

Solicitation for Development Program

Riverfront Development Opportunity

Wilmington, NC

2014

INTRODUCTION

The City of Wilmington, North Carolina, is committed to enhancing and preserving its Central Business District as the economic, civic, and cultural core of the community. As part of this commitment, the City has contracted with the UNC School of Government's Development Finance Initiative (DFI) to conceive of and execute on a process to develop a transformative project on one of the few remaining prime redevelopment sites in the city center. DFI has completed a significant portion of the predevelopment process and is now assisting the City in identifying potential development programs for this site (200 N. Water Street, between Chestnut and Grace Streets). Qualified development teams are invited to respond to the following Solicitation for Development Program (SDP).

The successful team will collaborate with the City to finalize the approved development program; and design, finance, construct, and operate a mixed-use project. The City is seeking an experienced developer to execute a multifamily residential project with street-level retail space that will integrate with a new public parking deck on the site. The new development should enhance the value of surrounding properties by adding new permanent residents to downtown and retail options that complement the current thriving base of restaurants, bars, boutiques, galleries, and professional services in the CBD.



Already home to several major employers, public institutions, and the most vibrant dining and entertainment scene in the region, the Wilmington CBD has seen new public and private investments that are propelling it toward becoming a 24/7 live-work-play downtown. The Water Street parking deck site is at the center of this resurgence. The site has beautiful views of the Cape Fear River, only 200 feet away, the USS *North Carolina* battleship, and protected wetlands on the opposite side of the river. It backs up to Front Street, the dining and shopping corridor of the Wilmington CBD. The addition of a mixed-use redevelopment of the site should anchor another wave of downtown redevelopment along Front and Water Streets.



The City and DFI worked diligently to remove many barriers to the timely and cost-effective execution of a project, including conducting a four-part feasibility assessment to validate the proposed redevelopment plan based on the constraints of market demand, site conditions, stakeholder interests, and financial return expectations. Furthermore, DFI helped the City to design a structure that makes clear the

roles of the private developer and the City in executing a successful project for all involved. The details of the redevelopment plan and arrangement are laid out below.

ABOUT THIS SOLICITATION

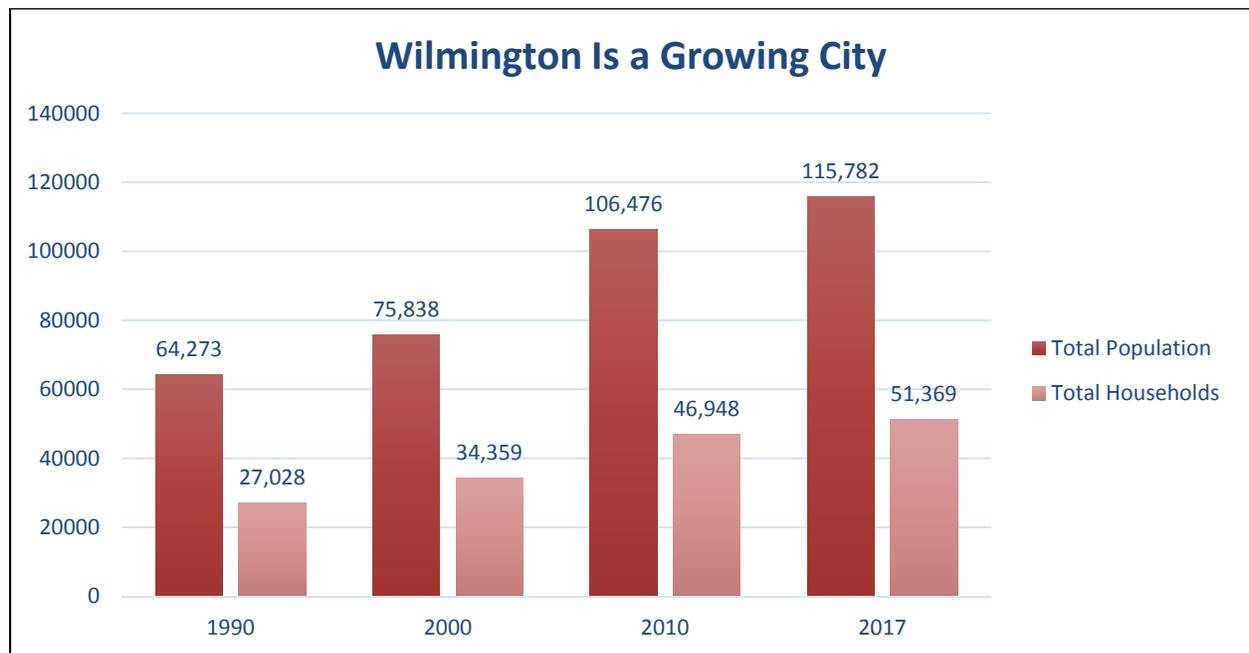
This document is an invitation for experienced development teams to present development concepts for the development of the Water Street parking deck site. All proposals will be provided to City Council along with a recommendation from City Staff for endorsement. An endorsement by Council is not final approval, but it will trigger a period of negotiation between City and developer for a development services agreement for a downtown development project pursuant to North Carolina General Statute 160A-458.3.

MARKET OVERVIEW

A Region Positioned for Further Growth

The City of Wilmington is the eighth most populated municipality in the state and is rich in historic, cultural, and natural attractions. The City seeks to build on these assets by working with private developers to leverage the potential of strategic infill sites. As the county seat of New Hanover County, Wilmington serves as a regional destination and is an economic driver for Southeastern North Carolina, which includes New Hanover, Brunswick and Pender Counties. This three county area is the fastest growing urbanizing area in the state of North Carolina. Wilmington’s MSA was ranked the second fastest growing region in North Carolina between 2012 and 2013—only slightly behind Raleigh, and ahead of Charlotte and Durham–Chapel Hill. Wilmington is home to more than 112,000 residents and is expected to grow to nearly 116,000 people by 2017. According to the NC Office of State Budget and Management, the county is expected to grow from roughly 1,150 persons per square mile in 2015 to more than 1,550 persons by 2033, which would make New Hanover the third most densely populated county in the state behind Mecklenburg and Wake Counties. The City of Wilmington has taken an active role in planning for growth by identifying downtown infill sites and by changing zoning codes to allow for mixed-use development.

Figure 1: Population and Household Growth in the City of Wilmington (1990–2017)



Source: ESRI Business Analyst Online

A Resilient Economy

Wilmington’s region is projected to see a 19 percent growth in employment between 2010 and 2020—translating into an additional 6,500 jobs annually, according to the NC Department of Commerce’s Bureau of Economic and Labor Analysis, outpacing the estimated 11 percent growth in statewide employment. As shown in the table below, employers in a variety of institutions and industries anchor Wilmington’s economy. With more than 4,700 workers, New Hanover Regional Medical Center is Wilmington’s largest employer. The City is also home to the headquarters of two global corporations: GE Hitachi Nuclear Energy and PPD, a pharmaceutical and biotech firm. As home to EUE Screen Gems Studios—the largest domestic television and movie production facility outside of California—“Wilmywood” has been the location for scores of television and big-screen hits such as *One Tree Hill* and *Iron Man III*. The University of North Carolina Wilmington (UNCW) and Cape Fear Community College (CFCC), which is located blocks away from the project site, also draw thousands of students and workers to the city. Furthermore, tourism contributes roughly \$460 million in annual sales to the region and supports more than 5,000 jobs in the county.

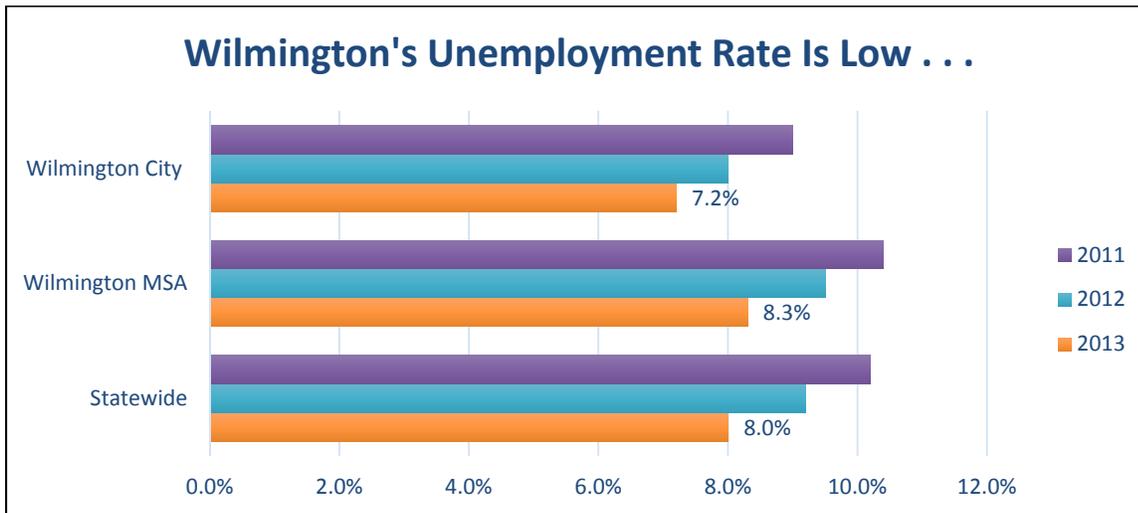
Table 1: Largest Employers in the City of Wilmington

Rank	Company Name	Industry	Total Employed
1	New Hanover Regional Medical Center	Education and Health Services	4,738
2	New Hanover County School System	Education and Health Services	3,666
3	Wal-Mart Associates, Inc.	Trade, Transportation, and Utilities	2,592
4	General Electric (Nuclear and Aviation)	Manufacturing	2,100
5	University of North Carolina Wilmington	Education and Health Services	1,898
6	Brunswick County Schools	Education and Health Services	1,723
7	PPD, Inc.	Professional and Business Services	1,500
8	New Hanover County	Public Administration	1,480
9	Verizon Wireless	Trade, Transportation, and Utilities	1,346
10	Duke Energy—Southport and Wilmington	Trade, Transportation, and Utilities	1,070
11	Corning Incorporated (Optical Fiber)	Manufacturing	1,000
12	City of Wilmington, NC	Public Administration	981
13	Novant Medical/Brunswick Community Hospital	Education and Health Services	597
14	Cape Fear Community College	Education and Health Services	541

Source: *Wilmington Chamber of Commerce website*

At the beginning of 2008, Wilmington’s unemployment rate was less than 5 percent. Although the city’s unemployment rate has since risen to 7.2 percent in 2013, it is still below the statewide annual average of 8.0 percent.

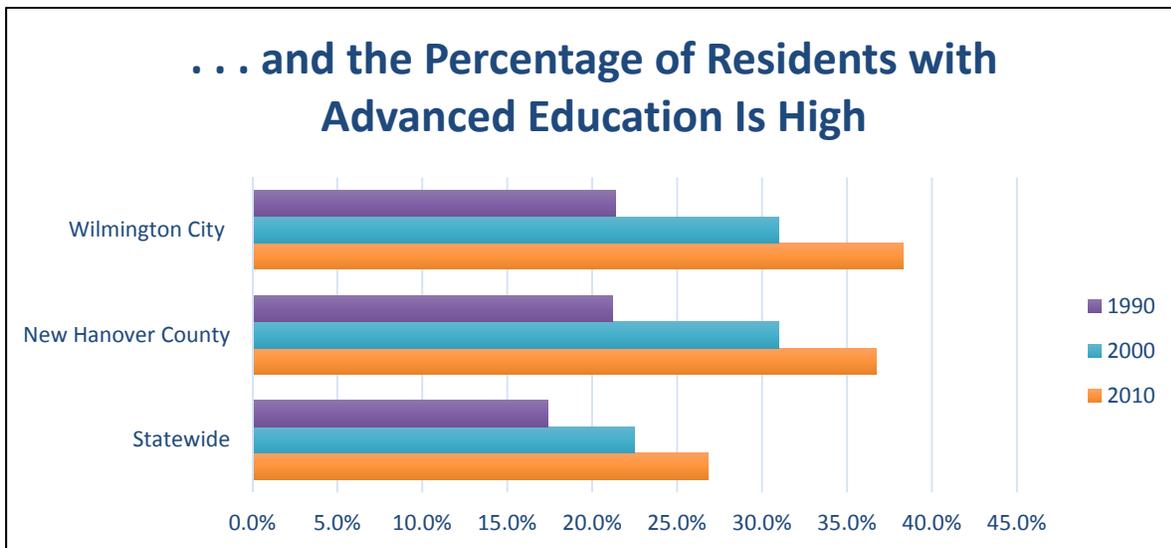
Figure 2: State and Regional Employment Rates (2011–2013)



Source: Bureau of Labor Statistics, not seasonally adjusted

Wilmington’s economic strength is attributed in part to the value of its talented workforce. Scores of talented artists and entrepreneurs make the city their home, and more than 38 percent of adults in Wilmington have bachelor’s and other advanced degrees. New Hanover County ranks fourth among counties in the state for its high percentage of residents with college degrees.

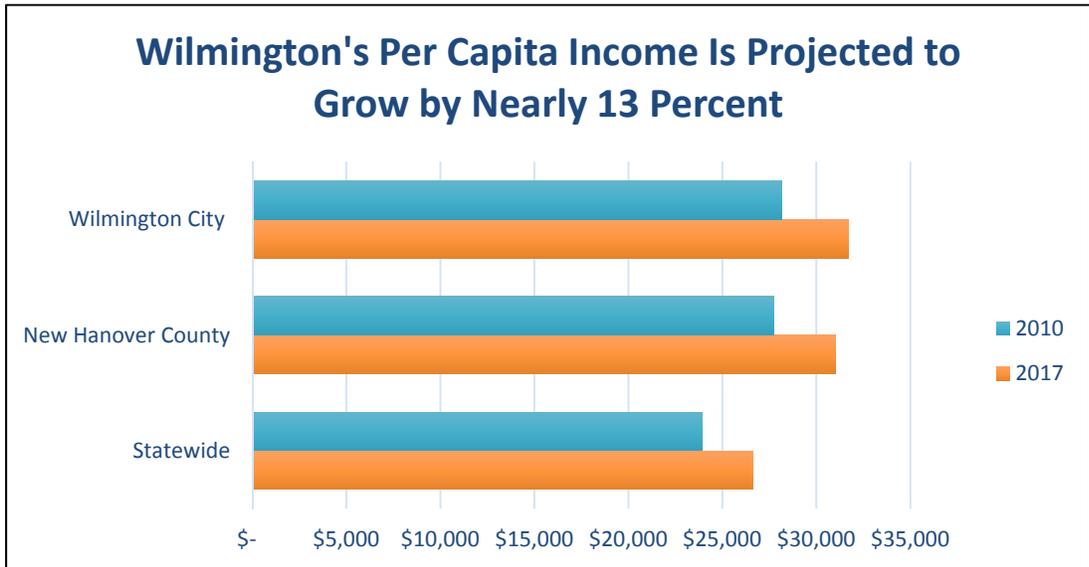
Figure 3: Percentage of Adult Residents in the State and Region with BA/BS and/or Graduate Degrees



Source: ESRI Business Analyst Online

The economic vitality of the Wilmington region is reflected in the projected income growth for its residents. While the state’s median household income is expected to rise 18.5 percent between 2010 and 2017, incomes in the City of Wilmington will increase nearly 21 percent. Residents in both the City and New Hanover County typically have higher per capita incomes than the statewide median, and between 2010 and 2017 their incomes will grow at a similarly faster rate.

Figure 4: State and Regional Per Capita Income Projections

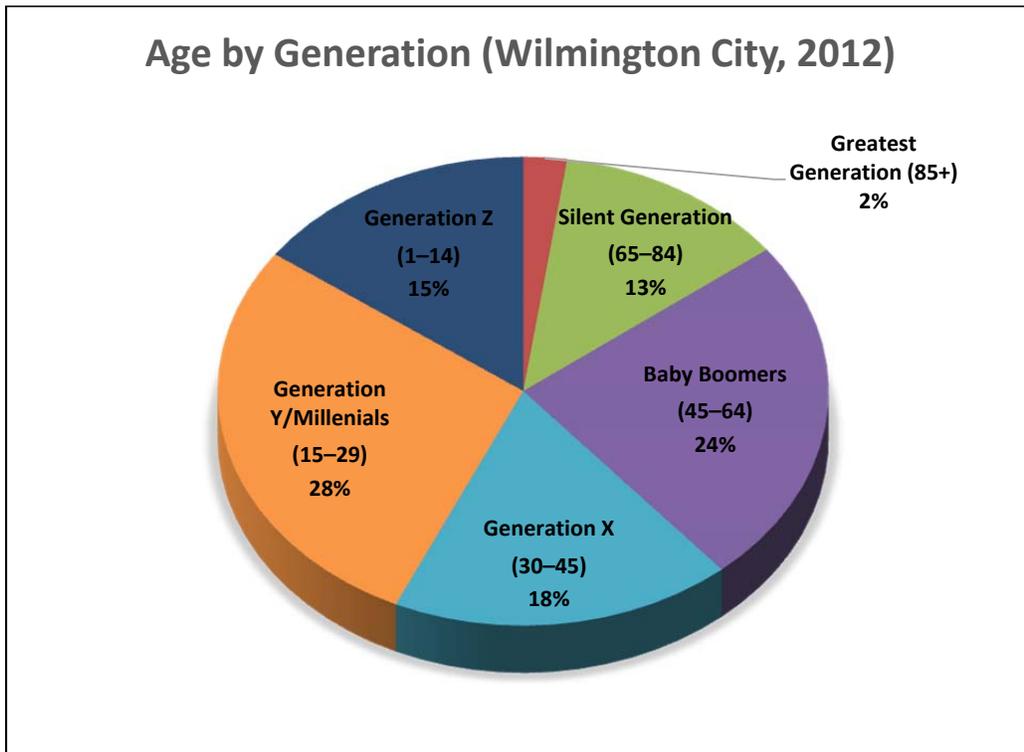


Source: ESRI Business Analyst Online

Growth in Millennials and Baby Boomers

The success of the mixed-use redevelopment will be bolstered by the prominence of two key demographic groups that have demonstrated preferences for the types of amenities offered through this project: Millennials (age range twenties to mid-thirties) and Baby Boomers (age range fifties and sixties). In 2012, Millennials were the largest age segment and, together with Baby Boomers, composed more than half of the city's population. Millennials have expressed a desire to live in walkable, vibrant, urban locales instead of in more spacious dwellings in suburban and rural places, and this project offers a promising opportunity to tap into the latent demand among Wilmington's young professional group. Assuming completion of the Water Street parking deck redevelopment in 2017, the Millennial generation will have already increased by 3 percent.

Figure 5: Generational Population Segments in the City of Wilmington (2012)

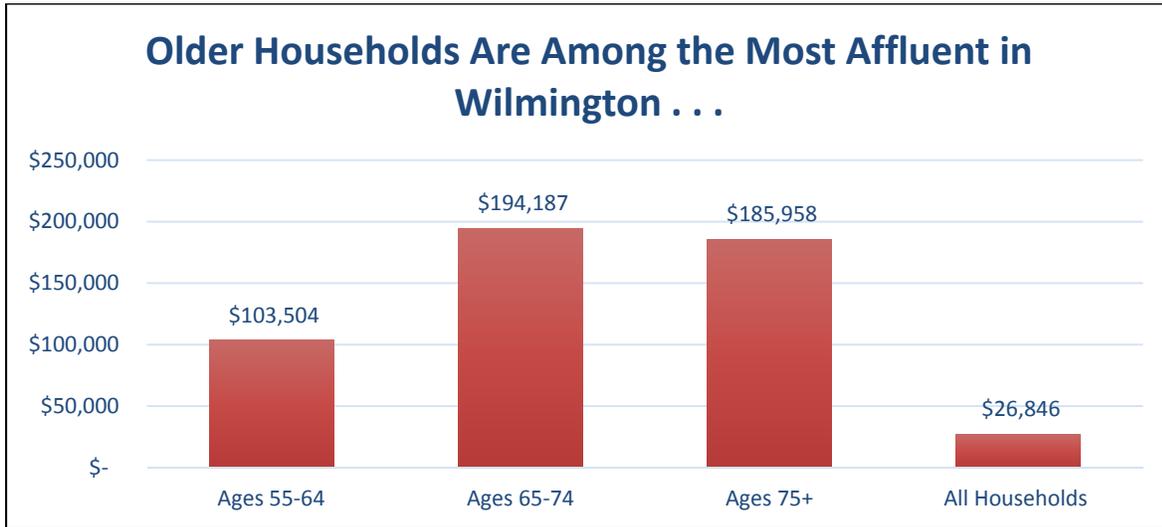


Source: ESRI Business Analyst Online

Wilmington was featured as an outstanding retirement location in a 2013 issue of *Where to Retire* magazine, and this favorable review speaks to the potential advantages of targeting retirees through this project. People who choose to relocate for retirement tend to be healthier and more affluent than their counterparts who cannot move elsewhere. The City recognizes the benefits of supporting seniors who wish to age in place and welcomes creative strategies to achieve this end while also accomplishing the other objectives for the mixed-use redevelopment specified in this solicitation.

Many retirees are seeking smaller and newer residences that require less maintenance and upkeep, and the multifamily component of the project may appeal to Baby Boomers and other older adults in Wilmington seeking luxurious living. Households composed of older adults tend to have higher net worth, as shown in the chart below. Compared to the citywide median of household net worth (\$26,846), older households have four to six times as much wealth.

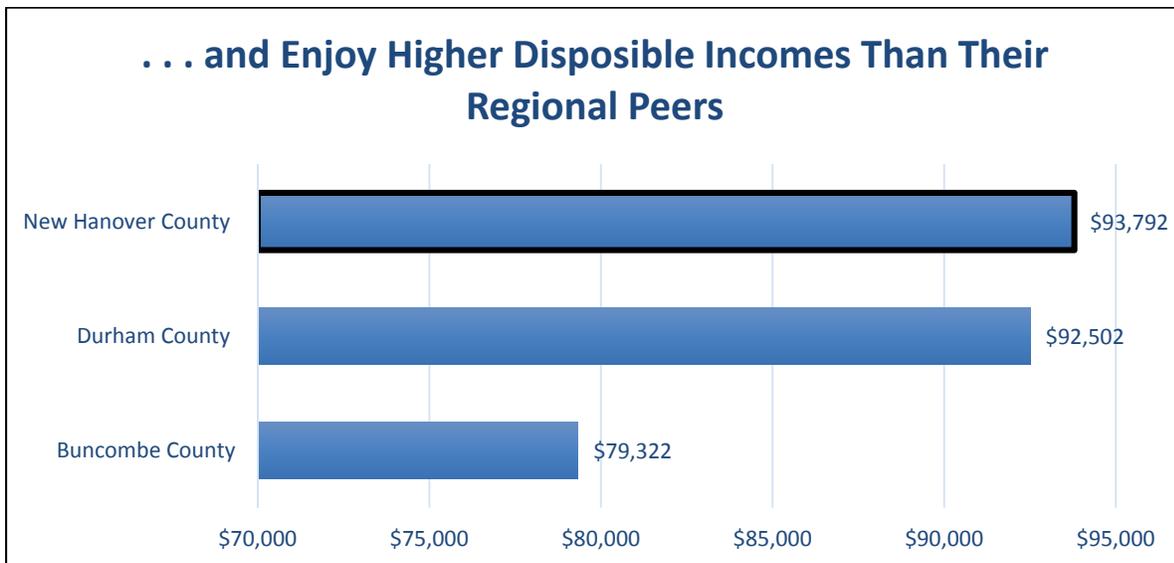
Figure 6: Demographic Comparison of Median Household Net Worth Figures in the City of Wilmington (2012)



Source: NC Department of Commerce/ESRI Business Analyst Online

Disposable income is another measure of potential residential and retail market strength, and residents in the Wilmington area tend to have extra money to spend. Compared to other counties with similar growth—such as Durham and Buncombe (Asheville)—residents in New Hanover have higher disposable incomes. This trend is particularly evident when isolating the Baby Boomer population segment, which has 70 percent of the disposable income in the United States. The median disposable income for Baby Boomers in New Hanover County is more than \$58,000 greater than the median for the county overall, and more than \$14,000 in excess of the median for Baby Boomers in the Asheville area.

Figure 7: Regional Comparison of Disposable Incomes among Baby Boomers (2013)

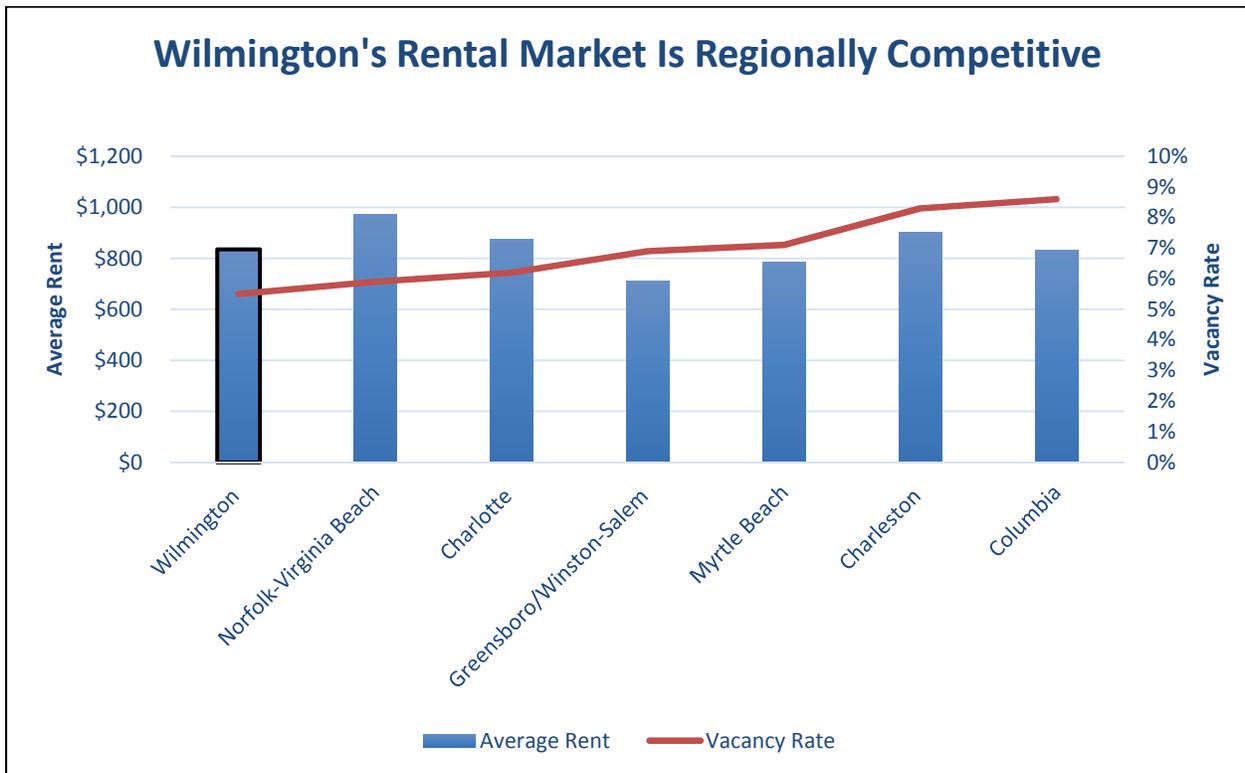


Source: ESRI Business Analyst Online

A Strong Multifamily Market

Currently, single-family homes compose nearly two-thirds of the city’s housing stock and take up more than a third of the land. Yet multifamily structures and rental housing are in high demand. According to Real Data, an apartment real estate research firm that tracks rental markets, Wilmington’s multifamily real estate market conditions are the most favorable in the state and the third in the Southeast, based on a combination of vacancy, development, and absorption trends.

Figure 8: Regional Comparison of Other Southeastern Real Estate Markets (2014)



Source: AptIndex.com, Real Data

Wilmington is currently experiencing its lowest apartment vacancy rate in years—5.5 percent, which is lower than the vacancy rates in Charleston, SC (8.3 percent), and Norfolk–Virginia Beach (5.9 percent). New multifamily developments that have been on the market for one to five years fare even better, with occupancy rates reaching 96.1 percent.

Downtown Wilmington

The Water Street parking deck is located in the heart of Wilmington’s 50-block Central Business District (CBD) along the scenic Cape Fear River. The site rests in the region’s most vibrant dining and entertainment destination with more than 100 restaurants and bars within an easy, half-mile walk (see map below). The redevelopment of the parking deck into a mixed-use residential, retail, and parking facility fulfills part of *Wilmington Vision 2020: A Waterfront Downtown*—the publicly-endorsed strategy that aims to enhance downtown Wilmington as a vibrant, pedestrian-friendly, urban destination.



More than 10,000 workers commute into downtown Wilmington on a daily basis. PPD Inc., the pharmaceutical clinical research organization, employs nearly two thousand workers at its headquarters just north of the site, while the largest employer in the region—New Hanover Medical Center—is just a 10-minute drive. The CBD is the region’s civic center, home to City Hall, County government offices, the 107,000-square foot Convention Center, and a U.S. District Court. Furthermore, the area is a hub for education with the main campus of the 28,000-student Cape Fear Community College—sixth largest in the state—located downtown and the 13,000-student UNC-W campus—one of the fastest growing in the UNC system—just a 15-minute drive away from the site.

Major Employers	Employees	Distance from Site	
		Miles	Driving Time
New Hanover Regional Medical Center	4,738	4	10 mins
General Electric	2,100	7	15 mins
University of North Carolina at Wilmington	1,898	5	13 mins
PPD, Inc.	1,500	< 1	4 mins
Duke Energy	1,070	4	9 mins
Corning Incorporated	1000	6	13 mins
City of Wilmington	981	<1	2 mins
Cape Fear Community College	541	<1	1 min

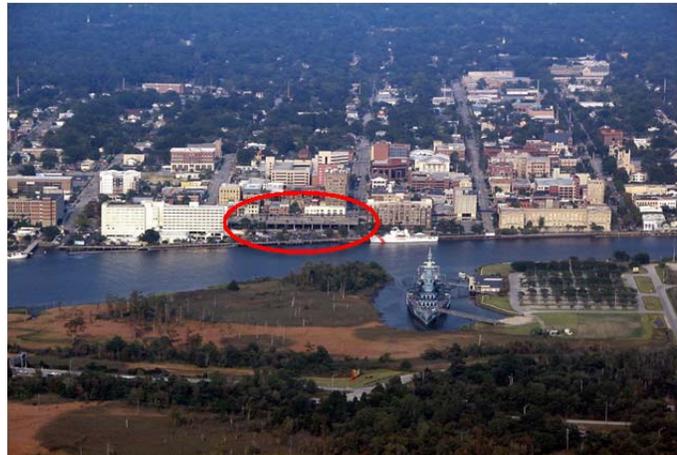
Source: Wilmington Chamber of Commerce website

Proximate to Interstate 40, US Highway 74, and US Route 17, Wilmington’s downtown provides easy access to employment and recreation destinations in the region. The downtown is a frequent stop for those travelling to and from Carolina Beach, Kure Beach and Wrightsville Beach, which is located 10 miles east. Downtown is also just a 10-minute drive from the Wilmington International Airport with direct flights to New York City, Atlanta, Philadelphia, and Washington, D.C.

Building on these existing downtown assets, the public and private sector have made and committed to 200 million+ in new investments¹ around the site in recent years that will further enhance its attractiveness as a residential and retail development, including the extension of the Riverwalk to stretch from “bridge to bridge,” new 6+ acre riverfront City park, new financial services offices: BB&T, Wells Fargo and Bank of America, a 1,500-seat performing arts center, new and proposed hotels (Courtyard by Marriot, Embassy Suites, Hotel Indigo), street-scaping along Nutt, Front and Third streets, water and sewer infrastructure rehabilitation, and a northern riverfront marina.

SITE DESCRIPTION

The site is located on 1.22 acres at 200 N. Water Street between Grace and Chestnut Streets, and has a stunning view of the Cape Fear River 200 feet away (see image at right). The site is currently used for a two-story, aboveground parking deck constructed in the 1960s and recently repaired by the City to prevent structural failure. The parking deck consists of 360 spaces leased to the public on an hourly or monthly basis. The City currently has approximately 225 active monthly leases in the deck.



Zoning

The site is currently zoned Central Business District (CBD) in the land development code. The CBD is intended to create and maintain "a high density commercial, office, service and residential area meeting city, county and regional needs. It encourages the full utilization of public services and contributes to the economic base of the city" (see land development code Sec. 18-196).

Current height restrictions limit development on the site to 100 feet by right, with a maximum of 132 feet if meets certain public benefits. However, the City Council voted on May 6, 2014, to endorse a redevelopment program that includes a willingness to consider a text amendment to the zoning requirements that would allow increased building height contingent upon the quality of building design in development proposals. There is effectively no maximum density for the site because of public parking that would be provided by the contemplated redevelopment plan, in accordance with the CBD zoning.

¹ Source: Wilmington Downtown, Inc.

Ownership

The site is composed of five parcels owned by the City of Wilmington (see adjacent image). The new mixed-use development will rise on the four parcels outlined in red, and the air rights for the vertical private development will be contained within this envelope. The fifth City-owned parcel runs along the eastern and southern boundaries of the anticipated development. It is currently used for the Chestnut Street ramp onto the second level of the deck as well as an elevated pedestrian walkway above Nutt Street connecting the deck to properties along N. Front Street. This fifth parcel will join the mixed-use project with the public right of way for a reopened pedestrian and vehicular streetscape between N. Water and N. Front Streets, as well as an enhanced elevated walkway between the parking deck and businesses facing Front Street.

Topography

A small portion of the site sits in the 100-year flood zone. The street-level façade will need to allow for a vibrant retail experience and incorporate sufficient flood-protection measures. There is a gentle grade slope from east to west across the site.

Surrounding Uses

The surrounding two-block radius includes numerous restaurants, shops, offices, and small residences above the street. Immediately north of the site is a surface parking lot for the Cotton Exchange historic shops and restaurants. Immediately east of the site are pedestrian-oriented businesses, residences above the street, the historic 80,000-square-foot Murchison office building, and the City's Bijou Park. Immediately south of the site is the 108-unit Riverview Suites "condo-hotel" with street-level retail. Immediately west of the site across N. Water Street is a surface parking lot for the Hilton Riverside hotel, and the Riverwalk, a linear City park running along the riverbank.

PREDEVELOPMENT PROCESS COMPLETED TO DATE

DFI was hired by the City in May 2013 to complete much of the predevelopment work for this site. The goal of this predevelopment work was to determine the highest and best use for this site that maximized public interests, minimized the overall public investment, and will provide an attractive ROI for developers.

The outcome of DFI's predevelopment process is a redevelopment plan and structure that is endorsed by the City and will meet the private sector's development criteria and financial return expectations. In light of that, developers are asked to submit development proposals that align with the parameters established below.

Site Parcels



The new mixed-use redevelopment will be built over the four parcels outlined in red with the fifth parcel becoming an open streetscape and updated pedestrian walkway integrated with the mixed-use project.

Redevelopment Program

DFI performed a four-part assessment to arrive at the recommended redevelopment program, including:

- **Market Assessment:** studying the supply and demand for potential private uses, including residential, office, retail, hotel, and parking. A summary of the findings from this assessment is available upon request.
- **Site Assessment:** studying the physical constraints of the site to determine the density, orientation, and potential massing limitations. The massing of the public and private facilities on the site have been laid out in conceptual drawings, including elevations and floor plans.
- **Public Interests:** engaging with the various stakeholders who are interested in the redevelopment of the site, including surrounding business and property owners, residents, downtown office workers, and downtown interest groups. A summary of stakeholder interests is available upon request.
- **Financial Feasibility:** modeling the development costs and projected cash flows of the public and private facilities to ensure the viability of the project for private investors.

At a general session on May 6, 2014, based on the findings from this assessment, the City Council endorsed a redevelopment plan for the Water Street parking deck that includes the following elements:

- **Parking:** 600–650 spaces in above ground structured parking deck (~325 public spaces)
- **Residential:** 175–225 units, partially wrapping the parking
- **Retail:** 18,000–22,000 gross sq ft at street level (can include residential amenities)
- **Connections to Public Realm:** Site to be integrated with Bijou Park and all adjacent rights of way, including the newly reopened Chestnut Street.

The inclusion of a high quality hotel component in the program is allowable for development teams who can demonstrate market viability, financing and integration into the overall project.

The City Council's endorsement included an affirmation of their willingness to support efforts to increase the maximum height in the CBD (height for this site is 132 ft) based on the quality of the proposed design for the project. According to DFI's massing study, one to two floors of additional height could be approved.

Program and Structure

Following Council confirmation of DFI's recommendation on a redevelopment program, the City Council endorsed DFI's recommended structure of an agreement on June 16, 2014. Pursuant to North Carolina General Statute 160A-458.3, the endorsed structure follows:

- Developer acquires air rights to develop above the land on which the parking deck sits. Acquisition price must meet minimum threshold as determined by City Council through selection of a developer in this solicitation process. City retains ownership of the land.
- Developer sources equity and debt and then builds the new parking deck, private uses, and connections to adjacent public realm.
- City pays for, but Developer demolishes, existing parking structure.
- City pays for, but Developer builds, the new parking deck and infrastructure to make the site ready for development. After documenting reasonable pricing, City pays Developer for this work.

- City retains land and parking deck, as there are separate ownership structures (i.e., the parking deck is “condo-ed” apart from the private uses).
- City makes lease to Developer/Manager of parking for private residential users at standard City rate. (City parking rate, and all City parking fees, are set by City Council at its discretion.)
- All parties shall adhere to North Carolina General Statute 160A-458.3 and E-verify

City’s Role

Based on this structure, the City staff is developing a strategy for funding its obligations to pay for the parking, associated public infrastructure, and reopening/streetscaping of Chestnut, Water, and Grace Streets, as well as preserving and enhancing the elevated walkway behind the 100 block of N. Front Street. This strategy is intended to allow the City to close on its financing more rapidly.

DFI’s Role

DFI’s predevelopment work with the City will benefit the private developer joining the project through a significant reduction in the time, effort, and expense required to move the project through the public planning process of the City. The City has therefore agreed in a contract fully executed on October 2, 2013, to require the selected developer to pay a 1 percent developer’s fee to be paid to DFI as part of any Development Services Agreement related to development of the Water Street parking deck site. The terms of the fee are further described in Enclosure A of this SDP.

Additional Due Diligence

In addition to the predevelopment process DFI described in the “Redevelopment Program” section above, the following due diligence research has been completed: survey of property, environmental site assessment, and geotechnical and seismic study of soils. Copies of these studies are available upon request.

SUBMISSION REQUIREMENTS

Developers shall organize their proposals in the format described below. Please submit the requested information in appropriate detail to allow adequate review and evaluation of qualifications and plans. For confidentiality purposes, please send any financial information your team would like to remain confidential under a separate cover (see below Submission Procedures).

Letter of Introduction

Include a summary of the respondent’s basic qualifications, experience, and reasons for interest in this opportunity. The letter should be signed by a principal or authorized officer for the entity.

Proposal

- Program for site, including the mix and scale of uses, as follows:
 - Residential (number of units, average unit site, total gross square footage, tenancy [rental vs. ownership], amenity package)
 - Retail (total gross square footage, target tenancy by square footage)
 - Parking (number of public spaces and number of private spaces)
 - Other proposed uses
- Design
 - Illustrative sketches, including the following perspectives (numbered examples provided in appendices):

1. As if standing on west sidewalk of Water Street at intersection with reopened Chestnut Street, facing northeast (pedestrian experience)
 2. From river looking east (western elevation, impact on skyline and overall massing)
 3. As if standing on west sidewalk of Water Street approximately 300 feet north of the intersection of Grace and Water Streets (north elevation with Cotton Exchange parking lot in the immediate foreground)
 4. Perspective to be chosen by developer that best shows the connection between Bijou Park, the walkway behind the project and the project itself.
- Technical drawings
 1. Detail of Water Street storefront design
 2. Cross section showing height of structure(s) as measured from Water Street
 3. Ground Floor plan, to include entries into parking garage
 4. Southern and eastern elevations
 - Description of materials to be used on the skin of the project and their relationship to surrounding architectural fabric
- Development Assumptions
 - Offer price for air rights
 - Total development costs for project, broken down by use
 - Expected fee for demolition, on-site infrastructure, development of parking deck, and off-site infrastructure to connect project to public realm
 - Expected rents for residential, retail, and other private uses
 - Financing Assumptions
 - Expected amounts and sources of debt and equity
 - Status of commitments from lenders and investors

Development Team

- Identification of lead development company, including name, address, e-mail, and telephone number.
- Identification of companion firms and roles, including codevelopers, architects/designers, engineers, general contractor, marketing, and property management. To the extent possible, the respondent should list one firm for each role. If this request prevents the respondent from structuring a competitive contract for services, then it may submit up to three firms for a given role, with the exception of architect. There should be only one architecture firm identified on the team.
- Overview for each firm on the team, including brief history of firm, past experience working with the developer, and relationship of the firm's parent company with the office responsible for this project, if applicable.
- Identification and resumes of lead staff (principal and project manager) that will be responsible for negotiating a development services agreement with the City and completing the remainder of the preconstruction approval process. Describe the current workload of these lead staff in terms of location and status of projects.
- Description of key staff from companion firms, including proposed role and prior experience with similar projects.

Experience and References

Provide relevant development experience, particularly in developing mixed-use projects with public agencies. Provide information on at least three projects and no more than five. Each comparable development should detail the following information listed below:

- Location and name of project
- Scope and scale of development program (including residential uses, commercial uses, public uses, and infrastructure improvements, if applicable)
- Photos/illustrations of completed project
- Total development budget by use
- Amounts and sources of debt and equity funds used to finance the project, including governmental sources. Please provide a point of contact for each capital provider for the project.
- Contact information for a representative of the primary public agency in the project
- Developer's role in and ownership for each project (e.g., fee developer, equity investor, and/or property manager)

Financial Capacity

Prospective developers should provide:

- Evidence of sufficient financial strength to successfully complete a project of this scale
- The most recent audited financial statements for both the lead development company and any investor responsible for sourcing debt and equity or guaranteeing debt
- Identify any projects/financing on which the team collectively or individually has defaulted.

While not initially required, the City may request additional evidence of sufficient capacity to undertake a development of the proposed scope such as:

- Assurances that will guarantee implementation and adherence to the program
- Bank references
- Estimated project schedule with key development and financial milestones
- Timing of obtaining financial commitments
- Developer/Development firms personal financial commitment to the project

Disclosures

- Disclosure of any potential conflicts of interest that could be relevant to this project in any manner
- Disclosure of whether the developer or any officer, director, or owner thereof has had judgments entered against him or her within the past 10 years for the breach of contracts for governmental or nongovernmental construction or development
- Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body without good cause
- Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting
- Disclosure of whether any officer, director, or owner is currently debarred pursuant to an established debarment procedure from bidding or contracting by any public body, agency of another state, or agency of the federal government

EVALUATION CRITERIA

The evaluation of developers responding to this solicitation will be done to select a developer and plan that is viable, will best serve public interests, and can be completed in a reasonable time frame. The following evaluation criteria will be used to make that selection:

- Qualifications and experience of the development team, with preference given for experience with mixed-use development (specifically the mix of uses in respondent's plan for the site) and public-private partnerships
- Quality of the proposed building design and its fit with the surrounding urban fabric
- Demonstrated ability and timing to obtain funding to execute a project of similar scale and complexity in a reasonable timeframe
- Financial benefits to City from the proposed project, including purchase of air rights and other financial impacts

SUBMISSION PROCEDURE

Development proposals are due at **5:00 p.m. EDT on October 17, 2014**. Proposals must be prepared in conformance with the guidelines described under "Submission Requirements." Proposals should be submitted electronically in PDF format to raulli@sog.unc.edu. The e-mail subject must be "Development Proposal: Wilmington, NC." Additionally, 1 original sealed hardcopy and five (5) copies should be mailed to:

Daryle Parker
Development Proposal: Wilmington, NC
305 Chestnut Street, 5th Floor
Wilmington, NC
28401

Proposals received after the deadline will not be considered.

All responses are subject to public disclosure under the North Carolina Public Records Law. We recognize that respondents must submit financial information that it may deem confidential and proprietary in order to comply with the requirements of this solicitation. To the extent permissible by law, We agree to keep confidential any confidential proprietary information included in a response, provided that (1) the respondent identifies the confidential proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that actually are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they so designate information that is already public.

Any information that the respondent would like to remain confidential should be e-mailed under separate cover to raulli@sog.unc.edu. The e-mail subject must be "PROTECTED: Development Proposal: Wilmington, NC."

For information concerning the procedure for responding to this Solicitation or clarifications of the terms, conditions, and requirements of this SDP, please e-mail Christy Raulli, Senior Analyst, DFI, at raulli@sog.unc.edu.

SELECTION PROCESS AND PROJECT TIMELINE

DFI will collaborate with the City to process and analyze responses in accord with City specified criteria, contact references, and coordinate interviews as necessary. After a review of submitted proposals, clarifications may be requested. Unless requested by the City, no additional information may be submitted by developers after the October 17, 2014, deadline. DFI will evaluate proposals before finalizing its recommendation to the City. The City will make a final recommendation to City Council. Once City Council votes on a development, DFI will work with the City Attorney in the negotiation of a formal MOU and development services agreement, if needed.

The next steps in the City's timeline for this redevelopment project are estimated as follows. The City reserves the right to extend or otherwise modify the following schedule. If and when such changes in the schedule occur, notice will then be provided:

Deliverable	Date
Development proposals due	October 17, 2014
Private development chosen	November 2014
MOU executed	December/January 2015
Site plan review and permitting	December–June 2015
Project breaks ground	July 2015

DISCLAIMERS

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Wilmington nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided, with the exception of soil borings. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

Those submitting responses to the Solicitation for Development Program assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject any or all submittals at its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the developer(s) and the City, including but not limited to a Development Services Agreement, are subject to approval by the City Council. DFI does not act as a broker or agent of the City, and no representation made by DFI during the solicitation and vetting process shall be binding on the City.

The City reserves the right to waive irregularities or informalities in any submittal in the exercise of its sole and absolute discretion.

The City of Wilmington is an equal opportunity employer. It encourages women participation and has a commitment to good faith utilization of minority-owned firms to respond to this and all other solicitations.

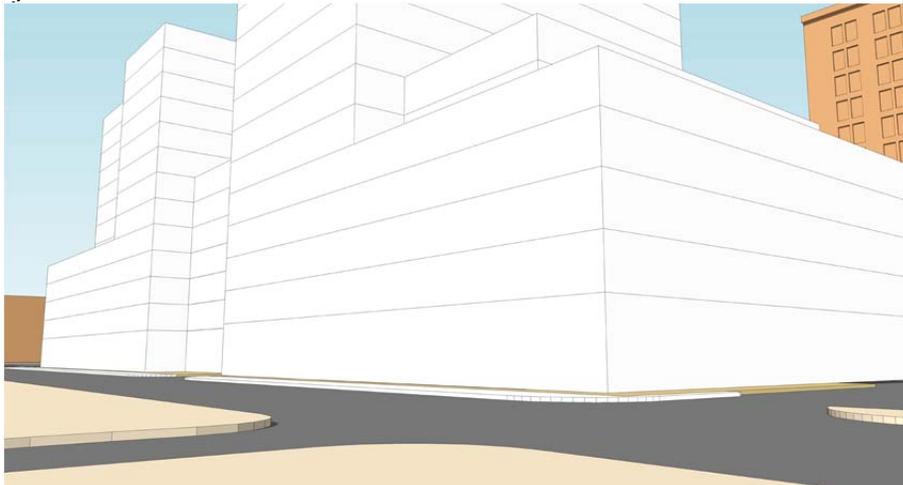
APPENDICES

The following appendix materials are available electronically by request made to Christy Rauli, DFI, at raulli@sog.unc.edu:

- Market Assessment Findings
- Massing Study, Elevations, and Floor Plans
- Stakeholder Engagement Schedule
- Property Survey
- Geotechnical and Seismic Study
- Phase 1 Environmental Site Assessment
- Flood Zone Map

Examples of conceptual drawing perspectives:

1)



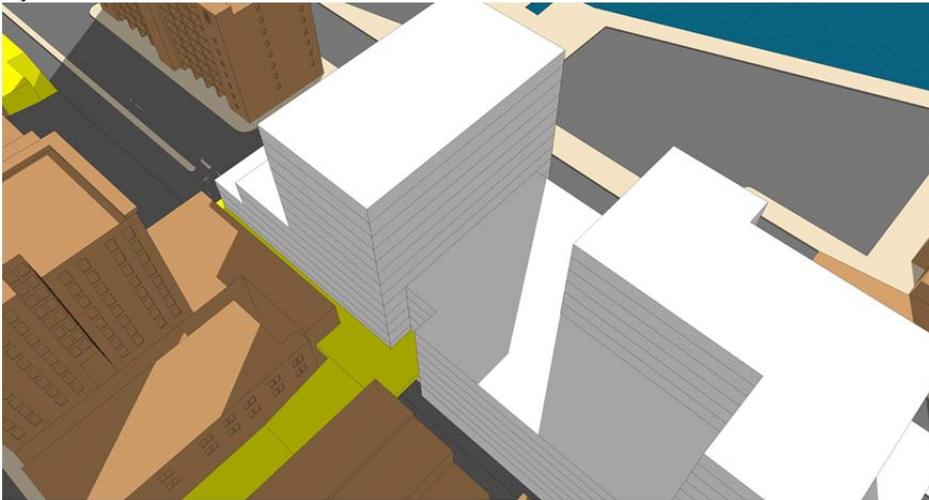
2)



3)



4)



ENCLOSURE A: CONTINGENT FEE PAYMENT

The conveyance or lease of any portion of the Water Street parking deck site (the “Property”) to the Developer shall be conditioned upon the execution of an agreement (the “Development Services Agreement”) between the City and the Developer pertaining to the responsibilities of either the City or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the “Project”). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the City’s consultant (“DFI”) and its successors and assigns for pre-development services provided to the City (the “Contingent Fee”). The Contingent Fee shall be an amount equal to 1% of the total costs of development of the Project as calculated by the Developer in the most recent version(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to lenders and/or investors prior to the execution of the Development Services Agreement, and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Contingent Fee. The Contingent Fee shall be due and payable in full to DFI no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Contingent Fee to DFI may be developed as mutually agreed in writing by Developer and DFI; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by Developer. Developer’s obligation to pay Contingent Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Contingent Fee, except upon written consent of DFI.