

Trenton Mill FUSE District

Solicitation for Development Partners

Gastonia, NC | Spring 2018

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The Opportunity

The City of Gastonia, North Carolina (“Gastonia” or the “City”) is pleased to release this Solicitation for Development Partners (“SDP”) in partnership with the UNC School of Government’s Development Finance Initiative (“DFI”) for the development of the first private phase of the Franklin Urban Sports & Entertainment (“FUSE”) District. The FUSE District is a multi-phase mixed-use development that will leverage a sports and entertainment facility to stimulate demand and investment for land adjacent to the stadium.

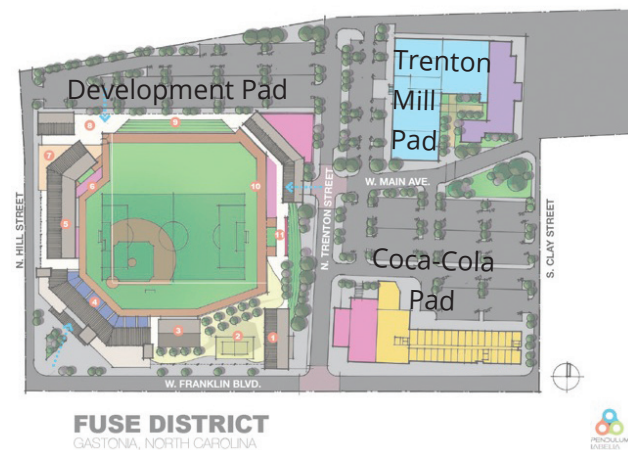
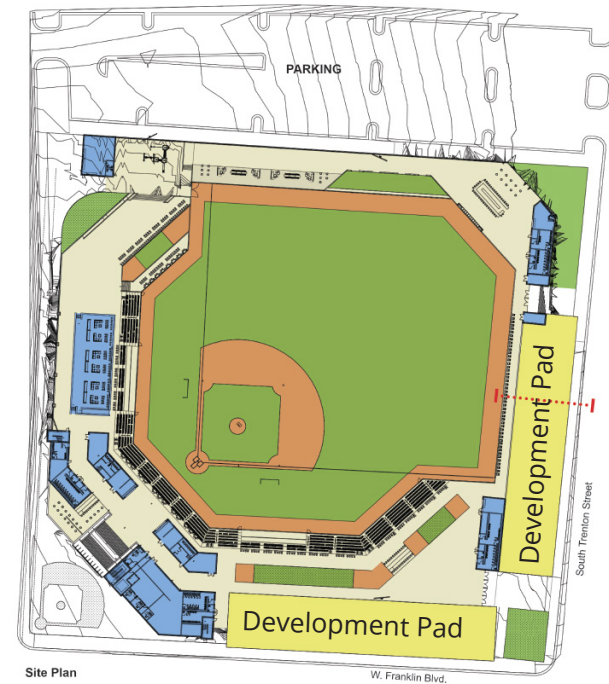
The City is currently seeking a private development partner to redevelop the Trenton Mill pad. The City is open to different product types and either historic preservation or new construction.

THE FUSE VISION

The City has been extremely active in aligning key stakeholders and engaging partners to execute the activation of the Franklin Urban Corridor between Gastonia’s Downtown and the Loray Historic District:

- Acquired 16 acres along Franklin Boulevard and Main Avenue, an approximately \$5M investment
- Engaged DFI in April 2017 to create a phased development plan for the broader FUSE District
- Engaged ballpark / stadium advisory, design, planning, and construction professionals

In the next five years, the City will be soliciting development partners for another 4-5 development opportunities with two immediately adjacent to the stadium. All together, the FUSE District will support between \$50-\$60 million of private development.



TRENTON MILL

Built in 1897, Trenton Mill, located at 620 W Main Ave, is a vacant historic textile mill located a half-mile west of Downtown Gastonia and adjacent to the future stadium and new home of the Gastonia Grizzlies, one of sixteen teams in the Coastal Plains League. DFI, in collaboration with the City and Tise-Kiester Architects, has developed an adaptive reuse program for the site:

- 81,862 GSF of residential space
- 75 studio, 1-bedroom, and 2-bedroom units, averaging 800 SF per unit
- 1,800 SF outbuilding converted to destination retail or restaurant use
- 140 surface parking spaces split between east and west sides of building structure
- Total development costs are estimated to be \$14.2M

PUBLIC PARTICIPATION

The City plans to participate in the Trenton Mill project in the following ways:

- Build adjacent sports & entertainment complex
- Sell the Trenton Mill site to a development partner at fair-market value
- Grant historic landmark status tax exclusion for adaptive reuse
- Continue working with EPA on Brownfield Assessment Grant, which includes Trenton Mill
- Continue working with DFI on pre-development of other development pads in the FUSE District

All questions regarding this SDP including procedures for responding, clarifications of the terms, conditions, and requirements, should be directed to Omar Kashef, DFI Project Manager, at kashef@sog.unc.edu.

TIMELINE



Trenton Mill

DFI's Role

The City engaged DFI in April 2017 to create a phased development plan for City-owned properties in Gastonia's FUSE District. DFI is a program of the UNC School of Government that provides specialized finance and development expertise to assist local governments in attracting private investment for transformative projects. DFI has been engaged in more than 100 projects in communities across North Carolina, and more than \$1 billion of investment will occur if all of DFI's pipeline projects are completed.

DFI undertook significant predevelopment work prior to releasing this SDP, including the following five-part assessment that resulted in the proposed opportunity identified in this SDP:

- **Market Assessment:** assessing the supply and demand for a diversity of potential private uses, including multi-family, retail, office, and hospitality. A detailed summary of the findings from this assessment is available upon request.
- **Site Assessment:** studying the physical constraints of the existing site and working with design team to program the space while maintaining its unique, historic characteristics.
- **Public Interests:** engaging with the various stakeholders who are interested in the development of Trenton Mill, including City staff and elected officials.
- **Financial Feasibility:** projecting the development costs and cash flows to ensure viability of the project for private investors. DFI's financial assumptions are available upon request.
- **Public Investment:** identifying the potential avenues by which the public sector can participate to enhance the attractiveness of this development opportunity.

DFI's predevelopment work thus far will benefit the private developer selected by Council through significantly reducing the time, effort, and expense required to move the project through the City's public planning process. The selected developer is required to pay a 1% development services fee to DFI as part of any Development Services Agreement related to the development of Trenton Mill. The terms of the fee are further described in Appendix A of this SDP.

FUSE District Overview

The FUSE District connects Gastonia's Downtown to the Loray Historic District along Franklin Boulevard. To fuse is to join or blend to form a single entity – a credo adopted by the FUSE District which rings true throughout its broader vision. Be it through the multi-purpose sports and entertainment venue, the adaptive reuse of unique, historic buildings, or the development of new residential and commercial properties, FUSE will connect a stretch of cultural, social and economic activity in Gastonia's center city.

The idea for a downtown, multi-purpose sports and entertainment facility began in 2013. The City commissioned a study to analyze developing a new ballpark versus upgrading Sims Park, the current home of the Coastal Plain League's Gastonia Grizzlies, located approximately two miles north of Downtown. Trenton Street, which runs perpendicular to Franklin Boulevard through FUSE, was a top choice for the new ballpark early in the ideation process. In early 2016, the City was approached by the sellers of several buildings along Trenton Street – previously occupied by Sears – eventually culminating in their acquisition and spurring planning for the broader FUSE District.

Phase I of FUSE began in September 2016, with the City's council unanimously approving various land acquisition, demolition, survey and environmental analysis projects. To date, Gastonia has acquired 16 contiguous acres in the FUSE District, totaling approximately \$5M in acquisition investment. Around the same time, the City contracted with consulting firm Conventions, Sports & Leisure International and design firm ODELL to conduct a feasibility study and generate preliminary drawings, respectively for the stadium complex. After the City acquired sites in the district and the feasibility studies were completed, the City engaged DFI to conduct predevelopment analysis for development pads around the stadium complex and to create a phased development plan. The City then hired Pendulum Studio for \$1.26M as the lead architect for the stadium complex in Summer 2017.

The adaptive reuse of Trenton Mill, acquired by the City in January 2017 for \$495,000, will be instrumental in providing FUSE with the right mix of uses and density. Whether preserving Trenton Mill's unique historic characteristics or developing high-end apartments adjacent to a ballpark, the Trenton Mill project and FUSE broadly combine many of the elements that have made similar sports and entertainment-anchored developments successful. From BB&T Ballpark in Winston-Salem to Durham Bulls Athletic Park, sports and entertainment venues with adjacent multi-family communities have served as strong catalysts for economic development throughout center city North Carolina locations.

City & Market Summary

Located a short drive from Uptown Charlotte and the Charlotte Douglas International Airport, Gastonia is the largest municipality in Gaston County and the second-largest in the rapidly-growing Charlotte MSA. The strong MSA-level trends have led to Gaston County's resurgence as a residential destination for families in neighboring counties, with approximately 35% of families moving to Gaston County coming from Mecklenburg County. Gastonia's city center is home to beautiful historic buildings, a vibrant retail presence, unique dining options, and a burgeoning arts and culture scene. Much of the recent investment in Gastonia's core stems from the creative reuse and repositioning of the City's myriad historic structures to create exciting, amenity-rich offerings in and around the downtown area:

- Loray Mill: Redeveloped 600,000 SF mill, featuring 189 residential units with under 5% vacancy, 100,000 SF of commercial space, and over \$40M of investment in first phase
- Gastonia Conference Center: Opened in 2011, the GCC is a \$10 million, 30,000 SF space with a grand ballroom that can seat up to 400 people
- Lawyers Building: Historic building currently under construction will be adaptively reused into a 40-key boutique hotel
- Arts and Antiques District: Downtown is home to many antique stores including the second Sleepy Poets Antique Mall in Gastonia's historic Kress Building Gastonia following the owner's success in Charlotte
- Webb Custom Kitchen: Upscale restaurant featuring American eats and craft cocktails located in the former Webb Theater
- Cavendish Brewing Company: 16-tap brewery with five flagship beers located in repurposed automotive dealership



Gastonia Conference Center



Webb Custom Kitchen

Furthermore, Gastonia is home to numerous long-standing institutions and nearby natural attractions. The Schiele Museum of Natural History, one of 70 museums nationwide designated as an affiliate of the Smithsonian Institution, is located a few minutes east of downtown, and the American Military Museum is located right in the City's core. With respect to natural attractions, Gastonia is home to Crowders Mountain State Park and the Daniel Stowe Botanical Garden. Also just a short drive away is the US National Whitewater Center, a 1,300-acre outdoor space featuring whitewater rafting, kayaking, mountain biking, and even zip lining.

These dynamics coalesce to create an environment ideal for individuals and families who want to be a short drive from big-city opportunities while enjoying smaller-city amenities setting while maintaining a strong presence of cultural, natural and commercial options – and many have done just that. Loray Mill's 189 residential units exhibited a quick lease-up period and very strong demand. Moreover, some of Loray's first retail tenants are an antique store, Au'gust Mercantile, and Growler USA, a restaurant that has over 100 beers on tap. Coming soon is a photography studio and coffee shop.

Loray is a case study that illustrates the significant pent-up demand for not only high quality residential options but other amenity-rich commercial offerings. Accordingly, DFI conducted an extensive market analysis in order to project absorption in the center city area for residential, retail, office, and hotel uses over the next five years. The market study figures are based on status quo and did not take into account a public investment in a downtown stadium. A catalytic investment in a downtown stadium will increase the demand across all products.



Loray Mill

Provided below is a summary of DFI's market analysis conclusions:

- **Residential:** 150-230 Units
- **Retail:** 15,000-28,000 SF
- **Office:** 9,000-15,000 SF
- **Hotel:** 150-185 Keys

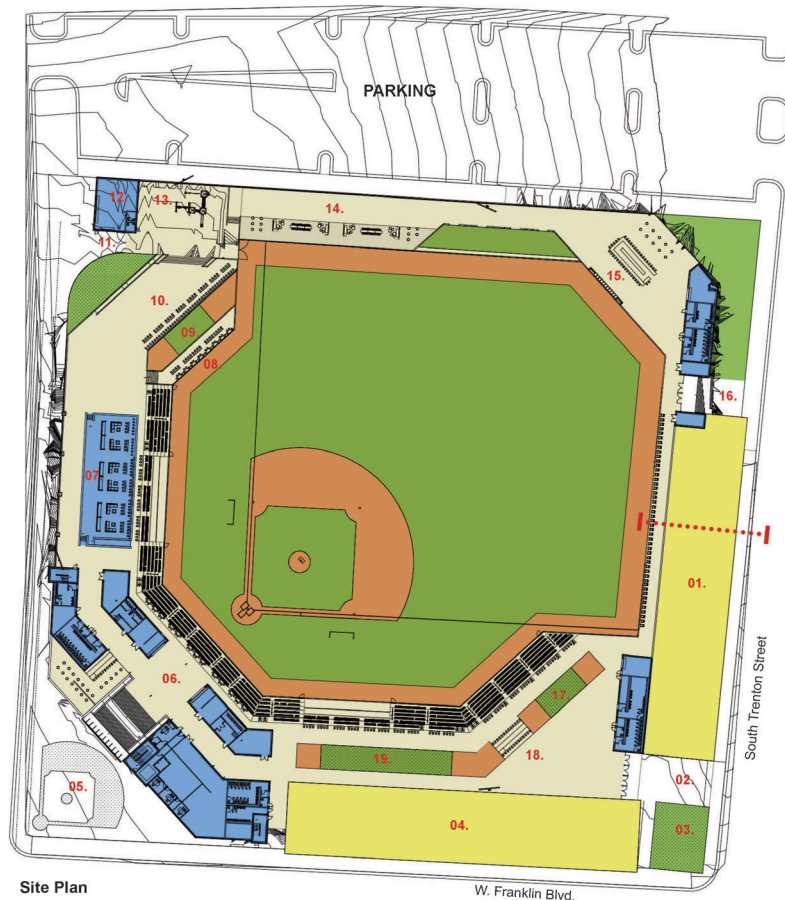
DFI's analysis indicates the Downtown Gastonia area will continue to experience strong residential demand, largely driven by strong net migration patterns and in-migration from Mecklenburg County.

FUSE will be key in meeting this future demand, serving as both a destination and link between Downtown and Historic Loray. Additional market analysis information will be made available upon request.

Guiding Public Interests

One of DFI's critical roles is working with the City to identify a project's guiding public interests, or public benefits the project should generate for the local community. City Council unanimously approved the following guiding public interests for the FUSE District:

- Increase residential and commercial density via mixed-use new construction and adaptive reuse
- Create vibrant, walkable area destination of commercial activity
- Maximize private investment and optimize public investment



Site Plan

W. Franklin Blvd.

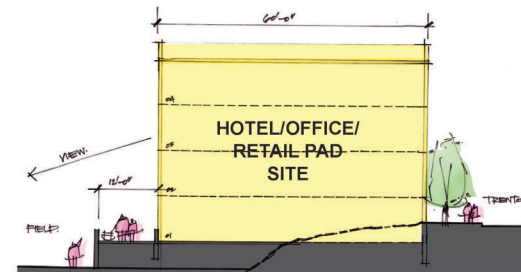
South Trenton Street

FUSE DISTRICT

GASTONIA, NORTH CAROLINA

LEGEND

- 01. Development Pad - 16,000 SF floor plate (60'-0" deep)
- 02. Entry Plaza
- 03. Green Space
- 04. Development Pad - 17,000 SF floor plate (60'-0" deep)
- 05. Main Entry Plaza
- 06. Open Main Concourse
- 07. Open Air Cabanas (6) (Covered)
- 08. Field Level Group Area
- 09. Visitor Bullpen
- 10. Open Air Group Area (Covered)
- 11. Service Yard Gates
- 12. Maintenance Building
- 13. Outfield Kid's Zone
- 14. Train Car Group Area
- 15. Beer Garden (Covered)
- 16. Main Street Entry Plaza
- 17. Home Bullpen - Group Area
- 18. Bar (Covered)
- 19. Open Concourse Green Space



Development Pad Cross Section @ Trenton Street



Trenton Mill Site

The Trenton Mill development pad is a 2.72-acre area located across Trenton Street from the planned sports and entertainment complex. The site is currently home to a late 1890s textile mill, which the City is enthusiastic about redeveloping into a mix of residential and adjacent retail offerings.

The City and DFI have contemplated both the adaptive reuse of Trenton Mill and a new construction scenario, with both scenarios chiefly focused on multi-family residential. Developers can submit a response for residential or non-residential uses via adaptive reuse or new construction.

ADAPTIVE REUSE

- 81,862 GSF and 60,010 LSF of residential space; 3,540 SF and 946 SF of amenity and storage space, respectively
- 75 studio, 1-bedroom, and 2-bedroom units, averaging 800 SF per unit
- 1,800 SF outbuilding converted to destination retail or restaurant use
- Total development costs are estimated to be \$14.2M
 - \$495K land acquisition; \$11.4M residential hard costs; \$176K retail hard costs; \$2.1M soft costs
- Historic tax credit equity estimated to be \$3.4M; DFI's assumptions related to historic tax credits are available upon request

NEW CONSTRUCTION

- 100,000 GSF and 76,000 LSF of residential space
- 100 studio, 1-bedroom, and 2-bedroom units, averaging 760 SF per unit
- 4,000 SF of ground floor retail space
- Total development costs are estimated to be \$15.2M
 - \$495K land acquisition; \$12.2M apartment hard costs; \$400K retail hard costs; \$2.1M soft costs

Using the above program alongside projected rents, DFI has modeled the project to determine overall feasibility and returns for the Developer and Equity Investor(s). Detailed versions of DFI's financial assumptions and models can be requested.



Trenton Mill

Evaluation Criteria & Selection Process

The evaluation of developers responding to this solicitation will be undertaken in order to select a partner and plan that is viable and will best serve public interests. DFI will lead and analyze responses, contact references, and coordinate interviews as necessary.

City and DFI Staff will evaluate all responses to identify a potential Development Partner and a plan that is viable, will best serve public interests, and can be completed in a reasonable time frame. Responses will be evaluated by the following criteria:

- Qualifications and experience of the development team, with preference given for experience with the type of development proposed in respondent's plan for the site
- Level of integration of guiding public interests, to include financial benefit to the City
- Quality and success of prior development projects and public-private partnerships
- Demonstrated ability to execute project of similar scale and complexity
- List of active development projects and demonstration of confidence in the project

After a review of submitted proposals, clarifications may be requested. Unless requested by DFI, no additional information may be submitted by developers after the June 1, 2018 deadline. Council will then select their preferred partner to begin exclusive negotiations of a development services agreement. Following Council's selection, DFI will advise the City in the negotiation of a formal development agreement.

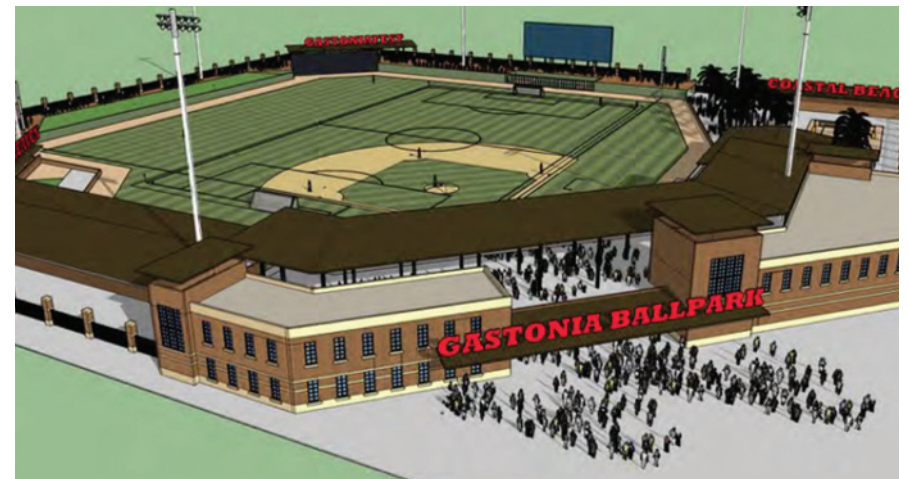
Site Visits

The City and DFI will host interested development teams on the site, providing access to and visual inspection of the building included in this solicitation. DFI will schedule these site visits within the following time slots, on a first come, first served basis. Interested developers are encouraged to schedule a tour by emailing Omar Kashef, DFI Project Manager, at kashef@sog.unc.edu, at their earliest convenience, and no later than one week prior to the scheduled date. Other times may be made available if there is strong interest.

SITE VISIT DATES		
Slot	April 11, 2018	May 8, 2018
A	11:00 - 11:45 AM	11:00 - 11:45 AM
B	12:00 - 12:45 PM	12:00 - 12:45 PM
C	1:00 - 1:45 PM	1:00 - 1:45 PM
D	2:00 - 2:45 PM	2:00 - 2:45 PM
E	3:00 - 3:45 PM	3:00 - 3:45 PM
F	4:00 - 4:45 PM	4:00 - 4:45 PM



FUSE DISTRICT
GASTONIA, NORTH CAROLINA



Submission Process

Development Partner proposals are due at 5:00 p.m. EDT on June 1, 2018. Proposals should be submitted electronically in PDF format to kashef@sog.unc.edu.

Proposals must be prepared in conformance with the guidelines described under “Submission Requirements.” The e-mail subject must be “Development Partner Proposal: Gastonia, NC”. Proposals received after the deadline will not be considered.

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit financial information that it may deem confidential and proprietary to comply with the requirements of this solicitation. To the extent permissible by law, DFI agrees 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 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 kashef@sog.unc.edu. The e-mail subject must be “PROTECTED: Development Partner Proposal: Gastonia, NC”.

Submission of Proposal

- Identify if submitting for adaptive reuse or new construction project
- Propose Development Plan
 - a. Residential Units; Average Size of Units; Mix of Units; Expected Rents
 - b. Commercial SF; Expected Rents
 - c. Parking Spaces
 - d. Sources and Uses
 - e. If you anticipate public participation, propose the public investment structure and amount
- Acquisition Price: Propose an acquisition price
- Earnest Money Deposit: Propose amount and the point at which it would be non-refundable
- Propose timing for the development plan
 - a. Within ____ days of being selected for exclusive negotiations for the Trenton Mill site, the developer will provide the City an MOU.
 - b. Within ____ days of execution of an MOU, the developer will provide the City with a development plan including the development budget (separate budgets for private and public facilities), schematic design, and a financing plan.
 - c. Following the delivery of the Development Plan, the City and developer shall negotiate and attempt to finalize the master development agreement within ____ days.

Submission of Qualifications

- Letter of Introduction
 - a. Include a summary of the respondent's basic qualifications, experience, and reasons for interest in this opportunity
 - I. The letter should be signed by a principal or authorized officer for the entity
- Development Team
 - a. Identification of partner firms and roles, including co-developers, architects and designers, and general contractor
 - b. Overview of each firm on the team, including brief history of firm, past experience working with the developer
- Experience & References
 - a. Location and name of project (preference for projects in North Carolina)
 - b. Scope and scale of development program
 - c. Photos/illustrations of completed project
 - d. Total development budget
 - e. Experience of the development team with executing public-private partnerships
 - f. Provide evidence of sufficient financial strength to undertake and successfully complete a project of this scale
- Disclosures
 - a. Disclosure of any potential conflicts of interest that could be relevant to this project in any manner
 - b. 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
 - c. Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body
 - d. Disclosure of any projects/financing on which the team collectively or individually has defaulted
 - e. 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
 - f. Disclosure of whether any officer, director, or owner is currently debarred pursuant to an established debarment procedure from bidding or contracting

Additional Information

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Gastonia 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. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

Tise-Kiester Architects conducted preliminary site analysis and drafted conceptual plans in preparation for this solicitation. Tise-Kiester Architects is available for general consultation and discussion and they have agreed to make this service available to all developer respondents on the same terms. Tise-Kiester Architects will not participate in evaluating responses to this solicitation.

Those submitting responses to the Solicitation for Development Partners 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, or to waive irregularities or informalities in any submittal, in 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 all statutory and legal requirements and ultimate approval by the City Council in its sole and absolute discretion and nothing herein is to be construed as binding on the City. In modeling this project, it was assumed that the City will convey the property to a private developer pursuant to its authority to “convey property for economic development under North Carolina General Statute 158-7.1”, among other statutory authority.

The City makes no express or implied warranty as to matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of the any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

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. Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the City and shall not be construed to impose any legal obligations on the City.

This solicitation does not create any obligation or relationship such as a partnership, joint venture or other similar legal relationship between the City and any potential party. Any references to “partner,” “partners” or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.

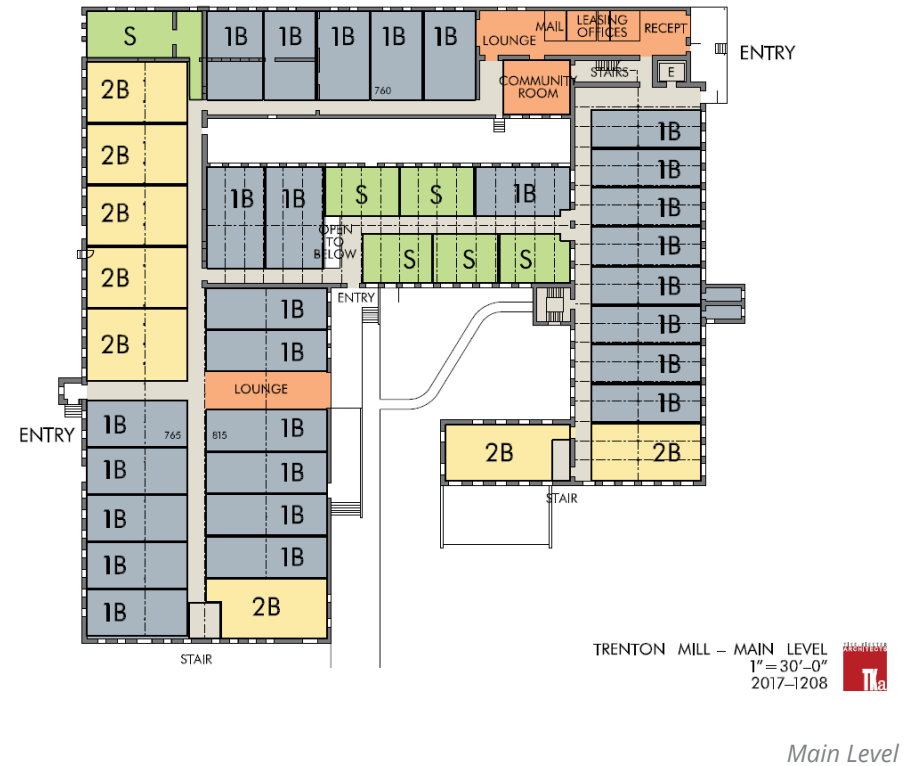
Appendix A:

Contingent Fee Payment

“The conveyance or lease of any portion of the property described herein (the “Property”) to the selected development entity and its successors and assigns (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 (“SOG”) and its successors and assigns for pre-development services provided to the City, and the Development Services Agreement shall provide that SOG is an intended third party beneficiary of the Development Services Agreement. The fee shall be an amount equal to 1% of the total projected costs of development of the Project as calculated by the Developer in the most recent versions(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to City or other parties prior to or contemporaneously with 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 Development Services Fee. The Development Services Fee shall be due and payable in full to SOG no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Development Services Fee to SOG may be developed as mutually agreed in writing by Developer and SOG; 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 Development Services Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Development Services Fee, except upon written consent of SOG.”

Appendix B:

Tise-Kiester Plans (Lower and Main Level)





THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL