

Contact: Amanda Storment
Kentucky State Fair Board
502-367-5180
astorment@ksfb.ky.gov

Pamela Trautner
Finance and Administration Cabinet
502-564-4240 (c) 502-545-1440
Pamela.trautner@ky.gov

Fair Board Approves Lease for Kentucky Kingdom

Amusement park could reopen as early as spring 2014

LOUISVILLE, KY (Jan. 24, 2013) – Approval of a new lease agreement today by the Kentucky State Fair Board moves the reopening of Kentucky Kingdom to as early as spring 2014. The investors, Kentucky Kingdom LLLP, now must secure the final private loans – worth \$25 million - before the park can open.

The investors have agreed to initially invest \$45 million in the park, which has been closed since 2009.

“This agreement is great news for the families who will visit Kentucky Kingdom and will certainly be a shot in the arm for local and regional tourism,” said Gov. Steve Beshear. “This lease will also mean hundreds of jobs as well as much-needed income for the Fair Board. We are pleased that we were able to reach a mutually agreeable lease so the park can reopen as quickly as possible.”

The Fair Board and Kentucky Kingdom investors agreed to a 50-year lease after the state issued a request last year seeking proposals to reopen the park. Kentucky Kingdom LLLP was the only entity to submit a proposal. The lease includes a provision that will allow for the expansion of the water park at Kentucky Kingdom. The state’s Finance and Administration Cabinet negotiated the lease.

“This lease agreement is a fair deal for both our state taxpayers and for the investors seeking to operate the park,” said board chairman Ron Carmicle. “The lease protects taxpayers from shouldering private debt and ensures that the park operators have every opportunity to succeed. As soon as the private financing is finalized, the countdown begins to a reopened and reinvigorated tourist attraction.”

The rental income starts at \$475,000 the first year for the Fair Board and will increase by \$50,000 a year for the first 15 years of the agreement.

Kentucky Kingdom is required to spend \$13 million in 2013 and 2014 to get the park open. It must spend another \$7 million on the park through the 2016 season. After 2017, it must spend at least \$1 million annually on the park.

Kentucky Kingdom will seek state tourism development incentives through the Kentucky Tourism Development Finance Authority.

Details of the lease agreement are below.

Summary of Kentucky Kingdom LLLP Lease Agreement

1. Kentucky Kingdom LLLP to invest \$45 million to improve amusement park with opening in spring 2014.

\$20 million in equity investment and a \$25 million loan. All improvements become property of Kentucky State Fair Board (KSFB).

\$13 million to be invested in 2013 and 2014, of which \$3 million going into debt reserve fund as required by Lender; \$2 million invested upon completion of 2014 season; \$2 million invested upon completion of the 2015 season; and \$3 million invested upon completion of 2016 season.

Development plan set out in No. 6 commences after 2017 season.
2. Lease is for a 50 year initial term with four additional five-year renewal options.
3. 57 acres plus a potential four acres for expansion of the water park.
4. Rent starts at \$475,000 per year beginning in 2014 and increases \$50,000 a year for 15 years until it caps out at \$1.2 million for the remainder of the initial term. KSFB receives 5 percent of the gross revenue in excess of \$25 million for each operating year.
5. Parking - KSFB to pay Kentucky Kingdom \$1.25 per visitor up to \$450,000.
6. Kentucky Kingdom to spend at least \$1 million per year (for the remainder of the initial term of the lease) and capping out at \$2.5 million a year or somewhere in between based on a formula that is based on projections. All funds must be spent on park during initial term. If park is sold (after KSFB approval), then KSFB gets all funds in maintenance reserve account.
7. All rides/improvements purchased with \$45 million will become the property of the state. Kentucky Kingdom may lease future rides with other development funds in order to leverage more new rides to increase attendance. When the leased rides are paid off, they also become the property of the KSFB.
8. Mortgage will be placed on property to secure a portion of the \$25 million loan taken out by Kentucky Kingdom with bank. This is pursuant to KRS 56.515.
9. Lease can be sold with the consent of the KSFB to experienced park operator.

10. Lease may be terminated by either party within 90 days after execution if the financing package is not acceptable to either Kentucky Kingdom or KSFB. Finance and Administration Cabinet and KSFB will be involved in negotiations with bank to ensure that the financing details are known to them during the financing acquisition phase.
11. After lease is signed, if park requires major unforeseen work not covered by Kentucky Kingdom's projections, it may terminate lease within 90 days of execution of lease.

###