

**REVISED  
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# Frankfort, Kentucky

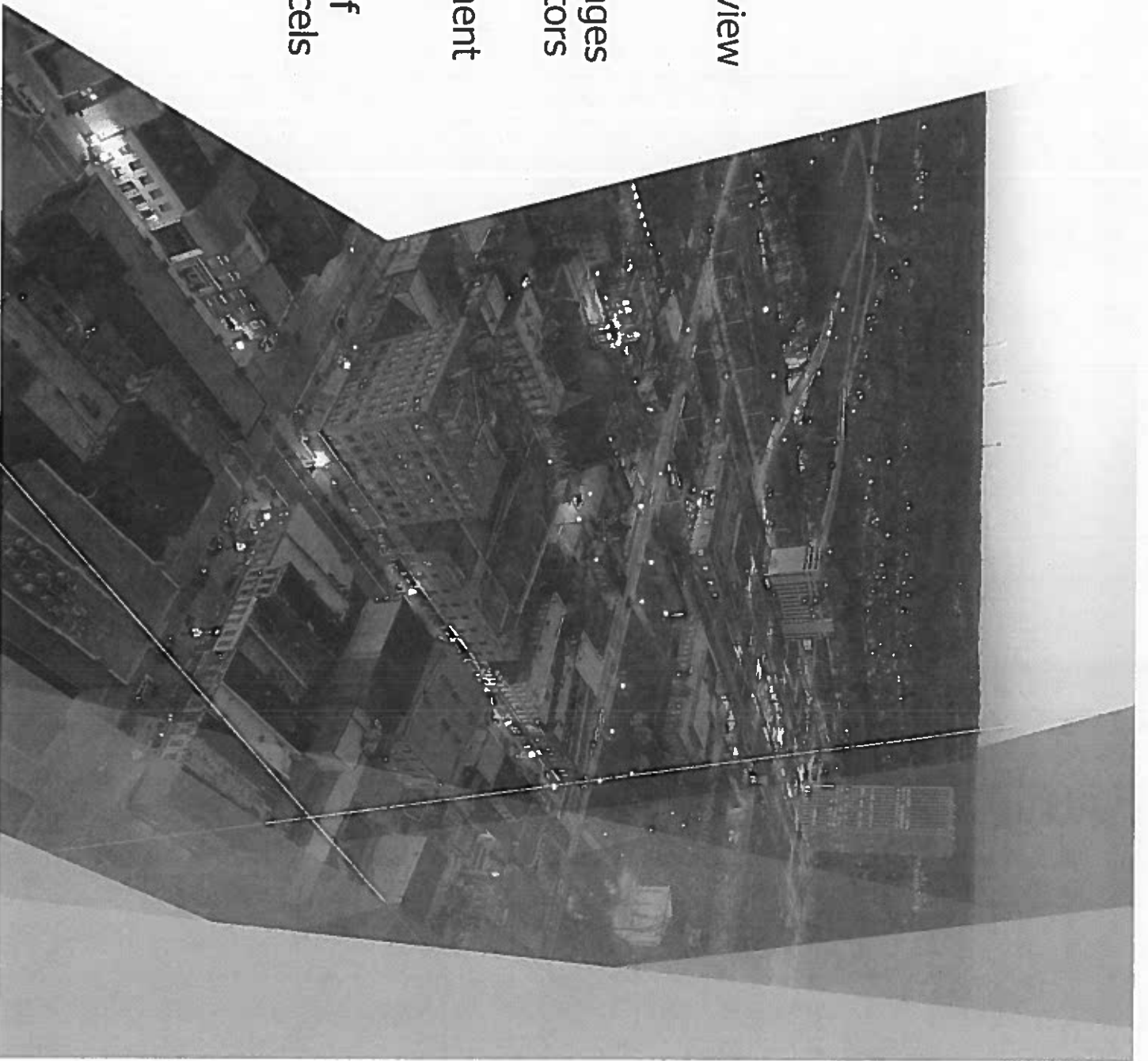
Opportunity Zone  
Prospectus

*Prepared by*

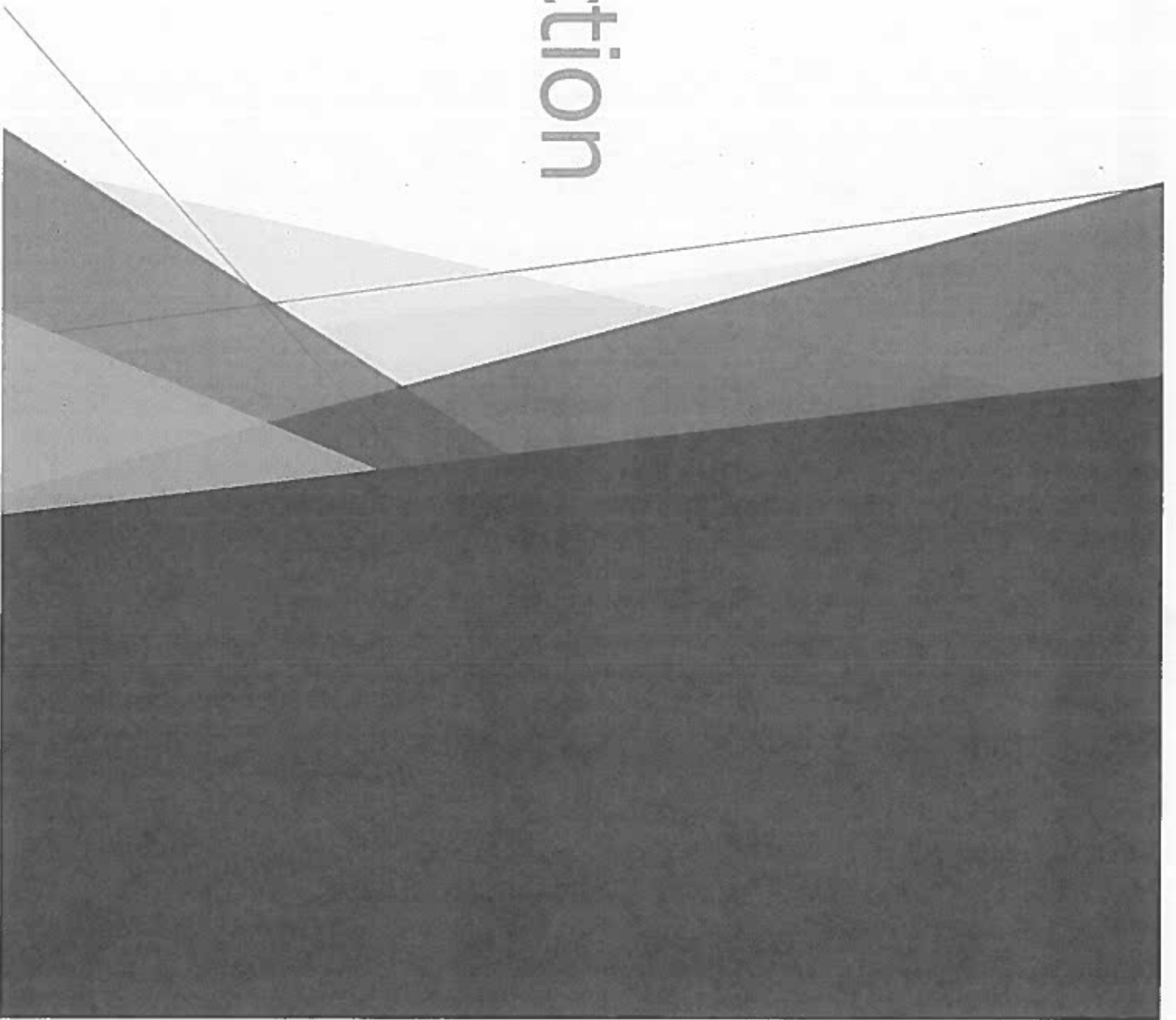
**Sustainable Strategies DC**

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Redevelopment of  
State-Owned Parcels  
"B" & "C"

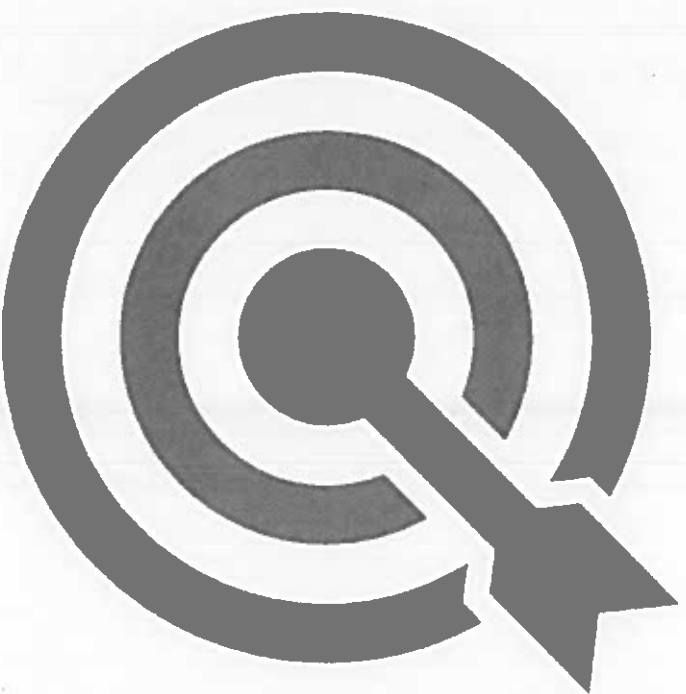


# Introduction



# Purpose of Document

- ▶ Provide a community profile, showcasing the promise for successful development in Frankfurt
- ▶ Articulate the opportunities and risks of Frankfurt's Opportunity Zone to help investors make informed decisions
- ▶ Identify and highlight a specific investment priority located in Frankfurt's designated Opportunity Zone

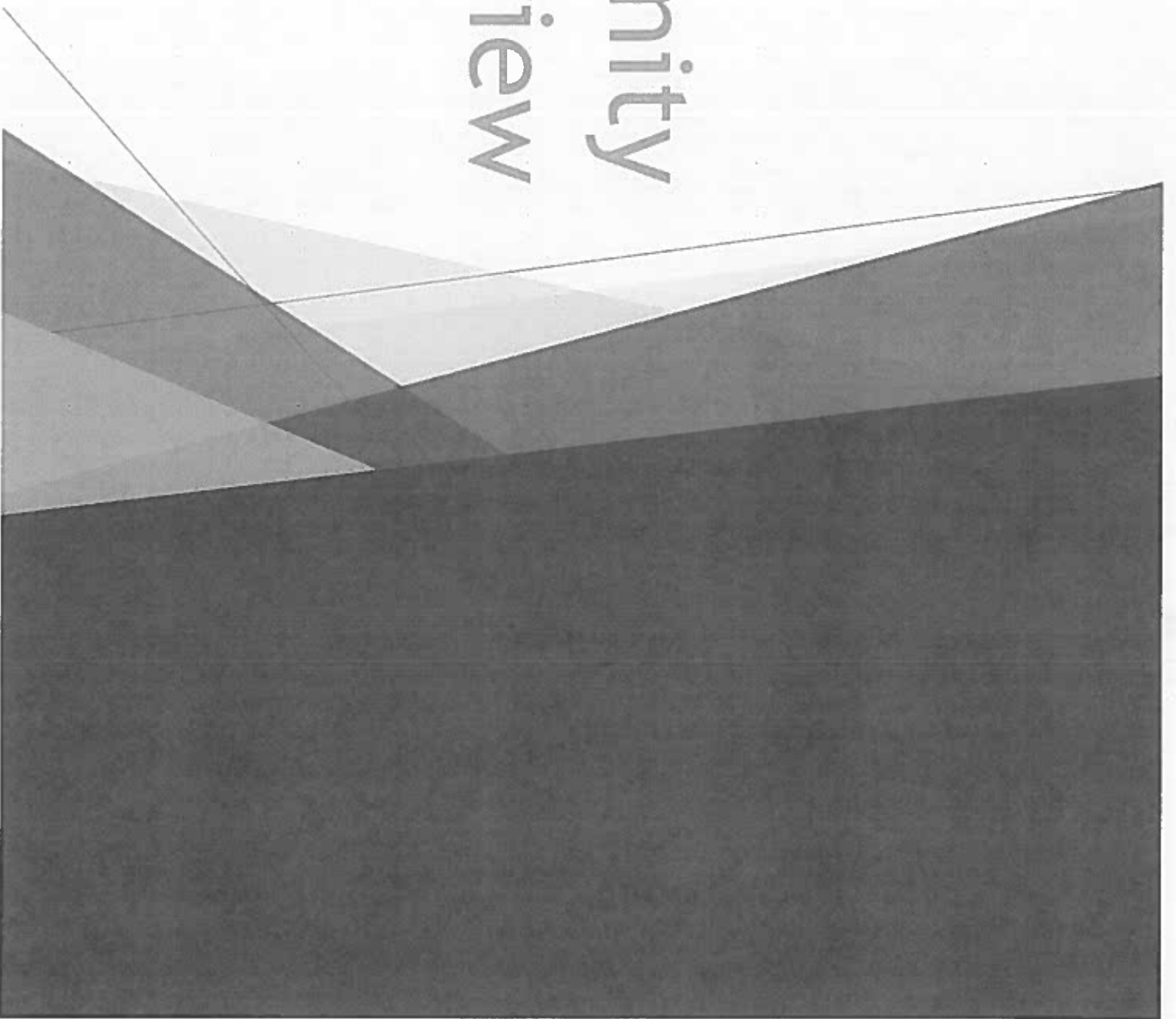


# Frankfort's Opportunity Zone in a Nutshell...

- ▶ **Development Potential:** One Opportunity Zone (Franklin County Census Tract 712) with unique, unrealized potential for economic growth.
- ▶ **Ripe for Investment:** Growing demand for tourism, downtown housing, and mixed-use development.
- ▶ **Significant Leverage:** City and partners ready to leverage significant federal, state, local, and private sector resources and incentives to support new development with a vibrant downtown, walkable streets, and a skilled workforce.



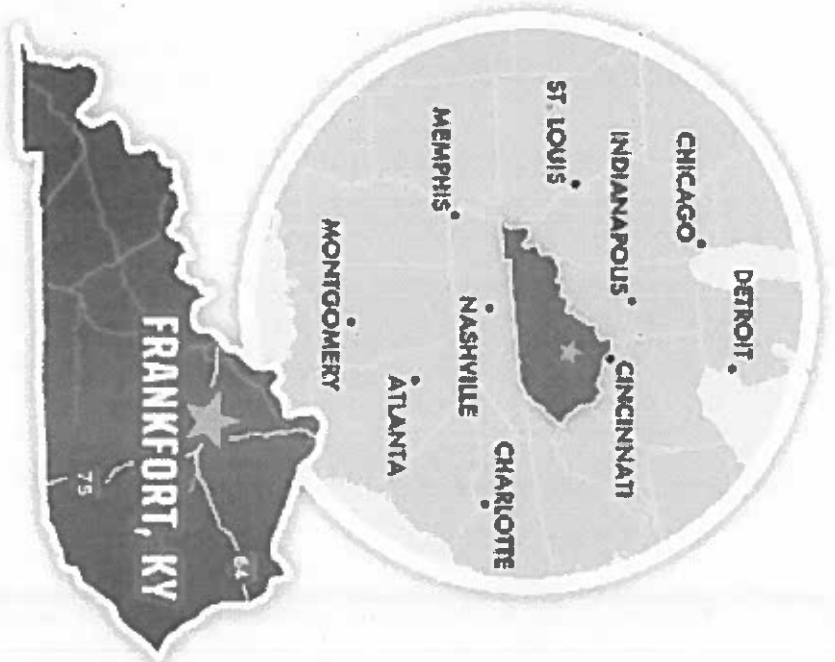
# Community Overview



# Frankfort, Kentucky

Population: 27,453\*

- ▶ Capital of Kentucky
- ▶ Located along the Kentucky River
- ▶ County seat of Franklin County
- ▶ Within one day's drive of 65% of the nation's population



\* 2017 Census Estimate



# Basic Data – Frankfort\*

**MEDIAN  
HOUSEHOLD  
INCOME:**  
\$45,471

**POVERTY RATE:**  
16.8%

**TOTAL  
HOUSEHOLDS:**  
11,961

**MEDIAN  
PROPERTY  
VALUE:**  
\$126,700

**MEDIAN AGE:**  
38.2

\* 2013-2017 American Community Survey 5-Year Estimates

# Proximity to Other Cities, Airports

## Cities

- ▶ Lexington - 25.7 miles
- ▶ Louisville - 54.8 miles
- ▶ Cincinnati - 79.2 miles



## Airports

- ▶ Bluegrass Airport (LEX), Lexington - 22.5 miles
- ▶ Louisville International Airport (SDF) - 53.5 miles
- ▶ Cincinnati/Northern Kentucky Int. Airport (CVG) - 74.6 miles



# Frankfort Economy by the Numbers

## Key Drivers

<b>LARGE LABOR FORCE</b>	Labor market area	Population 1,640,824
<b>AFFORDABLE</b>	Cost of living	18% below the national average and 7.5% lower than Kentucky average
<b>LOW WORKER WAGES</b>	Average weekly wage	\$805 in Franklin County, \$933 across labor market area
<b>LOW ENERGY COSTS</b>	Industrial electric cost per KWH	\$0.0558

Estimated 38,500 employees in Frankfort and Franklin County

64.5% of citizens over the age of 16 employed

Unemployment rate below the state and national average - 3.7%

### Top Industries

Public Administration 28%

Education, Health, and Social Services 15.5%

Manufacturing 12.4%

Retail Trade 10.5%

Basic Data - Local Economy

# Current Trends



Population and income are growing steadily



Age distribution has shifted toward young professionals (25-34 year olds) and early retirees (55-64 year olds), key groups for downtown revitalization



Retail and service sectors are the fastest growing segments of the economy



Private investment seeing exponential growth over the past decade



Health care especially is growing quickly

# Basic Data - Housing

	Kentucky	Frankfort	Opportunity Zone
Units	1,965,202	13,674	1,648
Median Home Value	\$130,000	\$126,700	\$76,400
Occupancy Rate	87.8%	87.5%	80.1%
Homeowner Vacancy/ Renter Vacancy	1.8%/6.1%	2.9%/6.4%	3.7%/10.4%

- ▶ Forecasted housing demands suggest the need for and additional 831 single and multi-family units, consuming 175 acres of City land
- ▶ Aging housing in the Opportunity Zone suggest a need for new development to encourage infill with more housing and a range of housing options
  - ▶ 85% of units built before 1970
  - ▶ 43% built of units before 1950

# Basic Data - Anchor Institutions

## Government

- ▶ Frankfort is the seat of Kentucky and Franklin County governments
- ▶ State - 11,210 employees
- ▶ County - 246 employees

## Kentucky State University

- ▶ The only public Historically Black College and University and liberal arts institution in the state of Kentucky
- ▶ 2,408 total enrollment
- ▶ 130 full-time instructional faculty members
- ▶ 790 employees

## Frankfort Regional Medical Center

- ▶ Acute care facility, accredited Chest Pain Center with Primary PCI and Level III Trauma Center that serves Franklin and surrounding counties
- ▶ 173 beds
- ▶ 800 Employees

# Basic Data - Opportunity Zone

Franklin County Census  
Tract 712

- ▶ Encompasses Downtown, the former Capital Plaza area, Buffalo Trace Distillery, and the Holmes Street Corridor
- ▶ Population: 1,579
- ▶ Median Age: 35.6
- ▶ Poverty Rate: 33.7%
- ▶ Median Household Income: \$35,597

“This designation will give Frankfort the chance to attract new businesses and investors to some of our most distressed areas and give opportunities to our most vulnerable citizens. This will be just one tool the City can use to improve and grow our community,”

- Mayor William I. May, Jr.





# Why Frankfort?

- Strategic Advantages
- Opportunities for Growth
- Economic Development Strategy
- Leveraging Potential

# Why Frankfort? Strategic Advantages

- ▶ Rich history with existing assets including retail, arts, culture, and tourism opportunities
- ▶ Favorable tax environment
- ▶ State and County seat of government
- ▶ Forward-thinking team of public and private partners with clear vision for downtown development

Tax	Local	State
Income Tax - Personal \$8,001 to \$75,000	1.95%	5.8%
Income Tax - Personal \$75,001 and above	1.95%	6%
Income Tax - Corporate \$100,001+	1.95%	6%
Property Tax	2.906%	0%
Sales Tax	0%	6%
Lodging(includes Local & State sales tax)	4%	7%

Source: <https://kycapitaldevelopment.com/doing-business-here/taxes-permitting/>



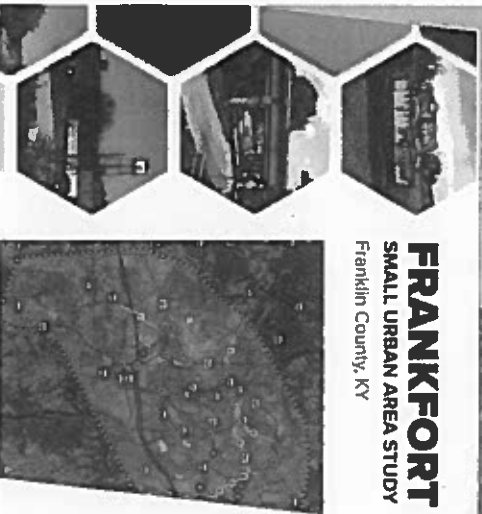
The Spirit of Downtown Frankfort

CITYWORKS

FRANKFORT/FRANKLIN COUNTY  
COMPREHENSIVE PLAN UPDATE



**FRANKFORT**  
SMALL URBAN AREA STUDY  
Franklin County, KY



## Why Frankfort? We've done our research

*The City of Frankfort has brought in expert consultants to complete thorough and extensive feasibility studies and planning in order to maximize resources and understand the viability of key projects.*

- ▶ Frankfort/Franklin County Comprehensive Plan
- ▶ Downtown Frankfort Master Plan
- ▶ Frankfort Small Urban Area Transportation Study
- ▶ Holmes Street Redevelopment Plan
- ▶ The Kentucky Riverfront Development Plan
- ▶ Resource Roadmap

# Why Frankfort? Community Growth Strategy

Frankfort is making strategic public investments and forming public-private partnerships to revitalize its historic downtown, activate its riverfronts, improve the bike lane network and transit network, maintain and restore its historic fabric, explore opportunities for art, culture, and recreation, maintain infrastructure, foster neighborhood excellence, and implement smart growth principles in its community development and planning initiatives.



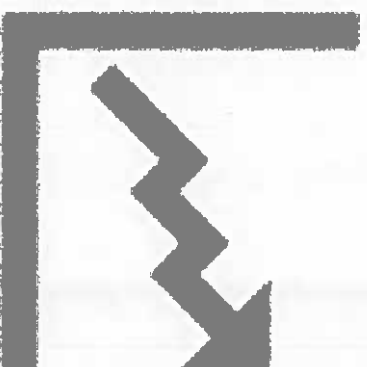
# Why Frankfort? Highly-Rated

- ▶ Ranked in Top Micropolitans for Job Creation and Investment for last 5 years - *Site Selection Magazine*
- ▶ Among top 20 small cities - *The New Rating Guide to Life in America's Small Cities*
- ▶ Ranked Fifth Most Affordable City in Kentucky - *livability.com*
- ▶ Named one of the Best Locations in the Louisville Area for Automotive Suppliers - *Southern Business & Development Magazine*
- ▶ Among Top 10 Cities for African Americans - *Livability.com*
- ▶ Ranked 8th Best City Where Social Security Goes Furthest - *SmartAsset.com*
- ▶ Ranked 5th Most Magical Christmas Town - *Only in Your State*
- ▶ Named one of the Top Best Places for Manufacturing - *Southern Business & Development Magazine*
- ▶ Ranked #8 in Top Destinations: Diamonds in the Rough - *Conde Nast Traveler*
- ▶ Named a "Place You Won't Want to Miss" - *Hip Green Scene*
- ▶ Frankfort Regional Medical Center is only hospital in Central Kentucky to Receive Leapfrog Hospital Safety Grade A for 8 Consecutive Years
- ▶ "Frankfort blends warm Southern hospitality with a vibrant entrepreneurial spirit, making this a city on the rise. " - *The Gazette*
- ▶ Named Top 30 Most Diverse Places to Live in Kentucky—*Niche.com*

# Why Frankfort?

## Unique Potential for Growth

- ▶ Frankfort and Franklin County named among the top 10 micropolitan statistical areas for new and expanding business project in the March edition of Site Selection Magazine
  - ▶ Based on recent projects that involve capital investment of at least \$1 million
- ▶ Continued growth in private investment
  - ▶ \$167 million in 2017; among the largest employers in the City
    - ▶ Buffalo Trace Distillery - 352 employees
    - ▶ Hayashi Telempu - 200 employees
    - ▶ Topy - 300 employees
  - ▶ 5 times the previous year and over twenty times 2015 private investment of \$7.6 million



# Why Frankfurt?

## Active Support for Project Development



### Due diligence

- Our role: Investment Prospectus, make studies & reports available to fund managers & developers; engage community organizations and allies to promote project success

### REDUCE RISK

#### Zoning

- Our role: Streamline zoning, permitting, & approval process



#### Pre-Development

- Our role: Undertake marketing & feasibility studies; design & engineer site prep & infrastructures; address brownfields challenges; secure grant funding

### LEVERAGE FUNDS



#### Site Preparation & Infrastructure:

- Our role: Layer public investments to ensure availability of high quality infrastructure and utilities to meet performance & sustainability standards; secure grant funding

### PROMOTE SUCCESS

#### Development

- Our role: Support traffic & construction needs; make skilled labor available; provide maintenance

# Why Frankfort? Skilled Workforce

- ▶ Located in the heart of Central Kentucky, Frankfort can draw graduates from numerous institutions within a 60-mile radius of the city including:
  - ▶ 41 four-year colleges and universities
  - ▶ 27 two-year colleges and universities
  - ▶ 18 technical schools
- ▶ Through the Cabinet for Economic Development and the Kentucky Community and Technical College System (KCTCS), the [Kentucky Skills Network](#) administers the following training programs for new and expanding industry:
  - ▶ **Grant-in-Aid (GIA)** - The GIA program provides up to 50 percent reimbursement of eligible costs to companies/consortia for approved training activities.
  - ▶ **Skills Training Investment Credit (STIC)** - The STIC program provides tax credits to companies for up to 50 percent of company specific training activities.
  - ▶ **KCTCS - Workforce Solutions** - Through the Kentucky Community and Technical College System, Workforce Solutions provides companies with grant funding to assist with the cost of KCTCS workforce training and assessment services to current, as well as, potential employees. Workforce Solutions funding is divided into incumbent worker and location/expansion projects.
- ▶ [Kentucky Federation for Advanced Manufacturing Education \(KY FAME\)](#) offers a company-sponsored partnership of regional employees creating a pipeline of highly skilled workers through a dual-track apprenticeship-style training program. Participants receive hands-on and classroom training that gives them access to high-paying advanced manufacturing jobs.



# Why Frankfort?

## Incentives & Resources Available

- ▶ Frankfort Historic Preservation Grant
- ▶ City of Frankfort Property Tax Moratorium
- ▶ Franklin County Property Assessment/Reassessment Moratorium Program
- ▶ Frankfort Downtown Reinvestment Grant
- ▶ Energy Project Assessment District (EPAD) Designation
- ▶ Kentucky Small Business Credit Initiative
- ▶ KEDFA Small Business Loan Program
- ▶ Tax Increment Financing
- ▶ Historic Tax Credits
- ▶ The Kentucky Historic Preservation Tax Credit
- ▶ Kentucky Low Income Housing Credit Program
- ▶ Bluegrass Trust for Historic Preservation Paint Partnership

# Why Frankfort? Arts, Cultural, & Tourism Hub



The Frankfort Public Art Tour offers more than twenty stops to explore community artworks and the chance to hear from the artists themselves.



Bourbonanza, Sippin' Sundays in September, Bourbon and Browns, and Bourbon tours allow visitors to experience and learn the history of Kentucky's best-known commodity



The historic Grand Theater reopened in 2009 after a \$5-million renovation, 428-seat performing and visual arts theatre offers opportunities for social engagement, civic participation, and education



The Capital City Museum, Liberty Hall Historic Site, Kentucky Military History Museum, and numerous historic landmarks and sites chronicle the history and heritage of Frankfort and the State of Kentucky



Downtown Frankfort is home to a thriving community of artists and artisans. From woodworking to fine jewelry, from sculpture to painting, talent and creativity is overflowing in the Capital City



## LIBERTY HALL

*A National Historic Landmark*

This Georgian mansion was begun in 1736 by John Brown and named for Lexington, VA academy he attended for his wife's upbringing and education. It is one of the best preserved and best known of great 18th century mansions. Architectural features include the famous Zachary Taylor. In 1937 the mansion was donated to Liberty Hall, Inc.



# Why Frankfort? Downtown Resurgence

- ▶ Capital Plaza  
Redevelopment
- ▶ Historic neighbor with  
Southern charm
- ▶ Rich historic fabric and  
local character
- ▶ Accessible waterfronts
- ▶ Tourism, especially  
bourbon
- ▶ Numerous downtown  
events
- ▶ Growing arts scene
- ▶ Local and unique retail  
shops and opportunities  
for residential and retail



# Why Frankfort? Capital Plaza Redevelopment - “A New Spirit Infusing Downtown Frankfort”

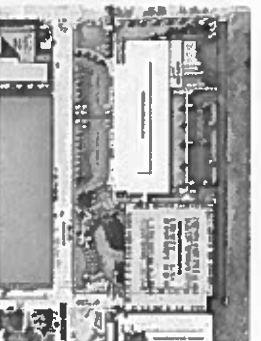


▶ Capital Plaza Tower, Convention Center, and Fountain Place Shops demolition marked a new phase of redevelopment in the historic downtown and riverfront

▶ Public-private partnership redeveloped and replaced the outdated and inefficient Capital Plaza Tower

▶ Major catalyst for downtown renewal

▶ Construction of a new state-of-the-art office building nearly complete



▶ 388,000 SF facility

▶ 1,081-space parking garage

▶ 1,500 future employees

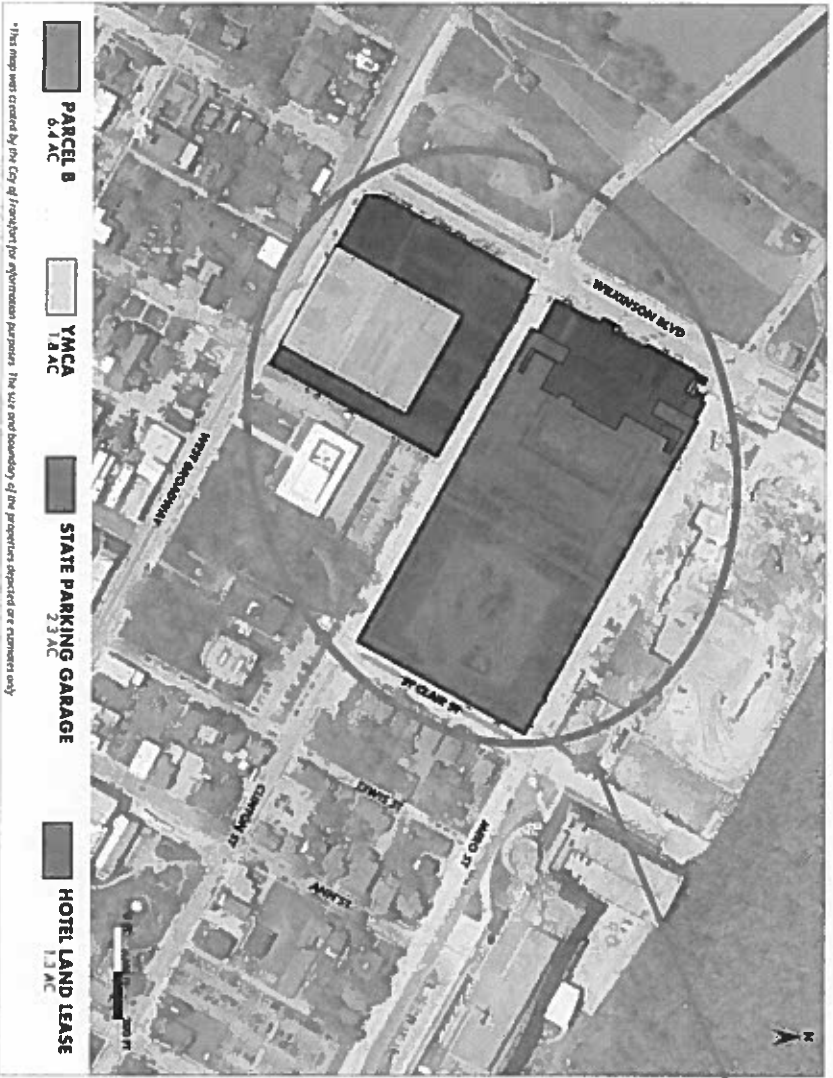
▶ Fall 2019 anticipated completion

# Priority Projects

- Former Frankfort  
Convention Center &  
Capital Plaza Tower

# Priority Property

## Former Convention Center & Capital Plaza Tower

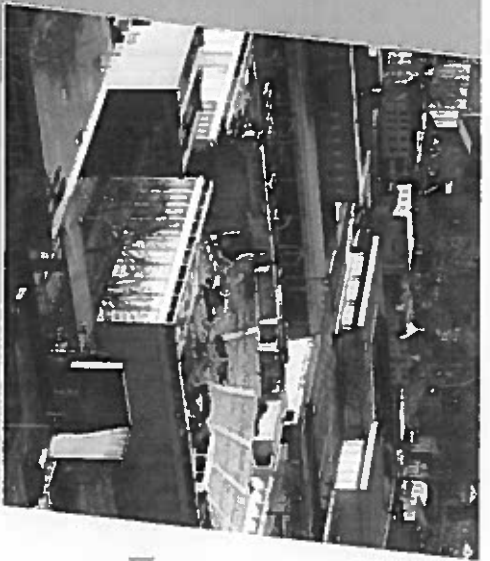


- At a Glance:**
- 11+ acres
  - Undeveloped land
  - Within an "Opportunity Zone"
  - Current Ownership: Commonwealth of Kentucky
  - Location: Downtown Frankfort

# The Site: A Downtown Frankfort Catalytic Investment



- ▶ The City and County seek a private developer or development team to finance, design, develop, construct, maintain and operate a mixed-use development upon the real property at the former Frankfort Convention Center Complex Site.
- ▶ The Site and the surrounding area are prime for revitalization. The Commonwealth of Kentucky currently owns the property and intends to transfer the property as a single deed to a private developer.
- ▶ Located directly adjacent to Frankfort’s historic central business district nestled between Mero Street and Clinton Street.
- ▶ Directly adjacent to both the Kentucky Transportation Cabinet Central Office building, as well as the new state office building being constructed on Mero Street. These two office buildings alone will house approximately 2,500 Commonwealth of Kentucky employees when the new building is complete no later than April 20th 2020.



## The Site: “A New Spirit Infusing Downtown Frankfort”

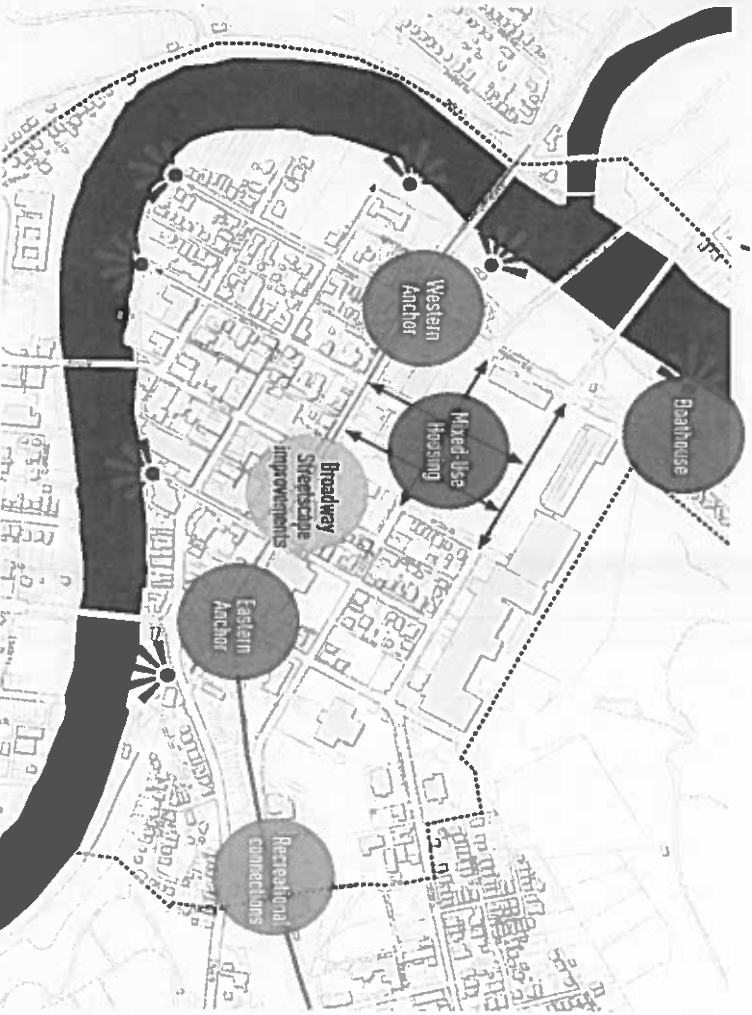
- ▶ Approximately 11+ acre vacant tract that is part of the overall Capital Plaza redevelopment in Downtown Frankfort, Kentucky.
  - ▶ The site of the former Frankfort Convention Center, which was demolished and cleared by the Commonwealth of Kentucky in early 2018 (6.4 acres)
  - ▶ The site of YMCA and parking garage (part of former Capital Plaza Development) (4.1 acres)
  - ▶ The Capital Plaza Hotel (1.3 acres)
- ▶ City and County employed a consultant to perform community engagement, seek input, perform analysis and ultimately help the local governments prepare a recommendation for development of the site as part of a comprehensive Downtown Master Plan.





## Former Convention Center & Capital Plaza Tower Development Recommendations:

- ▶ The recommended development program is a mixed-use development scenario that reflects patterns of growth of downtown Frankfort and the input of residents and businesses in the Downtown Master Plan:
  - ▶ primarily downtown and neighborhood
  - ▶ retail/commercial uses at ground floor
  - ▶ residential usage on upper floors, in buildings that also reflect the scale of its surroundings
  - ▶ two, three, and/or four-five story structures
  - ▶ the creation of a series of blocks allows for a significant number of on-street parking spaces to be created

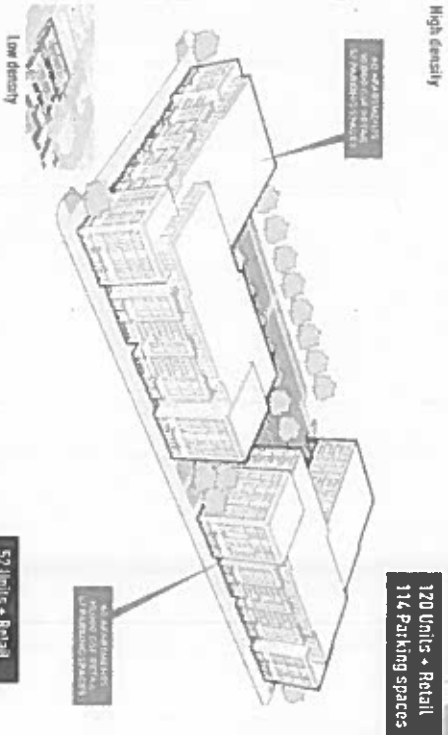


# Creating a downtown where people can work, shop, dine, and live



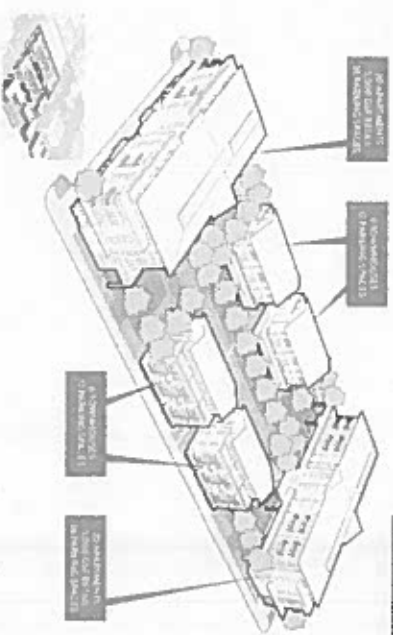
Medium density

60 Units + Retail  
100 Parking spaces



Low density

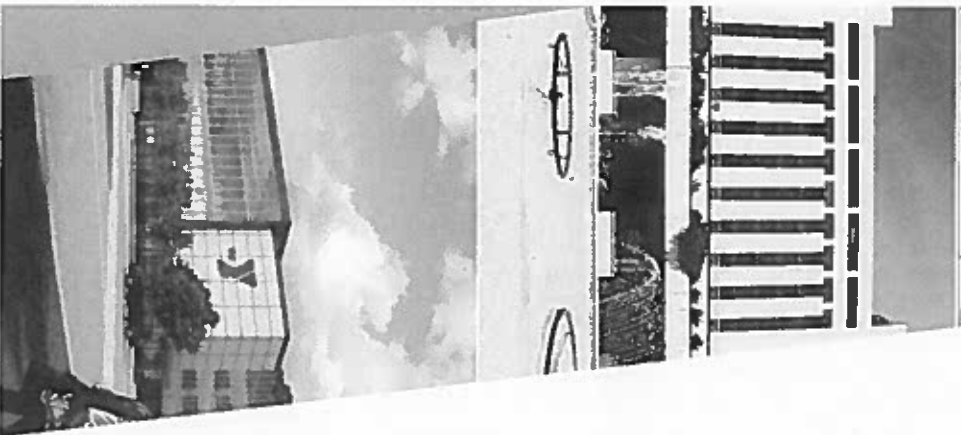
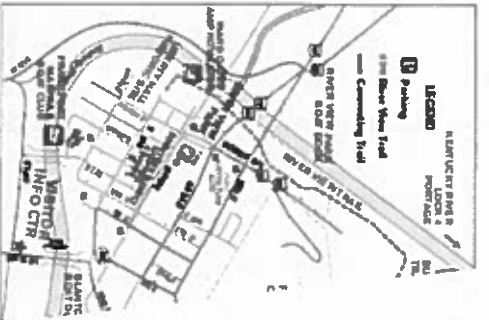
52 Units + Retail  
96 Parking spaces



Potential site use renderings from the  
Downtown Master Plan

# Synergies & Potential Tenants

- ▶ Involves the integration of adjacent parcels and local partners that may have incentives to participate in the redevelopment and support new development as a high-impact intermediary allowing for diverse investment in the Downtown.
- ▶ Potential Tenants:
  - ▶ Capital Plaza Hotel.
  - ▶ Frankfort YMCA
  - ▶ High demand for a meeting and event space to replace the Frankfort Convention Center with benefits of adjacent hotel resources
  - ▶ Local interest in professional office



# Proposed Redevelopment

## Site

Location:

Wilkinson, Clinton & Mero Street

Frankfort, KY 40601

Neighborhood:

Downtown Frankfort

Building Type:  
use

Undeveloped land; preferably residential focused

mixed

Site Size:

11+ acres

International Airport:

Bluegrass Airport (LEX), Lexington – 22.5 miles

Louisville International Airport (SDF), Louisville – 53.5 miles

Cincinnati/Northern Kentucky International Airport (CVG) –  
73 miles

## Opportunity Zone

Census Tract:

21073071200

County:

Franklin

Area:

Downtown Frankfort, former Capital Plaza area, and the Holmes  
Street Corridor