



the well

A CONCEPT IN DEVELOPING WELLNESS

THIS PROPOSAL CONTAINS INFORMATION THAT IS EXEMPT FROM MANDATORY DISCLOSURE

May 14, 2021

Attn: Mr. Jared Chalk | Executive Director
Economic Development Authority of the City of Norfolk
Norfolk Economic Development Department
999 Waterside Drive, Suite 2430
Norfolk, VA 23510

RE: Military Circle Redevelopment – Request for Proposals (RFP)

Dear Mr. Chalk:

Thank you for the opportunity to submit our proposal for the redevelopment and reimagination of “Military Circle”. Since the City’s notice of our pre-qualification for this project, our development team has been expanded and working diligently to develop a plan that not only meets the economic and financial needs of the City, but also provides a model community for the 22nd century. I would like to introduce you to The Well.



Life at the community we call The Well revolves around water and wellness – a fresh, new oasis for healthy, sustainable living and economic revival in an area that has struggled for far too long. Centered around a 9-acre lake and over 40 acres of park and open space, life here never stops flowing. Pure and constant. Fresh and new. Bountiful. Rewarding. Life giving. A place where anyone can go to Live Well, Be Well, and Stay Well.

// The Well provides the following benefits to the City and its residents:

- \$663 million in new capital investment
- Provides \$17.7 million in annual tax revenues and approximately \$643 million through 2056 for the City of Norfolk
- No subsidy from City is required and no City debt is required
- The City will recover its \$15.9M investment in Military Circle Mall, with interest, for a total of approximately \$35.9 million.
- Addresses various social determinants of health
- A diverse and inclusive project that includes benefits for the entire community and provides equity for the under served, minorities and people of all incomes, ages and abilities.
- Creates over 2,200 jobs opportunities (over 1,800 permanent and 400 construction)
- Retains and enhances Sentara presence in the City of Norfolk
- Expands Norfolk State University's campus by providing an on-site Business Center for small business start-ups, enhancement of the NSU Tourism and Hospitality Management program and a direct ownership interest in the project
- Provides over 40 acres of parks and open space
- Provides 864 new units of market, workforce and senior housing
- New outdoor performing arts amphitheater
- New recreation center
- Use of renewable energy for net zero impact
- A model community for sustainability
- Ability to begin construction within 12 months of a signed Development Agreement

Thank you again for the opportunity to submit this proposal. We look forward to working with you and your team to deliver this exciting and unique vision and investment in the future of the City of Norfolk.

Sincerely,



Bryan D. Cuffee
President



Executive Summary



the wells

Executive Summary:

Norfolk MC Associates, LLC (“the Master Developer”) has assembled a “Dream Team” of investors, developers, consultants, and designers to develop plans for what is envisioned to be a model community for the 22nd century, which we appropriately call “The Well”. The vision for The Well has been based on the City of Norfolk’s stated objectives for economic benefits, financial feasibility, health & wellness, and diversity & inclusion, as outlined in the City’s Request for Proposals (RFP) for the redevelopment of Military Circle.

In response to the City’s RFP, you will discover our proposal not only aligns with the City’s stated goals, but is also financially feasible, and could be under development within 12 months from the execution of a Development Agreement as a result of painstaking details that Norfolk MC Associates, LLC has undertaken in design, phasing, and financing.

Norfolk MC Associates, LLC has worked diligently to develop a financing strategy that will result in no debt for the City of Norfolk, an estimated \$17.7 million in annual tax revenue (approximately \$12 million to the proposed CDA and \$5.7 million to the city), the creation of approximately 2,200 jobs (i.e., over 1,800 permanent and approximately 400 construction), and the ability of the City of Norfolk to recoup its investment in Military Circle Mall (\$15.9 million) with interest (\$20 million) for total proceeds of approximately \$35.9 million.

The Well is a mixed-use development that represents an investment of over \$663 million in commercial development consisting of office, retail, residential, entertainment, and a hotel. Equally, if not more compelling, is The Well’s emphasis on social responsibility for the future that not only embraces diversity and inclusion, health and wellness, environmental sustainability, education, and affordable housing but creates metrics by which the project can be evaluated for success in this regard. It is a walking and biking community where vehicular traffic and parking remains on the perimeter and the center is more like Central Park than “Town Center.”



Summary Project Highlights

Executive Summary //

Continued

// Total Investment (See *Economics Section*): \$663 million

// Timeline (See *Schedule Section*): The project has been designed to be constructed in phases. The first phase of the project which includes the Sentara Wellness Village and 553 multi-family residential units can begin construction approximately 12 months after execution of a Development Agreement with the City of Norfolk and Sentara's approval of the development plan. During this first phase, Sentara, Optima and other mall tenants can remain in their current locations while the site is readied for redevelopment.

// Commercial Development (See *Schedule Section*): The proposed mixed-use development includes the following commercial components:

| Project | Size |
|----------------------------------|---|
| Sentara Wellness Village Offices | 390,600 sq ft |
| Office Space | 86,400 sq ft |
| Hotel | 200 Rooms |
| Multi-Family Residential | 864 Market, Workforce & Senior Housing |
| Retail & Entertainment | 159,236 sq ft |
| Performing Arts (Amphitheater) | 8,000 Seats (5,000 fixed + 3,000 lawn) |

Executive Summary //

Continued

// Development Highlights (See *Vision Section*): The Well has been designed as “A Community for the Future” and includes the following program and design characteristics:

- **Health & Wellness Community:**

The US Department of Health defines the Social Determinants of Health as the conditions in the environment where people live, work and play that affect health and quality of life. They identify 5 categories of these social determinants:

1. Economic Stability
2. Education Access & Quality
3. Health Care Access & Quality
4. Neighborhood & Built Environment
5. Social and Community Context

The Well master plan was developed with each of these health determinants in mind. As a result, The Well master plan includes 3 miles of walking paths and trails, a fresh food market and urban gardens, a walkable community plan where vehicles are parked on the perimeter to encourage walking and activity, a new innovation center to encourage small business start-ups, a partnership with Norfolk State University to enhance education access and quality, a new recreation center, and numerous other design and operational elements that will provide measurable benefits to the health of the community.

- **Sustainability:** The Well proposal provides an absolute commitment to our planet’s health and is an example of how economic development and sustainable development can coexist. The Well reduces the amount of impervious area on the Military Circle site from 89% to 42%, and provides over 40 acres of open space including over 1,000 trees to increase the City’s overall tree canopy.

- **Diversity & Inclusion:** The master plan for The Well includes mixed-income housing for residents of all ages and incomes. We will partner with the Local Initiatives Support Corporation (LISC), a nationally respected non-profit organization, to provide new, affordable housing as well as providing the underserved and underinvested sectors of our population opportunities for daycare, health and wellness, education, and employment.

- **Renewable Energy:** We have partnered with Sun Tribe Solar to develop an energy plan utilizing on-site and off-site solar power, combined with energy efficient buildings, to generate sufficient energy to ensure that The Well only consumes as much energy as is produced.

Executive Summary //

Continued

- **Public Open Space:** Once complete, The Well will provide over 40 acres of open space, an expansive wooded park with over 1,000 trees, and a 9-acre active lake.
- **Retention & Expansion of Sentara:** The Well plan includes the Sentara Wellness Village which will be developed to provide new office space for Sentara to relocate from its existing space in the former JC Penney building. The architecture of the Sentara Wellness village mimics the existing Sentara architecture, and the Sentara Wellness Village has been located along Virginia Beach Boulevard to provide better access and connection to nearby Sentara Leigh Hospital. Consistent with Sentara's mission to "Improve Health Everyday", The Well provides an environment where Sentara's employees and business partners will enjoy outdoor waterfront spaces, nearby retail and entertainment, an on-site daycare, and neighboring residential villages connected by the community's 3+ miles of interconnected walking and biking trails.
- **New Public Recreation Center:** The Well master plan provides for a new, world-class recreation center with basketball, swimming, fitness rooms, weights, and activity rooms.
- **Entertainment Venues:** The Well includes various venues for entertainment, including an 8,000-seat amphitheater, an outdoor pavilion, and approximately 159,000 square feet of additional retail and entertainment space. The Well also includes a 9-acre lake with an island in the center of the community where boating and kayaking activities can occur.
- **Feasible:** The plan for The Well only utilizes the real estate that the City of Norfolk and Sentara control at Military Circle. While we do fully anticipate working with the City of Norfolk and private developers to expand the project if we are selected, the development plan for The Well is not dependent on the acquisition of any other real estate. Additionally, our proposal has been verified by nationally recognized consulting firms which have evaluated the market and financial components of our plan and provided 3rd party reports which support this project proposal.

Executive Summary //

Continued

- Expanded Presence & Visibility of Norfolk State University (NSU): Norfolk State University will be a key partner at the Well, which provides opportunities for an expanded campus that includes the expansion of the NSU Innovation Center which would provide an on-site center for acceleration of small business start-ups for the underserved. In addition, it is NSU's intention to take an ownership interest in the new hotel at The Well. This will serve as a “working laboratory” for the Norfolk State University Tourism and Hospitality program, which will increase enrollment into the program and further develop the program's curriculum and improve student success.



“A partnership between NSU, LISC, and Gold Key would provide tangible value to the city's economy, as well as offer significant benefits to the businesses and residents of the proposed community. Ultimately, our collaboration would raise the quality of life for the city and connect underserved individuals to education, jobs, and entrepreneurial resources, all while establishing a flourishing, diverse business-community environment. We look forward to joining forces and reaching our collective goals in these areas.”

Norfolk State University

Executive Summary //

Continued

// *Financing (See Finance Section):* The Well Master Plan represents a public/private partnership to create a truly unique development site that will be a model community for the 22nd century. This will require a true public/private partnership leveraging both private investment and municipal participation to create a shovel ready site for developers.

A Community Development Authority (CDA) will be established to issue tax-exempt bonds to finance all eligible common area improvements that benefit and serve the parcels in the District, including land, sitework, sidewalks, parking, lighting, stormwater management facilities, roads, infrastructure for public services, and park and landscaping features.

Commercial Development will rely upon committed investor equity and financing readily available through traditional commercial banks and federal programs (e.g., HUD and VHDA). Norfolk MC Associates, LLC will also partner with LISC (Local Initiatives Support Corporation) to assist in financing day care, affordable housing, and support for academic programs and grants for Norfolk State University, an active educational partner at The Well.

// *Municipal Support (See Finance Section):* To facilitate delivery of The Well's master plan, we would request the City of Norfolk provide the following:

- Approve sale of city land to the proposed CDA
- Create the CDA (Community Development Authority)/TIF (Tax Increment Financing) & SSD (Special Service District)
- Commit 75% of tax revenue to service \$187 million in bonds
- Approve Bond Terms
- Allow exclusive 180-day period to Norfolk MC Associates, LLC upon completion of RFP selection process to negotiate with Sentara, organize and structure CDA, and evaluate additional real estate opportunities to potentially expand the project

Executive Summary //

Continued

// Public Return on Investment (See *Economics Section*):

The Well provides the City of Norfolk with the following return on investments:

- \$663 million investment
- \$17.7 million annual total tax revenues
- 2,200 jobs
- Retain Sentara's corporate presence in Norfolk
- Expanded Norfolk State University campus
- Over 40 acres of open space
- New housing – 864 units of mixed market, work-force and senior
- New outdoor amphitheater
- New recreation center
- New grocery / fresh food market
- New retail and office
- A model community for sustainability

Norfolk MC Associates, LLC is proud to submit this proposal to the City of Norfolk, and excited about the opportunity to reimagine the Military Circle corridor. Our development team has years of experience delivering projects of this type, having collectively developed over 9,200 single-family and multi-family residential homes including over 5,000 affordable; over 1 million sq ft of office and retail space; in addition to numerous hotels, parking facilities, and other significant master planned projects in the region, many of which have received national recognition. In addition to our experience, the team also has significant financial capacity and maintains favorable relationships with numerous lenders and financing institutions (see reference letters in Appendix).

In summary, our development team has the experience, the financial capacity, and a proven track record to deliver this project successfully, and provide the City of Norfolk with a unique community that meets the City's vision and financial objectives with no legal or moral debt obligations from the City.

Let's keep it simple:

// What is The Well going to cost the City of Norfolk?

- No debt, no debt guarantees, no moral obligations, and no financial obligation to support the Community Development Authority (CDA) bonds
- No subsidy
- City only commits to forming a CDA and a Special Service District (SSD) and pledging “but for” tax revenues to service the CDA bonds

// And in return, what does the City of Norfolk get?

- \$663 million in new capital investment
- \$643,491,657 in direct tax revenues through 2056 (with \$440,167,202 for the CDA bonds and \$203,324,455 to the City)
- \$30,872,955 in annual direct tax revenues from The Well after CDA bonds are paid in full
- 2,200 jobs (over 1,800 permanent and 400 construction)
- A new 8,000 seat outdoor performing arts amphitheater
- A new world-class recreation center
- 43 acres of open space and a 9-acre lake
- Expansion of the Norfolk State University Campus and presence in the region
- Retain Sentara Corporate presence in Norfolk
- New housing – 864 multifamily residential units
- Recovery of City investments in Military Circle Mall Land - \$15.9 million plus \$20 million in interest (total \$35.9 million)
- A new grocery / fresh food market
- Increased Pump Station Capacity
- A model community for sustainability which positively impacts the social determinants of health
- A project that can begin construction within approximately 12 months of a signed development agreement.







