

# Exhibit 1



State of Missouri  
Robin Carnahan, Secretary of State

File Number: 201031690303  
LC1098679  
Date Filed: 11/12/2010  
Robin Carnahan  
Secretary of State

## Articles of Organization

1. The name of the limited liability company is:

ARK ENCOUNTER, LLC

2. The purpose(s) for which the limited liability company is organized:

To (1) own, manage, lease, market, sell, develop, and operate multi-acre paid admission project (the "Project") composed of buildings, exhibits and other amenities centered on factually presenting the Biblical truth of Noah and the Ark, and other Biblical truths, by using a highly thematic and entertaining exhibits and ancillary related amenities which will provide the guest a linkage to the Bible and the necessary amenities required to provide the guest with an enjoyable experience; and engage in the sale or development of land which is part of the Project or owned by the Company with respect to supporting the goals of the Company; (2) perform other acts necessary or proper in connection with the foregoing, or to fulfill the foregoing, and for any other purpose as the Managing Member may determine; and (3) exercise all rights and powers and engage in all activities related or ancillary to the foregoing which a limited liability company may legally exercise pursuant to the Act.

3. The name and address of the limited liability company's registered agent in Missouri is:

CECB Registered Agent, Inc.  
*Name*

2805 S. Ingram Mill Rd., Springfield MO 65804  
*Address*

4. The management of the limited liability company is:  Manager  Member

5. The duration (period of existence) for this limited liability company is:

Upon the occurrence of an event of withdrawal with respect to the sole remaining Member.

6. The name(s) and street address(es) of each organizer:

Russell W. Cook, 500 W. Main Street, Suite 401, Branson MO 65616

7. The effective date of this document is:

11/12/2010

**In Affirmation thereof, the facts stated above are true and correct:**

(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo)

Russell W. Cook  
*(Organizer Name)*

# State of Missouri



Robin Carnahan  
Secretary of State

## CERTIFICATE OF ORGANIZATION

WHEREAS,

*ARK ENCOUNTER, LLC*  
*LC1098679*

filed its Articles of Organization with this office on the November 12, 2010, and that filing was found to conform to the Missouri Limited Liability Company Act.

NOW, THEREFORE, I, ROBIN CARNAHAN, Secretary of State of the State of Missouri, do by virtue of the authority vested in me by law, do certify and declare that on the November 12, 2010, the above entity is a Limited Liability Company, organized in this state and entitled to any rights granted to Limited Liability Companies.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this November 12, 2010.

*Robin Carnahan*

Secretary of State



# Exhibit 2

**APPLICATION**  
**FOR**  
**KENTUCKY TOURISM DEVELOPMENT ACT**

KENTUCKY TOURISM, ARTS AND HERITAGE CABINET  
2400 CAPITAL PLAZA TOWER, FRANKFORT, KY 40601  
PHONE: (502) 564-4270 FAX: (502) 564-1512

**Kentucky**  
UNBRIDLED SPIRIT™

# Application for Kentucky Tourism Development Act (KTDA) Tax Refund Program

March 28, 2014  
Date of Application

|  |
|--|
| <b>FOR OFFICE USE ONLY</b><br><br>Application Number _____ |
|--|

**1. Check appropriate box for tourism attraction project**

- Cultural or Historical Site
- Recreation or Entertainment Facility
- Nature or Scenic Area
- Kentucky Crafts & Products Center
- Renovation of Lodging Facility
- Theme Restaurant Destination Attraction

- Entertainment Destination Center
- Lodging/Attraction Project
- Lodging on State or Federal Property
- Historic Lodging Structure
- Legacy Expansion

**2. Company/Business Information**

Corporate Name/Business Name

Ark Encounter, LLC

Mailing Address

Street and P. O. Box  
P.O. Box 417

City  
Hebron

County  
Boone

State  
KY

Zip Code  
41048

Contact Person

John Pence

Telephone

(859) 727-2222, x483

Fax

(859) 727-2299

Project Address

Street City  
West of I-75 at KY-36 Interchange

County  
Grant

State  
KY

Zip Code  
41097

Federal Employer ID Number

[REDACTED]

Kentucky Employer ID Number

SIC Code

3. Taxpayer/Employer Organization

Corporation - Subchapter S      Subchapter C      Partnership      Proprietorship  
 Limited Liability Partnership      ✓ Limited Liability Corporation  
 Non-Profit Corporation

Other Explain: \_\_\_\_\_

Date Business Established: November 12, 2010      Company's Fiscal Year: July 1 – June 30

State of Corporation: Missouri      Date Incorporated: November 12, 2010

Registered Agent Name/Address:

GECB Registered Agent, Inc.  
 2805 S. Ingram Mill Rd.  
 Springfield, MO 65804

4. Has applicant previously participated in other Kentucky incentive programs?  Y  N

If yes, please indicate program, agency, amount, and approximate date:

Ark Encounter, LLC was previously approved for a Tourism Attraction Project through KTDEA in 2011. KTDEA approved the full project with estimated expenditures of \$172,500,000; however, the project scope was reduced. A new application is being submitted due to the change in project scope.

5. **Company Ownership:** *Please identify the major owners of the company. Include all owners with 20% or more interest in the company. For subsidiaries, identify owners of the parent company; for a public company, indicate publicly traded.*

| Name                    | Address         | Phone         | Social Security Number | Percent(%) |
|-------------------------|-----------------|---------------|------------------------|------------|
| Crosswater Canyon, Inc. | 2095 Global Way | (859)727-2222 | 27-4026852             | 100%       |

\* Crosswater Canyon, Inc. is a wholly-controlled affiliate of Answers In Genesis, Inc., a Kentucky 501(c)3 corporation.

\* Ark Encounter LLC is a wholly-owned subsidiary of Crosswater Canyon, Inc.

Does company (or parent company) have any other operations in Kentucky?  Y  N

If yes, please list name and location of other operations:

\*\* Answers in Genesis, Inc. currently operates the Creation Museum at its primary location, 2800 Bullittsburg Church Rd., Petersburg, KY 41080.

6. If any of the parties listed in #5 have ever been convicted of any criminal offenses, been in receivership or adjudicated a bankruptcy, been denied a business related license or had it suspended or revoked by any administrative, governmental or regulatory agency, please list violation and explain:

Not Applicable

7. Person to Review Legal Documents:

Company Attorney Taft Stettinius & Hollister LLC Contact Person Jim Parsons

1717 Dixie Highway, Suite 910 Covington, Kentucky 41011-4704

Telephone (859)331-2838 Fax (513)381-6613

8. Bank of Account:

Bank of Account Heritage Bank Branch Burlington

Account Officer Arnold Caddell Telephone (859) 586-9200  
Fax (859) 586-9240

1818 Florence Pike Burlington, Kentucky 41005

Is bank of account also the lender for this project? Y  N

If NO, please provide the following:

Name of Project Lender City of Williamstown – Taxable Industrial Building Revenue Bonds  
Branch – Project funds are held on account with the Bond Trustee at US Bank

Account Officer Daniel Boyers, VP Corporate Trust Telephone (513) 632-2077  
Fax (513) 632-5511

Street or P. O. Box City State Zip Code

425 Walnut Street Cincinnati OH 45202



Is the project lender also the interim lender? Y **N**

If NO, please provide the following:

|  |                  |       |          |
|--|------------------|-------|----------|
| Name of Interim Lender<br>Not Applicable | Branch           |       |          |
| Account Officer                          | Telephone<br>Fax |       |          |
| Street or P. O. Box                      | City             | State | Zip Code |

9. Accountant:

Accountant Barnes Dennig & Company, Ltd. Contact Person Brad Chaffin

130 East Fourth Street Cincinnati, Ohio 45202

Telephone (513) 241-8313 Fax (513) 241-8303

10. New Project Information: *Complete this section if the project constitutes a new project or location for the applicant.*

Please provide brief description of project:

The Ark Encounter will be a 203.5 acre complex of associated historical displays and amenities, food and beverage, retail and event venues and parking. Phase one is Noah's Ark. The Ark will be a full-sized, biblically dimensioned replica of the Ark described in the Book of Genesis in the Bible. It will be approximately 510 feet long, 85 feet wide and 51 feet high. This walk-through-the-Ark will enable each guest to gain an understanding of how the Ark could have been built, and how Noah and his family, and all of the representative kinds of land animals were cared for and survived on board for 376 days of a world-wide flood. The Ark will include numerous, highly themed learning areas and interactive elements for guests of all ages.

Is the project:  new operation  
 acquisition of an existing operation - if so, does the project involve expansion to existing site? Y N

Project Site: 800 (est.) Acres Total Size of Facilities: 499,000 Square Feet

If you own the site, indicate: April 2012 Date of Purchase \$5,980,677 Purchase Price

Is there a mortgage **Y** N? If yes, who holds the mortgage and what is the current balance of the mortgage?

Mortgage Holder US Bank Balance \$45,520,000

If you lease the site, indicate owner of property:

Owner of Property -- Address

Lease Terms: List terms, monthly rent and length of lease.

Not Applicable

Is there an option or contract to purchase the property?

If yes, please explain Y (N) Option Y (N) Contract

11. Expansion Project Information: Complete this section only if the applicant is expanding its existing Kentucky facility.

Please provide brief description of expansion

Not Applicable

Does the project involve a relocation from an existing facility? Y (N)

If yes, please explain:

Does the project involve additions to existing operation? Y (N)

Present acreage \_\_\_\_\_ Acreage Increased new acreage \_\_\_\_\_ Acreage
Present square footage \_\_\_\_\_ Sq Ft Increased square footage \_\_\_\_\_ Sq Ft
If you own the site, indicate: \_\_\_\_\_ Date of Purchase \_\_\_\_\_ Purchase Price

Is there a mortgage Y N? If yes, who holds the mortgage and what is the current balance of the mortgage?

Mortgage Holder Balance

If you lease the site, indicate owner of property:

Owner of Property Address

Lease Terms: List terms, monthly rent and length of lease.



Tax refund cannot exceed 25% of total project costs\*. For Entertainment Destination Centers, there is the additional stipulation that tax refund cannot exceed total approved public infrastructure costs.

\*Projects constructed on property under the control of the Kentucky Department of Parks, Kentucky Horse Park Commission or the National Park Service are eligible to recover up to 50% of development costs.

Proposed Project Financing

Source:

Bank Loan

\$

Bond Issue

\$

45,520,000

Other:

Private Funding

\$

-----Answers in Geneels/Crosswater Canyon-----

\$

27,480,000

Equity

\$

Total Sources of Funds

\$

73,000,000

June 2014

Project Start Date

June 2016

Anticipated Project Completion Date

List Contractor, if known:

Contractor: Destination Concepts & Development

550 Union Street Mishawaka, IN 46544

Telephone (574) 259-9976

Fax

13. Employment Projections

|   | Full Time  | Part Time  | *Full Time Equivalent of Part Time | Total Full Time & Full Time Equivalent |
|---|------------|------------|------------------------------------|--|
| Current number of jobs at project location                | 0          | 0          | 0                                  | 0                                      |
| New Jobs to be Created two years after project completion | 265        | 218        | 130                                | 395                                    |
| <b>TOTALS</b>   | <b>265</b> | <b>218</b> | <b>130</b>                         | <b>395</b>                             |

\*Full Time Equivalents = 1750 hours worked per annum

14. Attendance Projections (Upcoming Five Years)

For expansion projects, provide attendance for past five years by category: Not Applicable

| Year | In-State Visitors | Out-of-State Visitors | Total Visitors | Percentage Out-of-State |
|------|-------------------|-----------------------|----------------|-------------------------|
|      |                   |                       |                |                         |
|      |                   |                       |                |                         |
|      |                   |                       |                |                         |
|      |                   |                       |                |                         |
|      |                   |                       |                |                         |

For expansion and new projects, provide projected attendance figures for first five years upon completion of project:

| Year | In-State Visitors | Out-of-State Visitors | Total Visitors | Percentage Out-of-State |
|------|-------------------|-----------------------|----------------|-------------------------|
| 1    | 180,000           | 1,020,000             | 1,200,000      | 85%                     |
| 2    | 187,200           | 1,060,800             | 1,248,000      | 85%                     |
| 3    | 194,688           | 1,103,232             | 1,297,920      | 85%                     |
| 4    | 214,157           | 1,213,555             | 1,427,712      | 85%                     |
| 5    | 222,723           | 1,262,097             | 1,484,820      | 85%                     |

What method did you use to arrive at these projections?

Comprehensive research, including proprietary data through America's Research Group

15. Will operation be open  full year    seasonal    scheduled events

If seasonal or scheduled events, how many days a year will tourism attraction project be open to the public?

16. Marketing Plans

Do you have marketing plans?  Y    N

If yes, prepared by:

Joseph David Advertising

Does your marketing plan include advertising?  Y    N

Do you have an advertising agency?  Y    N If yes, please provide name and address:

Joseph David Advertising  
16 Boardwalk Place  
St. Simons Island, GA 31522

If your plan does not currently include advertising, what future plans do you have to advertise?

Not Applicable

What is proposed advertising budget for first five years and what percent will be in-state and out-of-state advertising?

| Year | % In-State | % Out-of-State |
|------|------------|----------------|
| 1    |            |                |
| 2    |            |                |
| 3    |            |                |
| 4    |            |                |
| 5    |            |                |

Please identify the types of media you plan to use and their percentages as based on an annual average expense:

|            |            |
|------------|------------|
| Television | [REDACTED] |
| Radio      | [REDACTED] |
| Newspaper  | [REDACTED] |
| Magazine   | [REDACTED] |
| Other      | [REDACTED] |

Please identify the primary markets from which your project will draw customers:

National: US  
Midwest Region: US  
Southeast Region: US  
International

What method did you use to arrive at these markets?

Comprehensive research, including proprietary data through America's Research Group

Does your marketing plan include public relations efforts or other methods of advertising, such as direct marketing, outdoor advertising, web page, etc?  Y  N

If yes, identify additional methods:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

17. Benefit Analysis Data

A. Provide the dollar amount & percent of the company's totals for:

|                      | Before Project | After Project |
|----------------------|----------------|---------------|
| Tangible KY property | \$ 0           | \$ [REDACTED] |

B. Please provide the following annual estimates for the first ten years of project operation. If the project is an expansion, include estimates only for the expansion, not the existing operation.

| EMPLOYMENT |          |                |
|------------|----------|----------------|
| Year       | New Hire | Annual Payroll |
| 1          | 483      | \$ 10,403,492  |
| 2          | 19       | \$ 10,819,632  |
| 3          | 20       | \$ 11,252,417  |
| 4          | 21       | \$ 11,702,514  |
| 5          | 22       | \$ 12,170,614  |
| 6          | 22       | \$ 12,657,439  |
| 7          | 24       | \$ 13,163,737  |
| 8          | 24       | \$ 13,690,286  |
| 9          | 26       | \$ 14,237,897  |
| 10         | 26       | \$ 14,807,413  |

What method did you use to arrive at these projections?

Industry standards with 4% increase per year in line with projected attendance increase.



- C. List federal & state income tax liability for the previous three years for expansion projects and estimated federal & state income tax liability for the first three years for new or expansion projects:

**EXPANSION PROJECTS  
(Past Three Years)**

| Year  | Federal | Kentucky |
|-------|---------|----------|
| 1 N/A | \$      | \$       |
| 2 N/A | \$      | \$       |
| 3 N/A | \$      | \$       |

**EXPANSION OR NEW PROJECTS  
(First Three Years Upon Completion of Project)**

| Year    | Federal       | Kentucky      |
|---------|---------------|---------------|
| 1 _____ | \$ [REDACTED] | \$ [REDACTED] |
| 2 _____ | \$ [REDACTED] | \$ [REDACTED] |
| 3 _____ | \$ [REDACTED] | \$ [REDACTED] |

What method did you use to arrive at these projections?

Federal = 32% of taxable income from operations  
 State = 6% of taxable income from operations

D. Estimated revenue subject to Kentucky sales tax for first ten years upon completion of project (does not include Kentucky use tax):

| Year | Total Sales | Sales From Existing Facility | Sales From Expansion | Sales From New Project |
|------|-------------|------------------------------|----------------------|------------------------|
| 1    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 2    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 3    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 4    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 5    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 6    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 7    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 8    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 9    | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |
| 10   | [REDACTED]  | \$ N/A                       | \$ N/A               | [REDACTED]             |

E. Estimated revenue from project subject to Kentucky sales tax by category for first ten years upon completion of project:

| Year | Admissions | Food & Merchandise | Lodging | Total      |
|------|------------|--------------------|---------|------------|
| 1    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 2    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 3    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 4    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 5    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 6    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 7    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 8    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 9    | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |
| 10   | [REDACTED] | [REDACTED]         | \$ N/A  | [REDACTED] |

F. Estimated additional revenue your project will bring to other businesses in the community the first ten years upon completion of project:

| Year | Revenue        |
|------|----------------|
| 1    | \$ 172,530,046 |
| 2    | \$ 179,431,248 |
| 3    | \$ 186,608,497 |
| 4    | \$ 205,269,347 |
| 5    | \$ 213,480,121 |
| 6    | \$ 234,828,133 |
| 7    | \$ 244,221,258 |
| 8    | \$ 268,643,384 |
| 9    | \$ 279,389,120 |
| 10   | \$ 307,328,032 |

What method did you use to arrive at these projections?

Average calculation of the Daily Spend Rate for Northern Kentucky overnight visitors (religious) - \$219.67 (source: NKCVB) and overnight visitors (general) - \$138.54 (source: Ky. Tourism Cabinet). The average of \$179.11 is multiplied by the annual attendance projection less total revenue already accounted for with the project.

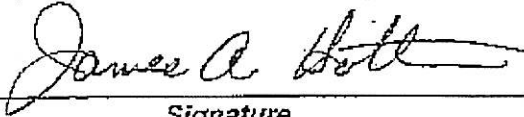
G. List any existing tourism attractions in the Commonwealth similar to your proposed tourism attraction project:

1) Creation Museum

\*\*\*\*\*  
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**Certification of Application**

I, the undersigned on behalf of the applicant, hereby represent and certify that the foregoing application information, including all attachments, to the best of my knowledge, is (a) true, complete and accurate with respect to the information concerning the proposed project for which financial incentives are being sought; and (b) does not contain any information for which an entity competing with the applicant may claim a proprietary interest. I also represent and certify that attraction shall not move forward without the sales tax refund incentive.

The undersigned, on behalf of the applicant, acknowledges that information contained within the application and its attachments may be subject to review by the Kentucky Revenue Cabinet to the extent required by the Kentucky Open Records Act or other applicable law.



\_\_\_\_\_  
Signature

James A. Hatton

\_\_\_\_\_  
Treasurer

Title

\_\_\_\_\_  
March 28, 2014

Date

**Tourism, Arts and Heritage Cabinet  
ECONOMIC INCENTIVE DISCLOSURE STATEMENT**

**INSTRUCTIONS:** This Economic Incentive Disclosure Statement is required in order to process your economic incentive package with the Tourism, Arts and Heritage Cabinet. In accordance with the Executive Branch Code of Ethics, Chapter 11A of the Kentucky Revised Statutes ("KRS"), before any board or authority within or attached to the Tourism, Arts and Heritage Cabinet takes final action on any contract or agreement by which a bond, grant, lease, loan, assessment, incentive, inducement, or tax refund is awarded, the beneficiary of such contract or agreement must file with the approving board or authority a disclosure statement stating (i) the identify of the beneficiary of the economic incentive package, (ii) the identity of any person employed to act on behalf of the beneficiary with respect to the economic incentive package, (iii) the details of any financial transaction (as defined in KRS 11A.201(5)(a) between the beneficiary (or any other person listed as an employee or agent of the beneficiary) and any agent or public servant of the Tourism, Arts and Heritage Cabinet, any member of any board or authority within or attached to that Cabinet, or any other public servant involved in the negotiation of the economic incentive package.

**NOTE:** For purpose of KRS 11A.201(5)(a), "financial transaction" means a transaction or activity that is conducted or undertaken for profit and arises from the joint ownership, or the ownership, or part ownership in common, of any real or property or any commercial or business enterprise of whatever form or nature. Financial transaction does not include any transaction or activity available to the general public on the same terms.

**NOTE:** Final action on economic incentive packages will not be taken without receipt of this Economic Incentive Disclosure Statement. Upon final approval of the economic incentive package by the Kentucky Tourism Development Finance Authority, this Economic Incentive Disclosure Statement will be filed with the Executive Branch Ethics Commission. Beneficiaries of economic incentive packages are encouraged to consult with their legal counsel with respect to this Economic Incentive Disclosure Statement.

Beneficiary's Legal Name: Ark Encounter, LLC

Type(s) of Economic Incentive Package(s): Tourism Development Sales Tax Incentive

Please identify all employees or agents of the Beneficiary which have acted on behalf of the Beneficiary in its dealing with the Tourism, Arts and Heritage Cabinet or any Board or Authority within or attached to the Tourism, Arts and Heritage Cabinet (please attach separate sheet if additional room is needed):

|   |  |
|---|--|
| Name & Title: John Pence, Legal Counsel       | Organization: Answers in Genesis, Inc.               |
| Name & Title: Jim Parsons, Attorney           | Organization: Taft Stettinius & Hollister LLC        |
| Name & Title: Mike Zovath, Executive Director | Organization: Crosswater Canyon, Inc.                |
| Name & Title: Cary Summers, Consultant        | Organization: Destination Concepts & Development LLC |
| Name & Title: James Hatton, CFO               | Organization: Answers in Genesis, Inc.               |
| Name & Title: John Pence, Secretary           | Organization: Crosswater Canyon, Inc.                |
| Name & Title: James Hatton, Treasurer         | Organization: Crosswater Canyon, Inc.                |

Please detail any "financial transactions" between the Beneficiary (or any other person listed as an employee or agent of the Beneficiary) and (i) any agent or public servant of the Tourism, Arts and Heritage Cabinet, (ii) any member of any board or authority within or attached to that Cabinet, or (iii) any other public servant involved in the negotiation of the economic incentive package (please attach separate sheet if additional room is needed):

1. Name of Agent or Employee of Beneficiary: \_\_\_\_\_  
Name of Agent or Public Servant of Cabinet: \_\_\_\_\_  
Description of Financial Transaction: \_\_\_\_\_  
\_\_\_\_\_
2. Name of Agent or Employee of Beneficiary: \_\_\_\_\_  
Name of Agent or Public Servant of Cabinet: \_\_\_\_\_  
Description of Financial Transaction: \_\_\_\_\_  
\_\_\_\_\_
3. Name of Agent or Employee of Beneficiary: \_\_\_\_\_  
Name of Agent or Public Servant of Cabinet: \_\_\_\_\_  
Description of Financial Transaction: \_\_\_\_\_  
\_\_\_\_\_

The undersigned, a duly authorized representative of the Beneficiary listed above, hereby certifies that the information set forth in this Economic Incentive Disclosure Statement has been reviewed, and is true and correct to the best of the knowledge of the undersigned.

Signature: James A. Hill  
Date: March 28, 2014

# Business Plan

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## **Item II.C.1.b (Also Page 6 item 10) Brief description of the project**

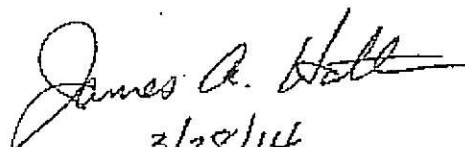
The Ark Encounter will consist of several phases of development within the first ten years of operation and other additions thereafter, with each phase involving a major themed attraction, as well as retail and food venues. The Ark Encounter will be located on 203.5 acres which includes phased attractions and parking for 3,878 cars and 72 buses.

Phase One is Noah's Ark. The Ark will be a full-sized, biblically dimensioned replica of the Ark described in the Book of Genesis in the Bible. It will be approximately 510 feet long, 85 feet wide and 51 feet high. This walk-through-the-Ark will enable each guest to gain an understanding of how the Ark could have been built, and how Noah and his family, and all of the representative kinds of land animals were cared for and survived on board for 376 days of a world-wide flood. The Ark will include numerous highly themed learning areas and interactive elements for guests of all ages.

Subject to incentives, the Project will be built on an 800 acre tract west of I-75 on the southwestern quadrant of Exit 154, the Williamstown exit. Subject to incentives, Phase One will begin in June 2014 with a 24-month construction schedule.

## **Item II.C.1.c**

A summary of the marketing plan has been used to complete item 16 of the application. The complete 1,620 page marketing plan is available upon request.

  
3/28/14

# Business Financial Information

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## Item II.C.2.e

See enclosed Ark Encounter LLC feasibility report.

### Item II.C.2.e.1

The biblical account of the Ark is popular throughout the world. The America's Research Group feasibility study estimates first year attendance between 1.2 and 2 million guests, with the majority coming from outside of Kentucky. 85% of the annual marketing budget is focused on out-of-state advertising.

### Item II.C.2.e.2

Cost for Phase One: \$73,000,000

### Item II.C.2.e.3

The Ark Encounter will be open every day of the year except Thanksgiving Day and Christmas Day.

### Item II.C.2.e.4

Using Kentucky state endorsed economic multipliers, The Nehemiah Group Economic Impact Study projects that the Ark Encounter will generate over 8,000 private sector tourism related jobs in its first year of operation. The Ark Encounter will also complement the Creation Museum's attendance and will add jobs to this themed attraction-the only other themed attraction in the Commonwealth that approaches the size of the Ark Encounter.

### Item II.C.2.e.5

The Ark Encounter will generate [REDACTED] in revenue that is subject to Kentucky sales tax in its first 10 years of operation. At 6%, [REDACTED] in new sales tax will be generated. Based

*James A. Beth*  
2/28/11



on project costs of \$73 million, the requested sales tax refund is \$18.25 million over ten years.

**Gross Sales**

|        |            |         |            |
|--------|------------|---------|------------|
| Year 1 | [REDACTED] | Year 2  | [REDACTED] |
| Year 3 | [REDACTED] | Year 4  | [REDACTED] |
| Year 5 | [REDACTED] | Year 6  | [REDACTED] |
| Year 7 | [REDACTED] | Year 8  | [REDACTED] |
| Year 9 | [REDACTED] | Year 10 | [REDACTED] |
| Total  | [REDACTED] |         |            |

**Tourism tax rebate based on 6%**

|        |            |         |            |
|--------|------------|---------|------------|
| Year 1 | [REDACTED] | Year 2  | [REDACTED] |
| Year 3 | [REDACTED] | Year 4  | [REDACTED] |
| Year 5 | [REDACTED] | Year 6  | [REDACTED] |
| Year 7 | [REDACTED] | Year 8  | [REDACTED] |
| Year 9 | [REDACTED] | Year 10 | [REDACTED] |
| Total  | [REDACTED] |         |            |

\$2.29 billion in new revenue will be generated by other businesses in the community over the same period as a result of the Ark Encounter.

## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement, by and between the **KENTUCKY TOURISM DEVELOPMENT FINANCE AUTHORITY ("KTDFFA")**, a public body, corporate and politic, created under Chapter 148 of the Kentucky Revised Statutes, and the **ARK ENCOUNTER, LLC**, (the "**Company**"), a Missouri limited liability company, with a mailing address of P.O. Box 417, Hebron, Kentucky 41048.

### WITNESSETH:

1. **Preliminary Statement.** Among the facts and circumstances which have resulted in the execution of this Memorandum of Agreement are the following:

A. The Company desires to construct a "Tourism Attraction" in Grant County, Kentucky. The Tourism Attraction which will include the construction of a full size replica of Noah's ark, retail space and parking infrastructure (the "Project").

B. The Company has initiated the development of plans, specifications, and designs for the Project, has submitted an application for Incentives (as defined in KRS 148.851) to the Secretary (the "Secretary") of the Kentucky Tourism, Arts and Heritage Cabinet (the "Cabinet") and has entered into discussions with the Cabinet with respect to the granting of Incentives relating to the approved costs of the Project. The Company estimates that the aggregate cost of the Project will be approximately \$73,000,000.

C. In accordance with KRS Chapter 148 and, in particular, KRS 148.850 through KRS 148.860 (the "Act"), the Secretary has requested KTDFFA to preliminarily approve the Company and the Project.

D. The provisions of the Act authorize and empower KTDFFA to enter into agreements with entities such as the Company in connection with tourism attractions to

promote the general welfare and material well-being of the citizens of the Commonwealth (the "Commonwealth") through the development of tourism in the Commonwealth.

E. The purposes of the Act, inter alia, are to introduce the creation of new or the expansion of existing tourism attractions within the Commonwealth in order to advance the public purposes of relieving unemployment by preserving and creating (i) jobs that would not exist if not for the Incentives to be offered by KTDFEA to approved companies, and (ii) sources of tax revenues for the support of public services provided by the Commonwealth. In furtherance of such purposes, KTDFEA, at the request of the Company (subject to satisfaction of the requirements of the Act) shall provide Incentives pursuant to a Tourism Development Agreement, at the appropriate time, in connection with the construction, installation, and equipping of the Project.

F. The Company is ready, willing, and able to cause acquisition, construction, installation, and equipping of the Project to be undertaken, and has been advised by counsel that in order to enter into a Tourism Development Agreement, it is necessary that a preliminary resolution be adopted by KTDFEA preliminarily approving both the Company and the Project and agreeing to have executed a Tourism Development Agreement (subject to satisfaction of the requirements of the Act), at the appropriate time, related to the granting of Incentives in an amount not to exceed 25% of the approved costs of the construction, installation, and equipping of the Project.

G. Representatives of KTDFEA have indicated their willingness to proceed with (and to have executed) a Tourism Development Agreement in order to effectuate the purposes of the Act, and have advised the Company that, subject to due compliance with

all requirements of law (including the Act) and obtaining all necessary recommendations, consents, a consultant's report, and approvals required by law, and to the happening of all acts, conditions, and things required precedent to the approval of the Agreement, KTDF, by virtue of the authority of the Act, will cause a final resolution to be adopted authorizing the execution of a Tourism Development Agreement which, among other items, will provide for the granting of Incentives in an amount not to exceed 25% of the approved costs of the Project in accordance with the Act.

I. The sales tax incentive shall not exceed the lesser of the total sales tax paid by the applicant and its lessees or a percentage of the approved costs as specified by the Tourism Development Agreement, not to exceed 25%. Any unused Incentives from a previous year may be carried forward to any succeeding year during the term of the Agreement until the entire specified percentage of approved costs have been received through sales tax incentives.

2. Representations and Undertakings on the Part of the Company. The Company represents, undertakes, covenants, and agrees as follows:

A. that the Company intends to utilize the Project, or cause the Project to be utilized, at all times during the term of the Tourism Development Agreement (as herein described) that may be entered into at the appropriate time with reference to the Project for the purposes hereinbefore indicated;

B. that the Company is active and in good standing and is qualified to do business in Kentucky;

C. that the Project is expected to assist in the relief of conditions of unemployment and promote the general welfare and material well-being of the citizens of the Commonwealth;

D. that the Company comply with all applicable state and federal laws and regulations;

E. that the Company will cause contracts to be entered into for, or will otherwise provide for the acquisition, construction, installation, and equipping of the Project;

F. that the Company will cooperate with the Cabinet in the preparation of an independent consultant's report as required by the Act; the Company will pay from its own funds all fees and costs in connection with such report. At the appropriate time, the Company agrees to request the Cabinet to seek final approval from KT DFA of (i) the Incentives to be granted pursuant to the Tourism Development Agreement. The Tourism Development Agreement, if approved, will obligate the Company to undertake and to complete the acquisition, construction, installation, and equipping of the Project, will contain provisions provided by the Act and such other provisions as shall be agreed upon by KT DFA and the Company;

G. that the Company will take such further action and adopt such further proceedings as may be reasonably required to implement its aforesaid undertakings or as it and KT DFA may deem appropriate in pursuance thereof or as may be required by law; and

3. Undertakings on the Part of KT DFA. Subject to the fulfillment of the conditions herein stated, KT DFA agrees as follows:

A. that it will, at the necessary time and upon satisfaction of the requirements of the Act, authorize the Tourism Development Agreement pursuant to the terms of the Act as then in force, related to the granting of Incentives in an amount not to exceed 25% of the approved costs of the Project and otherwise in accordance with the Act; and

B. that it will take such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings as KTDFFA may deem necessary or advisable, subject to compliance with applicable law.

4. General Provisions.

A. In connection with the Tourism Development Agreement and this Memorandum of Agreement, the Company agrees to pay all professional fees, including the fees and expenses of counsel to KTDFFA, and KTDFFA will incur no liability whatsoever in respect of such services. Furthermore, the Company agrees to indemnify, defend and hold harmless KTDFFA, the Cabinet and the Commonwealth or any other agency thereof, their officers, employees, and agents against any and all losses, liability or judgments, including reasonable attorney fees, in any legal challenge relating to this Memorandum of Agreement, the Tourism Development Agreement or the incentives to be offered by KTDFFA. .


B. All commitments of KTDFFA and the Company pursuant to this Memorandum of Agreement are subject to the condition that on or before one year from the date hereof (or such other date as shall be agreed upon by KTDFFA and the Company), KTDFFA and the Company shall have agreed to mutually acceptable terms and conditions with respect to the Tourism Development Agreement.

C. If the event set forth in subparagraph B does not take place within the timeframe set forth, the Company agrees that it will reimburse KTDFFA for all reasonable and necessary out-of-pocket expenses, including fees and expenses of counsel, which KTDFFA may incur arising from the execution of this Memorandum of Agreement, and the performance by KTDFFA of its obligations hereunder shall thereupon terminate.

D. If any provision of this Memorandum of Agreement is determined to be invalid or unenforceable, that determination shall not affect any other provision, the remaining provisions of which shall be construed as if the invalid or unenforceable provision were not contained herein.

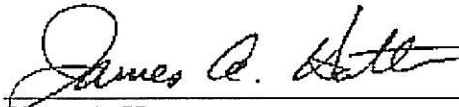
IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement by their officers thereunto duly authorized as of the 29<sup>th</sup> day of July, 2014.

**KENTUCKY TOURISM DEVELOPMENT  
FINANCE AUTHORITY**

By:   
Keith Williams, Chairman

Date: 07/29/14

**ARK ENCOUNTER, LLC**

  
James A. Hatton  
Treasurer

Date: 07/29/14