

## **Lexington Center Corporation High Street Development Request for Proposals**

**Title:** High Street Development Project, Lexington, Kentucky

**Issue Date:** September 17, 2021

**Issued by:** Lexington Center Corporation  
430 West Vine  
Lexington, KY 40507

### **I. Introduction, Background and Purpose:**

The Lexington Center Corporation (LCC) is soliciting information to qualify a developer(s) to develop a mixed-use project in the heart of the downtown Lexington. In general, the High Street Development Project (HS-Project) will create an exciting mixed-use area that will serve to compliment and support the continued growth in the area. The specific site location of the HS-Project is currently utilized as a large surface parking lot that is located directly across High Street from the newly remodeled Central Bank Center (CBC) and Rupp Arena and is generally bordered by Lexington Center Drive, Maxwell Street, and Poplar Alley. For a map of the existing site layout and the proposed location of the HS-Project, see Appendix A. The site is approximately 17.5 contiguous acres.

This Request for Proposals (RFP) is made pursuant to the Procurement Policies and Procedures of the LCC officially adopted by its Board of Directors in July, 2012.

LCC will not be guarantors of the development project nor will they take an equity position in the proposed HS-Project. LCC is willing to offer an attractive long term land lease to the selected developer.

### **II. The Proposed “High Street Development Project”:**

The HS-Project could be comprised of various uses such as offices, residential units, hotel/lodging, restaurant, hospitality, and other ancillary services. The project will serve Downtown Lexington’s employee and resident demographic as well as create inviting public spaces and connectivity to the CBC and the rest of Downtown. The HS-Project should help support the overall mission of the LCC to provide a high-quality environment to host nationwide, regional, and community meetings, sports and entertainment, and an overall quality of life that will assist in the attraction of corporations and talent to the Lexington community.

#### **SCOPE:**

As part of the RFP submission, qualified Respondents will determine the scope of development, i.e. a description of the buildings and their proposed uses, and the proposed timeframe for completion. This will be based on the Respondents’ understanding of the Lexington market, the appropriate financing they can obtain, and the tenants they believe they can contract with to occupy the space.

The scope of the development proposed by each Respondent in their RFP response will become that Respondent's definition of their portion of the "HS-Project". The Respondent will also propose timing of each phase to be developed with specific milestones to be met in order to fulfill the obligations of the HS-Project development and maintain the right to proceed to the next phase of the proposed HS-Project, should a phased approach be proposed. Please provide any information that the Respondent feels should be considered when evaluating their proposal. The Respondent may present any creative value-added approaches that might be appropriate. The Respondent may also provide supporting documentation that would be pertinent to this RFP.

Respondents to this RFP may offer plans for 1) a complete mixed-use development 2) office 3) hotel/lodging 4) residential 5) retail, restaurant, and other supporting ancillary services 6) entertainment facility or 7) for any combination thereof. Moreover, the scope does not necessarily need to contain a plan for the entire parcel. The respondents must include details and specifications containing a minimum 2,000 space parking facility or facilities (see below).

The land lease to be negotiated between LCC and the successful selected developer(s) shall contain the scope of development described in detail and include a schedule or timetable for each construction phase of the project. The lease shall also contain penalties for non-compliance as well as procedures for mutual adjustment of such scope and timetables between the parties to the lease.

#### ***PARKING AND TAX INCREMENT FINANCING (TIF):***

In October 2019 LCC was awarded a TIF by the Kentucky Economic Development Finance Authority (KEDFA). See Appendix B. LCC has already agreed with the Lexington-Fayette Urban County Government (LFUCG) and KEDFA to terms related to a Tax Increment Financing (TIF) District on the HS-Project block and surrounding areas that enables the use of certain incremental tax revenues generated within the HS-Project to help fund the development of parking structures. The selected developer will assist LCC with compliance of these TIF Agreements as required within and as will be necessary in order for TIF funds to be available to support the HS-Project.

As part of the proposed plan response, it is a requirement that any winning bid will also include a plan for parking that will support the proposed land use while also providing parking options for CBC and Rupp Arena events.

#### ***RESPONSE REQUIREMENTS:***

- Must include a proposal regarding land lease terms and other revenue payments to LCC for the land use rights. At a minimum, TIF Revenues combined with ground lease payments need to be sufficient for LCC to cover the costs necessary to support debt financing on garage. Therefore, each proposal must specify the exact dollar amount of their proposed ground lease payment to LCC for at least the next 30 years.
- Must include a clear development plan, proposed uses, square footage, anticipated costs, construction schedule for each of the uses and expected date of project completion, and any information regarding tenant composition and/or quality of product.
- Must provide a detailed plan of finance, including how the Respondent intends to fund the private uses. Any information that would support the Respondent's ability to finance the project as proposed should also be included.
- Please include descriptive narrative of the proposed HS-Project, why the Respondent feels it will be of benefit to the mission of the LCC, how it will support the Bluegrass Region.

- Must provide a clear statement from an urban development specialist, architect and/or regional planner as to why the proposed development plan will minimize any potential negative impacts to surrounding neighborhoods, traffic, and downtown development.
- Please include information regarding Respondent, its partners, history performing similar successful projects, team members, resumes, and other information that will assist the LCC Board in making its final selection.
- Finally, all projects must comply with current zoning and other applicable regulations of LFUCG.

### **III. Background Information:**

Located at 430 West Vine Street in downtown Lexington, which is minutes from Bluegrass Airport, the University of Kentucky campus, and Lexington's iconic Thoroughbred horse farms, Central Bank Center, and Rupp Arena, home to the National Champion University of Kentucky men's basketball program. The 20,000-seat arena, affectionately referred to by some as "the Cathedral of College Basketball" is named for the legendary Adolph Rupp, head coach from 1930 to 1972 and one of the all-time winningest coaches in men's college basketball. Few experiences in all of sports can match that of experiencing a U.K. men's home basketball game at Rupp Arena.

As one of the region's most popular multi-use entertainment, convention, and shopping complex, Central Bank Center stands ready to meet the demands of even the most discerning presenter. Indeed, its location at the intersection of Interstates 64 and 75 and within a day's drive of 75% of the US population, conveniently places Central Bank Center at the heart of one of America's most traveled crossroads. And one that affords touring casts and crews, meeting planners, exhibitors, and visitors alike the warm hospitality for which Lexington and Kentucky are so famous.

LCC is a not-for-profit corporate agency of the Lexington-Fayette County Urban Government (LFUCG). LCC is charged with the management and operation of facilities opened in 1976 located in downtown Lexington KY including:

**Rupp Arena:** A 20,000 seat sports and entertainment arena-home to the University of Kentucky (UK) men's basketball program. UK is contracted at Rupp through the 2032-2033 basketball season. UK consistently leads the NCAA in home game attendance with most games enjoying a sellout status and 20,000 patrons present. Rupp further has hosted numerous NCAA 1<sup>st</sup> & 2<sup>nd</sup> round, regional tournament play; and, hosted the NCAA men's Final Four in 1985 and women's Final Four in 1986. Rupp has hosted the KY High School Athletic Association (KHSAA) PNC Boy's Sweet 16 basketball championship 27 of the past 34 years including the last 15 years consecutively. In addition to sports programming, Rupp hosts numerous concerts, motor sports, family shows and extravaganzas with all events attracting approximately 900,000 patrons each year.

**Central Bank Center:** When complete, the new Central Bank Center will have over 150,000 square feet of elegant and versatile banquet, exhibition, and meeting space of which 100,000 square feet is dedicated exhibition space. The Central Bank Center two attached convention hotels occupy a common corner, within easy walking distances to shopping, dining, and entertaining destinations.

Lexington Center Corporation also oversees the upkeep and operations of the adjacent Triangle Park designed by the noted New York landscape architect, Robert L. Zion and the historic Opera House performing arts center one block north.

**Lexington, Kentucky:** Lexington, known as the Horse Capital of the World, is located in the heart of Kentucky's Bluegrass Region. Lexington is a gracious mid-south city which offers affordability and many desirable features which attract and retain the best employees and their families. Recent national rankings of Lexington include:

- 1st most optimistic hiring forecast for Spring 2011 (*Manpower 2011*)
- 2nd most educated workforce (*Business Facilities, 2008*)
- 5th Highest State Increase of Entrepreneurial Activity – (*Kauffman Foundation 2011*)
- 5th Top Medium Sized US Cities for Entrepreneurs – (*Grasshopper Group 2010*)
- 6th best mid-size Metro to Launch a Business (*CNN Money, 2009*)
- 7th best city for in terms of business costs (*KPMG Competitive Alternatives, 2008*)
- 9th best place for business and careers (*Forbes, 2010*)

The largest employers in the area include the University of Kentucky, Toyota Motor Manufacturing, Lexmark International, Hewlett-Packard, UPS, ACS – a Xerox Company, and Amazon.

For more information visit [www.commercelexington.com](http://www.commercelexington.com) and [www.locateinlexington.com](http://www.locateinlexington.com).

#### **IV. Schedule:**

The following outlines the proposed timing of responses; however, LCC reserves the right to modify the dates as necessary. Any changes will be issued in addendums to this RFP.

- Friday, September 17, 2021: RFP released on LCC website
- Monday, October 11, 2021, 2:00 p.m.: Non-mandatory pre-bid question and answer conference and tour of site.
- Friday, November 5, 2021: Last day to submit written questions.
- Friday, December 10, 2021, at 2:00 p.m.: Deadline for submission of three (3) hard copies of proposals plus one (1) electronic copy on CD-Rom or other standard storage media in .pdf or Microsoft Word file format.
- Friday, January 21, 2022: Respondents notified if selected to participate in further negotiations and discussion as finalists

#### **V. Respondents Instructions:**

A. All respondents should direct all written questions to:

Mr. Bill Owen  
Lexington Center Corporation  
Email: [bowen@rupparena.com](mailto:bowen@rupparena.com)

With copy to:  
Casey Bolton  
Commonwealth Economics  
Email: [cbolton@commonwealththecon.com](mailto:cbolton@commonwealththecon.com)

With copy to:  
Austin Arnold  
Commonwealth Economics  
Email: [aarnold@commonwealththecon.com](mailto:aarnold@commonwealththecon.com)

- B. Respondents are only to direct questions in writing to contact listed above. No contact is to be had with LCC Board Members.
- C. By Friday, December 10, 2021 at 2:00 p.m. EDT, proposals must be received in a sealed envelope marked the outside, "**High Street Development Project**", and addressed to:

Mr. Bill Owen, President, CEO  
Lexington Center Corporation  
430 W. Vine Street  
Lexington, KY 40507  
859-233-4567 ext 3210  
859-253-2718 fax  
[bowen@rupparena.com](mailto:bowen@rupparena.com)

**VI. Disclaimer:**

LCC reserves the right to reject all qualifications, to negotiate individually with the proposers, and to select a vendor based upon the best interests of LCC, which best interests may not be based exclusively upon pricing.

Ideas, concepts and intellectual properties presented by the Respondent shall be considered non-proprietary and LCC shall have no obligation to Respondent should it use or incorporate such concepts in future use.

LCC reserves the right to withdraw the RFP at any time at its sole discretion. LCC reserves the right to amend the RFP to correct errors or oversights, or to supply additional information as shall become available, at any time prior to the opening of responsive submissions.

LCC reserves the right to eliminate any mandatory, non-material specification or requirements that cannot be met by any of the prospective proposers.

LCC reserves the right to conduct contract negotiations with the next most responsible and responsive proposer in the event it is unsuccessful in negotiations with the initially selected proposer.

LCC reserves the right to request and require clarification at any time during the procurement process and/or require correction of mathematical or other apparent errors and/or to determine a proposer's compliance with the requirements of the RFP.

## Appendix A





Appendix A – Continued



Appendix A – Continued





Appendix A – Continued



Appendix A – Continued



## Appendix B

### KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY TIF REPORT - FINAL APPROVAL

<b>Date:</b>	October 31, 2019	
<b>Preliminary Approval:</b>	December 13, 2018	
<b>Applicant:</b>	Department of Finance of LFUCG	
<b>Project Name:</b>	Lexington Center Project	
<b>City:</b>	Lexington	<b>County:</b> Fayette
<b>Program Type:</b>	Signature Projects	
<b>TIF Term:</b>	30 years	<b>DFS Staff:</b> Kylee Palmer

**Project Description:** The Lexington Convention Center will be working with various developers to complete the Project in Lexington through a mixture of public and private investment. The Project will include a completely redesigned and expanded convention facility and arena capable of hosting world-class conventions and entertainment acts. In addition, the Project will include additional hotel rooms, retail and restaurant options, and an entertainment complex that will include an upscale movie theatre, bowling alley, and sports bar. These businesses will create a huge draw to the downtown area for both residents and visitors, along with the Town Branch Park, which will bring a desired balance to a downtown that is drastically lacking green space.

The proposed development is expected to include:

- 152,530 total square feet of exhibit, ballroom, and meeting room event space for the Convention Center upon completion of improvements
- 443,605 total square feet of support and non-convention center space (Rupp Arena, Hotel, Central Plant, BOH, Mechanical Mezzanine, Clubs, etc.) upon completion of improvements
- 70,000 square feet of space for retail and restaurants
- 160 hotel rooms
- 10 screen movie theatre
- 16 lane bowling alley
- Portion of Town Branch Commons Park and Structured Parking
- Public infrastructure improvements

Total estimated cost of the project is approximately \$679.2 million, including financing.

Construction began in 2018 with completion in 2021.

**Infrastructure:** Infrastructure costs total approximately \$337 million:

- Land preparation
- Public buildings/structures
- Sewers/storm drainage
- Curbs, sidewalks, promenades and pedways
- Roads
- Street lighting
- Provision of utilities
- Public space or parks
- Parking
- Fountains, benches and sculptures

<b>Eligible Public Infrastructure Costs:</b>	\$ 50,000,000.00
<b>Eligible Financing Costs for Eligible Public Infrastructure Costs:</b>	<u>\$ 48,000,000.00</u>
<b>Total Eligible Costs (PI &amp; Financing) for the Parking Garage:</b>	\$ 98,000,000.00



**Consultant Report:** The project was reviewed by an independent consultant and determined to create a net new positive impact on the Commonwealth. The Office of State Budget Director and the Finance and Administration Cabinet approved the consultant's recommendations and have certified the report and the findings with a statutorily-required Certification of Net Positive Impact to the Commonwealth. The applicant has also reviewed the report and agrees with the findings and the amount eligible for recovery.

**Total Capital Investment:** \$ 395,477,243 **Type of Eligible Cost:** Public Infrastructure & Financing Cost

**Increment Recovery:** The following taxes are available for recovery from the footprint over the TIF term through a **40%** recovery, as based on the independent consultant analysis:

<u>Pledged Taxes</u>	<u>Term Pledged</u>
Property Tax	30 years
Sales Tax	30 years
Withholding Tax	30 years

**Approved Cost:** **\$41,000,000**

Please note only amounts deemed as public infrastructure that occur within the state footprint are eligible for recovery through increments as outlined above. No state taxes shall be eligible for recovery until the minimum capital investment of \$200,000,000 has been verified as being invested in the development area.

**Special Condition/Requirement:**

In order to ensure the applicant makes the capital investment, staff recommends including the following special condition/requirement:

Total cumulative investment of \$395,477,243, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$41,000,000. The actual project completion percentage of the investment will be applied annually to the total incentive approved of \$41,000,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

Eligible approved costs for the Project will be limited to the cost and financing of the public parking garage.