

**United States Department of the Interior**  
National Park Service

# National Register of Historic Places Registration Form

## 1. Name of Property

Historic name: Capital Plaza Hotel

Other names/site number: Holiday Inn Capital Plaza, FRF 577

Name of related multiple property listing: NA

## 2. Location

Street & number: 405 Wilkinson Boulevard

City or town: Frankfort State: Kentucky County: Franklin

Not For Publication:  Vicinity:

## 3. State/Federal Agency Certification

As the designated authority under the National Historic Preservation Act, as amended,

I hereby certify that this X nomination \_\_\_ request for determination of eligibility meets the documentation standards for registering properties in the National Register of Historic Places and meets the procedural and professional requirements set forth in 36 CFR Part 60.

In my opinion, the property X meets \_\_\_ does not meet the National Register Criteria. I recommend that this property be considered significant at the following level(s) of significance:

\_\_\_ national \_\_\_ statewide X local

Applicable National Register Criteria:

X A \_\_\_ B \_\_\_ C \_\_\_ D

\_\_\_\_\_  
Signature of certifying official/Title: **Craig Potts/SHPO** Date

\_\_\_\_\_  
**Kentucky Heritage Council/State Historic Preservation Office**\_\_\_\_\_

State or Federal agency/bureau or Tribal Government

In my opinion, the property \_\_\_ meets \_\_\_ does not meet the National Register criteria.

\_\_\_\_\_  
Signature of commenting official:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title :

\_\_\_\_\_  
State or Federal agency/bureau  
or Tribal Government

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**4. National Park Service Certification**

I hereby certify that this property is:

- entered in the National Register
- determined eligible for the National Register
- determined not eligible for the National Register
- removed from the National Register
- other (explain:) \_\_\_\_\_

\_\_\_\_\_  
Signature of the Keeper

\_\_\_\_\_  
Date of Action

**5. Classification**

**Ownership of Property**

- Private:
- Public – Local
- Public – State
- Public – Federal

**Category of Property**

- Building(s)
- District
- Site
- Structure
- Object

**Number of Resources within Property**

Contributing	Noncontributing	
_____	_____	buildings
_____	_____	sites
_____	_____	structures
_____	_____	objects
_____	_____	Total

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Number of contributing resources previously listed in the National Register NA

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**6. Function or Use**

**Historic Functions**

DOMESTIC/hotel

**Current Functions**

DOMESTIC/hotel

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**7. Description**

**Architectural Classification**

MODERN MOVEMENT/New Formalism

**Materials:**

Principal exterior materials of the property:

Foundation: CONCRETE

Walls: CONCRETE, STUCCO

Fenestration: METAL/Aluminum and Steel

Roof: SYNTHETIC

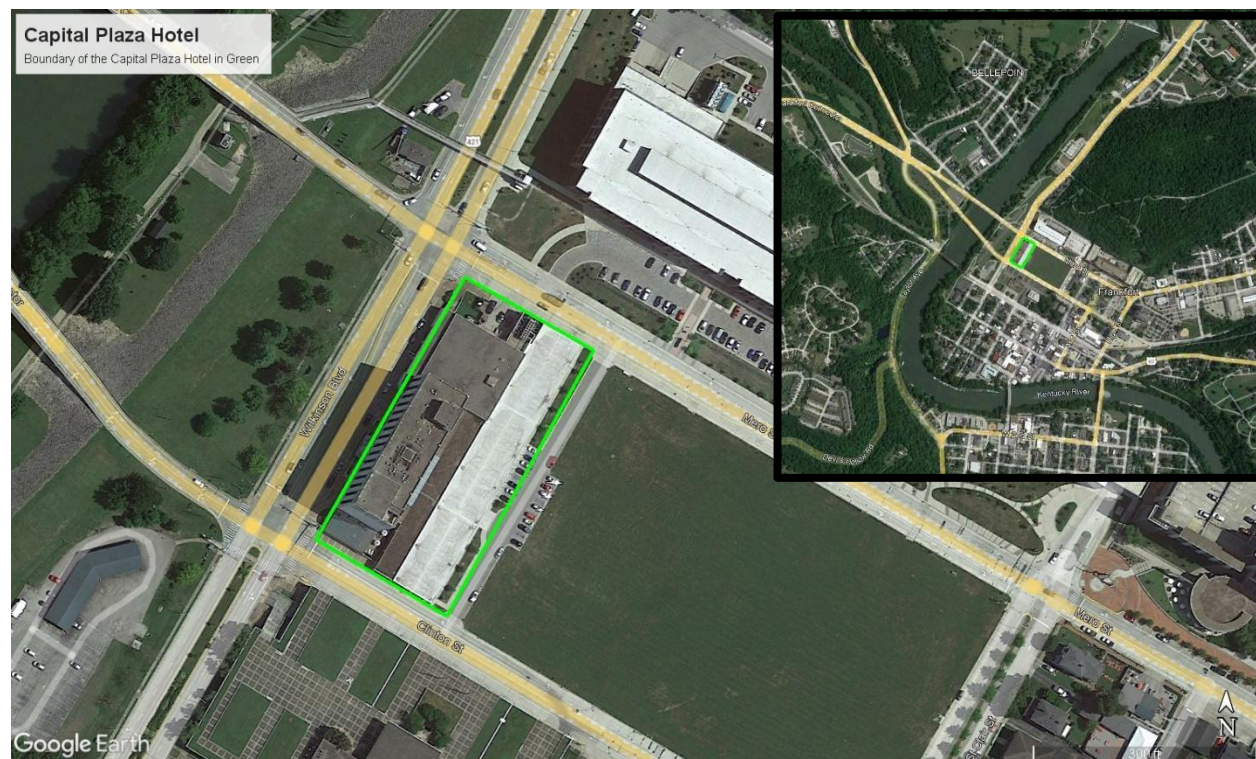
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## Narrative Description

### Summary Paragraph

The Capital Plaza Hotel (FRF-577) is a ten-story hotel constructed in 1983 in the New Formalist style. The building is located at 405 Wilkinson Boulevard on the east side of the road and situated between Mero and Clinton Streets in North Frankfort. The property proposed for listing is a 1.86-acre area, sitting within a parcel that measures 7.84 acres, which includes just the footprint of the building itself. The Period of Significance is 1983 through 1992, spanning from the year that the hotel opened through the year of the Operation BOPTROT raid.



*Boundaries of the Capital Plaza Hotel, as shown on an aerial map (Google Earth). Location within the City of Frankfort can be seen in the inset corner callout.*

The Capital Plaza Hotel is situated in North Frankfort, north and west of the established, densely developed, historic downtown area. The building is east of the Kentucky River, which flows at the base of the two West Frankfort Connector vehicular bridges. The area immediately surrounding the Capital Plaza Hotel consists of other remnants of the mid-twentieth century urban renewal efforts that spawned the Capital Plaza development project and other large-scale, modern governmental buildings. To the south and east lies the Central Frankfort Historic District (NR #09000570), which combined three earlier district listings: the Corner in Celebrities Historic District (NR #71000343), the Old Statehouse Historic District (NR #80001529), and the Frankfort

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Commercial Historic District (NR #79000986).<sup>1</sup> These districts consist of some of the most historically significant resources within Frankfort such as the Old Statehouse, residences of historically significant Kentuckians, and the historic downtown.

The area immediately surrounding, and including, the Capital Plaza Hotel has changed significantly over the last century. The land on which the Capital Plaza Hotel and the rest of the Capital Plaza development was constructed was once an ethnically diverse and cohesive community of freed men and women and lower-income families dating back to the years immediately following the Civil War through the turn of the twentieth century. This area was flood prone, and came to be known locally as Crawfish Bottom, or more frequently referred to as either the “Craw” or “Bottom.” In 1958, the Frankfort City Commission sought a contract with the federal government for urban renewal efforts in the city to be situated on this land that many of Frankfort’s elites deemed a blight. As such, by 1965, almost the entirety of the fifty plus acre area known as the Craw had been cleared to make way for the new Capital Plaza development, which was protected by a floodwall. In the years since this project’s completion, marked with the construction of the Capital Plaza Hotel, the landscape has changed substantially again, most notably in the past decade with the destruction of four of the Plaza’s core buildings—the Capital Plaza Office Tower, the Convention Center, the Fountain Place Shoppes, and the YMCA. Today, the site of the demolished buildings is highlighted by the large empty grassy lot to the east of the Hotel and the new Mayo-Underwood State building to the north.



*Location of the Capital Plaza Hotel (Green), as shown on the USGS 7.5-minute Frankfort East, KY and 7.5-minute Frankfort West, KY maps (USGS 1996; USGS 1997).*

<sup>1</sup> National Register of Historic Places, Central Frankfort Historic District, Franklin County, Kentucky, National Register #09000570; National Register of Historic Places, Corner in Celebrities Historic District, Franklin County, Kentucky, National Register #71000343; National Register of Historic Places, Old Statehouse Historic District, Franklin County, Kentucky, National Register #80001529

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## Narrative Description

### *Site Layout and General Characteristics*

The Capital Plaza Hotel spans the entire city block between Mero and Clinton Streets on the east side of Wilkinson Boulevard. The building is not oriented to the cardinal compass points; the front opens to the northwest. In this form, that front will be referred to as the west side for simplicity. The 10-story building has a shallow setback off Wilkinson alongside the sidewalk. The building features a large, one-story, projection with an underground parking structure off the rear (east) the full length of the building. A shed-roofed, one-story extension off the south façade with a glass roof houses an indoor pool, and a larger, flat-roofed one-story extension off the north façade houses the meeting rooms and conference spaces. The main portion of the building dominates the western half of the block and is ten stories in height with a flat roof that reaches one level taller on the southern end. The building's design is indicative of the Modern Movement in architecture and features the traditional three-part construction with a base, shaft, and cornice. The high-rise portion of the building houses the hotel rooms, and is defined by the verticality, which is achieved by the bands of windows. The wider base is distinct in its design and function, as it contains public spaces with larger window openings and a more utilitarian appearance. The cornice of the building is defined by the horizontal bands of windows, which offer a stark difference to the vertical nature of the shaft. The building as a whole lacks significant architectural ornamentation, which is characteristic of the Modern style.



*North and West Façades, camera facing south*



*West and south façades, camera facing east*

The west (main) façade is dominated by the ten-story portion of the building to the south with an off-center, raised entryway accessible via a stairway in front and wheelchair ramps on either side. The entryway is covered by an awning that is supported by two large square columns with some vertical fluting reminiscent of the vertical lines in the exterior walls around the rest of the buildings. These serve as some of the only aesthetic adornment to the building, aside from the overall design and arrangement of its features. The first story is noticeably taller and devoid of fenestration except for two large window openings just north of the entryway, and three on the one-story northern extension, which houses the convention area and conference rooms, which also protrudes out

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toward the street on this facade and has three identical large window openings. Each of the large window openings contains a band of five, large, fixed windows. The shed-roofed extension on the south end, which houses the indoor swimming pool, is enclosed by fixed windows above a concrete half wall. The facade of the building's shaft is divided by 16 vertical bands of paired windows, associated with floors two through eight. The ninth floor is highlighted with wider window openings that mark the top of the vertical bands while the tenth-floor features eight, horizontal window openings, each corresponding to two of the vertical bands on the floors beneath. At the south end of the west facade, the building extends one more level that is accentuated by two open-air window openings that match the width of those on the tenth floor. Slight embellishments on the west facade include Capital Plaza Hotel signage centered on the ten-story portion of the building above the tenth-floor window openings and minimal decoration in the concrete walls resulting in a band of vertical rectangles on the first level and bands of inlaid rectangles above the ninth and tenth-story windows.

### *South Façade*

The south facade of the main portion of the hotel is almost completely devoid of ornamentation aside from the one-story shed-roofed extension with a wall of alternating fixed and sliding windows atop a concrete half wall, and three levels of horizontal windows corresponding to the three highest levels of the tower, mirroring those on the west facade, including the extra, open-air extension. There is a small, one-story hyphen that is significantly recessed on the south facade that connects the main body of the hotel to the rear, one-story, flat-roof projection and parking structure. The rear projection is one-story in height and three bays wide, each of which is separated by a thick concrete pillar that supports the upper level/roof which extends out to shelter a covered walkway. The westernmost bay of the rear extension opens to allow vehicular access to underground parking spaces. The recessed wall, sheltered by the roof extension of the rear projection on the two eastern bays, has a set of metal double doors and some decorative concrete work that accentuates the verticality of the overall design.



**South Façade, camera facing northeast**



**East Façade, camera facing north**

### *East Façade*

The east (rear) facade is dominated by the rear, 13-bay, one-story projection that spans the entire city block between Clinton and Mero Streets. Other than the two outer bays, each of which are

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filled in and feature access to a covered sidewalk along the two thoroughfares, and one interior bay, which provides a recessed, secondary entrance into the hotel, the remaining bays consist of full-height, aluminum glass windows and doors. The rear façade of the hotel tower largely mirrors that of the west façade. The only differences lie in the absence of some of the columns of windows to accommodate the interior elevator and stairways.

### *North Façade*

The north façade of the ten-story portion of the building mirrors the south, as does the north façade of the rear projection. The westernmost section of the north façade is associated with the one-story northern extension of the hotel, and it is noticeably setback from the street to accommodate deliveries to the loading dock situated there.



*North Façade, camera facing southwest*



*Front entrance, West Façade*

### *Interior Description*

The interior of the Capital Plaza Hotel is like many other higher-class hotels with convention spaces. The interior is separated into three sections, with the first-floor housing the common-space, meeting rooms, and other amenities, followed by several floors of hotel rooms, and lastly with the uppermost floors consisting of condominiums.



*Grand Entryway*



*Pool, South end of Hotel*



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A grand entryway greets the person entering the building through the doors that face west toward Wilkinson Boulevard, complete with raised seating area and a prominent glass wall with a waterfall. On the first floor, south from the entryway, is the welcome desk and a hallway leading to the one-story, enclosed indoor pool. The hallway has various other rooms off it, such as offices, maintenance rooms, and bathrooms. On the north end of the first floor, there is more seating, the main bay of elevators, and a partially enclosed stairwell leading to the subterranean parking structure. Just west of the elevators, there is a hallway that is on a gradual incline that leads to the one-story projection off the north of the building that houses the meeting and convention spaces. There are multiple large meeting rooms off the eastern wall of this hallway, which hugs the exterior wall.



*Bar-Lounge*



*Hallway to Conference area*

Proceeding east, up a ramp and/or a small set of stairs, visitors are met with another impressive hallway with more seating and branches leading north and east. This portion of the building is the hyphen, visible in the architecture of the building, and dominated by the glass ceiling slanting west to east. Centered in this central hallway is a raised fountain, which the waterfall pours into. To the north, the hallway leads to a series of rooms, mostly off-limits to guests, and the bar/restaurant area, which is slightly recessed just northeast of the fountain. The eastern hallway leads to the building's rear (east) one-story projection and a series of rooms and secondary, exterior entryways.

All of the floors above the first floor are identical, or very similar. These upper levels are all living spaces, most of which are hotel rooms while some have been converted into condominiums. Each of these floors consists of a bay of elevators, and a central hallway with doorways on either side for its entire length. Again, most of these doors are used for the hotel rooms/condominiums, but some have other uses, such as expected hotel amenities (ice and vending machines) and maintenance/cleaning services.

#### *Changes to the Building Since the Period of Significance*

There have been no substantial changes to the building's interior or exterior since its construction, outside of routine maintenance, updating surfaces and systems, and cosmetic alterations to interior

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spaces. The exterior looks the same, which is indicative of the method of construction, something that effectively dictates the appearance and does not allow for easy or practical alterations to be made to the fenestration or notable features. With the interior layout separated into three separate sections – common-space/meeting rooms/dining on the first floor, hotel rooms, and condominiums – it would be exceptionally difficult to undergo any significant alterations.



*Elevators*



*Hallway to rooms*



*Conference Room*



*Interior Hallway from Hyphen*

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## 8. Statement of Significance

### Applicable National Register Criteria

- A. Property is associated with events that have made a significant contribution to the broad patterns of our history.
- B. Property is associated with the lives of persons significant in our past.
- C. Property embodies the distinctive characteristics of a type, period, or method of construction or represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components lack individual distinction.
- D. Property has yielded, or is likely to yield, information important in prehistory or history.

### Criteria Considerations

- A. Owned by a religious institution or used for religious purposes
- B. Removed from its original location
- C. A birthplace or grave
- D. A cemetery
- E. A reconstructed building, object, or structure
- F. A commemorative property
- G. Less than 50 years old or achieving significance within the past 50 years

### Areas of Significance

COMMUNITY PLANNING AND DEVELOPMENT  
POLITICS/GOVERNMENT

### Period of Significance

1983-1992

### Significant Dates

1983, 1992

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**Significant Person**

NA

**Cultural Affiliation**

NA

**Architect/Builder**

Johnson Romanowitz (design)

Brian Morris of Morris-Powell (interior design)

Jones, Nace & Steinman, Inc (construction manager and general contractor)

Foster & Creighton Company (concrete work)

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## Statement of Significance

### Summary Paragraph

The Capital Plaza Hotel (FRF 577) meets National Register Criteria A and Criteria Consideration G. The building derives its significance from its association with three specific contexts, having local, state, and national significance. While the resource and its associations will be discussed in relation to three separate contexts, there is an overarching theme that they all relate to, and a central focal point that appears consistently throughout its story: the unwavering self-confidence of government powerholders to their vision of how to serve the public. In each of these three contexts, the building provides an exceptionally significant tale of the dangers of that confidence in the absence of a check stronger than public opinion. Each of the three contexts that are associated with the Capital Plaza Hotel begin with what one can only assume was a genuine desire to do good and an idea that was believed to benefit all. These ideas were then executed without the examination of regulatory bodies, thus the project ended in financial disaster. This theme—investing too much power in too few operators—has helped account for the meaning of the Capital Plaza Hotel episode, from its ultimate inception, its construction, and its practical use.

### Outline of the Contextual Approach to this Nomination

The first of the three contexts with which the Capital Plaza Hotel is associated, is urban renewal in Frankfort. Urban renewal arose out of a desire for the government to aid in the redevelopment of areas that were determined to be blights in an otherwise growing city. However, the implementation of urban renewal in many cities across the country, including Frankfort, proceeded to forcefully remove and displace a poor and marginalized community. The community that lived in the “Craw”, or the “Bottom”, as the neighborhood of Crawfish Bottom was colloquially known as by the general citizen of Frankfort, remember a close-knit, integrated, working-class community where people felt connected to one another and felt safe. Citizens of Frankfort living outside of the Craw, on the other hand, viewed this land as blighted and crime-ridden, something that they sought to remedy by displacing its residents, clearing the land, and building a huge, modern complex of buildings. When powerholders painted a picture of the Craw as an economic drain on the city and an unsafe neighborhood, those powerholders in Frankfort City and Kentucky State government cleared the way for the construction of the Capital Plaza Complex, of which, the Capital Plaza Hotel was the last piece of that vision. Today, most of the buildings that were once a part of the complex have either been demolished or are suffering financially.

The second context is the Kentucky state government’s heavy-handed involvement in the development and construction of the Capital Plaza Hotel to complete the urban renewal vision. The building is an exceptionally significant example of direct state involvement in economic development within Kentucky. The state government’s involvement in stimulating local economies and assisting in development projects, both private and public, is not unique. State government has played that role for years. However, in the case of the Capital Plaza Hotel, the state took a significantly expanded role of direct partnership investment to encourage and assist private investment. This was a significant step further than in previous development models and exposed the state to new and additional levels of risk. This was steering by committee. The locals wanted economic development. The "state" (executive and legislative branches) wanted a place to have state level meetings and raise the profile of the capital city. The private businessmen

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involved wanted to build a hotel at the expense of the state. There were ample warnings of the difficulties the project would face. Repeated false starts at development, repeated failures to entice local developers, and regular warnings of the project's infeasibility, all of which went unheeded. Despite these warnings, the state proceeded at the behest of private actors and local government, and most significantly of its own volition. In this instance, politics, state incentives, and the self-serving and influential nature involved in such a development in the capitol's backyard, combined to create a hotel that is almost too big for Frankfort and that essentially has a monopoly on the hospitality industry in Frankfort proper. Such a development has not been seen before in the Commonwealth of Kentucky and is unlikely to ever be seen again. The significance lies in the fact that while the state, who was pushing for the entire urban renewal development, tried to attract a hotel using the traditional avenues, but no private developers were interested, because investors believed that the market could not support such an endeavor. In this case, these analyses were accurate, but this did not stop the state from providing unusual and extraordinary incentives to eventually attract someone. The state changed its business model in this instance, and it can be argued that they should not have. There is a reason that this is the only such case in Kentucky. The state ignored the private developers, the market, and the overall understanding of what could survive in Frankfort, and as a result, the final product floundered. Everyone was getting what they wanted (development, space, profit). It just turned out to be not great at local economic development, was a den of corruption for lobbyists and the state, both the executive and legislative branches, and it wasn't profitable for the private developer.

The third, and final context, is the utilization of the Capital Plaza Hotel in the largest government scandal in Kentucky's history, and the far-reaching legislative implications that arose from it. In this instance, the practical idea that started everything was the idea for a local hotel where legislators could stay when they were in town and a place where business could happen. Despite its useful conception, it quickly turned into a place where back-alley and shady deals could be made; where lobbyists could bribe and illegal dealings could occur behind closed doors. This all came to a head in the early 1990s with what would become known as Operation BOPTRROT. This was an FBI operation that culminated in an undercover sting involving lobbyists, some of whom maintained condos in the hotel where they could conduct their deals, and dozens of influential Kentuckians and legislators. This operation resulted in almost two dozen convictions, including such notable people as the Kentucky Senate Majority Leader and the Kentucky House Speaker. As a direct consequence of BOPTRROT, Kentucky enacted an Executive Branch Code of Ethics and passed campaign finance reform laws at the state level and the Anti-Corruption Act of 1995 was passed at the national level. This does not even take into account the several other states that instituted their own ethics codes when news of the corruption in Kentucky and the FBI's involvement got out. The Capital Plaza Hotel served as the location for many of the undercover stings and where several significant events happened during BOPTRROT, including money changing hands and where recording devices caught the now infamously damning evidence used in the convictions.

The significance conveyed by the Capital Plaza Hotel is the violation of public trust by the people in power, that power invested in individuals for the sake of the citizens, is a dangerous and often treacherous investment. The Capital Plaza Hotel is a warning episode. Simplistic solutions, such

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as urban renewal and shiny complexes like the Capital Plaza don't get rid of poverty in a neat and tidy manner. Allowing the government to subsidize independent developers on bad investments does not benefit the city or its citizens. And Operation BOPTR0T did not end corruption in Kentucky but shone a light on some of the ways it was occurring. The Capital Plaza Hotel starts with demonizing the poor, enriches a soon-to-be governor, and opens doors to business and legislators who can recognize that Kentucky rewards the unrestrained use of power. This has unfortunately been a theme in Kentucky, something that the Capital Plaza Hotel project epitomizes.

## Narrative Statement

### **Urban Renewal in Frankfort, Kentucky**

#### *Urban Renewal*

While urban renewal can trace its roots back to nineteenth century philosophies and practices, it did not truly begin to take shape and gain popularity in America until the mid-twentieth century. Many scholars view the modern origins of urban renewal in America as coinciding with the passing of the Housing Act of 1949 and the Federal-Aid Highway Act of 1956.<sup>2</sup> The former established a federal program whose sole purpose was to fund and aid in the acquisition of "blighted" land for redevelopment and the latter authorized a network of interstate highways to connect American cities.<sup>3</sup> The Federal-Aid Highway Act, while related to the creation of the interstate system, was one of the frequent triggers for urban renewal projects. In many cities across the country, the construction of an interstate through the downtown was promoted as a necessity for the growth of American cities and the ease of commerce and travel, which ultimately served as the basis for the acquisition of "blighted" land through eminent domain and the subsequent construction of the highway.

Both the Housing Act and the Federal-Aid Highway Act were promoted as undertakings that would revitalize cities, create housing for all families, and accommodate suburbanization, but in reality, they often targeted disenfranchised communities and neighborhoods and were used as tools to rid the cities of areas, and people, which were seen as "less than." These communities often included immigrants, African Americans, those experiencing increased poverty and those experiencing houselessness.

Some of the early proponents of urban renewal utilized the funds to build affordable housing while also clearing out the cities' "decay," but this practice soon became much less appealing to lawmakers and developers than more profitable commercial enterprises.<sup>4</sup> Far too often, public

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<sup>2</sup> Housing Act of 1949, H.R. 4366, 118 Congress; Federal-Aid Highway Act of 1956, Public Law 84-627.

<sup>3</sup> University of Louisville Archives and Special Collections, "Uncovering Racial Logics: Louisville's History of Racial Oppression and Activism: Urban Renewal." Electronic document, [https://library.louisville.edu/archives/racial-logics/urban-renewal#:~:text=The%20idea%20of%20E2%80%9Curban%20renewal.construction%20of%20new%20public%20housing.](https://library.louisville.edu/archives/racial-logics/urban-renewal#:~:text=The%20idea%20of%20E2%80%9Curban%20renewal.construction%20of%20new%20public%20housing.,), accessed April 2024.

<sup>4</sup> Pfau, Ann, David Hochfelder, and Stacy Sewell. "Urban Renewal," in *The Inclusive Historian's Handbook*, electronic document, <https://inclusivehistorian.com/urban-renewal/>, November 12, 2019.

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housing was either never constructed or it was done so in such a way to serve as a simplistic solution, which has often failed. So, while urban renewal's implementation was initially to assist with suburbanization, something that was largely fueled by GI Bill mortgages and large-scale sprawl, for many minorities and low-income families, this era marks a time of turmoil and tragedy.

By the late 1960s, urban renewal had become contentious in the mainstream: not only for its unfair and destructive nature, but for the slow pace of reconstruction that had become synonymous with urban renewal projects. From 1949 to 1967, less than half of the over 37,000 acres of land cleared for urban renewal had been, or was in the process of, being redeveloped.<sup>5</sup> Then, in 1974, the funding for urban renewal projects was reduced on a national level, which left dozens of projects unfinished, and thousands of acres undeveloped.

Urban renewal projects have had irrevocable impacts on cities across the country, and each one has its own story to tell. Some projects resulted in new development and the ideal return of commerce to city centers, while others resulted in new low-income and public housing complexes for the very residents who were displaced in the first place. However, in nearly every situation, the projects served to deepen the racial divide in American cities, specifically during the heart of the long civil rights movement. In a lot of cases, urban renewal projects were just devastating and harmful to the cities and their built environment. In some cities, funding dried up before projects were complete, causing vacant lots to exist in place of once-thriving neighborhoods. In others, like Frankfort, nearly the entire complex for which the urban renewal effort was utilized is now gone, less than sixty years after they displaced residents in the name of "progress."

Today, people tend to prefer preservation and rehabilitation in lieu of demolition and reconstruction. Many American cities are seeing a resurgence of re-urbanization as people want to move back to the cities and live among the architectural and cultural resources that still exist. In many cases, urban renewal projects are looked at with disdain and regret. There is a lasting impact of urban renewal, one that outlines the struggles of communities and their devastations, socially, economically, and psychologically.<sup>6</sup> Local officials throughout the country labelled a neighborhood or area as the "slums" and the destruction that followed is immeasurable. As a result of urban renewal, "countless poor, urban, and usually African American neighborhoods were systematically destroyed, scattering their inhabitants and replacing old dwellings and small businesses with commercial, industrial, and government buildings."<sup>7</sup> These areas tended to consist of working-class communities in flood-prone areas, a characterization that further allowed the word "slum" to be used so frequently. Although some efforts were made in the urban renewal era to promote preservation, occasionally with social justice and civil rights influences, urban renewal projects are frequently viewed as mishandled and misguided programs that led to the loss of community, place, and the built environment of some of the most disenfranchised communities in America.

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<sup>5</sup> National Commission on Urban Problems, *Building America's Cities* (Washington: Government Printing Office, 1969), 81

<sup>6</sup> Boyd, Douglas A. *Crawfish Bottom: Recovering a Lost Kentucky Community*. Lexington; The University of Kentucky Press, 2011.

<sup>7</sup> Ibid: 4.



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*Urban Renewal in Frankfort, Kentucky and the Development of Capital Plaza Project*

Frankfort's population almost doubled from 1940 to 1970, from 11,492 to 21,902. Until after the Second World War, the city populated the low-lying land of the Kentucky River valley. During these years of economic and population growth, the City of Frankfort found the topography leading up out of the valley a challenge to expansion. The City investigated ways to foster growth within its geographic and historical boundaries.

The City Commission sought federal help to reutilize land in the old city area. Beginning around 1949, the US Government began funding urban renewal efforts which seized and demolished sizable quantities of land, both public and private, in order to improve infrastructure, modernize cities, and provide contemporary commodities that were deemed necessary for continued growth into the latter half of the twentieth century. In 1955, the Frankfort Slum Clearance and Redevelopment Agency was created and in 1958, the Frankfort City Commission entered a contract with the federal government for urban renewal efforts in the city, with their sights set on Crawfish Bottom.<sup>8</sup>

Crawfish Bottom, more often known as the "Craw" or the "Bottom," was a small neighborhood, spanning roughly fifty acres, on the west end of North Frankfort that, in the decades following the Civil War, was established as a place synonymous with poverty, danger, and crime. It was during this period that the Craw was made up of newly freedmen and freedwomen, immigrants, and families of those imprisoned in the nearby penitentiary, those who had no other options but to settle in the undesirable land next to the river that was prone to flooding. The Craw retained this unfortunate reputation for years and, as a result, remained a working-class, mixed-race, community. Outsiders looked to the Craw as a black neighborhood, despite African Americans making up only 60% of the population in 1956, with white people making up the other 40%. This is not a surprise, however, because until the 1960s, the Craw was one of only a couple areas in and around Frankfort where a black person could live.<sup>9</sup>

Despite the unfavorable reputation, the Craw continued to persist through the early twentieth century, until two major events had a large impact on its continued use. Both events occurred in 1937, one being the closing of the penitentiary, which led to an exodus of families there for its close proximity to the facility, and the other being the great Flood of 1937.<sup>10</sup> While the Craw, being settled in the lowlands next to the river, had been flooded several times over the years, it was this latest, and most devastating, disaster that led many residents to not return to their homes. This provided just one more reason for other Frankfort residents to begin calling for the clearance and demolition of the entire Craw neighborhood.

This entire movement came to a head in 1955 when the Frankfort Slum Clearance and Redevelopment Agency was created. That same year, the Frankfort League of Women Voters fanned the flames of the proposed slum removal by publishing a study that painted a picture of

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

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Craw residents as undesirables. This study highlighted the area's shortcomings by providing statistics that were meant to demonize the entire neighborhood and those within. These figures called out poor health, poor living conditions, and being an area that does not produce much in property tax revenue to the city, essentially demeaning an entire sect of the population because they lacked wealth.<sup>11</sup> And, while the area did have a criminal aspect, today it is much more widely accepted that poverty and poor living conditions generates crime, not the other way around. Moreover, criminal activity is something that occurs in all corners of a city and among all demographics, just look to the future criminal acts that would take place on the site of the Craw, inside the Capital Plaza Hotel, just a few decades after the last resident was removed.

In a continued effort to stigmatize the Craw, publications and documentation of the time tended to only call out the poverty, crime, and poor living conditions, not the everyday life that occurred there. The early perceptions of the Craw as the "bad" part of town, coupled with the propaganda of the mid-twentieth century, led to the area being irrevocably considered a slum, worthy of demolition. However, these perceptions failed to capture the true way of life in the Craw. They failed to acknowledge that, although lacking excess funds, the people of the Craw were hard working, they raised and educated their kids in that neighborhood, they worshipped in that neighborhood, and they stood by each other – existing as a true community, and not as an exaggeration to be written off.<sup>12</sup>

These perceptions were so deeply entrenched into the hearts and minds of the people of Frankfort that negative sentiments continued years after the land had been cleared. In 1974, a local policeman remembered the Craw residents as a "rough class of people," while a white businessman, and one of the foremost proponents of urban renewal in Frankfort went as far as to say that they, as Frankfort, had to overcome the stigma of discussing the Craw, and that "when our kids grow up they will never know 'the Bottoms' were there."<sup>13</sup> The latter was said by a man after whom the Civic Center, which existed as part of the urban renewal, Capital Plaza redevelopment, would be named, Farnham Dudgeon.<sup>14</sup>

Ultimately the City of Frankfort, with federal funding, enacted their urban renewal plans, which included evicting, demolishing, and rebuilding in the area known as the Craw. The mayor at the time put in words what could essentially be the widespread motto of urban renewal as a whole. When discussing the consequences, he said "the whole city should not continue to be blighted just because a few will be hurt."<sup>15</sup> This sentiment perfectly describes how commonplace it was for politicians and governments to discount the needs and the very well-being of a few, especially the most disenfranchised, in lieu of a redevelopment that they deem more important, like the construction of a complex of government buildings.

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<sup>11</sup> Ibid.

<sup>12</sup> For a more in-depth look at the misconceptions consistent with relying on popular perceptions over true stories from those who lived there, even during the mundane times, then look to *Crawfish Bottom: Recovering a Lost Kentucky Community* which relies on a series of oral histories from Craw residents to help tell the real story while also examining the use of memory in historical scholarship.

<sup>13</sup> Ibid: 2, 7.

<sup>14</sup> Ibid.

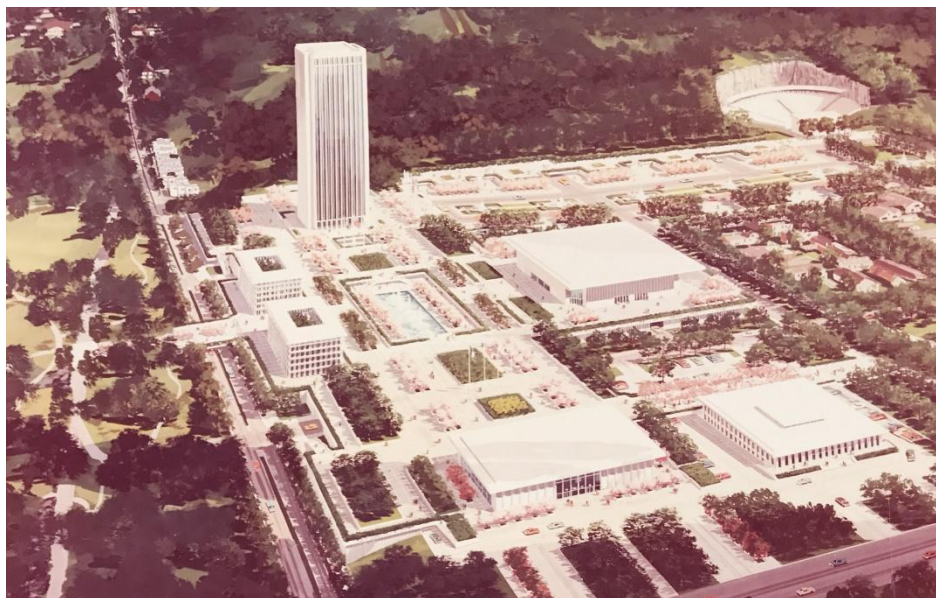
<sup>15</sup> Ibid: 9..

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When all was said and done, the urban renewal efforts in Frankfort resulted in the demolition of 345 buildings and the displacement of 369 families. Moreover, and this could be said to be of more consequence, the utter failure to provide adequate public housing for the displaced families led to the disbursement of people all over the place, resulting in not only a loss of place, but a loss of community. The project as a whole was supposed to be completed in 5 years for around \$2 million, but instead took over 14 years and cost over \$10 million.<sup>16</sup> So, not only was the Crow community failed by the implementation of such a project and the subsequent failure to relocate, but the cost and duration of the project vastly exceeded expectations, putting undue stresses on the public. Finally, as an extra affront, the project as a whole was a total failure, resulting in nearly all of the buildings being torn down within 60 years.

Upon approval of the urban renewal plans, by 1965, almost the entirety of the fifty plus acre area, previously known as the Crow, had been cleared. Three years later, construction began on what would become the first of several urban renewal projects in the reimagined North Frankfort development which was being called the Capital Plaza. The original plan featured much of what would come to fruition in the coming decade and a half, including the Capital Plaza Office Tower, the Convention Center, the YMCA building, and the John C. Watts Federal Building.



*1967 Original Plan of Capital Plaza*

The urban renewal efforts that led to the construction of the Capital Plaza development resulted in an unparalleled extensive complex that dominated the Frankfort landscape. Construction on the massive complex began in 1968. The first building, the YMCA, was finished in 1969. The massive Capital Plaza Office Tower was opened in 1972. In 1973, the John C. Watts Federal Building was complete, around the same time as the Shoppes and the Convention Center. The hotel was the last

<sup>16</sup> Ibid.

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aspect of the complex to get constructed, with a soft opening in December 1983 and final completion in early 1984. Although the original plans, likely configured by renowned architect Edward Durrell Stone, featured two hotels or motels in the space now occupied by the Capital Plaza Hotel, a single hotel was deemed to be a necessity to the growing city and the Commonwealth's capital. Other elements of the complex included common space for pedestrians, beautification features, and even the North Frankfort Levee along the banks of the Kentucky River.

### **State Direct Investment in Private Enterprise**

#### **Development of Kentucky State-Owned Land: State Parks**

Developing state-owned land for economic growth is a commonplace practice seen throughout the country. One of the most obvious and prevalent instances in the Commonwealth of Kentucky can be seen in the development of state-owned land, particularly parks, to encourage tourism, park accessibility, and provide economic benefits to the area. This was largely initiated in the mid-twentieth century with the creation of the "Modern" park system in Kentucky.<sup>17</sup>

From the creation of the first state parks in the late 1920s through the subsequent few decades, there were several occurrences at the national level that directly impacted Kentucky's state park system and the Commonwealth's role in developing and monetizing them. Shortly after the first four Kentucky state parks were created, the United States of America entered into the Great Depression. While the economic decline did not benefit the state park system much in and of itself, the entities that spawned from the subsequent New Deal programs did, most notably, the Civilian Conservation Corps (CCC). The CCC was tasked with assisting with the conservation and development of land owned by federal, state, and local governments, including state parks. In Kentucky, the CCC worked in several state parks improving infrastructure, fire prevention, construction of buildings, repair and reconstruction of hiking trails, and even archaeological surveys.<sup>18</sup> Throughout the nine years of its activity (1933-1942), the CCC completed improvement projects in nine Kentucky state parks.

While the onset of the Great Depression inadvertently caused improvement projects to occur throughout the Kentucky state park system, two other circumstances directly led to an upsurge in vacationers and patronage of the state's parks: the popularization and increased accessibility to automobiles, and victories from labor organizing which resulted in paid vacations and enhanced wages for America's workers of all classes.<sup>19</sup> As these two events unfolded, they combined to result in a rapid surge of travelers to America's parks as families could now afford an automobile and finally had the paid time off needed to go on vacations.

In the mid-twentieth century, Kentucky sought to usher in a new age of state parks. This "modern" park system was initiated by politicians like Governor Earle Clements who recognized the growing

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<sup>17</sup> National Register of Historic Places, Kentucky State Parks Multiple Property Submission, Various, Kentucky, National Register #1217480.

<sup>18</sup> Ibid; Castro-Bracho, Casey, "Projects of the Kentucky CCC" in *From the Archive*, Electronic Document, <https://history.ky.gov/news/projects-of-the-kentucky-ccc>, accessed November 2023.

<sup>19</sup> National Register of Historic Places, Kentucky State Parks Multiple Property Submission, Various, Kentucky, National Register #1217480.

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trends of tourism and travel outlined above. In an effort to directly benefit the state via tourism dollars, Clements selected Henry Ward, a senator and former newspaper editor, to be the Commissioner of Conservation and to actively promote the park system and construct more facilities for guests.<sup>20</sup> This was further prioritized in the 1950s as an emphasis was placed on family vacations where the mother was more involved in the key decisions. This meant that luxuries and amenities, such as swimming pools and color televisions were desired, regardless of destination. The new standards required by traveling families were well understood by “the decision-makers in Kentucky State Parks when planning their capital improvement programs in the post-war era.”<sup>21</sup>

From 1948 through 1955, Kentucky invested roughly \$10 million in the state park system itself, not counting the amount that was spent in promotion. In just one year in the early 1950s, Kentucky sent out over 100,000 promotional packets. The promotional campaign was successful. From 1946 to 1952, the state’s tourist economy more than doubled.<sup>22</sup>

In 1960, Kentucky reimagined the development of its state parks. In an address to the state, then Governor Bert Combs outlined his plans for “developing Kentucky into the recreational center of America” with “the finest system of parks in the nation.”<sup>23</sup> His illustration of a great park included new amenities, state of the art recreational facilities, and infrastructure to support all of it, not necessarily an emphasis on the beauty of Kentucky’s scenery or the benefits to personal health. It was during this time that Kentucky unabashedly invested millions of dollars into the recreational and commercial-based development model. In the first three years of his plan, Kentucky approved nearly \$20 million in bonds to build several new lodges, renovate older ones, and build additions off others. The Commonwealth sought to invest money into commercially developing state-owned lands in the hopes that the tourism would pay back generously. In Combs’ plans, “the development of the state’s parks was seen as just one component of a larger tourism initiative that also included highway development and a vigorous promotional program with the goal of bolstering the private sector tourist trade alongside the state park system.”<sup>24</sup> Improvements implemented during this time of massive investment included:

- Swimming pools, docks, and beach areas;
- Boat launches and water skiing facilities;
- Riding stables and associated trails;
- Golf courses;
- Campgrounds with modern amenities, such as restrooms, showers etc.;
- Modern playground equipment;
- New lodges and dining rooms;
- New cottages;

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<sup>20</sup> Ibid.

<sup>21</sup> Ibid: E30.

<sup>22</sup> Ibid.

<sup>23</sup> Bert T. Combs, “Plans for State Park Development,” in *The Public Papers of Governor Bert T. Combs: 1959-1963* (Lexington, Kentucky: The University Press of Kentucky, 2015), 159, 161.

<sup>24</sup> National Register of Historic Places, Kentucky State Parks Multiple Property Submission, Various, Kentucky, National Register #1217480:E34.

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- Remodeling of existing cottages/facilities;
- Interpretive programs following the NPS model;
- Expanded trails;
- Expanded tourism programming<sup>25</sup>

State parks are widely recognized as state property and explicitly created to protect and promote a state's interest in tourism and recreation and the exploration of the natural environment specific to the state. The state's involvement in park hotels and recreation centers is a tangential impact of their ownership of the parks. Additionally, state interests rarely, if ever, extend outside the boundaries of a specific park. Often in fact, the state must be the owner and operator of such a facility, because the appearance of private investment and profit in such a place would appear "unseemly" and raise questions if not handled very carefully and transparently.

#### *The State's Involvement in Private Enterprise and Development*

In most cases of the state's involvement in the development of state-owned land, there is a significant role played by private entities. In most of these circumstances, the state remains largely in the background, only providing a cursory involvement or allowances for private enterprises to realize their projects. Of such agreements, two stand out: the implementation of Tax Increment Finance (TIF) districts and the utilization of Industrial Revenue Bonds (IRB).

#### *TIF Districts*

The first Tax Increment Financing district was created in California in 1952. With the exceptions of Arizona and Washington, D.C., every state has enabling legislation for TIF districts. A TIF plan allows a local unit of government to obtain an underdeveloped or distressed area for development, and to freeze its tax assessed value as the property is developed by private interests. Any increases in property tax revenues, due to increases in value after the development, can be used to finance improvement projects in the area. Normally, a municipality establishes a development authority and designates a geographic district for the TIF plan.<sup>26</sup> While TIF ordinances are adopted and executed by a local government, state governments are responsible for the creation of TIF districts, as they must authorize the creation of any, and enforce additional conditions on a case-by-case basis.

TIF plans have been regularly implemented on state-owned land, but more commonly simply require the government's involvement to incentivize developers to provide much needed improvements. In these cases, the risk falls on the developers who are seeking to revitalize the blighted areas and the local municipality and state simply helps facilitate the improvements, often by using the TIF funds to construct infrastructure, rather than placing that burden on the developer.

#### *Industrial Revenue Bonds*

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<sup>25</sup> Ibid.

<sup>26</sup> Laura M. Bassett, *The Urban Lawyer*, Vol. 41, No. 4 (Fall 2009), pp. 755-786

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Industrial Revenue Bonds offer a supply of tax-exempt or taxable bond finance for projects involving significant private investment and private activity promoting new and existing businesses, encouraging employment, and expanding the tax base of a community. These bonds are backed by state and local governments; however the profits are distributed to private businesses who are in turn responsible for payment. Again, the state's involvement is somewhat cursory as most of the risk lies with the developers.

IRBs, previously called Industrial Development Bonds, are indisputably tied to the history of public financing of private business. In most cases, historically, private business financing required relatively minimal effort and occurred on a much smaller scale yet was still utilized to spark economic growth. However, as the size of individual distributions began to grow, the government became concerned with "the negative impact the financing of private business had on the tax-exempt bond market."<sup>27</sup> Thus, Congress enacted controls over the allocation of industrial development bonds, which included a small issue exception to protect the issuances of which the original bonds sought to fulfill.

In 1954, the IRS ruled "that bonds issued by or on behalf of a municipality to finance acquisition or construction of municipally owned industrial plants for lease to private enterprises are obligations of a political subdivision" meaning "bonds may be issued to finance projects even though the sole basis for repayment of the bonds is limited to revenues from the projects."<sup>28</sup> This practice continued, and eventually it became commonplace for payments to be limited to the revenue of private entities. \

As Lynn Kawecki concluded in her work, "An Historical Perspective of Small Issue Bonds,":

Throughout a period of about seventy years industrial development bonds have assisted underdeveloped communities to attract small business. This had been the original intent of industrial development bonds as they existed prior to the 1950s in private rulings. Congress believed that this type of economic subsidy was worthwhile, so it retained the subsidy at a time when the future of industrial development bonds was threatened. Since the initial legislation providing for small issue bonds first appeared there has been a tension between attempts to expand the subsidy and efforts to retain the subsidy solely for its original purpose of helping economically underdeveloped areas. From 1968 through 1988, small issue bonds were marred with false starts, re-evaluation and regular tinkering. However, after 1988, small issue provisions stabilized.

Thus, IRBs have historically been a way for a private entity to fund development with state support but without the state needing to take on any of the risk. This is a more practical and detached approach to utilizing bonds to fund private development.

*Direct Investment and Ownership: Development of Capital Plaza Hotel*

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<sup>27</sup> Kawecki, Lynn, "An Historical Perspective of Small Issue Bonds" IRS, Electronic Document, <https://www.irs.gov/pub/irs-tege/part1b02.pdf>, accessed November 2023:9.

<sup>28</sup> Ibid:10

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The financing of the Capital Plaza Hotel was accomplished differently from the other parts of the complex. The earlier buildings of the Plaza complex occurred with the state remaining somewhat hands-off, with the YMCA being privately funded, the federal building being constructed by the federal government. The lone exception was the office tower, which was a state-owned building outright, however, because of this there were never complicated relationships with private developers. With the financing of the Plaza Hotel, the state did more than provide distant financing assurances, assistance through the regulatory process, or guarantees of leases. State government stepped into the development as a full partner. Previously, the state had just existed as the owner of all the land and leased it to various entities, however, in the hotel, the state took an involved hand in the construction and realization of it.

During the years that the Capital Plaza complex was coming together, various administrations in state government, as well as legislators, believed that state government activities deeply needed a hotel in the Frankfort downtown area. Most state business that required convention facilities was being directed to hotels along the highway, far away from the capital, or to Lexington or Louisville. State Finance Secretary Russell McClure claimed to the *Courier-Journal* in 1978 the state needed a hotel to complement the existing state-owned convention center and plaza complex. He went as far to claim, "I can put it at 65 percent occupancy just by administrative control."<sup>29</sup>

The belief that the state should have a direct hand in the project was not universally held. The House Finance Committee produced a memo at the same time that stated, "If the project is feasible, it should be viable in the private sector without state participation."<sup>30</sup> This tension resulted in a split development plan, where the hotel rooms would be privately financed and operated, the amenities on the first floor, including meeting rooms, a swimming pool, workout facilities, the lobby, and parking, would all be financed directly by the state.

In March of 1978 the *Courier-Journal* declared "State All Set to go into Hotel Business."<sup>31</sup> The senate approved a bill providing \$3.5 million to cover 40% of the project costs. Several years later the state approved an additional \$750,000 in loans for the project and agreed to a below-market 8% interest rate to make the project more feasible, as most commercial loans by the end of the 1970s had reached double-digit interest rates due to the Federal Reserve Board increase in the cost of credit to stave off the nation's worst economic inflation since the Great Depression. Several months later the state approved \$2 million in bonds to cover additional loans on the project. At its completion the hotel used \$3 million in direct state funding and a further \$8.5 million in government subsidized loans, including IRBs.<sup>32</sup> Moreover, to push the deal through, the state issued a lease in 1982, the year construction began, for 99-years to the owner of the building. This act helped solidify the direct involvement by the state in the continued existence and their investment in the hopeful success of the hotel.

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<sup>29</sup> Whitt, Richard, "Frankfort hotel plans proceeding with help from state." In *The Courier-Journal*. March 5, 1978.

<sup>30</sup> Ibid.

<sup>31</sup> "In the Senate: State all set to go into hotel business." In *The Courier-Journal*, March 11, 1978.

<sup>32</sup> Taylor, Livingston, "Frankfort builds up its plans for hotel in the Capital Plaza." In *The Courier-Journal*, September 11, 1982; Taylor, Livingston, "State plans \$162 million bond issue." In *The Courier-Journal*, November 16, 1982.



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Once the idea for the building had shifted, from the original conception of state office buildings to a hotel building, private investment and involvement was needed to see the project through to fruition. Project developers sought to attract a national hotel company to construct the anticipated hotel. However, after approximately a decade, there were no takers, despite the well-advertised commitment of the state to see this enterprise through. The state had a vested interest in the success of the hotel, but it could not entice the large chain it envisioned needing. At this point, budding politician and future Kentucky Governor, Wallace Wilkinson, stepped in to accept the risk.<sup>33</sup>

Wilkinson, who made a “multi-million-dollar fortune on books, real estate, timber, coal and banks” got into real estate in the late 1970s.<sup>34</sup> He was known for his shrewd business dealings, although he was often caught taking part in questionable actions and butting heads with government agencies. None of this stopped him from making a deal with the Commonwealth of Kentucky in the construction of the Capital Plaza Hotel when no one else was interested. In addition to the \$3 million from the state and the \$8.5 million in subsidized loans, Wilkinson put \$1.15 million of his own money into the building’s construction and in the beginning, he “used fancy accounting techniques to cover the hotel’s start-up losses with money his textbook company otherwise would have paid in federal and state income taxes.”<sup>35</sup> The creative accounting used to get the hotel built was just one of the many tricks employed in this undertaking by individuals, such as Wilkinson, continuing even as he assumed the Governorship.

The intense intermingling of state and private development throughout the Capital Plaza Hotel process was noteworthy. In 1982, Wilkinson recruits Bill Cull, who was then in the state’s economic development department, and had been in the know regarding the hotel plans for years, and they put together deals between Wilkinson and Bruce Lunsford, who worked for the governor, ensuring state commitments.<sup>36</sup> One of the partnerships that developed between Wilkinson’s company and the state, was that the state agreed to pay for the first floor amenities (restaurant, ballroom, bar, etc.) and only be paid back when they made money, something that rarely occurs in the hospitality industry, with most of the money being generated from the hotel rooms themselves.

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<sup>33</sup> Wagar, Kit, John Winn Miller, and Valarie Honeycutt, “Wilkinson ‘works smart’ to expand wealth.” In the *Lexington Herald-Leader*, October 12, 1987. It should be noted that Wilkinson Street is named for one of downtown Frankfort’s original landowners, General James Wilkinson, and not because of the involvement in Wallace Wilkinson in the construction of Capital Plaza Hotel. The latter is simply a coincidence.

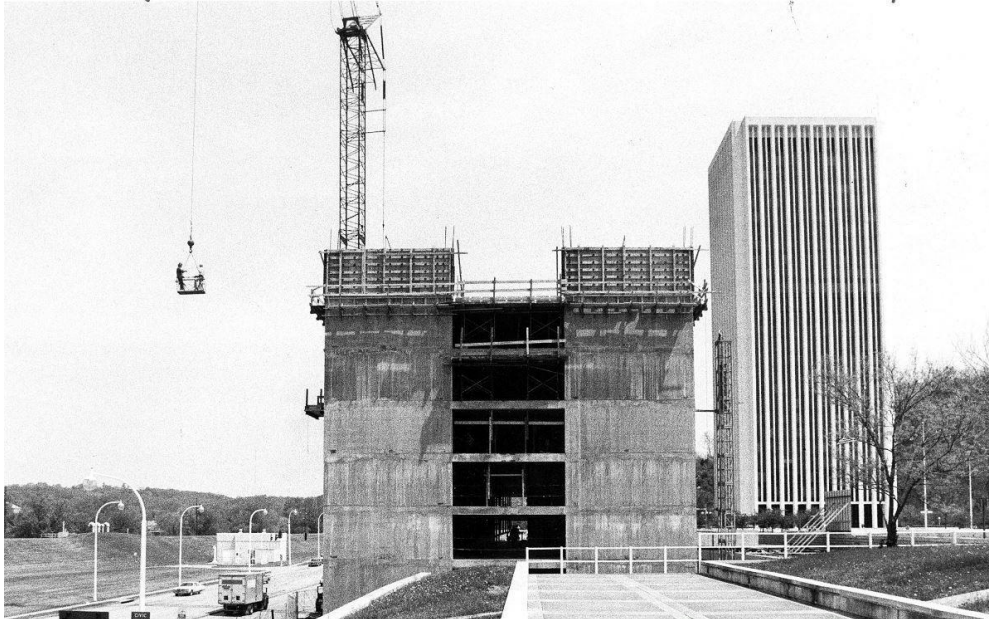
<sup>34</sup> Wagar, Kit, John Winn Miller, and Valarie Honeycutt, “Building a million-dollar empire.” In the *Lexington Herald-Leader*, October 11, 1987:A1.

<sup>35</sup> Wagar, Kit, John Winn Miller, and Valarie Honeycutt, “Wilkinson ‘works smart’ to expand wealth.” In the *Lexington Herald-Leader*, October 12, 1987:A6

<sup>36</sup> Cull, Bill. Interview with Joe Pierson and Russ Salsman, conducted on March 21 and March 27, 2024.

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*Construction of the Capital Plaza Hotel, facing northeast (Lexington Herald-Leader, May 14, 1983).<sup>37</sup>*

#### *The Capital Plaza Hotel: 1983 to the Present*

Shortly after the Capital Plaza Hotel opened, celebratory announcements promoted the hotel as “a major attraction in Frankfort and the Bluegrass.”<sup>38</sup> However, in its early years, the hotel failed to live up to the excitement that developers communicated. While the hotel did draw conferences and advertised first rate amenities, it was reported that in each of the first 3 years, the hotel was losing an estimated \$1 million.<sup>39</sup> To compound on the issues surrounding the hotel and the questionable practices encompassing its development and those associated with it, when Wilkinson was elected as the Kentucky Governor in 1987, he sold the hotel due to a conflict of interest, and he got the state to approve refinancing the hotel’s bonds at a “greatly reduced rate.”<sup>40</sup> Wilkinson also, somehow, avoided paying taxes on the property during his tenure as owner in the mid-1980s.<sup>41</sup> Furthermore, this sale was eventually called into greater question as the buyer, Kentucky Central Life Insurance Company, asserted that Wilkinson used his role as Governor to sell the hotel at an inflated price.

The entire hotel project was initially passed over by other private developers because it was believed that the market could not support it. This was shown through various market analyses and studies, one of which showed that the hotel could charge \$50 a room, however the state’s per diem was only \$26, despite that supposedly being one of the target markets.<sup>42</sup> Similarly, as the condos

<sup>37</sup> “Hotel shaping up.” In the *Lexington Herald-Leader*, May 14, 1983:A5.

<sup>38</sup> “Capital Plaza Hotel.” In the *Lexington Herald-Leader*, March 2, 1984.

<sup>39</sup> Wagar, Kit. “Wilkinson got inflated price for hotel in ’87, records suggest.” In the *Lexington Herald-Leader*, October 6, 1995.

<sup>40</sup> *Ibid*:B5.

<sup>41</sup> “Caution! Tax avoidance at work!” In the *Lexington Herald-Leader*, January 11, 1990.

<sup>42</sup> Cull, 2024.

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on the upper floors were put up for sale at \$150,000-\$165,000 each, the market was uninterested.<sup>43</sup> These issues, and others that arose quickly into its operation, caused financial challenges from day one.



*1990 View of the Capital Plaza Hotel, facing east (Lexington Herald-Leader January 10, 1990).<sup>44</sup>*

In an effort to breathe new life into the hotel, Kentucky Central Life Insurance Company entered into a franchise agreement with Holiday Inn Inc. in 1991. Thus, the Capital Plaza Hotel became a Holiday Inn and officially operated under the new name, the Holiday Inn Capital Plaza.<sup>45</sup> This was shortly after the Capital Plaza Hotel put another nearby Holiday Inn, one that had previously been the center for legislative activity, out of business.<sup>46</sup> The move sought to “increase the hotel’s market share” by granting it access to the Holiday Inn reservation system, its advertisement group, and its promotions.<sup>47</sup> Aggressive moves like this, while seemingly progressive and innovative, were made to reduce continued losses from the hotel. Kentucky Central continued to experience

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<sup>43</sup> Ibid.

<sup>44</sup> Wagar, Kit. “Wilkinson to pay \$90 in hotel taxes.” In the *Lexington Herald-Leader*, January 10, 1990:1.

<sup>45</sup> Ibid.

<sup>46</sup> Cull, 2024.

<sup>47</sup> Daykin, Tom. “Frankfort’s Capital Plaza to become Holiday Inn.” In the *Lexington Herald-Leader*, February 12, 1991:C6

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the same substantial yearly losses as their predecessor, for example, in 1989, the hotel had operating losses of \$1.8 million.<sup>48</sup>

Over the next decade, business did not improve for the Capital Plaza Hotel. Occupancy continued to be an issue as the hotel and convention space failed to live up to the supposed demand that was once so widely espoused. In 2002, thanks to a decision to sell the hotel, in an amendment to the lease, there was a clause added that states that “no property owned or controlled by the state within a mile radius of the Capital Plaza Hotel is permitted to have a hotel on it for 20 years,” a clause that was renewed in 2018 to run through the end of 2030.<sup>49</sup> This clause essentially gave the Capital Plaza Hotel a monopoly on the hospitality industry in all of downtown Frankfort, because any parcel of land in the capital big enough for a hotel would likely either be on state-owned land or be controlled by the state. This once again showed the state taking a heavy-handed approach in the affairs of private business by favoring the hotel, an undertaking that the state had a vested interest in. Moreover, this shows that the state, while having not learned their lesson in heavy-handed involvement in private development, they have gotten wiser and have chosen a more passive incentive to simply not compete with the hotel.

Capital Plaza Hotel’s reception has been mixed since the concept was first hatched in the late 1960s. As early as 1971, at a time when the only two portions of the large-scale, urban renewal project, the Capital Plaza complex had been completed, the YMCA building and the construction of the levee, a survey showed that “demand will not support a hotel or motel.”<sup>50</sup> However, just five years later, then-governor Julian Carroll, described the potential hotel plan as “the critical ingredient to maintain the Capital Plaza successfully.”<sup>51</sup> This sense of unfettered optimism continued in 1984, after the hotel’s opening as the director of the Frankfort Tourist Center was quoted as saying that “the Capital Plaza Hotel is one of the best assets” in Frankfort and that the city is “experiencing a tremendous increase in the amount of interest people have shown in visiting.”<sup>52</sup> By 1990, many people in Frankfort were coming to the realization that the Capital Plaza Hotel was not sustainable and that the city’s tourism or convention business could not support that large of a facility. A newspaper article written in that year summed up the thoughts surrounding the construction of a hotel and its shortcomings, along with those of the Capital Plaza complex as a whole: “what the complex needed was a hotel, something to bring people to the area, to fill the Civic Center with conventioners...A hotel arrived, conventions did not.”<sup>53</sup> The fate of the Capital Plaza Hotel is one that remains uncertain into the twenty-first century with developers in conjunction with the City of Frankfort and the Commonwealth of Kentucky seeking to find a way to make the hotel thrive.

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<sup>48</sup> Ibid.

<sup>49</sup> Miller, Alfred, “Capital Plaza Hotel owners say ‘they’re not going away,’” in *Kentucky Today*, August 14, Louisville, Kentucky, 2017; Miller, Alfred, “Frankfort’s Capital Plaza Hotel could extend a non-compete deal with the state through 2030,” in *Northern Kentucky Tribune*, May 29, Edgewood, Kentucky, 2018.

<sup>50</sup> Taylor, Livingston, “A \$49 million question.” In *The Courier-Journal*, March 1, 1971.

<sup>51</sup> “Carroll to get plans for Capital Plaza hotel.” In *The Courier-Journal*, April 28, 1976.

<sup>52</sup> “Capital Plaza Hotel.” In the *Lexington Herald-Leader*, March 2, 1984:Advertising Supplement 3.

<sup>53</sup> Cheligen, Mark R. “Future of Capital Plaza remains in doubt.” In the *Messenger-Inquirer*, May 7, 1990.

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### **Kentucky Corruption and Operation BOPTROT**

#### **Kentucky Political Scandals at the Hotel and FBI Operation BOPTROT**

Once the Capital Plaza Hotel was complete, it began to fulfill one key aspect for which it was built, to serve as a meeting place for government officials and as a place to ultimately conduct business. In fact, in the first years of operation, the bar was really the only aspect of the entire project that seemed to be flourishing, thanks in large part to the political meetings and dealings that were occurring.<sup>54</sup> This was so prevalent that when Wallace Wilkinson was elected governor in 1987, he was forced to sell the hotel because the attorney general “ruled that it would be a conflict of interest for Wilkinson to own the hotel because the state did so much business there.”<sup>55</sup>

One of the first such instances of events going awry in relation to the Hotel was the supposed kidnapping of the Hotel’s owner, and future governor, Wallace Wilkinson.<sup>56</sup> In the early 1980s, Wilkinson had established himself as an influential party in Kentucky, especially in Lexington. In 1984, he was visited at his Lexington office by a former business partner, Jerome Jernigan to discuss a new venture. It was then that the stories of the two men involved vary. Wilkinson maintained that Jernigan held him at gunpoint and forced him to drive the two of them to the Capital Plaza Hotel, which Wilkinson owned, to stay the night. That night, James Aldridge, the president of New Farmers National Bank in Glasgow, Kentucky received a call from Wilkinson to pull funds and meet him at the Glasgow airfield. Once the money changed hands in Glasgow, Wilkinson and Aldridge were released and Jernigan set out to return to Lexington but was apprehended. Jernigan was tried on federal extortion charges, in lieu of state charges of carrying a concealed deadly weapon and kidnapping, but before he went to trial, he passed away. The story is still contested today, as no one is entirely sure what happened. One thing, though, is that the Capital Plaza Hotel was already a go-to place for questionable activity, especially involving political powerhouses, a few months after it opened.<sup>57</sup>

The Capital Plaza Hotel continued to be a center of political dealings, outside of Capitol Hill itself. Beginning in 1990, The Federal Bureau of Investigation (FBI) began to investigate corruption in the Kentucky legislature. The investigation consisted of an undercover operation that centered on state legislators and lobbyists involved in local horse racing, in an attempt to uncover corruption. Thus, Operation BOPTROT was born, named as such because it focused on the legislative members of the Business, Organization, and Professions Committees (BOP) and the regulation of horse racing (Trot).

Operation BOPTROT began in Henderson, Kentucky when two racetracks, Ellis Park, a thoroughbred park, and Riverside Downs, a harness track, both sought to conduct simulcasting. When preference was given to Ellis Park, the owners of Riverside went to the state, but they were

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<sup>54</sup> Cull, 2024.

<sup>55</sup> Wagar, Kit. “Wilkinson got inflated price for hotel in ’87, records suggest.” In the *Lexington Herald-Leader*, October 6, 1995:B5.

<sup>56</sup> West, Gary P. “The Mystery of the Wilkinson Kidnapping.” *Kentucky Monthly*. February 28, 2020. Electronic Document <http://www.kentuckymonthly.com/culture/history/the-mystery-of-the-wilkinson-kidnapping/>, accessed April 2024.

<sup>57</sup> Ibid.

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unsuccessful. When they were approached by the then Senate majority whip, Helen Garrett, and informed that their problems could disappear for \$100,000, they became suspicious and contacted the FBI. It was after the Riverside Downs' owners, with the FBI on their side, made a successful counteroffer to Garrett that BOPROT was born.<sup>58</sup>

The early days of the operation centered on Riverside, with two of their lobbyists getting coerced into working with the FBI: John Hall, former state senator, and John "Jay" Spurrier, who was actually brought into the mix on the FBI's direction.<sup>59</sup> Hall had already been caught trying to bribe legislators, a fact that was captured on tape and led to his eventual cooperation. Spurrier was brought in after trying to block the breed-to-breed legislation, which would only allow simulcasting of races involving similar horse breeds.

Spurrier, who was known as Dean of the Frankfort lobbyist corps, was a major force in Kentucky politics in the 1980s and 1990s and was integral to the FBI's ability to gather information. While Spurrier was directly involved in the information gathering, he insisted that the legislators would only take money from his associate, former state representative and fellow lobbyist, William McBee. Although McBee was not aware of the FBI's involvement, he was heavily implicated and involved as the person who routinely passed money to legislators.<sup>60</sup>

One of the key targets of Operation BOPROT was Donald Blandford, the Kentucky House Speaker. Blandford was one of the legislators who would only accept money from McBee, so Spurrier, who was pulling the strings with the FBI's involvement, offered up his condominium as a place for the exchange to happen. His condo was in the Capital Plaza Hotel. Spurrier, one of the most notorious lobbyists in Kentucky politics at the time had to maintain a presence at the Capital Plaza Hotel, as it was where business outside the Capitol's chambers took place. Thus, meeting at his personal residence for such a transaction was not uncommon. The first exchange was to occur at a dinner party hosted by Spurrier. In anticipation, Spurrier allowed the FBI to set up full video and audio surveillance equipment. The dinner happened on February 20, 1992, and featured several other prominent Kentucky legislators. At both this dinner, and one held on March 11, 1992, also at Spurrier's Capital Plaza Hotel condo, Blandford took payments for his legislative support.<sup>61</sup> It came out during these inquiries that Blandford was also guilty of the misuse of campaign funds.

Actions against Blandford were not the only times Spurrier assisted the FBI in Operation BOPROT in the Capital Plaza Hotel. In January 1992, McBee, operating under Spurrier's instruction, directed Hall, who was cooperating with the FBI at the time, to take \$30,000 to a specific room. After this delivery, Spurrier retrieved the money, only to take it to another room to

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<sup>58</sup> Boyett, Frank. "Frank Boyett: Legislative scandal 'Boprot' started right here in 42420," in *The Gleaner*, April 29, 2017. Electronic document, <https://www.thegleaner.com/story/news/columnists/frank-boyett/2017/04/29/frank-boyett-legislative-scandal-boprot-started-right-here-42420/100934334/>

<sup>59</sup> United States of America, Plaintiff-appellee, v. Donald J. Blandford, Defendant-appellant, 33 F.3d 685 (6<sup>th</sup> Cir. 1994) Annotated.

<sup>60</sup> Ibid.

<sup>61</sup> Ibid.

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meet with the Governor's nephew, Bruce Wilkinson.<sup>62</sup> McBee also bribed Representative Jerry Bronger in February the same year in an effort to block the breed-to-breed legislation.

The FBI's investigation went on for almost two years and led to the uncovering of the widespread corruption in Kentucky's government. During the years of investigation, case-buildings, and evidence-gathering, Operation BOPTROT consisted of secretly taping lobbyists and legislators, introducing doctored bills into the mix of currency, and having surveillance planes fly over the city on multiple occasions.<sup>63</sup> Things all came to a head in 1992 when several pieces of damning evidence were gathered which urged the FBI to move.

On March 31, 1992, with just one more day in the session, FBI agents swarmed the Kentucky Capitol. As FBI agents handed out subpoenas and interviewed legislators, the truth of the depth of the FBI's probe came to light. After eighteen months of surveillance and undercover operations, the FBI had acquired over 1,000 audio and video tapes of solicitous acts, a considerable number of which occurred at the Capital Plaza Hotel, "the home-away-from-home for many lawmakers."<sup>64</sup>

### Aftermath

Following the events in late March 1992, nearly two dozen people, including 17 legislators and other lobbyists and notable Kentucky politicians, were charged with various crimes such as bribery, conspiracy, extortion, racketeering, and lying to the FBI.<sup>65</sup> The court cases and the media coverage shone an unprecedented light on the corruption and underhandedness of state politicians. When the details and the results of the operation were released to the public, the average Kentuckian was embarrassed; not only were their lawmakers so corrupt and open to criminal activity, but the laughably small amount of money it took to turn these individuals to illegal activity. In fact, at one point, people routinely made jokes about buying a politician for \$400.<sup>66</sup>

In the early 1990s, there was already a general atmosphere of corruption in the Kentucky government, especially in the larger gubernatorial races, which brought about "a general feeling that Frankfort was for sale [due to] the crescendo effect of more and more money [being] spent."<sup>67</sup> Even more important than the blatant disregard of the average Kentuckian's trust, and the breaking of multiple state and federal laws, was the legislation that was a direct result of this operation. Operation BOPTROT served as a breaking point that led to two major actions at the state level: the execution of stronger ethics-in-government laws and major campaign finance reform.

In July of 1992, just a few short months after the sting left the Frankfort political world in shambles, the Kentucky legislators who were not involved in the scandal recognized that something had to

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<sup>62</sup> "The Conspiracies." In *The Courier-Journal*. Pg. A 10. October 4, 1992.

<sup>63</sup> Mason, Bobbie Ann, "Doing the BOPTROT," In *The New Yorker*, May 9, 1994, Pg. 46.

<sup>64</sup> Loftus, Tom. "Tremors Continue to Rock Lawmakers." In *The Courier-Journal*. October 4, 1992.

<sup>65</sup> Niedermeier, Lynn. "Way to Go Joe." *WKU Libraries Blog: Operation BOPTROT*. October 4, 2023. Electronic Document, <https://library.blog.wku.edu/tag/operation-boptrot/>, accessed April 2024.

<sup>66</sup> Boyett, 2017.

<sup>67</sup> Moore, Jennifer A. *Campaign Finance Reform in Kentucky: The Race for Governor*. 1997. Kentucky Law Journal, Volume 85, Issue 3, Article 5. pp 723-765: 736.

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be done to prevent anything like that occurring in the future. As such, the Executive Branch Code of Ethics were put into effect.<sup>68</sup> This code of ethics outlined that

1. It is the policy of this Commonwealth that a public servant shall work for the benefit of the people of the Commonwealth. The principles of ethical behavior contained in this chapter recognize that public office is a public trust and that the proper operation of democratic government requires that:
  - a) A public servant be independent and impartial;
  - b) Government policy and decisions be made through the established processes of government;
  - c) A public servant not use public office to obtain private benefits; and
  - d) The public has confidence in the integrity of its government and public servants<sup>69</sup>

The specificity of this code of ethics is clearly in direct response to the ongoing that BOPTRT brought to light.

The second widespread result of Operation BOPTRT, regarding state politics, was the serious campaign finance reform that took place. Before 1992, there was little emphasis placed on campaign finance reform, however, following the governor's race in 1991 and BOPTRT in 1992, it became clear that changes were needed.<sup>70</sup> The gubernatorial campaigns leading up to the 1991 election became more about how much money a candidate could raise, rather than who was fit for the job. This, coupled with the flood of convictions following BOPTRT and the illegality of money changing hands to alter public policy, made the public wholly distrusting of the Kentucky government. So much so, that the General Assembly had to take note and pass meaningful campaign finance reform, the Public Financing Campaign Act, becoming one of the first states to do so.<sup>71</sup> The enormity of the embarrassment and the implications surrounding BOPTRT prompted both of these important acts to pass through the General Assembly. In fact, they both were included in 1992 Kentucky Acts chapter 287, section 1 and went into effect on July 14, 1992.

On the national level, Operation BOPTRT marked a change in the tide of federal involvement in state corruption. Several states in the country took note of the FBI's probe into local politics and the shocking results and proactively took measures to stop such corruption. Studies show that prior to 1990, there was little interest in regulating legislative lobbying, however, as a direct result of two federal corruption probes, including BOPTRT and Operation Lost Trust in South Carolina, this sentiment was altered, and legislation followed.<sup>72</sup> Furthermore, after BOPTRT, and the

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<sup>68</sup> Kentucky General Assembly. *Kentucky Revised Statutes: KRS Chapter 11A*. Electronic Document, <https://apps.legislature.ky.gov/law/statutes/chapter.aspx?id=37075>, accessed April 2024.

<sup>69</sup> Ibid: KRS 11A.005

<sup>70</sup> Moore, 1997.

<sup>71</sup> Ibid: Kentucky General Assembly. *Kentucky Revised Statutes: KRS Chapter 121A*. It should be noted that this was repealed in 2005.

<sup>72</sup> Ozmy, Joshua. "Assessing the Impact of Legislative Lobbying Regulations on Interest Group Influence in U.S. State Legislatures." *State Politics & Policy Quarterly* 10, no. 4 (2010): 397-420. <http://www.jstor.org/stable/41427033>.



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subsequent conviction of several Kentucky legislators, by 1995, at least 36 states had ethics codes and commissions put in place, something that traced its origins back to BOPTR0T.<sup>73</sup>

While all of this provides demonstrable proof of the nationwide impact of Operation BOPTR0T, an undercover operation that took Frankfort by storm, in large part thanks to the site of the Capital Plaza Hotel, the final political triumph came in the implementation of the Anti-Corruption Act of 1995.<sup>74</sup> Mitch McConnell, Kentucky's junior Senator, introduced the Anti-Corruption Act of 1995 in an effort to "strengthen the ability of Federal law enforcement officials to combat election fraud and public corruption by State and local officials."<sup>75</sup> In his argument for the necessity of the bill, McConnell specifically called on Operation BOPTR0T as justification for the Federal government's immediate action. He makes the point that Americans' trust in public officials is "eroded by daily scandals...reported in their local papers," citing BOPTR0T in his home state as a prime example.<sup>76</sup> He concluded that "a central problem in preventing corruption in elections and government operations is a lack of Federal guidelines defining what is illegal."<sup>77</sup> Ultimately, his bill "states that if anyone engages in any activity to deprive people of the honest services of their public officials, they will be fined and face a possible 10-year sentence in Federal prison," which includes "rigging elections...and bribing officials."<sup>78</sup> The Anti-Corruption Act of 1995 passed and severely stemmed the instances of corruption throughout the United States.

To say that Operation BOPTR0T, and the subsequent state and Federal legislation, would not have occurred without the Capital Plaza Hotel is not an overstatement, as it was considered not only the "home-away-from-home" for many Kentucky lawmakers, but because it was also the preeminent place for conducting business in Frankfort, especially where politics were concerned, and it was a key focus of the undercover operation. This outcome was only amplified by the convenience that key individuals, namely Spurrier who was working with the FBI, maintained a residence on site. The FBI effectively turned Spurrier's private condo at the Capitol Plaza Hotel into the site of an elaborate trap with hidden microphones and cameras, one that proved to be unparalleled in importance to the entire operation. The evidence gathered at the Capital Plaza Hotel unquestionably led to the culmination of the FBI operation and the ultimate conviction of dozens of Kentucky influencers.

### **Evaluation of the Significance of the Capital Plaza Hotel within the Contexts**

#### Urban Renewal

The only large-scale urban renewal project in Frankfort's history was the Capital Plaza complex, one that displaced nearly 400 families from a close-knit, racially-integrated community. While reports from the time maintain that this area was "blighted" and in "decay," stories that have emerged since then have shown a more balanced portrait of the neighborhood. While it is true that

<sup>73</sup> Cohen, Steven, and William B. Eimicke. "Ethics and the Public Administrator." *The Annals of the American Academy of Political and Social Science* 537 (1995): 96-108. <http://www.jstor.org/stable/1047757>.

<sup>74</sup> *Congressional Record: Proceedings and Debates of the 104<sup>th</sup> Congress, First Session*. House of Representatives. Vol 141, No. 172, November 2, 1995.

<sup>75</sup> *Ibid*: S16621.

<sup>76</sup> *Ibid*.

<sup>77</sup> *Ibid*: S16622.

<sup>78</sup> *Ibid*.

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the community was largely low-income and experienced a notable amount of damage during the flood of 1937, the neighborhood, and the residents inside, were intact and content.

Although the original idea around the Capital Plaza complex, like most urban renewal projects, was portrayed as an optimistic plan—redeveloping a city with amenities befitting a capital city—the result was far from that. Over the course of 15 years, an entire complex was constructed that transformed Frankfort, both in terms of its layout and its status among similarly sized, regional cities. And while the city attempted to draw traffic and attention from Louisville and Lexington, its two nearby neighbors, the traffic and sustainability was simply not available.

As a result of deferred maintenance and a failure to meet commercial and financial goals, most of the Capital Plaza complex failed. Since the construction of the Capital Plaza complex buildings, only two remain. This should be seen not only as a failure of city planning, as it pertains to the realistic future of Frankfort and the quick modernistic construction of the buildings, but also as a failure of the city’s responsibility to the residents of the “Craw,” who were also heavily burdened by the failure of the city to provide adequate housing for the displaced residents, causing not only a loss of buildings, but a loss of community.

Many residents of the “Craw” were told to vacate their land, with nowhere else to go, to make way for progress, only to see the new project fail in half a century. As one of the last two buildings from the complex’s construction, the Capital Plaza Hotel serves as a physical remnant of the improper use of “Craw’s” land and the failed experiment that was urban renewal in Frankfort. Moreover, one cannot help but draw an ironic comparison in the original stated motives of the “slum” removal, that of removing the “blight” on the city that was the crime-ridden Craw, and the redevelopment of the land to include a hotel, where crime on a much larger scale took place.

#### State Involvement in Private Enterprise

The development of the Capital Plaza Hotel is exceptionally significant as the place where the Commonwealth of Kentucky became inseparably involved with the private development of the hotel. The use of bonds to fund development was not unique to this project and remains a viable option for financing development in underutilized areas. However, such a heavy-handed role from the state as the financier, the owner of the land, and a partner in the building itself, was a unique and self-serving gesture. The state was not only financially invested in the success of the hotel, but it also sought to utilize its presence for state business. The role the state had in the success and financing of a privately-owned and -operated hotel was so great, that even Wallace Wilkinson had to sell when he was elected governor.<sup>79</sup>

The Capital Plaza Hotel was bred out of a larger plan to boost Frankfort’s economy with the construction of the amenities included within the larger Capital Plaza complex. The hotel was supposed to succeed with the help of the nearby convention center, which was supposed to bring conventions to Frankfort instead of the city losing that business to Kentucky’s larger cities. With

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<sup>79</sup> Wagar, Kit. “Wilkinson got inflated price for hotel in ’87, records suggest.” In the *Lexington Herald-Leader*, October 6, 1995:B5.

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its proximity to the state capital, the hotel was supposed to provide a consistent flow of patrons traveling for state business. While both factors led to some patronage of the hotel, they were not nearly enough to make it successful, as the hotel was regularly losing over \$1 million a year. The hotel was originally supposed to be financed privately, but after years without any private interest, the state got involved and offered to assist in the backing. The initial development of the hotel with state funding was met with pushback and skepticism from many people in Frankfort as well as influential citizens throughout the state and in state government. However, the involvement of politically motivated individuals, who would eventually run the state government, pushed to see the hotel through construction regardless. Scandal and deception followed the hotel through its first decade, but the state continued to provide funding and incentives to private investors and developers to try and save the hotel.

Overall, the Capital Plaza Hotel is the only known development project of its kind. This project involved multiple levels of state involvement, from ownership of the land, funding of the construction, and other incentives and motives around its hopeful success, even though it was ultimately intended to be a private development project. The state utilized its unique abilities to levy reduced tax rates, provide excess bonds and loans, and independently provide the project with a large portion of its eventual business, all in the hopes that the hotel would prove to be a wise investment, a financial success, and an economic boon, all of which it failed to do.

State parks were used in this nomination as an example of the traditional methods of developing state-owned land. What separates state parks and the Capital Plaza Hotel is the place of profits in either business. The underlying goal of state parks is the promotion of tourism and the state's identity, not profit. The state government subsidizes state parks as a state service and distributes the parks throughout the state so all Kentuckians can benefit from them. Defining state parks as a state government service relieves them of the pressure to perform profitably from guest income and other fees. By contrast, hotels are typically private developments, whose success is measured purely by their ability to generate a profit for their owners. When the state government and private interests operate with different measures of success, joint ventures can be problematic. With profit standing as the motive for private investment, a hotel which did not operate profitably would be of less interest for a private-public partnership. The fact that the Capital Plaza Hotel has been unprofitable since its construction, which was predicted from its inception and confirmed by use, makes this venture very much different from other state government investments.

Ultimately, the Capital Plaza Hotel was supposed to facilitate state government operations by providing a place to do business. It did provide that space for state government meetings and lodging, as well as providing a place for non-governmental visitors to Frankfort when staying in the city. This was seen as something that a capital city should have. In addition, at the time it was conceived and ultimately constructed, the Capital Plaza Hotel had become a part of a larger vision, that complex that intended remedy the blight of the historic Crow neighborhood. The demise of many parts of the Capital Plaza complex has shown the challenges and complexity of remedying problems simply by using governmental power. The simplistic solution of urban renewal as a remedy to poverty, resulted in the construction of the Capital Plaza complex. The simplistic solution to the absence of private investment in the Plaza's hotel was a use of state government

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power to push the hotel into being. The demolition of many of the Plaza's components and the ongoing economic struggles of the Capital Plaza Hotel give us great cautions to reflect upon the wise and appropriate use of governmental power.

### Operation BOPTROT

The largest political scandal in Kentucky history was Operation BOPTROT, a massive undercover operation by the FBI to reveal large-scale corruption in the Kentucky legislature and in the actions taken by Kentucky politicians and their relationships with lobbyists. Beginning as an effort to uncover bribery and dishonesty surrounding Kentucky horse racing and the associated legislation, Operation BOPTROT ultimately exposed massive corruption in several aspects of Kentucky's political system.

Throughout the nearly two-year operation, the Capital Plaza Hotel, including the public gathering spaces and the personal condos owned and held by notable Kentucky lobbyists, served as a key location for information gathering and surveillance, which was in large part due to the cooperation of some of the guilty parties. The evidence gathered at the hotel ultimately served as the undeniable proof of several important persons' involvement in shady dealings, bribery, and all manners of corruption.

Operation BOPTROT not only caused Kentuckians to reevaluate their view on their political machinations and for the legislature to pass new acts to stem future corruption and undue involvement by outside parties, but it had national implications as well. The results of BOPTROT's sting operation forced several other states to take a harder look at their own operations, resulting in the passing of ethics codes across the country. Moreover, it served as evidence that the Federal government should take a stronger stance on anti-corruption laws on the local level.

The Capital Plaza Hotel proved to be an important place for lobbyists and other influential parties to socialize, lobby, and bribe Kentucky officials. This was all brought to light during Operation BOPTROT. This culminating exposure resulted in the conviction of dozens of notable Kentuckians, some of whom were elected officials. Ultimately, BOPTROT led to the passing of widespread laws, both at the state and Federal level, that sought to curb corruption and outside influence on governmental elections and policies. The Capital Plaza Hotel was the center of this undercover sting and provided the evidence necessary to bring about serious legislative change.

Thus, the story of the Capital Plaza Hotel boils down to a development that grew out of urban renewal, a practice that thrived on the mistreatment of a disenfranchised community that was deemed a "blight," that came to fruition through undue state involvement in private development, only to serve as the base for political corruption in Frankfort. Ironically, a place that was developed because a "slum" was too crime-ridden to warrant continued survival was reimagined into a place for white-collar crime to run rampant. Moreover, the larger tale of urban renewal in Frankfort ultimately failed, as most of the resulting buildings could not stand the test of time. This story is that of government failing its people, including the forceful displacement of citizens, the irresponsible heavy-handedness of the state in private development, and the use of a building that arose from the state's influence for illegal dealings. The Capital Plaza Hotel, while once a well-

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meaning idea to bring business and prestige to a city and to elevate it to the status of neighboring metropolises, serves as a cautionary tale of unchallenged governmental influence.

### **Evaluation of the Significance under Criteria Consideration G as a Building less than 50-years old**

#### Exceptional Significance

While National Register eligibility is typically limited to properties that are at least 50-years old, properties that have exceptional significance can still meet Criteria Consideration G if they are less than 50 years old. The Capital Plaza Hotel meets the standards required by this Criteria Consideration. The three contexts outlined above set the tone for a building that has gained local, statewide, and national significance in the less than fifty years since it was constructed, and the subsequent significant events occurred. Construction of the Capital Plaza Hotel was billed as the completion of a lengthy Urban Renewal effort to revitalize downtown Frankfort. Urban Renewal occupies a relatively recent era in American history, yet it is indisputably considered to be one of the largest factors of how American cities have changed in the last 75 years. This makes the genesis of Capital Plaza Hotel part of a larger project, and a long-awaited component of that project. The Capital Plaza Hotel remains one of the last vestiges of urban renewal in Frankfort.

Moreover, in the modern history of Kentucky, such a convoluted and self-serving development between the state government and highly influential and politically driven businessmen has never occurred outside of the Capital Plaza Hotel, and one is unlikely to happen again. The Capital Plaza Hotel project stems from an era in Frankfort's history, which occurred in the last 40-60 years, where State Government undertook significant efforts to develop the downtown of the capital city and increase tourism, overnight stays, and entertainment instead of resigning themselves to Frankfort as a virtual waystation. The perception of Frankfort as a stopover arose from the fact that despite being the Commonwealth's capital city, it lost out to larger cities on major attractions, cities such as Louisville and Lexington. Moreover, the fact that Interstate 64 skirted the city entirely, passing by a few miles south of the city's boundary when opened, propagated this idea. The state's legislators may have agreed to this project as a tactic to raise the perceptions of the importance of their workplace. Local and legislative interests were served in a powerful way by the project, despite the absence of a demonstrated demand. Thus, the development marks the intersection of mutual interests that sought a novel way to grow Frankfort through the construction of the Capital Plaza Hotel, when participants may have lost patience waiting for a private entity to construct a hotel in the Capital Plaza complex. This project is so unusual for Frankfort that it warrants exceptional significance in the history of Frankfort and its development.

Lastly, the Capital Plaza Hotel was a key location in the shady dealings and succeeding FBI sting operations carried out by Operation BOPTROT, something that had national implications and demonstrates the remarkable significance necessary to justify listing prior to the events meeting the 50-year threshold. The actions that occurred in the hotel exposed the corruption that existed in Kentucky's late twentieth century politics. It also underscores a hugely successful FBI investigation and sting operation that resulted in the conviction of several influential Kentuckians and politicians. Finally, Operation BOPTROT directly led to state and national legislation that sought to curb the unethical and corrupt actions that had been occurring. It is noteworthy that not

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a single Kentucky politician has been convicted of a violation of the laws that Operation BOPTROT triggered.

*Nomination of a Building with Negative Associations*

For such a nomination, one that argues significance based on events that are not typically viewed as successful, beneficial, or worthy of commemoration, it is important to acknowledge that significance does not intrinsically mean celebration. Nowhere in the National Park Service's definitions and descriptions of historical significance is it stated that a resource will only be considered significant if it is associated with positive events or actions that have only had beneficial effects. Instead, significance arises from the meaning or value ascribed to a resource based on the criteria for evaluation. As such, resources that have inherently negative stories or resources that depict cautionary tales, but still meet the criteria and retain sufficient integrity can be considered eligible. Several examples of this are outlined below.

*Other Examples of NRHP-Listed Properties under 50-years old*

Since the 50-year threshold has become synonymous with discerning which resources are deemed significant, or worthy of survey and preservation, it is important to note other resources that have been listed in the NRHP for events that occurred less than 50 years prior to listing. It is crucial to note that, continuing with the above discussion, four of these five resources were the site of negative events, while the last is commemorative of a negative event that spawned a significant and remarkable movement.

*Watergate*<sup>80</sup>

One of the most noteworthy examples of this is in the listing of the Watergate Hotel. While the Watergate Hotel was listed for architectural significance, it also derives its significance under Criterion A for the political significance on the national level. In this case, Watergate was the location of a break-in that eventually shone light on a wide campaign of political spying, sabotage, and scandal by the President's office. This resource, which was also listed before it reached 50 years old, obtains significance not from events that are worthy of celebration, but instead as a place where events that were contrary to the ideals of American politics took place. A somewhat parallel assessment is being made for the Capital Plaza Hotel.

*Dealey Plaza Historic District*<sup>81</sup>

The Dealey Plaza Historic District is the site of the assassination of John F. Kennedy Jr. The district was listed just thirty years after the significant events occurred. Although the district was deemed eligible with a Period of Significance that stretches from 1890 to 1963, the majority of the supporting context, and the event that is outlined as of primary significance occurred in 1963, just thirty years before the district was listed.

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<sup>80</sup> National Register of Historic Places, Watergate, District of Columbia, Washington, National Register #05000540

<sup>81</sup> National Register of Historic Places, Dealey Plaza Historic District, Dallas, Texas, National Register #93001607

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*May 4, 1970, Kent State Shooting Site*<sup>82</sup>

The site of the Kent State Shooting was listed in 2010, just forty years after the deadly shooting occurred on the Kent State campus between students protesting and the National Guard. On May 4, 1970, a student protest on Kent State's campus resulted in the death of four Kent State students at the hands of the National Guard. This event resulted in the largest student strike in US history and largely solidified people's disdain for the Vietnam War. The site was designated a National Landmark in 2016, still four years shy of the fifty-year mark.

*Stonewall*<sup>83</sup>

Stonewall, the site of the Stonewall Uprising, is a unique example. Not only was the site included in a NRHP-listed district, but it was individually listed just 30 years after the significant events occurred. The Stonewall Uprising spurred a national Gay Rights Movement, one that would continue for decades, marking Stonewall arguably the most important site contextually.

*Rault Center*<sup>84</sup>

The fifth example is the Rault Center. This example, like the Capital Plaza Hotel, is significant for its role in affecting local and state legislation pertaining to fire law. The building was constructed in 1967, however, in 1972, there was a tragic fire that resulted in strict fire-safety laws to go into place. This is similar to the Capital Plaza Hotel, only the legislation that resulted from the events that took place therein have national implications.

**Evaluation of Integrity between the Significance of the Capital Plaza Hotel and its Current Physical Condition**

This building has been evaluated in terms of its overall relationship to the general integrity standards and its ability to convey the significance outlined above. The task of evaluating whether a building is potentially eligible for NRHP listing means first evaluating its significance according to at least one National Register eligibility criteria, and then, in this case, a criteria consideration, and then evaluating whether there is an integrity between that resource's physical condition and the sense of significance. That will call for ". . . sometimes a subjective judgment, . . . it must always be grounded in an understanding of a property's physical features and how they relate to its significance."<sup>85</sup> There are seven aspects of integrity as identified by NPS: **Location, Design, Setting, Materials, Workmanship, Feeling, Association.**<sup>86</sup>

The Capital Plaza Hotel is highly intact. The building has had few alterations over the years, except for some interior modifications to keep the hotel, which has remained in operation as such since it was built, up to date in its offerings, compliance with modern codes such as electric systems,

<sup>82</sup> National Register of Historic Places, May 4, 1970, Kent State Shootings Site, Portage County, Ohio, National Register #10000046

<sup>83</sup> National Register of Historic Places, Stonewall, New York City, New York, National Register #99000562

<sup>84</sup> National Register of Historic Places, The Rault Center, New Orleans, Louisiana, National Register #14001171

<sup>85</sup> United States Department of the Interior. *National Register Bulletin #15: Guidelines for Local Surveys: A Basis for Preservation Planning*. (Washington D.C.: United States Department of the Interior, 2002.)

<sup>86</sup> United States Department of the Interior. *How to Apply the National Register Criteria for Evaluation*. (Washington D.C.: United States Department of the Interior, 1995) 46.

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accessibility etc., and aesthetics. The exterior, in terms of style and appearance, has not changed over the years and, most importantly, it has maintained its overall form and function. As noted above, all interior alterations have been done in an effort to stay relevant and attractive to the clientele, updates that are necessitated by the type of business the building has housed for forty years. In its current condition, the building possesses strong integrity. The original use, exterior presentation, and interior layout all remain the same as the day it was built, despite modernizations. A building which meets Criterion A, and one that is under fifty years but has achieved significance nonetheless, which possesses integrity of **Location, Design, Setting, Materials, Workmanship, Feeling, and Association** will be eligible for listing in the NRHP.

The property possesses integrity of **location**. This building has not been moved from its original site. The location is a key aspect to its significance, as it is a part of the large-scale state-funded urban renewal Capital Plaza project and its proximity to the Kentucky capitol. In fact, the site on which the Capital Plaza Hotel sits is the last portion of the original Capital Plaza master plan to be decided on and filled. It was meant to provide much needed hospitality needs to downtown Frankfort, including the various state government activities, but also to provide rooming for the expected conferences that would utilize the newly built Convention Center. The Capital Plaza Hotel was to be the last piece to the puzzle for the plan that was supposed to reinvigorate and reimagine Frankfort's urban landscape. Its close proximity to the state capitol building led to its role and repeated use by the legislators and lobbyists, some of whom utilized it for shady dealings, including those uncovered during operation BOPROT.

The building possesses integrity of **design**. The Modern style utilized in the design of this hotel is still prevalent and unique within the local landscape. The Capital Plaza Hotel was built as a part of the Modernist movement. The Modernism styles are characterized by simplicity, first and foremost. Minimalism and the use of new materials and techniques combine to prioritize functionality over embellishment. Similarly, the utilization of clean and sharp lines in conjunction with flat surfaces and clear delineation make these buildings stand out among the earlier high-style architecture. Modern styles, such as International and Brutalism are emblematic of the new way of approaching architecture that rose to prominence in the mid twentieth century. Collectively, these styles encouraged functionality, volume, and balance, as opposed to unnecessary ornamentation, nostalgic stylizing, and presumed symmetry. This is the school of architecture and design that the Capital Plaza Hotel was built in, and it continues to convey this integrity. Its character defining features, such as the sharp lines, resolutely vertical elements, intentional horizontal components, lack of needless ornamentation, and stratification of bays are consistent with the Modernist movement and of the contemporary aesthetic that is still prevalent today.

The building possesses strong integrity of **setting**. Only one of the other Capital Plaza buildings is extant, and still situated next door, the Watts Federal Building. The North Frankfort Levee is located across the street, separating developed Frankfort from the Kentucky River. The area surrounding the Plaza, as a whole, has remained relatively unchanged, in function, character, and layout, since the original development in the mid-to-late-twentieth century. The juxtaposition of the urban renewal construction with the older buildings of North Frankfort remains the same as it did when the buildings were constructed. While there is some new construction to the north,



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namely the Mayo Underwood building, it is consistent with the surrounding use of this area of North Frankfort from the time the hotel was constructed.

The building also retains integrity of **materials**. The Capital Plaza Hotel still maintains the material authenticity of buildings that were built during the urban renewal efforts. While there have been some alterations, namely the replacement of some windows and the application of more resilient exterior cladding treatments, many of the materials used remain. The buildings maintains materials that are consistent with the Modernist movement in Kentucky architecture.

The building retains integrity of **workmanship**. Consistent with the Modernist movement and of the urban renewal efforts in Frankfort, the Capital Plaza Hotel is a large concrete building that is illustrative of the era of construction. This is expressed in the large, unadorned concrete building that retains little to no embellishments. The National Park Service states that workmanship can displayed “in plain finishes” just as in highly ornamental features, and this is the case with the Capital Plaza Hotel. Furthermore, the interior areas that define it as a hotel, with the first level being mostly used as shared space with modern amenities and the upper levels as dwellings, remain almost all just how they were when the building was constructed. The open concept of the first level and the uniformity of the rooms are all illustrative of the “plain finishes” and expressive example of a high-end hotel from its time of construction.

The Capital Plaza Hotel was constructed for a very specific purpose and each room and the materials in those rooms still reflect this purpose, giving the building a strong integrity of **feeling**. Moreover, the building still serves as a hotel, the purpose for which it was initially constructed, and the layout, features, and grand nature of the interior spaces are indicative of such. Because the building retains integrity of location, materials, and design it can convey that original and specific purpose today, especially given that the purpose has not changed.

The hotel easily conveys its original purpose because it continues to serve that purpose. Additionally, due to the deals that were made in the past few decades, the building is still the only one of its kind in all of downtown Frankfort, allowing it to convey its significance and the implications outlined in the above contexts. This hotel was constructed as a part of a massive urban renewal effort in Frankfort and came into being and survived, due to the ongoing assistance from the state. The effects and results of these deals and the remnant of the urban renewal project as a whole are still readily apparent in the Capital Plaza Hotel. This building is the embodiment of the urban renewal efforts in Frankfort and the result of heavy-handed state involvement, which all gives it integrity of **association**.

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**Previous documentation on file (NPS):**

- preliminary determination of individual listing (36 CFR 67) has been requested
- previously listed in the National Register
- previously determined eligible by the National Register
- designated a National Historic Landmark
- recorded by Historic American Buildings Survey # \_\_\_\_\_
- recorded by Historic American Engineering Record # \_\_\_\_\_
- recorded by Historic American Landscape Survey # \_\_\_\_\_

**Primary location of additional data:**

- State Historic Preservation Office
- Other State agency
- Federal agency
- Local government
- University
- Other
- Name of repository: \_\_\_\_\_

**Historic Resources Survey Number (if assigned):** FRF 577

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**10. Geographical Data**

**Acreage of Property** 1.74 acres

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**Latitude/Longitude Coordinates**

Latitude: 38.202482      Longitude: -84.878435

**Verbal Boundary Description**

Beginning on the southern corner of the intersection of Wilkinson Boulevard and Mero Street, traveling southwest to the eastern corner of Wilkinson Boulevard and Clinton Street, then southeast to the northern corner of the intersection of Clinton Street and the unnamed drive that runs parallel to, and directly adjacent to, the hotel, then northeast to the western corner of the intersection of Mero Street and the unnamed drive, then northwest back to the beginning.

**Boundary Justification**

This boundary was selected to encompass the footprint of the Capital Plaza Hotel, and associated features, both historically and currently.

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**11. Form Prepared By**

name/title: Wes Cunningham, MA  
organization: Pinion Advisors  
street & number: 1131 Logan Street  
city or town: Louisville state: Kentucky zip code: 40204  
e-mail: WCunningham@PinionAdvisors.com  
telephone: 502-807-0575  
date: November 2023

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**Photo Log**

Name of Property:	Capital Plaza Hotel
City or Vicinity:	Frankfort
County:	Franklin County
State:	Kentucky
Photographer:	Wes Cunningham
Date Photographed:	October 30, 2023

Photo 1 of 18, Capital Plaza Hotel, camera facing southeast.  
Photo 2 of 18, Capital Plaza Hotel, camera facing south.  
Photo 3 of 18, Capital Plaza Hotel, camera facing east.  
Photo 4 of 18, Capital Plaza Hotel, camera facing northeast.  
Photo 5 of 18, Capital Plaza Hotel, camera facing north.  
Photo 6 of 18, Capital Plaza Hotel, camera facing northwest.  
Photo 7 of 18, Capital Plaza Hotel, camera facing southwest.  
Photo 8 of 18, Capital Plaza Hotel entryway, camera facing southeast.

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Photo 9 of 18, Raised common space in the lobby, camera facing southeast.

Photo 10 of 18, Interior of the indoor pool off the south end of the building, camera facing south.

Photo 11 of 18, Interior of the hyphen, camera facing north.

Photo 12 of 18, Main lobby, camera facing northwest.

Photo 13 of 18, Interior hallway from the hyphen, camera facing southeast.

Photo 14 of 18, Bar/restaurant, camera facing south.

Photo 15 of 18, Interior bay of elevators, camera facing east.

Photo 16 of 18, Interior hallway with rooms on either side, camera facing southwest.

Photo 17 of 18, Hallway leading to the convention area, camera facing northeast.

Photo 18 of 18, Inside one of the meeting rooms, camera facing southeast.

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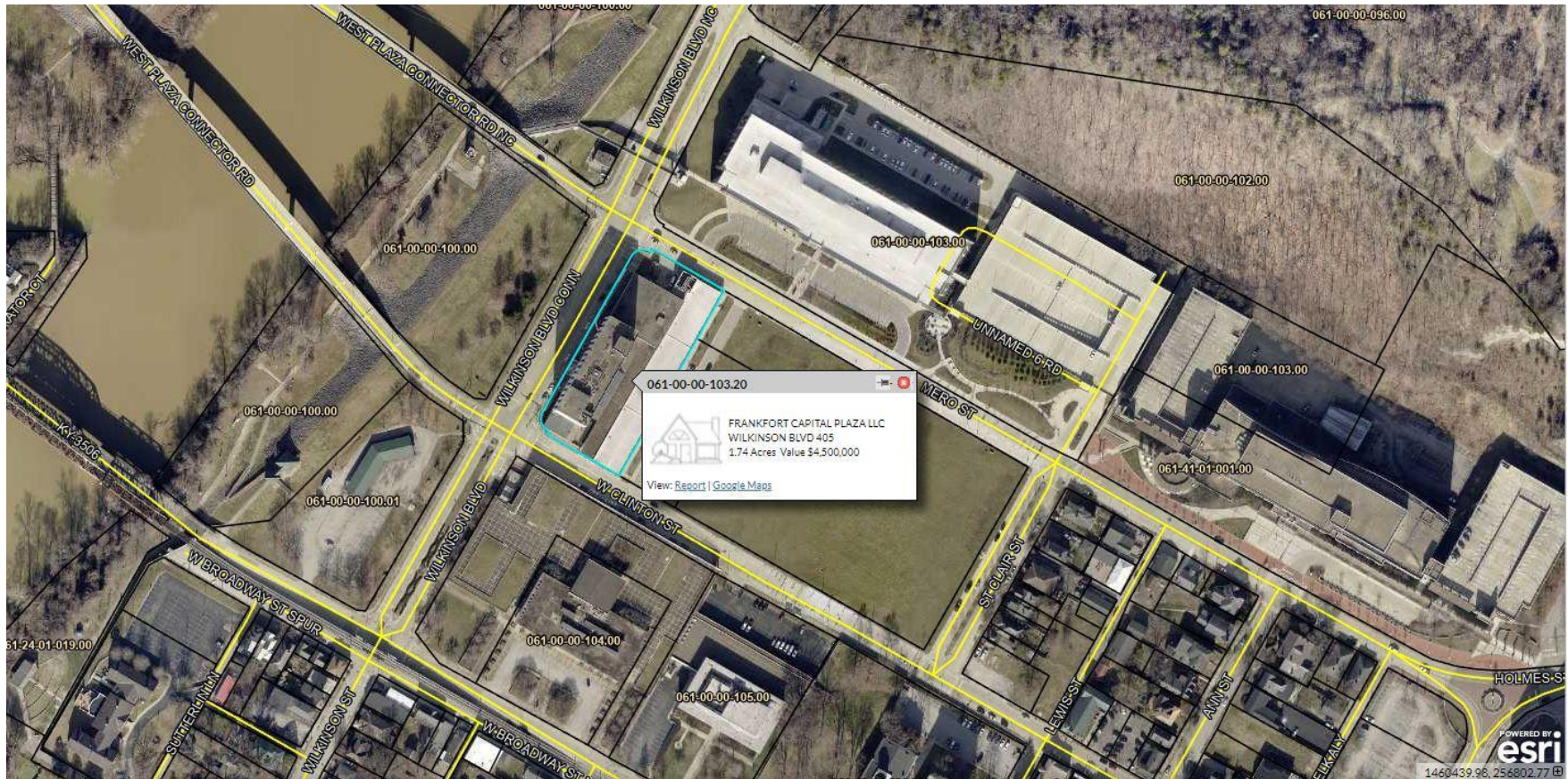


*Site Plan for the Capital Plaza Hotel.*



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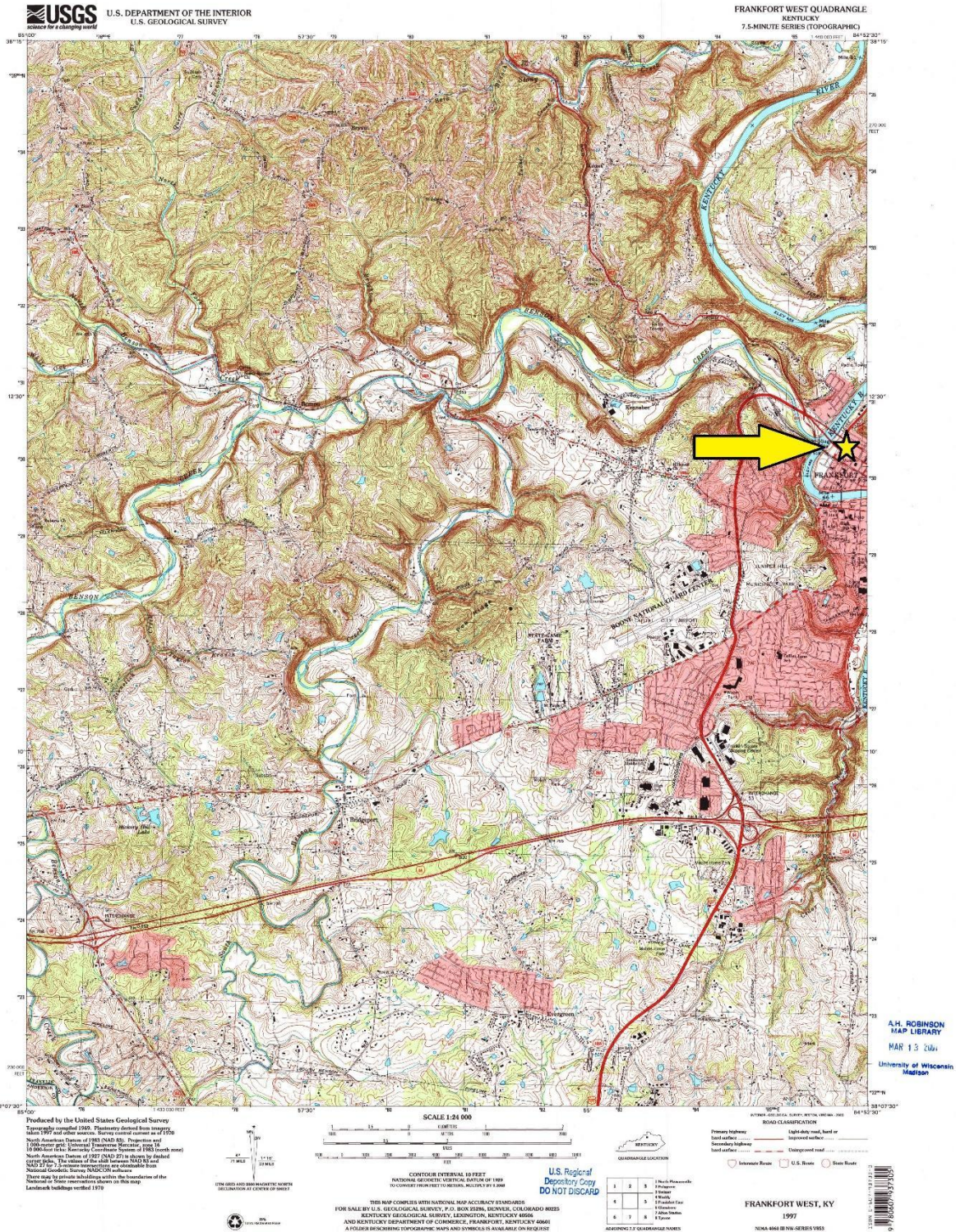
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Official Parcel Map from the Franklin County Property Valuation Administrator showing the parcel for the Capital Plaza Hotel.

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Location of Capital Plaza Hotel on a USGS 7.5-minute Frankfort West, KY Map