

Lexington Center Corporation High Street Development Request for Qualifications

Title: High Street Development Project, Lexington, Kentucky

Issue Date: October 3, 2016

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 where people will live-work-play all in one place. 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 Lexington Convention Center 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 Attachment A. The site is approximately 17.5 contiguous acres.

This Request for Qualifications (RFQ) 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. ***As part of the Offer, the Offeror must quote the percentage of gross revenue that it will pay to LCC including any guaranteed annual minimum payments.***

The response to this HS-Project RFQ will be in two phases. Phase 1 is a summary of what the Offeror is willing to build, and an evaluation of the Offeror's qualification and experience in designing, financing, executing, and managing similar developments in the past. A preliminary financial offer will also be included, but please note that financial offers can be refined and updated based on information provided in an addendum for those invited to submit a Phase 2 response. Phase 1 responses will be used to judge which, if any, Offerors are asked to participate in Phase 2. The Phase 2 addendum will describe a competition to evaluate design, market feasibility, ability to finance and execute the proposed improvements, and the revised financial deal terms with LCC under a long term, participating land lease format. It is envisioned that no more than 3 or 4 Offerors will be invited to participate in the more rigorous elements of Phase 2 of this RFQ.

More information on Phase 2 will become available in an addendum to this RFQ after the initial Phase 1 responses are evaluated. LCC will consider reimbursement for 50 percent of the Offeror's documented expenses to produce Phase 2 items, up to a negotiated amount, for invited Phase 2 participants that do not enter into a contract agreement with LCC. Documented expenses will include paid invoices for outside labor, services, and supplies to produce the Phase 2 response and a detailed accounting of the Offeror's Development Team's internal labor costs dedicated to the Phase 2 submission.

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 LCC and the rest of Downtown.

SCOPE:

As part of the RFQ submission, qualified Offerors 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 Offerors’ 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 Offeror in their RFQ response will become that Offeror’s definition of their portion of the “HS-Project.” The Offeror 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. Please provide any information that the Offeror feels should be considered when evaluating their proposal. The Offeror may present any creative value added approaches that might be appropriate. The Offeror may also provide supporting documentation that would be pertinent to this RFQ.

Respondents to this RFQ 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) parking facilities or 7) for any combination thereof. Moreover, the scope does not necessarily need to contain a plan for the entire parcel.

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.

LCC shall have absolute discretion to disqualify any such plan for which in its sole opinion the respondent has not shown the requisite experience and ability to finance and execute.

PARKING AND TAX INCREMENT FINANCING (TIF):

As part of the proposed plan response, it is expected that any winning bid will also include a plan for parking that will maximize highest and best land use while also providing parking options for LCC and Rupp Arena events.

LCC plans to seek the establishment of a Tax Increment Financing (TIF) District on the HS-Project block and surrounding areas that will enable the use of taxes generated within the HS-Project to fund public infrastructure, such as parking. The selected developer will assist LCC as requested by creating appropriate financial documents on the HS-Project and accompany LCC to participate in meetings with local and state government officials responsible for approving TIF incentives. Once approved, certain tax revenues may be available to fund public infrastructure required in the HS-Project. Public infrastructure needs are as follows: construction of public parking to replace current surface lots, provision of utilities, pedestrian amenities and public spaces, etc. Proceeds from the potential TIF structure may be used to reimburse the developer for certain public infrastructure costs as agreed to in a final contract.

LCC makes no guarantees that the TIF application will be approved by LFUCG and/or the Commonwealth of Kentucky or the amount/magnitude of the TIF proceeds that may be available if the application is approved. It will be noted in the final long term land lease agreement with a selected developer that LCC will have no financial obligation to the selected developer if the TIF

application is not approved or if the amount approved does not cover all of the planned public infrastructure costs.

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, Lexington Center and Rupp Arena opened in 1976 and are home to the National Champion University of Kentucky men's basketball program. The 23,500-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, Lexington 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 Lexington 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 24,000 seat sports and entertainment arena-home to the University of Kentucky (UK) men's basketball program. UK is contracted at Rupp through the 2017-2018 basketball season. UK consistently leads the NCAA in home game attendance with most games enjoying a sellout status and 23,000 patrons present. Rupp further has hosted numerous NCAA 1st & 2nd 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.

Lexington Convention Center: Lexington Convention Center currently has 130,000 square feet of elegant and versatile banquet, exhibition and meeting space of which 66,000 square feet is dedicated exhibition space. The Convention Center and 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.

The Proposed Lexington Center Expansion Project: To support the \$250 million project, the Kentucky General Assembly (the "Budget Bill") authorized the issuance of \$60 million of State General Fund supported lease appropriation supported obligations for the benefit of the Lexington Center Corporation for a term of up to 30-years. The State's lease payment obligations are to be funded in part by ½% of the 2 ½% total increase in the transient room tax authorized in House Bill 56 of the 2016 Regular Session, while the remaining 2% is available to support the additional obligations of LCC to renovate existing convention center and construct the new facility. Additionally, the Lexington Fayette Urban County Government ("LFUCG") has

preliminarily authorized the issuance of General Obligation Bonds in order to contribute \$10 million to the project, bringing the total government support to \$70 million.

The new plan includes over 100,000+ square foot exhibit hall, larger, enhanced ballrooms and meeting space along W. Main St.; and repurposed retail space at the ground level. The project will be constructed in phases so as to create minimal impact to existing business commitments.

Studies dating back to 1986 consistently call for larger exhibit and meeting room space for Lexington to sustain and grow its position as a convention and meeting destination. The existing exhibit hall cannot be expanded due to its orientation to Main St, Rupp Arena and the Mary Todd Lincoln House. The plan calls for a new exhibit hall to be constructed west of and adjacent to Rupp Arena.

The proposed convention center plan does not include any additional renovations to Rupp Arena which is already undergoing a \$15 million video/audio/tech upgrade. Some parts of the first, second and third levels of the Shops at Lexington Center and existing meeting rooms will be repurposed for retail and other uses.

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 and www.locateinlexington.com.

IV. Schedule:

The following outlines the proposed timing of Phase 1 responses; however, LCC reserves the right to modify the dates as necessary. Any changes will be issued in addendums to this RFQ.

- Monday, October 3, 2016: RFQ released on LCC website
- Thursday, November 3, 2016, 3:00 p.m.: Non-mandatory pre-bid question and answer conference and tour of site; LCC boardroom 2nd level Shops at Lexington Center
- Friday, November 11, 2016: Last day to submit written questions.
- Monday, November 28, 2016, at 2:00 p.m.: Deadline for submission of three (3) hard copies of qualifications plus one (1) electronic copy on CD-Rom or other standard storage media in .pdf or Microsoft Word file format.
- Week of January 1, 2017: Respondents notified if selected to participate in Phase 2

V. Respondents Instructions:

- A. All respondents should direct all written questions to:

Mr. Bill Owen
Lexington Center Corporation
Email: bowen@rupparena.com

- B. Respondents are only to direct questions in writing to contact listed above. No contact is to be had with Rupp Arena Arts & Entertainment District Committee Members or LCC Board Members.

- C. By Monday, November 28, 2016, at 2:00 p.m. EDT, qualifications 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

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 RFQ at any time at its sole discretion. LCC reserves the right to amend the RFQ 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 RFQ.

Attachment A



END OF RFQ