October 13, 2011

REQUEST FOR PROPOSALS FOR NORFOLK’S WATERSIDE FESTIVAL MARKETPLACE

SUBMITTAL DEADLINE:

December 16, 2011
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Waterside Associates Limited Partnership ("Waterside Associates") is pleased to invite interested developers or development teams with a proven track record of successfully completing retail/entertainment centers/districts redevelopments in urban/waterfront settings to respond to a Request for Proposals ("RFP") for the opportunity to reposition The Waterside Festival Marketplace ("The Waterside"), located in downtown Norfolk on the Elizabeth River.

Background
The Waterside (Exhibit 1 along with 1st and 2nd floor plates, Exhibits 1-A and 1-B) is one of many festival marketplaces that were developed in the late 1970s through the late 1980s by the Rouse Company and by the Enterprise Development Corporation, part of James Rouse’s Enterprise Foundation. The foundation was established in 1981 to develop marketplaces around the country and to put the profits towards neighborhood and downtown revitalization.

The Waterside opened in 1983 as the first project of the Enterprise Development Company, which was founded by James Rouse after his retirement from the Rouse Company. The Waterside was strategically located to take advantage of the waterfront and the proximity to the downtown office core. The Waterside opened concurrently with Town Point Park as the site of large and small outdoor community celebrations.

The Waterside was initially funded with $9.8 million in federal grants and a $4 million bank loan through the Norfolk Redevelopment and Housing Authority ("NRHA"), for a total construction cost of $13.8 million. An additional $45.4 million was invested in nearby downtown improvements, including the creation of Town Point Park, which was redesigned and refurbished in 2009 for $11.6 million. Originally The Waterside contained 78,000 square feet of gross leasable area (G.L.A.), along with a 40 slip marina. An expansion on the western end of the building in 1990 added 31,950 square feet. The Waterside’s original tenant mix was typical of the festival marketplace concept at that time, with local rather than regional or national-based restaurants and entertainment-based retail.

Since 2010, there has been extensive community outreach to assist and advise how to reposition The Waterside through civic and business group meetings, including an on-line survey. The response revealed strong community feelings, but no consensus on its future use.

In late 2010, five (5) independent consultants were selected for an Advisory Panel to review The Waterside. The Advisory Panel was provided with extensive background information, tours of the surrounding area, and met with focus groups including citizen, civic and business representatives. The Advisory
Panel’s conclusion was that The Waterside should be a catalyst to bring together the entire downtown’s waterfront, retail and entertainment districts into a cohesive destination.

THE DOWNTOWN AREA

The City of Norfolk is the hub of a region boasting nearly 1.7 million residents. Located on the Elizabeth River, at the epicenter of one of Virginia's most heavily populated regions, Norfolk's downtown (Exhibit 2) is the only truly urban center in the greater metropolitan area. Norfolk is the business, financial, cultural, and educational center of Hampton Roads. Cultural amenities include the Chrysler Museum, the SCOPE Arena, the Virginia Symphony, the Virginia Stage Company, the Virginia Opera, Nauticus, the Half Moore Cruise and Celebration Center, the USS Wisconsin, and MacArthur Center, as well as The Waterside. The downtown area is anchored by over 5.2 million square feet of office space. Among headquarters and other corporate citizens located downtown are Norfolk Southern Corporation; Maersk Line, Limited; and Dominion Enterprises.

Norfolk crossed a major milestone in the City’s redevelopment efforts with the 1999 opening of MacArthur Center, a Taubman Company development comprised of a one-million square foot super-regional urban retail mall that draws a half-million shoppers each month. MacArthur Center is located in the heart of Downtown Norfolk (four blocks from The Waterside) and is anchored by the region’s only Nordstrom and Virginia’s largest Dillard's department store, in addition to 140 retailers including more than 40 specialty retail stores that are unique to the market. Downtown Norfolk is a genuinely desirable urban environment in which to live, work and play. Downtown Norfolk draws approximately 12 million annual visitors and has a daytime population of over 30,000 workers. In addition, there are approximately 250,000 residents living within a 5-mile radius with an average household income of $58,467.

The expansion of the traditionally defined downtown core has been further enhanced with several recently completed developments, which include:

- The opening of Norfolk’s new light rail mass transit system “The Tide,” which commenced revenue operating service on August 29, 2011.
- To the north, Bristol Development and 201 at Twenty-One include 630 rental and 186 condominium residential units.
- To the west, the Fort Norfolk District began its redevelopment with Harbor’s Edge (opened in 2006), a 17-story continuous care retirement community with 163-retirement, 30-nursing and 40-assisted living units. Plum Point, a wetlands restoration public park, opened in 2004. Adjacent to the park is Fort Norfolk Plaza, the city’s newest medical building, which opened in 2010. A ULI commissioned study of Fort...
Norfolk shows the possibility of an additional 2,200 residential units and 650,000 additional square feet of commercial/office/R&D space. Fort Norfolk is adjacent to the region’s premier medical complex, which includes Sentara Norfolk General Hospital (a tertiary medical facility and Level One Trauma Center); Sentara’s new Heart Hospital (opened in 2006); Children’s Hospital of the King’s Daughters (CHKD), Virginia’s only free-standing, full-service pediatric hospital; and CHKD’s Neurodevelopmental Center. In addition, the Eastern Virginia Medical School (EVMS) continues its expansion with the recent opening of a new 100,000 square foot education and research building. This new building joins EVMS’s Jones Institute for Reproductive Medicine and the Strelitz Diabetes Research Center, as well as nine other centers and institutes.

- East of Waterside near Harbor Park, home to the Baltimore Orioles farm club, is an area identified as a prime location for “Transit-Oriented-Development” (TOD), which will serve as a connector to Norfolk State University and the revitalized Broad Creek residential community. It will also serve as a multi-modal transportation center connecting The Tide with a new inter-state passenger rail service, slated to begin in 2013.

Transportation Access – Norfolk has an excellent transportation network. Norfolk is home to Norfolk International Airport (“NIA”) which is a short 15 minute drive from Downtown Norfolk and which serves the entire Hampton Roads region. NIA has 98 non-stop flights daily to 24 major cities including 75 non-stop flights daily to 16 international gateway cities. The Hampton Roads loop, four major interstate highways (I-64, I-264, I-464, and I-664), provide access around the entire Hampton Roads region. An extensive bus system including para-transit services is provided by Hampton Roads Transit (HRT), the region’s public transport system headquartered in Norfolk. HRT’s most recent transportation alternative is The Tide, Norfolk’s recently opened light rail system. The Tide includes eleven-stations along a 7.4 mile route from the City’s boundary with the neighboring City of Virginia Beach and through downtown Norfolk before ending at the region’s medical complex in Fort Norfolk. It began operation in August of 2011 with daily ridership of approaching 5,000 commuters, far exceeding original estimates of approximately 2,900 daily riders. Norfolk is currently served by Amtrak’s intercity passenger rail via connecting bus service to Amtrak’s Newport News station. Underway is a joint project of the Virginia Department of Rail & Public Transportation and Norfolk Southern Corporation, which will result in the inauguration of direct passenger rail service to Downtown Norfolk by 2013. This new service station will be the centerpiece of a multi-modal center adjacent to Harbor Park.
Project Overview

Waterside Associates seeks to receive proposals from parties who desire to invest their resources and expertise into the repositioning of The Waterside. Waterside Associates intends to leave as much flexibility and creativity as possible to the inspiration of the development teams in proposing feasible solutions and distinguishing their submissions with regard to the program design and implementation. It is expected that the offeror will propose a long-term solution for The Waterside and be prepared to make all investments necessary; including, but not limited to physical modifications, deferred maintenance, and business attraction to achieve a preeminent position among the City’s waterfront assets.

The Site

The Waterside is owned by Waterside Associates Limited Partnership on land leased to it by the Norfolk Redevelopment and Housing Authority.

Location: The Waterside is located in the middle of the greater waterfront area of Downtown Norfolk. To the west of The Waterside, the waterfront area includes the Sheraton Hotel, Dominion Tower (a Class-A office building) and Harbor Park (the triple-A farm club for the Baltimore Orioles), as well as the proposed aforementioned multi-modal transportation center. To the east of The Waterside, the waterfront area includes Town Point Park and the Maritime Center, which includes the Half Moone Cruise & Celebration Center, Nauticus and the USS Wisconsin.

Access: The site is located along Waterside Drive and the Elizabeth River at mile marker one of the East Coast’s Inter-Coastal Waterway, which is the southern boundary of Norfolk’s Downtown. The site is directly accessible by several major arterial roads including Interstate 264, Interstate 464, Waterside Drive, and all north/south Downtown feeder roads.

Assessed Value as of July 1, 2011: $8,622,600

Zoning: D-1, Downtown Waterfront District (Exhibit 3)

Utilities: All utilities are available on site.

Development Objectives

Over the past two decades, the character and skyline of Norfolk has notably changed as a result of well over $5 billion in new investment. New retail, restaurant, residential and commercial development in Downtown has created an
atmosphere infused with excitement and vitality. This has stimulated an increase in market demand for opportunities to live, work and play near the heart of this excitement. Downtown Norfolk is the financial, business, and cultural center of the greater Hampton Roads region. Waterside Associates is seeking proposals from developers and development teams that understand the following key objectives:

- Response will result in a proposed project, which will be of a quality design, character and material, in order to attract visitors/residents who will contribute to the continuation/expansion of our vibrant city;
- The successful development will directly contribute to the enhancement of future revenue streams and increased property values;
- Overall, the proposal should be well thought out and distinctive while, at the same time, providing options contextually, as part of the continuing overall transformation of Norfolk’s Downtown waterfront; and
- It is anticipated that the site will continue to provide opportunities for public enjoyment and use.

Information Required from Offerors in Proposals

All proposals are to respond to the following information in the order stated below:

1. A detailed vision for The Waterside including, but not limited to the following key elements:
   - Overall approach, which could range from demolition and new construction to utilizing the facility in its current configuration, or an adaptive reuse;
   - Intended level of overall quality;
   - Target market;
   - Detailed leasing plan enumerating the type and quality of tenants;
   - Marketing plan and budget that describes how the project will be marketed, operated and staffed;
   - Implementation plan and timeline; and
   - Proposed construction and materials if part of developer’s vision.

2. Provide a strategic business plan that includes capital planning and a pro forma, which incorporates:
   - Financing;
   - Pre-development;
• Marketing;
• Construction;
• Sales/leasing;
• Operating and other costs assumptions; and
• Gross and net sales and leasing revenue assumptions.

3. A total development cost budget identifying source(s) and use(s) of funds.

4. Graphic illustrations of the conceptual design for the project including architectural character and style if developer’s vision includes physical changes. Please include:

   • Site Plan;
   • Front and Side Elevations at street, indicating proposed exterior modifications;
   • Building sections and interior perspectives; and
   • Ground floor plan and representative upper floors.

5. Identification of all members of the development team, including developer and the legal entity with whom Waterside Associates would contract (owner, joint venture, or other), architect/designer, lender(s), contractor(s)), as applicable, including a written statement by each of the principals. A clear delineation and description of each person’s or firm’s role and relationship in the project should be included.

6. Clear identification of sole representative of the team with authority to negotiate and contract on its behalf.

7. Detailed evidence of developer’s financial capability to complete the proposed commitments, including:

   • Identification of source, access and developer’s cash equity to be committed to project;
   • Audited financial statement of principals and business concerns, as appropriate;
   • Written banking references; and
   • Submittal of any additional evidence deemed necessary relative to the developer’s financial status.

8. A description of the team members’ experience functioning as a multi-disciplined team in like mixed-use ventures, particularly projects of similar size, concept and overall value.

9. Waterside Associates reserves the right to ask for further information from the respondent at any time during the process, either in writing or orally, and
requests will be addressed to the contact authorized by the respondent to represent the proposed team.

10. To the extent possible, Waterside Associates encourages offerors to consider joint ventures and/or subcontracting with minority and/or women-owned businesses that have the qualifications and resources to participate in the proposed project.

11. Waterside Associates reserves the sole right to judge the offerors’ representations, either written or oral, as to their veracity, substance and relation to this particular project scope. Any requests for proposals or other solicitation may be canceled, or any or all proposals may be rejected in whole or in part, at the sole discretion of Waterside Associates.

**Criteria for Proposal Evaluations**

1. **Developer Experience** – Proposed team’s proven ability to successfully develop a high-quality project of a comparable or greater size, complexity, and mix of product.

2. **Developer Qualifications** - Information pertaining to previous development type(s), project(s) descriptive information and characteristics, dollar values, evidence of close interaction with civic and community groups and local officials, and a track record in public/private ventures will be considered within the context of the total development proposal.

3. **Developer Financial Capacity** – Ability of developer to secure construction and permanent financing for the project and the financial strength of its equity investor(s), having the capacity to implement the project on a timely basis and see it to its full operation.

4. **Proposed Development Quality** – Overall quality of the proposed development concept, the success with which the goals and objectives are addressed and other special issues pertaining to the development of this site.

5. **Public Benefits** – Financial feasibility of the proposed project that would generate increased revenue to the City of Norfolk in order to continue the momentum in the overall redevelopment and vibrancy of Downtown Norfolk.

References – Provide six (6) references with a minimum of three (3) governmental references that will be contacted to discuss the proposed team’s qualifications and experience.
Equal Opportunity Business Development

It is the desire of Waterside Associates to facilitate the establishment, preservation, and strengthening of small local businesses and businesses owned by women and minorities and to encourage their participation in procurement activities. Offerors are asked, as part of their submission, to describe any planned inclusion of such businesses.

Communication and Confidentiality

Each developer expressing interest is advised that the confidentiality and integrity of each proposal, given specific project elements, will be protected in accordance with applicable law.

Furthermore, throughout the Selection Process, all communication, questions and the provision of any additional documents, as requested, which is related in any way to this RFP, contemplated or submitted expressions of interest, the process of evaluation and selection of developer(s), are to be directed solely to Waterside Associates.

Request for Proposals (RFP) Due Date

1. Sealed RFP submissions must be received by Waterside Associates no later than 1:00 p.m., December 16, 2011. Responses will not be accepted after this time.

2. During this process, all communication related to this RFP must be directed to Waterside Associates.

3. Developers are required to submit five (5) complete originals of their proposal submission. Additional information beyond what is called for in this RFP that the developer feels is relevant may be included as an appendix in the submission.

4. Submittals and questions are to be addressed as follows for either mail or hand delivery:

   Waterside Associates Limited Partnership  
   201 Granby Street, 12th Floor  
   Norfolk, Virginia 23510  
   Attention: Waterside Committee

5. Incurred Expenses: Waterside Associates will not be responsible for any expenses that respondents may incur in preparing and submitting proposals called for in this RFP.
6. No broker: Developer and/or Development Team represents and warrants that no broker to whom a commission, fee or other compensation is payable is or has been involved in or brought about the transactions contemplated by this RFP. Developer and/or Development Team shall indemnify and hold Waterside Associates harmless from any and all claims, obligations, liabilities, costs or expenses (including reasonable attorneys’ fees) incurred as a result of any claim for brokerage commissions, fees or other compensation by any person or entity which alleges having acted or dealt with the Developer and/or Development Team in connection with the Project or the transactions contemplated by this RFP.

7. Interviews/Presentations: Waterside Associates may require presentations of selected respondents during the evaluation process. Waterside Associates will not be liable for any costs incurred by the respondents in connection with such interviews/presentations (i.e., travel, accommodations, etc.).

8. Addendum and Amendment to the RFP: If it becomes necessary to revise or amend any part of this RFP, Waterside Associates will furnish the revision by written Addendum to all prospective respondents who received an original RFP, or upon request.

9. Proprietary Information: Proprietary information that is included in responses prepared by the respondents, and identified as such, under this request will be treated confidentially. All responses to this RFP shall become the property of the Waterside Associates and will not be returned to the respondents.

10. Respondent’s Certifications: By submitting a proposal, the respondent certifies that he/she has fully read and understands the RFP and has full knowledge of the scope, nature, and quality of work to be performed.

11. Late Proposals: Responses received by Waterside Associates after the date and time specified for receipt will not be considered. Respondents shall assume full responsibility for timely delivery of their submission to the location designated for receipt of proposals.
ANTI-COLLUSION STATEMENT

TO ALL OFFERORS: EXECUTE AND SUBMIT WITH YOUR PROPOSAL.

In the preparation and submission of this proposal on behalf of __________________________ (name of Offeror), we did not either directly or indirectly enter into any combination or arrangement with any person, firm or corporation, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraint of free competition in violation of the Sherman Anti-Trust Act, 15 USCS Sections 1 et seq. or the Virginia Antitrust Act, Virginia Code Sections 59.1-9.1 through 59.1-9.18.

The undersigned hereby certifies that this agreement, or any claims resulting therefrom, is not the result of, or affected by, any act of collusion with, or any act of, another person or persons, firm or corporation engaged in the same line of business or commerce; and, that no person acting for, or employed by, Waterside Associates, the Norfolk Redevelopment and Housing Authority or the City of Norfolk has an interest in, or is concerned with, this proposal; and, that no person or persons, firm or corporation, other than the undersigned, have or are interested in this proposal.

BY: ______________________________

_______________________________
COMPANY

_______________________________
BUSINESS ADDRESS

_______________________________
DATE
Employment discrimination by contractor is prohibited.

Every contract over $1,000 as the result of an accepted proposal shall include or incorporate by reference the following provisions:

1. During the performance of this contract, the contractor agrees as follows:

   a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

   b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

   c. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

2. The contractor will include the provisions of the foregoing paragraphs a, b, and c in every subcontract or purchase order of over $1,000, so that the provisions will be binding upon each subcontractor or vendor.
Exhibit 1: Waterside Festival Marketplace

Photo date December 25, 2010
Exhibit 2: Downtown Overview Map

**Waterside Festival Marketplace**
1 - Half Moone Cruise and Celebration Center, Nauticus, and USS Wisconsin
2 - Town Point Park
3 - Norfolk Marriott Waterside and Convention Center
4 - Sheraton Norfolk Waterside
5 - Dominion Tower
6 - Harbor Park
7 - Proposed Multimodal Transportation Center
8 - MacArthur Center
9 - Wells Fargo Center
10 - Scope/Chrysler Hall
The D-1 Downtown Waterfront District is intended to protect public access to the edge of the scenic Elizabeth River and views of the river from the rest of downtown Norfolk. Pedestrian circulation along the waterfront is encouraged by a waterfront esplanade that must be part of any development site that includes property fronting along the Elizabeth River. Access to the esplanade must be provided through waterfront properties. Development shall be designed to establish an open character with the higher buildings placed in such a way as to protect the principal views of the river both from within the district and from adjoining districts." – from the City of Norfolk Zoning Ordinance. Additional information about D-1 zoning, including a table of permitted uses, is available at http://www.norfolk.gov/planning.