

**COMMONWEALTH OF KENTUCKY  
FINANCE AND ADMINISTRATION CABINET  
DIVISION OF REAL PROPERTIES  
INVITATION FOR BID**

**SEALED BID PACKAGE  
FOR SALE  
SURPLUS REAL PROPERTY  
OFFERED BY THE COMMONWEALTH OF KENTUCKY**

**Downtown Frankfort, KY Property  
7.76+- acres in Parcel B Block, bound by Wilkinson, Clinton,  
St. Clair, and Mero Streets  
and  
4.12+- acres in Parcel C Block bound by Wilkinson, Clinton,  
federal property and Broadway**

**Frankfort, Kentucky**

Invitation No.: 092519  
Bids Due: September 25, 2019 at 3:00 p.m. Eastern Time  
In the Division of Real Properties Office

1. Sealed bids must be submitted on the "Form of Proposal" included within and made part of this Invitation and received at the Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet, 3rd Floor, Bush Building, 403 Wapping Street, Frankfort, Kentucky 40601-2607, not later than the specified "bid opening" time and date.
2. The Commonwealth of Kentucky reserves the unqualified right to reject any or all bids.
3. Purchasers are invited to attend the bid opening.
4. To obtain further information contact Nancy Brownlee, Division of Real Properties, 3rd Floor, Bush Building, 403 Wapping Street, Frankfort, Kentucky 40601-2607 or by phone or email at 502-782-0358 or nancy.brownlee@ky.gov.
5. Notice to Purchasers - If you plan to attend the bid opening and have a disability which requires accommodations by the Division of Real Properties, please contact our office by 9/24/19 to allow time for reasonable arrangements to be made.

## SCOPE OF PROPOSAL

The Commonwealth of Kentucky has determined the following property is surplus to its needs and is being offered for sale:

### **Parcel B Block:**

Approximately 7.76+/- acres, bound by the right-of-ways of Wilkinson, Clinton, St. Clair, and Mero Streets, in downtown Frankfort, KY. The source deeds for this tract are Deed Book 231, Page 361 (Commonwealth) and Deed Book 574, Page 652 (CRM/DW Wilburn #2, LLC deed). A portion of the Parcel B Block is subject to a land lease for a hotel. Said deeds and lease are included in EXHIBIT A.

Parcel B Block is improved with:

- Two (2) commercial/retail spaces, described as follows:  
One unit containing approximately 3,180 square feet with one door; one unit containing approximately 3,584 square feet with two doors for access. These spaces have been renovated as "white box" space.
- Former parking garage area (now a crawlspace-type area), formerly utilized by plaza shops/hotel, located beneath commercial/retail areas.
- Privately owned, eight -story hotel, with 26 condominium units.
  - The hotel was constructed by a private entity through the aforementioned land lease agreement.
  - Small parking area to the rear of the hotel, containing 18 ADA parking spaces.
  - The hotel lease needs to be amended, for housekeeping purposes, to include, but not limited to: increasing the amount of leased land by two additional, small, mechanical areas; transfer of responsibility for utility costs to lessee; addition of the 18 ADA parking area to the rear of the hotel. See EXHIBIT B for list of hotel lease proposed amendment items.

### **Parcel C Block:**

Approximately 4.12+/- acres, bound by the right-of-ways of Wilkinson Street, Clinton Street, the adjoining federal property, and Broadway Street, in downtown Frankfort, KY. The source deed for this tract is Deed Book 231, Page 361. A portion of Parcel C Block is subject to a land lease with the YMCA. Said deed and lease are included in EXHIBIT A.

Parcel C Block is improved with:

- Garage - A 149,160 square foot, 2-level, parking garage with 238 parking spaces, of which 150 are reserved for the use of the Hotel, through the aforementioned lease agreement attached to Parcel B Block, and 10 spaces are reserved for the use

of the YMCA, through the aforementioned lease agreement. This parking garage is owned by the Commonwealth, constructed in 1972. The Commonwealth is currently carrying insurance on the garage in an amount greater than \$9m. For additional information concerning the insurance valuation of the garage, please see EXHIBIT C. Also, please see attached EXHIBIT C for expenses for Parcel C Block, excluding the YMCA Building, for the past five years.

- The YMCA Building, constructed by the YMCA through the aforementioned land lease agreement.
  - The YMCA lease needs to be amended for housekeeping purposes, to include but not limited to the removal of the Commonwealth's right to be entitled the building, should the YMCA no longer operate as a YMCA in the building; as well as to increase parking spaces identified in the lease in the garage by two for mechanical equipment
- The parking area in front of the YMCA is not a part of the lease agreement.
- The remainder of the former Capital Plaza area located to the rear of the YMCA, and including the stairway to the parking garage and stairway to the YMCA front parking area. The areas are owned by the Commonwealth.

For reference, a survey of Parcel B Block and Parcel C Block is included in EXHIBIT D.

#### **Additional Background Information**

The Commonwealth of Kentucky has encouraged and welcomed the input of the local governments of Frankfort and Franklin County, as those entities have been exploring the best course of action for development of downtown Frankfort. The local governments have worked together to obtain a Master Plan for downtown Frankfort, which is attached as an informational item and identified as EXHIBIT E.

The property will be zoned "Urban Mixed-Use District" 'UM' (see EXHIBIT F). The UM Zone District has been approved and is now a part of the City of Frankfort Zoning Ordinance available for use by potential developers. Since the Commonwealth is owner and/or beneficial owner, the UM Zone has NOT yet been applied to Parcel B Block or C Block. The Purchaser will have to apply for the zone change to UM for both parcels.

Further, Parcel B Block and Parcel C Block are within the area designated as a Kentucky Opportunity Zone. Additional information associated with this classification may be found at <https://www.kyoz.org/> and the City of Frankfort's "Frankfort, KY Opportunity Zone Prospectus," prepared by Sustainable Strategies DC, and attached hereto and made a part hereof as EXHIBIT G. Additionally, the City of Frankfort has applied for an "Entertainment Zone" designation for the area encompassing Parcels B Block and C Block.

The Purchaser's proposed conceptual plan must provide for a mixed-use development project, to include private sector space that blends residential, commercial, retail, parking, cultural, institutional, or entertainment uses, where those functions are physically and

functionally integrated, and that provides pedestrian connections. The proposed conceptual plan shall also include a *minimum* 300 space, parking garage to be located on or adjacent to Parcel B Block. If the Purchaser's completed development does not include a minimum 300 space parking garage within two years from the date of property transfer, the property shall revert to the Commonwealth of Kentucky at the appraised value to be determined by an appraiser procured by the Commonwealth.

**ALL DEVELOPMENT MUST BE CONFINED TO PARCELS B BLOCK AND C BLOCK.**

**Additional information, including pictures and supplements to this bid package, may be viewed at <https://finance.ky.gov/Pages/default.aspx> and clicking the link on the right-hand side of that page for "Buildings & Land for Sale or Lease." Proposals will be accepted for the sale of the above property in compliance with the "Sealed Bid Form of Proposal" herewith.**

**Contingencies Related to the Sale of Parcel B Block and Parcel C Block, Bid Conditions/Additional Terms:**

1. Prior to the Commonwealth's conveyance of the property to the awarded Purchaser, a portion of the Parcel B Block must be conveyed back to the Commonwealth of Kentucky, pursuant to the terms outlined in Deed Book 574, Page 652. The anticipated date for re-conveyance to the Commonwealth is on or about October 31, 2019.
2. Subject to the terms of existing leases or other legal agreements.
3. All requirements of local (including Planning and Community Development), state, and federal laws.
4. The Commonwealth of Kentucky will file/record Restrictive Covenants on Parcels B Block and C Block, which Restrictive Covenants will be released upon the Purchaser providing a Certificate of Occupancy (CO) for the minimum 300 space parking garage. See EXHIBIT H for sample Restrictive Covenants.
5. Additional terms as outlined in this bid package.
6. All bids received by the due date and time will be considered for this property.
7. The Purchaser must demonstrate, as a minimum, experience with two similar sized mixed-use developments within the past 10 years. This experience shall include both the design and the construction of such development. Purchaser's experience must include structures of at a minimum of 80% size of the Project structure. Each design and construction member of Purchaser's team should be able to demonstrate experience with either design, construction or financing of two similar size structures. Teams shall include references for these projects and preferably include references for

projects structured similarly to a mixed-use project. Should the proposal be submitted by a non-builder, a corporation or business venture formed solely for the purpose of responding to this Sealed Bid Proposal for Sale, the above information shall be submitted for each individual within the said corporation, business venture or partnership (as identified on the Secretary of State's website).

8. Financial information to be reviewed by the Finance and Administration Cabinet's Office for Financial Management:
  - a. A letter from a financial institution indicating funds are available or will be made available to the Purchaser for the amount of Purchaser's bid.
  - b. Purchasers must provide evidence that the completion of its proposed project (including design and construction) will be financially viable to its organization or team. The Purchaser must arrange their own financing. The Commonwealth has no arrangement to obligate any State, City or Local government to provide financing. As such, the Purchaser shall provide:
    1. An audited financial statement for each of the last three years must be provided for the applicable legal entity submitting a proposal. This statement should, at a minimum, list all assets and liabilities and be certified by a registered certified public accountant who is not an officer of the company or individual submitting the proposal. Purchaser should also include a statement of changes of financial position of the business entity within the last three- (3) years. If the Purchaser is a new entity incorporated for the purposes of operation of this project, then Purchaser must provide individual income tax records and financial statements for all owners and/or general partners with more than twenty percent (20%) interest, for each of the last three (3) years.
    2. A current (unaudited) financial statement.
    3. Bank references for the company shall be provided including name, address, and current telephone number of the given financial institution. This should include a signed authorization for release of financial information from each bank listed.
    4. Projected design, development costs, and explained contingencies must be detailed. This section provides the opportunity for the Purchaser to show the attributes of their design, diligence and competitiveness in controlling costs and their ability to plan for and overcome obstacles they may encounter.

5. A description of the proposed financing plan including, but not limited to, source of credit, terms of credit and repayment schedule. Source of credit will identify credit for construction, as well as long term financing of structures.

*The above required financial information will be reviewed and evaluated by the Finance and Administration Cabinet's Office of Financial Management (OFM).*

9. Preliminary Planning Acceptance Form Letter (see attached as EXHIBIT I to Bid Package). A Purchaser must meet with/discuss its development plan with the City of Frankfort Planning and Community Development Department for review by that department and preliminary approval that the Purchaser's proposed development is compatible with the "UM" zoning designation (see attached EXHIBIT J "Statement of Protected Disclosures" City of Frankfort).

The form document (EXHIBIT I) must be signed by the City of Frankfort's Planning and Community Development Office, after reviewing the Purchaser's conceptual development plan. For additional details, please refer to EXHIBIT F, as provided by the City of Frankfort's Planning and Community Development Office. Note: the Purchaser's conceptual development plan must include a minimum 300-space parking garage to be located on or adjacent to Parcel B Block. Contact information for Planning and Community Development Office: Eric Cockley; email: [e.cockley@frankfort.ky.gov](mailto:e.cockley@frankfort.ky.gov).

10. BID DEPOSIT: Each bid must also be accompanied by a deposit in the form of a certified check, cashier's check, or money order, made payable to the Kentucky State Treasurer, in the amount of \$10,000.00, as a guarantee of good faith; cash will not be accepted. The good faith deposit of all unsuccessful Purchaser(s) will be returned by mail as soon as possible once the bids have been opened and a contract awarded. The deposits of all Purchasers will be returned if all bids are rejected. The successful Purchaser's good faith deposit will be retained and applied toward the purchase price, if it is determined that the property will be sold. Payment of the balance of the purchase price must be made payable to the Kentucky State Treasurer and is due at the time of delivery of the deed. Unless otherwise approved by the Commonwealth of Kentucky, the closing shall occur forty-five days or sooner from the date the sale of Parcel B Block and C Block is awarded, conditioned upon title to a portion of Parcel B Block being returned to the Commonwealth. The successful Purchaser's good faith deposit will be forfeited to the Commonwealth of Kentucky should the successful Purchaser fail or refuse to consummate the purchase of the property.
11. REQUIRED FORMS included in EXHIBIT K:
  - o AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS
  - o STATEMENT OF FINAL DETERMINATION OF VIOLATIONS PURSUANT TO KRS

45A.485

- o SWORN STATEMENT REGARDING CAMPAIGN FINANCE LAWS PURSUANT TO KRS 45A.110 KRS 45A.115

12. The Commonwealth does not certify specifics associated with the improvements or the amount of acreage to be sold. **The property will be sold "AS-IS" with no guarantees or warranties. Should the Purchaser or financial institution require an inspection of the property, this is the sole responsibility and cost of the Purchaser.**
13. Prospective Purchasers may submit written questions by August 21, 2019 at 3:00 p.m. via email to Nancy Brownlee at nancy.brownlee@ky.gov . Questions and answers will be posted no later than September 4, 2019, through an amendment to this bid package on the websites listed below in Item #14.
14. It shall be the responsibility of the prospective purchaser(s) to inspect the property prior to submitting a bid to determine pertinent factors of access, utilities, and easements, etc. No refunds or adjustments will be made because the property fails to meet standards of quality or conditions expected, nor will failure to inspect the property be grounds for any claim for relief from bid. A site visit will be scheduled and date(s) and time(s) posted to <https://finance.ky.gov/services/eprocurement/pages/default.aspx>, as well as <https://finance.ky.gov/services/statebuilding/Pages/PropertiesforSaleorLease.aspx>.
16. Title to the property will be conveyed by deed containing covenant of general warranty, subject to restrictive covenants mentioned herein. This sale is subject to the approval of the Secretary, Finance and Administration Cabinet, as authorized by KRS Chapters 45A and 56 and the Governor.
17. The successful Purchaser or his/her successor in title will be responsible for the payment of all taxes falling due on the property after delivery of the deed, including the deed recording fees.

#### **EVALUATION AND AWARD OF SALE:**

The City of Frankfort and Franklin County, KY shall each have one (1) employee, along with employees of the Finance and Administration Cabinet, all of whom together will be tasked to review each bid for compliance with "Pass-Fail" items to be included with Purchaser's bid. The "Pass/Fail" items are delineated in the following "Checklist" (see Page 10). Should the Purchaser omit any item on the checklist, then the Purchaser's bid fails; then the Purchaser's bid shall be declared non-responsive and shall be excluded from further consideration for this sale.

Once each Purchaser's bid passes the pass-fail process, then each Purchaser's financial

information shall be reviewed by the Finance and Administration Cabinet's Office of Financial Management, on a 'pass fail' basis to determine financial wherewithal to complete Purchaser's acquisition of and proposed development concept for Parcels B Block and C Block.

After each Purchaser's bid passes the "Pass/Fail" checklist and OFM's financial review, the Purchaser with the highest bid amount (page 11) for the purchase of Parcels B Block and C Block shall be awarded the bid.

The issuance of this solicitation in no way constitutes an expressed or implied commitment by the Commonwealth to award a contract or to pay for the costs incurred in the preparation of a response to this solicitation.

The Commonwealth unconditionally reserves the right to withdraw or cancel this solicitation and to reject any and all offers at any time and for any reason without recourse. Receipt of bid materials by the Commonwealth or submission of a bid to the Commonwealth confers no rights upon the Purchaser nor obligates the Commonwealth in any manner.

No contract or sale resulting from this solicitation can be deemed valid and/or binding until properly approved and executed by the Secretary of the Finance and Administration Cabinet.

The Commonwealth may waive minor irregularities or technicalities; however, such waiver shall in no way operate to modify the solicitation requirements or provisions if the Purchaser is awarded the contract.

The Purchaser and the Commonwealth agree that all information shall be received by the Commonwealth in strict confidence and shall not be disclosed by the receiving party, its agents, or employees without the prior written consent of the other party. Such material shall be kept confidential subject to the Commonwealth of Kentucky and federal disclosure laws. Upon the conveyance of the property by all parties and recording of the deed, terms of the lease become available to the public, pursuant to provisions of Kentucky laws.

**PASS-FAIL ITEMS/CHECKLIST:**

- BID IS SUBMITTED ON THE ATTACHED "FORM OF PROPOSAL", PROPERLY COMPLETED, AND SIGNED
- PURCHASER'S BACKGROUND AND EXPERIENCE WITH MIXED-USE DEVELOPMENT – see Item #7, Page 5
- LETTER FROM FINANCIAL INSTITUTION, INDICATING FUNDS ARE AVAILABLE OR WILL BE MADE AVAILABLE TO PURCHASER FOR AMOUNT OF PURCHASER'S BID, DESIGN, DEVELOPMENT, AND CONSTRUCTION COSTS.
- THE FOLLOWING FINANCIAL INFORMATION:
  - An audited financial statement for each of the last three years
  - A current (unaudited) financial statement
  - Bank references for the company
  - Projected design, development costs, and explained contingencies
  - A description of the proposed financing plan including, but not limited to, source of credit, terms of credit and repayment schedule
- PRELIMINARY PLANNING ACCEPTANCE FORM LETTER, SIGNED BY CITY PLANNING – SEE EXHIBIT K
- \$10,000 BID DEPOSIT
- REQUIRED FORMS:
  - AFFIDAVIT FOR PURCHASERS, PURCHASERS AND CONTRACTORS
  - STATEMENT OF FINAL DETERMINATION OF VIOLATIONS PURSUANT TO KRS 45A.485
  - SWORN STATEMENT REGARDING CAMPAIGN FINANCE LAWS PURSUANT TO KRS 45A.110 KRS 45A.115
  - AUTHENTICATION OF BID AND AFFIDAVIT OF NON-COLLUSION AND NON-CONFLICT OF INTEREST
- PRELIMINARY CONCEPT PLAN DRAWINGS/RENDERINGS (all drawings to be 30" x 42"):
  - Conceptual Site Layout to contain a conceptual drawing layout that includes a site layout, any proposed new roads, building size(s) and locations, land uses, parking facilities. (Same as presented to City Zoning)
  - Rendering of proposed development. (Same as presented to City Zoning)
  - Brief narrative explaining how the proposed development is supported by the Systematic Development Recommendation and the Downtown Master Plan. (Same as presented to City Zoning)
  - Plan development is confined to Parcels B Block and C Block and includes minimum 300 space, parking garage located on or adjacent to Parcel B Block.
- FORM OF PROPOSAL (SEALED BID), FILLED OUT, SIGNED (PAGE 11) **THIS SHALL BE SEALED IN A SEPARATE, SEALED ENVELOPE SUBMITTED WITH PURCHASER'S BID.**
- THE ABOVE ARE SEALED IN AN ENVELOPE WITH THE BID NUMBER NOTED ON THE OUTSIDE ENVELOPE AND DELIVERED TO THE RECEIVER ON OR BEFORE THE DESIGNATED BID OPENING

**FORM OF PROPOSAL (SEALED BID)**

TO: Finance and Administration Cabinet  
Department of Facilities & Support Services  
Division of Real Properties  
Bush Building, 3<sup>rd</sup> Floor  
403 Wapping Street  
Frankfort, Kentucky 40601-2607

INVITATION NO. 092519

BID OPENING: September 25, 2019

AT: 3:00 p.m. EDT

BID FORM

Subject to the instructions, terms, and conditions and Authentication of Bid and Affidavit of Non-Collusion and Non-Conflict of Interest, I propose to pay the Commonwealth of Kentucky the following amount for the property described in this bid package:

\$ \_\_\_\_\_

\_\_\_\_\_  
**Signature/Date**