**COVIAS DISCUSSION – April 19, 2020**

1. **Current FY2020 Financial Projections for P3 Venture**
   1. S&P Coverage Calculation shows 1.21X Coverage; subordination of $5.6 million in ground rent need/Corvias has Letter of Credit of $6.5 million
   2. Lenders’ Coverage Calculation shows 1.10X Coverage
   3. Lenders’ Coverage Calculation with $5.1 million Corvias Contribution Shows 1.2X Coverage
2. **Why does Corvias want to contribute $5.1 million as revenue in current fiscal year?**
   1. Seek to show 24-month period with Lender’s Coverage Calculation at 1.2X.
   2. Will still need to show a FY 2021 budget approved by BOR indicating Lender’s Coverage of 1.2X to meet 24-month period.
   3. If 1.2X Coverage not reached FY 2020, will never be able to get “lock-up” funds out of the transaction because:
      1. Contingent Rent Provision whereby excess NOI goes to BOR
      2. Debt service is increasing each year and revenue will never increase at a faster pace to produce 1.2X coverage
3. **Why is Corvias concern with S&P potential downgrade of Venture?**
   1. Restate – Current year/ FY 2020 S&P calculation is 1.21X coverage.
   2. Why does Corvias believe that the P3 venture will be downgraded by S&P?
      1. S&P downgraded the entire P3 sector on BBB (investment) (Investors require a minimum of BBB).
      2. Will this downgrade happen despite Corvias showing a 1.2 coverage ratio for FY 2020 and revenue increase by $5.6 million?
      3. If Corvias P3 venture downgraded, how many notches? May go to WATCH.
   3. During COVID-19 CRA/BOR has communicated with S&P analyst team at least four times. They have expressed a need to understand impact of COVID-19 on BOR’s institutions and what measures the USO/BOR are taking to address the crisis.

Likewise, S&P analyst has contact KSU Foundation numerous times with request to address specific questions. These questions have focused on 1) whether refunds were provided, 2) impact on refunds to revenues, 3) whether they will achieve 1.2 coverage ratio, 4) whether the Foundation will need to use the investors debt service reserve fund to make its debt payment, and 5) what other sources of funds does the Foundation have to support the project?

* 1. What is the impact of a downgrade on the venture, Corvias and BOR?
     1. Event of Default and provides an opportunity for the Lenders to step in and replace Corvias.
     2. Finance is reviewing Lenders’ Agreement

1. **Why is BOR unwilling to help Corvias meet Lenders’ 1.2X Coverage by Accepting $5.6 million as revenue?**
   1. Temporary versus Long-term Solution – Previous Renegotiation
   2. Ethics and Best Practice
   3. Adequacy of Corvias’ consideration
   4. Real Estate Board Subcommittee and Leadership Directions\Advice

Additional Questions for Corvias:

1. Has Corvias’ investors contacted them since COVID-19 and if so, what questions did they ask?
2. What are the next steps with the investors?
3. Has S&P contacted Corvias since COVID-19?
4. What questions have S&P asked of Corvias?
5. What has been Corvias response to S&P inquiries?
6. What are the next steps with S&P?