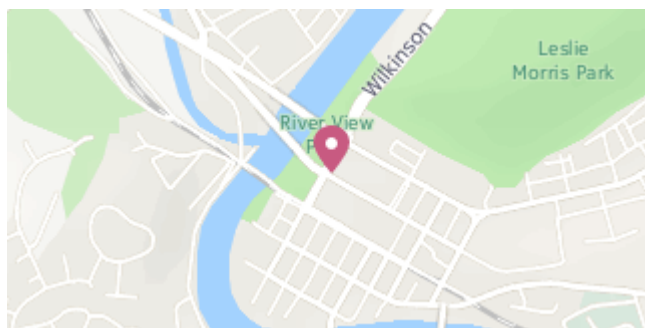


# COMMONWEALTH OF KENTUCKY

Finance and Administration Cabinet  
Division of Real Properties



## REQUEST FOR EXPRESSIONS OF INTEREST

Finance, Develop, Construct, Maintain, and Operate  
Development at the Capital Plaza Location, Frankfort, KY

## REQUEST FOR EXPRESSIONS OF INTEREST

### OBJECTIVE

Commonwealth of Kentucky, Finance and Administration Cabinet (FAC), desires to consider development opportunities at the site of the Capital Plaza area (see Exhibit A for identification of four parcels [not to scale]). FAC seeks interest statements from entities that wish to enter into a business relationship with the Commonwealth of Kentucky (FAC) to accomplish this purpose and/or written ideas from the general public. The Commonwealth encourages submissions by respondents that may also be considered by City of Frankfort and Franklin County local governments for development in this same area or adjacent downtown locations. The Commonwealth, City and County welcome collaborative opportunities which would leverage projects in the Capital Plaza area towards revitalization of the downtown Frankfort community, including tourist, recreational/wellness, business, retail and mixed uses (i.e., a community that blends a combination of residential, commercial, cultural, institutional, or industrial uses, whose functions are physically and functionally integrated).

This is a unique opportunity to assist in the transformation of the capital city of Frankfort, Kentucky by integrating people-friendly design, walkability, river accessibility, tourist/local citizen engagement, and business/government facilities – similar to “town and gown” efforts in many university towns. Opportunities may also exist for downtown engagement with Kentucky State University.

Nearly 50,000 people reside in Franklin County including approximately 28,000 in the City of Frankfort. Each week day thousands of state government employees swell the population, providing additional opportunities for local establishments. The city is also located in the midst of the Kentucky Bourbon Trail with a yearly tourism draw of nearly 650,000 people from all over the world. Four Roses Distillery is located 19.5 miles from the downtown Frankfort, Wild Turkey Distillery is 17 miles from the city center, and Woodford Reserve 11 miles from downtown Frankfort. Buffalo Trace Distillery, one of the state’s largest and oldest, is located just 1.61 miles from the heart of downtown. Also unique to Frankfort are both the old and new state capitol buildings, Kentucky History Center and the Kentucky Military Museum.

The following sites may be helpful with information about Frankfort:

<http://www.frankfortky.info/>  
<http://www.visitfrankfort.com/meet.html>  
<http://www.frankfort.ky.gov/>  
<http://kentucky.gov>  
<http://buffalotrace.com/>  
<http://www.downtownfrankfort.com/>

### PURPOSE

The primary purpose of this Request for Expression of Interest (RFI) is to solicit information from entities to assist the Commonwealth in identifying potential development opportunities at the Capital Plaza area. **No awards will be made based upon responses received to this RFI. Its purpose is to generate information from which a Request for Proposal (RFP) may be developed. Any award of a project will be made based upon the responses to an RFP.**

FAC hopes to realize increased mixed use development possibilities, as well as potential stimulation of the local tourism economy, through development enhancements to the Plaza area in Frankfort. Financial viability in the form of optimum return for the investor and the Commonwealth, with equal concern for environmental and aesthetic issues, must be hallmarks of any development undertaken. Creativity and innovative development, in keeping with the character and purpose of the area and adjacent downtown community, is certainly encouraged.

In responding to this RFI the respondent should primarily elaborate on the type of viable opportunities for each identified parcel, the roles of the public and private sectors in accomplishing such

development, how the project(s) would be managed, and the qualifications of the entity(ies) for the project(s).

See attached Exhibit B below for a potential incentive program for any proposed tourism projects. Respondent is solely responsible for determining whether Respondent's suggestion would meet criterion for Tourism Development Act incentive.

While the Commonwealth encourages creative and innovative proposals overall, as part of the submission, respondents should consider two Commonwealth goals for the overall project: first, the demolition of the Capital Plaza Tower (the CPT is located in Parcel A as set forth below and on the accompanying map to this RFI); and second, the Commonwealth is interested in suitable office space for approximately 350 employees which are currently housed in the CPT. Other employees of the CPT will be relocated to an alternate site.

The Commonwealth has submitted a 2016 budget request to authorize the demolition of the Capital Plaza Tower; parking garages; related elevated plaza deck areas; offices and commercial shops along Wilkinson Boulevard, Mero Street and Fort Hill; and the Mero Street Overpass ("Demolition/Infrastructure Modifications of Capital Plaza - Phase I).

In the event funding for these demolition projects is unavailable to the Commonwealth, the demolition of these areas would fall to the responsibility of a developer as part of the opportunity for development of the overall project.

A brief description the parcels affiliated with the budget request is as follows:

**Parcel A:**

This parcel contains the approximate 351,231 square foot, 24- floor, Capital Plaza Tower; the West Level A/B--96,109 square feet and East Level C/D--237,048 square feet CPT parking garages; and the Mero Street overpass. This parcel also contains 14,000 square feet of offices facing Wilkinson Boulevard, which offices are currently leased to state agencies.

**Parcel B:**

This parcel includes the area above the Capital Plaza Hotel parking garage. There is a commercial area, containing 55,112 square feet, currently under lease to private concerns and other state agencies, and a central fountain area. There is also related, elevated, plaza deck areas associated with this parcel. Development/use of this parcel specifically excludes the hotel parking garage (Parking Garage Commercial Area), containing 140,134 square feet

There is existing connectivity between the utilities for the hotel/parking garage, the Capital Plaza Tower, the Civic Center, and Fountain Place shops commercial area. The Commonwealth's proposed "Demolition/Infrastructure Modifications" project addresses the re-routing and modification of the existing utility infrastructure to maintain occupancy/use of the connected facilities; however, should the Commonwealth's proposed project not be funded, the Respondent should address the utility connectivity issue, including the need to make necessary infrastructure modifications to allow for the demolition while maintaining occupancy and use of those facilities not included in the budget request.

**Parcel C:**

Ideas for the enhancement of/improvement to the approximate 67,864 square foot, Frankfort Civic Center, including possible expansion to gain more breakout/meeting space, elevators, restrooms, etc.

Calendar year 2014 - 100,000 attendees; Calendar year 2015 - 108,000 attendees; Calendar year 2016 - to date - 108,000 attendees

Floor/Exhibit Area 10,000 sq. ft.

- 17,000 sq. ft. of total exhibit space
- Seating 4,160 fixed seats (chair back); floor seating capacity is 700.
- Portable Stage 40' X 52' X 48'
- Risers 8" - 16" - 24" - 32"
- Ultra sound and 32 Acoustics channel (MACKIE Board)
- Power 400 amp, 3 phase, 120/208 V
- Lighting Major Controls, 37 IK LEKOS
- Booths 55 - 10' X 10'
- Convention Hall Entry 9'1" X 8'
- Arena Ceiling Height 34'2"
- Storage Area 48 sq. ft.
- Meeting Rooms 63' x 25' (Classroom 75, conference 10-50, theater 150, reception 200)
- Parking - 2,000 spaces

Historical info:

Sports - 20%

Religious - 15%

Banquets/Parties - 8%

Meetings/Trade Shows/Convention - 40%

Graduations - 8%

Other - 9%

Weekday occupancy - 40%

Weekend occupancy - 60%

Budget:

Revenues: \$850K

Operating Expenses : \$300K

Salaries: \$450K

*Economic Impact study done in 2009 showed an economic impact of FDCC in the County of \$8.6 Million per year. A recent economic impact study done on 2014 sporting events alone, indicates and direct economic impact of about \$4 Million per year.*

#### **Parcel D:**

The YMCA currently has a lease with the Finance and Administration Cabinet, ending June 30, 2068. The agreement leases to the YMCA Grand Level Tracts I and II, Mezzanine Level Tracts I and II, and Plaza Level Tracts I and II, as well as twelve (12) parking spaces on the ground level of the adjacent Capital Plaza Parking Garage\*, two of which are for the expansion of mechanical equipment serving the YMCA building. There is a 10 day cancellation clause contained in the lease, but any mortgage company must be notified and at its option mortgage company may cure the default occurring and take assignment of the Lease. At expiration of Lease, improvements become property of Commonwealth. The YMCA is committed to strengthening its presence in downtown Frankfort.

\*There is a parking garage affiliated with this parcel containing 149,160 square feet (see aqua-colored highlighted area) that is EXCLUDED from this Request for Expressions of Interest.

### INFORMATION REQUESTED FROM RESPONDENT TO THIS RFI

Please provide a cover sheet providing responses to the following requests for information for project for which your entity may entertain development. Project descriptions should be thorough yet concise, and shall not exceed more than a total of 10 pages.

1. Describe your proposed project, your approach to the project you wish to consider and how your entity would propose to accomplish goals.
2. Describe your firm's experience in planning, developing, maintaining, and disbursing commercial real estate, in general, and more particularly, your firm's experience in planning, developing, and maintaining ventures similar to your proposed project.
3. Explain the role of private capital in achieving the goals of the project.
4. Describe the key elements of a proposed financial model (e.g., how would project be financed, would structure(s) become property of Commonwealth upon expiration of lease?).
5. Describe the length of the lease/contract term required to satisfy financial obligations.
6. Describe an approach to marketing the respective elements of the project.

### CONFIDENTIALITY OF INFORMATION

If the respondent believes the information provided to the Division of Real Properties contains trade secrets or confidential commercial or financial information exempt from disclosure under the Kentucky Open Records Act, each page of such exempt information shall be clearly marked "**Confidential: Not Subject to Open Records or Release**". The providing entity must also specifically identify what it considers to be trade secret information and confidential commercial and financial information, and must so mark the information. Information so correctly identified shall not be made public except as may otherwise be permitted or required by law.

### TERM OF DEVELOPMENT CONTRACT

The Commonwealth may contemplate entering into a contract for the financing, design, development, construction, maintenance, and operation of a development project on state land identified in the attached. Specific terms and conditions of any future contract will be outlined in an RFP that may be developed at a later date.

### SUBMITTING RESPONSES

All responses to this RFI are to be received no later than, **November 30, 2015 at 2:00 p.m. EST.** Please direct questions and responses to this RFI to:

Nancy E. Brownlee  
Division of Real Properties  
Bush Building, 3rd Floor  
403 Wapping Street  
Frankfort, Kentucky 40601  
(Phone: (502) 564-2600)

### ATTACHMENTS

- Site Map (Exhibit A)
- Tourism Development Act (Exhibit B)
- State of Kentucky Location Map (Exhibit C)

# EXHIBIT C



Reference Map of Kentucky.

## EXHIBIT B

### TOURISM DEVELOPMENT ACT

This landmark legislation, the first of its kind in the nation, provides a state sales tax incentive program for tourism development projects.

#### The Incentive

The incentive for developers of approved new or expanding tourism projects is the ability to recover up to 25% of the project's development costs over a ten year term. Projects including, but not limited to lodging facilities, that are constructed on state park, federal park and national forest lands are eligible to recover up to fifty percent (50%) of development costs over a twenty year term. An expanding attraction receives the incentive on increased sales tax due to the expansion.

On an annual basis the Kentucky Department of Revenue will return to developers of approved projects the state sales tax paid by visitors to the attraction on admission tickets, food and gift sales and lodging costs.

#### Eligible Projects

The Act defines tourism attractions as:

- cultural or historical sites;
- recreation or entertainment facilities;
- areas of scenic beauty or distinctive natural phenomena;
- Entertainment Destination Centers;
- Kentucky Crafts and Products Centers;
- Theme Restaurant Destinations; and,
- Lodging, when:
  - built in conjunction with a tourism attraction and the tourism attraction cost more than the lodging facility; or
  - built on state or federal parks and recreational lands; or
  - involves restoration or rehabilitation of a historic structure; or
  - involves the restoration or renovation of a lodging facility having no less than 500 rooms with project costs exceeding \$10,000,000; or
  - Involves the construction, restoration, or renovation of a full service lodging facility which is or

will be a part of a major convention or sports facility with project cost exceeding \$6,000,000; or

- Involves the construction, restoration, or renovation of a facility which is or will be located:
  - In the Commonwealth within a 50 mile radius of a property located on the National Register of Historic Places with a current function of recreation and culture; **and**
  - Located within any of the 100 least populated counties in terms of population density.

Projects that do not qualify are strictly retail businesses and recreational facilities that are used primarily by local residents and are not a likely destination for out-of-state travelers.

## **The Application Process**

Applications are submitted to the Secretary of the Tourism, Arts and Heritage Cabinet for an initial review. Should the Secretary decide the project will likely meet all the broad requirements of the Act, the application will be forwarded to the Kentucky Tourism Development Finance Authority with the recommendation the project be given preliminary approval. The Authority is attached to the Tourism, Arts and Heritage Cabinet.

Should preliminary approval be granted by the Authority, an independent consultant selected by the Tourism, Arts and Heritage Cabinet will do an in-depth study on the proposed project. The cost of the study will be the responsibility of the developer.

A public hearing on each project is required between preliminary and final approval.

Based on the consultant's study, related materials and the report from the public hearing, the Secretary will determine whether to request final approval by the Authority. Upon final approval by the Authority, an agreement will be signed between the state and the project developers allowing the developer to recover the state sales tax during the term of the agreement.

For a project to be eligible, it must receive approval from the state before construction commences on the project.

## **The Consultant's Study**

For the project to be considered for final approval, the consultant's report must determine that the project:

- will attract the minimum number of out of state visitors required by statute;
- will have costs meeting or exceeding statute minimums;
- will have a significant and positive economic impact on the Commonwealth by considering, among other factors, the extent to which the tourism attraction project will compete directly with existing tourism attractions in the Commonwealth and the amount by which increased tax revenues from the tourism attraction project will exceed the refund given to the approved company;
- will be open to the public for a minimum of the number of days required by statute;
- will not adversely affect existing employment in the Commonwealth; and,
- will, if an Entertainment Destination Center, be using the state sales tax refund for a public infrastructure purpose.
- Additional requirements are in place for Theme Restaurant Destinations.

## **More Information**

For more information or to request an application, contact the Tourism, Arts and Heritage Cabinet at the following address:

Mike Mangeot  
Commissioner  
Department of Travel & Tourism  
Tourism, Arts and Heritage Cabinet  
500 Mero Street  
Frankfort, Kentucky 40601  
Phone: (502) 564-4930  
[Michael.mangeot@ky.gov](mailto:Michael.mangeot@ky.gov)  
[www.kentuckytourism.com](http://www.kentuckytourism.com)