

**KENTUCKY STATE PROPERTY AND BUILDINGS COMMISSION**  
**MINUTES**  
**APRIL 27, 2012**

The Kentucky State Property and Buildings Commission (“SPBC” or the “Commission”) meeting was called to order on Friday, April 27, 2012 in Room 182 of the Capitol Annex at 2:30 p.m. by Jeff Mosley, General Counsel, Finance and Administration Cabinet and proxy for 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, Mary Lassiter, State Budget Director, Edgar C. Ross, Executive Director, Office of the Controller, Finance and Administration Cabinet, Larry Clarke, proxy for Jack Conway, Attorney General and Katie Smith, proxy for Larry Hayes, Secretary, Cabinet for Economic Development.

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

Other Guests Present: Cindy Lanham, Director of Communications for the Finance and Administration Cabinet; John Hicks from the Office of State Budget Director (“OSBD”); Kelly Dudley and Joshua Nacey from the Legislative Research Commission (“LRC”), Harold Workman, Kentucky State Fair Board (“KSFB”) President; John Rhorer, Jr, Counsel to KSFB from Dinsmore & Stohl; Dan Koch, Paula Werne, and Adam Reiver, Representing Bluegrass Boardwalk, and members of the Louisville press.

General Counsel Mosley verified with staff that a quorum was present and that the press had been notified of the meeting.

General Counsel Mosley recognized Mr. Dan Koch, Ms. Paula Werne, and Mr. Adam Reiver, representing Holiday World Amusement Park in Santa Claus, Indiana and Bluegrass Boardwalk.

A motion was made by Mr. Ed Ross and seconded by Ms. Mary Lassiter to approve the previous meeting minutes. Motion **CARRIED** and the minutes of the March 21, 2012 meeting were approved.

General Counsel Mosley recognized Mr. Harold Workman, President and CEO of the Kentucky State Fair Board (“KSFB”) from Louisville, KY. Mr. Workman informed the Commission of the reopening of the former Kentucky Kingdom site, located on the fairgrounds in Louisville, as the Bluegrass Boardwalk under a lease with the company of the same name. The anticipated opening of the site will be around Memorial Day in 2013, a partial opening of the water park and rides, with the build up to the full 60 acres and the possibility of expansion over time. Rent will be paid to the Fair Board, initially \$400,000 per year, up to one million dollars per year minimum by the third year as well as shared parking and the opportunity to participate in gross receipts from the park, five percent over \$25 million dollars in gross receipts. Estimated first year attendance is 600,000 and anticipated growth from there. Currently, Holiday World’s annual attendance is approximately one million people per year and with more that one million people in the Metro area, the Fair Board expects Bluegrass Boardwalk to reach the attendance projection quickly.

General Counsel Mosley recognized Mr. John Rhorer, Jr., attorney for Dinsmore and Stohl, Counsel for the KSFB, for his introduction of Resolution **2012-06**:

**Authorization Pursuant to KRS 56.515**

**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 (“KSF”) to have a mortgage placed upon certain real property owned by KSF 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.**

Mr. Rhorer stated that Resolution 2012-06 is an authorization pursuant to KRS 56.515, which is a statutory provision that permits the KSF to allow its property to be used and mortgaged. This would be for the purpose of securing the financing necessary to construct the improvements Bluegrass Boardwalk will make on the property. Therefore, grounds exist for the utilization of KRS 56.515. In essence, the KSF would transfer the property to Bluegrass Boardwalk, allowing Bluegrass Boardwalk to secure financing for the construction of improvements on the property. After that, the property would be conveyed back to the KSF subject to the mortgage and a subsequent transaction would occur when the property would be leased to Bluegrass Boardwalk. In the event of default, the property could be redeemed by the KSF pursuant to the statute. Resolution 2012-06 is the authorization from the Secretary of the Finance Cabinet that states the purposes of the statute have been met and the project as described in the authorization may go forward.

Ms. Lassiter made a motion to approve Resolution 2012-06 that was seconded by Ms. Katie Smith. Motion **CARRIED**, and Resolution 2012-06 was **ADOPTED**.

General Counsel Mosley recognized Mr. Rhorer for his introduction of Resolution 2012-07:

**This Agreement (“Agreement”) is made and entered into this the 27th day of April, 2012, by and among the Commonwealth of Kentucky (“Commonwealth”); the State Property and Buildings Commission of the Commonwealth of Kentucky (“Property and Buildings Commission”); the Finance and Administration Cabinet of the Commonwealth of Kentucky (“Finance Cabinet”); the State Fair Board of the Commonwealth of Kentucky (“KSF”) (the Commonwealth, Property and Buildings Commission, Finance Cabinet and KSF shall collectively be referred to herein as the “Commonwealth Parties”); Bluegrass Boardwalk, Inc. (“Boardwalk”); Dan Koch (“Dan Koch”); Natalie Koch (“Natalie Koch”) (Dan Koch and Natalie Koch shall hereinafter be referred to as “Guarantors”); and Your Community Bank (“Bank”).**

Mr. Rhorer stated that Resolution 2012-07 is the Multi-Party Agreement and states the provisions of KRS 56.515 with regard to this transaction and describes the rights of the Commonwealth per the statute and owner of the property. This outlines that the property will be transferred to Bluegrass Boardwalk, a

mortgage will be placed on the property by the bank, transferred back to the Commonwealth, and leased back to Bluegrass Boardwalk, subject to the mortgage, which secures the financing for the improvements.

The Commonwealth/KSFB property will be improved to the benefit of the Commonwealth. Further in the multi-party agreement, the procedure is described that in the unlikely event there should be a default in the bank loan/mortgage, the statute specifically gives the Commonwealth the right, through the KSFB, to redeem the mortgage/property, acquiring the loan and its property back from the bank. This also allows the Commonwealth to pursue collections due, if any from the guarantors. By all parties signing this agreement, it is an acknowledgement of understanding how this transaction will occur.

Mr. Ross asked about the dollar value of the total investment over the initial loan for the improvements. Mr. Rhorer answered that the mortgage value would be for \$11 million dollars. Mr. Ross asked about the value of the investment being more than \$11 million. General Counsel Mosley stated the only debt associated with the resolution would be the \$11 million loan for improving state property. It is understood the Koch family will invest personal funds and there is also a line of credit, which is outside the scope of this resolution.

Ms. Lassiter suggested having Mr. Koch inform the Commission of their experiences at Holiday World and vision for Bluegrass Boardwalk, Mr. Dan Koch spoke to the Commission in general terms as to the improvements to the property/equipment. In the years to come, they would reinvest and grow the operation annually. Some parts of the property are beyond repair while others just need updating. The group has 1-year, 5-year, and 10-year plans with new additions and improvements. Most of the existing rides on the property have manufacturers still in business, allowing access to parts for maintaining the rides and assuring that their safety standards are met. Ms. Lassiter stated that the Commonwealth considers this property a non-performing asset and with the improvements this arrangement will create jobs and the community will be improved; and it gives Louisville a better advantage marketing wise for conventions and visitors. Mr. Koch added there are many partnerships they have reached out to including the Convention and Visitors Bureau to assist in promoting Bluegrass Boardwalk for their future events.

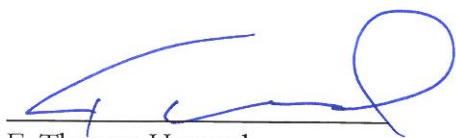
General Counsel Mosley asked for any further questions. Ms. Lassiter made a motion to approve Resolution **2012-07** that was seconded by Mr. Ross. Motion **CARRIED**, and Resolution **2012-07** was **ADOPTED**.

General Counsel Mosley, stated under other business, that these Resolutions will serve as guides for this transaction and as other documents requiring signatures, such as the mortgage and lease, are needed, he would request to have the Commission authorize other State Officers to execute any additional documents to conclude this transaction that are consistent with the terms of the agreements that have been approved today.

Ms. Lassiter made a motion approving the Authorization to Execute by State Officers future documents pertaining to the mortgage and lease for the Bluegrass Boardwalk project. This motion was seconded by Ms. Smith. Motion **CARRIED**, and the Authorization to Execute was **ADOPTED**.

With no other business, the meeting stands adjourned.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a series of loops and a large circular flourish at the end.

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F. Thomas Howard  
Secretary