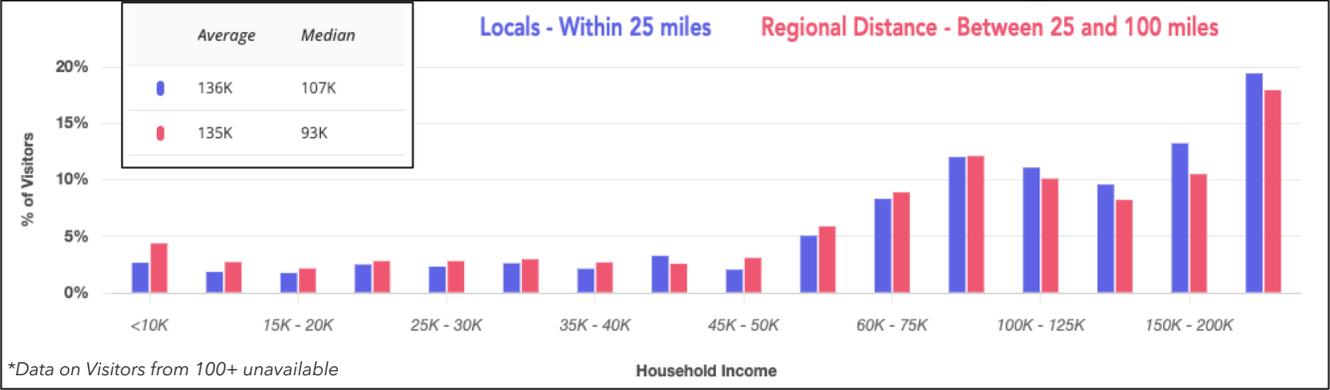
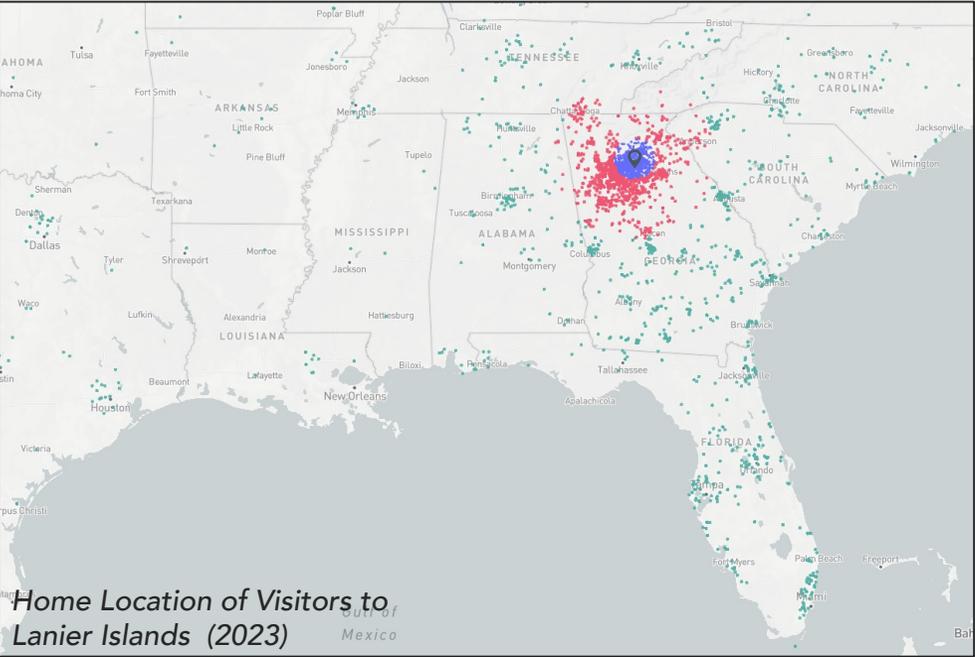


# On-site Event Venues



# Lanier Islands Legacy Lodge

Lanier Islands Legacy Lodge primarily attracts guests from the southeastern U.S. Visitor income data reveals that both local and regional visitors tend to fall within higher income brackets, with a significant portion earning \$100,000 - \$200,000. Unlike many resorts, Lanier Islands Legacy Lodge experiences strong weekday visitation due to its more than 20,000 square feet of meeting space, which attracts corporate events and retreats.



Source: Placer.ai

# Public Private Partnerships - Lanier Islands Legacy Lodge

---

**Ownership & Lease Structure:** The U.S. Army Corps of Engineers owns the property, which is leased to the State of Georgia under a 50-year agreement with the Georgia Department of Natural Resources (DNR). The DNR assigns oversight responsibilities to the Lake Lanier Islands Development Authority (LLIDA).

**Private Subleases & Operations:** LLIDA issued a sublease of 50 years to private partners. Private partners finance, operate, and maintain the property. The private partners must receive approval from LLIDA and the Corps for any major changes.

**Lake Lanier Islands Development Authority History & Purpose:** Established in 1962 by the Georgia General Assembly, the Lake Lanier Islands Development Authority was created to develop and operate the islands in Lake Lanier for tourism, recreation, and resort use. To support these efforts, LLIDA reinvests a portion of lease payments and state funding into infrastructure and amenities.

## Historical Public Funding

- \$65 million invested in renovating and building new accommodations, attractions, and amenities.
- \$62 million allocated toward the new conference center and hotel project.
- \$45 million reinvested in non-revenue infrastructure (e.g., sewer systems, roads, signage, roundabouts, trails).



# Mill Falls at the Lake

**Location:** Meredith, NH

**Opened:** 1985

**Owner:** Newport Hotel Group

## Features:

- **Lodging Properties (each with unique features and amenities):**
  - Bay Point: 24 rooms
  - Church Landing: 70 rooms
  - The Inn at Mill Falls: 54 rooms
  - Chase House: 23 rooms
- **Dining Options:** Five food & beverage outlets, ranging from upscale dining to lakefront casual fare.
- **The Marketplace:** Stroll, shop, and dine. Equipped with a salon.
- **Meeting & Event Space:** Approximately 15,000 sq. ft. across five venues.
- **Spa:** Full-service spa available on-site.
- **Activities:** Boat cruises, water sports rentals, bike rentals, yoga, ice skating, toboggan sledding, stargazing, pool, and more.



# Amenity & Event Activation

---

Sunset Boat Cruise



Watercraft Rentals



Yoga



Bike Rentals



Stargazing



Toboggan Sledding



Ice Skating



Bird Watching

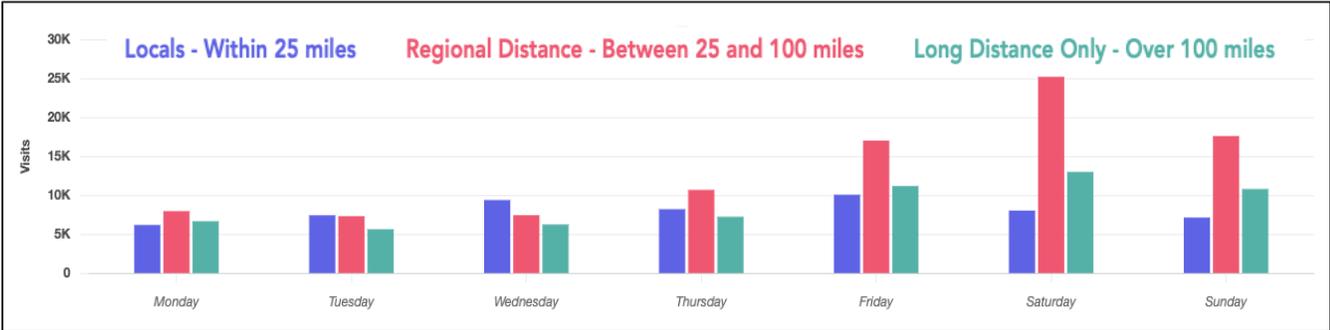
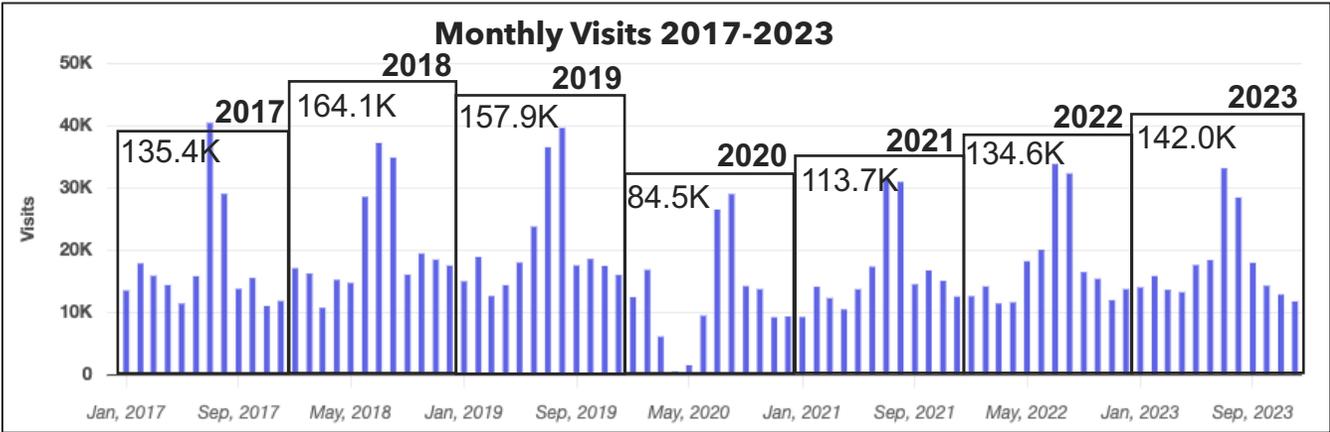
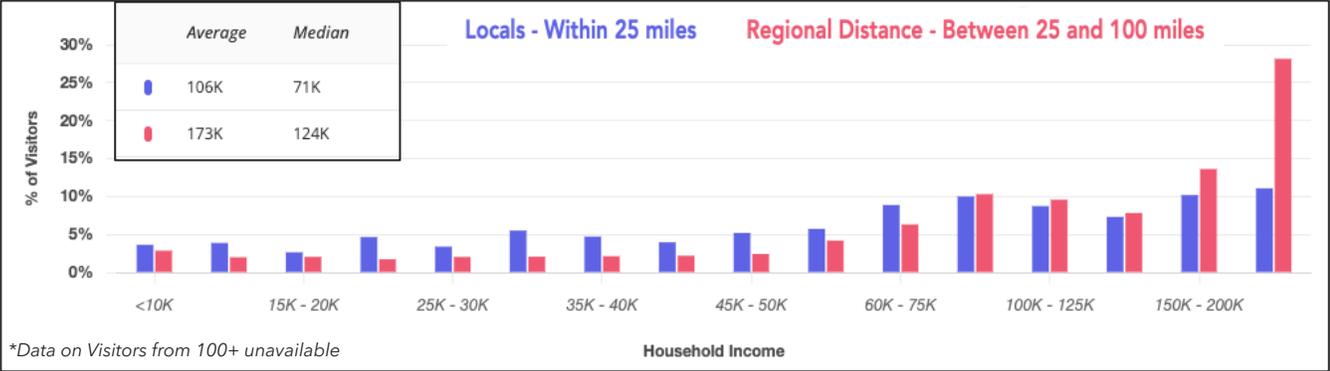
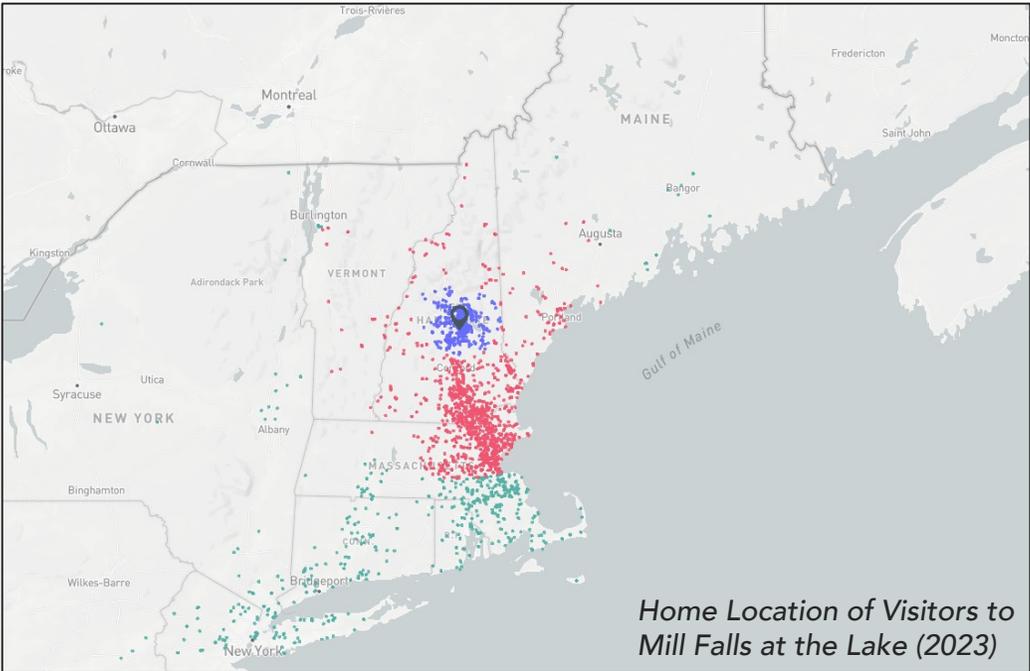


# On-site Event Venues



# Mill Falls at the Lake

A majority of visitors to Mill Falls at the Lake come from within 100 miles, with peak traffic occurring on weekends. The property experiences strong seasonality, with visits nearly doubling during July and August compared to other months. Visitors traveling from more than 25 miles away have an average household income of \$173,000, which indicates the resort's ability to attract affluent guests. This higher-income demographic is likely drawn to Mill Falls' upscale amenities, including lakeside dining, high-end accommodations, and outdoor activities.



# Grand View Lodge

**Location:** Nisswa, MN

**Opened:** 1925

**Owner:** Cote Family Destinations

**Features:**

- **Lodging Properties (each with unique features and amenities):**
  - North Hotel: 60 rooms
  - The Preserve Condominiums: 20 condos
  - Main Lodge: 20 rooms
  - Cabins & Cottages: 105 units
  - Golf Villas: 30 villas
  - Roy Lake Villas: 40 villas
- **Dining Options:** Four food & beverage outlets.
- **Meeting & Event Space:** Approximately 25,000 square feet of meeting and event space.
- **Spa:** Full-service spa available on-site.
- **Golf:** Two 18-hole championship golf courses.
- **Activities:** Seasonal land and water activities, recreation facility, and guided experiences.



# Amenity & Event Activation

Waterpark & Rec Center



Land & Water Rentals



Golf Simulator



Golf



Live Music



Ziplining



Horseback Riding



Horse-Drawn Rides

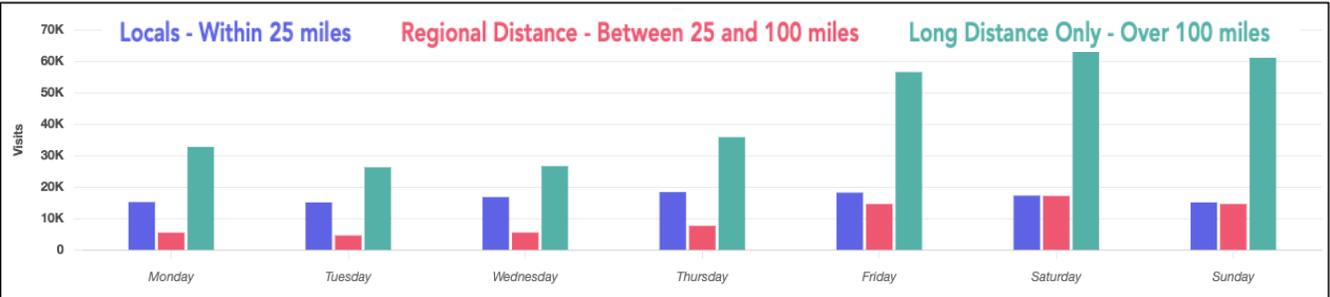
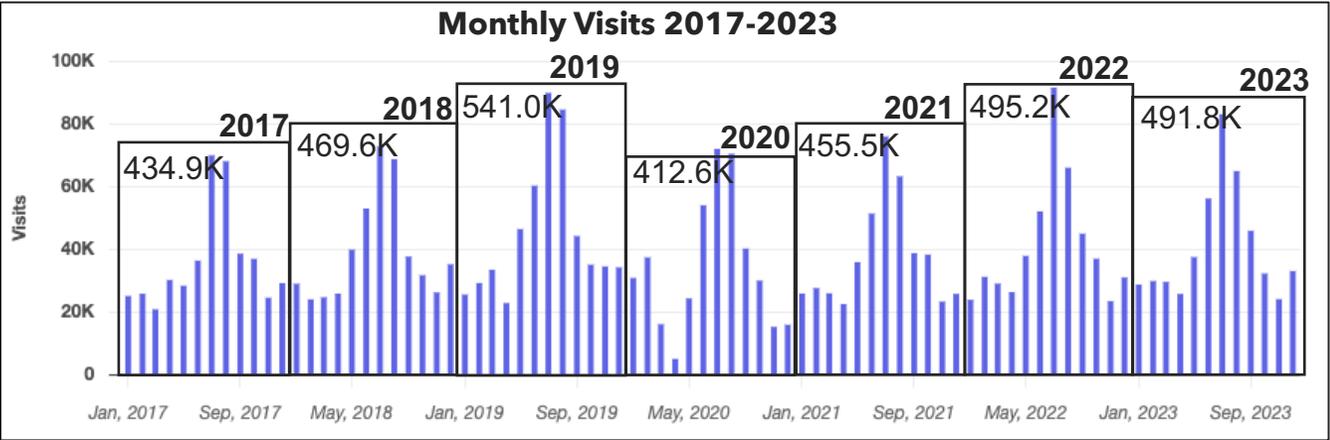
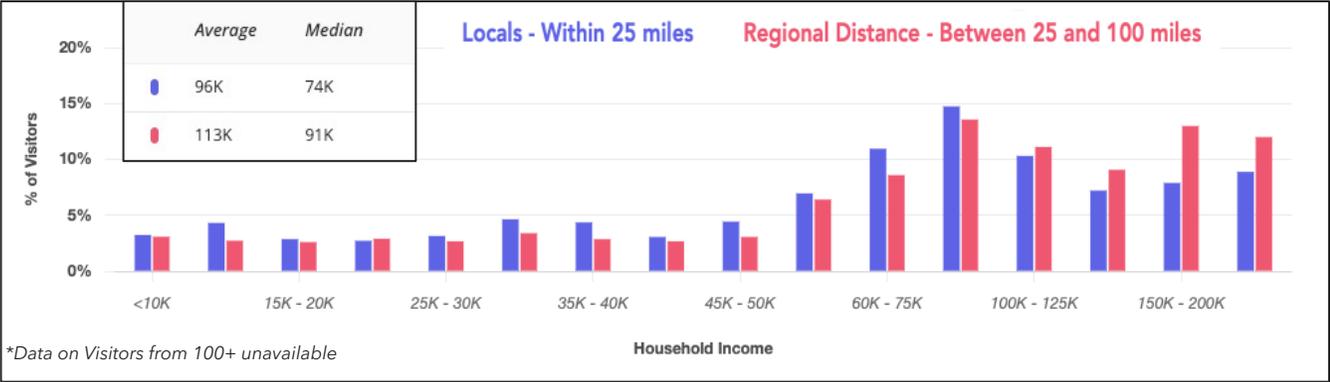
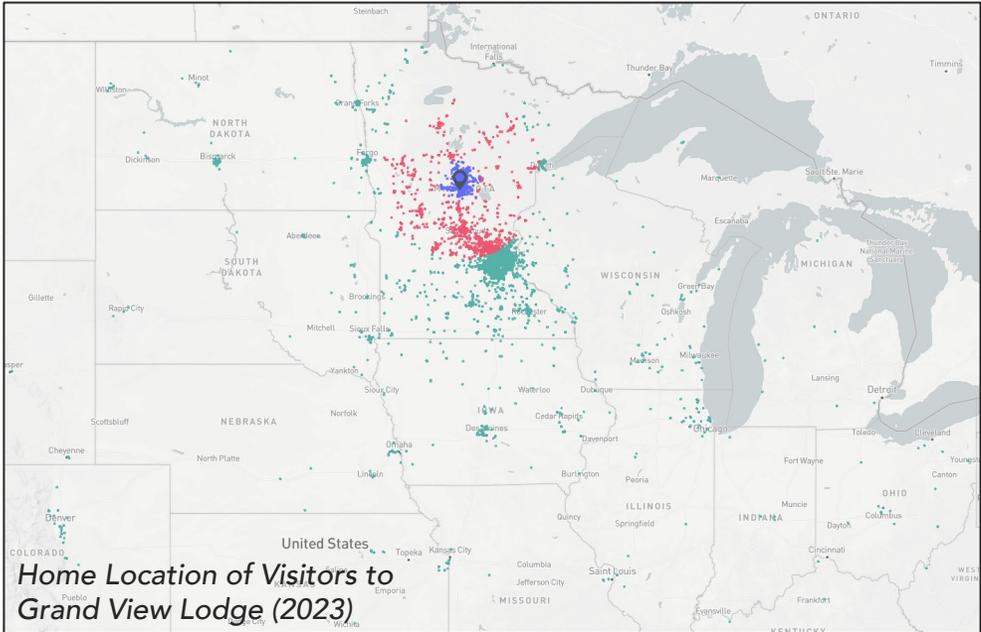


# On-site Event Venues



# Grand View Lodge

Grand View Lodge draws most of its visitors from more than 100 miles away due to its remote location. Like many resorts, the lodge experiences significant seasonality, with the highest influx of guests arriving during July and August. Regional visitors primarily come on weekends, which reflects Grand View Lodge's appeal as a weekend getaway, while local visitation remains steady throughout the week.



Source: Placer.ai

# Four Seasons Island Resort

**Location:** Pembine, WI

**Opened:** 1925

**Owner:** Storie Co. Development

## Features:

- **Lodging Property:** 55 all-suite hotel
- **Dining Options:** Three food & beverage outlets
- **Retail Shop:** Various grab-and-go items
- **Meeting & Event Space:** Approximately 15,000 square feet of meeting and event space
- **Spa & Salon:** Full-service spa & salon available on-site
- **Golf:** 9-hole golf course
- **Activities:** Seasonal lake and water activities, recreation facility, themed dinners, and guided experiences



# Amenity & Event Activation

Beach Volleyball



ATV & UTV Rental



Golf



Spa & Salon



Arcade



Indoor Pool



Canoeing



Themed Dinners

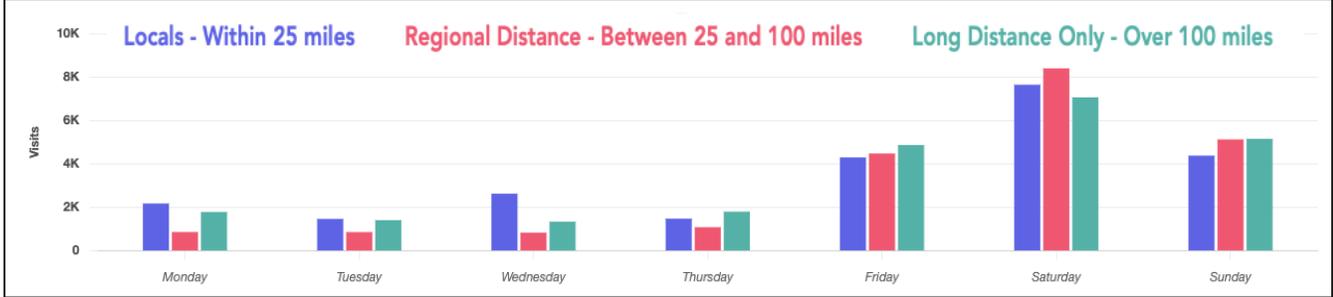
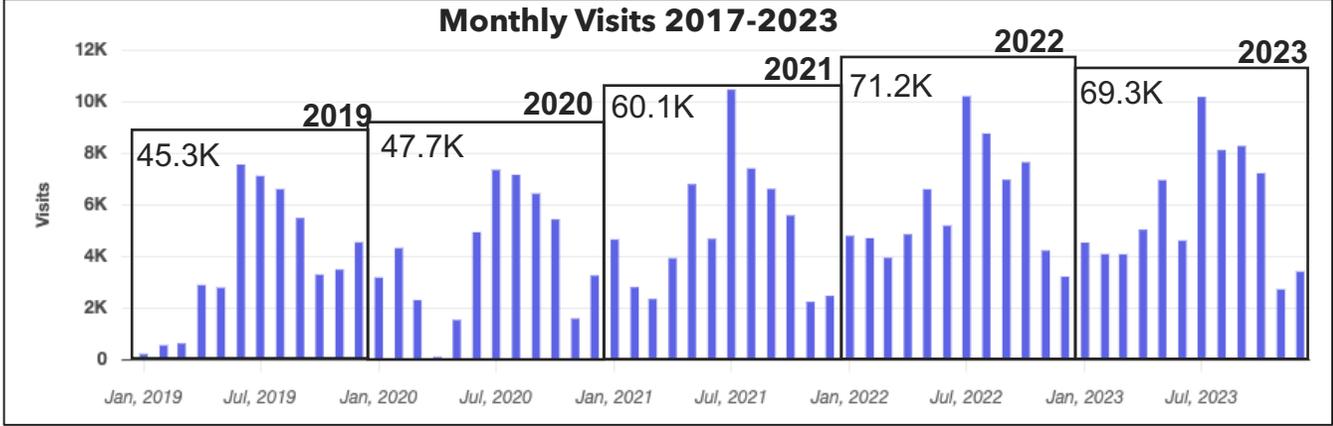
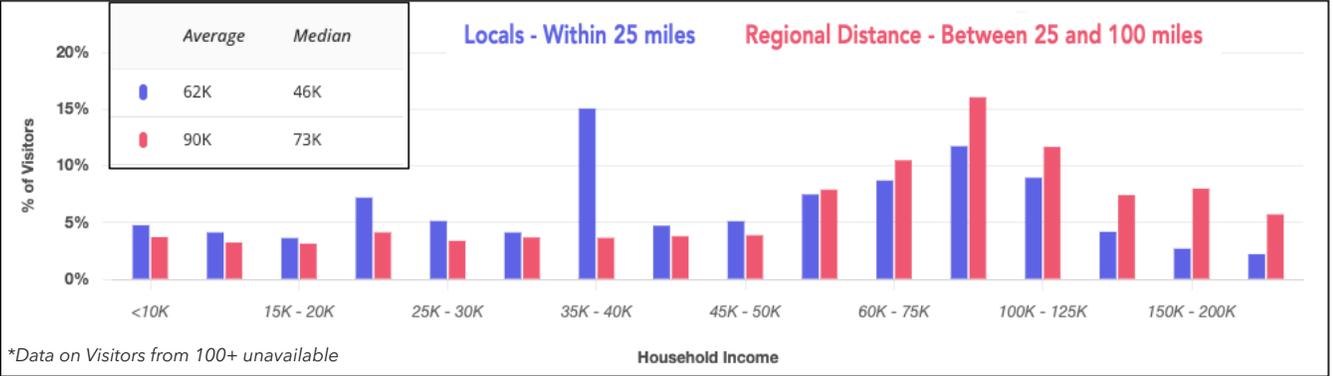
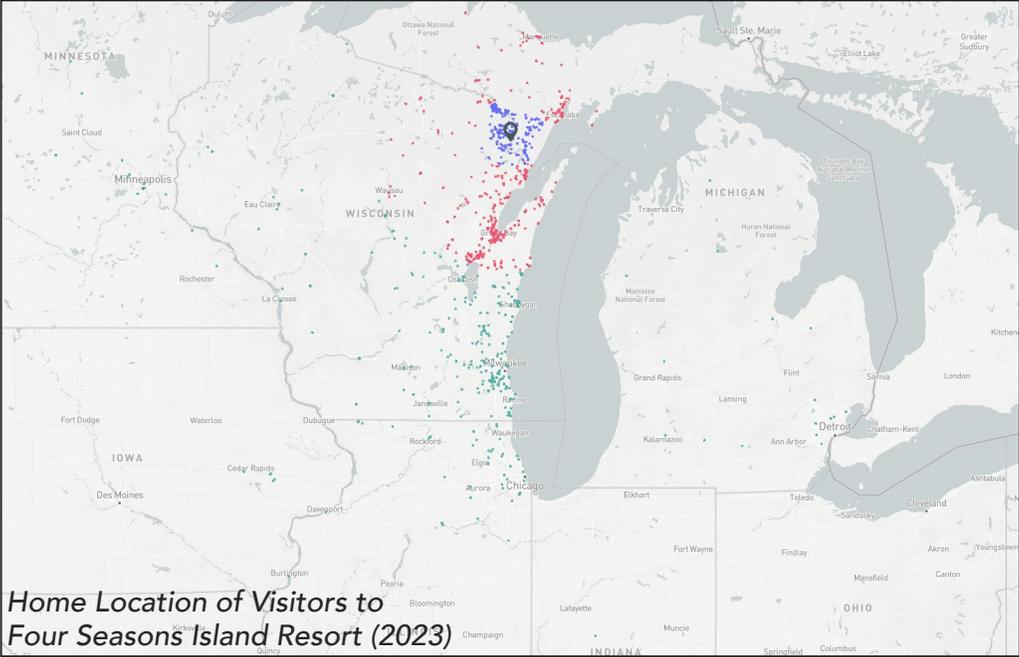


# On-site Event Venues



# Four Seasons Island Resort

Four Seasons Island Resort has changed ownership several times since opening in 1925, with the most recent occurring in 2022. Unlike other resorts, it experiences less pronounced seasonality thanks to a variety of amenities offered year-round. Although the resort faces challenges in attracting weekday visitors due to its remote location, the local community plays a crucial role in sustaining its profitability. With few other bars and restaurants nearby, locals frequently gather at the resort for drinks and dinner.



# Case Study Interview Feedback

## Lake Lanier

- Since Covid, transient visitors have been increasingly seeking unique, experiential travel.
- The more amenities and programmed events offered at the property, the longer guests will stay and spend money. **"You need enough activities to turn a one-night stay into a two- or three-night stay."**
- Holiday programs are essential for generating more transient demand during the slower winter months.
- Flexible indoor and outdoor event spaces are among the property's most popular venues, especially for larger conferences, weddings, and concerts.

## Four Seasons Island Resort

- The more outdoor recreation amenities and engaging experiences available, the stronger the demand driver for the asset. **"If you ask five different people why they are here, they will give you five different reasons."**
- An asset of this quality will succeed organically on a Friday and Saturday, but to perform well from Sundays through Thursdays, group business and programming are key to success.
- Experienced operators with aggressive sales teams and creative programming are required to generate consistent business.

## The Cabot Collection

- **The Project will require a specialized developer with expertise in managing Public-Private Partnerships.**
- Resort-style golf destinations can serve as powerful drivers of rural economic growth.
- The Cabot centers on world-class golf, with lodging as a complement. It controls room inventory by selling properties and leasing them back as rentals, ensuring operational efficiency and maximizing revenue.
- While elite golf courses can draw visitors regardless of accessibility, less-renowned courses must enhance their appeal with premium amenities and experiences beyond golf.

# Implications

## Case Studies

### **Diverse Amenities Ensure Year-Round Destination Engagement.**

One consistent aspect across all comparable destinations is their diverse array of amenities and activities, which helps activate the destination year-round and fill shoulder seasons.

### **Boosting Demand with Seasonal Events and SMERF Business**

One key way destinations fill demand during slower months, especially in winter, is through creative event activations like themed dinners and Christmas light shows. Additionally, while SMERF business is lower-rated, it helps generate demand during slower weekdays.

### **High Rates and Trends in High-End Travel**

Comparable destinations attracted 36 percent of visitors from outside their states. In 2023, their average daily rate was nearly \$427, reflecting an 8.6 percent annual growth from 2016 to 2023. These trends align with current high-end travel, where travelers seek unique experiences and are willing to travel long distances and spend more.





# Funding Strategies, P3 Best Practices & Examples

# P3 Examples

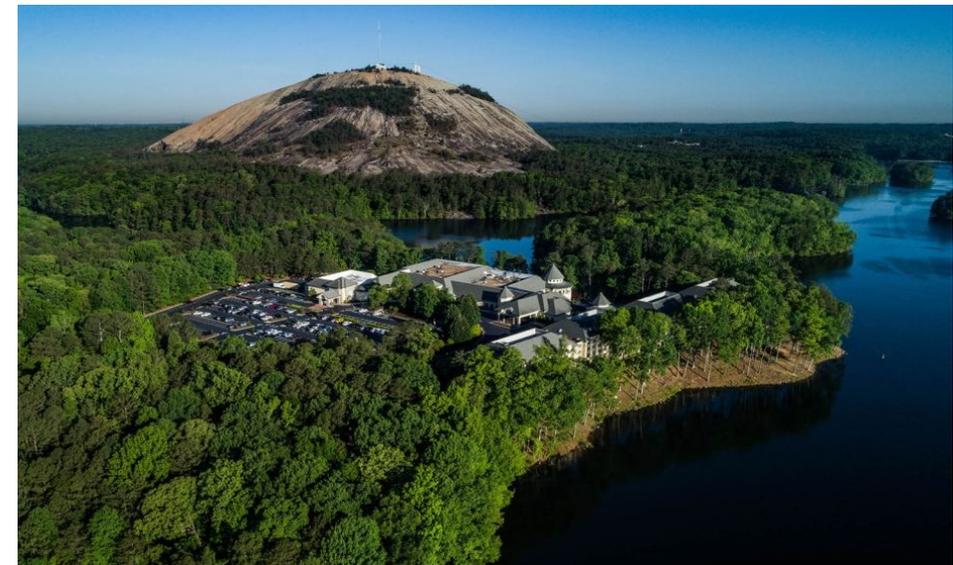
## Comparable Resorts Located on State Parks

### **Amicalola Falls State Park & Lodge - Dawsonville, GA**

- The 70-room lodge is located eight miles from the Appalachian Trail in the Chattahoochee National Forest
- Owned by the State of Georgia's North Georgia Mountains Authority (NGMA)
- Public-private partnership with Coral Hospitality to manage the lodge under a concession agreement
- Coral Hospitality invested in maintenance and guest service while receiving 3.5 percent of gross income from the lodging site

### **Atlanta Evergreen Lakeside Resort - Stone Mountain, GA**

- Atlanta Evergreen Lakeside Resort is a 336-room, full-service property within Stone Mountain State Park
- Owned by the Stone Mountain Memorial Association (SMMA)
- Public-private partnership with Thrive Attractions Management to manage the lodge and support amenities
- Thrive receives two percent of gross hotel revenue and three percent for additional amenities. In this plan, 40 percent of positive cash flows are reinvested in revenue-generating capital.



# Funding Strategies

---

## Kentucky Tourism Development Act (KTDA)

- Incentive program to promote tourism projects across the Commonwealth
- Eligible lodging projects:
  - \$5M+ investment on Commonwealth/federal property
  - **Projects can recover up to 50% of development costs over 20 years via incremental sales tax**
- Private developers apply for program incentives; likely requires a lease agreement for park land

## State Tax Increment Financing (TIF)

- Designated TIF district by the state captures new tax revenue (“increment”) generated by the project
- TIF revenue sources include sales tax from on-site amenities and transient room tax
- **Increment funds cover project-related costs like infrastructure, maintenance, and amenities for up to 20 years**
- Lowers developer’s capital risk through long-term reimbursement

# P3 Best Practices

---

## Long-Term Land Lease

- **Purpose:** A public-private partnership (P3) structure allowing the Commonwealth to enable private development or operation of facilities on state-owned land, without transferring ownership
- **How:** The General Assembly grants developable land to Dream BIG Burnside, which then leases it to a private developer
- **Benefits:**
  - The Commonwealth retains ownership of the park
  - Park amenities are enhanced, and tourism revenue is driven without the Commonwealth bearing the full cost of development

## Land Carve Out / Land Swap

- **Purpose:** The Commonwealth can leverage valuable natural resources to create enhanced visitor amenities without bearing the full financial or operational burden
- **How:**
  - Designate land within the park for private lodging development
  - Establish P3 agreement outlining land use, revenue-sharing, and sustainability guidelines
  - Private developer funds, builds, and operates the resort, sharing revenue with the state
- **Benefits:**
  - Sustainable funding for park upkeep and improvements
  - Risk transfer of financial and operational responsibilities to private sector



# Demand & Financial Projections

# 120-Key + 15 Cabin - Resort Proforma

## Summary

Year 1 ADR = **\$354**

Stabilized Occ. = **55%**

Year 1  
Net Operating Income:

**\$3.4 M**

Year 5  
Net Operating Income:

**\$5.3 M**

## Segmentation

Corporate: **4.9%**  
Group: **30.3%**  
Leisure: **64.8%**

Projection of Revenue - Proposed Resort															
Burnside, KY   120-Key Full-Service Hotel / 15 Cabins															
	2027 Year 1				2028 Year 2				2029 Year 3				2030 Year 4	2031 Year 5	2036 Year 10
(In \$000s)	\$	%	PAR	POR	\$	%	PAR	POR	\$	%	PAR	POR	\$	\$	\$
<b>REVENUE</b>															
Room and Cabin	\$ 8,117	64.7%	\$ 60,127	\$ 439	\$ 8,525	65.1%	\$ 63,146	\$ 447	\$ 9,985	65.5%	\$ 73,965	\$ 446	\$ 10,650	\$ 11,146	\$ 12,361
Food & Beverage	\$ 3,514	28.0%	\$ 26,028	\$ 190	\$ 3,609	27.5%	\$ 26,733	\$ 189	\$ 4,082	26.8%	\$ 30,236	\$ 182	\$ 4,257	\$ 4,356	\$ 4,356
Meetings	\$ 431	3.4%	\$ 3,192	\$ 23	\$ 449	3.4%	\$ 3,323	\$ 24	\$ 555	3.6%	\$ 4,109	\$ 25	\$ 618	\$ 658	\$ 674
Spa	\$ 192	1.5%	\$ 1,425	\$ 10	\$ 206	1.6%	\$ 1,523	\$ 11	\$ 250	1.6%	\$ 1,853	\$ 11	\$ 272	\$ 291	\$ 348
Other Operated Departments	\$ 299	2.4%	\$ 2,218	\$ 16	\$ 313	2.4%	\$ 2,315	\$ 16	\$ 363	2.4%	\$ 2,692	\$ 16	\$ 386	\$ 402	\$ 434
<b>Total</b>	<b>\$ 12,554</b>	<b>100.0%</b>	<b>\$ 92,990</b>	<b>\$ 679</b>	<b>\$ 13,100</b>	<b>100.0%</b>	<b>\$ 97,040</b>	<b>\$ 687</b>	<b>\$ 15,236</b>	<b>100.0%</b>	<b>\$ 112,856</b>	<b>\$ 680</b>	<b>\$ 16,183</b>	<b>\$ 16,854</b>	<b>\$ 18,173</b>
<b>DEPARTMENTAL EXPENSES</b>															
Room and Cabin	\$ 2,179	26.8%	\$ 16,139	\$ 118	\$ 2,203	25.8%	\$ 16,318	\$ 116	\$ 2,491	24.9%	\$ 18,450	\$ 111	\$ 2,658	\$ 2,784	\$ 3,082
Food & Beverage	\$ 2,354	67.0%	\$ 17,439	\$ 127	\$ 2,382	66.0%	\$ 17,644	\$ 125	\$ 2,653	65.0%	\$ 19,653	\$ 118	\$ 2,767	\$ 2,832	\$ 2,832
Meetings	\$ 246	57.0%	\$ 1,819	\$ 13	\$ 251	56.0%	\$ 1,861	\$ 13	\$ 305	55.0%	\$ 2,260	\$ 14	\$ 340	\$ 362	\$ 371
Spa	\$ 127	66.0%	\$ 940	\$ 7	\$ 135	65.5%	\$ 997	\$ 7	\$ 163	65.0%	\$ 1,205	\$ 7	\$ 177	\$ 189	\$ 226
Other Operated Departments	\$ 108	36.0%	\$ 799	\$ 6	\$ 111	35.5%	\$ 822	\$ 6	\$ 127	35.0%	\$ 942	\$ 6	\$ 135	\$ 141	\$ 152
<b>Total</b>	<b>\$ 5,013</b>	<b>39.9%</b>	<b>\$ 37,136</b>	<b>\$ 271</b>	<b>\$ 5,082</b>	<b>38.8%</b>	<b>\$ 37,643</b>	<b>\$ 266</b>	<b>\$ 5,739</b>	<b>37.7%</b>	<b>\$ 42,510</b>	<b>\$ 256</b>	<b>\$ 6,078</b>	<b>\$ 6,308</b>	<b>\$ 6,662</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$ 7,540</b>	<b>60.1%</b>	<b>\$ 55,854</b>	<b>\$ 408</b>	<b>\$ 8,019</b>	<b>61.2%</b>	<b>\$ 59,397</b>	<b>\$ 420</b>	<b>\$ 9,497</b>	<b>62.3%</b>	<b>\$ 70,345</b>	<b>\$ 424</b>	<b>\$ 10,106</b>	<b>\$ 10,546</b>	<b>\$ 11,511</b>
<b>UNDIST. OP. EXPENSES</b>															
Administrative and General (excl. Operator)	\$ 929	7.4%	\$ 6,881	\$ 50	\$ 943	7.2%	\$ 6,987	\$ 49	\$ 1,066	7.0%	\$ 7,900	\$ 48	\$ 1,133	\$ 1,180	\$ 1,272
Information & Telecommunications	\$ 236	1.9%	\$ 1,748	\$ 13	\$ 221	1.7%	\$ 1,640	\$ 12	\$ 229	1.5%	\$ 1,693	\$ 10	\$ 243	\$ 253	\$ 273
Sales & Marketing (excl. Program Fee)	\$ 690	5.5%	\$ 5,114	\$ 37	\$ 681	5.2%	\$ 5,046	\$ 36	\$ 747	4.9%	\$ 5,530	\$ 33	\$ 793	\$ 826	\$ 890
Franchise Fee	\$ 439	3.5%	\$ 3,255	\$ 24	\$ 459	3.5%	\$ 3,396	\$ 24	\$ 533	3.5%	\$ 3,950	\$ 24	\$ 566	\$ 590	\$ 636
Utilities	\$ 552	4.4%	\$ 4,092	\$ 30	\$ 550	4.2%	\$ 4,076	\$ 29	\$ 609	4.0%	\$ 4,514	\$ 27	\$ 647	\$ 674	\$ 727
Property Operations and Maint.	\$ 496	4.0%	\$ 3,673	\$ 27	\$ 504	3.9%	\$ 3,736	\$ 26	\$ 571	3.8%	\$ 4,232	\$ 26	\$ 607	\$ 632	\$ 681
<b>Total</b>	<b>\$ 3,343</b>	<b>26.6%</b>	<b>\$ 24,763</b>	<b>\$ 181</b>	<b>\$ 3,359</b>	<b>25.6%</b>	<b>\$ 24,881</b>	<b>\$ 176</b>	<b>\$ 3,756</b>	<b>24.7%</b>	<b>\$ 27,819</b>	<b>\$ 168</b>	<b>\$ 3,989</b>	<b>\$ 4,155</b>	<b>\$ 4,480</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$ 4,197</b>	<b>33.4%</b>	<b>\$ 31,091</b>	<b>\$ 227</b>	<b>\$ 4,660</b>	<b>35.6%</b>	<b>\$ 34,516</b>	<b>\$ 244</b>	<b>\$ 5,741</b>	<b>37.7%</b>	<b>\$ 42,526</b>	<b>\$ 256</b>	<b>\$ 6,116</b>	<b>\$ 6,392</b>	<b>\$ 7,031</b>
Management Fees	\$ 126	1.0%	\$ 933	\$ 7	\$ 140	1.1%	\$ 1,035	\$ 7	\$ 172	1.1%	\$ 1,276	\$ 8	\$ 183	\$ 192	\$ 211
<b>Income Before Fixed Charges</b>	<b>\$ 4,071</b>	<b>32.4%</b>	<b>\$ 30,158</b>	<b>\$ 220</b>	<b>\$ 4,520</b>	<b>34.5%</b>	<b>\$ 33,481</b>	<b>\$ 237</b>	<b>\$ 5,569</b>	<b>36.6%</b>	<b>\$ 41,250</b>	<b>\$ 249</b>	<b>\$ 5,933</b>	<b>\$ 6,200</b>	<b>\$ 6,820</b>
<b>FIXED EXPENSES</b>															
Insurance	\$ 251	2.0%	\$ 1,860	\$ 14	\$ 262	2.0%	\$ 1,941	\$ 14	\$ 305	2.0%	\$ 2,257	\$ 14	\$ 324	\$ 337	\$ 363
Reserve	\$ 377	3.0%	\$ 2,790	\$ 20	\$ 393	3.0%	\$ 2,911	\$ 21	\$ 457	3.0%	\$ 3,386	\$ 20	\$ 485	\$ 506	\$ 545
<b>Total</b>	<b>\$ 628</b>	<b>5.0%</b>	<b>\$ 4,649</b>	<b>\$ 34</b>	<b>\$ 655</b>	<b>5.0%</b>	<b>\$ 4,852</b>	<b>\$ 34</b>	<b>\$ 762</b>	<b>5.0%</b>	<b>\$ 5,643</b>	<b>\$ 34</b>	<b>\$ 809</b>	<b>\$ 843</b>	<b>\$ 909</b>
<b>Net Operating Income</b>	<b>\$ 3,444</b>	<b>27.4%</b>	<b>\$ 25,508</b>	<b>\$ 186</b>	<b>\$ 3,865</b>	<b>29.5%</b>	<b>\$ 28,629</b>	<b>\$ 203</b>	<b>\$ 4,807</b>	<b>31.6%</b>	<b>\$ 35,608</b>	<b>\$ 215</b>	<b>\$ 5,124</b>	<b>\$ 5,357</b>	<b>\$ 5,912</b>
Operating Margin	27%				30%				32%				32%	32%	33%

Source: Hunden Partners

# 140-Key + 30 Cabin - Resort Proforma

## Summary

Year 1 ADR = **\$352**

Stabilized Occ. = **54%**

Year 1  
Net Operating Income:

**\$4.5 M**

Year 5  
Net Operating Income:

**\$6.7 M**

## Segmentation

Corporate: **5.0%**  
Group: **37.0%**  
Leisure: **58.0%**

### Projection of Revenue - Proposed Resort Burnside, KY | 140-Key Full-Service Hotel / 30 Cabins

(In \$000s)	2027 Year 1				2028 Year 2				2029 Year 3				2030 Year 4	2031 Year 5	2036 Year 10
	\$	%	PAR	POR	\$	%	PAR	POR	\$	%	PAR	POR	\$	\$	\$
<b>REVENUE</b>															
Rooms and Cabins	\$ 11,061	65.1%	\$ 65,063	\$ 491	\$ 11,529	65.5%	\$ 67,820	\$ 501	\$ 12,809	65.9%	\$ 75,347	\$ 503	\$ 13,682	\$ 14,321	\$ 15,964
Food & Beverage	\$ 4,778	28.1%	\$ 28,104	\$ 212	\$ 4,874	27.7%	\$ 28,668	\$ 212	\$ 5,272	27.1%	\$ 31,010	\$ 207	\$ 5,496	\$ 5,617	\$ 5,617
Meetings	\$ 595	3.5%	\$ 3,499	\$ 26	\$ 609	3.5%	\$ 3,585	\$ 27	\$ 698	3.6%	\$ 4,108	\$ 27	\$ 779	\$ 829	\$ 851
Spa	\$ 220	1.3%	\$ 1,292	\$ 10	\$ 232	1.3%	\$ 1,367	\$ 10	\$ 267	1.4%	\$ 1,570	\$ 10	\$ 292	\$ 313	\$ 375
Other Operated Departments	\$ 333	2.0%	\$ 1,959	\$ 15	\$ 345	2.0%	\$ 2,029	\$ 15	\$ 381	2.0%	\$ 2,241	\$ 15	\$ 405	\$ 422	\$ 456
<b>Total</b>	<b>\$ 16,986</b>	<b>100.0%</b>	<b>\$ 99,917</b>	<b>\$ 754</b>	<b>\$ 17,590</b>	<b>100.0%</b>	<b>\$ 103,470</b>	<b>\$ 765</b>	<b>\$ 19,427</b>	<b>100.0%</b>	<b>\$ 114,275</b>	<b>\$ 763</b>	<b>\$ 20,655</b>	<b>\$ 21,503</b>	<b>\$ 23,263</b>
<b>DEPARTMENTAL EXPENSES</b>															
Rooms and Cabins	\$ 2,949	26.7%	\$ 17,345	\$ 131	\$ 2,957	25.6%	\$ 17,393	\$ 129	\$ 3,166	24.7%	\$ 18,624	\$ 124	\$ 3,386	\$ 3,549	\$ 3,945
Food & Beverage	\$ 3,201	67.0%	\$ 18,829	\$ 142	\$ 3,217	66.0%	\$ 18,921	\$ 140	\$ 3,427	65.0%	\$ 20,157	\$ 135	\$ 3,573	\$ 3,651	\$ 3,651
Meetings	\$ 339	57.0%	\$ 1,995	\$ 15	\$ 341	56.0%	\$ 2,008	\$ 15	\$ 384	55.0%	\$ 2,259	\$ 15	\$ 428	\$ 456	\$ 468
Spa	\$ 145	66.0%	\$ 853	\$ 6	\$ 152	65.5%	\$ 896	\$ 7	\$ 174	65.0%	\$ 1,021	\$ 7	\$ 190	\$ 204	\$ 244
Other Operated Departments	\$ 137	41.0%	\$ 803	\$ 6	\$ 140	40.5%	\$ 822	\$ 6	\$ 152	40.0%	\$ 896	\$ 6	\$ 162	\$ 169	\$ 182
<b>Total</b>	<b>\$ 6,770</b>	<b>39.9%</b>	<b>\$ 39,824</b>	<b>\$ 301</b>	<b>\$ 6,807</b>	<b>38.7%</b>	<b>\$ 40,039</b>	<b>\$ 296</b>	<b>\$ 7,303</b>	<b>37.6%</b>	<b>\$ 42,956</b>	<b>\$ 287</b>	<b>\$ 7,739</b>	<b>\$ 8,028</b>	<b>\$ 8,490</b>
<b>DEPARTMENTAL PROFIT</b>	<b>\$ 10,216</b>	<b>60.1%</b>	<b>\$ 60,092</b>	<b>\$ 454</b>	<b>\$ 10,783</b>	<b>61.3%</b>	<b>\$ 63,431</b>	<b>\$ 469</b>	<b>\$ 12,124</b>	<b>62.4%</b>	<b>\$ 71,319</b>	<b>\$ 476</b>	<b>\$ 12,915</b>	<b>\$ 13,475</b>	<b>\$ 14,773</b>
<b>UNDIST. OP. EXPENSES</b>															
Administrative and General (excl. Operator)	\$ 1,342	7.9%	\$ 7,893	\$ 60	\$ 1,354	7.7%	\$ 7,967	\$ 59	\$ 1,457	7.5%	\$ 8,571	\$ 57	\$ 1,549	\$ 1,613	\$ 1,745
Information & Telecommunications	\$ 319	1.9%	\$ 1,878	\$ 14	\$ 297	1.7%	\$ 1,749	\$ 13	\$ 291	1.5%	\$ 1,714	\$ 11	\$ 310	\$ 323	\$ 349
Sales & Marketing (excl. Program Fee)	\$ 985	5.8%	\$ 5,795	\$ 44	\$ 967	5.5%	\$ 5,691	\$ 42	\$ 1,010	5.2%	\$ 5,942	\$ 40	\$ 1,074	\$ 1,118	\$ 1,210
Franchise Fee	\$ 595	3.5%	\$ 3,497	\$ 26	\$ 616	3.5%	\$ 3,621	\$ 27	\$ 680	3.5%	\$ 4,000	\$ 27	\$ 723	\$ 753	\$ 814
Utilities	\$ 747	4.4%	\$ 4,396	\$ 33	\$ 739	4.2%	\$ 4,346	\$ 32	\$ 777	4.0%	\$ 4,571	\$ 31	\$ 826	\$ 860	\$ 931
Property Operations and Maint.	\$ 696	4.1%	\$ 4,097	\$ 31	\$ 704	4.0%	\$ 4,139	\$ 31	\$ 758	3.9%	\$ 4,457	\$ 30	\$ 806	\$ 839	\$ 907
<b>Total</b>	<b>\$ 4,685</b>	<b>27.6%</b>	<b>\$ 27,557</b>	<b>\$ 208</b>	<b>\$ 4,677</b>	<b>26.6%</b>	<b>\$ 27,513</b>	<b>\$ 203</b>	<b>\$ 4,973</b>	<b>25.6%</b>	<b>\$ 29,254</b>	<b>\$ 195</b>	<b>\$ 5,288</b>	<b>\$ 5,505</b>	<b>\$ 5,955</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$ 5,531</b>	<b>32.6%</b>	<b>\$ 32,535</b>	<b>\$ 246</b>	<b>\$ 6,106</b>	<b>34.7%</b>	<b>\$ 35,918</b>	<b>\$ 266</b>	<b>\$ 7,151</b>	<b>36.8%</b>	<b>\$ 42,064</b>	<b>\$ 281</b>	<b>\$ 7,628</b>	<b>\$ 7,970</b>	<b>\$ 8,818</b>
Management Fees	\$ 166	1.0%	\$ 976	\$ 7	\$ 183	1.0%	\$ 1,078	\$ 8	\$ 215	1.1%	\$ 1,262	\$ 8	\$ 229	\$ 239	\$ 265
<b>Income Before Fixed Charges</b>	<b>\$ 5,365</b>	<b>31.6%</b>	<b>\$ 31,559</b>	<b>\$ 238</b>	<b>\$ 5,923</b>	<b>33.7%</b>	<b>\$ 34,841</b>	<b>\$ 258</b>	<b>\$ 6,936</b>	<b>35.7%</b>	<b>\$ 40,802</b>	<b>\$ 272</b>	<b>\$ 7,399</b>	<b>\$ 7,731</b>	<b>\$ 8,553</b>
<b>FIXED EXPENSES</b>															
Insurance	\$ 340	2.0%	\$ 1,998	\$ 15	\$ 352	2.0%	\$ 2,069	\$ 15	\$ 389	2.0%	\$ 2,286	\$ 15	\$ 413	\$ 430	\$ 465
Reserve	\$ 510	3.0%	\$ 2,997	\$ 23	\$ 528	3.0%	\$ 3,104	\$ 23	\$ 583	3.0%	\$ 3,428	\$ 23	\$ 620	\$ 645	\$ 698
<b>Total</b>	<b>\$ 849</b>	<b>5.0%</b>	<b>\$ 4,996</b>	<b>\$ 38</b>	<b>\$ 879</b>	<b>5.0%</b>	<b>\$ 5,173</b>	<b>\$ 38</b>	<b>\$ 971</b>	<b>5.0%</b>	<b>\$ 5,714</b>	<b>\$ 38</b>	<b>\$ 1,033</b>	<b>\$ 1,075</b>	<b>\$ 1,163</b>
<b>Net Operating Income</b>	<b>\$ 4,516</b>	<b>26.6%</b>	<b>\$ 26,563</b>	<b>\$ 200</b>	<b>\$ 5,043</b>	<b>28.7%</b>	<b>\$ 29,667</b>	<b>\$ 219</b>	<b>\$ 5,965</b>	<b>30.7%</b>	<b>\$ 35,089</b>	<b>\$ 234</b>	<b>\$ 6,366</b>	<b>\$ 6,656</b>	<b>\$ 7,390</b>
Operating Margin	27%				29%				31%				31%	31%	32%

Source: Hunden Partners

# Supportable Financing 120-Key + 15 Cabin

Construction Cost: **\$75.4 M**

Equity Contribution: **\$10.8 M**

Debt: **\$38.3 M**

Total Financing: **\$49.1 M**

Funding Gap: **\$(26.3) M**

Supportable Financing (\$000s)												
Burnside, KY   120-Key Full-Service Hotel / 15 Cabins												
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$0	\$0	\$3,444	\$3,865	\$4,807	\$5,124	\$5,357	\$5,463	\$5,571	\$5,681	\$5,795	\$5,912
Interest and Debt Reserve W/D	\$718	\$2,153	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payment	(\$718)	(\$2,153)	(\$3,434)	(\$3,434)	(\$3,434)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)
Net Income to Repay Equity	\$0	\$0	\$10	\$431	\$1,373	\$1,924	\$2,158	\$2,263	\$2,371	\$2,482	\$2,596	\$2,712
Princ. Amount*	\$9,569	\$28,706	\$38,274	\$37,711	\$37,106	\$36,460	\$35,904	\$35,308	\$34,668	\$33,982	\$33,246	\$32,457
Interest	\$718	\$2,153	\$2,871	\$2,828	\$2,783	\$2,643	\$2,603	\$2,560	\$2,513	\$2,464	\$2,410	\$2,353
Less Payment	(\$718)	(\$2,153)	(\$3,434)	(\$3,434)	(\$3,434)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)	(\$3,199)
Loan Balance	\$9,569	\$28,706	\$37,711	\$37,106	\$36,455	\$35,904	\$35,308	\$34,668	\$33,982	\$33,246	\$32,457	\$31,611
<b>Assumptions</b>	<b>Loan</b>						<b>Ref</b>					
Loan Amount	\$38,274						\$36,460					
Amortization Period (Years)	25						25					
Loan Interest Rate	7.50%						7.25%					
Annual Debt Service Payment	(\$3,434)						(\$3,199)					
<b>Sources</b>												
Equity Contribution	\$10,795	22%										
Debt	\$38,274	78%										
<b>Total Supportable Private Financing</b>	<b>\$49,069</b>											
<b>Est. Construction Cost</b>	<b>\$75,410</b>											
<b>Funding Gap</b>	<b>(\$26,341) 34.9%</b>											
* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2												
Source: Hunden Partners												

# Supportable Financing 140-Key + 30 Cabin

Construction Cost: **\$92.0 M**

Equity Contribution: **\$13.4 M**

Debt: **\$47.5 M**

Total Financing: **\$60.9 M**

Funding Gap: **\$(31.1) M**

Supportable Financing (\$000s)												
Burnside, KY   140-Key Full-Service Hotel / 30 Cabins												
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$0	\$0	\$4,516	\$5,043	\$5,965	\$6,366	\$6,656	\$6,795	\$6,938	\$7,085	\$7,236	\$7,390
Interest and Debt Reserve W/D	\$891	\$2,672	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$891	\$2,672	\$4,516	\$5,043	\$5,965	\$6,366	\$6,656	\$6,795	\$6,938	\$7,085	\$7,236	\$7,390
Debt Service Payment	(\$891)	(\$2,672)	(\$4,261)	(\$4,261)	(\$4,261)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)
Net Income to Repay Equity	\$0	\$0	\$255	\$783	\$1,704	\$2,396	\$2,686	\$2,825	\$2,968	\$3,115	\$3,266	\$3,420
Princ. Amount*	\$11,874	\$35,621	\$47,495	\$46,796	\$46,045	\$45,240	\$44,550	\$43,810	\$43,016	\$42,165	\$41,252	\$40,273
Interest	\$891	\$2,672	\$3,562	\$3,510	\$3,453	\$3,280	\$3,230	\$3,176	\$3,119	\$3,057	\$2,991	\$2,920
Less Payment	(\$891)	(\$2,672)	(\$4,261)	(\$4,261)	(\$4,261)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)	(\$3,970)
Loan Balance	\$11,874	\$35,621	\$46,796	\$46,045	\$45,237	\$44,550	\$43,810	\$43,016	\$42,165	\$41,252	\$40,273	\$39,223
<b>Assumptions</b>	<b>Loan</b>					<b>Refi</b>						
Loan Amount	\$47,495					\$45,240						
Amortization Period (Years)	25					25						
Loan Interest Rate	7.50%					7.25%						
Annual Debt Service Payment	(\$4,261)					(\$3,970)						
<b>Sources</b>												
Equity Contribution	\$13,396	22%										
Debt	\$47,495	78%										
<b>Total Supportable Private Financing</b>	<b>\$60,891</b>											
<b>Est. Construction Cost</b>	<b>\$92,000</b>											
<b>Funding Gap</b>	<b>(\$31,109) 33.8%</b>											
* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2												
Source: Hunden Partners												

# On-Site Gross Spending / Tax Revenue

The tables present the estimated total on-site spending for both scenarios.

However, it is important to note that this spending should not be viewed as entirely new economic activity for the city. Instead, it represents the total tax revenue and expenditures expected to occur on the property. Additionally, these estimates do not account for potential cannibalization of demand from other hotels and restaurants within the area, meaning some of the projected spending may shift from existing hotels rather than represent entirely net new revenue that would not occur if not for the Project.

## 120-Key + 15 Cabin - Resort 30 – Year Impact

On-Site Spending	30 Year Total \$ (millions)	Yearly Average \$ (millions)
F&B	\$156.1	\$5.2
Lodging	\$449.9	\$15.0
Retail	\$15.0	\$0.5
Other	\$24.0	\$0.8
<b>Total</b>	<b>\$645.0</b>	<b>\$21.5</b>

On-Site Tax Revenue	30 Year Total \$ (millions)	Yearly Average \$ (millions)
City Tax	\$17.3	\$0.6
County Tax	\$13.5	\$0.5
State Tax	\$43.2	\$1.4
<b>Total</b>	<b>\$74.0</b>	<b>\$2.5</b>

## 140-Key + 30 Cabin - Resort 30 – Year Impact

On-Site Spending	30 Year Total \$ (millions)	Yearly Average \$ (millions)
F&B	\$200.8	\$6.7
Lodging	\$581.7	\$19.4
Retail	\$15.8	\$0.5
Other	\$28.1	\$0.9
<b>Total</b>	<b>\$826.4</b>	<b>\$27.5</b>

On-Site Tax Revenue	30 Year Total \$ (millions)	Yearly Average \$ (millions)
City Tax	\$22.4	\$0.7
County Tax	\$17.4	\$0.6
State Tax	\$55.4	\$1.8
<b>Total</b>	<b>\$95.2</b>	<b>\$3.1</b>



**Net New Impacts**

# Introduction to Impacts

Hunden uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the economy due to additional inputs. For example, for every dollar of direct new spending, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

The net new and recaptured direct spending, both on-site and off-site due to meetings and events and/or hotel stays is considered to be the **Direct Impact**.

- From the direct spending figures, further impact analyses will be completed.
- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on food and beverage causes a convention center or hotel to purchase food and beverage and other items from suppliers. These are considered indirect economic impacts.
- **Induced Impacts** embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the induced customer's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Net New Gross Spending** refers to the total economic impact generated by a development project or event, which combines direct, indirect, and induced impacts.
- **Fiscal Impacts** represent the incremental tax revenue collected due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will show the number of new jobs supported by the project and provide the resulting income generated.

# One-Time Construction Impact

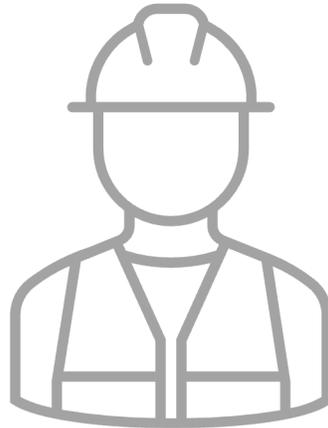
The tables below provide a detailed breakdown of the total construction costs for each scenario, along with the projected number of construction jobs generated. The 120-Key + 15 Cabin scenario is expected to require approximately 639 full-time-equivalent construction jobs, while the 140-Key + 30 Cabin scenario is estimated to require 780 full-time-equivalent construction jobs.

## Scenario A

### Construction Impacts 120-Key + 15 Cabin - Resort

Development Cost	(millions)
Materials	\$29.71
Labor	\$45.70
<b>Total</b>	<b>\$75.41</b>
<b>Construction Jobs Created</b>	<b>639</b>

Source: Hunden Partners



## Scenario B

### Construction Impacts 140-Key + 30 Cabin - Resort

Development Cost	(millions)
Materials	\$36.25
Labor	\$55.75
<b>Total</b>	<b>\$92.00</b>
<b>Construction Jobs Created</b>	<b>780</b>

Source: Hunden Partners

# Direct Net New Spending to the State

## Scenario A

### 120-Key + 15 Cabin - Resort

Net New Gross Spending to Burnside, KY (\$000s) - Burnside Island Resort										
Net New Gross Spending	2027 Year 1	2028 Year 2	2029 Year 3	2030 Year 4	2031 Year 5	2036 Year 10	2046 Year 20	2056 Year 30	Total	Average
Food & Beverage	\$ 1,338	\$ 1,379	\$ 1,585	\$ 1,673	\$ 1,727	\$ 1,749	\$ 1,804	\$ 1,878	\$ 52,609	\$ 1,754
Lodging	\$ 4,926	\$ 5,165	\$ 6,081	\$ 6,484	\$ 6,786	\$ 7,455	\$ 9,543	\$ 12,216	\$ 260,551	\$ 8,685
Retail	\$ 128	\$ 135	\$ 158	\$ 168	\$ 176	\$ 194	\$ 249	\$ 323	\$ 6,807	\$ 227
Other	\$ 134	\$ 142	\$ 174	\$ 192	\$ 205	\$ 230	\$ 293	\$ 382	\$ 7,969	\$ 266
<b>Total</b>	<b>\$ 6,686</b>	<b>\$ 6,991</b>	<b>\$ 8,200</b>	<b>\$ 8,736</b>	<b>\$ 9,125</b>	<b>\$ 9,896</b>	<b>\$ 12,250</b>	<b>\$ 15,283</b>	<b>\$ 337,598</b>	<b>\$ 11,253</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
Direct	\$ 6,686	\$ 6,991	\$ 8,200	\$ 8,736	\$ 9,125	\$ 9,896	\$ 12,250	\$ 15,283	\$ 337,598	\$ 11,253
Indirect	\$ 2,723	\$ 2,847	\$ 3,339	\$ 3,557	\$ 3,714	\$ 4,027	\$ 4,983	\$ 6,212	\$ 137,335	\$ 4,578
Induced	\$ 1,755	\$ 1,835	\$ 2,152	\$ 2,292	\$ 2,394	\$ 2,596	\$ 3,213	\$ 4,008	\$ 88,560	\$ 2,952
<b>Total</b>	<b>\$ 11,164</b>	<b>\$ 11,672</b>	<b>\$ 13,691</b>	<b>\$ 14,585</b>	<b>\$ 15,233</b>	<b>\$ 16,520</b>	<b>\$ 20,446</b>	<b>\$ 25,503</b>	<b>\$ 563,493</b>	<b>\$ 18,783</b>

Source: Hunden Partners

## Scenario B

### 140-Key + 30 Cabin - Resort

Net New Gross Spending to Burnside, KY (\$000s) - Burnside Island Resort										
Net New Gross Spending	2027 Year 1	2028 Year 2	2029 Year 3	2030 Year 4	2031 Year 5	2036 Year 10	2046 Year 20	2056 Year 30	Total	Average
Food & Beverage	\$ 2,030	\$ 2,077	\$ 2,274	\$ 2,402	\$ 2,479	\$ 2,528	\$ 2,650	\$ 2,814	\$ 77,090	\$ 2,570
Lodging	\$ 6,580	\$ 6,837	\$ 7,613	\$ 8,131	\$ 8,509	\$ 9,348	\$ 11,967	\$ 15,318	\$ 327,465	\$ 10,915
Retail	\$ 233	\$ 244	\$ 272	\$ 292	\$ 307	\$ 345	\$ 450	\$ 591	\$ 12,234	\$ 408
Other	\$ 237	\$ 248	\$ 283	\$ 311	\$ 332	\$ 374	\$ 482	\$ 630	\$ 13,101	\$ 437
<b>Total</b>	<b>\$ 9,307</b>	<b>\$ 9,645</b>	<b>\$ 10,710</b>	<b>\$ 11,427</b>	<b>\$ 11,933</b>	<b>\$ 12,951</b>	<b>\$ 16,026</b>	<b>\$ 19,996</b>	<b>\$ 442,728</b>	<b>\$ 14,758</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
Direct	\$ 9,307	\$ 9,645	\$ 10,710	\$ 11,427	\$ 11,933	\$ 12,951	\$ 16,026	\$ 19,996	\$ 442,728	\$ 14,758
Indirect	\$ 3,773	\$ 3,909	\$ 4,341	\$ 4,630	\$ 4,835	\$ 5,243	\$ 6,482	\$ 8,078	\$ 179,112	\$ 5,970
Induced	\$ 2,433	\$ 2,521	\$ 2,799	\$ 2,986	\$ 3,118	\$ 3,383	\$ 4,183	\$ 5,215	\$ 115,577	\$ 3,853
<b>Total</b>	<b>\$ 15,512</b>	<b>\$ 16,075</b>	<b>\$ 17,850</b>	<b>\$ 19,043</b>	<b>\$ 19,886</b>	<b>\$ 21,577</b>	<b>\$ 26,691</b>	<b>\$ 33,288</b>	<b>\$ 737,417</b>	<b>\$ 24,581</b>

Source: Hunden Partners

**Net New Gross SPENDING**

120-Key = **\$563.5 M**

140-Key = **\$737.4 M**

**Total Difference:**

**+\$173.9 M**

**+30.9%**

# Net New Earnings & Jobs to the State

## Scenario A

120-Key + 15 Cabin - Resort

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending (\$000s) - Burnside Island Resort										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
<b>Earnings - Residents</b>										
From Direct	\$ 351	\$ 367	\$ 431	\$ 459	\$ 479	\$ 519	\$ 642	\$ 801	\$ 17,707	\$ 590
From Indirect	\$ 140	\$ 146	\$ 171	\$ 183	\$ 191	\$ 207	\$ 256	\$ 319	\$ 7,053	\$ 235
From Induced	\$ 94	\$ 98	\$ 115	\$ 123	\$ 128	\$ 139	\$ 172	\$ 215	\$ 4,751	\$ 158
<b>Total</b>	<b>\$ 585</b>	<b>\$ 612</b>	<b>\$ 717</b>	<b>\$ 764</b>	<b>\$ 798</b>	<b>\$ 865</b>	<b>\$ 1,071</b>	<b>\$ 1,335</b>	<b>\$ 29,511</b>	<b>\$ 984</b>
<b>FTE Jobs - Residents</b>									<b>Max</b>	<b>Average</b>
From Direct	15	15	17	17	18	17	15	14	18	16
From Indirect	3	3	3	3	3	3	3	3	3	3
From Induced	2	2	3	3	3	3	2	2	3	3
<b>Total</b>	<b>20</b>	<b>20</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>21</b>	<b>19</b>	<b>24</b>	<b>21</b>

Source: Hunden Partners

## Scenario B

140-Key + 30 Cabin - Resort

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending (\$000s) - Burnside Island Resort										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
<b>Earnings - Residents</b>										
From Direct	\$ 487	\$ 504	\$ 560	\$ 597	\$ 624	\$ 677	\$ 836	\$ 1,042	\$ 23,112	\$ 770
From Indirect	\$ 194	\$ 201	\$ 223	\$ 238	\$ 248	\$ 269	\$ 333	\$ 415	\$ 9,197	\$ 307
From Induced	\$ 131	\$ 135	\$ 150	\$ 160	\$ 167	\$ 181	\$ 224	\$ 280	\$ 6,200	\$ 207
<b>Total</b>	<b>\$ 811</b>	<b>\$ 840</b>	<b>\$ 933</b>	<b>\$ 995</b>	<b>\$ 1,039</b>	<b>\$ 1,127</b>	<b>\$ 1,394</b>	<b>\$ 1,737</b>	<b>\$ 38,509</b>	<b>\$ 1,284</b>
<b>FTE Jobs - Residents</b>									<b>Max</b>	<b>Average</b>
From Direct	20	20	22	23	23	22	20	18	23	20
From Indirect	4	4	4	4	4	4	4	4	4	4
From Induced	3	3	4	4	4	3	3	3	4	3
<b>Total</b>	<b>27</b>	<b>27</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>29</b>	<b>27</b>	<b>25</b>	<b>31</b>	<b>28</b>

Source: Hunden Partners

**TOTAL EARNINGS**

120-Key = **\$29.5 M**

140-Key = **\$38.5 M**

Total Difference:

**+\$9.0 M**

**+30.5%**

# Net New Tax Impacts to City, County, and State

## Scenario A

### 120-Key + 15 Cabin - Resort

Net New Taxes Generated (\$000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
<b>Net New Taxes</b>										
Restaurant Tax (3%)	\$ 98	\$ 101	\$ 116	\$ 122	\$ 126	\$ 128	\$ 132	\$ 137	\$ 3,840	\$ 128
City Hotel Tax (3%)	\$ 197	\$ 206	\$ 243	\$ 259	\$ 271	\$ 298	\$ 381	\$ 488	\$ 10,402	\$ 347
<b>Total City Tax</b>	<b>\$ 294</b>	<b>\$ 307</b>	<b>\$ 358</b>	<b>\$ 381</b>	<b>\$ 397</b>	<b>\$ 425</b>	<b>\$ 513</b>	<b>\$ 625</b>	<b>\$ 14,242</b>	<b>\$ 475</b>
County Hotel Tax (3%)	\$ 197	\$ 206	\$ 243	\$ 259	\$ 271	\$ 298	\$ 381	\$ 488	\$ 10,402	\$ 347
<b>Total County Tax</b>	<b>\$ 197</b>	<b>\$ 206</b>	<b>\$ 243</b>	<b>\$ 259</b>	<b>\$ 271</b>	<b>\$ 298</b>	<b>\$ 381</b>	<b>\$ 488</b>	<b>\$ 10,402</b>	<b>\$ 347</b>
State Sales Tax (6%)	\$ 401	\$ 419	\$ 492	\$ 524	\$ 547	\$ 594	\$ 735	\$ 917	\$ 20,256	\$ 675
State Hotel Tax (1%)	\$ 49	\$ 52	\$ 61	\$ 65	\$ 68	\$ 75	\$ 95	\$ 122	\$ 2,606	\$ 87
Income Tax (3.8%)	\$ 22	\$ 23	\$ 27	\$ 29	\$ 30	\$ 33	\$ 41	\$ 51	\$ 1,121	\$ 37
<b>Total State Tax</b>	<b>\$ 473</b>	<b>\$ 494</b>	<b>\$ 580</b>	<b>\$ 618</b>	<b>\$ 646</b>	<b>\$ 701</b>	<b>\$ 871</b>	<b>\$ 1,090</b>	<b>\$ 23,983</b>	<b>\$ 799</b>
<b>Total of All Taxes</b>	<b>\$ 964</b>	<b>\$ 1,007</b>	<b>\$ 1,181</b>	<b>\$ 1,258</b>	<b>\$ 1,314</b>	<b>\$ 1,424</b>	<b>\$ 1,765</b>	<b>\$ 2,202</b>	<b>\$ 48,627</b>	<b>\$ 2,405</b>

Source: Hunden Partners

## Scenario B

### 140-Key + 30 Cabin - Resort

Taxes Generated (\$000s)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total	Average
<b>Taxes</b>										
Restaurant Tax (3%)	\$ 145	\$ 148	\$ 162	\$ 171	\$ 177	\$ 180	\$ 189	\$ 201	\$ 5,493	\$ 183
City Hotel Tax (3%)	\$ 263	\$ 273	\$ 305	\$ 325	\$ 340	\$ 374	\$ 479	\$ 613	\$ 13,099	\$ 437
<b>Total City Tax</b>	<b>\$ 408</b>	<b>\$ 422</b>	<b>\$ 467</b>	<b>\$ 496</b>	<b>\$ 517</b>	<b>\$ 554</b>	<b>\$ 667</b>	<b>\$ 813</b>	<b>\$ 18,591</b>	<b>\$ 620</b>
County Hotel Tax (3%)	\$ 263	\$ 273	\$ 305	\$ 325	\$ 340	\$ 374	\$ 479	\$ 613	\$ 13,099	\$ 437
<b>Total County Tax</b>	<b>\$ 263</b>	<b>\$ 273</b>	<b>\$ 305</b>	<b>\$ 325</b>	<b>\$ 340</b>	<b>\$ 374</b>	<b>\$ 479</b>	<b>\$ 613</b>	<b>\$ 13,099</b>	<b>\$ 437</b>
State Sales Tax (6%)	\$ 558	\$ 579	\$ 643	\$ 686	\$ 716	\$ 777	\$ 962	\$ 1,200	\$ 26,564	\$ 885
State Hotel Tax (1%)	\$ 66	\$ 68	\$ 76	\$ 81	\$ 85	\$ 93	\$ 120	\$ 153	\$ 3,275	\$ 109
Income Tax (3.8%)	\$ 31	\$ 32	\$ 35	\$ 38	\$ 39	\$ 43	\$ 53	\$ 66	\$ 1,463	\$ 49
<b>Total State Tax</b>	<b>\$ 655</b>	<b>\$ 679</b>	<b>\$ 754</b>	<b>\$ 805</b>	<b>\$ 841</b>	<b>\$ 913</b>	<b>\$ 1,134</b>	<b>\$ 1,419</b>	<b>\$ 31,302</b>	<b>\$ 1,043</b>
<b>Total of All Taxes</b>	<b>\$ 1,326</b>	<b>\$ 1,374</b>	<b>\$ 1,525</b>	<b>\$ 1,626</b>	<b>\$ 1,698</b>	<b>\$ 1,841</b>	<b>\$ 2,280</b>	<b>\$ 2,845</b>	<b>\$ 62,992</b>	<b>\$ 3,107</b>

Source: Hunden Partners

**TOTAL TAXES  
Generated**

120-Key = **\$48.6 M**

140-Key = **\$63.0 M**

**Total Difference:  
+\$14.4 M  
+29.6%**

# Summary of Net New Impacts

The tables compare the 30-year impact of two scenarios for the Burnside, KY Resort: one scenario includes 140 keys plus an additional 15 cabins, while the other consists of 120 keys with an additional 15 cabins.

120- Key + 15 Cabin  
Financial Gap:

**\$(26.3) M**

34.9%

140- Key + 30 Cabin  
Financial Gap:

**\$(31.1) M**

33.8%

## Scenario A

120-Key + 15 Cabin - Resort 30 – Year Impact	
Spending	\$ (millions)
Direct	\$338
Indirect	\$137
Induced	\$89
<b>Total</b>	<b>\$564</b>
Earnings	\$ (millions)
Direct	\$18
Indirect	\$7
Induced	\$5
<b>Total</b>	<b>\$30</b>
FTE Supported	Average
Direct	16
Indirect	3
Induced	3
<b>Total</b>	<b>24</b>
Fiscal Impact	\$ (millions)
City Tax Revenue	\$14.2
County Tax Revenue	\$10.4
State Tax Revenue	\$24.0
<b>Total</b>	<b>\$48.6</b>

## Scenario B

140-Key + 30 Cabin - Resort 30 – Year Impact	
Spending	\$ (millions)
Direct	\$443
Indirect	\$179
Induced	\$115
<b>Total</b>	<b>\$737</b>
Earnings	\$ (millions)
Direct	\$23
Indirect	\$9
Induced	\$6
<b>Total</b>	<b>\$38</b>
FTE Supported	Average
Direct	20
Indirect	4
Induced	4
<b>Total</b>	<b>28</b>
Fiscal Impact	\$ (millions)
City Tax Revenue	\$18.6
County Tax Revenue	\$13.1
State Tax Revenue	\$31.3
<b>Total</b>	<b>\$63.0</b>

## Difference

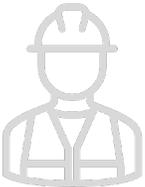
\$ (millions)
\$105
\$42
\$26
<b>\$173</b>
\$ (millions)
\$5
\$2
\$1
<b>\$8</b>
Average
4
1
1
<b>6</b>
\$ (millions)
\$4.4
\$2.7
\$7.3
<b>\$14.4</b>

# Next Steps

**Hunden recommends that Dream BIG Burnside Authority collaborate with the Commonwealth and State Parks to secure a land lease and advance development plans using the following options:**



Issue an RFP to solicit market responses, select a development partner, and pursue public-private partnership (P3) mechanisms



Self-develop the land, pursue public funding options, and secure an operational and management partner during the development process



# hunden partners



213 W. INSTITUTE PLACE  
SUITE 707  
CHICAGO, IL 60610



312.643.2500



[WWW.HUNDEN.COM](http://WWW.HUNDEN.COM)

**Hunden Partners is a full-service real estate development advisory practice specializing in destination assets.**

**With professionals in Chicago, New York, Dallas, and Minneapolis, Hunden provides a variety of services for all stages of destination development in:**

- Placemaking Action Plans
- Tourism and Destination Strategic Plans
- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research & Statistical Analysis
- Developer Solicitation & Selection
- Project Execution Advisory

The firm and its principal have performed more than 1,000 studies over the past 28 years, with more than \$20 billion in built, successful projects.

An aerial photograph of Burnside Island State Park, showing a large body of water with several islands and peninsulas. The land is covered in dense green trees and some open grassy areas. In the foreground, there are some buildings and a parking lot. The sky is blue with some light clouds. The left side of the image is overlaid with a dark blue semi-transparent rectangle.

01

## General Burnside Island State Park Profile

---



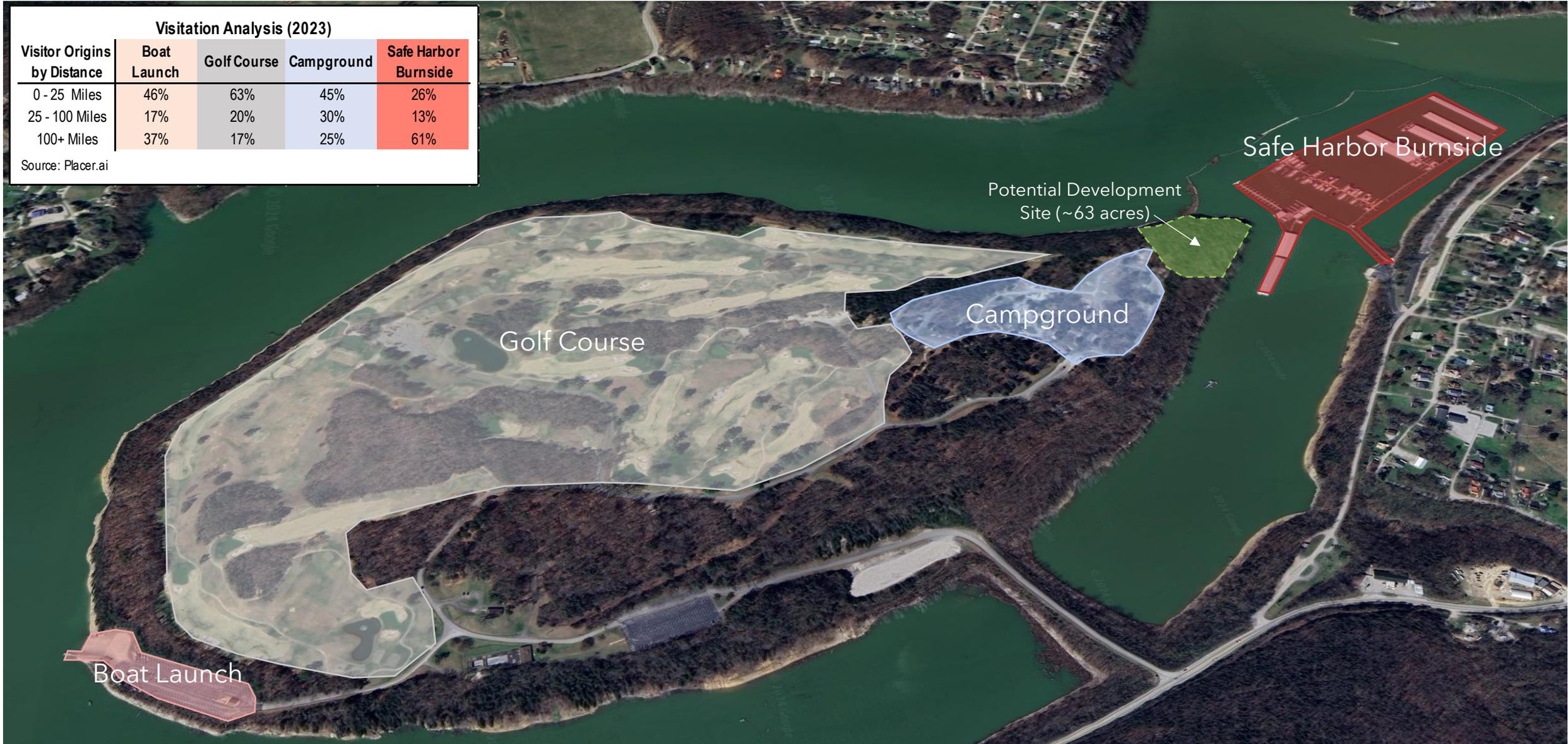
# Site Analysis

# Site Analysis

Visitation Analysis (2023)

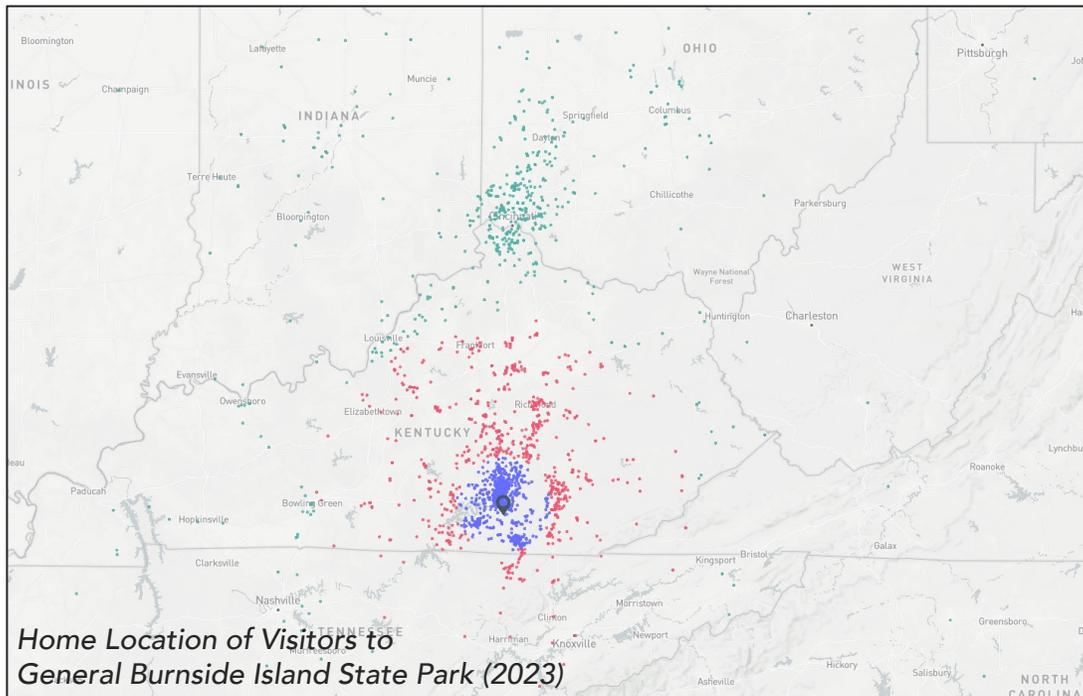
Visitor Origins by Distance	Boat Launch	Golf Course	Campground	Safe Harbor Burnside
0 - 25 Miles	46%	63%	45%	26%
25 - 100 Miles	17%	20%	30%	13%
100+ Miles	37%	17%	25%	61%

Source: Placer.ai



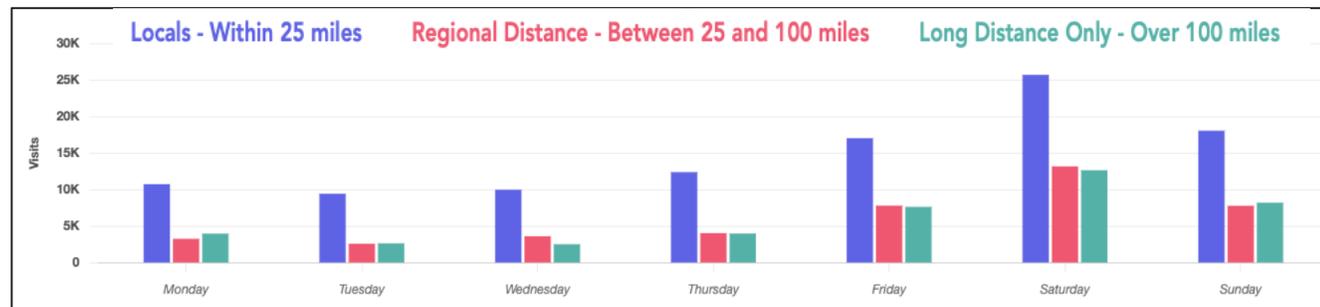
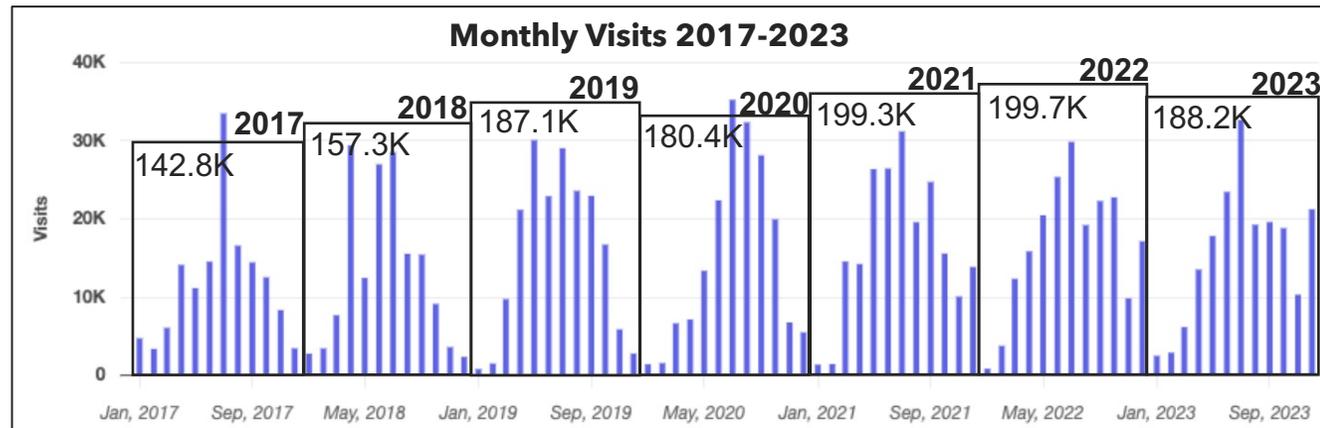
# General Burnside Island State Park Visitation

The General Burnside Island State Park remained open throughout the Covid-19 pandemic, which has allowed visitation levels to stay consistent over the years. The Park primarily serves a local audience, with approximately 55 percent of visitors residing within a 25-mile radius. This underscores that the golf course, while a valued amenity for nearby residents, does not have the drawing power to attract significant visitation from outside the immediate region.



Burnside Island January 2023 - December 2023					
Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	103,600	55%	27,600	41%	3.75
Regional Distance - Between 25 and 100 miles	42,600	23%	20,100	30%	2.12
Long Distance only - Over 100 miles	42,000	22%	20,100	30%	2.09
<b>Total Visits</b>	<b>188,200</b>	<b>100%</b>	<b>67,800</b>	<b>100%</b>	<b>2.78</b>

Source: Placer.ai



An aerial photograph of a large lake with a winding shoreline, surrounded by dense green forests and rolling hills. In the foreground, a golf course is visible with its green fairways and sand traps. The sky is blue with some light clouds. The image is split vertically, with the left half overlaid by a dark blue semi-transparent panel.

02

Economic &  
Demographic Analysis

---

# Population

During the period between 2010 to 2024, the city of Burnside experienced significant population decline. During this period, however, Pulaski County and the Commonwealth as a whole, experienced a population increase of five percent. The population decline is projected to continue at the city level through 2028.

Population and Growth Rates					
	Population				Percent Change
	2010	2020	2024	2029 Projected	2010 - 2024
United States	308,745,538	331,449,281	338,440,954	344,873,411	9.6%
Kentucky	4,339,367	4,505,836	4,556,825	4,595,873	5.0%
Pulaski County	63,063	65,034	66,217	66,995	5.0%
Somerset	11,718	11,947	12,244	12,402	4.5%
Ferguson	915	850	866	872	-5.4%
Burnside	840	694	687	684	-18.2%
Science Hill	736	657	684	698	-7.1%
Eubank	319	313	325	324	1.9%

Source: U.S. Census Bureau

# Income and Housing

The following table provides data on housing and income based on the latest data from ESRI.

Compared to the Commonwealth of Kentucky’s average, Burnside has a lower median household income, homeownership rate, and average household size. The city has an older population than that of the county and commonwealth, with a median age of 45.6.

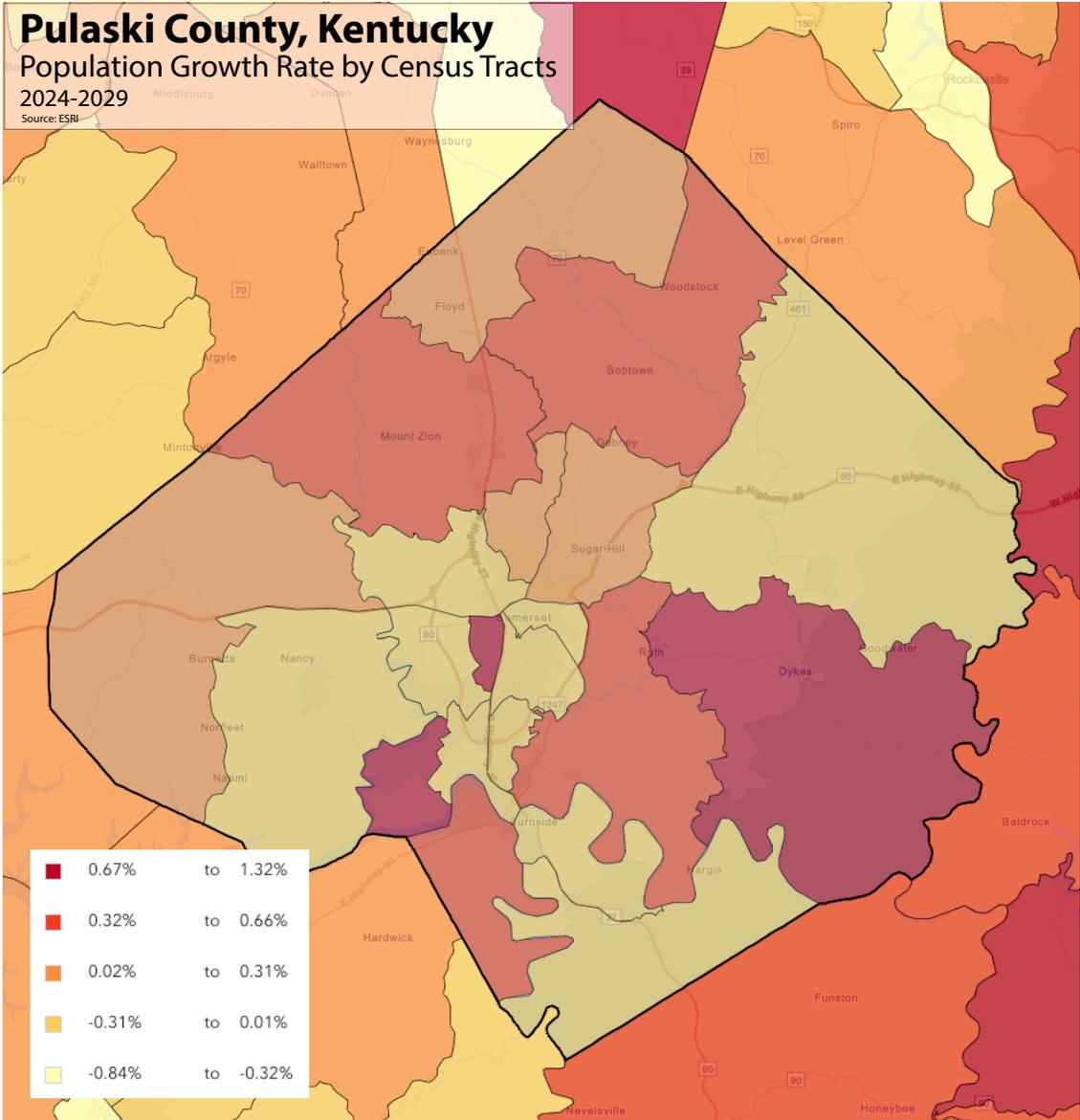
Income and Housing Data				
Category	United States	Kentucky	Pulaski County	Burnside
Median Household Income	\$72,603	\$62,002	\$47,306	\$47,283
Homeownership Rate	58.5%	61.4%	58.7%	55.0%
Average Household Size	2.53	2.43	2.42	2.31
Median Age	39.1	39.9	43.2	45.6

Source: ESRI

# Population Increase Trend

The adjacent map details the projected rates of population increase throughout Pulaski County and the regional area from 2024 to 2029 by census tract. The following are key takeaways:

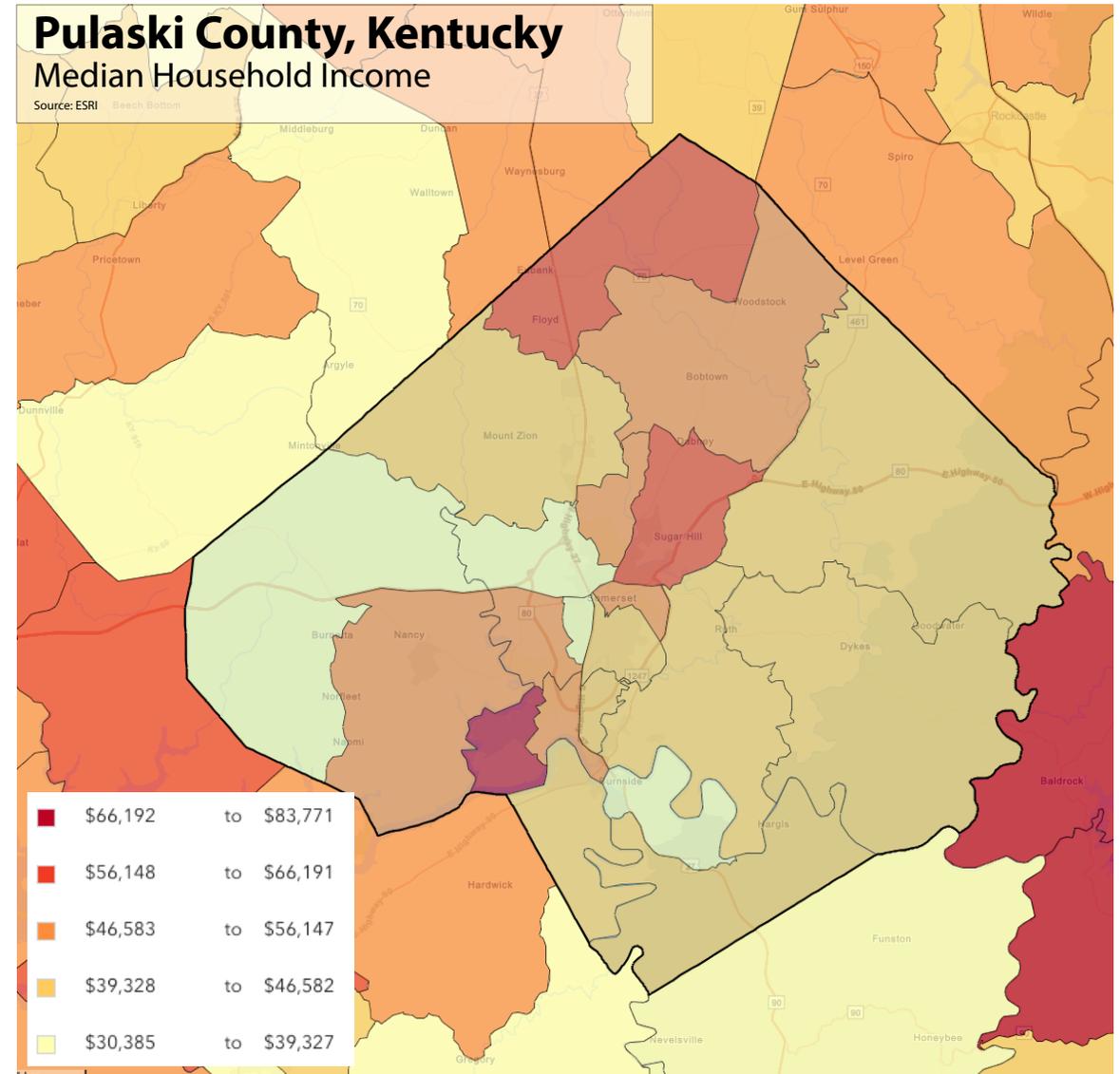
- During this period, Pulaski County is projected to undergo minimal population increase at 0.2 percent, while the Burnside Island census tract is expected to continue to decline.
- Regional areas just outside the county, particularly to the east, are projected to experience greater levels of population increase.



# Median Household Income

The adjacent map shows the median household income throughout Pulaski County and the regional area in 2024 by census tract. The following are key takeaways:

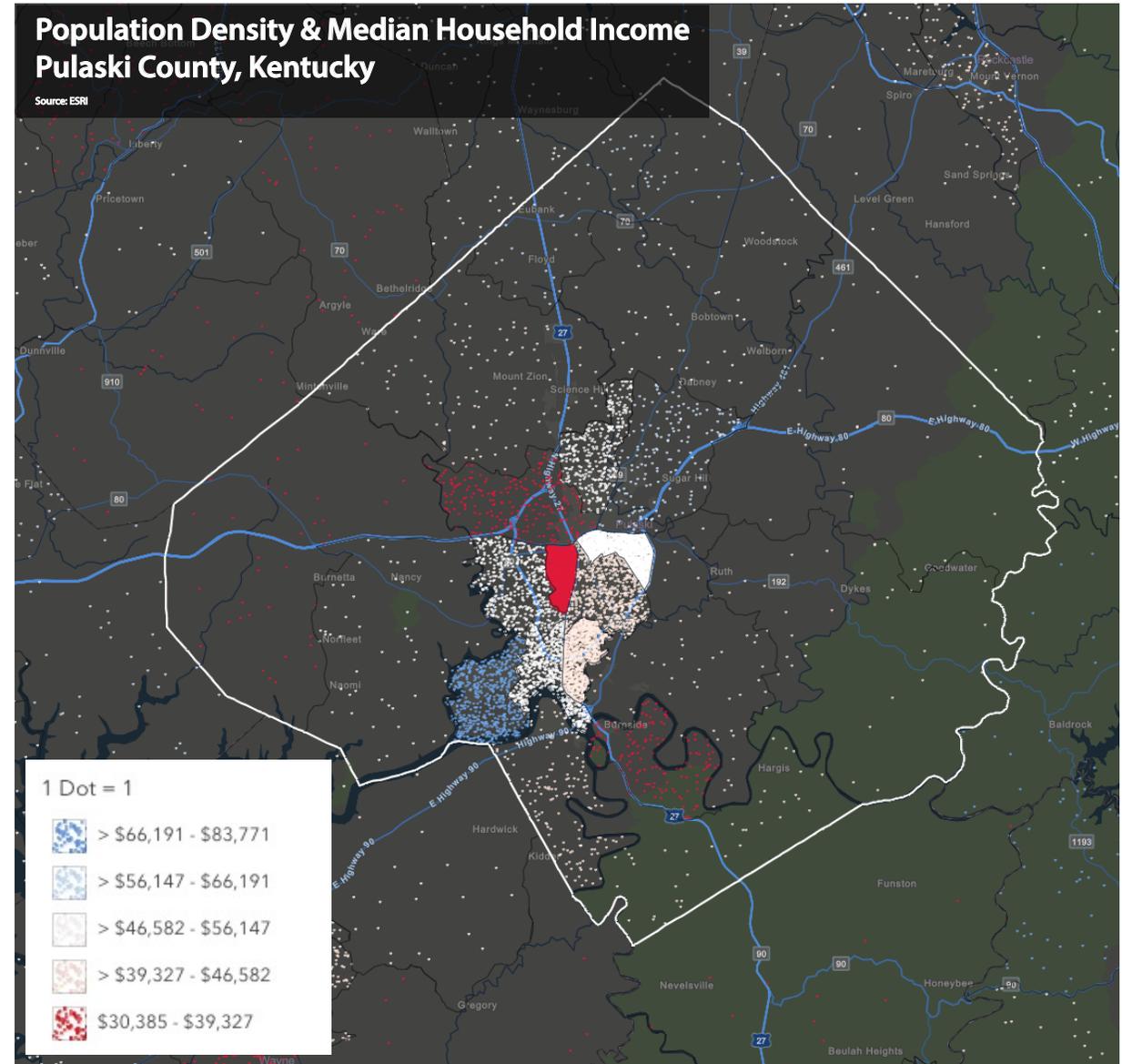
- Pulaski County has a considerably lower median household income than that of the Commonwealth, at slightly more than \$47,000.
- The most affluent area in the county is the southwest suburb of Somerset, with a median household income of around \$83,000.
- **The Project's primary revenue source will depend on the disposable income of long-distance visitors.**



# Population Density & Median Household Income Map

The adjacent map is both a population density and median household income dot map throughout Pulaski County and the regional area in 2024. The following are key takeaways:

- Population density in the county decreases noticeably as you move further from Somerset.
- Southern Somerset is primarily the only area in the county with incomes that exceed \$65,000.



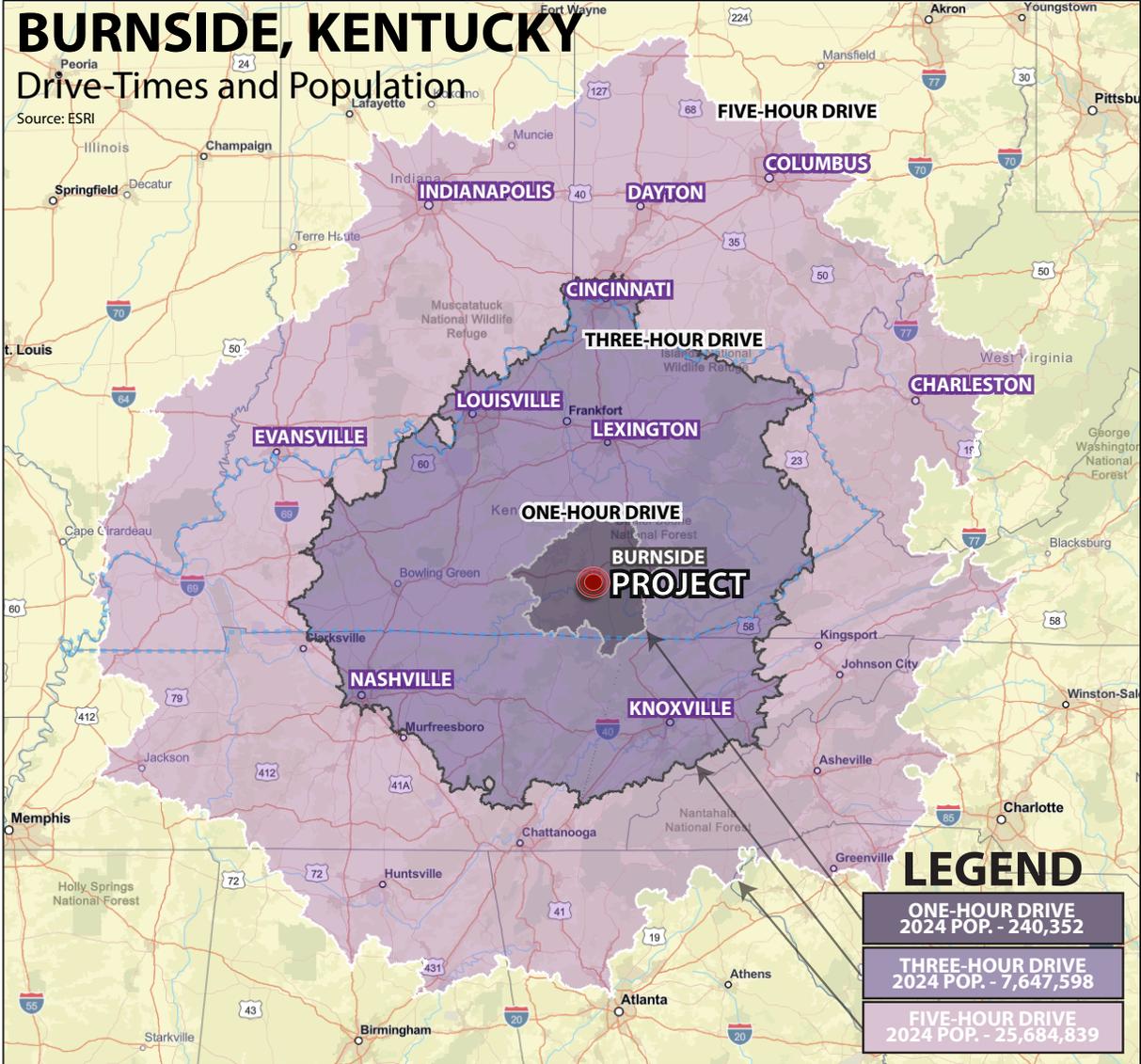
# Regional Drive Times

Within three hours of Burnside are more than 7.6 million people, which captures large metropolitan areas such as Louisville, Cincinnati, and Nashville. When considering several major cities in the Midwest region, that number exceeds 25 million people within a five-hour drive time.

These increasingly populated drive-time regions, along with Burnside’s lack of immediate access to major commercial airports, make the area primarily a drive-in market.

Estimated Drive-Time Statistics from Burnside Island (2024)			
	1-Hour	3-Hour	5-Hour
Population	240,352	7,647,598	25,684,839
Households	95,559	3,096,485	10,304,137
Median Household Income	\$47,010	\$65,936	\$69,243
Median Home Value	\$161,572	\$266,490	\$264,007
Median Age	42.2	39.6	39.7

Source: ESRI



# Accessibility

## Highway Access

The Project is in the southern part of Kentucky, approximately 31 miles from the Tennessee state border. This location provides accessibility via US 27, which connects the Project to KY 90 and Interstate 75. These interstates connect the area to the larger markets within Kentucky and Tennessee.

## Waterway Access

The Project is located on Lake Cumberland, which provides accessibility via waterway and connects the Project to Kentucky Lake, Lake Barkley, and the Tennessee River. These waterways connect the area to other waterways and out-of-state markets along the water, which allows for an additional mode of transportation in addition to highway access.



# Corporate Presence

**Pulaski County’s corporate presence consists primarily of public sector and local commerce employment.**

- The largest industries in Pulaski County are Health Care and Social Assistance (4,813 people), Retail Trade (3,874 people), and Manufacturing (3,575 people).
- Hosting events like conferences, trainings, or school proms will be essential for the Project to meet weekday demand, especially during shoulder seasons. While social, military, educational, religious, and fraternal (SMERF) groups’ business has lower rates, their attendance helps generate demand during slower months like winter.

## *Pulaski County-Area Major Employers*

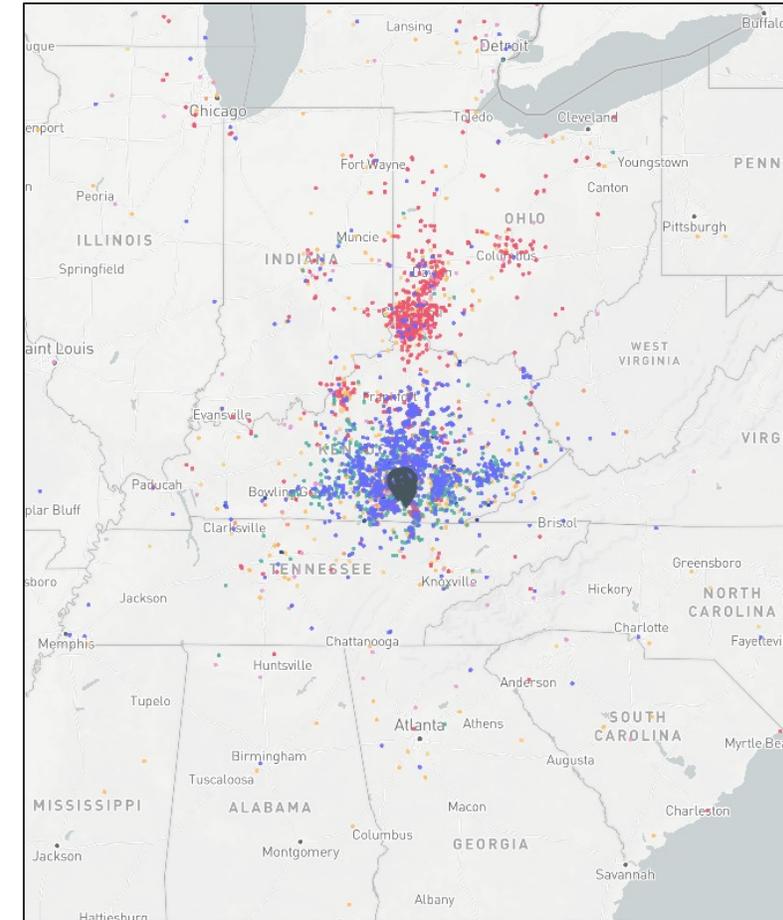


# Visitation Trends to Regional Attractions

Hunden utilized Placer.ai to assess visitation trends in 2023 for several of Burnside’s regional attractions with more than 5,000 annual visitors. During this period, the SomerSplash Waterpark recorded the highest total number of visits, with approximately 52 percent of visitors coming from within a 25-mile radius. Notably, the Burnside Marina had the highest percentage of long-distance visitors at 61 percent.

Visitation to Regional Attractions January 1, 2023 - December 31, 2023								
Visitor Origins by Distance from Site	Somersplash Waterpark	Burnside Marina	Bear Wallow Farm	Haney's Appledale Farm	General Burnside Island Golf Course	Citizens National Bank Pavilion	The Virginia Theater	Mill Springs Battlefield
Locals - Within 25 miles	54,602	17,970	24,558	28,378	26,747	14,104	8,951	2,049
<i>% of Total Visits</i>	52%	25%	43%	51%	63%	78%	86%	27%
Regional - Over 25 miles & Less Than 100 miles	43,551	9,802	30,563	18,078	8,224	2,751	1,420	1,499
<i>% of Total Visits</i>	41%	14%	53%	32%	19%	15%	14%	20%
Long Distance - Over 100 miles	6,970	44,330	2,337	9,707	7,223	1,126	0	3,941
<i>% of Total Visits</i>	7%	61%	4%	17%	17%	6%	0%	53%
<b>Total Visits</b>	<b>105,123</b>	<b>72,102</b>	<b>57,458</b>	<b>56,163</b>	<b>42,194</b>	<b>17,981</b>	<b>10,371</b>	<b>7,489</b>

Source: Placer.ai



# Burnside Regional Area

## Most Visited Events

Hunden utilized Placer.ai to assess visitation trends in 2023 for several of the Burnside Island’s regional events. During this period, the Moonlight Festival recorded the highest total number of visits, with approximately 6,500 visitors. The Burnside Christmas Island event, an annual Christmas drive-through light show held on the General Burnside Island State Park, had the third highest visitor count at 5,100.

Rank	Event Name	2023 Visits	2023 Visitors	Visit Frequency	Type of Event
1	The Master Musicians Festival	6,800	4,900	1.39	Festival
2	Moonlight Festival	6,500	6,500	1.00	Festival
3	Burnside Christmas Island	5,100	4,600	1.11	Drive-Through Show
4	Lake Cumberland Air Show*	3,300	3,300	1.00	Air Show
5	Lake Cumberland Famers Market	2,300	1,600	1.44	Famers Market
-	Somemites Cruise	-	-	-	Car Show

\*No event hosted in 2023; used 2024 event data. Visitation numbers are estimates based off of geo-fencing data.  
Source: Placer.ai

# Implications

## Economic & Demographic Analysis

### Regional Drive Times

The city of Burnside is surrounded by major cities in nearly all directions. Within a three-hour drive, large metropolitan areas such as Louisville, Cincinnati, and Nashville account for a combined population of more than 7.6 million people.

### Accessibility

The Project offers a unique opportunity to attract a new type of visitor not typically seen at Kentucky tourism destinations that are not near water (bourbon & horse racing). The strong accessibility provided by multiple modes of transportation – including boat, car, and air – will help attract these visitors.

### Regional Attractions and Events

The Burnside region hosts several attractions and annual events that draw significant visitation from regional and long-distance visitors who travel from more than 25 miles away, which further affirms that people are willing to drive to the area for an attraction.



# 03

## Lodging Industry Trends & Analysis

---





# Trends & National Market

# Hotel Industry Trends

## REVENUE GROWTH

As of 2024, U.S. RevPAR is 16 percent above 2019 levels, driven primarily by price increases, with ADR now 21 percent higher than in 2019.

## DEMAND FOR QUALITY

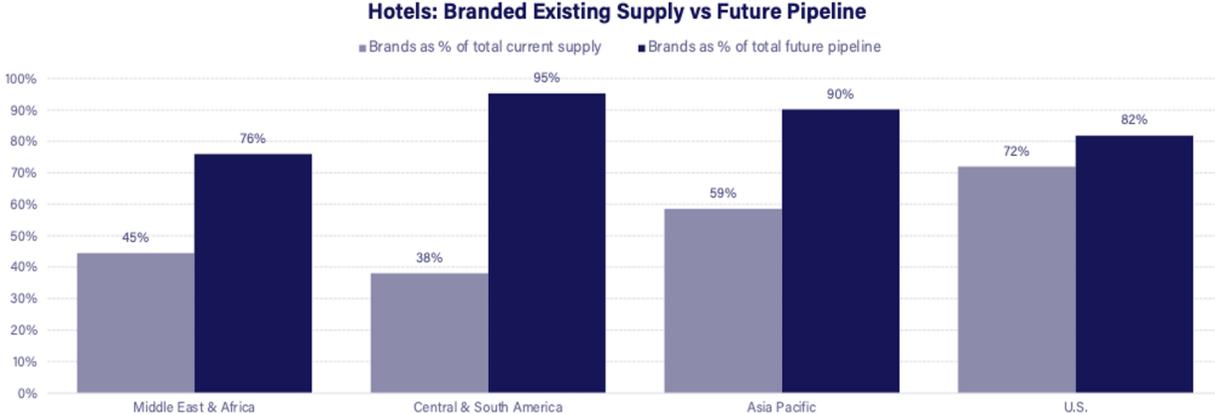
Luxury and Upper Upscale hotels have experienced increased room demand, meanwhile economy hotels have experienced a decline in RevPAR and room demand.

## BRANDED HOTELS

Since 2019, major branded hotel groups have seen double-digit growth in market share, driven by operational efficiencies, loyalty programs, and acquisitions of independent hotels.

## LEISURE & GROUP DYNAMICS

Leisure travelers are increasingly drawn to international destinations due to the strong dollar and pent-up demand following Covid-19. However, group demand for domestic high-end hotels also continues to rise.



Source: Skift Research, Costar, Various

# Hotel Industry Trends Cont.

- Leisure travelers have driven ADR increases of around 20 percent since 2019. However, some markets that previously performed well by attracting leisure travelers are now experiencing slower progress due to increased overseas travel.
- Group travel RevPAR rose by 6.9 percent, driven by a 4.1-percent increase in ADR. Lower office occupancy has led companies to hold group events to strengthen team cohesion, often utilizing full-service hotels with meeting spaces.
- High interest rates have stabilized the number of rooms under construction, reducing the pipeline from pre-pandemic levels.

Source: Costar



# Trends of Note

---

## Brands Multiply

Major hotel brands dominate the market with advanced strategies, leaving independent hotels to rely on pricing to compete.

## Companies Consolidate

The Marriott-Starwood merger highlights the trend of hotel companies consolidating to improve scale, market power, and leverage current market dynamics.

## Boutique Brands

Major hotel brands are expanding into the independent boutique hotel market by creating “soft brands” that benefit from the main brand’s resources, like Marriott’s Autograph Collection.

## Shared Spaces and Rentals

Airbnb and similar platforms like VRBO and HomeAway have transformed the lodging industry by adding inventory to expensive hotel markets, allowing residents in high-cost areas to rent their homes to travelers, making it a viable option for both parties.

## Work from Anywhere

The trend of lifestyle hotels targeting Millennials and Gen Z features active social spaces, minimalist rooms, and retro-modern designs, helping mitigate construction and labor costs, while accommodating the “work-from-anywhere” concept, popular among younger professionals.

## Micro Hot

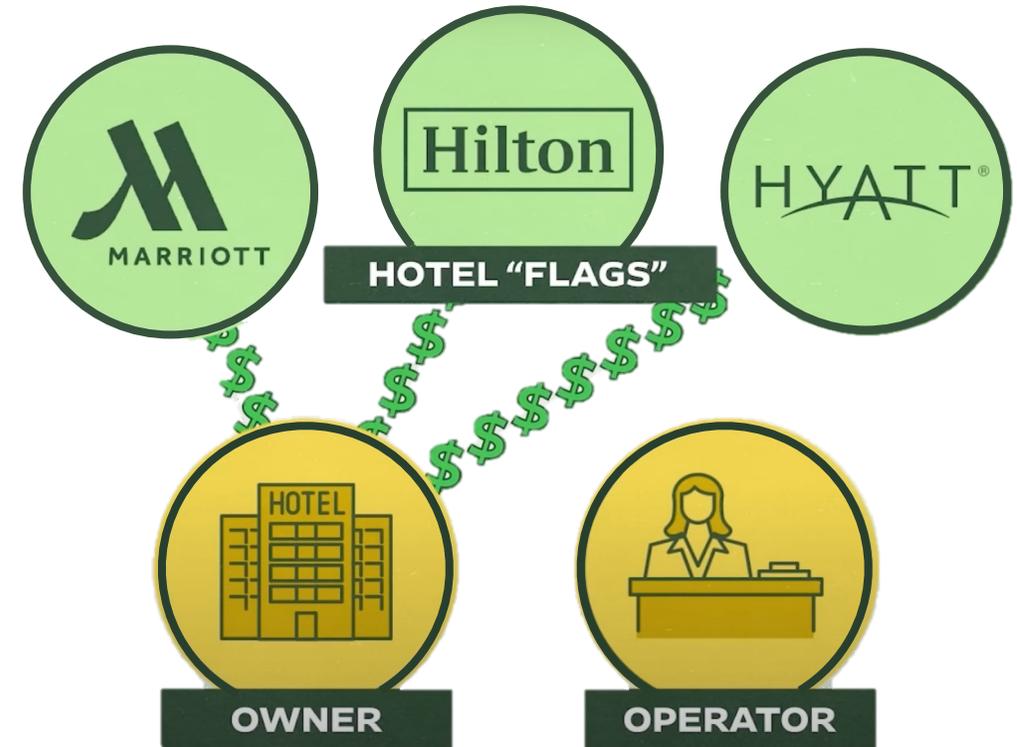
Micro hotel rooms, like Marriott’s Moxy brand, are half the size of traditional rooms, designed for efficiency and essentials due to high real estate costs in urban areas, featuring extensive shared spaces and appealing to millennials who prioritize experiences over room size.



# Hotel Ownership Trends

## Hotel Franchises vs. Owner/Operators

- Marriott, Hilton, and Hyatt moved to franchising to avoid financial risks associated with real estate and to scale up their companies much faster. Each now owns less than two percent of their properties.
- Companies like MCR own and operate the hotels and pay a 5 - 15 percent franchise fee to larger hotel brands to use its "flags" for recognition.
- In addition to the profile that comes with the "flag," the brands also provide operators with data on lobby design, amenities, and strategies to maximize nightly room revenue.



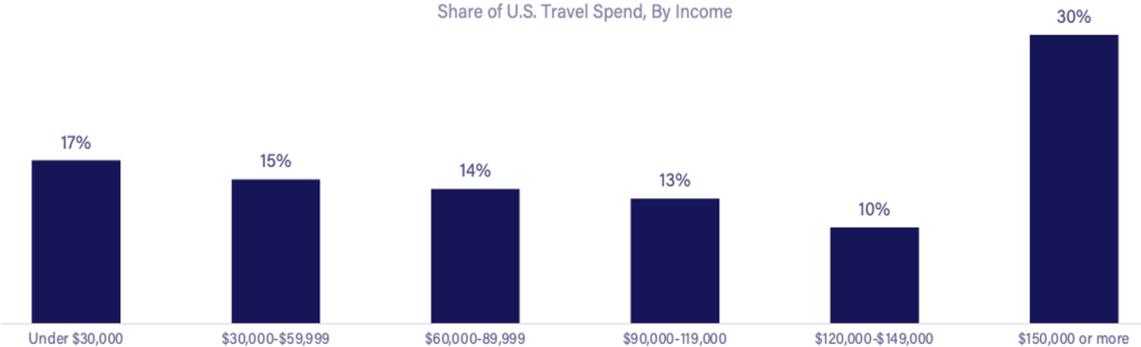
# Hotel Development & Demographic Trends

**High-end travel demand surged in 2023 and continues to increase, with travel being the top priority for higher-income households.**

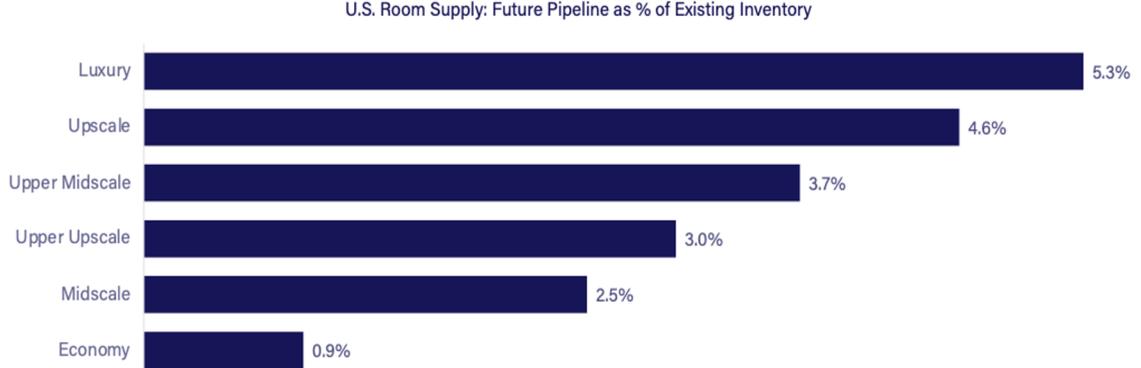
- Higher-income households dominate the U.S. travel market, with those earning \$150,000 or more accounting for 30 percent of total travel spending.
- High-income travelers are most likely to view their trips as high-end experiences, with 93 percent of travelers who took a luxury trip at an income level of \$500,000 or more.
- Today’s high-end travel is highly personalized and offers exclusive, intellectually stimulating, and engaging experiences.
- Investors are responding to these trends, with new high-end hotel construction outpacing all other chain scales, according to STR data.

Source: Skift Research

Share of U.S. Travel Spend By Household Income



U.S. Room Supply: Future Pipeline Under Construction as a % of Existing Supply



# Wellness Tourism Trends

## WELLNESS GROWTH

Wellness tourism is expected to experience robust growth, with a CAGR of 36.2 percent from 2020 to 2022, reflecting a strong post-pandemic recovery.

## HIGHER EARNERS

Higher income earners are increasingly likely to prioritize their physical and mental well-being when making travel decisions.

## OUTDOOR ACTIVITIES

When planning a wellness vacation, 79 percent of people prioritize accessible nature and outdoor activities.

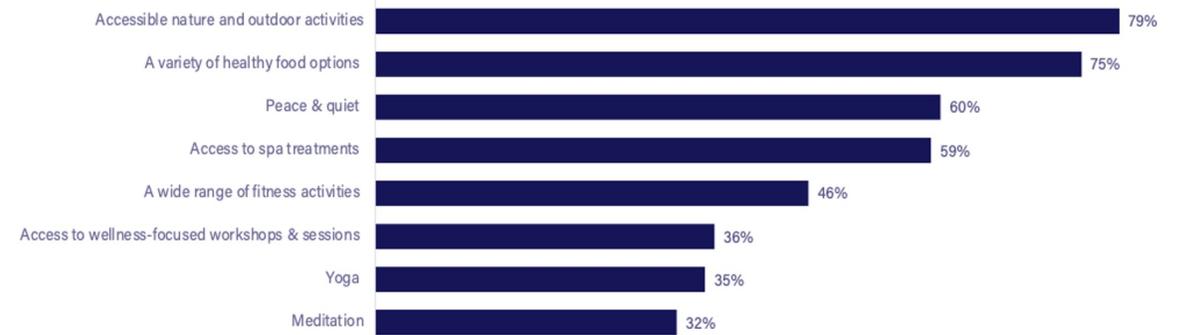
## WELLNESS OUTSPENDING

Most travelers seek a reboot during wellness vacations, with wellness tourists outspending non-wellness travelers by 175 percent domestically and 41 percent internationally.

Source: Skift Research

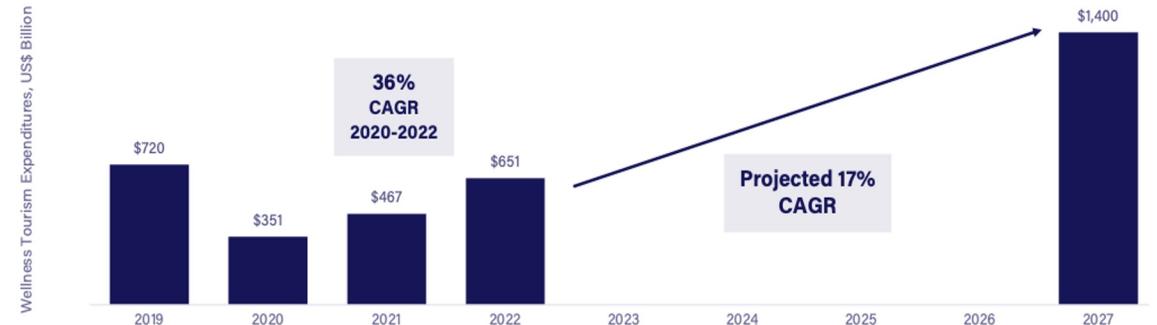
### Top Must-Haves for a Personal Wellness Vacation

Consumer Preferences for Wellness Vacation Essentials, Share of Respondents



### Wellness Tourism is Set to Quadruple by 2027

Wellness Tourism Growth Projections, 2019-2027



# Kentucky Tourism Trends

**Affluent visitors are traveling domestically and internationally to Kentucky for its authentic assets, such as bourbon experiences and horse racing.**

- **Horse racing and bourbon tourism have been influential in the advancement of complementary tourism offerings in cities such as Louisville, Lexington, and Bardstowm. Kentucky has experienced an uptick in fine dining and high-end/boutique hotel developments to accommodate travelers.**
- According to a study by Tourism Economics, 79.3 million travelers visited Kentucky in 2023, a 4.5-percent increase from 2022. Those travelers spent a total of \$9.7 billion across the Commonwealth.
- In 2022 and 2023, visitors to the Kentucky Bourbon Trail (KBT) stayed for an average of 3.2 days and had an average household income of \$130,000. The KBT has continued to increase its year-over-year visitation totals, topping 2.5 million visitors in 2023.
- Following football, horse racing is the second most popular spectator sport in the United States. Kentucky is home to Churchill Downs and Keeneland, two premier horse racing facilities in the country. The Kentucky Derby, held at Churchill Downs, is renowned as the world's most prestigious horse racing event.



# Horse Soldier Farms Distillery

**When completed, the \$200-million Horse Soldier Farms Distillery, a mixed-use and entertainment development in Somerset, will become a must-visit destination in Kentucky, significantly enhancing the area's tourism appeal.**

- Currently, the Kentucky Bourbon Trail is concentrated in the north-central part of the Commonwealth, known as the "Golden Triangle." The new development will shift demand toward southern Kentucky, offering greater accessibility to large markets such as Nashville and Knoxville.
- On over 200 acres of land, the Horse Soldier Farms Distillery will feature a village with event spaces for festivals and concerts, shops, community rooms, a chapel and event center, health and wellness facilities, and a high-end lodge with cabins.
- The affluent demographic drawn to bourbon tourism aligns directly with the target population for the Project on nearby Burnside Island. Together, the two developments will create synergies, strengthening demand for both.





# Pulaski County Hotel Supply

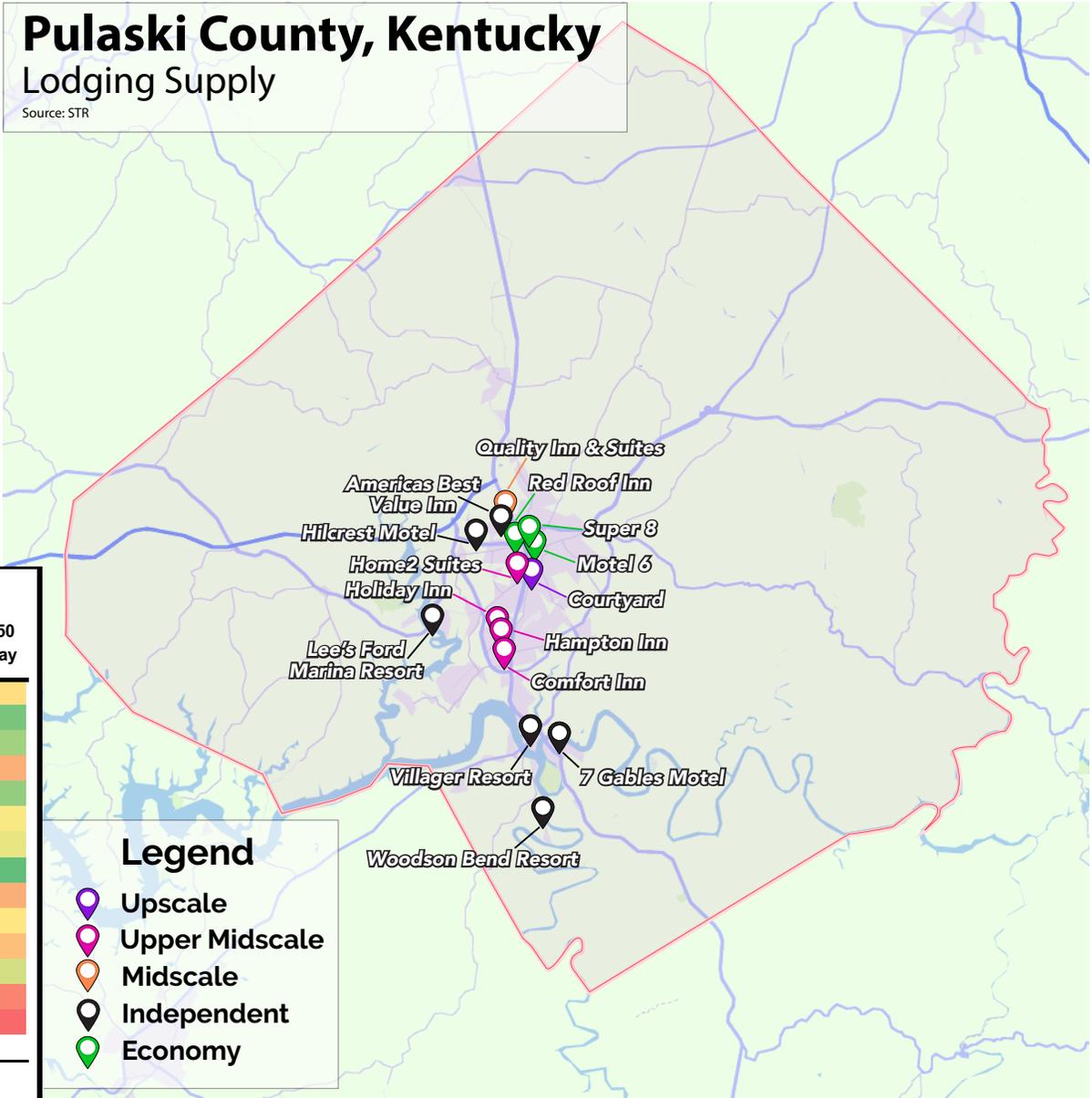
# Local Hotel Supply

As of September 2024, Pulaski County has **812 hotel rooms across 15 hotels**, mostly select-service, mid- to low-quality chains with minimal function space.

A shortage exists of higher-end options, with only one Upscale property and no Upper Upscale or Luxury hotels. Aside from the under-construction Home2 Suites and the Courtyard built in 2017, no new hotels have been added in the past decade. The average hotel age is 43 years. Most hotels are concentrated in downtown Somerset, with a few resorts on the lake.

## Pulaski County, Kentucky Lodging Supply

Source: STR



Pulaski County, KY – Lodging Supply

Name	Location	Chainscale	Number of Rooms	2023 Visits	2023 Visitors	Visitor Frequency	% Over 50 Miles Away
Lee's Ford Marina Resort	Somerset, KY	Indep	36	199,800	62,600	3.19	45.8%
Woodson Bend Resort	Nancy, KY	Indep	42	117,100	16,900	6.93	80.3%
Courtyard Somerset	Burnside, KY	Upscale	104	91,500	30,300	3.02	71.4%
Villager Resort	Nancy, KY	Indep	11	67,700	7,200	9.40	29.2%
Holiday Inn Express & Suites Somerset Central	Somerset, KY	Upper Mid	75	65,700	20,900	3.14	74.4%
Comfort Inn Somerset	Somerset, KY	Upper Mid	54	61,500	14,800	4.16	52.2%
Quality Inn & Suites Somerset	Somerset, KY	Midscale	57	58,700	19,600	2.99	55.5%
Hampton Inn Somerset	Somerset, KY	Upper Mid	73	55,500	18,900	2.94	85.4%
Red Roof Inn Somerset, KY	Nancy, KY	Economy	74	42,500	11,500	3.70	28.7%
Super 8 Somerset	Nancy, KY	Economy	61	31,000	12,400	2.50	48.7%
Motel 6 Somerset	Nancy, KY	Economy	45	16,300	6,300	2.59	35.0%
7 Gables Motel	Somerset, KY	Indep	35	9,400	3,300	2.85	60.4%
Americas Best Value Inn Somerset*	Somerset, KY	Indep	51	6,200	1,400	4.43	13.0%
Hilcrest Motel	Science Hill, KY	Indep	11	5,200	1,600	3.25	3.2%
Home2 Suites by Hilton Somerset**	Bronston, KY	Upper Mid	83	-	-	-	-
<b>Average</b>			54	59,150	16,264	3.93	48.8%

\* Closed – Data available until June 1, 2023

\*\* Under Construction; was previously a Best Western that was demolished

Source: Placer.ai

# Lodging Summary

Hunden, using data from Smith Travel Research, identified the 50 closest hotel properties to General Burnside Island State Park, totaling nearly 2,700 rooms. The largest share of hotel rooms comes from Upper Midscale properties at 33 percent, followed by Independent and Economy. The average age of the hotel supply is 34 years, with some recent developments in the last decade and three new properties currently under construction.

Lodging Summary - 50 Closest Hotels to General Burnside Island State Park Burnside, KY						
Chainscale	Rooms	% of Total Rooms	Hotels	Rooms per Hotel	Avg Year Open	Avg Age (Years)
Luxury	0	0%	0	–	–	–
Upper Upscale	0	0%	0	–	–	–
Upscale	104	4%	1	104	Jan-17	8 Years
Upper Midscale	879	33%	13	68	Aug-02	22 Years
Midscale	466	17%	7	67	Oct-97	27 Years
Economy	513	19%	9	57	May-70	54 Years
Independent	722	27%	20	36	Aug-64	60 Years
<b>Total/Average</b>	<b>2,684</b>	<b>100%</b>	<b>50</b>	<b>66</b>	<b>Jun-90</b>	<b>34 Years</b>

Source: Costar, Smith Travel Research

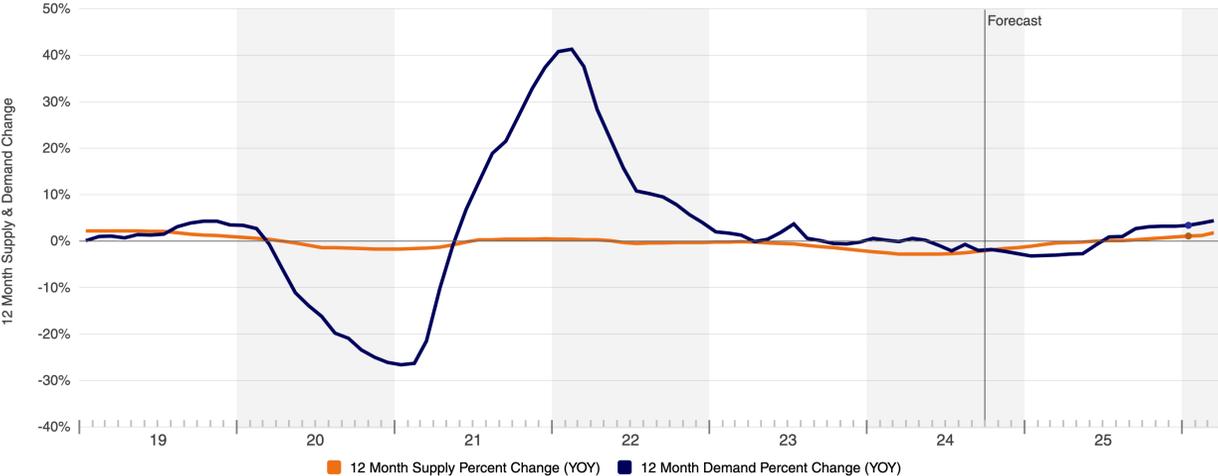
# Local Hospitality Submarket Performance

The Corbin/London Area Hospitality Submarket is smaller than the typical U.S. hotel submarket and is characterized by small hotels and inns.

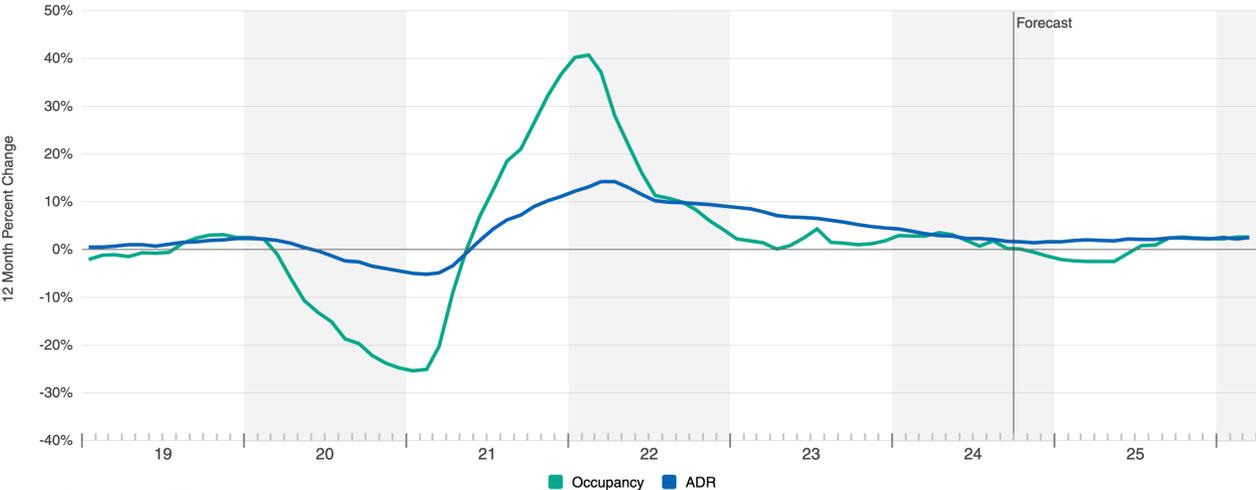
Trailing 12-month occupancy stands at 52.2 percent, slightly below the overall market average of 53.5 percent. However, the Corbin/London Area's 12-month RevPAR increased by 1.87 percent over the past year, outperforming the overall market.

There are 212 rooms currently under construction in the submarket, marking the largest pipeline in more than a decade. The only changes to hotel inventory in the past five years have been the demolition of several properties.

## SUPPLY & DEMAND CHANGE



## OCCUPANCY & ADR CHANGE



Source: CoStar

# RV/Camping Site Analysis

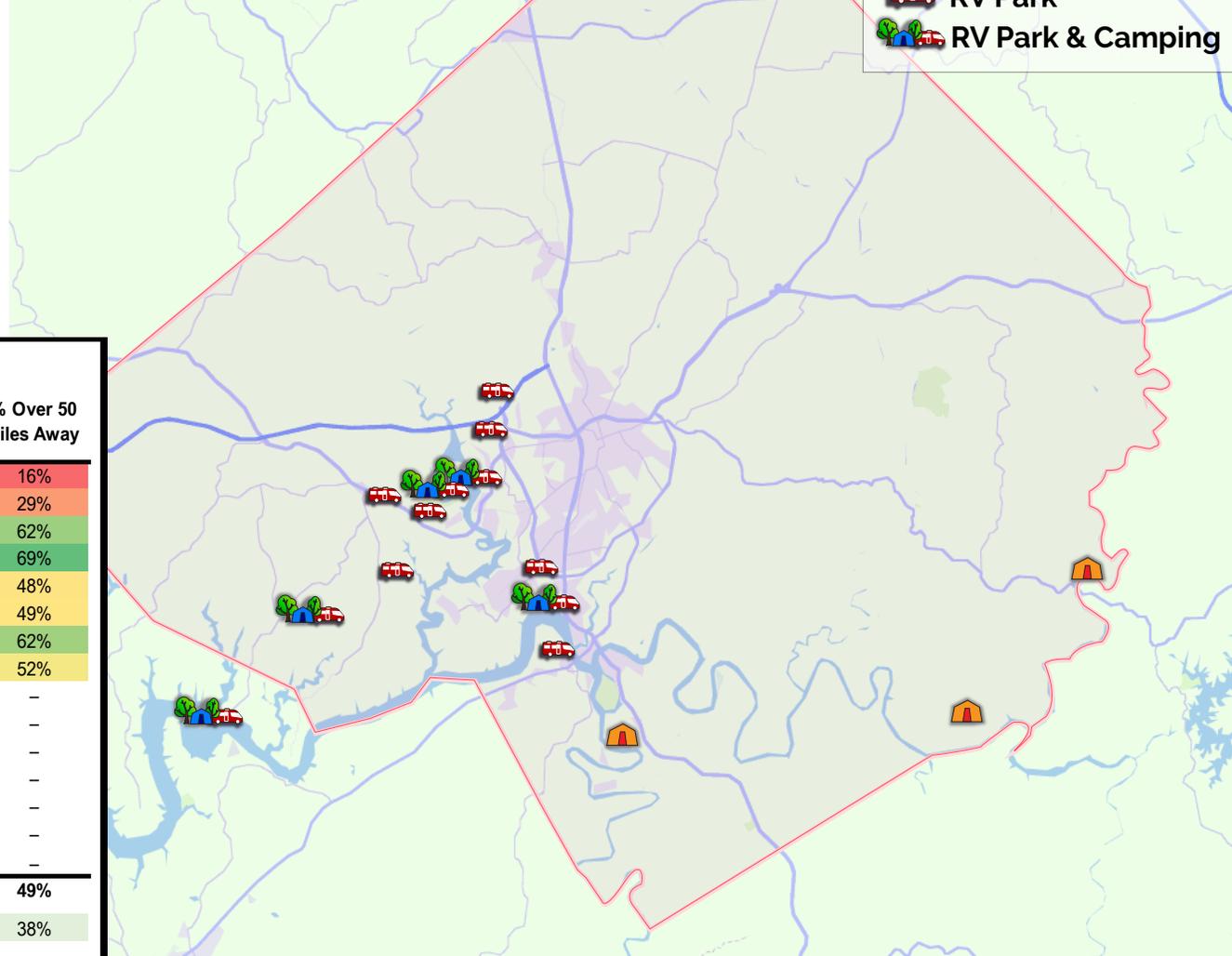
Pulaski County has a significant supply of RV parks and campgrounds, contributing to the area's recreational offerings. On average, fewer than 30 percent of visitors travel from more than 50 miles away, however, several sites attract the majority of their visitors from beyond this distance.

## Pulaski County, Kentucky RV Park & Campground Supply

Source: Lake Cumberland Tourism

### Legend

-  Camping
-  RV Park
-  RV Park & Camping



Pulaski County RV / Camp Site Supply

Name	Location	Type	Number of Units	2023 Visits	2023 Visitors	Visitor Frequency	% Over 50 Miles Away
Pulaski County Park	Nancy, KY	RV / Camping	131	211,663	46,633	4.54	16%
Fishing Creek Recreation Area	Somerset, KY	RV / Camping	47	36,689	9,183	4.00	29%
Lake Cumberland RV Park & Campground	Bronston, KY	RV Park	102	23,863	2,990	7.98	62%
Cumberland Point Recreation Area	Nancy, KY	RV / Camping	30	11,100	2,855	3.89	69%
Off the Hook Campground	Nancy, KY	RV Park	31	9,091	2,226	4.08	48%
Waitsboro Recreation Area	Somerset, KY	RV / Camping	25	8,979	2,250	3.99	49%
Cumberland Point Campground & RV Resort	Nancy, KY	RV / Camping	50	8,071	1,057	7.64	62%
Happy Camper RV Park	Somerset, KY	RV Park	30	6,179	1,412	4.38	52%
Bee Rock Campground	Somerset, KY	Camping	25	5,778	2,704	2.14	-
Escape With Us RV Resort	Somerset, KY	RV Park	33	3,558	571	6.23	-
Somerset KY RV Park	Somerset, KY	RV Park	12	2,917	434	6.72	-
Lake Cumberland Glamping	Bumside, KY	Camping	6	2,328	733	3.18	-
Shoreline RV Park	Somerset, KY	RV Park	14	1,736	308	5.64	-
Little Lick Campground	Somerset, KY	Camping	-	1,576	553	2.85	-
Park Paradise RV Park	Nancy, KY	RV Park	44	-	-	-	-
<b>Average</b>			<b>41</b>	<b>23,823</b>	<b>5,279</b>	<b>4.80</b>	<b>49%</b>
General Bumside Island State Park	Bumside, KY	RV / Camping	94	41,594	9,969	4.17	38%

Source: Placer.ai

\*--: insufficient data available

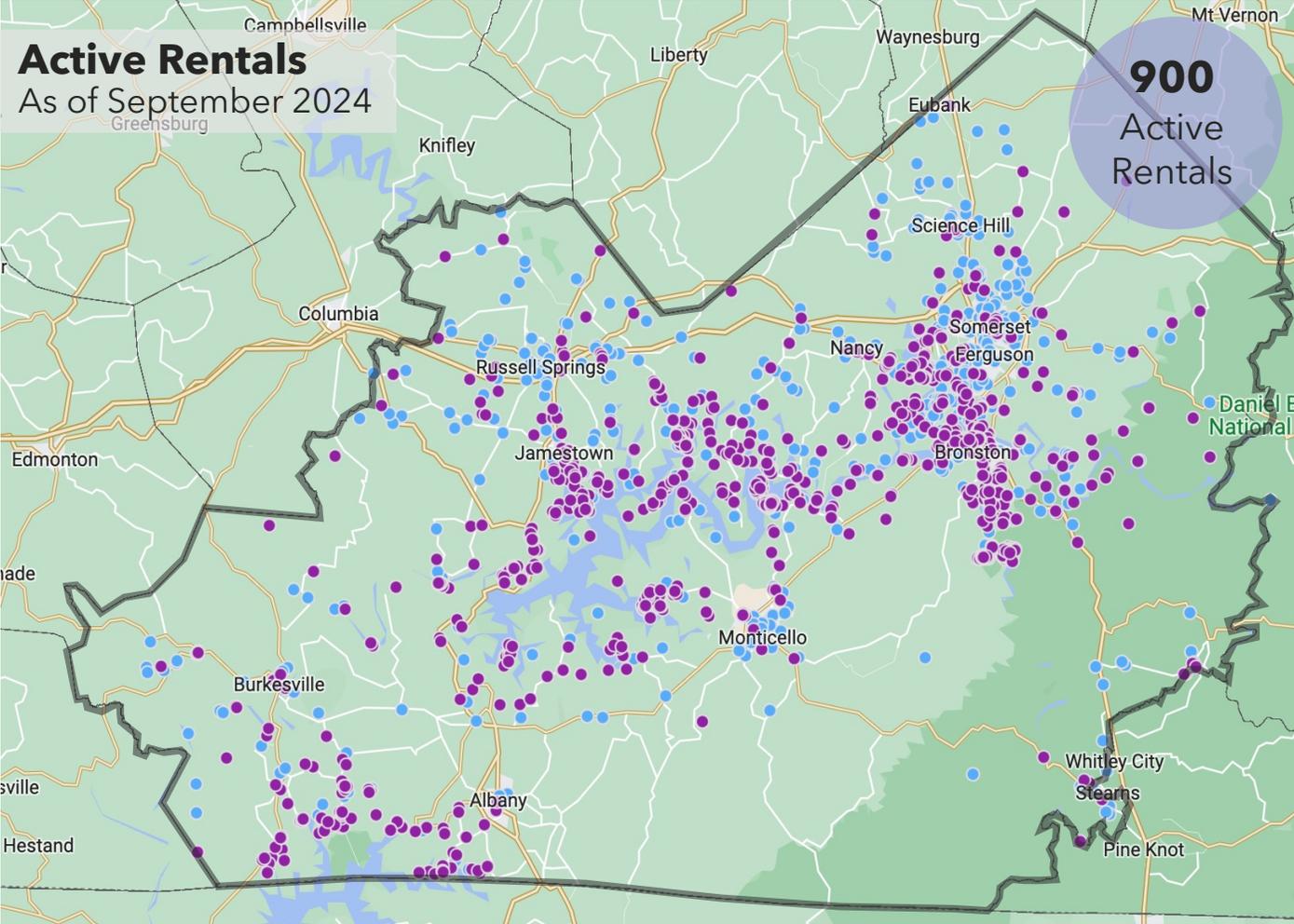
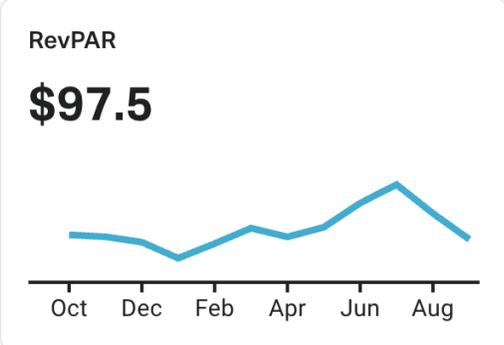
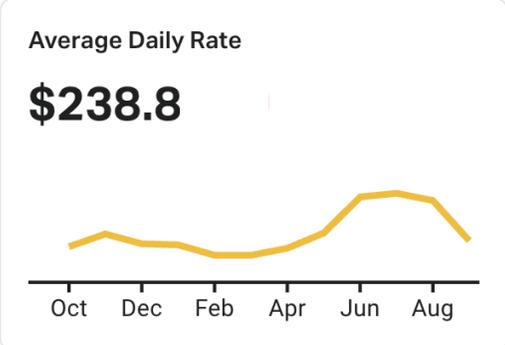
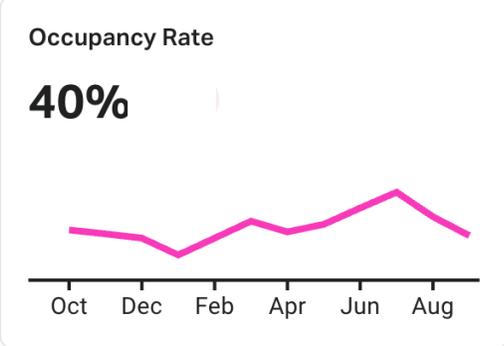


# Short-term Rental Market

# Short-term Rentals

Hunden assessed the short-term rental market in the Lake Cumberland submarket which includes 900 active rentals. The rental market is robust, indicating a strong leisure market, especially in the summer months. The average length of stay for rentals is **three** days.

## 2024 Submarket Performance

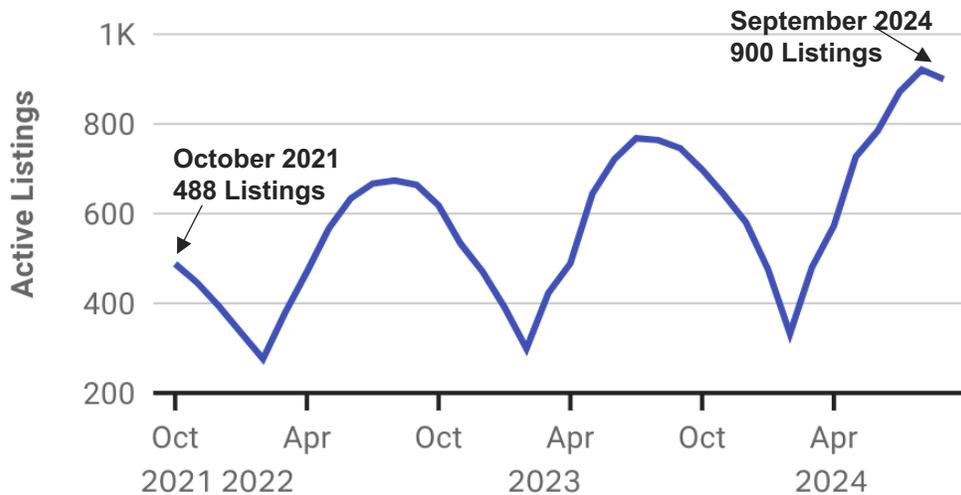


Source: AirDNA

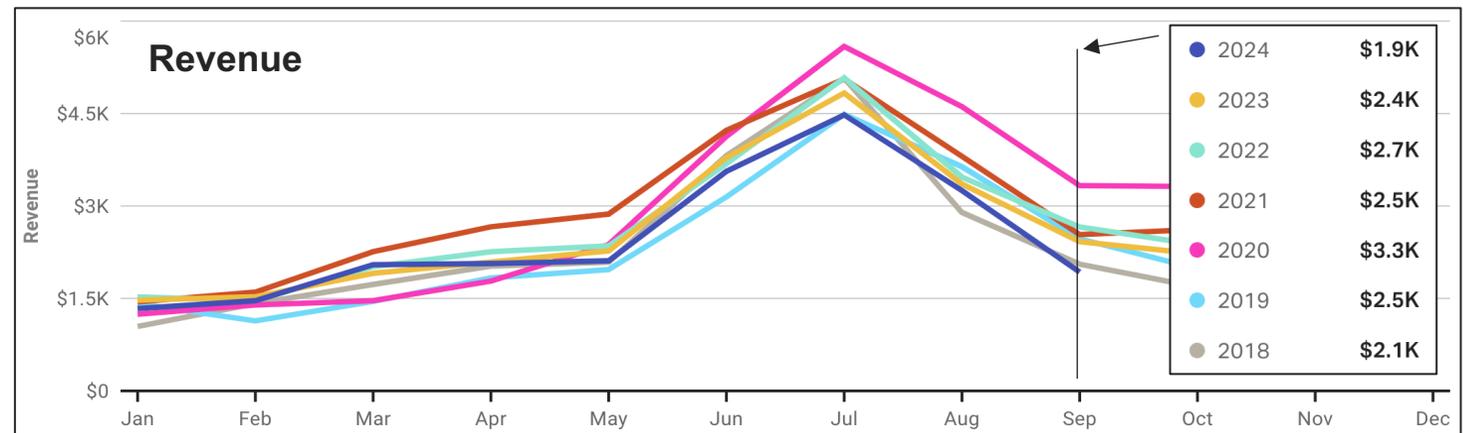
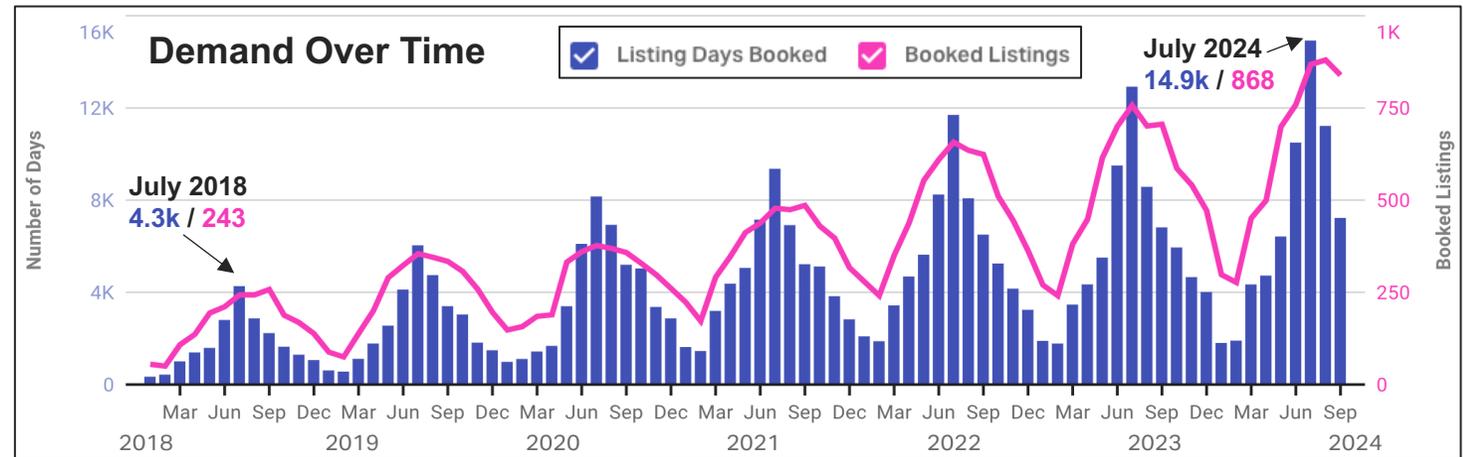
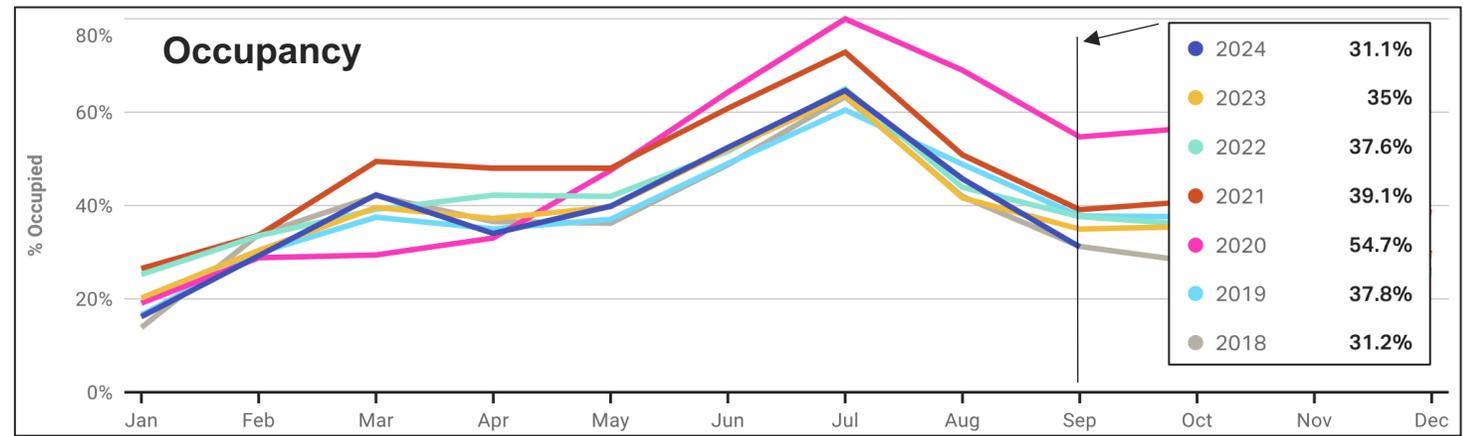
# Short-term Rentals Progress 2018 - 2024

Rental listings have increased significantly during the past five years, from 488 in 2021 to 900 in 2024. Excluding 2020, occupancy and revenue have remained stable, with an average occupancy of 38 percent and revenue at \$2.5K each September, from 2018 to 2024. Both listed days and booked listings have increased since 2018, with July 2024 marking the highest month to date.

## Rental Progress – Last 3 Years



Source: AirDNA



# Interview: Four Seasons Island Resort

---

Hunden interviewed the CEO of Storie Co., the owner and operator of the Four Seasons Island Resort, to gain insight into the asset's current performance and the functionality of high-end lodging properties. Key points from the interview are summarized below:

- **The more outdoor recreation amenities and engaging experiences available, the stronger the demand driver for the asset. As the CEO noted, "If you ask five different people why they are here, they will give you five different reasons."**
- The island's history, beauty, and various rentable activities are the main attractions at the Four Seasons Island Resort.
- **An asset of this quality will succeed organically on a Friday and Saturday, but to perform well from Sundays through Thursdays, it needs to attract SMERF group meeting segments.**
- The property is hyper locally driven, targeting groups from nearby cities to generate weekday group demand. They hired sales representatives from surrounding markets who attend local chamber events to promote the resort.
- To remain successful during the shoulder season, the Four Seasons Island Resort offers a diverse range of events for the local community. The resort's content calendar includes wine dinners, karaoke, live music, painting classes, and more.
- For most ground up developments, very early conversations with the city regarding funding and incentives is required.

# Implications

## Lodging Industry Trends and Analysis

### Outdoor Amenities and Experiences

Visitors are increasingly seeking unique and engaging experiences at high-end destinations, particularly outdoor options. The more amenities offered, the higher the demand from long-distance visitors.

### Kentucky Tourism Demographics

Known for its unique attractions such as the Kentucky Bourbon Trail and horse racing events, Kentucky has been a historically popular destination for affluent national and international travelers.

### High-End Travel Progress

Higher-income earners are dominating the travel industry, seeking high-end destinations. As a result, new high-end hotel construction outpaces all other chain scales.



An aerial photograph of a large lake surrounded by dense green forests and rolling hills. The water is a deep blue-green color, and several small boats are visible on the surface. The sky is clear and blue.

# 04

## Conference Center Competitive Analysis

---





# Industry Trends

# Conference & Meetings Industry Overview

While the industry is ever-changing, the expectations for ease, convenience, and affordability have consistently increased, along with the demand for authenticity and high-quality flexible spaces. A single event may use many different types of spaces, including exhibit halls, ballrooms, and breakout meeting rooms, increasing the need for well-designed multipurpose facilities. While the market for a smaller conference center with ballroom and meeting rooms typically targets smaller conferences, meetings, and social/banquet events, these facilities can also capture smaller trade shows, consumer shows, and assemblies.

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
<b>Attendance Range</b>	150 - 50,000	150 - 15,000	250 - 50,000	250 - 1,000,000	150 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
<b>Primary Purpose</b>	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
<b>Facility Requirements</b>	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
<b>Typical Facility Used</b>	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels			

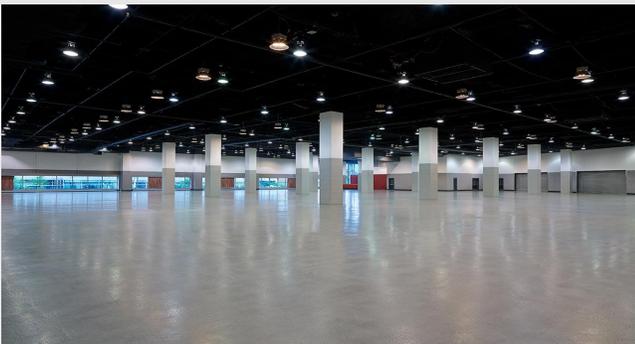
Source: Hunden Partners

# Function Space Types

The following outlines the three main function space types for convention and event facilities along with their design elements that event groups often require.

## Exhibit Space

Exhibit space tends to accommodate the largest group sizes and typically hosts conventions, trade shows, and sporting events. These spaces often emphasize simplicity, consisting of concrete flat floors, high ceiling heights, and large open areas that can allow for a variety of event types and setups.



## Ballroom Space

Ballrooms are typically larger than meeting rooms and primarily host banquets, conferences, and smaller conventions. Flexibility of these spaces is a crucial element. Quality ballrooms must offer column-free spaces and movable walls, patterned carpeting, chandeliers, and an overall sleek and swanky design.



## Meeting Space

Meeting rooms and boardrooms tend to accommodate smaller audiences and are typically used for business meetings or breakout space during conferences. These spaces are often occupied by table setups. Although design standards for meeting spaces are not as high compared to ballrooms, quality is still a valuable component for many groups.



# Convention & Meetings Industry Trends

Major trends in the ever-changing convention and meetings industry include the increasing need for seamless service, rising costs, demand for flexible meeting spaces, and locations with walkable amenities and headquarter hotels. Convenience and affordability for meeting planners are of critical importance.



## SEAMLESS SERVICE

Events are better facilitated when the event planning experience is seamless.



## EVENT COST

Rising transportation, catering, and services costs are driving venue selection.



## TECHNOLOGY

Demand for venues that can accommodate various technological needs is rising.



## FLEXIBLE SPACE

Meeting planners are interested in venues that offer high-quality flexible spaces.



## WALKABLE AMENITIES

Restaurants and attractions nearby make a destination more desirable.

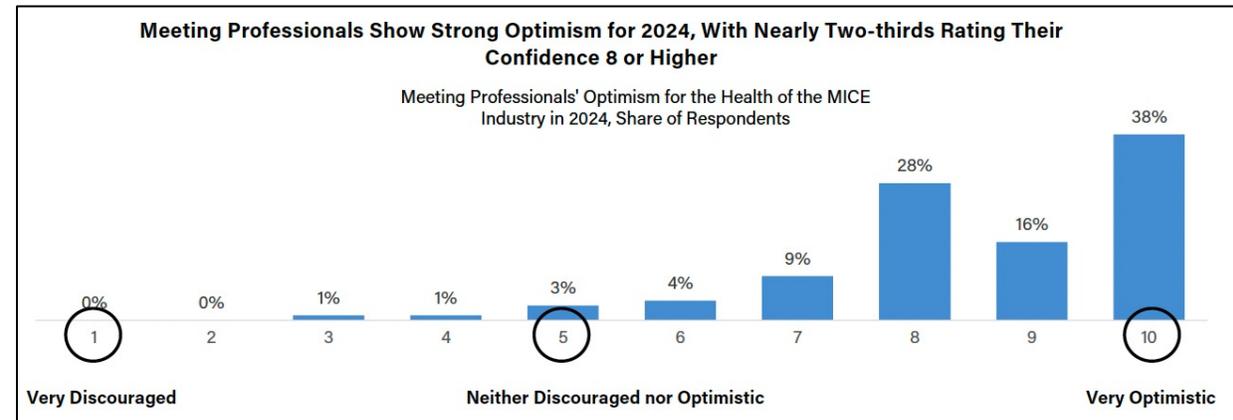
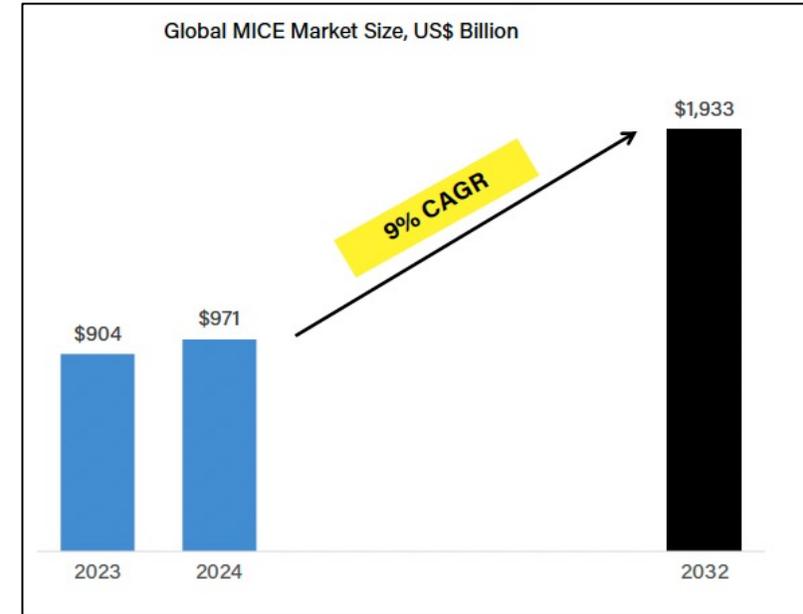


## HEADQUARTER HOTELS

Convention centers with headquarter hotels are more attractive to meeting planners.

# Meetings Industry Recovery and Progress Outlook

- **Demand Growth Accelerating:** The meetings sector is expected to achieve a compound annual growth rate (CAGR) of 9 percent by 2032 as the demand for in-person meetings accelerates.
- **High Confidence Among Professionals:** 82 percent of meetings professionals rated their confidence in the industry at 8 or higher, with 38 percent giving it a perfect 10, signaling strong optimism in 2024.
- **Optimistic Outlook:** Travel CEOs maintain a positive outlook on the meetings and events sector.
- **Groups Implementing Cost Control Strategies:** Companies are adjusting budgets by opting for more cost-effective solutions, such as choosing three-star hotels instead of four-star accommodations.



Source: Skift Research State of Travel Report 2024

\*MICE: Meetings, Incentives, Conferences, and Exhibitions



# Industry Trends: Meetings & Event Planner Survey Implications

# Pre-Pandemic Level Recovery

The tables below highlight the expected recovery timeline for the meetings and events industry and the main reasons that attendee numbers have not yet returned to pre-pandemic levels.

Expectations on Return to Pre-Pandemic Attendee Levels	
Expectation	Percentage
Attendee numbers already recovered	35%
In 2024	42%
Within 2 years	15%
Within 3-5 years	5%
Not expected to return to 2019 levels	3%
Source: 2024 Global Meetings & Events Forecast	

Factors Impacting Pre-Pandemic Level Recovery	
Factor	Percentage
Attendee health concerns	44%
Cost	42%
Attendee safety concerns	41%
Hosting fewer events for people to attend	29%
Other	5%
Source: 2024 Global Meetings & Events Forecast	

# Site Selection & Meetings Format

The 2024 Global Meetings & Events Forecast was developed through meetings and event data sources, interviews with industry leaders, and proprietary surveys of meetings professionals.

While the pandemic led to a significant shift to hybrid and virtual meetings, 2024 data shows a trend back toward in-person meetings.

Selection of meetings location and planned meetings formats are summarized in the adjacent tables. Location and size are the most influential factors for event planners.

Planned Meeting Format		
Format	2021	2024
In-person only	31%	63%
Hybrid	31%	19%
Virtual Only	38%	18%

Source: 2024 Global Meetings & Events Forecast

## Site Selection Influencing Factors

Factor	Percentage
Ease of travel to location for attendees	35%
Specific location type need (near airport, customer, etc.)	28%
Size of meeting space	25%
Past experience with site	17%
Ability to host hybrid meetings	16%
Preferred supplier programs	16%
Safety concerns	13%
Safety and health protocols	12%
Sustainability	11%
Repeat destination	8%
Resort destination	8%
Food & beverage service	8%
Online reviews	6%

Source: 2024 Global Meetings & Events Forecast

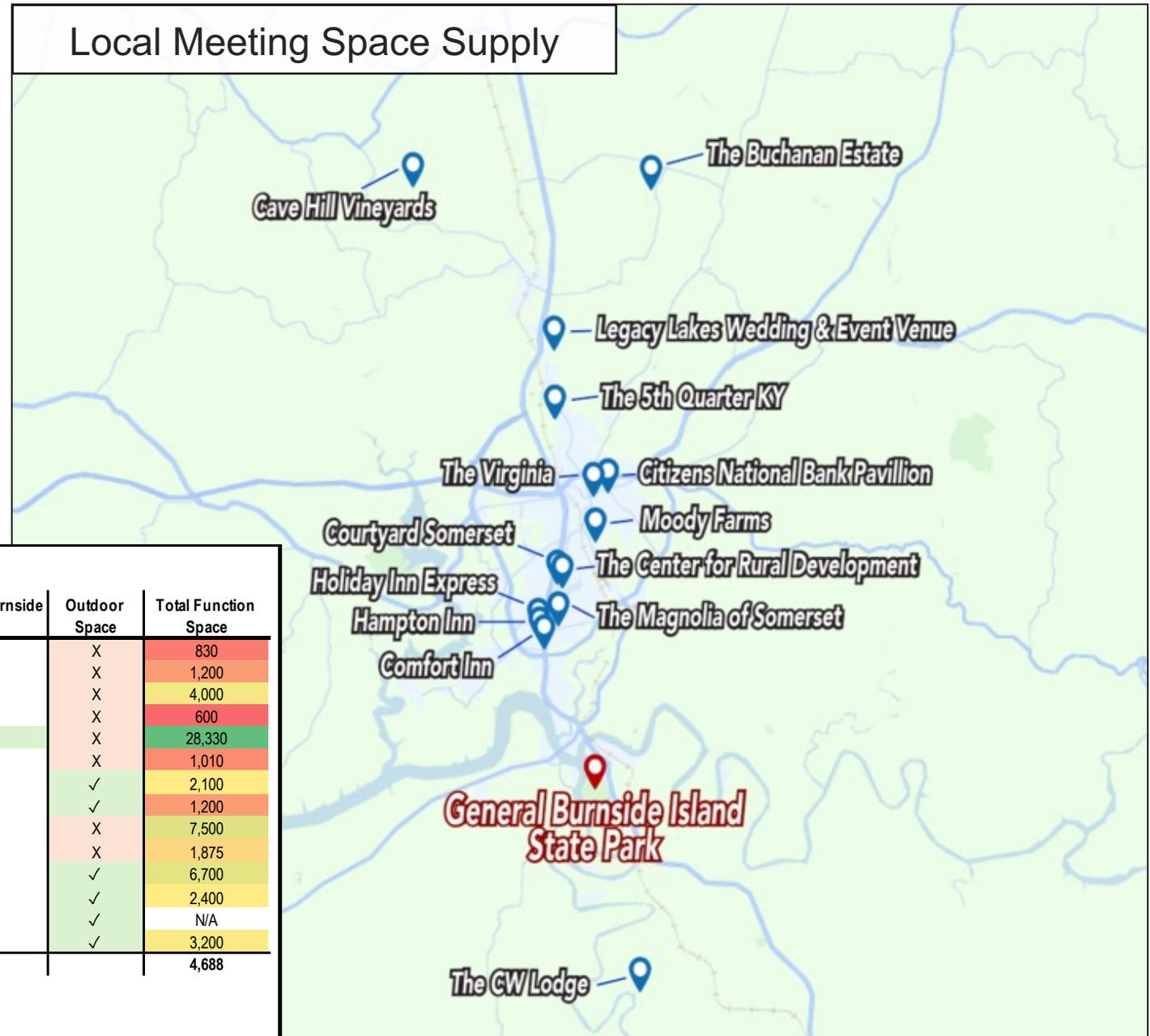


# Pulaski County Conference Center Supply

# Pulaski County Meetings Market

Pulaski County features 14 meetings and event spaces, ranging in size from 600 to more than 28,000 square feet. All venues are located within 25 miles of General Burnside Island State Park. There is a noticeable gap for event space ranging from 8,000 to 25,000 square feet. The largest, The Center for Rural Development, is highlighted on the next slide.

## Local Meeting Space Supply



Burnside, KY | Local Competitive Meeting Space Supply List

Venue	Type	Rooms (If Hotel)	Location	Miles from Burnside Island	Outdoor Space	Total Function Space
Comfort Inn Somerset	Hotel	54	Somerset, KY	6.0	X	830
Holiday Inn Express Hotel & Suites - Somerset, KY	Hotel	75	Somerset, KY	6.1	X	1,200
The Magnolia of Somerset	Banquet/Event Hall	-	Somerset, KY	6.1	X	4,000
Hampton Inn Somerset	Hotel	73	Somerset, KY	6.1	X	600
The Center for Rural Development	Event Venue	-	Somerset, KY	7.6	X	28,330
Courtyard Somerset	Hotel	104	Somerset, KY	7.7	X	1,010
Moody Farms*	Event Venue	-	Ferguson, KY	8.7	✓	2,100
The CW Lodge*	Wedding Venue	-	Burnside, KY	9.5	✓	1,200
The Virginia Theater*	Theater	-	Somerset, KY	10.2	X	7,500
Citizens National Bank Pavilion*	Event Venue	-	Somerset, KY	10.3	X	1,875
The 5th Quarter KY	Event Venue	-	Somerset, KY	13.0	✓	6,700
Legacy Lakes Wedding & Event Venue*	Wedding Venue	-	Science Hill	16.4	✓	2,400
The Buchanan Estate**	Event Venue	-	Eubank, KY	21.8	✓	N/A
Cave Hill Vineyards	Winery	-	Eubank, KY	23.2	✓	3,200
<b>Average</b>				<b>10.9</b>		<b>4,688</b>

\*Estimated square footage based on capacity

\*\*Square footage unavailable

Source: Cvent, Facility Websites, Lake Cumberland, Knowland

# The Center for Rural Development

The Center for Rural Development, the county's largest meeting venue, offers more than 28,000 square feet of indoor space with various room setups for different group sizes. The center contains a 760-seat theater, ideal for hosting a wide range of concerts and entertainment events. The Courtyard Somerset, a 104-room hotel that opened in 2017, is located right next door and walkable from the venue.

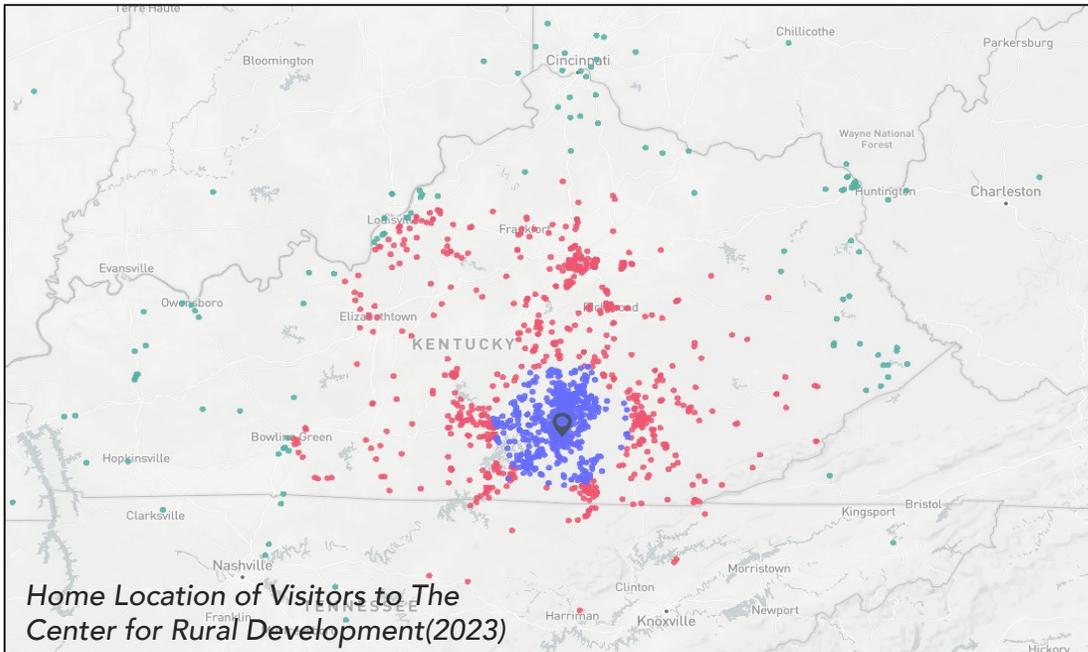


The Center for Rural Development			
	Total (SF)	By Division (SF)	Divisions
<b>Exhibit Space</b>	<b>23,160</b>		<b>2</b>
Exhibit Hall North		12,600	
Exhibit Hall South		10,560	
<b>Meeting Space</b>	<b>5,170</b>		<b>6</b>
Ballroom A		600	1
Ballroom B		600	1
Ballroom C		600	1
Ballroom D		600	1
Ballroom E		600	1
Theater Stage		2,170	1
<b>Summary</b>	<b>SF</b>		<b>Divisions</b>
Exhibit	23,160		2
Meeting Rooms	5,170		6
<b>Total</b>	<b>28,330</b>		<b>8</b>

Source: Centertech

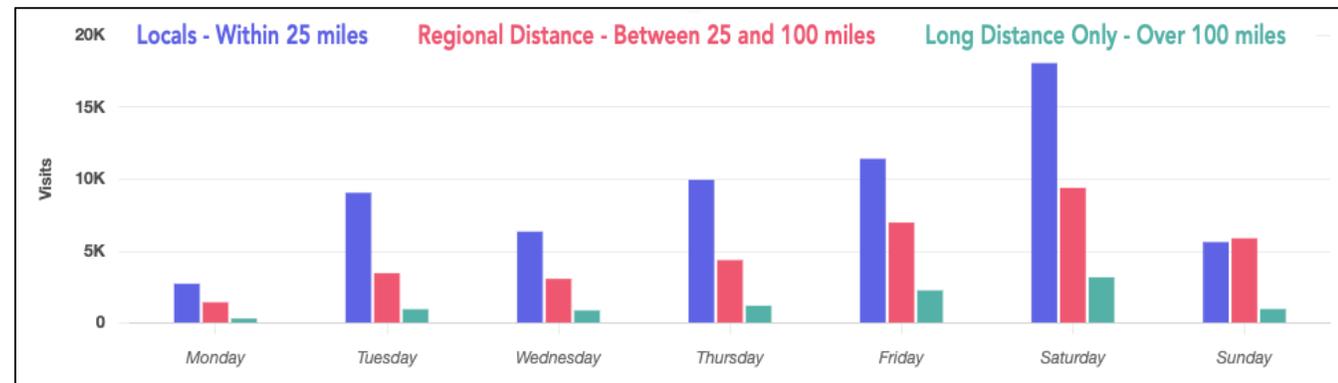
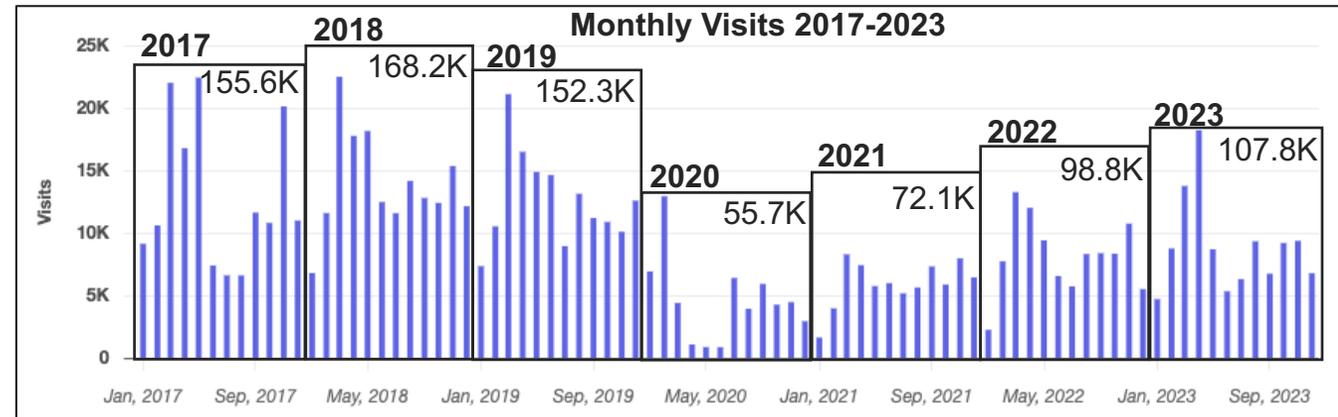
# The Center for Rural Development Visitation

In 2023, The Center for Rural Development recorded more than 107,000 visits, with nearly 60 percent coming from locals traveling within 25 miles of the facility. The high share of local visitors highlights the center's focus on serving nearby businesses and events. Despite its robust function space, the facility has struggled to draw out-of-state visitors, which creates the need for a new, unique space in the market to capture these groups.



The Center for Rural Development January 2023 - December 2023					
Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	63,200	59%	30,500	52%	2.07
Regional Distance - Between 25 and 100 miles	34,700	32%	21,800	38%	1.59
Long Distance only - Over 100 miles	9,800	9%	5,800	10%	1.69
<b>Total Visits</b>	<b>107,700</b>	<b>100%</b>	<b>58,100</b>	<b>100%</b>	<b>1.85</b>

Source: Placer.ai



# Interview: Meeting facilities

---

Hunden conducted interviews with The Virginia Theater and The Center for Rural Development to understand the operations and weaknesses of the arena. Summaries of those interviews are outlined below:

- **Seasonal Trends:** The Virginia Theater's peak visitor traffic occurs during the fall and winter, with attendance dropping in the spring and summer as tourists and residents flock to the nearby lake. Interviews noted that a location on the lake provides an opportunity to mitigate summer seasonality by attracting attendees already spending time by the water. Conversely, The Center for Rural Development experiences little to no seasonality in its events, maintaining steady attendance year-round.
- **Increase in Events:** The Center for Rural Development's significant surge in events is driven by the opening of the 104-room Marriott next door and the legalization of alcohol in the county. Prior to these changes, The Center struggled to attract multi-day conferences and larger events. Although weekend events are now booked a year in advance, The Center continues to face challenges filling weekday slots.
- **Competition and Market Supply:** Both venues report that the local market offers a diverse range of meeting spaces, suggesting no significant unmet demand. However, the area lacks upscale venues with on-site restaurants, which represents a gap that the Project could address. Maintaining a competitive edge in the market will require ongoing efforts to offer distinctive programming, amenities, and experiences to attract and retain event organizers.
- **Transportation and Accessibility:** Public transportation in the area is limited, restricting visitor mobility and reducing the appeal of the venues for extended stays or social gatherings. This limitation also impacts post-event spending. Introducing an on-site restaurant could help mitigate the issue by encouraging guests to stay longer and spend more without requiring additional travel.
- **Dining Limitations:** The lack of full-service dining options in the area poses a challenge for event organizers and diminishes the guest experience. Without premium dining choices, it becomes more difficult to attract larger or higher-profile events, which reduces the region's potential as a premier event destination.

# Implications

## Conference Center Competitive Analysis

### Gaps and Opportunities

While the local market offers a wide variety of event spaces, ranging from small community venues to large conference centers, a gap exists in upscale mid-sized facilities that could cater to groups looking for destination meeting facilities. This presents a clear opportunity for new developments to fill an underserved niche.

### Lack of Complementary Assets

The absence of key complementary amenities, such as full-service dining options and convenient transportation, presents a challenge. Without these elements, visitor satisfaction, post-event spending, and the ability to attract larger or multi-day events are limited. Venues that integrate lodging and food & beverage services tend to perform better.

### Interviews: A Common Thread

Interviews revealed common themes around accessibility, seasonality, and programming. Additionally, while strong demand continues for weekend events, weekday utilization remains a challenge, suggesting an opportunity for new or enhanced programming. Stakeholders emphasized that leveraging local attractions and offering on-site conveniences could help drive more consistent attendance throughout the year.



An aerial photograph of a large body of water, likely a lake or reservoir, surrounded by dense green forests and rolling hills. The water is a deep blue-green color, and there are several small boats visible on the surface. The land is covered in lush green trees and grass, with some buildings and roads visible in the distance. The overall scene is a scenic, natural landscape.

# 05

## Market Findings: Amphitheater, Live Entertainment, & Tourism Amenities

---





# Amphitheater & Live Entertainment Analysis

# Entertainment Facilities

---

Entertainment facilities are essential community hubs, offering diverse experiences that cater to all ages and backgrounds. From theaters and concert halls to large events, these venues foster community and entertainment. Within a resort-style destination, an entertainment venue provides unique event opportunities such as weddings, seasonal live entertainment, and a valuable on-site amenity for guests.



# Pulaski County

## Amphitheater & Live Entertainment Venues

Hunden utilized Placer.ai to assess visitation trends in 2023 for all music and entertainment venues in Pulaski County. Despite having a standing capacity of only 500, The Virginia Theater is the county's most successful live music venue, attracting more than 10,000 visits in 2023. Notably, the county lacks entertainment facility options that can draw long-distance visitors.



**Pulaski County Amphitheater Venue Supply**

Venue	Location	Distance from Burnside Island	2023 Visits	2023 Visitors	Visitor Frequency
The Virginia Theater	Somerset, KY	10.2 mi	10,300	7,400	1.39
Flashback Theater Co	Somerset, KY	10.1 mi	3,900	1,600	2.44
Joe Ford Amphitheater	Somerset, KY	9.9 mi	1,900	1,300	1.46
<b>Average</b>			<b>5,367</b>	<b>3,433</b>	<b>1.76</b>

Source: Placer.ai

# The Virginia Theater

**Concert Capacity: 500**

**Year Built/Renovated: 1922/2022**

**Renovation Cost: \$2 million**

**Owner & Operator: Somerset City Council**

The Virginia Theater, built in 1922, originally served as Somerset's main movie theater. It remained successful until the emergence of multiscreen cinemas downtown. In 1994, the theater closed indefinitely after a roof collapse caused by an ice storm.

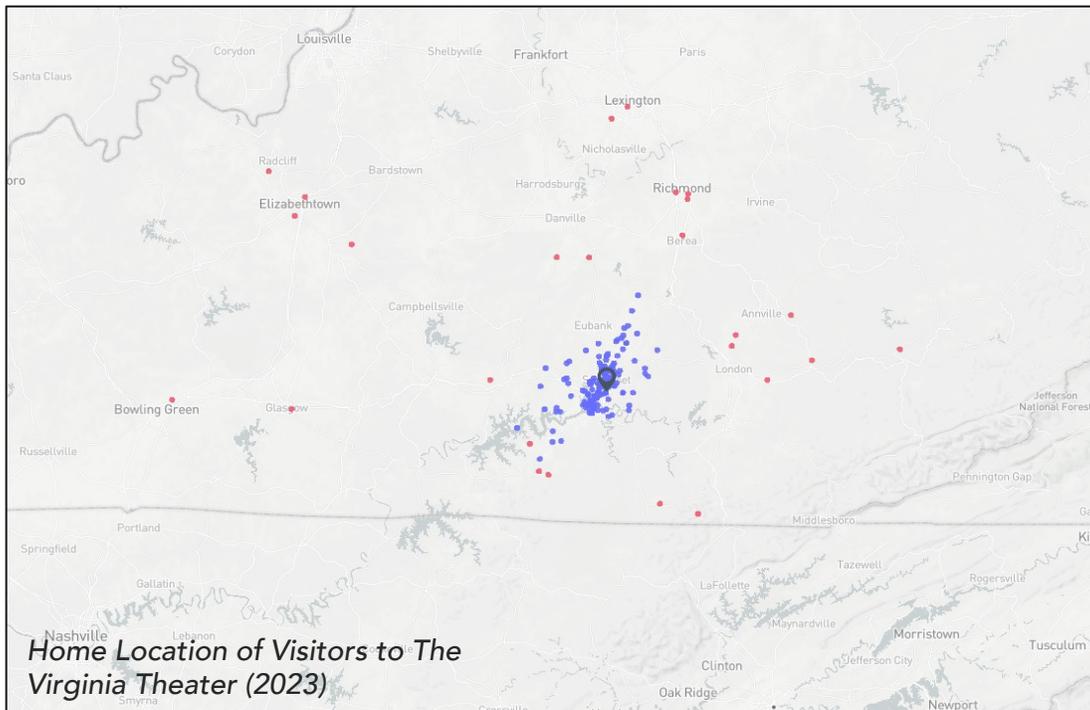
On the 100th anniversary of its original opening, and following \$2 million in renovations, The Virginia Theater reopened as a multipurpose event venue. The facility now hosts concerts, comedy shows, classic movies, weddings, proms, seminars, conferences, fundraisers, and more, with country concerts being the most popular type of event.

Since reopening, the theater has sold more than 10,000 tickets and aims to host 2 - 3 ticketed events per month. There are also plans to open the space for art galleries.



# The Virginia Theater

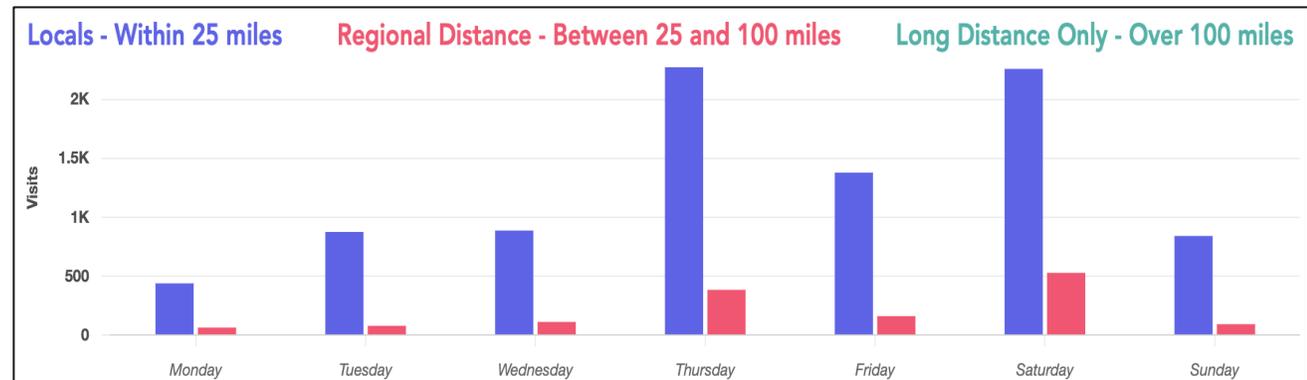
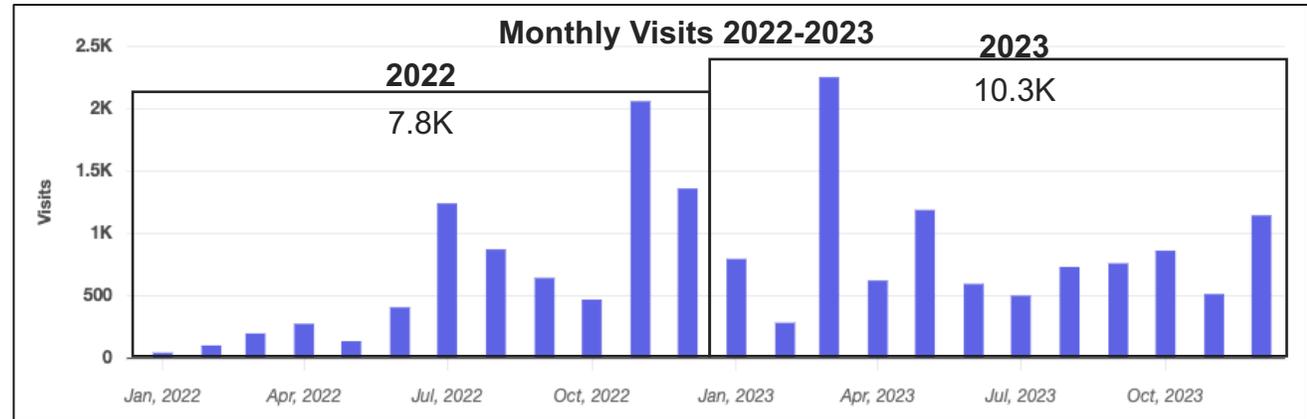
The Virginia Theater reopened in 2022 after being closed for 28 years. Since then, the facility has welcomed more than 18,000 visitors, with 10,300 in 2023 alone. The vast majority of visitors are locals. The theater performs best in the fall and winter, with slower periods during the spring and summer. The Virginia Theater's staff aims to host 2 to 3 ticketed events per month.



The Virginia Theater - Somerset, KY Total Visitation  
January 2023 - December 2023

Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	8,500	83%	5,800	78%	1.47
Regional Distance - Between 25 and 100 miles	1,300	13%	1,200	16%	1.08
Long Distance only - Over 100 miles	500	5%	400	5%	1.25
<b>Total Visits</b>	<b>10,300</b>	<b>100%</b>	<b>7,400</b>	<b>100%</b>	<b>1.39</b>

Source: Placer.ai



# Interview: The Virginia Theater

---

Hunden interviewed the general manager of The Virginia Theater to understand operations of the historic theater and demand for live entertainment in the region. A summary of that interview is outlined below:

- Somerset has grown exponentially; however, there is still significant demand for more entertainment venues, conference facilities, hotel rooms, and food & beverage amenities.
- The summer season is traditionally slow for indoor ticketed events, while spring and fall are the busiest. Consequently, there is a strong demand and opportunity for an outdoor venue at General Burnside Island State Park, as people prefer to stay outside by the lake during the summer.
- The flexibility of The Virginia Theater's function space allows for a wide variety of event types and uses.
- Although most of the theater's visitors come from within 25 miles, certain larger events have attracted attendees from outside the Commonwealth.
- The primary reason for lost business at The Virginia Theater is the facility's capacity limitations.



# Tourism Amenities

# Tourism Amenity Matrix

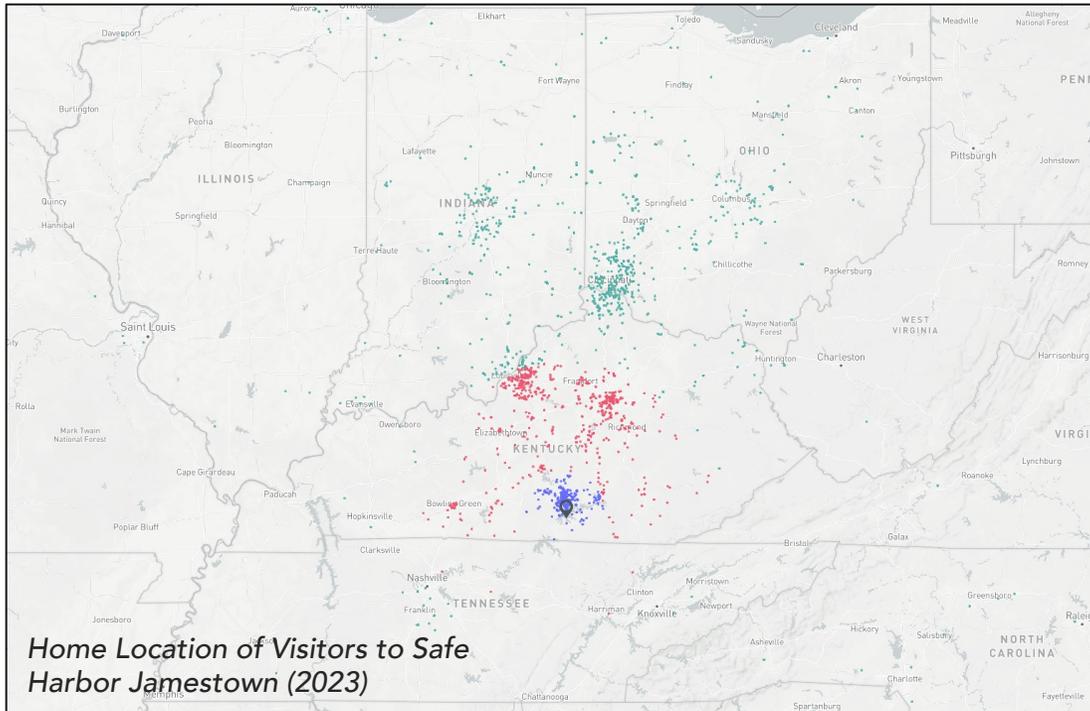


**Key Takeaway - Safe Harbor Burnside had just 67,100 visits in 2023, trailing behind competitors like Conley Bottom Resort, which attracted more than 300,000 visitors due to its wider amenities. Expanding offerings and collaborating with the proposed island resort could boost Burnside's appeal and competitiveness.**

Property	Location	Miles from Project	Boat Rental	Houseboats	Jet Ski Rentals	Boat Slips	Daily Boat Slips	Boat Fuel	Kayaks	Paddle Boards	Swimming Pool	Marina Retail Outlet	On-Site Lodging	On-Site Restaurant	2023 Visits
Safe Harbor Burnside	Burnside, KY	0.1	✓			✓	✓	✓				✓		✓	67.1K
Lee's Ford Resort Marina	Nancy, KY	11.6	✓	✓	✓	✓		✓				✓	✓	✓	175.7K
Conley Bottom Resort	Monticello, KY	18.2	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	334.0K
Safe Harbor Beaver Creek	Monticello, KY	29.2	✓			✓	✓	✓	✓	✓		✓		✓	26.0K
Wolf Creek Marina	Nancy, KY	34.0				✓	✓	✓				✓		✓	63.3K
Lake Cumberland Marina	Russel Springs, KY	36.6	✓			✓	✓	✓				✓	✓	✓	43.6K
Marina Rowena	Albany, KY	43.6	✓		✓	✓		✓				✓		✓	93.0K
Safe Harbor Jamestown	Jamestown, KY	44.8	✓			✓	✓	✓			✓	✓	✓	✓	116.6K
Safe Harbor Grider Hill	Albany, KY	46.0	✓			✓	✓	✓				✓	✓		80.4K
State Dock	Jamestown, KY	53.0	✓	✓		✓		✓						✓	129.4K
<b>Total</b>			<b>9</b>	<b>3</b>	<b>3</b>	<b>10</b>	<b>7</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>9</b>	<b>9</b>	

# Safe Harbor Jamestown

Safe Harbor Jamestown Marina received nearly 155,000 visits in 2023, with most visitors traveling from more than 100 miles away. Visitation peaks during the summer months, with July consistently being the busiest month, while slower periods happen during the winter. Weekends were the busiest days, with the strongest out-of-state draw from Cincinnati.



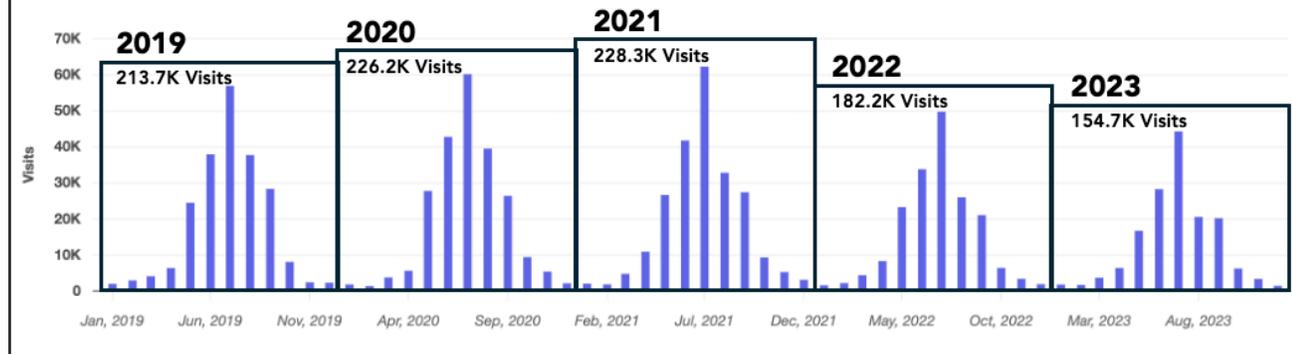
## Safe Harbor Jamestown - Jamestown, KY Total Visitation

January 2023 - December 2023

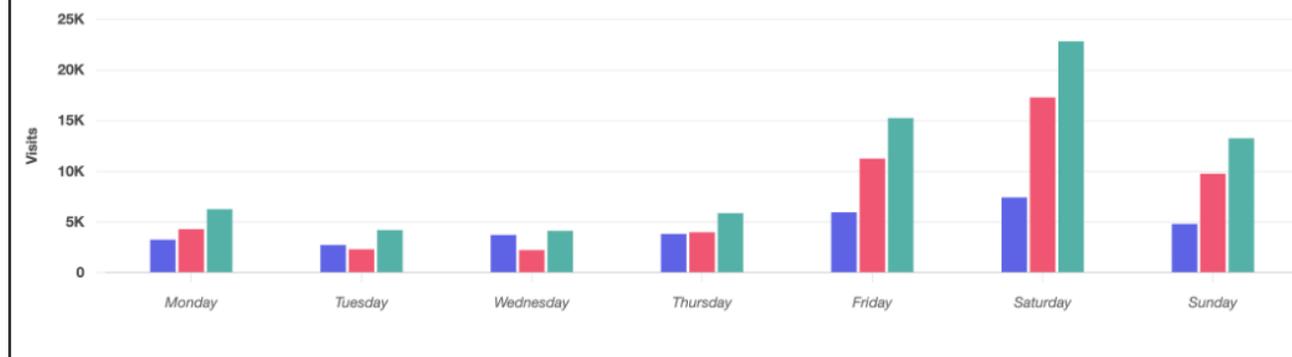
Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	31,700	21%	6,700	15%	4.73
Regional Distance - Between 25 and 100 miles	51,100	33%	15,100	34%	3.38
Long Distance only - Over 100 miles	71,800	46%	23,200	52%	3.09
<b>Total Visits</b>	<b>154,600</b>	<b>100%</b>	<b>45,000</b>	<b>100%</b>	<b>3.44</b>

Source: Placer.ai

## Monthly Visits 2022-2023

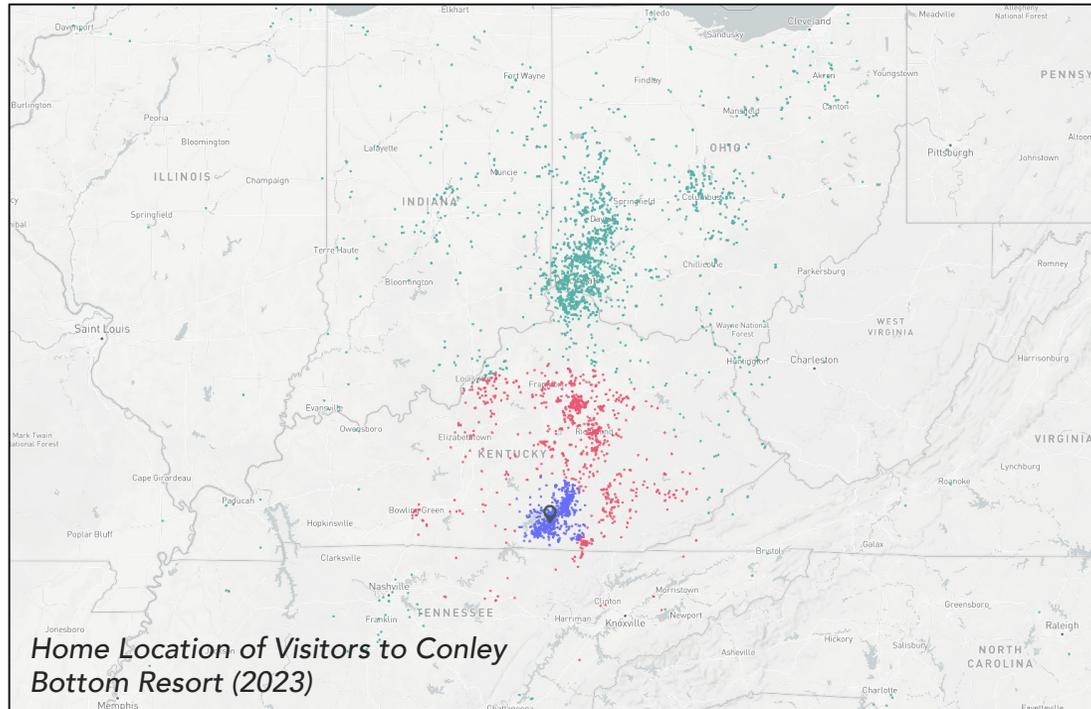


## Locals - Within 25 miles    Regional Distance - Between 25 and 100 miles    Long Distance Only - Over 100 miles



# Conley Bottom Resort

Conley Bottom Resort welcomed nearly 334,000 visitors in 2023, with most traveling from more than 100 miles away. Visitation peaks in the summer, with July consistently the busiest month, while a slowdown occurs in the winter. Weekends drew the largest crowds, with Cincinnati providing the strongest out-of-state presence.



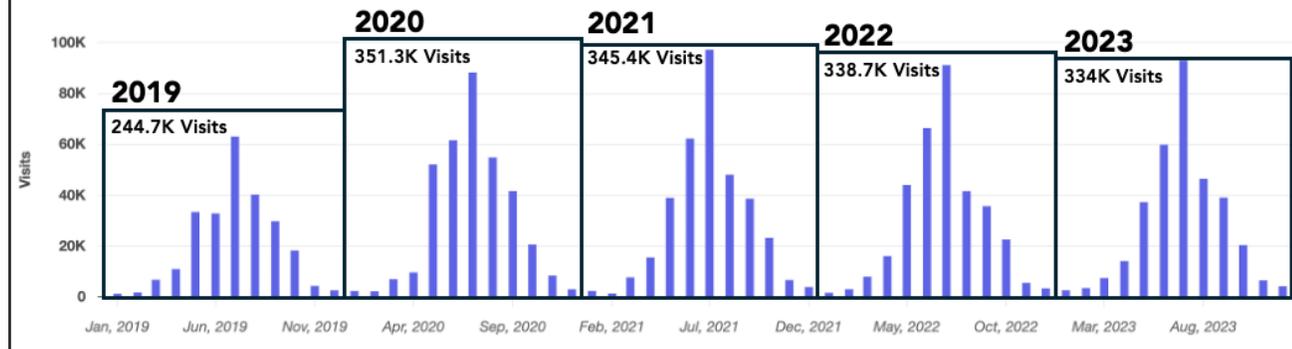
## Conley Bottom Resort - Monticello, KY Total Visitation

January 2023 - December 2023

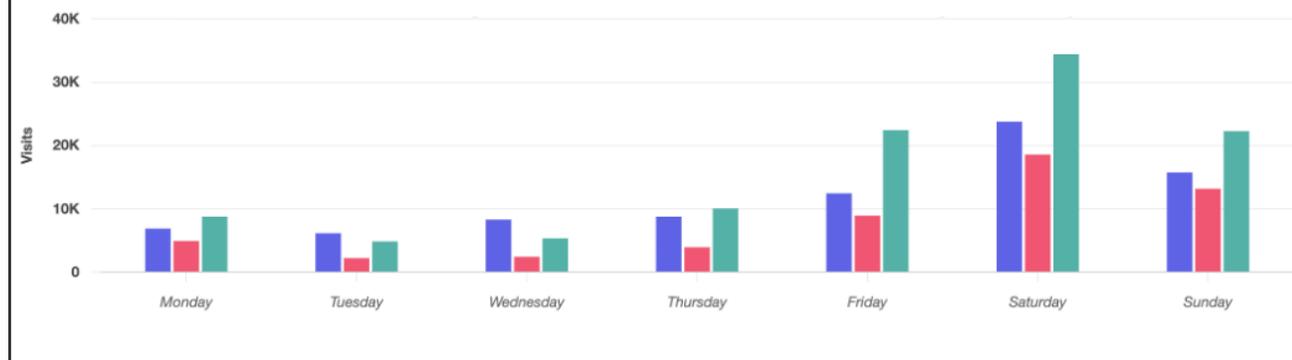
Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	101,500	30%	19,700	21%	5.15
Regional Distance - Between 25 and 100 miles	75,800	23%	22,500	24%	3.37
Long Distance only - Over 100 miles	156,600	47%	53,200	56%	2.94
<b>Total Visits</b>	<b>333,900</b>	<b>100%</b>	<b>95,400</b>	<b>100%</b>	<b>3.50</b>

Source: Placer.ai

## Monthly Visits 2022-2023



## Locals - Within 25 miles    Regional Distance - Between 25 and 100 miles    Long Distance Only - Over 100 miles



# Interview: Safe Harbor Marinas

---

Hunden interviewed the regional vice president of Safe Harbor Marinas to understand the operations of the marinas located on Lake Cumberland. A summary of that interview is outlined below:

- **Burnside Marina Overview and Operations:** The Safe Harbor Burnside docks were recently renovated due to damage from a snowstorm and now offer 350 slips, with 25 pontoon boats currently available for rent. Since the renovations, occupancy has risen from 50 percent to 90 percent. Previous rental options, which include houseboats, jet skis, and kayaks, were discontinued due to declining demand and liability concerns.
- **Market Demand and Visitor Demographics:** The marinas on Lake Cumberland primarily experience an influx of destination visitors from Indiana, Ohio, and Michigan, with summer being the peak season. After November 1, Safe Harbor Burnside closes for the winter. While Safe Harbor Jamestown also shuts down its marina, lodging in Jamestown remains open year-round.
- **Future Needs and Strategic Partnerships:** Plans for Safe Harbor Burnside include enhancing the visitor experience through partnerships with a lodging development on General Burnside Island State Park. Out-of-town visitors are willing to spend significant amounts on prime boat slips, with some fetching as much as \$24,000 annually. This spending behavior highlights a clear opportunity to attract further revenue by offering high-end amenities, such as upscale restaurants, retail shops, and premium lodging options.
- **Challenges and Expansion Opportunities:** A potential lodge or cabin development at General Burnside Island State Park could attract more visitors, which would prompt the need for marina expansions. With Lake Cumberland considered "built out," the focus will shift to enhancing existing marinas rather than building new ones.

# Interview: The Cabot Collection

---

Hunden interviewed the founder and executive chairman of The Cabot Collection to understand the operations and industry trends of the high-end golf resort market. A summary of that interview is outlined below:

- **Success Factors for Golf Resorts:** Proximity to airports and population centers is critical. Without strong air access, sites need exceptional appeal, such as waterfront locations, to attract visitors. While elite golf courses can draw visitors regardless of accessibility, less-renowned courses must enhance their appeal with premium amenities and experiences beyond golf. Since Kentucky lacks destination courses with national pull, developing upscale offerings and unique incentives will be crucial to attracting visitors from outside the region.
- **The Cabot's Lodging Strategy:** The Cabot Collection focuses on world-class golf as the core asset, with lodging designed to complement it. The company retains control over all room inventory by selling some properties and leasing them back as rentals, which ensures efficient operations and optimizes revenue streams.
- **Diverse Golf Audience and Accommodation Packages:** Golf appeals to a broad demographic, which ranges from college students to affluent adults. To cater to this diversity, resorts offer tailored accommodation packages for all types of visitors. Options range from standard hotel rooms to high-end villas, which ensures an inclusive experience that matches varying budgets and preferences.

# Retail Market Opportunity Gap



## Overview

Hunden conducted a retail market opportunity gap analysis using data from Claritas to evaluate supply and demand within a one-hour drive of General Burnside Island State Park. The opportunity gap, also known as unspent dollars, highlights unmet demand across specific retail categories.



## Full-Service Restaurants

The report reveals a clear shortage of sit-down dining options. This unmet demand suggests opportunities for new restaurants to attract locals and visitors seeking quality dining experiences.



## Food & Beverage Places

Among the retail types, the food services and drinking places sector exhibited the largest gap, with **unspent dollars** surpassing **\$93 million**. The tables to the right offer a detailed breakdown of a few key sectors: full-service restaurants, drinking establishments, and limited-service restaurants.



## Limited-Service Restaurants

In contrast, limited-service restaurants, such as fast-food chains, are oversupplied.

### Full-Service Restaurants

Demand: \$173.3 M

– Supply: \$97.1 M

---

**Market Potential: \$76.2 M**

### Drinking Places (Bars)

Demand: \$13.5 M

– Supply: \$1.5 M

---

**Market Potential: \$12.0 M**

### Limited-Service Restaurants

Demand: \$145.9 M

– Supply: \$172.7 M

---

**Market Potential: -\$26.8 M**

# Implications

## Amphitheater, Live Entertainment, & Tourism Amenities

### Lack of Retail Amenities

The Burnside area features a significant gap in the retail market. Data from Claritas and discussions with stakeholders indicate limited food & beverage options, particularly full-service restaurants.

### Amphitheater Opportunities

An outdoor amphitheater asset can be added to complement other amenities, such as the golf course and lake, which are heavily used from spring through fall. This type of venue can also be utilized as an attractive event space for outdoor weddings and private events.

### Tourism Assets

Analysis of case studies reveals that the most visited and best-performing properties offer a wide variety of on-site and off-site tourism amenities. Expanding Burnside's offerings will enhance the city's appeal and competitiveness.



# 06

## Case Studies & Best Practices

---



# Case Study Methodology

---

Hunden undertook an in-depth analysis of comparable hotel resorts with similar amenities to those proposed within the Project throughout the United States. These case studies will shine a light on the potential seasonality and performance of the Project.

**In the case studies chapter, Hunden will identify:**

- Similar facilities in various markets across the United States,
- The hotel performance aspect of these similar facilities, and
- Annual visitation and out-of-state visitors, utilizing geofencing tracking analytics.

**Similar Facilities in Different Markets:** Due to the lack of higher end, resort-style facilities in the local market, Hunden analyzed comparable resort hotels in other markets. These properties are more comparable to the Project than the local supply and are located in markets with similar seasonality patterns.

**Hotel Performance:** For the comparable properties in other markets, Hunden included historical hotel performance data to understand how these properties perform at a deeper level. Further, these performance metrics help consider achievable room and occupancy rates the Project could capture.

# Comparable Resorts Overview

Hunden selected nine hotel resort destinations comparable to the Project to create a competitive set. These properties vary in location, room counts, opening year, drive-time populations, visitor origins, and on-site amenities. On average, the competitive set attracted nearly 309,000 visitors in 2023, with 36 percent coming from out of state, highlighting the strong long-distance appeal of these destinations. The shaded properties will be highlighted in further detail on the following slides.

Burnside Island Comparable Hotel Resorts												
Property	Property		Location						2023 Visitation			
	Property	Year Opened	Rooms	City	State	County Population	3-Hour Drive Time Population	3-Hour Drive Time MHI	2023 Visits	% Visits 100+ Miles	% Within State	% Out of State
1	Lanier Islands Legacy Lodge	1988	282	Buford	GA	975,353	12,857,991	\$76,144	208,200	43%	63.4%	36.6%
2	The Wolfeboro Inn	1987	44	Wolfeboro	NH	52,200	9,290,466	\$94,950	53,100	28%	53.9%	46.1%
3	Mill Falls at the Lake	1985	171	Meredith	NH	64,800	10,394,804	\$93,370	142,000	44%	41.1%	58.9%
4	Grand View Lodge	1919	329	Nisswa	MN	67,900	5,263,648	\$87,911	491,800	62%	86.0%	14.0%
5	Four Seasons Island Resort	1925	55	Pembine	WI	42,106	1,970,084	\$71,707	69,300	34%	68.4%	31.6%
6	Big Cedar Lodge	1965	362	Ridgedale	MO	57,865	3,441,589	\$58,480	1,100,000	76%	32.6%	67.4%
7	Sun Outdoors San Diego Bay	2021	282	Chula Vista	CA	3,299,130	20,751,165	\$93,690	227,859	37%	87.5%	12.5%
8	The Lake House on Canandaigua	2020	124	Canandaigua	NY	113,170	5,036,379	\$67,403	228,700	25%	80.6%	19.4%
9	The Sagamore Resort	1930	386	Bolton Landing	NY	29,426	4,396,199	\$78,717	258,600	72%	62.0%	38.0%
	<b>Average</b>	<b>1971</b>	<b>226</b>	-	-	<b>522,439</b>	<b>8,155,814</b>	<b>\$80,264</b>	<b>308,840</b>	<b>47%</b>	<b>64%</b>	<b>36%</b>
	<i>General Burnside Island State Park Project</i>	-	-	<i>Burnside</i>	<i>KY</i>	<i>66,217</i>	<i>7,647,598</i>	<i>\$66,265</i>	-	-	-	-

Source: Hunden Partners, ESRI, STR

# General Amenities



**Key Takeaway - "If you ask five different people why they are here, they will give you five different reasons" (Four Seasons Islands Resort). The diversity of amenities is crucial to the success of a resort-style destination.**

Property	Event Space	Golf Course	Trails	Playground	Zip Line	Snack Shack	Restaurant	Spa	Golf Carts	Pavilions	Sand Volleyball	Arcade	Total
Lanier Islands Legacy Lodge	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	11
The Wolfeboro Inn	✓		✓				✓			✓			4
Mill Falls at the Lake	✓		✓			✓	✓	✓					5
Grand View Lodge	✓	✓	✓		✓	✓	✓	✓	✓		✓		9
Four Seasons Island Resort	✓	✓	✓				✓	✓	✓		✓	✓	8
Big Cedar Lodge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12
Sun Outdoors San Diego Bay	✓		✓	✓		✓	✓	✓				✓	7
The Lake House on Canandaigua	✓		✓			✓	✓	✓					5
The Sagamore Resort	✓		✓	✓		✓	✓	✓	✓	✓		✓	9
<b>Total</b>	<b>9</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	

# Rentable Water Activities



**Key Takeaway - No two destinations are the same. A higher total score does not necessarily indicate a better destination. Each offers a variety of amenities for water recreational activities, which is the most important factor to consider.**

Property	Boat Rental	Jet Ski Rentals	Boat Slips	Daily Boat Slips	Boat Fuel	Inflatable Water Park	Kayaks	Paddle Boards	Swimming Pool	Beach	Total
Lanier Islands Legacy Lodge	✓		✓	✓	✓	✓			✓	✓	7
The Wolfeboro Inn		✓				✓	✓				3
Mill Falls at the Lake	✓						✓	✓			3
Grand View Lodge	✓	✓	✓				✓	✓			5
Four Seasons Island Resort	✓						✓		✓		3
Big Cedar Lodge	✓	✓	✓	✓	✓		✓	✓	✓	✓	9
Sun Outdoors San Diego Bay									✓		1
The Lake House on Canandaigua	✓		✓	✓	✓		✓	✓	✓		7
The Sagamore Resort	✓		✓	✓			✓	✓	✓		6
<b>Total</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>2</b>	

# Competitive Set Performance



**Key Takeaway - Occupancy levels in the competitive set have not returned to pre-pandemic levels; however, rates have surged, with a nearly nine percent CAGR increase from 2016 to 2023, which matches the national trend of increased demand for high-end travel.**

2023 Hotel Occupancy  
**51.9%**



2023 ADR  
**\$426.95**



ADR CAGR  
(2016 - 2023)  
**8.6%**



Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels  
Burnside, KY | Competitive Set

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPar	% Change
2016	1,356	495,087	–	281,238	–	56.8	–	\$266.63	–	\$151.46	–
2017	1,349	492,385	-0.5%	282,507	0.5%	57.4	1.0%	\$271.17	1.7%	\$155.58	2.7%
2018	1,354	494,221	0.4%	289,859	2.6%	58.6	2.2%	\$285.80	5.4%	\$167.62	7.7%
2019	1,494	545,162	10.3%	314,430	8.5%	57.7	-1.7%	\$281.10	-1.6%	\$162.13	-3.3%
2020	1,626	593,665	8.9%	229,855	-26.9%	38.4	-33.4%	\$279.90	-0.4%	\$125.90	-22.3%
2021	1,747	637,655	7.4%	323,559	40.8%	50.7	32.1%	\$403.54	44.2%	\$204.76	62.6%
2022	1,747	637,655	0.0%	336,109	3.9%	52.7	3.9%	\$425.86	5.5%	\$224.47	9.6%
2023	1,754	640,037	0.4%	332,499	-1.1%	51.9	-1.4%	\$426.95	0.3%	\$221.80	-1.2%
2024 YTD (August)	1,753	425,979	0.0%	222,084	-1.8%	52.1	-1.7%	\$448.71	2.4%	\$233.94	0.6%
<b>CAGR (2016-2023)</b>	<b>4.2%</b>	<b>4.2%</b>		<b>2.6%</b>		<b>-1.2%</b>		<b>8.6%</b>		<b>6.6%</b>	

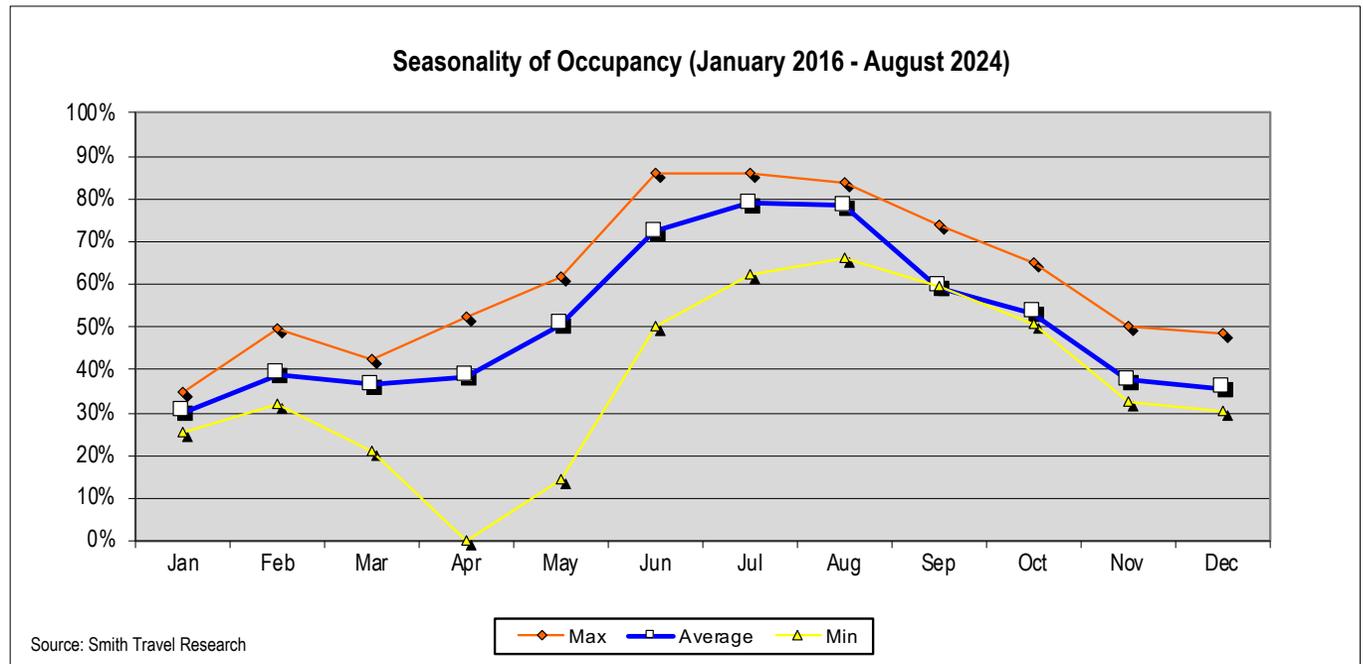
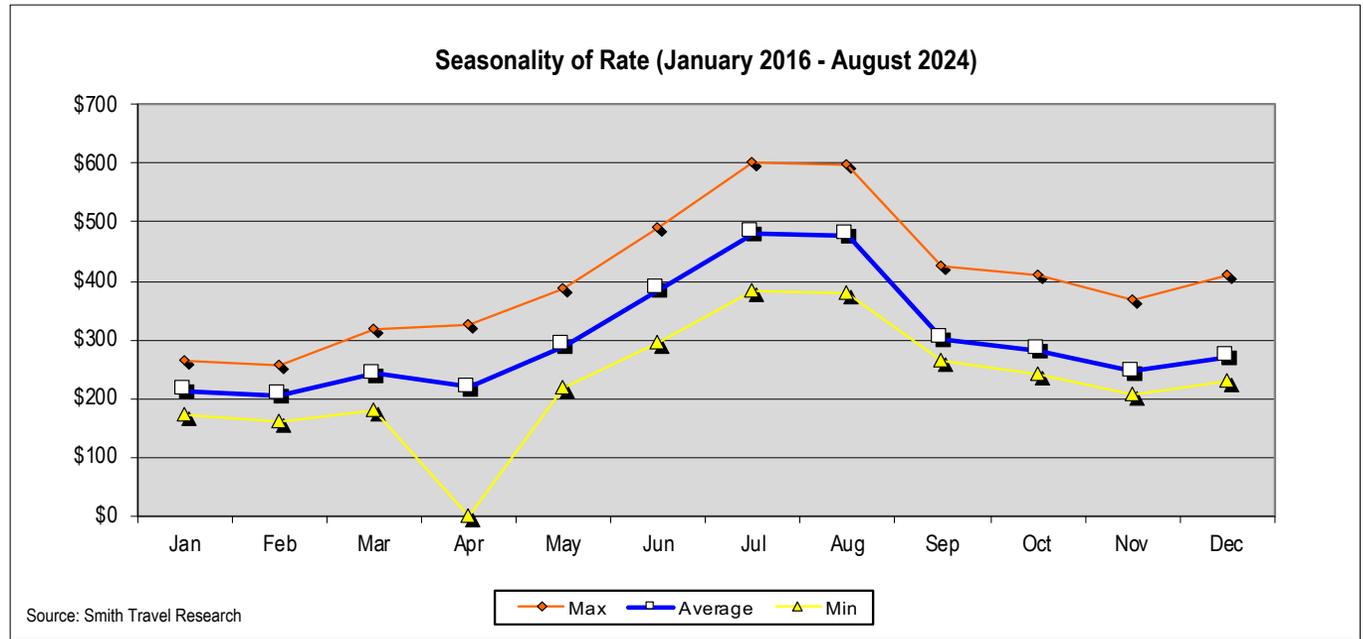
Source: Smith Travel Research, Hunden Partners

# Seasonality

## ADR & Occupancy

The adjacent tables detail the seasonal performance of the local competitive set from January 2016 to August 2024.

- As shown, the highest rates occur in summer months between late June and the middle of August.
- Occupancy trends follow a similar pattern.



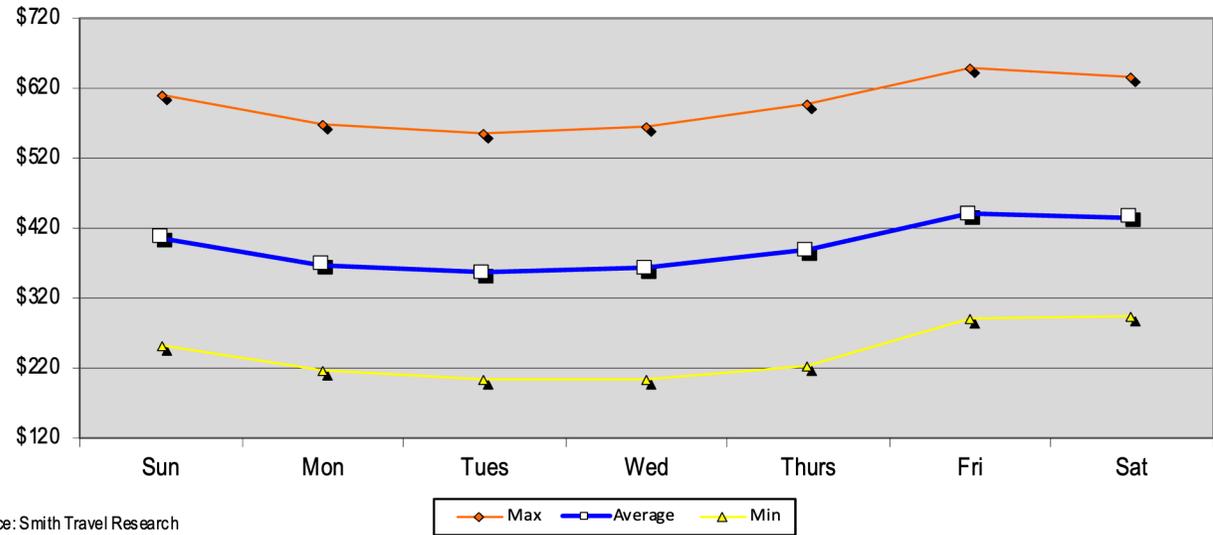
# Day of Week

## ADR & Occupancy

The adjacent tables detail the weekly performance of the local competitive set from January 2016 to August 2024.

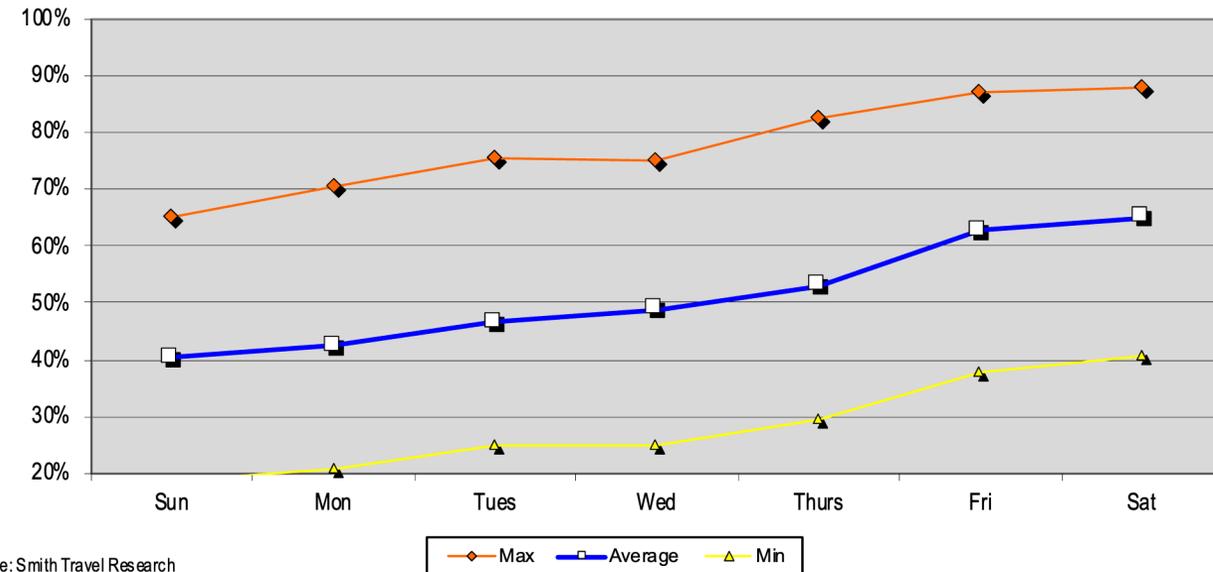
- Rates remain steady throughout the weekdays, with a slight uptick as the weekend approaches.
- Occupancy rates progressively increase from Sundays to Saturdays, peaking on Saturdays.

Average Daily Rate by Day of Week (September 2023 - August 2024)



Source: Smith Travel Research

Occupancy by Day of Week (September 2023 - August 2024)



Source: Smith Travel Research

# Heat Chart

## ADR & Occupancy

The adjacent tables detail the weekly performance of the local competitive set by month and day of the week from September 2023 to August 2024.

### Key Takeaways:

- Strong summertime performance in both occupancy and rate.
- Success in shoulder seasons relies on event activation, seasonal amenities, and promotions.

ADR by Day of Week by Month - September 2023 - August 2024

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Sep - 23	\$443	\$361	\$347	\$361	\$388	\$484	\$490	\$422
Oct - 23	\$392	\$364	\$371	\$373	\$402	\$465	\$458	\$407
Nov - 23	\$375	\$321	\$306	\$331	\$341	\$402	\$387	\$356
Dec - 23	\$434	\$368	\$368	\$387	\$395	\$442	\$421	\$410
Jan - 24	\$253	\$233	\$203	\$204	\$222	\$296	\$304	\$249
Feb - 24	\$259	\$218	\$216	\$221	\$237	\$292	\$296	\$257
Mar - 24	\$312	\$303	\$284	\$290	\$302	\$311	\$316	\$304
Apr - 24	\$320	\$312	\$287	\$287	\$316	\$351	\$345	\$319
May - 24	\$396	\$365	\$365	\$340	\$375	\$414	\$417	\$385
Jun - 24	\$485	\$444	\$434	\$447	\$485	\$535	\$530	\$484
Jul - 24	\$611	\$568	\$557	\$556	\$598	\$648	\$637	\$595
Aug - 24	\$600	\$555	\$538	\$564	\$599	\$647	\$637	\$598
<b>Average</b>	<b>\$407</b>	<b>\$368</b>	<b>\$356</b>	<b>\$363</b>	<b>\$388</b>	<b>\$441</b>	<b>\$436</b>	

Sources: Smith Travel Research

Occupancy Percent by Day of Week by Month - September 2023 - August 2024

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Sep - 23	56.0%	52.0%	64.2%	66.2%	69.6%	78.9%	81.8%	67.8%
Oct - 23	49.7%	46.9%	48.4%	59.2%	64.2%	73.6%	77.1%	58.8%
Nov - 23	23.1%	29.9%	32.3%	38.5%	44.0%	54.7%	53.6%	39.6%
Dec - 23	28.2%	21.0%	25.3%	28.3%	34.3%	41.9%	48.0%	33.1%
Jan - 24	18.8%	21.4%	24.8%	24.9%	29.7%	37.9%	40.8%	27.9%
Feb - 24	26.1%	24.7%	24.8%	28.4%	29.6%	47.0%	53.2%	33.2%
Mar - 24	22.8%	31.4%	38.2%	33.6%	34.0%	47.0%	48.2%	36.7%
Apr - 24	30.1%	29.8%	33.7%	36.7%	41.7%	49.1%	50.0%	38.3%
May - 24	47.3%	42.3%	44.9%	50.1%	53.8%	68.9%	70.6%	54.3%
Jun - 24	56.3%	69.7%	74.5%	74.4%	75.5%	82.7%	81.8%	73.2%
Jul - 24	65.1%	69.6%	71.1%	74.8%	82.4%	86.9%	86.1%	76.1%
Aug - 24	60.9%	70.5%	75.2%	69.8%	76.0%	84.2%	87.9%	75.7%
<b>Average</b>	<b>40.3%</b>	<b>42.4%</b>	<b>46.4%</b>	<b>48.7%</b>	<b>52.8%</b>	<b>62.9%</b>	<b>65.4%</b>	

Sources: Smith Travel Research



# Comparable Destination Deep-Dive Analysis

# Lanier Islands Legacy Lodge

**Location:** Buford, GA

**Opened:** 1988

**Owner:** Virgil Williams Family

## Features:

- **Outdoor Pool:** Saltwater pool with cabanas and a seasonal bar
- **Dining Options:** Five outlets ranging from full-service to grab-and-go
- **Spa:** Full-service spa on-site
- **Indoor Event Space:** Nearly 20,000 sq. ft. of function space
- **Outdoor Event Space:** More than 50,000 sq. ft., including multiple wedding venues
- **Golf:** 18-hole championship course
- **Fitness Center:** Equipped with modern facilities
- **Entertainment Complex:** Water park, beaches, dining, and seasonal activities at Margaritaville property



# Amenity & Event Activation

Boating



Pickleball



Water Park



Spa



Golf



Christmas Lights



Rentable Water Activities



Snow Tubing

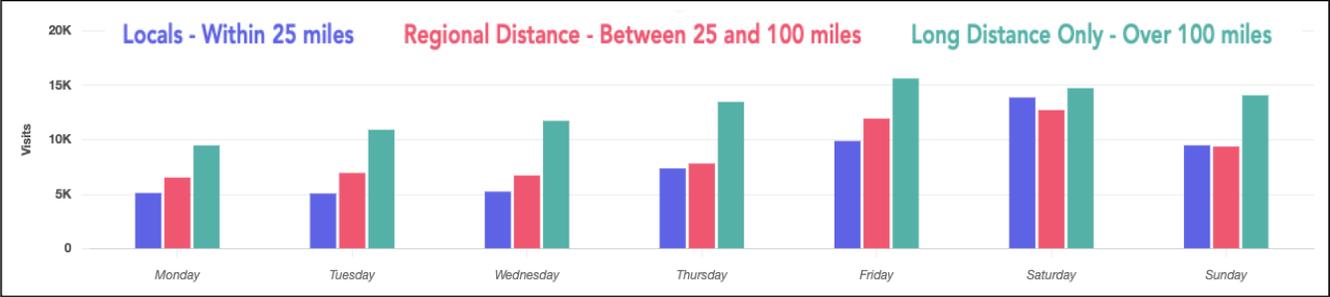
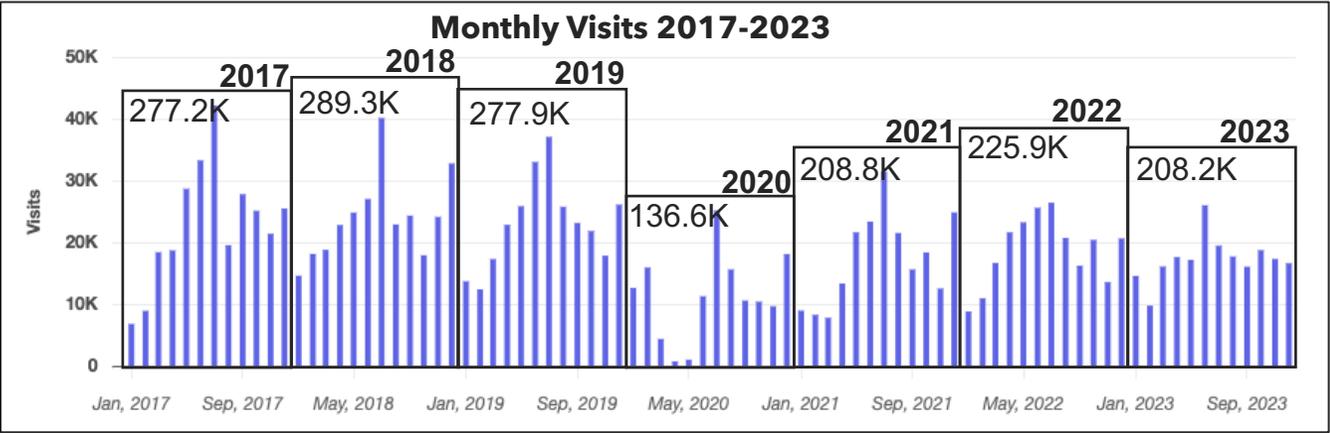
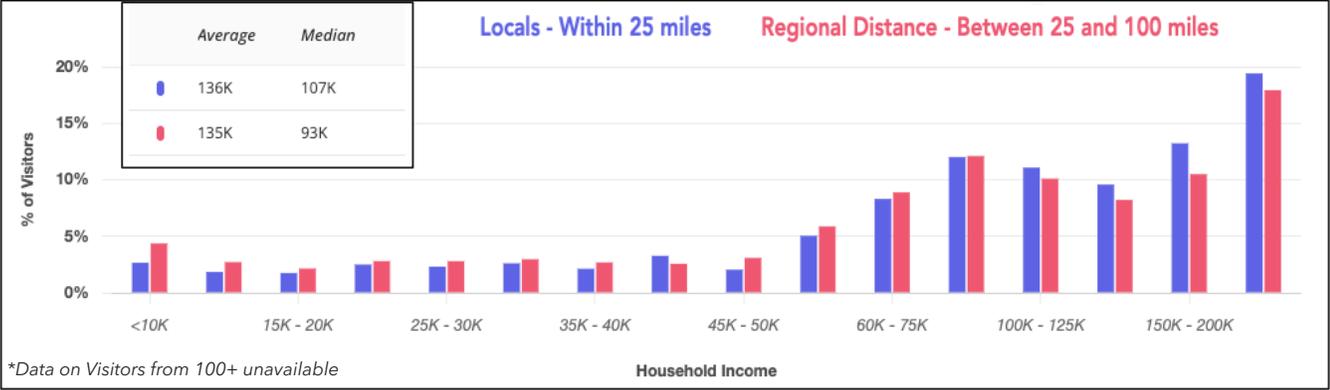
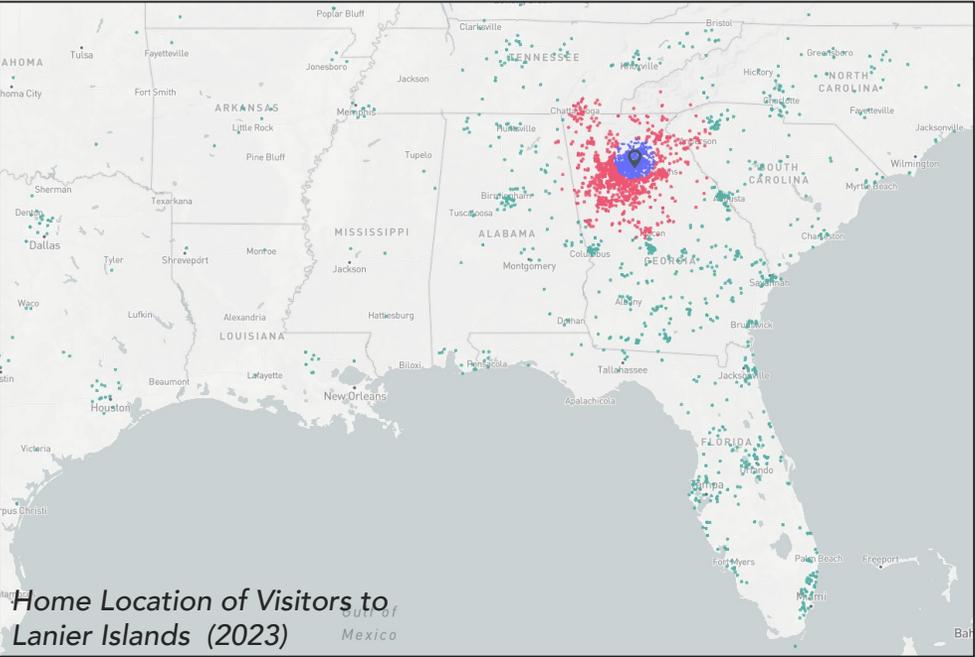


# On-site Event Venues



# Lanier Islands Legacy Lodge

Lanier Islands Legacy Lodge primarily attracts guests from the southeastern region. Visitor income data reveals that both local and regional visitors tend to fall within higher income brackets, with a significant portion earning \$100,000 - \$200,000. Unlike many resorts, Lanier Islands Legacy Lodge experiences strong weekday visitation due to its more than 20,000 square feet of meeting space, which attracts corporate events and retreats.



Source: Placer.ai

# Mill Falls at the Lake

**Location:** Meredith, NH

**Opened:** 1985

**Owner:** Newport Hotel Group

## Features:

- **Lodging Properties (each with unique features and amenities):**
  - Bay Point: 24 rooms
  - Church Landing: 70 rooms
  - The Inn at Mill Falls: 54 rooms
  - Chase House: 23 rooms
- **Dining Options:** Five food & beverage outlets, ranging from upscale dining to lakefront casual fare.
- **The Marketplace:** Stroll, shop and dine. Equipped with a salon.
- **Meetings & Event Space:** Approximately 15,000 sq. ft. across five venues.
- **Spa:** Full-service spa available on-site.
- **Activities:** Boat cruises, watersports rentals, bike rentals, yoga, ice skating, toboggan sledding, stargazing, pool, and more.



# Amenity & Event Activation

---

Sunset Boat Cruise



Watercraft Rentals



Yoga



Bike Rentals



Stargazing



Toboggan Sledding



Ice Skating



Bird Watching

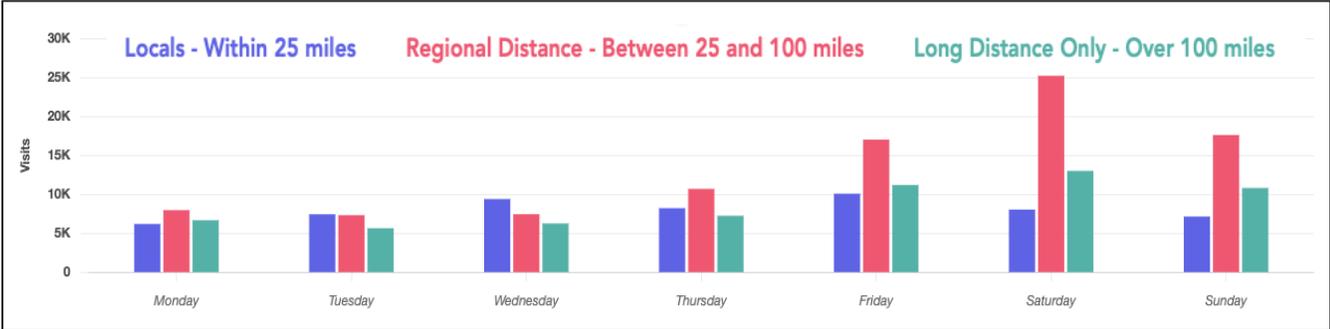
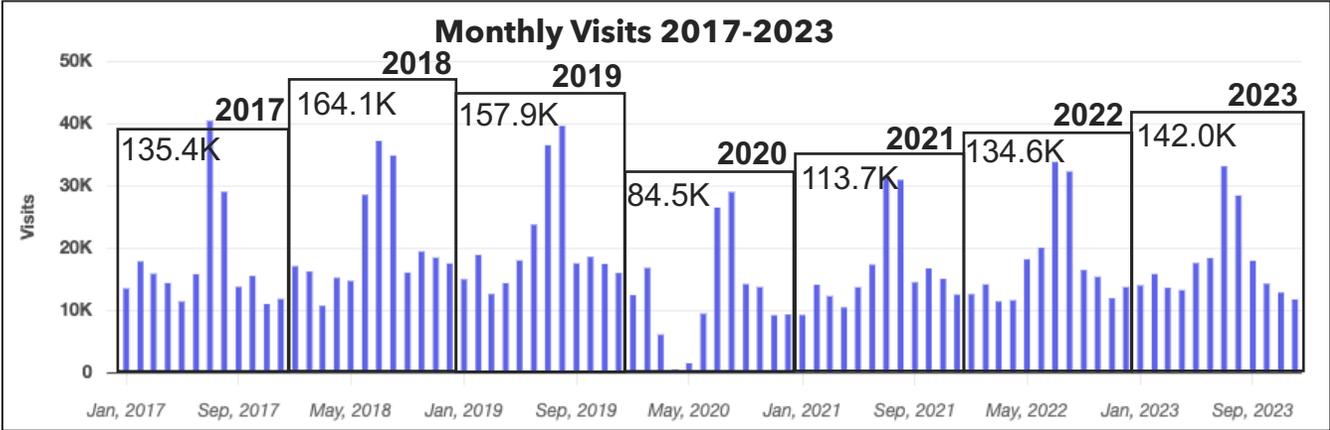
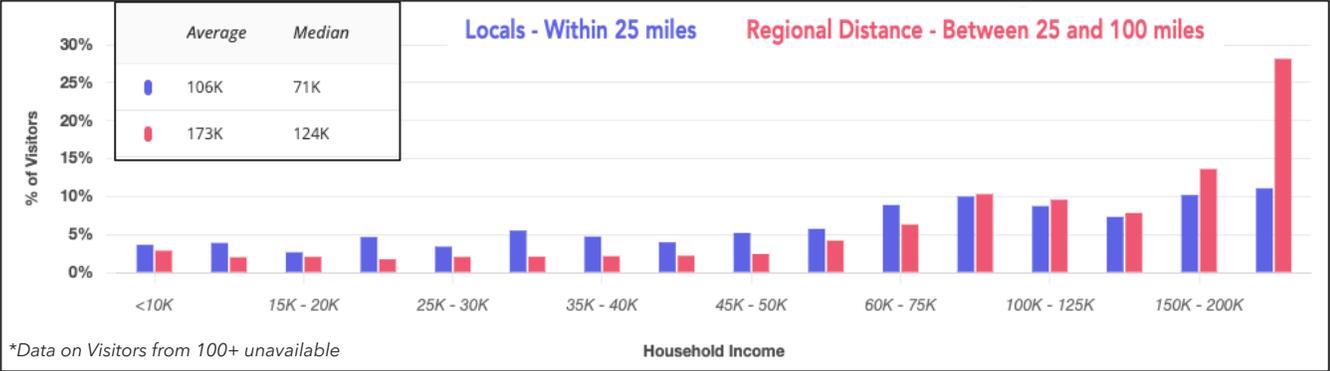
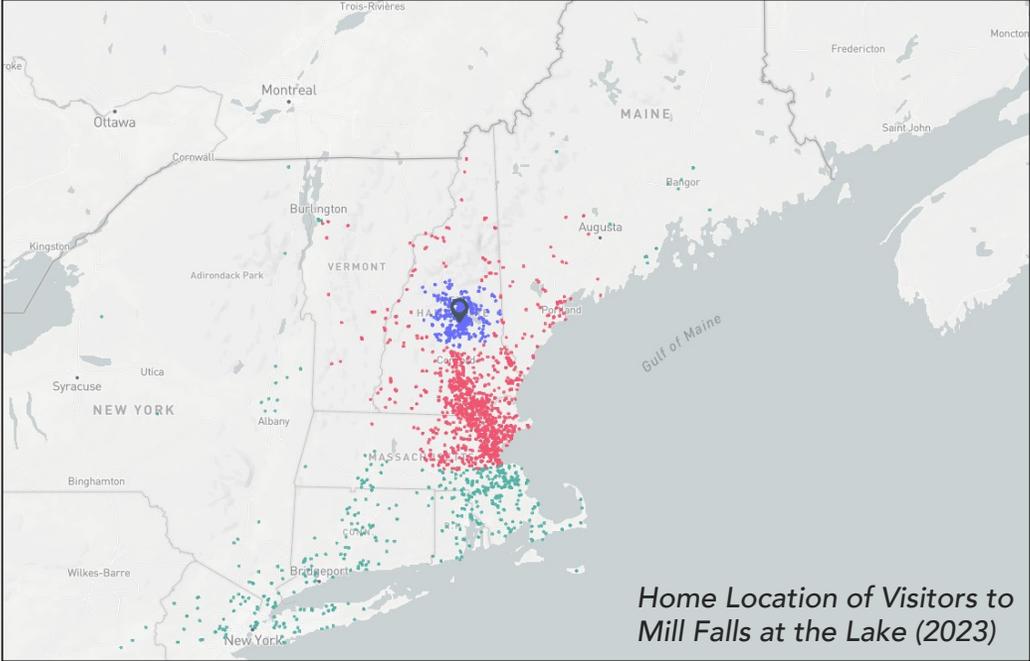


# On-site Event Venues



# Mill Falls at the Lake

A majority of visitors to Mill Falls at the Lake come from within 100 miles, with peak traffic occurring on weekends. The property experiences strong seasonality, with visits nearly doubling during July and August compared to other months. Visitors traveling from more than 25 miles away have an average household income of \$173,000, which indicates the resort's ability to attract affluent guests. This higher-income demographic is likely drawn to Mill Falls' upscale amenities, including lakeside dining, high-end accommodations, and outdoor activities.



Source: Placer.ai

# Grand View Lodge

**Location:** Nisswa, MN

**Opened:** 1925

**Owner:** Cote Family Destinations

**Features:**

- **Lodging Properties (each with unique features and amenities):**
  - North Hotel: 60 rooms
  - The Preserve Condominiums: 20 condos
  - Main Lodge: 20 rooms
  - Cabins & Cottages: 105 units
  - Golf Villas: 30 villas
  - Roy Lake Villas: 40 villas
- **Dining Options:** Four food & beverage outlets.
- **Meetings & Event Space:** Approximately 25,000 square feet of meetings and event space.
- **Spa:** Full-service spa available on-site.
- **Golf:** Two 18-hole championship golf courses.
- **Activities:** Seasonal land and water activities, recreation facility, and guided experiences.



# Amenity & Event Activation

Waterpark & Rec Center



Land & Water Rentals



Golf Simulator



Golf



Live Music



Ziplining



Horseback Riding



Horse-Drawn Rides

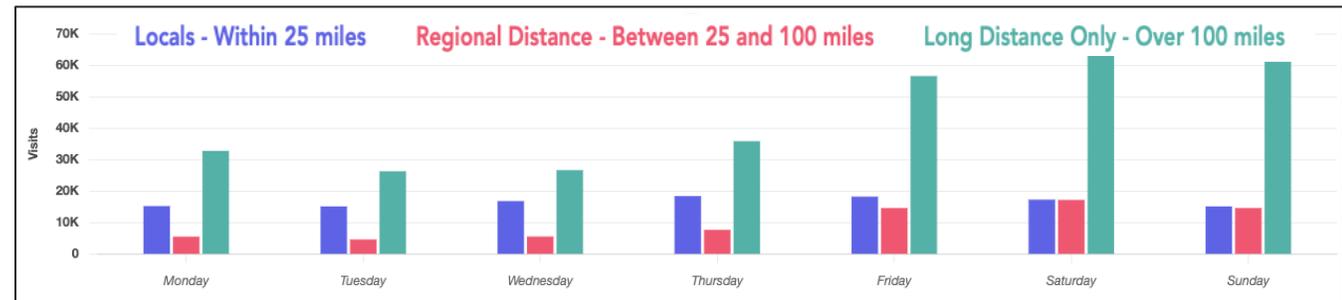
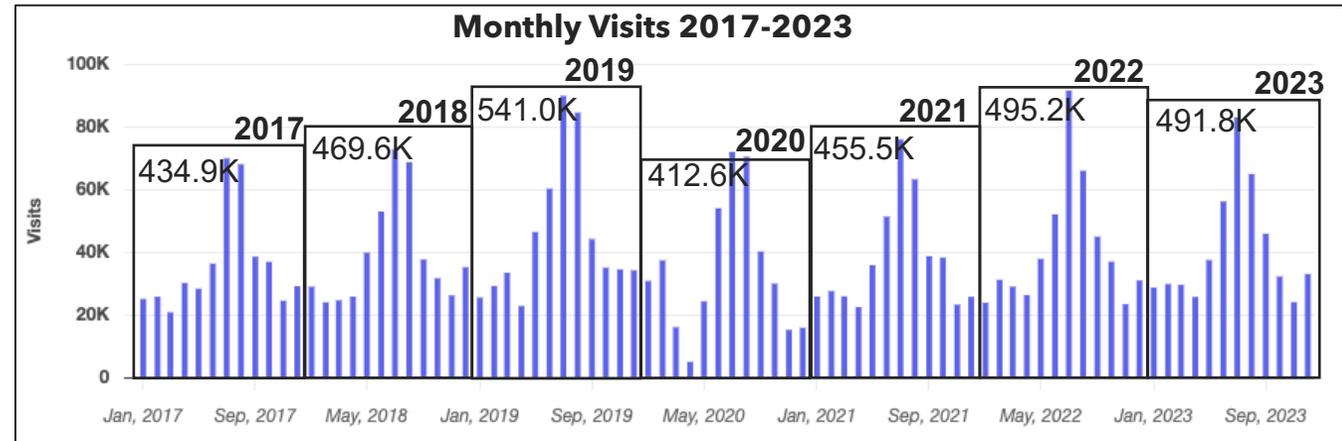
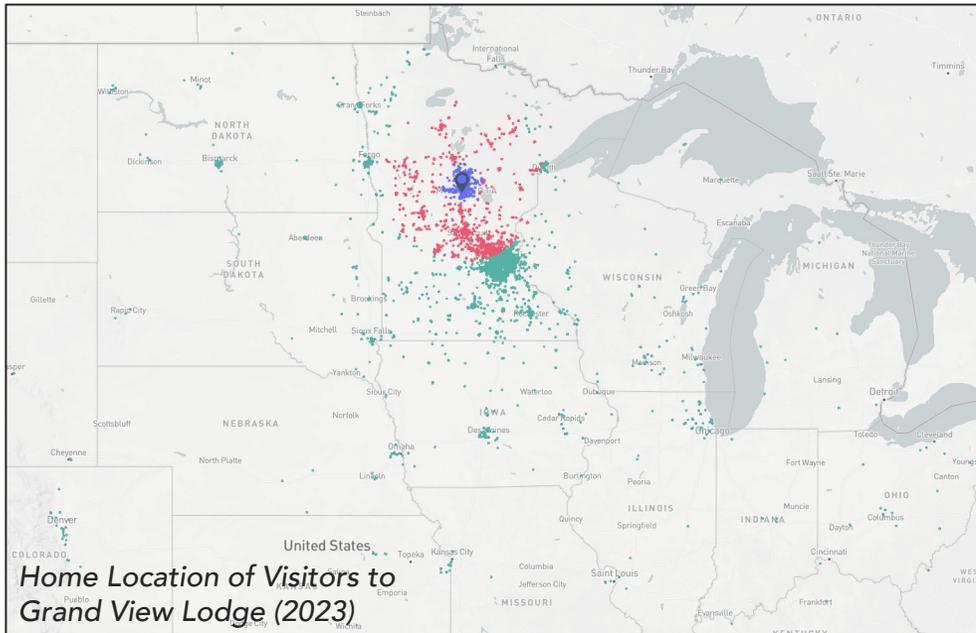


# On-site Event Venues



# Grand View Lodge

Grand View Lodge draws most of its visitors from more than 100 miles away due to its remote location. Like many resorts, the lodge experiences significant seasonality, with the highest influx of guests arriving during July and August. Regional visitors primarily come on weekends, which reflects Grand View Lodge's appeal as a weekend getaway. Local visitation remains steady throughout the week.



Source: Placer.ai

# Four Seasons Island Resort

**Location:** Pembine, WI

**Opened:** 1925

**Owner:** Storie Co. Development

## Features:

- **Lodging Property:** 55 all-suite hotel
- **Dining Options:** Three food & beverage outlets
- **Retail Shop:** Various grab-and-go items
- **Meetings & Event Space:** Approximately 15,000 square feet of meetings and event space
- **Spa & Salon:** Full-service spa & salon available onsite
- **Golf:** 9-hole golf course
- **Activities:** Seasonal lake and water activities, recreation facility, themed dinners, and guided experiences



# Amenity & Event Activation

Beach Volleyball



ATV & UTV Rental



Golf



Spa & Salon



Arcade



Indoor Pool



Canoeing



Themed Dinners

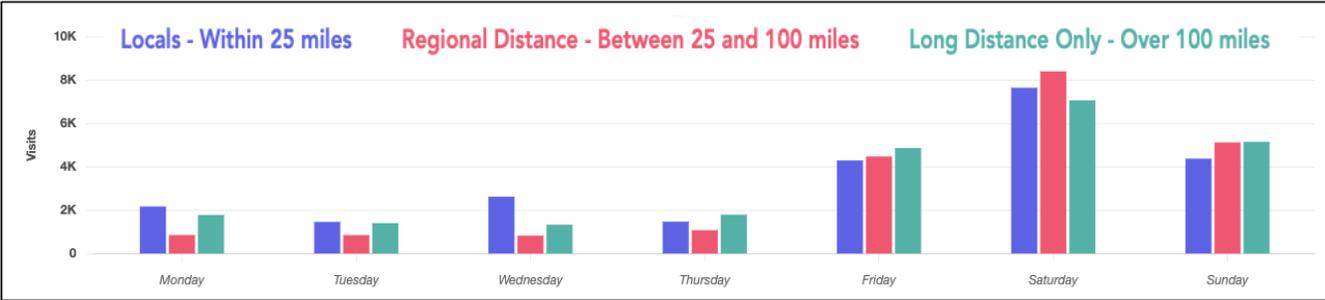
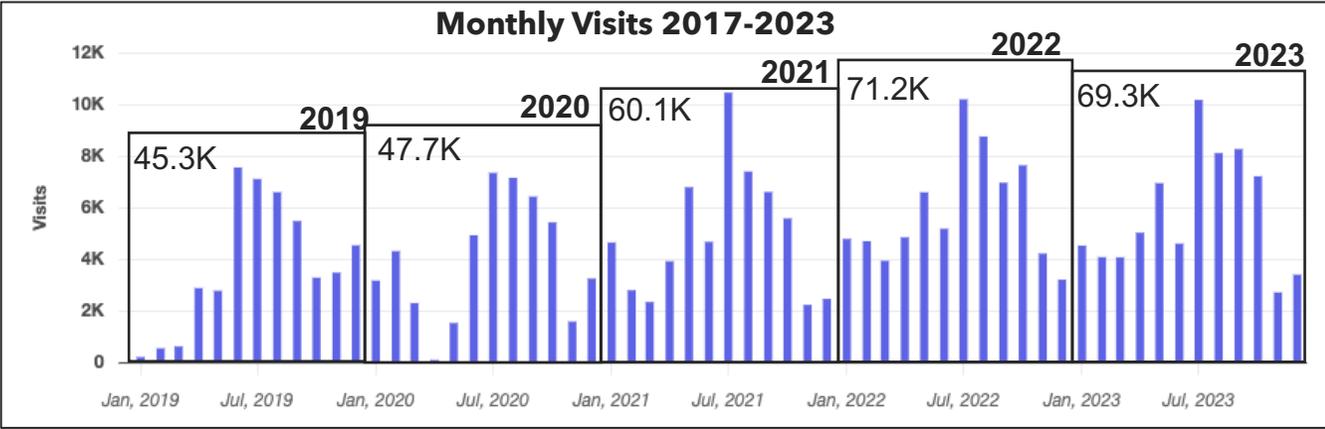
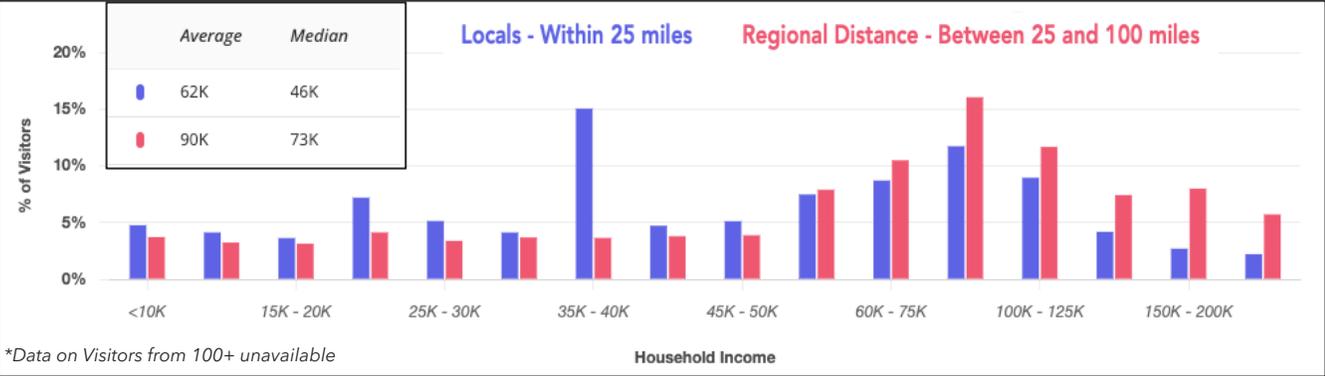
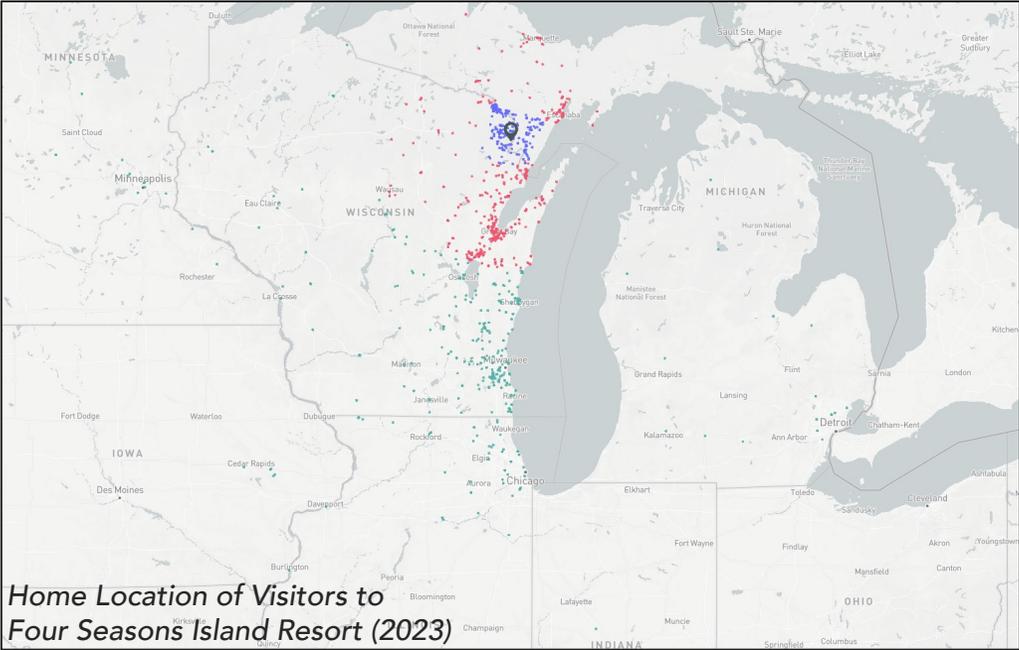


# On-site Event Venues



# Four Seasons Island Resort

Four Seasons Island Resort has changed ownership several times since opening in 1925, with the most recent occurring in 2022. Unlike other resorts, it experiences less pronounced seasonality thanks to a variety of amenities offered year-round. Although the resort faces challenges in attracting weekday visitors due to its remote location, the local community plays a crucial role in sustaining profitability. With few other bars and restaurants nearby, locals frequently gather at the resort for drinks and dinner.



Source: Placer.ai

# Case Study Function Space Overview



Lanier Islands



Mill Falls at the Lake



Grand View Lodge



Four Seasons Island Resort

## Lanier Islands

Function Space	Ballroom	Meeting	Outdoor*
Square Feet	10,821	8,240	52,689
Divisions	4	9	7

## Mill Falls at the Lake

Function Space	Ballroom	Meeting	Outdoor*
Square Feet	5,346	7,786	2,500
Divisions	2	6	1

## Grand View Lodge

Function Space	Ballroom	Meeting	Outdoor*
Square Feet	8,136	17,222	2,000
Divisions	2	17	1

## Four Seasons Island Resort

Function Space	Ballroom	Meeting	Outdoor*
Square Feet	--	7,796	8,212
Divisions	--	5	3

\*function space estimated by capacity

# Interview: Four Seasons Island Resort

---

Hunden interviewed the CEO of Storie Co., the owner and operator of the Four Seasons Island Resort, to gain insight into the asset's current performance and the functionality of high-end lodging properties. Key points from the interview are summarized below:

- **The more outdoor recreation amenities and engaging experiences available, the stronger the demand driver for the asset. As the CEO noted, "If you ask five different people why they are here, they will give you five different reasons."**
- The island's history, beauty, and various rentable activities are the main attractions at the Four Seasons Island Resort.
- **An asset of this quality will succeed organically on a Friday and Saturday, but to perform well from Sundays through Thursdays, it needs to attract SMERF group meeting segments.**
- The property is hyper locally driven, targeting groups from nearby cities to generate weekday group demand. They hired sales representatives from surrounding markets who attend local chamber events to promote the resort.
- To remain successful during the shoulder season, the Four Seasons Island Resort offers a diverse range of events for the local community. The resort's content calendar includes wine dinners, karaoke, live music, painting classes, and more.
- For most ground up developments, very early conversations with the city regarding funding and incentives is required.

# Interview: Lanier Islands

---

Hunden interviewed the General Manager of Lanier Island to gain insight into the asset's current performance and the functionality of high-end lodging properties. Key points from the interview are summarized below:

- Since Covid, transient visitors have been increasingly seeking unique, experiential travel.
- **The more amenities and programmed events offered at the property, the longer guests will stay and spend money. "You need enough activities to turn a one-night stay into a two- or three-night stay."**
- Holiday programs are essential for generating more transient demand during the slower winter months.
- Flexible indoor and outdoor event spaces are among the property's most popular venues, especially for larger conferences, weddings, and concerts.

# Public Private Partnerships - Lanier Islands Legacy Lodge

---

**Ownership & Lease Structure:** The U.S. Army Corps of Engineers owns the property, which is leased to the State of Georgia under a 50-year agreement with the Georgia Department of Natural Resources (DNR). The DNR assigns oversight responsibilities to the Lake Lanier Islands Development Authority (LLIDA).

**Private Subleases & Operations:** LLIDA issued a sublease of 50 years to private partners. Private partners finance, operate, and maintain the property. The private partners must receive approval from LLIDA and the Corps for any major changes.

**Lake Lanier Islands Development Authority History & Purpose:** Established in 1962 by the Georgia General Assembly, the Lake Lanier Islands Development Authority was created to develop and operate the islands in Lake Lanier for tourism, recreation, and resort use. To support these efforts, LLIDA reinvests a portion of lease payments and state funding into infrastructure and amenities.

## Historical Public Funding

- \$65 million invested in renovating and building new accommodations, attractions, and amenities.
- \$62 million allocated toward the new conference center and hotel project.
- \$45 million reinvested in non-revenue infrastructure (e.g., sewer systems, roads, signage, roundabouts, trails).



# Implications

## Case Studies

### **Diverse Amenities Ensure Year-Round Destination Engagement.**

One consistent aspect across all comparable destinations is their diverse array of amenities and activities, which helps activate the destination year-round and fill shoulder seasons.

### **Boosting Demand with Seasonal Events and SMERF Business**

One key way destinations fill demand during slower months, especially in winter, is through creative event activations like themed dinners and Christmas light shows. Additionally, while SMERF business is lower-rated, it helps generate demand during slower weekdays.

### **High Rates and Trends in High-End Travel**

Comparable destinations attracted 36 percent of visitors from outside their states. In 2023, their average daily rate was nearly \$427, reflecting an 8.6 percent annual growth from 2016 to 2023. These trends align with current high-end travel, where travelers seek unique experiences and are willing to travel long distances and spend more.



# hunden partners



213 W. INSTITUTE PLACE  
SUITE 707  
CHICAGO, IL 60610



312.643.2500



[WWW.HUNDEN.COM](http://WWW.HUNDEN.COM)

**Hunden Partners is a full-service real estate development advisory practice specializing in destination assets.**

**With professionals in Chicago, New York, Dallas, and Minneapolis, Hunden provides a variety of services for all stages of destination development in:**

- Placemaking Action Plans
- Tourism and Destination Strategic Plans
- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research & Statistical Analysis
- Developer Solicitation & Selection
- Project Execution Advisory

The firm and its principal have performed more than 1,000 studies over the past 28 years, with more than \$20 billion in built, successful projects.

# REPORT ON FEASIBILITY STUDY FOR GENERAL BURNSIDE ISLAND STATE PARK RESORT DEVELOPMENT

**Dream BIG Burnside Authority  
June 30, 2025**

## **Executive Summary**

The Dream BIG Burnside Authority is pleased to report on the feasibility study conducted by Hunden Partners for the proposed lodge development at General Burnside Island State Park (the “Island” or the “Park”). The study found strong consumer demand for the lodging, restaurant, and recreational amenities contemplated on the Island and strong developer and investor interest in delivering the project. These findings represent a significant step forward in our vision to transform Burnside Island into a premier destination resort while preserving its public character and enhancing public access.

## **Background**

The Kentucky 2024 House Bill 1 appropriated \$100,000 to Dream BIG Burnside Authority to conduct a study on the feasibility of developing lodging and other amenities on the Island. Dream BIG Burnside subsequently selected Hunden Strategic Partners out of Chicago, IL to conduct the study in collaboration with Dream BIG Burnside’s legal counsel and public-private partnership (“P3”) advisors at Frost Brown Todd LLP. This memorandum is intended to fulfill the reporting requirement in Memorandum of Agreement #2500001142 between the Commonwealth of Kentucky and the Tourism, Arts and Heritage Cabinet and Dream BIG Burnside Authority. Attached to this memorandum are the feasibility study documents, including a written overview of the feasibility study, an executive summary slide deck, and the complete feasibility study slide deck.

## **Project Vision and Purpose**

The proposed development envisions a high-quality, resort-style destination on Burnside Island, located on Lake Cumberland in Burnside, KY. The project aims to attract both in-state and out-of-state visitors through a mix of lodging, dining, wellness, conference, and recreational amenities. Importantly, the project will retain and enhance existing public assets such as the golf course, campground, and boat ramp, ensuring continued community access.

## **Key Findings**

1. **Strong Market Demand:** The study confirms robust demand for a high-end resort in the region, driven by national trends in luxury travel, wellness tourism, and Kentucky’s growing appeal as a destination for bourbon and equestrian experiences.
2. **Two Development Scenarios:**
  - a. Scenario 1: 120 hotel rooms + 15 cabins, 8,000 sq. ft. of function space, estimated cost of \$75.4 million.

- b. **Scenario 2:** 140 hotel rooms + 30 cabins, 9,500 sq. ft. of function space, estimated cost of \$92 million.
3. **Economic Impact:**
  - a. Scenario 1 is projected to generate \$564 million in total economic impact over 30 years and create 24 jobs. The development is anticipated to generate an additional \$24 million in tax revenue for the Commonwealth, \$10.4 million for Pulaski County, and \$14.2 million for the City of Burnside.
  - b. Scenario 2 could generate up to \$737 million and create 28 jobs. This Scenario would generate an additional \$31.3 million in tax revenue for the Commonwealth, \$13.1 million for Pulaski County, and \$18.6 million for the City of Burnside.
4. **Strong Outlook for Private Investment:** The study anticipates private developers will provide a significant investment into the project, covering about 65% of the costs. As is common with such developments, both scenarios require public investment, with funding gaps of 34.9% or \$26.3 million for Scenario 1 and 33.8% or \$31.1 million for Scenario 2. However, as elaborated below, the Kentucky Tourism Development Act (KTDA) could potentially cover the entire funding gap.

## Strategic Opportunities

1. **Tourism Synergy:** The resort complements the continued expansion of the Kentucky Bourbon Trail and leverages Lake Cumberland's 4+ million annual visitors.
2. **Public Access Commitment:** The project will maintain access to key amenities for local residents and Park visitors, including seasonal events, food and beverage outlets, and recreational facilities.
3. **Economic Incentives Available:** Recommended funding strategies include leveraging the KTDA and State Tax Increment Financing (TIF) programs, both of which can significantly reduce private capital risk. Under the KTDA program, this project could be eligible to recover up to 50% of development costs over 20 years via incremental sales tax. Depending on the final development agreement terms, the KTDA program could cover the funding gap.

## Next Steps

To advance this transformative project, the study recommends Dream BIG Burnside Authority:

1. Collaborate with the Commonwealth and Kentucky State Parks to secure a long-term land lease.
2. Issue a P3 Request for Proposals (RFP) to identify a qualified development partner.
3. Pursue public funding mechanisms to bridge the financing gap and ensure long-term sustainability.

We believe this project will be a catalyst for economic growth, job creation, and enhanced quality of life in Burnside and beyond. We look forward to working with our partners and community to bring this vision to life.

# APPENDIX B



BURNSIDE

27

Somerset  
(6 mi)

SHELTER

CAMPGROUND

MAINTENANCE  
AREA

27

POOL

SHELTER

RESTROOM

PRO SHOP

BOAT RAMP  
COURTESY DOCK

Corps of Engineers Property  
Park Boundary

0 500 1,000 Feet

#6

#5

#13

#4

#12

#7

#2

#11

#8

#1

#3

#10

#14

#9

#15

#16

#13

#17

**GENERAL BURNSIDE    LOCATION CODE - 30374**



**002-42416 MAINTENANCE BUILDING - MAINT\_1**



**004-43526 PRO SHOP & OFFICE - PRO\_SHOP**

**GENERAL BURNSIDE      LOCATION CODE - 30374**



**006-44687    PICNIC SHELTER WITH RESTROOMS - SHELTER\_RR**

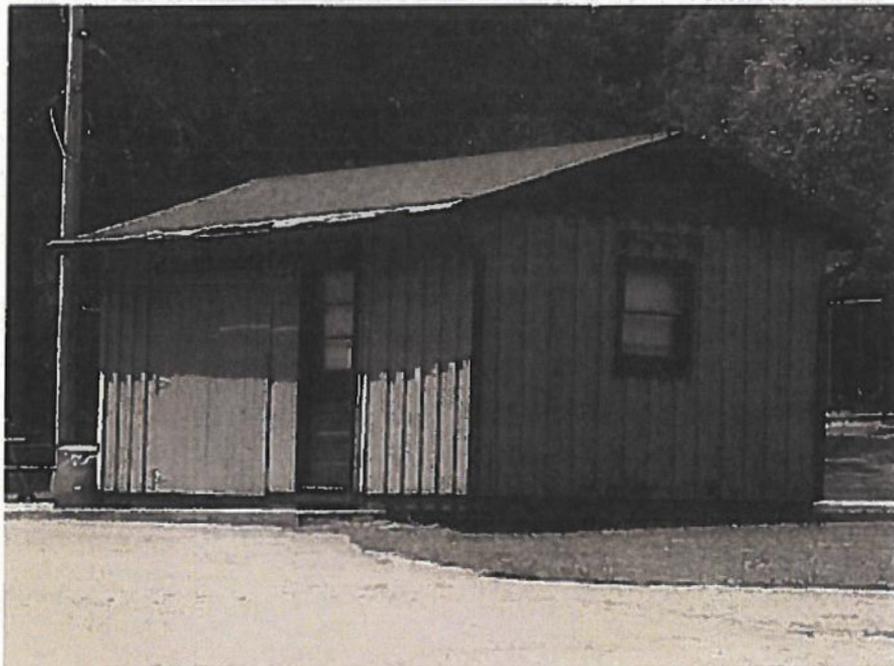


**007-38980    SHOWERS & RESTROOMS - BATH\_HOUSE\_1**

**GENERAL BURNSIDE      LOCATION CODE - 30374**

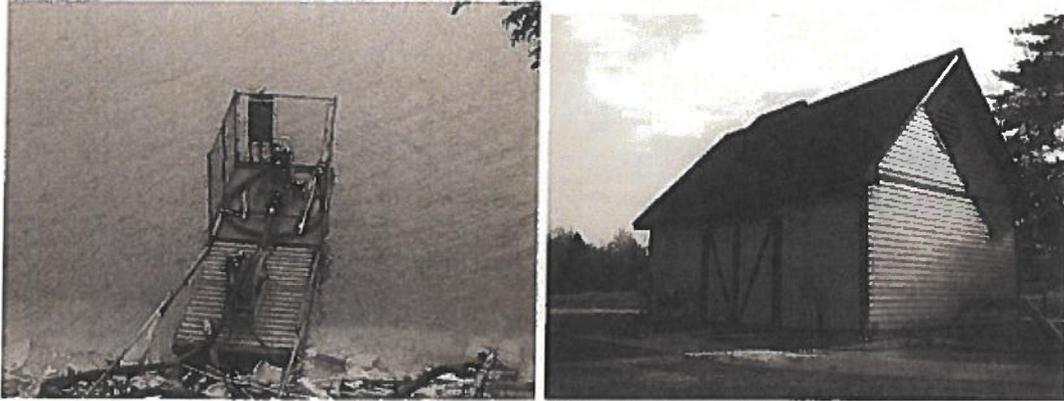


**010-33700 GATE HOUSE / CAMPGROUND – CAMP\_OFFICE**



**011-40758 CONCESSION & RECREATION – CONCESSION**

**GENERAL BURNSIDE LOCATION CODE - 30374**



**014-35942 FLOATING PUMP HOUSE  
IRRIGATION SYSTEM COMPLETE - PUMPHOUSE**



**015-42935 SHELTER WITHOUT RESTROOMS  
ACROSS FROM POOL - SHELTER**

GENERAL BURNSIDE LOCATION CODE - 30374

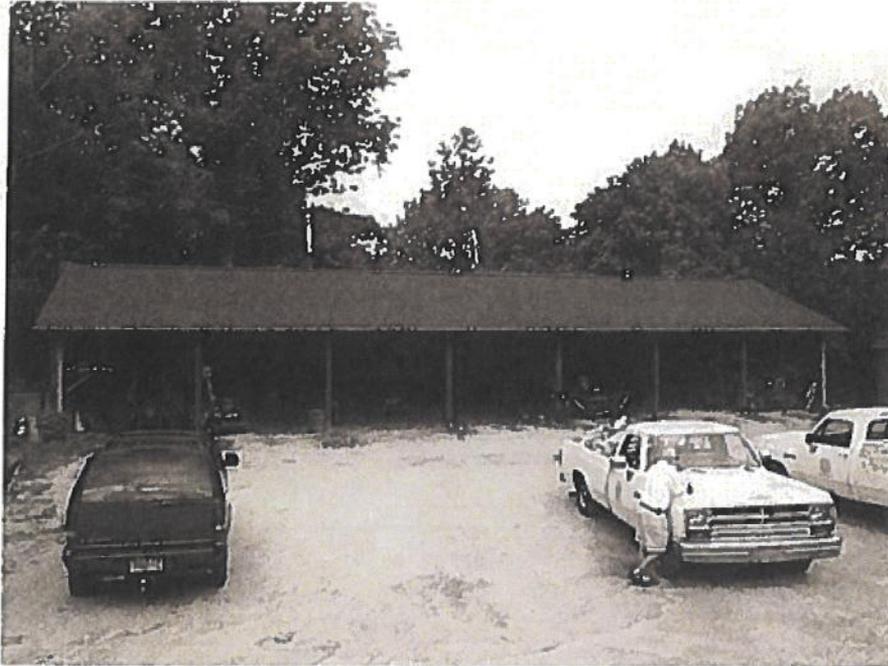


018-38344 RESTROOMS & SHOWERS - BATH\_HOUSE\_2

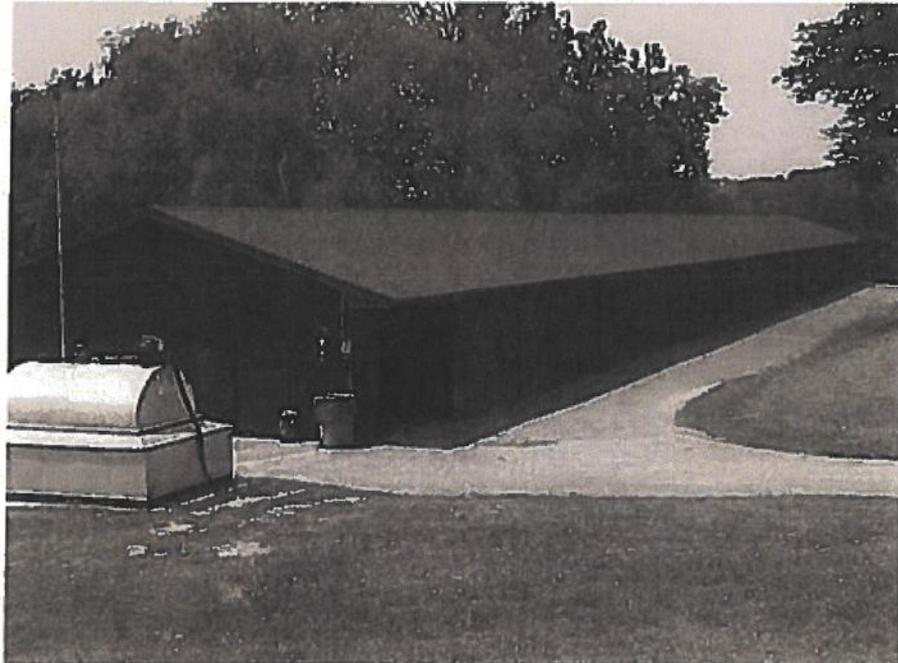


019-55404 FISH CLEANING & RESTROOMS - RESTROOM

**GENERAL BURNSIDE      LOCATION CODE - 30374**

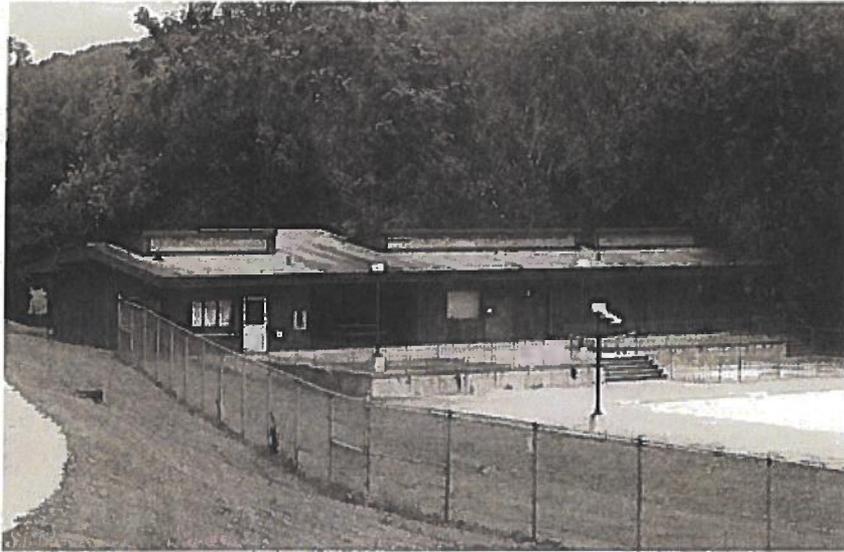


**020-38921    EQUIPMENT SHED / OPEN - MAINT\_2**

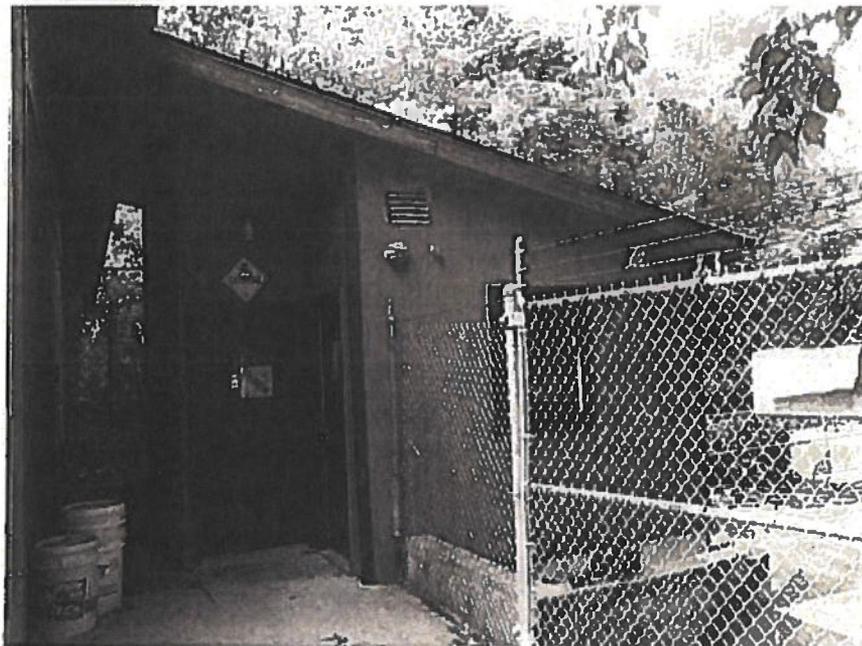


**021-42519    GOLF CART STORAGE BUILDING  
                  GOLF\_STORAGE**

**GENERAL BURNSIDE LOCATION CODE - 30374**



**022-40097 BATH HOUSE – BATH\_HOUSE\_3**

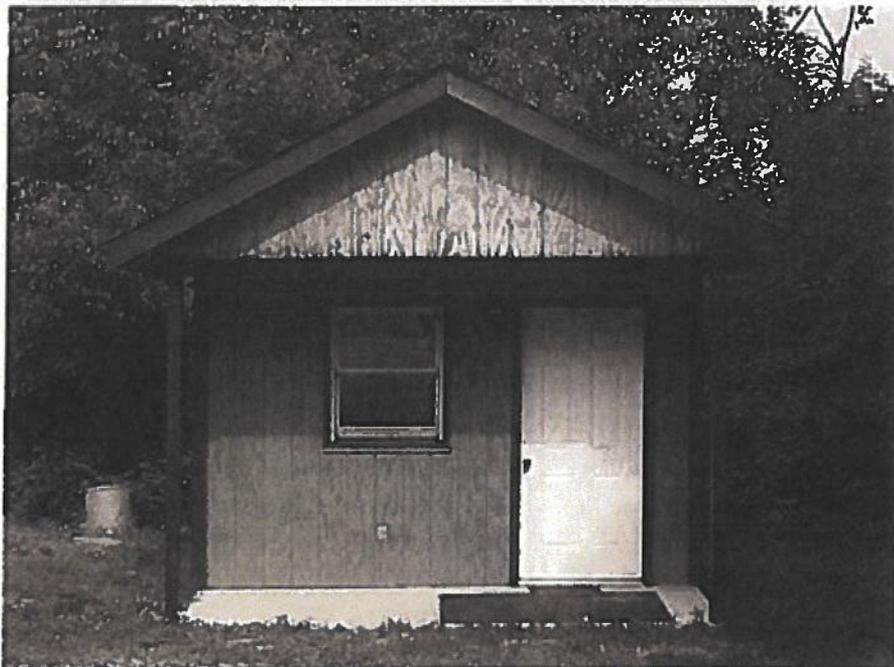


**028- CHLORINATOR BUILDING– POOL\_FILTER**

**GENERAL BURNSIDE      LOCATION CODE - 30374**

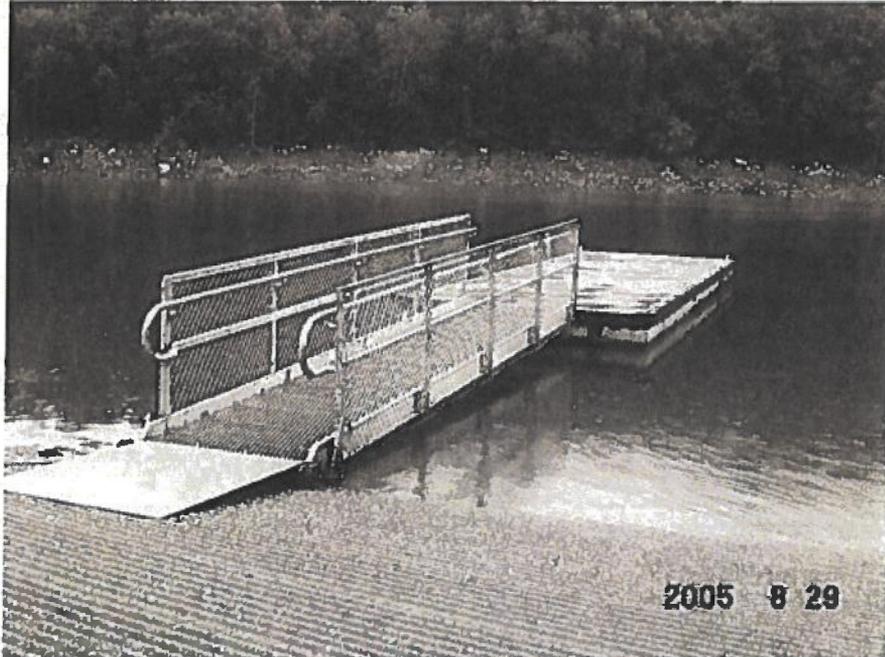


**029-37669 CONCESSION BUILDING – CONCESSION\_2**

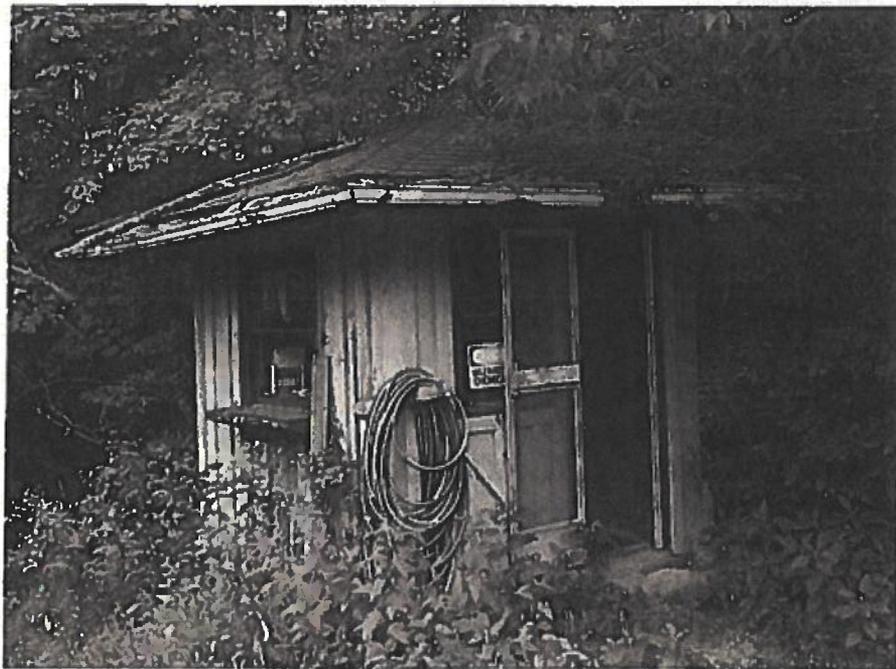


**030-58726 MAINTENANCE OFFICE – MAINT\_3**

GENERAL BURNSIDE LOCATION CODE - 30374



031-64277 COURTESY DOCK / WALK-WAY - COURTESY\_DOCK



032-65599 CHEMICAL BUILDING / MAINTENANCE - MAINT\_4

**GENERAL BURNSIDE      LOCATION CODE - 30374**



**034-65601 TOOL STORAGE / MAINTENANCE - MAINT\_5**



**035-65602 PLUMBING SUPPLY / MAINTENANCE - MAINT\_6**

GENERAL BURNSIDE LOCATION CODE - 30374



36- Golf Maintenance Shop – GOLF\_MAINT



037- Bulk Storage – STORAGE\_2

# APPENDIX C

DEPARTMENT OF THE ARMY  
LEASE  
FOR PUBLIC PARK AND RECREATIONAL  
PURPOSES  
LAKE CUMBERLAND, KENTUCKY

No. DACW62-1-79-2

THE SECRETARY OF THE ARMY under authority of Section 4 of the Act of Congress approved 22 December 1944, as amended (16 USC 460d), and in accordance with the provisions of the Federal Water Project Recreation Act, 79 Stat. 214 (16 USC 4601-13), and pursuant to a contract entered into on 15 August 1977 (hereinafter referred to as the Contract), by and between the United States of America (hereinafter referred to as the Government) and Commonwealth of Kentucky (hereinafter referred to as the lessee), hereby grants to Commonwealth of Kentucky, Department of Parks, a lease for a period of fifty (50) years commencing on 1 January 1978 and ending on 31 December 2027, to use and occupy approximately 40 acres of land and water areas at General Burnside State Park under the primary jurisdiction of the Department of the Army in the project area, hereinafter referred to as the premises, as shown in red on the attached map marked Exhibit "A".

THIS LEASE is granted subject to the following conditions:

1. The lessee shall conform to such regulations as the Secretary of the Army may issue to govern the public use of the premises and shall comply with the provisions of the above cited Acts of Congress. The lessee shall protect the premises from fire, vandalism, and soil erosion directly associated with the lessee's activities on the premises and may make and enforce such regulations as are necessary and within its legal authority in exercising the privileges granted in this lease, provided that such regulations are not inconsistent with those issued by the Secretary of the Army or with provisions of the above-cited Acts of Congress.

2. The lessee agrees to administer the land and water areas included in the lease for recreation purposes and to bear the costs of operation and maintenance of all facilities and improvements on the premises at the commencement of this lease or added during its term. The lessee further agrees to replacement of facilities constructed pursuant to the Contract and any additional facilities constructed pursuant to future cost-sharing contracts. As used in this lease the term "replacement" shall be construed to mean the replacement in whole or in part of any structure or improvement so worn or damaged by any cause that the parties hereto mutually agree that it no longer adequately serves its designed function with normal maintenance. The lessee shall be guided by an Annual Plan of Operation and Maintenance in furtherance of the Plan of Recreation Development and Management adopted pursuant to Article 1 (b) of the Contract and by this reference made a part hereof. On or before the anniversary date of the lease each year, the parties shall agree on the Annual Plan which shall include but is not limited to the following:

5.1

a. Plans for management activities to be undertaken by the lessee including improvements and other facilities to be constructed thereon in accordance with the Contract.

b. Report of the management, maintenance, and development accomplishments of the lessee for the preceding year.

c. Significant modifications of policies or procedures which have developed or are to be applied.

d. Minor modifications to the Plan of Recreation Development and Management (major modifications to be accomplished by amendment of the Plan).

3. In addition to the fees and charges authorized under the provisions of Article 4 of the Contract, the lessee and its sublessees may conduct such revenue-producing activities as are within the scope of Article 3 of the Contract. Except for timber salvaged and sold by the lessee when in the way of construction, all sales of forest products will be conducted by the Government, and the proceeds therefrom shall not be available to the lessee under the provisions of this lease.

4. That upon the commencement of this lease the parties hereto shall cause to be made an inventory of all improvements constructed in whole or in part with Federal funds. From time to time there shall be added to said inventory such additional improvements as may be constructed pursuant to the aforesaid Contract or any future cost-sharing contract relating to the premises. Certain types of "Additional Facilities," including but not limited to restaurants, lodges, golf courses, cabins, clubhouses, overnight or vacation-type structures, stables, marinas, swimming pools, commissaries, chairlifts, and such similar revenue-producing facilities constructed under the authority of Article 3 of the contract shall not be added to this inventory. The inventory of improvements shall include descriptions and drawings sufficient to permit their identification and condition and to facilitate replacement of the facilities identified in Condition 2 hereof if required during the term or on the expiration or termination of this lease. Said inventory and all amendments thereto shall be approved in writing by authorized representatives of the parties hereto and shall thereupon become a part of this lease as if originally annexed.

5. The lessee may grant permits, licenses, and subleases relating to all or portions of the leased property for purposes which are consistent with the terms and conditions of this lease and with the Plan of Recreation Development and Management. All such grants shall state that they are granted subject to the provisions of this lease. On this lake where concessions are operated under leases granted by the Government or by its other grantees, the terms and conditions of permits, licenses, and subleases granted by the lessee for revenue-producing purposes shall

first be approved by the District Engineer in writing. In order to protect the investments of sublessees, the District Engineer is authorized to approve subleases which require the Government to continue to honor such parts of the subleases which may be necessary to assure the continuation of the subleased activities upon a default which would result in a revocation of the prime lease under Condition 14 hereof.

6. The lessee shall establish and maintain adequate records and accounts and render annual statements of receipts and expenditures to the District Engineer, except for annual or weekly entrance fees which also are honored at other recreational areas operated by the lessee. The District Engineer shall have the right to perform audits of the lessee's records and accounts and to require the lessee to audit the records and accounts of sublessees and furnish the District Engineer a copy of the results of such an audit.

7. The rates and prices charged by the lessee or its grantees for revenue-producing activities shall be reasonable and comparable to rates charged for similar goods and services by others in the community and on the lake. The Government shall have the right to review such rates and prices and require an increase or reduction where it finds the objective of this paragraph has been violated.

8. The right is reserved to the United States, its officers, agents, and employees to enter upon the premises at any time to make inspections concerning the operation and maintenance of the lands and facilities provided hereunder, and for any purpose necessary or convenient in connection with river and harbor and flood control work, and to remove timber or other material required for such work, to flood the premises when necessary, and/or to make any other use of the land as may be necessary in connection with public navigation and flood control, and the lessee shall have no claim for damages of any character on account thereof against the United States or any agent, officer, or employee thereof.

9. The United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the exercise of the privileges herein granted, or for damages to the property of the lessee, or for damages to the property or injuries to the person of the lessee's officers, agents, servants, or employees or others who may be on the premises at their invitation or the invitation of any one of them, arising from or incident to the flooding of the premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities, and the lessee shall hold the United States harmless from any and all such claims, not including damages due to the fault or negligence of the United States or its contractors.

10. The lessee shall require its concessionaires to obtain from an insurance company licensed in the State and acceptable to the Government liability or indemnity insurance providing for minimum limits of \$50,000.00 per person in any one claim and an aggregate limit of \$150,000.00 for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, and \$20,000.00 for damages to property suffered or alleged to have been suffered by any person or persons resulting from operations under any agreements between the lessee and its concessionaires. Such insurance coverage will be obtained prior to initiation of operations by the concessionaire and be carried for the full term of the concession agreement.

11. The lessee or its grantees shall not discriminate against any person or persons because of race, creed, color, sex, or national origin in the conduct of its operations hereunder. The lessee has furnished an assurance attached hereto as Exhibit "B" that it will comply with Title VI of the Civil Rights Act of 1964 (78 Stat. 241) and Department of Defense Directive 5500.11 issued pursuant thereto and published in Part 300 of Title 32, Code of Federal Regulations, and all grantees shall supply like assurances.

12. This lease is subject to all existing easements and easements subsequently granted for roadways and utilities and for other purposes located or to be located on the premises, provided that the proposed grant of any easement will be coordinated with lessee and easements will not be granted which will interfere with developments, present or proposed by the lessee.

13. The lessee shall comply promptly with any applicable regulations affecting the activity hereby authorized if and when issued by the Environmental Protection Agency and/or a State Water Pollution Control Agency having jurisdiction to abate or prevent water pollution. Such regulations are hereby made a condition of this lease.

14. This lease may be revoked by the Secretary of the Army in the event the lessee violates any of the terms and conditions of this lease and continues and persists therein for thirty (30) days after notice thereof, in writing, by the District Engineer. Such a termination shall not derogate or diminish such other remedies in law as may be available to the Government and in no way shall it act to relieve the lessee of its responsibilities and obligations under the Contract. In lieu of revocation, the District Engineer, in his discretion, upon finding that a violation constitutes a health or safety hazard may suspend the use of that operation or facility until such deficiency is recertified.

15. All notices to be given pursuant to this lease shall be addressed, if to the lessee, to Commonwealth of Kentucky, Department of Parks, Frankfort, Kentucky 40601, if to the Government, to the District Engineer, Nashville District, Corps of Engineers, P. O. Box 1070 Nashville, Tennessee 37202, or as may from time to time be directed by the parties. Notice

shall be deemed to have been duly given if and when inclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited postage prepaid (or, if mailed by the Government, deposited under its franking privilege) in a regularly maintained post office or branch post office.

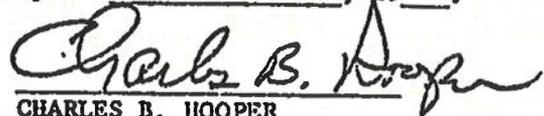
16. This will cancel and supersede letter permit dated 22 December 1964 between the Nashville District and Department of Parks, Commonwealth of Kentucky.

17. Nothing herein shall be constructed as legally obligating the State Legislature to make any appropriation of funds. Nothing herein shall be deemed to pledge the credit of any person acting or purporting to act on behalf of the State.

18. Since Lake Cumberland has been designated a navigable stream, a Department of the Army permit will be required for work on structures or for the discharge of dredges or fill material in the navigable waters of the United States. Such permits are granted under the authority of River and Harbor Act approved March 3, 1899 (30 Stat. 1151, 33 U.S.C. 401 et seq.), River and Harbor Act of June 13, 1902 (32 Stat. 371), and Section 404 of the Federal Water Pollution Control Act Amendment of 1972 (P.L. 92-500).

19. On or before the date of expiration of this lease, the lessee shall vacate the premises, remove its property therefrom, and restore the premises to a condition satisfactory to the District Engineer. If, however, this lease is revoked, the lessee shall vacate the premises, remove its property therefrom, and restore the premises as aforesaid within one year from the effective date of revocation. In either event, if the lessee shall fail or neglect to remove its property and so restore the premises, then its property shall become property of the United States without compensation therefor, and no claim for damages against the United States or its officers or agents shall be created by or made on account thereof.

IN WITNESS WHEREOF I have hereunto set my hand by authority of the Secretary of the Army This OCT 6 1973 day of \_\_\_\_\_, 1973.



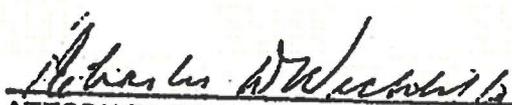
CHARLES B. HOOPER  
Chief, Real Estate Division

THIS LEASE is also executed by the lessee this 25<sup>th</sup> day of Sept 72 1972.

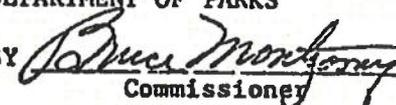
COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF FINANCE

BY   
Secretary

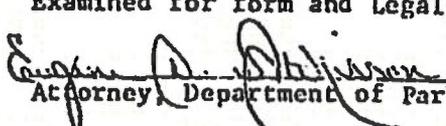
EXAMINED:

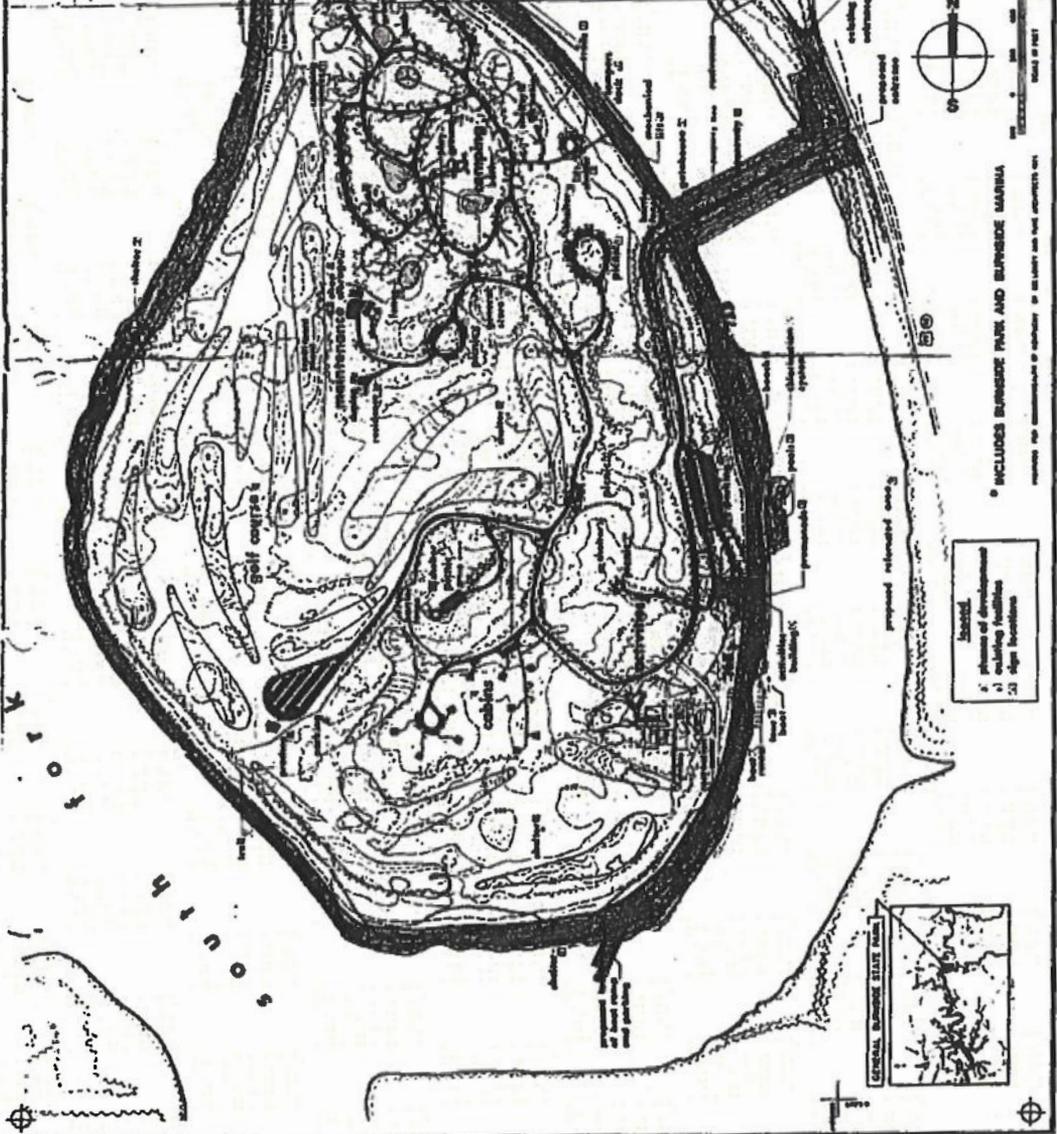
  
ATTORNEY, EXECUTIVE DEPARTMENT FOR  
FINANCE AND ADMINISTRATION

COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF PARKS

BY   
Commissioner

Examined for form and Legality:

  
Attorney, Department of Parks



SOUTH

**burnside**

GENERAL BURNSIDE ISLAND STATE PARK	
U.S. GEOLOGICAL SURVEY	WASHINGTON, D.C.
WOLF CREEK DAM LAKE CLEVELAND BURNSIDE MARINA	
EXHIBIT A 24	



- Legend**
- 1. Areas of development
  - 2. Existing facilities
  - 3. Site boundaries

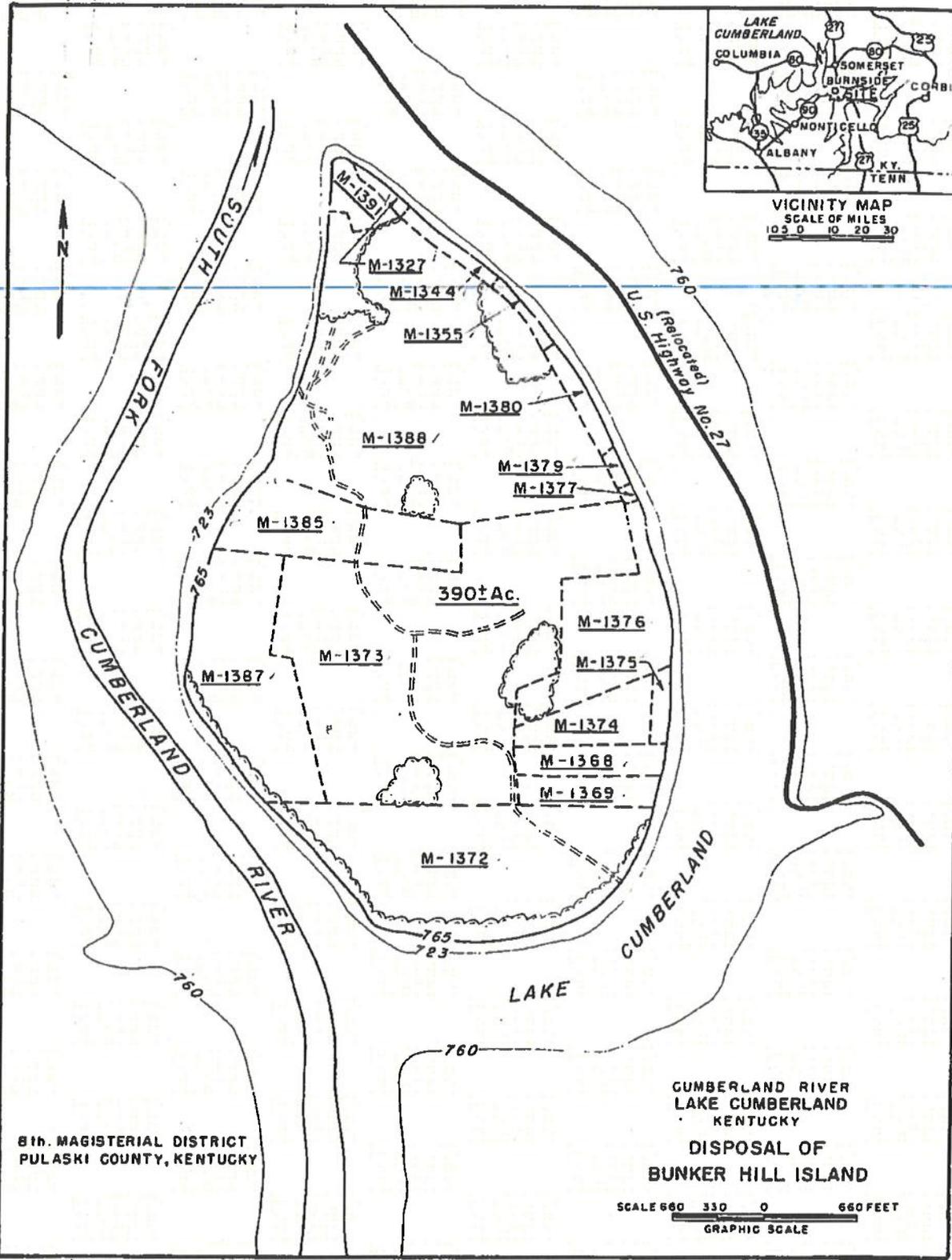
\* INCLUDES BURNSIDE PARK AND BURNSIDE MARINA



SCALE IN FEET

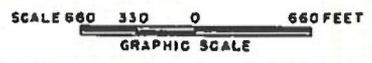


VICINITY MAP  
SCALE OF MILES  
0 10 20 30



8th. MAGISTERIAL DISTRICT  
PULASKI COUNTY, KENTUCKY

CUMBERLAND RIVER  
LAKE CUMBERLAND  
KENTUCKY  
DISPOSAL OF  
BUNKER HILL ISLAND



IN# 21

# APPENDIX D



**Andy Beshear**  
Governor

**Jacqueline Coleman**  
Lt. Governor

**KENTUCKY DEPARTMENT OF PARKS**

500 Mero Street, Fifth Floor  
Frankfort, KY 40601  
(502) 564-4270

**Lindy Casebier**  
Secretary

**Sebastian Kitchen**  
Deputy Secretary

**Mark Kellen**  
Interim Commissioner

January 29, 2026

Mr. Michael Abernathy, Chief of Real Estate  
Department of the Army  
Corps of Engineers, Nashville District  
801 Broadway A415  
Nashville, TN 37203

RE: DACW62-1-79-0002, General Burnside Island State Park  
Request for lease renewal

The Commonwealth of Kentucky, Department of Parks, respectfully requests the Corps of Engineers grant a long-term lease renewal for the subject lease.

The subject lease expires on December 31, 2027. However, an early renewal will allow the Department to more effectively administer potential future recreational development opportunities on adjacent lands owned by the Commonwealth.

A 5-Year Development Plan is attached.

Please contact Josh Wentz at 502-892-3421 if you have any questions.

Respectfully,

Mark Kellen  
Interim Commissioner  
Department of Parks

Cc: Charles Bush – Commissioner, Department for Facilities and Support Services  
Finance and Administration Cabinet

## DACW62-1-79-0002 – General Burnside Island 5-Year Development Plan

The Commonwealth of Kentucky, Department of Parks, operates General Burnside Island State Park on the shores of Lake Cumberland for outdoor public recreation. The park consists of approximately 430 total acres, 40 of which are owned by USACE and leased to the Department through the subject agreement. The park grounds are open all year.

Current amenities operated by the Department on USACE property include a public boat ramp with large parking lot, restroom/fish cleaning facility, and causeway park entrance road.

Current amenities elsewhere on the park include:

- 101-site campground; open mid-March through mid-November
  - 18 electric/water/sewer sites, 72 electric/water sites, and 9 primitive sites
  - Two bathhouses with restrooms, showers, and laundry facilities
  - Sewage dump station
  - Check-in booth with camping supplies
  - Playground and recreation building
- 18-hole, full-service, public golf course; open all year (weather permitting)
  - Pro shop/clubhouse
  - Practice putting and chipping greens
  - Driving range
  - Rental golf carts and cart storage area
- 1 mile hiking trail with lake overlook
- Opportunities for picnicking, wildlife viewing, and other outdoor recreational activities

In the next five years, the Department plans to engage private, third-party developers to expand and enhance the range of recreational opportunities. Depending upon developer interest, specific enhancements may include a resort lodge, free-standing cottages, and repairing or replacing the closed swimming pool as a water amenity (pool, splash pad, etc.) or other recreational amenity. Associated facilities and other similar recreational amenities may be proposed by developers.

It is anticipated that these potential developments will **not** cause negative impacts to existing park amenities. Infrastructure improvements may need to occur on USACE property to support the new development(s), in which case the Department will conform with the lease requirements and submit proposed work to USACE in advance.

If funding permits, the Department may once again pursue conversion of the fish cleaning area (on USACE property) into a small boat rental and food concessions operation. This action was previously approved by USACE on December 20, 2021.

The Department's State Park Ranger Division will continue to police the park area. Permanent, seasonal, and/or temporary operations and maintenance personnel will be utilized as needed.

The Department will continue to conform with the requirements of the lease and will be responsible to USACE for any sublessees operating on USACE property.

# APPENDIX E

## LWCF PROGRAM SUMMARY

### CHAPTER 1 - GENERAL PROGRAM INFORMATION

#### A. Program Summary

1. **Purpose.** The Land and Water Conservation Fund (LWCF) Act of 1965 (see Public Law 88- 578, 78 Stat 897) was enacted "...to assist in preserving, developing, and assuring accessibility to all citizens of the United States of America of present and future generations and visitors who are lawfully present within the boundaries of the United States of America such quality and quantity of outdoor recreation resources as may be available and are necessary and desirable for individual active participation in such recreation and to strengthen the health and vitality of the citizens of the United States by (1) providing funds for and authorizing federal assistance to the States in planning, acquisition, and development of needed land and water areas and facilities and (2) providing funds for the federal acquisition and development of certain lands and other areas."

Reflecting the goals of the LWCF Act, the goals of the LWCF State Assistance Program are to:

- a. Meet State and locally identified public outdoor recreation resource needs to strengthen the health and vitality of the American People.
- b. Increase the number of protected State and local outdoor recreation resources and to ensure their availability for public use in perpetuity.
- c. Encourage sound planning and long-term partnerships to expand the quantity and to ensure the quality of needed State and local outdoor recreation resources.

The LWCF State Assistance Program provides matching grants to States, and through the States to local governments, for the acquisition and development of public outdoor recreation areas and facilities. Planning grants are also available to the States to assist in the development of Statewide Comprehensive Outdoor Recreation Plans (SCORP).

2. **Delegation of authority.** The LWCF Act authorizes the Secretary of the Interior to provide financial assistance to States for outdoor recreation purposes. Except for the apportionment of funds among the States, this authority has been delegated to the Director of the NPS.
3. **Appointment of State Liaison Officer and alternate.** To be eligible for assistance under the LWCF Act, the governor of each State shall designate in writing a State official, by name or position, to serve as its SLO who has authority to accept and administer funds for purposes of the LWCF Program and to perform the other functions set forth in this Manual. The designation of the SLO may also be accomplished by state statute. To facilitate the administration of the LWCF Program, a concurrent designation (either by the governor or state statute) of an alternate(s) to act on behalf of the SLO is strongly encouraged.

Any SLO (and alternate) letter should be sent to the NPS LWCF Washington Office. If the SLO and alternate are gubernatorially appointed, a new governor, upon taking office, shall re-designate in writing the sitting SLO and alternate, or appoint new officials to represent and act for the State in dealing with the LWCF program. If State statute designates the SLO (and alternate) by position, then the incumbent shall send the letter upon assuming the responsibilities of the position.

4. **Apportionment of funds.** LWCF monies are apportioned to the States by the Secretary of the Interior each fiscal year in accordance with the apportionment formula contained in the LWCF Act. This formula includes a factor for equal distribution of a portion of the funds among the States, as well as factors for distribution on the basis of population and need. Funds are apportioned to the individual States, the District of Columbia, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands, which are collectively referred to as "the States" for the purposes of this program. Funds may be made available through the States to political subdivisions of the State and other appropriate public agencies, including recognized Indian tribes, which qualify for LWCF assistance.
5. **State planning and project selection requirements.** To be eligible for LWCF assistance for acquisition and development grants, each State shall prepare a SCORP and update it at least once every five years. A SCORP program evaluates the demand and supply of public outdoor recreation resources throughout a State; identifies capital investment priorities for acquiring, developing, and protecting all types of outdoor recreation resources; assures continuing opportunity for local units of government and private citizens to take part in planning for Statewide outdoor recreation; and coordinates all outdoor recreation programs throughout the State.

Each State shall develop an Open Project Selection Process (OPSP) that provides objective criteria and standards for grant selection that are explicitly based on each State's priority needs for the acquisition and development of outdoor recreation resources as identified in the SCORP. The OPSP is the connection between the SCORP and the use of LWCF grants to assist State efforts in meeting high priority outdoor recreation resource needs. Planning grants and technical assistance are available through the LWCF program to help the States develop and update their SCORP planning process.

6. **Acquisition and development grants.** LWCF assistance may be available 1) to acquire lands and waters or interests in lands and water for public outdoor recreation, and 2) to develop basic outdoor recreation facilities to serve the general public. To be eligible for assistance, projects must be in accordance with the SCORP, be sponsored by a governmental agency, and meet other State and federal requirements.
7. **Basis for assistance.** LWCF assistance is provided on a matching basis, up to 50%, to individual projects that are submitted through the SLO to the NPS for approval. Project costs shall be determined in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. Part 200 and this Manual. All claims shall be subject to verification by federal audit.

In accordance with Section 601 of Public Law 96-205, as amended (48 U.S.C. 1469a(d)), LWCF grants shall be made available on a 100% basis to the Insular Areas participating in the LWCF program (i.e., American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands).

8. **Program administration.** The SLO is responsible for administration of the LWCF Program in his/her State. This includes: implementation of an ongoing SCORP planning process; evaluation and selection of projects in accordance with an OPSP; assuring compliance of projects with the requirements of this Manual and published regulations; preparation and submission of applications and amendments; financial management of apportionments and individual grant awards; inspection of project sites to insure proper completion, operations, maintenance, stewardship of LWCF-assisted areas; and other functions necessary for proper program administration and management.
  
9. **Conversion policy.** The LWCF Act requires the States to operate and maintain by acceptable standards the properties or facilities acquired or developed for public outdoor recreation use. Further, Section 6(f)(3) of the LWCF Act (now codified at 54 U.S.C. § 200305(f)(3)) and its implementing regulations at 36 C.F.R. Part 59 requires that no property acquired or developed with LWCF assistance shall be converted to other than public outdoor recreation uses without the approval of the Secretary of the Interior, and only if the Secretary finds it to be in accordance with the then existing SCORP and only upon such conditions as the Secretary deems necessary to assure the substitution of other recreation properties of at least equal fair market value and of reasonably equivalent usefulness and location. Parks or recreation areas acquired or developed with LWCF assistance (in whole or part) are now referred to as “LWCF-assisted areas” and/or “LWCF boundary areas.”

# APPENDIX F

Land Use Restrictions  
General Burnside  
Island SP



-  Park Boundary
-  LWCF
-  USACE Property

0 0.25 Miles

# APPENDIX G

September 9, 2022

Ron Vanover, Deputy Commissioner  
Kentucky State Parks  
500 Metro Street  
Frankfort, KY 40601

**RE: General Burnside Island State Park Proposed Development (OSA Correspondence # 2022-09)**

Dear Deputy Commissioner, Vanover:

Thank you for your correspondence concerning the above referenced project. Our review under the Kentucky Antiquities Act (KRS 164.705 -164735; KRS 164.990) indicates that General Burnside Island State Park contains 11 archaeological sites, with only approximately one-third of the Park surveyed for archaeological resources. The proposed project boundary area contains two known archaeological sites (15Pu344a and 15Pu344b). The two previously recorded sites within the direct project area include a prehistoric rock shelter and a Civil War defensive embankment. However, most of the project area has never been investigated by professional archaeologists. Investigations of projects in similar environmental contexts have resulted in the identification of archaeological sites, some which have been determined eligible for listing in the National Register of Historic Places and have the potential to increase our understanding of the prehistory and history of the Commonwealth. Given the project area's environmental setting in my opinion, it has a high potential for impacting archaeological sites.

Therefore, I recommend that the project area be surveyed by a professional archaeologist, meeting the Secretary of the Interior's Qualification Standards, under a permit issued by this office (KRS 164.720). New or updated site forms and a report documenting the results of this investigation must be submitted to this office for review, comment, and approval. All official notes, records, and artifacts are property of the Commonwealth and are to be retained permanently for future study and stored with an appropriate institution

In the event that human remains are encountered during project activities, all work should be immediately stopped in the area and the area cordoned off, and in accordance with KRS 72.020 the county coroner and local law enforcement must be contacted immediately. Upon confirmation that the human remains are not of forensic interest, the unanticipated discovery must be reported to the Kentucky Heritage Council and this office.

Note, our review only concerns consultation regarding the Kentucky Antiquities Act and does not constitute Sections 106 clearance. The Kentucky Heritage Council (SHPO) should be contacted for information regarding compliance with federal historic preservation legislation, if appropriate.

Should you have any questions feel free to contact me at 859-257-8207 or [pbmink2@uky.edu](mailto:pbmink2@uky.edu).

Sincerely,



Philip B. Mink, II  
Assistant Director

see blue.

# APPENDIX H



# APPROVAL REQUIREMENTS & DIAMOND RATING GUIDELINES L O D G I N G



PROFESSIONAL ON-SITE INSPECTIONS SINCE 1937



Inspected  
& Approved

## I ntroduction

Dear Hospitality Professional,

We genuinely value your interest in our unique AAA Inspected & Approved program. Only AAA solicits and combines travel preferences of over 59 million members with hospitality trends and opinion to create an inspection and approval process that is world renowned. Our program is designed to use professional travel experts and member-driven criteria to quantify and recommend only the finest accommodations in the most desired travel destinations. To that end, we proudly present the latest edition of the AAA Approval Requirements & Diamond Rating Guidelines for lodgings.

These guidelines are provided with two objectives in mind:

- ◆ To ensure our ratings program is accurate and relevant to the travel information needs of over 59 million AAA/CAA members.
- ◆ To provide a valuable reference to help property managers and owners achieve your goal of being AAA Inspected & Approved and Diamond Rated.

AAA values opportunities to partner with the hospitality industry by gathering your input, discussing our ratings and openly sharing with you how the Diamond Rating System applies to your property. We urge you to take full advantage of the information provided by AAA inspectors during evaluations, as our experts collectively visit more than 28,000 lodgings every year — gathering insight on a wide range of lodging styles and experiences across the United States, Canada, Mexico and the Caribbean.

We appreciate your continued service to members and participation in AAA programs.

Sincerely,

*Michael Petrone*

Michael Petrone, CEC  
Director, AAA Content Development



**A brief note about AAA and property inspections:** Since its inception in 1902 as a federation of independent motor clubs, AAA has existed to help make road travel safer and more enjoyable for its now more than 59 million members. AAA is a leading provider of roadside assistance, travel services and trip planning products, and an influential voice in automotive and travel safety legislation and funding. AAA offers member discounts, insurance and financial services.

More than 80 years ago, in 1937, AAA hired its first field representatives to inspect and report on lodgings and restaurants. In 1963, AAA introduced a rating system for lodgings, adding the diamond symbol in 1977 in honor of the association's 75-year anniversary. A decade later, the Diamond Rating system was expanded to include inspector ratings for restaurants, prompting AAA to seek industry input for its first comprehensive AAA Approval & Diamond Rating Guidelines for restaurants, published in 1989. Prior to this, only minimum Approval Requirements were printed and distributed on request.

# CONTENTS

## Section One

### AAA Inspected & Approved

Meet the Inspectors!

## Section Two

### The Inspection Process

#### Part 1: Apply for an inspection

What to expect during the AAA on-site inspection

#### Part 2: Fulfill AAA Approval Requirements

Approval Requirements and Diamond Rating Guidelines – what's the difference?

#### Part 3: Achieve your AAA Diamond Rating

The AAA Diamond Rating Guidelines

What the Diamonds Mean

Glossary

Exterior

Public Areas

Guest Rooms

Bathrooms

The AAA Four and Five Diamond Ratings

Four and Five Diamond Service Expectations

AAA Hospitality Standards

## Section Three

### The Listing

AAA Lodging Listings: Rich in Inspection Details

Eligibility Criteria for Separate Lodging Listing

FYI Designation

Lodging Classifications and Subclassifications

Accessibility

Member Comment Procedures

The AAA Appeals Process

Green Programs

Contact Information

## SECTION ONE

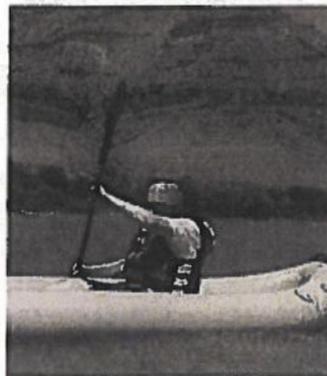


### MEET THE INSPECTORS!

While we can't reveal their identities, we can offer you a closer look at the qualities and experiences that make AAA's seasoned industry professionals so fascinating.

#### Meet the Experts

Scroll through creatively angled portraits that tell a story and captivating biographies on topics from previous jobs to food and travel tips.



**Inspector 511.** This former hotel general manager joined AAA's team of experts in 2008. He's traveled all over the U.S., as well as to Canada, Mexico and the Caribbean. A photography buff, he enjoys visiting national parks to view and photograph the natural landscapes. His favorite hotels are resort and casino hotels where there's always something going on and fun things to do. When it's time for R&R, he prefers the island vibe of Antigua, St. Lucia, St. Vincent and the Grenadines, Jamaica or the Bahamas. Favorite cuisine: French. Favorite Part of Job: Seeing fun places and meeting interesting people.

#### Inspector Shadows

Tag along as reporters and bloggers follow AAA inspectors on actual lodging and restaurant evaluations, watching and listening as they look under bedsreads and sample the menus.



#### Hotel Ratings Help Vacationers Separate Good From Bad

CBS Pittsburgh/KDKA, Jon Delano, May 2, 2017. Length: 2:27

KDKA editor went out on the street to ask folks how they make sure hotels they book are exactly what they want and followed AAA Inspector 593 as she rated a new Hotel Indigo in East Liberty. ...Read More

Twitter

Follow your favorite #AAAInspector @AAA\_Travel for a smorgasbord of entertaining observations and discoveries from the road.

AAATravel @AAA\_Travel · Oct 4  
Look what I stumbled upon today! The longitudinal center of #Canada. It's amazing the things you find along the road. - #AAAInspector 503



AAATravel @AAA\_Travel · Sep 25  
The championship croquet lawn at @OceanHouseRI will beckon you away from the beach - #AAAInspector 46 bit.ly/2f0Lp9s



Inspection Videos

Enjoy a behind-the-scenes look at how AAA inspections are conducted. Follow along on an actual evaluation to see what inspectors expect and look for on the job.



Visit [AAA.com/Diamonds](http://AAA.com/Diamonds) for more!

## AAA Inspectors: THE Travel Experts

**W**hen AAA inspectors enter properties across North America – unscheduled and requesting prompt access to guest rooms – good things follow. That’s because, for more than 80 years, AAA has represented the gold standard for lodging and restaurant inspections.

Long before there were websites, social networks and consumer reviews to help travelers find a clean lodging and a good meal, AAA inspectors were looking under beds and tasting the meatloaf all along North America’s roadways. Since 1937, AAA has been conducting on-site evaluations and publishing the results to help members make informed travel decisions. AAA attributes this longevity to a system so reliable it benefits industry as much as travelers – plus a team of highly trained, full-time inspectors with extensive industry experience.

### ONE APPROVAL, FIVE DIAMONDS

Unlike many rating providers, AAA excludes substandard properties. “Only good options are AAA Inspected & Approved, so members can focus on the fit,” said AAA Director of Content Development Michael Petrone. “That’s where the Diamonds come in. After properties pass inspection they receive a rating of one to five AAA Diamonds.”



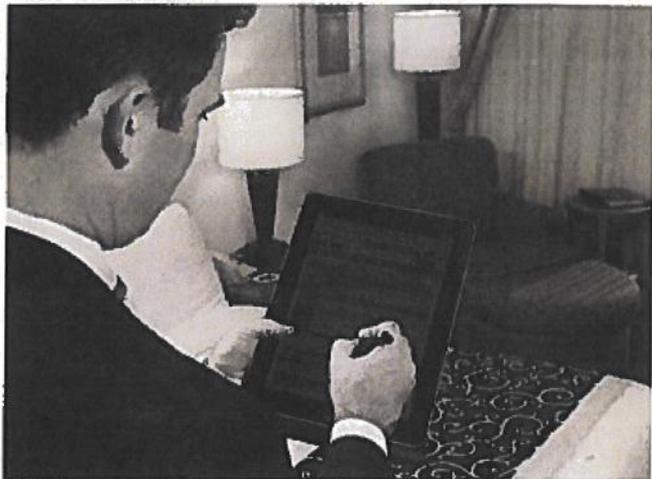
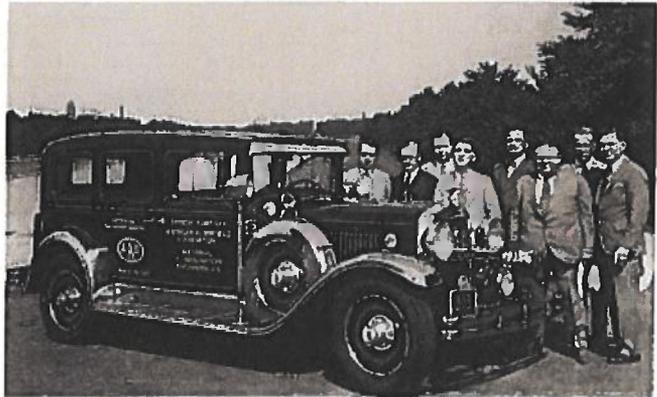
The number of Diamonds lets travelers know what to expect. Sometimes a good night’s sleep or a simple meal is all that’s needed. Other times the facilities, ambience and services are essential to the experience. “Each additional Diamond indicates more elaborate surroundings and attention from service staff,” said Petrone.

The guidelines inspectors apply follow a progression based on what’s typical across the industry, with increased expectations at each level. The attributes are weighted based on member priorities. “The collective result is a highly reliable way of categorizing,” said Petrone. “Travelers can use the quick-glance AAA Inspector Ratings or take in the full picture with the wealth of descriptive details also provided.”

### CONNECTING TO 59 MILLION MEMBERS

How do properties benefit from such scrutiny? They have the assurance of published, regularly calibrated Approval Requirements and Diamond Rating Guidelines – and an opportunity for immediate face time with inspectors to discuss the results, market trends and potential property changes.

Once ratings are confirmed, lodgings and restaurants are added to AAA’s database for listing in travel information and trip planning tools. This means exposure to 59 million AAA/CAA members in the resources they use to make travel planning and buying decisions – and eligibility for logo licensing and advertising programs for increased visibility and reach.



---

## SECTION TWO

---

### THE INSPECTION PROCESS

The inspection process includes three parts:

1. **Apply for an inspection** using the form available at [AAA.biz/Diamonds](http://AAA.biz/Diamonds).
2. **Fulfill AAA's Approval Requirements** and receive the AAA Inspected & Approved designation.
3. **Achieve your AAA Diamond Rating** calculated from objective rating scores recorded during the inspection and subjective elements based on the inspector's professional experience and training.

#### **PART 1: Apply for an inspection**

By applying for – and/or consenting to – an inspection, you agree to allow AAA to publish your property information and the respective Diamond Rating in our digital and printed travel information. Currently listed establishments need not reapply, as our inspectors routinely reassess Approved properties.

To expedite the application process, we suggest the following approach:

- Verify your property's eligibility by reviewing the AAA Approval Requirements. Properties must meet all Approval Requirements to be valid applicants.
- Complete and submit the Lodging Inspection Application (pdf).
- Complete and submit the Lodging Application Processing Fee Form (pdf). The nonrefundable \$500 application processing fee helps offset the costs of validating property information; it does not guarantee an inspection or influence the outcome.

#### **Important notes:**

- If our records indicate past disqualifying issues, you may be asked to provide written documentation and receipts of the corrective action taken since then.
- AAA does not guarantee an immediate inspection of all properties that apply, and we reserve the right to apply priority consideration to those demonstrating the highest degree of AAA member value according to the following criteria:
  - PREFERRED LOCATION
  - NEWLY BUILT / RENOVATED
  - REPUTATION
  - HIGH DEGREE OF CLEANLINESS AND COMFORT
  - APPROPRIATELY MAINTAINED CONDITIONS
- We will provide written notice of your application status as soon as possible after completing our review.
- If your property is selected for inspection, the unannounced visit will occur within one year of the application date as we have an inspector available in your area.
- Basic listings in AAA travel products are provided without charge to AAA Inspected & Approved properties and those designated as FYIs.

For more information, review our Applications FAQ.

## What to Expect During the AAA On-Site Inspection

### Introduction, Interview

On arrival (unannounced), the AAA inspector will speak with a property representative for a brief, but extremely important, interview to:

- Collect factual information for potential use in AAA travel products.
- Be advised by you of any recent changes and/or plans for improvement.
- Answer your questions.



### Property Assessment

Following the interview, the inspector will request a tour of all public areas and a cross section of guest rooms.

We strongly encourage owner/management and key personnel to participate during the inspection as our inspector will point out strengths and weaknesses of your property as appropriate\*.

*\*This valuable, no-cost dialogue is unique to the AAA inspection process.*

## PROPERTIES MUST MEET ALL AAA APPROVAL REQUIREMENTS BEFORE RATING FACTORS ARE ASSESSED.

### Assessment Summary

If a property meets all rating requirements and is Approved, the inspector will recommend a Diamond Rating based on the points assigned to public areas, guest rooms and bathrooms as noted at the time of the inspection. Each approved property will receive a AAA *Inspected & Approved* decal at the conclusion of the evaluation to affix in a visible property location. Additionally, we will provide you a AAA Inspection Summary by email which includes your property's Approval status and the Diamond Rating (if applicable)\*.

*\*This valuable information is unique to the AAA inspection process.*

For more information, review our Inspections FAQ.



## **PART 2: Fulfill AAA Approval Requirements**

**AAA APPROVAL REQUIREMENTS REFLECT THE MINIMUM ACCEPTABLE STANDARDS AS ESTABLISHED THROUGH MEMBER FEEDBACK\*.**

*\*This research is unique to the AAA inspection process.*

To be designated as AAA Inspected & Approved, an establishment must pass inspection by meeting the following requirements:

### **Cleanliness and Condition**

1. All facilities associated with a property are clean and well maintained throughout.
2. At a minimum, each guest unit is thoroughly cleaned, with complete bed and bath linens changed between guest stays.
3. Basic housekeeping services and supplies are available on request.
4. All indoor areas are properly heated, air-conditioned and/or ventilated to ensure guest comfort.

### **Management and Style of Operation**

**Businesses will:**

5. Provide AAA/CAA members value in all aspects of operation.
6. Cater primarily to transient rather than residential guests, with four or more private units available for AAA/CAA members.
7. Maintain compliance with all local, state and federal codes.

**Owners/Operators will:**

8. Assist AAA in the resolution of AAA/CAA member complaints.
9. Accommodate unannounced AAA property inspections within 20 minutes of notice.
10. Conduct business in a professional and ethical manner — providing attentive, conscientious service to guests.
11. Place AAA/CAA members in AAA Inspected & Approved guest units only. Overflow buildings or guest units associated with the property, but not approved by AAA, are not acceptable accommodations.
12. Provide a responsible representative readily accessible at all times to address guest needs or requests.
13. Provide guests 24-hour access to communications for emergency or critical information.

**Owners/Operators will not:**

14. Use AAA branding (logo, Diamond Ratings) without AAA's explicit permission.

### **Exterior and Public Areas**

**Businesses will have:**

15. Accurate, legible signage in appropriate areas (e.g., entry, corridors, walkways, stairways, landings, parking areas).
16. Good illumination in all public areas (e.g., entry, corridors, walkways, stairways, landings, parking areas).
17. Procedures in place to ensure all facilities associated with a property and provided for guest use (e.g., restaurant, health club, gift shop, recreational facilities) meet all appropriate AAA Approval Requirements.

### **Guest Rooms**

**Each guest unit will have:**

18. A clean and comfortable bed with a mattress pad, two sheets, two pillows with pillowcases, and an appropriate bed covering.
19. A nightstand or equivalent by each bed, a chair, a writing surface, a waste container, drawers/shelving and clothes-hanging facilities.
20. Adequate shades, drapes, blinds or treatments to cover all windows or other transparent areas to provide guest privacy.
21. An adequate level of soundproofing to muffle exterior sounds.
22. An active light switch at the main entry.
23. Good overall illumination to include direct lighting at a writing surface and at each bed.

24. Exterior/hallway facing door(s) equipped with a functional *primary lock* and a *secondary deadbolt lock*.

**Primary lock** is a keyed mechanism that allows the door to be locked from the outside. Passkeys are strictly controlled and available only to recognized guests and essential associates for routine room access (e.g., management, housekeeping/maintenance staff, security).

**Secondary lock** is a mortised, deadbolt-locking mechanism with a one-inch throw extending from the edge of the door into the door frame. This extra device affords guests a certain level of privacy. Unlike the primary lock passkeys, master keys for secondary locks are available only to essential associates and only for emergency purposes (e.g., management or security).

**Secondary Lock Variances**

In certain instances, the requirement for secondary locks may be modified to allow exceptions or provide increased guest security. The most common are noted below. AAA claims the right of final arbitrator in all decisions related to locks.

**Sliding Glass Doors** – Each sliding door must be equipped with an effective locking device. An effective secondary security lock is required on all ground-floor doors and those accessible from common walkways and adjoining balconies.  
**French Doors** – In addition to the deadbolt lock, surface-mounted slide bolts must be installed at the top and bottom to secure the stationary/auxiliary door. These bolts must extend into the upper doorframe and the lower doorframe or floor and must be strong and sturdy mechanisms.

25. Working deadbolt lock(s) on each door to connecting guest units or maintenance corridors.  
 26. A viewport or window (convenient to the door) for each entry door.  
 27. A working lock for each window in a ground floor unit.  
 28. A working smoke detector.

**Guest Bathrooms**

Each guest unit will have:

29. A private bathroom solely dedicated for use by the guest(s).  
 30. A toilet, sink with adequate shelf space, mirror, convenient electrical outlet and a tub/shower with a non-slip surface.  
 31. Good overall illumination to include direct lighting at the mirror(s).  
 32. Two bath towels, two hand towels, two face cloths and two cups/glasses.  
 33. Toilet tissue, a cloth bath mat, and two bars of soap or equivalent.  
 34. Non-porous surfaces (e.g., floors, walls, baseboards) in all toilet areas.

---

**Approval Requirements and Diamond Rating Guidelines – what's the difference?**

AAA's Diamond Rating System comprises two distinct components. The *Approval Requirements* are uncompromising, mandatory standards that result in one of two outcomes: pass or fail. The *Diamond Rating Guidelines*, applied only to properties that meet the Approval Requirements, are somewhat flexible. The overall rating is based on a prevalence of expected attributes and the inspector's professional judgment in the context of thousands of property inspections.

**Properties must meet all AAA Approval Requirements to be designated AAA Inspected & Approved.**

Approval Requirements are common-sense qualifications AAA/CAA members say are essential to their satisfaction and professional operators routinely seek to achieve.

**Properties must meet most AAA Diamond Rating Guidelines for a particular level to be assigned that rating.**

The *Diamond Rating Guidelines* reflect attributes typically — but not universally — observed throughout a lodging industry segment. Therefore, the lack of some components listed for a designated rating level does not necessarily preclude the achievement of that rating. During evaluations, inspectors assess each attribute of the property and assign the most appropriate rating that will provide the best match in meeting AAA member expectations.

**Not all guidelines apply to all property types.** For example, meeting rooms are not expected at a bed and breakfast, but are essential at a convention-oriented hotel. Additionally, downtown hotels may lack extensive landscaping

features in comparison to what is typical in more rural locations. AAA inspectors apply only those Diamond Rating Guidelines applicable for the property classification.

### **PART 3: Achieve Your AAA Diamond Rating**

#### **The AAA Diamond Rating Guidelines**

**AAA DIAMOND RATINGS FOR LODGINGS REPRESENT A COMBINATION OF THE OVERALL QUALITY, RANGE OF FACILITIES, AND LEVEL OF HOSPITALITY OFFERED BY A PROPERTY.** The widely recognized and trusted AAA Diamonds help members choose lodgings that will meet their needs and expectations.

AAA's Diamond Rating Guidelines indicate what is typically found at each rating level — from simple economy to highly personalized luxury. The Diamond Rating is determined based on a compilation of all property characteristics, with a focus on the overall guest experience rather than on individual elements. While properties at the same rating level may have variations in the attributes offered, a predominance of characteristics from a particular rating level drives the rating.

The inspector's Diamond Rating recommendation is based on both the Diamond Rating Guidelines and professional judgment — an essential component of the rating assessment. Our inspectors are North America's travel experts, immersed in the hospitality industry on a daily basis as they conduct more than 29,000 lodging inspections per year.

#### **What the Diamonds Mean**

##### **One Diamond**



Budget-oriented, offering basic comfort and hospitality.

##### **Two Diamond**



Affordable, with modestly enhanced facilities, décor and amenities.

##### **Three Diamond**



Distinguished, multifaceted with enhanced physical attributes, amenities and guest comforts.

##### **Four Diamond**



Refined, stylish with upscale physical attributes, extensive amenities and a high degree of hospitality, service and attention to detail.

##### **Five Diamond**



Ultimate luxury, sophistication and comfort with extraordinary physical attributes, meticulous personalized service, extensive amenities and impeccable standard of excellence.

## Glossary

When you see the following terms used in the following Diamond Rating Guidelines pages, please refer back to this page for more information.

- **Basic** – Of, relating to, or forming the base or essence; simplest form; minimal amounts.
- **Connective Technology/Connectivity** – The integration of technology and information systems that allow guests and lodging operators to interact on an increasingly personalized and technologically connected basis.
- **Decorative** – Obvious ornamental embellishment with attractive results.
- **e.g.** – For example. Items following are only examples of what is typical and should not be interpreted as a required appointment.
- **Leading Edge** – Most advanced in their profession; luxuriant, luxury materials, highly fashionable/grand design and functionality working in sync to provide a sumptuous level of comfort.
- **Luxurious** – Characterized by opulence, sumptuousness, or rich abundance; extremely comfortable, elegant or enjoyable.
- **Modest/Modestly Enhanced** – More than basic; slight enhancement; limited in size or scope.
- **Upscale** – Obviously high grade; upmarket, luxurious feel; cohesive designs; not just the latest trend.

### KEY NOTES:

- **Additional Impressions** – All areas may be subject to point additions/subtractions related to the subjective impressions of the inspector pertaining to comfort, design and layout, or other unique features.  
Note: AAA/CAA members express significant dissatisfaction with additional non-use fees (e.g., “resort fees”, safes, microwaves, refrigerators, etc.). Free and effective internet bandwidth within the guest room is also a typical guest expectation.
- **Additional Features** – Some features and amenities (recreation facilities, microwaves, coffeemakers, iron, etc.) are not rated on a 1-5 Diamond scale, but are factored into the overall property rating based on availability and/or general quality according to AAA member expectations for the rating level.
- **Exceptions** – Not all of the Diamond Rating Guidelines will apply to all property types. AAA inspectors will only use the sections of the Diamond Rating Guidelines that are appropriate for the property classification in assessing the overall Diamond Rating. *If an attribute exists at the property, it will be rated accordingly.*

# APPENDIX I

**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**ASSISTANCE AGREEMENT**  
**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM**  
**FUND A**

**PROJECT NUMBER:** A2 09-24

**BORROWER:** Commonwealth of Kentucky  
Tourism Cabinet  
Department of Parks

**BORROWER'S ADDRESS:** 500 Mero Way, Capital Plaza Tower  
Frankfort, Kentucky 40601

**DATE OF ASSISTANCE AGREEMENT:** February 1, 2010

**CFDA NO.:** 66.458

RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY  
2010 FEB 15 P 3:57

RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY  
2010 FEB 11 A 9:45

ASSISTANCE AGREEMENT

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority ..... 6  
 Section 2.2. Representations and Warranties of the Governmental Agency..... 6

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility ..... 8  
 Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds .... 8  
 Section 3.3. Governmental Agency's Right to Prepay Loan ..... 8

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT;  
REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan..... 9  
 Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement and  
 ARRA ..... 11  
 Section 4.3. Disbursements of Loan; Requisition for Funds..... 13

ARTICLE V

CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY;  
PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Covenant to Seek Appropriations ..... 14  
 Section 5.2. Initial Period of Agreement; Renewal; Termination Upon Nonappropriation..... 14  
 Section 5.3. Covenant to Establish Maintenance and Replacement Reserve..... 15

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance..... 16  
 Section 6.2. Completion of Project ..... 16

Section 6.3. Establishment of Completion Date .....	16
Section 6.4. Commitment to Operate .....	16
Section 6.5. Continue to Operate.....	16
Section 6.6. Tax Covenant .....	16
Section 6.7. Accounts and Reports.....	17
Section 6.8. Audit Requirements.....	17
Section 6.9. General Compliance With All Duties .....	17
Section 6.10. Project Not to Be Disposed Of.....	17
Section 6.11. General .....	17
Section 6.12. Further Covenants under the Federal Agreement.....	17
Section 6.13. Covenants Under ARRA .....	18
Section 6.14. Continuing Disclosure Obligation.....	19

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain Project .....	20
Section 7.2. Additions and Improvements .....	20
Section 7.3. Compliance with State and Federal Standards .....	20
Section 7.4. Access to Records .....	20
Section 7.5. Covenant to Insure - Casualty .....	20
Section 7.6. Authority as Named Insured .....	20
Section 7.7. Covenant to Insure - Liability .....	20
Section 7.8. Covenant Regarding Worker's Compensation .....	21
Section 7.9. Application of Casualty Insurance Proceeds.....	21
Section 7.10. Eminent Domain .....	21
Section 7.11. Flood Insurance .....	22

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined.....	23
Section 8.2. Remedies on Default .....	23
Section 8.3. Appointment of Receiver .....	24
Section 8.4. No Remedy Exclusive.....	24
Section 8.5. Consent to Powers of Authority Under Act .....	24
Section 8.6. Waivers.....	24
Section 8.7. Agreement to Pay Attorneys' Fees and Expenses .....	24

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld.....	25
Section 9.2. Approval.....	25
Section 9.3. Effective Date and Early Termination .....	25

Section 9.4. Binding Effect ..... 25  
 Section 9.5. Severability..... 25  
 Section 9.6. Assignability..... 25  
 Section 9.7. Execution in Counterparts ..... 25  
 Section 9.8. Applicable Law ..... 25  
 Section 9.9. Captions..... 26

**SIGNATURES..... 27**  
**EXHIBIT A - PROJECT SPECIFICS ..... A-1**  
**EXHIBIT B - REQUISITION FORM ..... B-1**  
**EXHIBIT C - [RESERVED]..... C-1**  
**EXHIBIT D - [RESERVED] ..... D-1**  
**EXHIBIT E - LEGAL OPINION ..... E-1**  
**EXHIBIT F - SCHEDULE OF PAYMENTS ..... F-1**  
**EXHIBIT G - ADDITIONAL COVENANTS AND AGREEMENTS ..... G-1**  
**EXHIBIT H - [FOR GREEN PROJECT RESERVE ONLY] ..... H-1**

## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

### WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of February 1, 1990, as amended, supplemented or restated from time to time (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank, National Association, as lawful successor in interest to National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to acquire, construct, and finance the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency

herein contained to budget for, and seek, legislative appropriations for the application thereof to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction, and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"Act" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"Administrative Fee" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"ARRA" shall mean the American Recovery and Reinvestment Act of 2009.

"Assistance Agreement" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"Authority" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"Bond" or "Bonds" or "Revenue Bonds" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"Cabinet" means the Energy and Environment Cabinet of the Commonwealth.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"Commonwealth" shall mean the Commonwealth of Kentucky.

"Construction" shall mean construction as defined in the Act.

"Debt Obligations" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the Project.

"Engineers" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"Federal Act" shall mean the Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"Governmental Agency" shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated cities, counties, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"Indenture" shall mean the General Trust Indenture dated as of February 1, 1989 between the Authority and the Trustee.

"Loan" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

"Memorandum of Agreement" means the Memorandum of Agreement dated as of February 1, 1990, as amended, supplemented or restated from time to time, between the Authority and the Cabinet.

"Person" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"Program" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" shall mean, when used generally, a Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"Project Commencement Date" means the date construction of the Project commences, or the date contracts have been executed for construction of the Project.

"Project Specifics" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"Requisition for Funds" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as Construction of the Project progresses.

"Resolution" means the resolution of the Governmental Agency in the form of the resolution attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"Schedule of Payments" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"Treatment Works" shall mean Treatment works as defined in the Act.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act, the Federal Act, ARRA and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works Project or other Infrastructure Project permitted under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments, including principal forgiveness, as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each such Requisition of Funds shall be accompanied by a Buy-American Certification in substantially the same form as Exhibit B-1 attached hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; subject to the requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

## ARTICLE IV

### CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

- (A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and to examine and inspect same.
- (B) All real estate and interest in real estate and all personal property constituting the Project and the Project sites heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the Project.
- (C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.
- (D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.
- (E) Actual construction and installation incident to the Project shall be performed by the lump-sum (fixed price) method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.
- (F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Cabinet.
- (G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth and the United States Government as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and

the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) The Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the American Recovery and Reinvestment Act in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

(R) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(T) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority prior to June 1 of each even-numbered year that it has budgeted for, and sought legislative debt service appropriations for, the repayment of the principal of, and interest on, the Loan.

(V) The Project Commencement Date shall be no later than February 16, 2010.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement and ARRA. The Governmental Agency, in order to comply with the terms and

conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience; and

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel.

(F) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(G) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(H) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(I) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(J) That all measures required to minimize water pollution to affected waters shall be employed in the construction of the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

(K) That no portion of the proceeds of the Loan shall be disbursed unless the Project Commencement Date is on or prior to February 16, 2010.

(L) That the Project is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

Section 4.3. Disbursements of Loan: Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and Exhibit B-1 and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

## ARTICLE V

### **CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY**

**Section 5.1. Covenant to Seek Appropriations.** The Governmental Agency covenants and agrees that on each and every occasion when appropriations bills are prepared for introduction in the various successive Sessions of the General Assembly of the Commonwealth, the Governmental Agency will cause to be included in the appropriations proposed to be made for the Governmental Agency, sufficient amounts in the aggregate (over and above all other requirements of such Governmental Agency) to enable the Governmental Agency to pay the principal of, and interest on, the Loan as they become due during such period, and to perform all other obligations under this Agreement during the then current term of this Agreement. The Governmental Agency covenants to apply appropriated funds to make such payments to the extent such appropriations are made in each legislative and budgetary biennium of the Commonwealth.

**Section 5.2. Initial Period of Agreement; Renewal; Termination Upon Nonappropriation.** The Governmental Agency hereby covenants and agrees with the Authority that in consideration of the Loan for the financing of the Project, the Governmental Agency will pay all principal of, and interest on, the Loan for an initial term ending June 30, 2010 (the "Initial Period") and meet all other financial obligations to be observed by the Governmental Agency during the Initial Period; with the right and privilege hereby accorded to the Governmental Agency to continue to renew this Agreement and pay principal of, and interest on, the Loan (together with all other financial obligations to be observed by the Governmental Agency during a Renewal Term as hereinafter defined) in the event the Governmental Agency exercises its option to renew this Agreement, as hereinafter provided. Each of the successive options to renew may be exercised for each immediately succeeding two year period commencing on July 1 of an odd numbered year and ending on June 30 of an even numbered year (a "Renewal Term") at any time after the adjournment of the Session of the General Assembly of the Commonwealth at which appropriations shall have been made for the operation of the state government for each succeeding Renewal Term by notifying the Authority by a writing signed by the Secretary of the Tourism Cabinet delivered to the Authority; provided, however, that such option shall in each instance be deemed automatically exercised, and this Agreement automatically renewed for the succeeding Renewal Term, effective on the first day thereof, unless a written notice of the Governmental Agency's election not to renew, signed by the Secretary of the Tourism Cabinet shall have been delivered to the Authority before the close of business on the last business day in May, immediately preceding the beginning of such succeeding Renewal Term

It is the Governmental Agency's intent to pay payments for each Renewal Term during the term of this Agreement, if funds are legally available to it and in this regard the Governmental Agency represents that the use of the Project is essential to its operations, but such statement of intention to renew shall not be deemed a current renewal of such future options for the sole reason that the Governmental Agency is constitutionally unable to take such actions at this time.

If there is a failure by the General Assembly of the Commonwealth to appropriate funds to the Governmental Agency for any successive Renewal Term and the Governmental Agency terminates this Agreement at the end of the then current biennial period, then the Governmental

Agency shall not, in this sole event, be obligated to make any payments beyond the end of the then current biennial period. The Authority shall have all the rights and remedies to take possession of the Project. The Governmental Agency agrees to peaceably surrender possession of the Project to the Authority or its assignee on the effective date of such termination.

Section 5.3. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

## ARTICLE VI

### OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the Project or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the Project and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. Project Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of the Project or any part thereof (except that the Governmental Agency may retire obsolete and worn out portions of the Project not rendering the Project incapable of operation, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.12. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by

Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 6, the National Environmental Policy Act
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7,8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) 40 CFR, Part 35, Subpart K
- (h) Executive Order 11246, as amended, 11625 and 12138
- (i) Title VI of the Civil Rights Act of 1964, as amended
- (j) Age Discrimination Act
- (k) Rehabilitation Act of 1973
- (l) Contract Work Hours and Safety Standards Act
- (m) 40 CFR, Part 25, Public Participation Requirements

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. Covenants Under ARRA. The Governmental Agency covenants and agrees that it shall comply with all further requirements or conditions which may arise from time to time in order to insure compliance with ARRA, including but not limited to the following:

- (A) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.
- (B) No portion of the Loan shall be used by the Governmental Agency for the construction, alteration, maintenance or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the Project is produced in the United States unless (i) a waiver is provided to the Governmental Agency by the United States Environmental Protection Agency or (ii) compliance would be inconsistent with the United States' obligations under international agreements.
- (C) Not later than the 10th calendar day after the end of each calendar quarter, the Governmental Agency shall submit reports to the Authority complying with the requirements of Section 1512(c) and Title VII of ARRA.
- (D) The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of ARRA.
- (E) If the Project, or any portion thereof, has been qualified as a green infrastructure water or energy efficiency project, the Governmental Agency shall notify the Authority in writing of any changes to the Project. No such changes shall be undertaken unless the Authority shall have provided the Governmental Agency with express written consent to such changes.

Section 6.14. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.13 by an action in mandamus, for specific performance, or similar remedy to compel performance.

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain Project. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the Project is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.5. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks

(including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.10. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.11. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments at the times specified herein during the Initial Period or any Renewal Term.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder during the then current Initial Period or Renewal Term, as set forth in the Schedule of Payments, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.13 hereof shall be those remedies specifically set forth in Section 6.13 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary or Assistant Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date and Early Termination. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied. Notwithstanding the foregoing, in the event the Project Commencement Date shall not have occurred on or prior to February 16, 2010, this Assistance Agreement shall terminate on February 17, 2010.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

Sandy Williams

Title: SECRETARY

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

By: [Signature]

Title: EXECUTIVE DIRECTOR

**GOVERNMENTAL AGENCY:  
TOURISM CABINET OF THE  
COMMONWEALTH OF KENTUCKY,  
DEPARTMENT OF PARKS**

By: Marchete Sparrow

Title: Secretary

APPROVED:

E. Jeffrey Morley for  
SECRETARY FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

Peck, Shaffer + Williams LLP  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

**ENERGY AND ENVIRONMENT CABINET OF  
THE COMMONWEALTH OF KENTUCKY**

By: [Signature]  
Director  
Division of Water

**APPROVED AS TO  
FORM & LEGALITY**

[Signature]  
FINANCE & ADMINISTRATION CABINET

**EXHIBIT A**

**Commonwealth of Kentucky Department of Parks - General Burnside  
PROJECT SPECIFICS  
A2 09-24**

**GOVERNMENTAL AGENCY:**

Name: Commonwealth of Kentucky Department of Parks - General Burnside  
500 Mero Street, Capital Plaza Tower  
Frankfort, KY 40601

Contact Person: Mr. Ken Marks, P.E.  
502-564-8110 ext 325

**SYSTEM:** Wastewater

**PROJECT:** This project involves the construction of one duplex submersible in ground pumping station and approximately 5,488 linear feet of 4" diameter force main, a 1,000 gallon sewage holding tank, gravity connection piping and other appurtenances required to complete the connection to the new pump station. This will permit the entire Park's sewer facilities to be connected to the City of Burnside for treatment by the City of Somerset's Pitman Creek WWTP. The existing dilapidated wastewater treatment plant at the Park will be demolished.

**PROJECT BUDGET:**

	Total
Administrative Expenses	\$ 1,516
Engineering Fees	\$ 107,310
Construction	\$ 381,945
Contingency	\$ 38,195
Total	<u>\$ 541,230</u>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 500,000	92%
Local Funds	\$ 41,230	8%
Total	<u>\$ 541,230</u>	<u>100%</u>

**KIA DEBT SERVICE:**

Construction Loan	\$ 500,000
Less: Principal Forgiveness (52.1%)	\$ 260,500
Amortized Loan Amount	<u>\$ 239,500</u>
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 16,012
Administrative Fee (0.20%)	\$ 479
Total Estimated Annual Debt Service	<u>\$ 16,491</u>



EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED FEBRUARY 1, 2010  
LOAN NO. A2 09-24

Request No. \_\_\_\_\_ Dated \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601

Copy sent to: SRF and SPAP Section Manager  
Division of Water  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

FROM: Tourism Cabinet of the Commonwealth of Kentucky, Department of Parks  
(the "Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of facilities described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$ \_\_\_\_\_.

Pursuant to the Assistance Agreement, we hereby certify that the Project Commencement Date was \_\_\_\_\_.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

Contractor

Expenses this Request

Expenses to Date

Total

ALLOCATION OF FUNDING FOR EXPENSES

Funding Source

Portion of Expenses  
this Request

Portion of Expenses  
Total to Date

The Governmental Agency certifies it has also paid Project expenses or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

Funding Source

Amount of Payment  
or Requisition

Date of Payment  
or Requisition

Respectfully submitted,

\_\_\_\_\_, Governmental Agency

By: \_\_\_\_\_

Title \_\_\_\_\_

**CERTIFICATE OF CONSULTING ENGINEERS AS TO PAYMENT REQUEST**

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

\_\_\_\_\_  
Engineer/Consultant

\_\_\_\_\_  
Firm Name

EXHIBIT B-1

**BUY-AMERICAN CERTIFICATION ACCOMPANYING PAY REQUESTS**

**BUY AMERICAN AFFIRMATION**

Section 1605 of the American Recovery and Reinvestment Act (ARRA) states that:

*"None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States."*

To meet this requirement, the undersigned hereby certifies that all of the material, equipment and accessories which are to be represented by expenditures of this pay request and any other expenditures of the Project to be partially or fully funded by monies from the American Recovery and Reinvestment Act, has been manufactured from domestic construction material as defined by 40 CFR 35.936-13(D).

If any expenditures reflected in this Pay Request or expenditures made from other funding sources during the period covered by this Pay Request are not in compliance with Section 1605, documentation is attached hereto reflecting the waiver obtained or applicable hereto that allows the incorporation of a non-American component(s).

\_\_\_\_\_  
Name of Governmental Agency

\_\_\_\_\_  
Name of Contractor

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXHIBIT C  
[RESERVED]

EXHIBIT D

[RESERVED]

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Tourism Cabinet of the Commonwealth of Kentucky, Department of Parks, dated as of February 1, 2010

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to Tourism Cabinet of the Commonwealth of Kentucky, Department of Parks (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

(1) The Governmental Agency is a duly organized and existing state agency of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

(2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

(4) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement.

(5) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, or (v) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

(6) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

(7) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the acquisition and construction of the Project.

(8) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN  
TOURISM CABINET OF THE COMMONWEALTH OF KENTUCKY,  
DEPARTMENT OF PARKS  
("GOVERNMENTAL AGENCY") AND  
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by  
Governmental Agency to  
Kentucky Infrastructure Authority \$ \_\_\_\_\_

Principal and Interest Payable  
on Each \_\_\_\_\_ and \_\_\_\_\_

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**TOURISM CABINET OF THE  
COMMONWEALTH OF KENTUCKY,  
DEPARTMENT OF PARKS, Governmental  
Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

Title: \_\_\_\_\_

# APPENDIX J



Telephone (606)561-4113

## CITY OF BURNSIDE

7929 S. Highway 27  
P. O. Box 8  
BURNSIDE, KY 42519  
[www.cityofburnsideky.com](http://www.cityofburnsideky.com)



Fax (606)561-6604

January 13, 2026

Kentucky Department of Parks

Mayor Robert Lawson and the City of Burnside are in full support of the following:

Water usage at the Lodge and in the Park is expected to be 30,200 gallons per day in the summer season. Burnside has adequate capacity to deliver the quantity of water. Without performing hydraulic studies, we estimate that a 400,000 gallon ground storage tank with 8,400' of 12" and 16" line will be required.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Lawson", with a long horizontal flourish extending to the right.

Robert Lawson, Mayor City of Burnside