

# BRUCE SMITH ENTERPRISE, LLC

**Bruce Smith**  
President

December 26, 2019

Tom Leahy  
Acting City Manager  
2401 Courthouse Drive  
Virginia Beach, Virginia 23456

Re: Rudee Loop Site for Proposed Development

Bruce Smith Enterprise, LLC and Madison Marquette Development Team submit this non-binding Letter of Interest to the City of Virginia Beach for the public-private, large-scale, mixed-use development of the Rudee Loop Site— an approximately 11 acre parcel located at the southern peninsula oceanfront adjacent to the Rudee Inlet and bordered by Atlantic and Pacific Avenues located in Virginia Beach, VA.

The Proposed Development will sustainably strengthen and diversify the City for generations by creating thousands of temporary and permanent jobs; broadening the residential, retail and hospitality tax base; expanding hospitality, retail, for-sale and for-rent housing options, as well as fulfilling demand for much-needed public spaces and accompanying amenities. To achieve maximum impact, the Proposed Development as outlined in the Scope of Work creates an anchor at the Southern end of the City as established by the City's Comprehensive Plan.

The Development Team is led by Bruce Smith Enterprise, a nationally recognized local developer of luxury mixed-use projects whose successful local and regional developments include Hyatt House, 27 Atlantic Luxury Apartments, Cosmopolitan Apartments, Smith's Landing Apartments, and Hilton Garden Inn. The development team also includes Madison Marquette, one of the nation's leading investors, developers and operators of mixed-use real estate. Together the Development Team has the combined expertise and resources needed to actualize the Proposed Development and bring a trophy project of this magnitude to fruition. To accomplish said endeavor, this uniquely qualified team will draw on both their local and national expertise, their exceeding knowledge of public-private partnerships and their extensive portfolio of large-scale, mixed-use developments that showcase world class public spaces and amenities. The Development Team's record of completing comparable projects can therefore attract the institutional investors and credit tenants necessary to realize the vision of the Proposed Development.

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- A new half-acre (0.5 acres) park at the Atlantic Avenue and the Rudee Inlet terminus.
- A new 1.5 acre harbor-front sunset park facing Rudee Lake (Neptune Park is 0.8 acres)
- Public Amenities, Arts, Architecture, Culture and Entertainment includes:
  - Community Art and sculpture program to enhance the outdoor space.
  - Public sports and athletic courts including basketball, multi-sport courts, playgrounds (including water features) and access to water sports.
  - A focal feature tower, recognizing the history and location of the public entertainment district including its geographic location at the Virginia Beach Boardwalk terminus.
  - An outdoor, covered performance stage with integrated seating on the harbor front for fishing and live entertainment.
  - A dog recreation park for community residents.
  - A myriad of food and beverage concepts, comprising a range of price points, including street vendors, food trucks, modern casual and fine dining, coffee shops, beverage bars and food halls.
  - Dedicated amenities for surfers including parking, storage and changing rooms, as well as other amenities and access.
  - Dedicated cyclist amenities for storage, repair, rental and sales.
  - Public space pavilions for performance, street fairs and entertainment.
- Optimizing circulation of the existing road network of Atlantic Avenue, 2nd street, 3rd street and Rudee Loop with minimal realignment to improve community oceanfront access.
- Preserving existing uses and oceanfront promenade and bike path access while increasing access on the south and west sides of the oceanfront for walking, cycling, and fishing by enhancing:
  - Fishing areas including a south fishing promenade at Rudee Inlet, a fishing promenade at the west terminus of 2nd Street, and an accessible connection to the water's edge.
  - Access to Grommet Island Park and the surfing statue, the first of its kind fully accessible oceanfront playground and park located south of 2nd street.

Headquartered in Virginia Beach, VA, AHCC offers general contracting and construction management services, as well as a broad spectrum of pre-construction services. Designed to effectively reduce costs and streamline the construction process, these services include site evaluation, conceptual estimating, comprehensive scheduling, construction analysis and value engineering. Additionally, AHCC possesses a wide range of experience and is intimately familiar with every facet of construction—managing challenges associated with budgets, schedules and safety through hard work, innovative management techniques, and stringent cost and scheduling controls.

### **Proposed Development – Conceptual Masterplan**

The Development Team's Rudee Loop Conceptual Masterplan envisions a cultural and entertainment district anchoring the Southern end of the City as established by the City's Comprehensive Plan.

Plan components include:

- Creating a vibrant cultural and entertainment district featuring activated open spaces, a multitude of food and beverage offerings, unique local and national retailers, for-sale and for-rent residences, three- and four-star hotels and accompanying public and private parking.
- Proposed Development program:
  - o Retail, Food and Beverage – 75,000 SF
  - o 4-Star Hotel and Conference – 225,500 SF, 12 levels
  - o Condominium Hotel – 85,000 SF, 9 levels
  - o Residential Apartments – 132,000 SF, 13 levels
  - o 3-star Hotel – 123,000 SF – 13 levels
  - o Rudee District features a tower and new pedestrian connection at General Booth Boulevard Bridge and the south beach trail.
  - o 875 proposed parking spaces, (replacing current existing 361 surface parking, 48 street and 10 bus parking spaces). New parking includes structured and street parking (57 spaces) along with specialty parking for surfers.
  - o Public Space includes:
    - Programmable park and plaza open space of 4.11 acres – 180,000 SF (~37% of the total area) including landscaping, plazas, parks and promenades
    - Activated pedestrian sidewalks of 1.62 acres – (~15% of the total area)

- Pedestrian and cyclist paths from the oceanfront to the harbor-front at Rudee Lake and links the Rudee Heights neighborhood via a new pedestrian connection from General Booth Boulevard Bridge directly to a tower feature and oceanfront promenade.
- Existing Oceanfront Resort District form-based code with access to the water at the numbered cross streets and conforming to the heights, widths and recommendations in the code.

### **The Due Diligence / Master Planning Period**

The Development Team proposes the City enter into exclusive negotiations with the Development Team for a period of twelve (12) months (the "Due Diligence/Master Planning Period") in order to subsequently determine the Site's general conformity with the LOI's Proposed Development. During the Due Diligence/Master Planning Period, the Developer expects to commit \$250,000 to develop the Plan and define the parties respective rights and responsibilities for the Proposed Project implementation.

#### **Initial Commitments and Scope**

1. The City grants the Development Team an exclusive 12-month Due Diligence/Master Planning Period to analyze the Proposed Project and finalize the Proposal and Conceptual Master Plan. During the Due Diligence/Master Planning Period, the Development Team would, at its sole expense, commission the required market and feasibility studies as well as other necessary third-party reports.
2. Assuming the market, feasibility and third-party reports substantiate the initial projections, the Development Team would then complete the following:
  - a. Commission additional studies by architect and engineers to develop the architectural drawings and the subsequent engineering reports to confirm the initial findings.
  - b. Develop and refine a proposed Development Agreement and Construction Schedule.
    - i. Assuming timely regulatory review and approvals it is anticipated that site work could begin in the fourth quarter of 2021.
3. Negotiate a purchase agreement for the property.

The Development Team will formulate a business model subject to City approval, to include the Conceptual Master Plan and Term Sheet detailing the respective financial obligations of the Development Team and the City. The Term Sheet will identify the ownership, operation, and financing of the Proposed Project's various elements and infrastructure improvements.

Develop and construct all aspects of the Proposed Project including the infrastructure improvements. The Development Team anticipates a phased opening with the first phase, completed approximately 24 months from the start of construction.

## Development Team

### Bruce Smith Enterprises- Developer (<https://www.brucesmith78.com/entrepreneur/>) Leading Mid-Atlantic Investor and Owner/Operator

In 2004, Pro Football Hall of Famer Bruce Smith founded Bruce Smith Enterprise (BSE), a commercial real estate firm that specializes in the development of premier mixed-use projects. Headquartered in Virginia Beach, VA, the eponymous company has developed notable properties throughout the Mid-Atlantic region that feature the cohesive and seamless integration of residential, Class A office, hospitality, and retail space.

Since retiring from professional football in 2004 after a prolific 19-year career, the NFL's All-Time Sack Leader has endeavored to bring the same level of unparalleled excellence, diligence, and leadership he honed as a veteran on the field to the management of Bruce Smith Enterprise. After exceeding the odds of the average three-year NFL career with such distinction, Smith's living knowledge of resilience and longevity correlate directly to the firm's stability and implacable client commitment. The successful development of timeless mixed-use properties that will survive and withstand the trends of the marketplace is BSE's primary mission. As a native of Norfolk, VA, and current resident of Virginia Beach, VA, Smith is also personally committed to creating jobs and generating revenue in his greater hometown community. Attracting industry to and developing stellar assets within Hampton Roads to help strengthen and invigorate the local economy is also a core mission for the firm.

### Development and Construction Service Provider with Local Execution Expertise

BSE has flourished since its inception, partnering with Armada Hoffer, construction company since 1995 in the development of Blocks 7 and 10 at The Town Center of Virginia Beach, as well as Mandarin Oriental Hotel, The Swedish Embassy, and Harbourside Office Building in Washington, D.C. Smith is especially proud of the Hilton Garden Inn and Smith's Landing apartment complex that the firm built in Blacksburg, VA to serve the needs of students, alumni, and their families at his Virginia Tech alma mater. BSE is also a local owner of the Hyatt House hotel at the oceanfront in Virginia Beach, VA which offers the luxury of scenic ocean views from every room.

### Madison Marquette - Developer (<https://www.madisonmarquette.com/>) Leading U.S. National Investor and Owner/Operator

As a full-service real estate provider, Madison Marquette manages an investment portfolio valued at over \$6 billion and delivers integrated leasing and management services to a diverse portfolio of 330 assets in 20 states. The company partners with global, institutional and private investors to provide industry-leading investment and advisory services across asset classes. Founded in 1992, Madison Marquette built a reputation on the successful development, repositioning and redevelopment of landmark mixed-use assets, and now leverages its performance legacy to provide clients with exceptional asset services and investment advice.

Madison Marquette is uniquely qualified to undertake this project leveraging its successful development of large-scale mixed-use waterfront projects including Asbury Park, NJ ([www.apboardwalk.com](http://www.apboardwalk.com)) and The Wharf in Washington DC. ([www.wharfdc.com](http://www.wharfdc.com))

#### **Full-Service Provider with Expertise Across Asset Classes and a Nation-wide Execution Platform**

Madison Marquette invests, develops and provides full-service advice and service across all major asset classes. The company has a market leading specialty in adding value through the integration of multiple uses whether in creating vibrant new projects or enhancing the performance of existing properties. In addition, Madison Marquette's investment management expertise provides a sharp ownership focus that drives performance as a third-party service provider.

Full-service includes:

- Development Services
- Construction and Project Management
- Investment Management
- Property and Asset Management
- Marketing, Leasing and Sales
- Capital Markets Advisory
- Corporate Solutions

Service across all major asset classes includes:

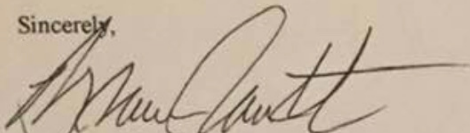
- Mixed-use
- Retail
- Hospitality
- Multi-family
- Office
- Senior Housing
- Medical
- Industrial
- Land

**Armada Hoffer Construction Company** (<http://www.armadahoffer.com/>) Armada Hoffer Construction Company (AHCC) will serve as the Development Team's construction partner. Daniel A. Hoffer founded AHCC in 1982. Since its inception, AHCC has built millions of square feet worth billions of dollars and has been ranked among the "Top 400 General Contractors" nationwide by Engineering News Record, as well as among the "Top 50 Retail Contractors" nationwide by Shopping Center World. AHCC is listed on the NYSE-ticker AHH.

The Development Team welcomes the opportunity to make a formal presentation to the City to further discuss this submission. To the extent the City requires further information from the Development Team, please do not hesitate to contact us directly.

CC: The Honorable Robert Dyer  
Mayor of Virginia Beach  
2401 Courthouse Drive  
Virginia Beach, VA

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Smith", with a long, sweeping horizontal stroke extending to the right.

Bruce Smith