

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**JANUARY 25, 2013**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, January 25, 2013 in Room 182 of the Capitol Annex at 2:30 pm. ET by Lori Flanery, Secretary, Finance and Administration Cabinet and Executive Director to the Commission. Other members present were Ryan Keith, proxy for Governor Steven Beshear, Chad Aull, proxy for Lt. Governor Jerry Abramson, Jane Driskell, State Budget Director, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development, and Corey Bellamy, proxy for Jack Conway, Attorney General.

Office of Financial Management (“OFM”) Staff Members Present: Ryan Barrow, Executive Director and Secretary to the Commission, Robin Brewer, Rachael Dever, Tom Midkiff, and Marcia Adams.

Other Guests Present: Jeff Mosley, General Counsel, Finance and Administration Cabinet, Kristi Culpepper and Joshua Nacey from the Legislative Research Commission (“LRC”), Teresa Sanders from the Office of State Budget Director (“OSBD”), Kem Delaney-Ellis from LRC Budget Review, Pamela Trautner, Finance Secretary’s Office, William Dexter, General Counsel, Tourism, Arts, and Heritage Cabinet, Ellen Benzing, General Counsel, Kentucky State Fair Board (“KSFB”), and Scott Brinkman, Kentucky Kingdom, LLLP.

Secretary Flanery verified with staff that a quorum was present and that the press had been notified of the meeting.

A motion was made by Mr. Ed Ross and seconded by Mr. Chad Aull to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the January 14, 2013 meeting were approved.

Secretary Flanery introduced Resolution 2013-06:

**THIS CONSTITUTES AUTHORIZATION FROM THE FINANCE AND ADMINISTRATION CABINET (“CABINET”), PURSUANT TO AND IN ACCORDANCE WITH KRS 56.515, TO PERMIT THE KENTUCKY STATE FAIR BOARD (“KSFB”) TO HAVE A MORTGAGE PLACED UPON CERTAIN REAL PROPERTY OWNED BY KSFB AND LOCATED ON PHILLIPS LANE IN JEFFERSON COUNTY, KENTUCKY (THE “PROPERTY”) FOR THE PURPOSE OF SECURING PRIVATE FINANCING FOR THE CONSTRUCTION OF BUILDINGS AND IMPROVEMENTS ON THE PROPERTY. THE PROPERTY HAS PREVIOUSLY BEEN OPERATED AS THE KENTUCKY KINGDOM AMUSEMENT PARK (THE “PARK”), BUT THE PARK HAS NOT BEEN OPERATED SINCE THE 2009 OPERATING SEASON.**

Secretary Flanery stated the meeting today was for the Kentucky Kingdom Project and recognized Ellen Benzing, from the Kentucky State Fair Board, (“KSFB”), William Dexter, General Counsel,

from the Tourism, Arts, and Heritage Cabinet (“TAHC”) and Jeff Mosley, General Counsel for the Finance and Administration Cabinet (“FAC) who will present information to the Commission.

Mr. Dexter stated the Fair Board met yesterday and authorized a lease with Kentucky Kingdom, LLLP, and subject to approval by the SPBC, the Board authorized the use of KRS 56.515 for the mortgage of the property on which the Kentucky Kingdom sits.

Ms. Ellen Benzing stated that the KSFB gave unanimous approval for this project and continued with an overview of the project to the Commission. This project is a 50-year lease containing four 5-year renewals; the partnership will initially invest \$45 million into the park through 2017. The mortgage will support the \$25 million loan to be taken out by Kentucky Kingdom, LLLP per KRS 56.515. The first year rent will be \$475,000 and will increase incrementally by \$50,000 for each one-year term. Parking will be shared with the KSFB and Kentucky Kingdom, LLLP with Kentucky Kingdom receiving the first \$450,000. Generally, the proceeds after the first \$450,000 will be split equitably. All improvements to the property will be the property of the Commonwealth.

Jeff Mosley added that \$42 million (of the \$45M) would be spent directly on improving the property from 2013 through 2017. During each of the first two years, 2013 and 2014, \$13 million will be used for improvements and the remaining funds (\$3M) placed into the Debt Equity Reserve account. After the 2017 season, the development plan will be active for the remainder of the initial term, approximately 45 more years. The plan would require between \$1 million and \$2.5 million dollars as investment to the property for improvements, maintenance or attractions.

Secretary Flanery recognized Scott Brinkman, representative from Kentucky Kingdom LLLP, who thanked all the state workers and the Governor for their help and work to negotiate the lease and move this project forward.

Secretary Flanery asked for any questions. Mr. Ross asked Ms. Benzing about division of the parking funds. She stated it was for the operating season. Mr. Dexter added that it does not include the State Fair. Mr. Mosley added that the lease states the parking revenue to be shared among the parties is based only on parking revenue attributable to patrons of Kentucky Kingdom.

Secretary Flanery reminded the Commission members they would be approving the authority to mortgage the property for the project. The entire project is contingent on Kentucky Kingdom, LLLP’s finalization of financing, and their release of a “suitability” condition. The “suitability” condition allows Kentucky Kingdom to get out of the Lease within 90 days from execution if subsequent inspections of the property uncover dramatic problems with the park that were previously unknown. At the end of the 90 days, with all parties in agreement, the project will move forward. The 90-day contingency for obtaining financing also allows Kentucky Kingdom, LLLP to apply for tourism tax credits to be awarded within the jurisdiction of the Tourism, Arts and Heritage Cabinet. Mr. Dexter added the Kentucky Tourism Development Finance Authority is scheduled to meet on Wednesday, January 30, 2013.

Secretary Flanery continued that there is local contribution that the Metro Government of Louisville authorized yesterday with the City and the Convention Visitors Bureau contributing approximately \$2.5 million dollars over ten years.

Mr. Ross made a motion to approve Resolution **2013-06** that was seconded by Mr. Corey Bellamy. Motion **CARRIED**, and Resolution **2013-06** was **ADOPTED**.

Secretary Flanery recognized Mr. Dexter for his introduction of Resolution **2013-07**:

**A RESOLUTION APPROVING A MULTI-PARTY AGREEMENT WHICH DESCRIBES THE GENERAL BUSINESS TERMS OF THE CONVEYANCE, RECONVEYANCE AND LEASEBACK TRANSACTION AUTHORIZED BY KRS 56.515, INCLUDING THE RIGHT OF THE STATE FAIR BOARD TO REDEEM THE MORTGAGES (FEE AND LEASEHOLD) TO BE GRANTED BY KENTUCKY KINGDOM, LLLP TO SECURE THE CONSTRUCTION OF THE IMPROVEMENTS ON THE PROPERTY IN THE CUSTODY OF THE STATE FAIR BOARD.**

Mr. Dexter informed the Commission that this is a component resolution to the 2013-06, which allowed the property to be mortgaged. Resolution 2013-07 summarizes the complete transaction between Kentucky Kingdom LLLP and the Bank of Kentucky, including the lease agreement, the loan/mortgage information (\$25 million dollars), and other procedures. Mr. Mosley added that this information is similar to the project information the Commission had authorized in April 2012 for another company related to this same property. Statute requires the agreement be approved by this Commission and Counsel authored this Resolution Agreement with the term sheet attached with the details.

Secretary Flanery asked for any questions. Mr. Ross made a motion to approve Resolution **2013-07** that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution **2013-07** was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,



Ryan Barrow  
Secretary