



STEVEN L. BESHEAR
GOVERNOR

FINANCE AND ADMINISTRATION CABINET
OFFICE OF GENERAL COUNSEL
LEGAL SERVICES FOR FINANCE AND TECHNOLOGY
188 CAPITOL ANNEX
FRANKFORT, KY 40601
(502) 564-6660
(502) 564-9875 FAX

JONATHAN MILLER
SECRETARY

E. JEFFREY MOSLEY
GENERAL COUNSEL

February 29, 2008

Bradford C. Burgess, President
KHPWESLUX, LLC Development Company
836 Euclid Avenue, Suite 312
Lexington, KY 40502

Re: S-0600000455 for Kentucky Horse Park Hotel/Conference Center
and Restaurant

Dear Mr. Burgess:

The Finance and Administration Cabinet ("Cabinet") of the Commonwealth of Kentucky ("Commonwealth") has been working diligently with you and your team since May 25, 2007 to negotiate the terms and conditions for the development, construction, operation, and maintenance of the Kentucky Horse Park Hotel/Conference Center and Restaurant to KHPWESLUX, LLC Development Company a/k/a The Thayer Group, Inc. /Boorn Partners, Inc. ("the Thayer Group"). Most recently the Commonwealth has spent a considerable amount of effort in trying to negotiate an amended ground lease, loan agreement and related documents that would facilitate the financing, particularly the subordinated debt associated with the proposed financing of the hotel and related facilities. Additionally, we facilitated on a very short time frame the numerous approvals of the various entities required for the issuance of tax-exempt conduit bonds by the Kentucky Economic Development Finance Authority ("KEDFA") for the benefit of the Bluegrass Equine and Tourism Foundation, Inc. Project.

As you are keenly aware the project is very time-sensitive as evidenced by the requirement in the Request for Proposal ("RFP") that substantial completion of construction be achieved within eighteen (18) months from the date of the approval of the work plan. [See RFP, Section V., C., ¶ 2.] Not only are these new facilities needed for the many premier equine events already hosted by the Kentucky Horse Park, including the Rolex Kentucky Three-Day Event Championship and High Hope Steeplechase, but also completion of these facilities is essential to ensure the success of the 2010 Alltech FEI World Equestrian Games.

In order for the Commonwealth to proceed, the Cabinet must have the following items in hand and/or written confirmation of same by the closing date of the proposed KEDFA bond issue, but in no event later than April 15, 2008.

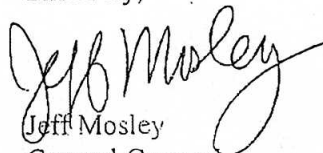


1. Pursuant to Section V.B. and all other applicable terms and conditions of the RFP, a final amended and restated ground lease and loan agreement must be executed.
2. Pursuant to KRS. 45A.190(4), 200 KAR 5:305, Section I and Section V., P. of the RFP, the Thayer Group must have secured a surety bond in favor of the Commonwealth in the amount of one hundred percent (100%) of the designated amount of the project as security for the faithful performance of the construction required and the payment of all persons who have and fulfill subcontracts which are directly with the Thayer Group.
3. Pursuant to Section V., S., 2. of the RFP, the Thayer Group must obtain a casualty insurance policy covering the leased premises.
- 4.0 Also, pursuant to Section IV., B. of the RFP, the Thayer Group must produce an executed agreement that satisfies the AAA's Three Diamond Large Scale Hotel rating requirement. A final executed agreement between The Westin Hotel Management, L.P. and Bluegrass Equine & Tourism will satisfy requirement if delivered.

In the event that the bonds cannot be delivered, or the above conditions met, on or before April 15, 2008, the Commonwealth will be left with no alternative but to consider terminating the ground lease dated July 13, 2007 between the Commonwealth and Thayer Group, and otherwise cancel the project, pursuant to Section 13 of said ground lease.

If you have any questions regarding the foregoing, please do not hesitate to contact me or Nancy Brownlee.

Sincerely,


Jeff Mosley
General Counsel

cc: Cecil Dunn, Esq.
Roger Peterman, Esq.

Jonathan Miller, Secretary
Finance and Administration Cabinet

Marcheta Sparrow, Secretary
Commerce Cabinet

Nancy Brownlee
Finance and Administration Cabinet