

PROSPECTUS

**CHESAPEAKE LAND DEVELOPMENT LLC-STEEL STREET TIDAL MITIGATION BANK
CHESAPEAKE, VIRGINIA**

Prepared by:

**Walter I. Priest, III PWS
Wetland Design and Restoration
P.O. Box 69
Bena, Virginia 23018
wetlanddesign@gmail.com
804-725-8914**

13 January 2014

TABLE OF CONTENTS

- I. Introduction
- II. Relationship of this Agreement to Other Authorities
- III. Contact Information
- IV. Location of Bank
- V. Goals and Objectives of the Bank
- VI. Site Selection
- VII. Existing Conditions
- VIII. Adjacent Properties
- IX. General Need and Feasibility
- X. Bank Establishment
- XI. Monitoring and Maintenance

Appendix A - Adjacent property owners

Appendix B – Soil Survey of Steel Street Site

Attachments – Photographs of site

TIDAL WETLAND MITIGATION BANKING AGREEMENT

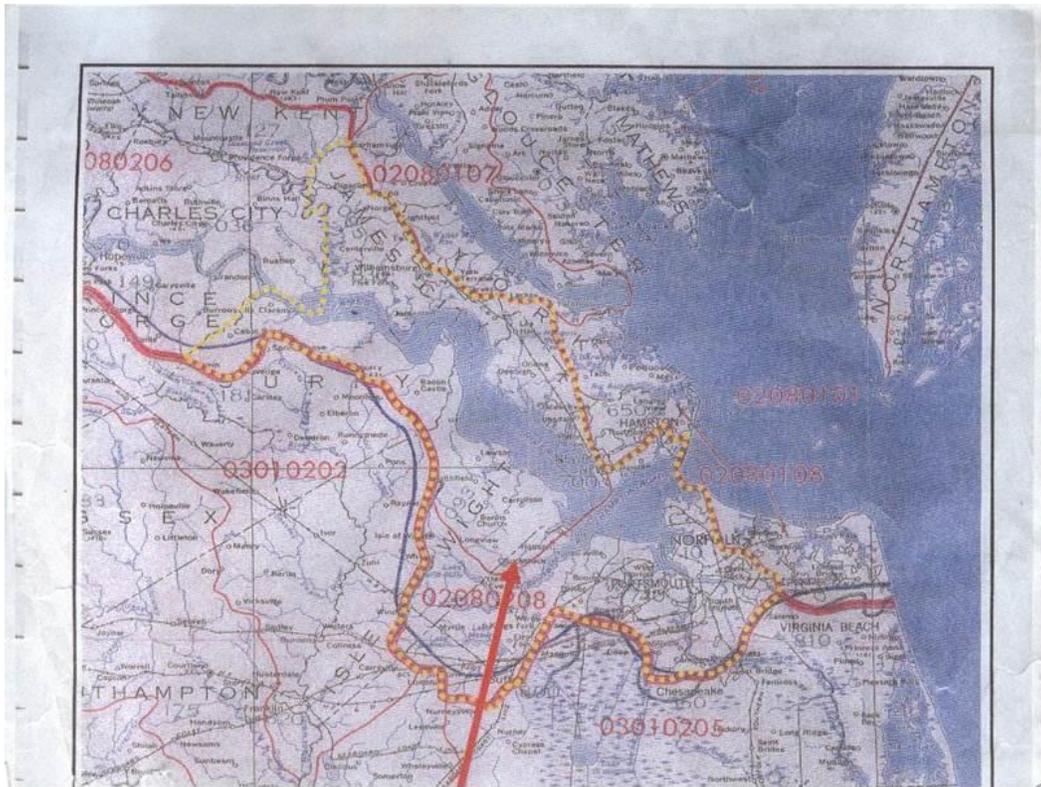
Chesapeake Land Development, LLC
Steel Street Tidal Mitigation Bank
Chesapeake, Virginia



I. INTRODUCTION

Chesapeake Land Development, LLC proposes to establish the Steel Street Tidal Mitigation Bank in Chesapeake, Virginia. This tidal wetland bank will provide effective off-site compensation for impacts to tidal wetlands that cannot be practicably avoided as a result of disturbances within Hydrologic Unit Codes (HUC's) 02080208, 02080206 and any other areas deemed appropriate by the IRT (Figure 1). The proposed Geographical Service Area (GSA) is illustrated on an attachment. An Individual Site Development Plan will be developed to establish the wetland bank subject to approval by the IRT.

The purpose of the Bank will be to provide off-site compensation for the unavoidable loss of tidal wetlands as a result of impacts from development projects authorized under Section 401 and 404 of the Clean Water Act, Section 10 of the Rivers and Harbor Act, and Section 28.2-1308 of the Code of Virginia, provided such impacts have met all applicable requirements and are approved by the respective permitting agencies. This bank is intended to provide a seamless avenue for tidal mitigation credits with the expectation that the Chesapeake Land Development Libertyville Road mitigation bank will eventually sell out. This proposed bank will benefit both public and private entities that utilize tidal mitigation in order to streamline projects that have unavoidable tidal impacts where on site mitigation is not practicable.



Service Area
HUC'S 02080208 and 02080206

II. RELATIONSHIP OF THIS AGREEMENT TO OTHER AUTHORITIES

The development and operation of the Bank will be in accordance with the Code of Virginia Section 28.2-1308, Wetland Banking, 4 VAC 20-390 et seq, VMRC Mitigation Banking Guidelines, and Final Rule 33 CFR Parts 325 and 332 (April, 10, 2008), Federal Mitigation Guidelines.

Specific to the Virginia Offsite Mitigation Location Guidelines, the proposed bank will be designated for use only by projects in HUC's 02080208 and 02080206 which are the bank's watershed and its adjacent watershed respectively. It is being located in a disturbed area and meets all of the requirements of Criteria 2 of the Guidelines. There will be a considerable amount of riparian buffer restoration and preservation with only a minimum of wetlands preservation. It is also being designed to maximize its value to the estuarine system and to be self-sustainable with only minimal management and maintenance required.

III. CONTACT INFORMATION AND PARCEL OWNERSHIP

Sponsor/Owner: Thomas Tye
Chesapeake Land Development, LLC
(t/a Deep Creek Commons, LLC)
6062 Indian River Road, Suite 104

Virginia Beach, VA 23464
Email: tomtye@thomastye.com
Phone: (757) 424-4125
Fax: (757) 420-9740

Chesapeake Land Development, LLC, the owner of the Libertyville Tidal Mitigation Bank, through a holding company, Deep Creek Commons, LLC, is the owner of the Steel Street property. Chesapeake Land Development, LLC constructed and manages the first Tidal Bank in Virginia and the only Tidal Bank in Hampton Roads. The Libertyville Bank is well past its 5 year monitoring period and is a very successful tidal marsh mitigation bank. The Libertyville Bank was created on the site of an old junkyard and some non-tidal wetlands, and today cannot be distinguished from the adjoining natural *Spartina* marsh.

The Steel Street property is owned free and clear and there are no mortgages or liens, although there are easements which impact the property.

The site was acquired by Deep Creek Commons in 2013 from the Bank of Hampton Roads, which had foreclosed on the previous owner. The prior owner clear cut the site about 7 years ago. Neither Chesapeake Land Development LLC, nor Deep Creek Commons were involved in any way with the cutting of the timber. Additionally, the period of time that has elapsed since the site was cut is within the time frame suggested by the Corps to be considered as a mitigation site.

The prior owner clear cut and then rezoned a portion of the property from M-2 to R-8 in order to build 18 residences. When the housing market collapsed that plan was not feasible, and the property was foreclosed on by the lender. Although with recent improvements in the housing market, it is very likely the portion zoned R-8, Residential, can be successfully developed with 18 residences today.

IV. LOCATION OF BANK

The proposed mitigation bank is located on the west side of Steel Street, east of Marlboro Avenue, north of I-64 and the entrance to the Deep Creek Canal in Chesapeake, Virginia at Latitude 36.7659.77 and Longitude 76.3094.58. The property is also north of a Port Authority mitigation site located on the north side Shipyard Road and south of the canal. Other nearby uses include the Dominion Energy Plant at Gilmerton, which is slated to be closed, an automotive salvage yard along the northern boundary line, Intercoastal Steel along the southeastern property line, and an undeveloped parcel along the southwestern property line. The property is identified by the City of Chesapeake as tax map and parcel number 0260000000010 (Figure 2).

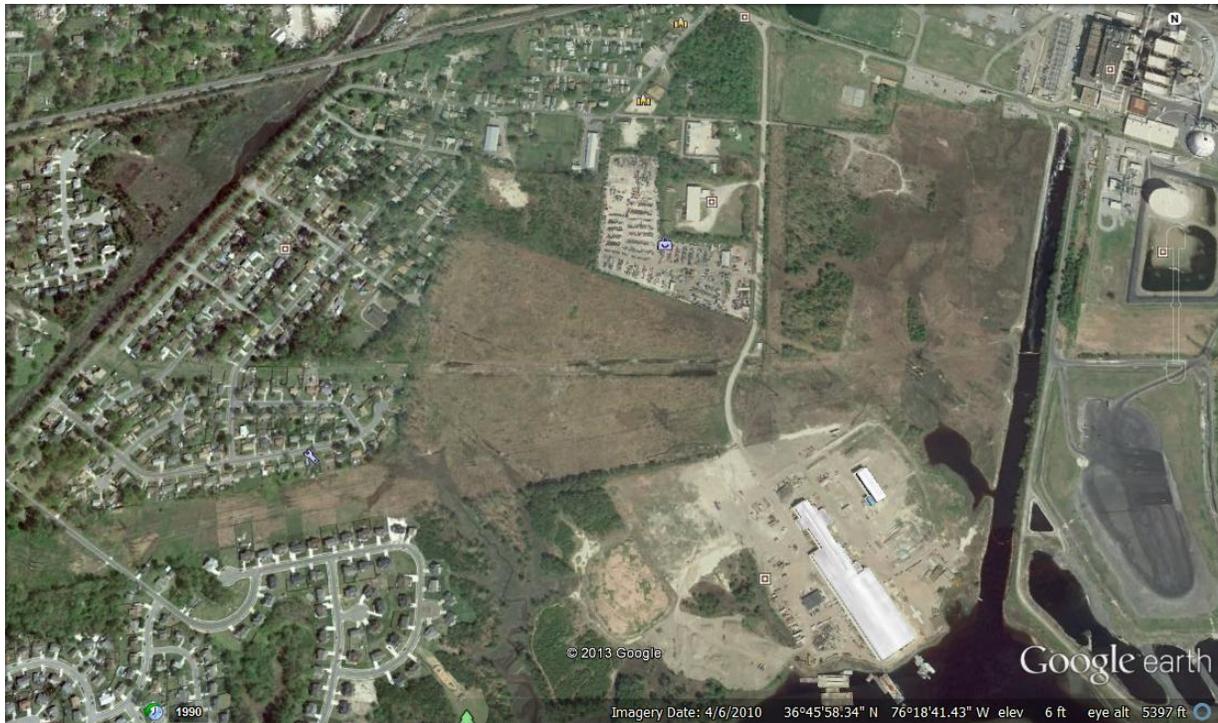


Figure 2. Steel Street vicinity map

V. GOALS & OBJECTIVES OF BANK

The principal goal for the proposed bank is to provide self-sustaining tidal wetland mitigation to compensate for unavoidable impacts to other wetlands in the watershed. The constructed tidal wetlands will be created through the conversion of existing uplands, routinely mowed emergent and recently logged forested non-tidal wetlands. Having the nearby Libertyville Road mitigation available during the past few years has resulted in many projects proceeding that would have otherwise had limited choices for mitigating.

Chesapeake Land Development, LLC proposes to establish emergent tidal wetlands on about 30 acres of the Steel Street property in the areas within and between the easements. Upland buffer will account for about 12 acres with about 1.25 acres of preserved existing tidal marsh. All impacts to existing non-tidal wetlands will be mitigated by the purchase of mitigation credits from a non-tidal mitigation bank in the same watershed.

The sponsor proposes to develop the tidal mitigation bank in phases. This Draft Prospectus outlines the first phase of the proposal. In today's economy, the strategy of using phases is very important to the sponsor. Phase I is proposed for about 5 acres, with subsequent phases excavated and planted as demand warrants. It is the intent to have full approval for all phases with the initial banking instrument.

The targeted functions of the mitigation area include improvements/expansion of fish and wildlife habitat, water quality, flood storage, and erosion and sediment control. In particular, the creation of new uncontaminated fish habitat will allow fishery resources to avoid the extensive

contaminated habitat in the Southern Branch of the Elizabeth River improving their health and productivity.

VI. SITE SELECTION

The site selection process is very difficult in a highly urbanized watershed like the Elizabeth River. The key is trying to find a parcel of land that is affordable, acceptable and effective. The high price of waterfront property is a huge consideration. If the cost of the site is too high, it becomes impracticable because mitigation credits will be unaffordable for many projects. Also, it must be low enough to avoid excessive construction costs associated with grading the site to the appropriate elevations. The site must also be acceptable in that the impacts associated with the development of the mitigation bank must not outweigh the benefits of constructing the bank. The effectiveness of the site depends on its suitability for wetland construction. It must have a source of tidal wetland hydrology and an effective connection to the adjacent waterway without having to go to extraordinary efforts to achieve. This is important to make the bank self-sustainable and able to provide the desired ecological benefits to the watershed.

This site is being considered to capitalize on its already disturbed nature due to the routine mowing of the easements, recent logging activity and its altered hydrology resulting from the peripheral development. It has a connection to tidal wetland hydrology from the tidal creek which enters the property at its southwest corner. The elevations are low enough to make construction economically feasible. Construction of tidal wetlands on the site would increase and diversify many of the ecological values of the site, i.e. wetland habitat, fishery utilization, water quality maintenance and flood buffering.

Development of the entire site as a tidal wetland mitigation bank would also preclude the development of the additional 18 housing units authorized by a previous rezoning of a portion of the site (Figure 3).

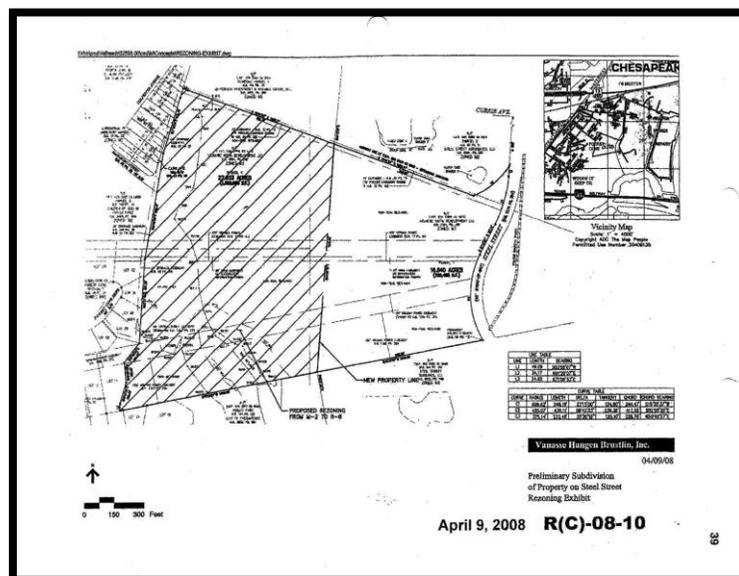


Figure 3. Rezoned portion of property.

VII. EXISTING CONDITIONS

The site contains 43.87 total acres, of which about 8 acres are cut over woods that are uplands, about 18 acres are in utility easements, about 16 acres are cut over non-tidal wetlands between the easements, and about 1.2 acres are tidal wetlands. The uplands, per a prior delineation, are concentrated on the western most portion of the site which is accessed from Marlboro Avenue where the planned residential construction was to occur.

There are three utility easements that impact the property, that run east/west. The southernmost is a 225' wide Dominion Power easement that abuts the southern property line. Adjoining this easement is another 80' wide Dominion Power easement for a total width of 305'. Further to the north, in about the center of the property is another 100' foot Dominion Power easement which is partially occupied by a 20' wide HRSD easement. The northern most boundary line has a 30' wide Columbia Natural Gas easement. Total area within all easements is about 18 acres.

These easement areas are routinely mowed and maintained as herbaceous vegetation with some shrubs. The areas between the easements that have not been mowed are reverting to a second growth forest dominated by sweet gum, red maple, willows and willow oak.

The first 100 feet of the southernmost Dominion Power easement would be in the buffer area, and would not be disturbed. All of the 30' wide Columbia Natural Gas easement would also be in the buffer area, and would not be disturbed. The same is true of the easements in the first 100 feet of the eastern and western boundary line.

Coordination with both Dominion Power and HRSD has been initiated as part of this project to allow future maintenance of the utility infrastructure located in the easements..

According to the U.S.G.S. Norfolk South Quadrangle Map, the elevations on the site are flat and range from 0 to just over 5 feet above mean sea level. The site appears to slope to the south and west toward the tidal wetlands. The site hydrology been impacted to some extent by the roads and development that surround most of it. The surface hydrology of the site has been severely impacted by rutting from both the logging and ongoing mowing operations. Precipitation that falls within the site is likely to infiltrate or sheet flow to the south and west.

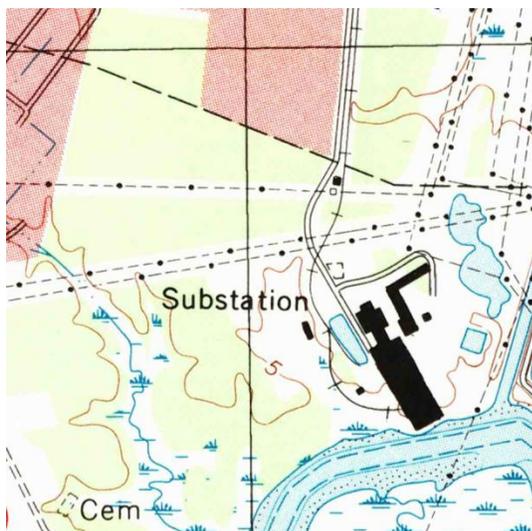


Figure 4. USGS Topographic map from Norfolk South

The soils on the site are mapped almost entirely as Othello-Fallsington (Oc) fine sandy loams which are listed as hydric soil. Random hand auger borings indicate 12”-24” of sandy loam overlying a layer of dense plastic clay (See Appendix B for soil map).

The National Wetlands Inventory maps the site as PFO1B and PFO1E in the areas between the easements. There is also an area of PEM1C in the eastern portion of the southern easement and the tidal wetland in the southwestern corner of the property. The easements are not currently mapped as wetlands by the National Wetlands Inventory. See Figure 5.

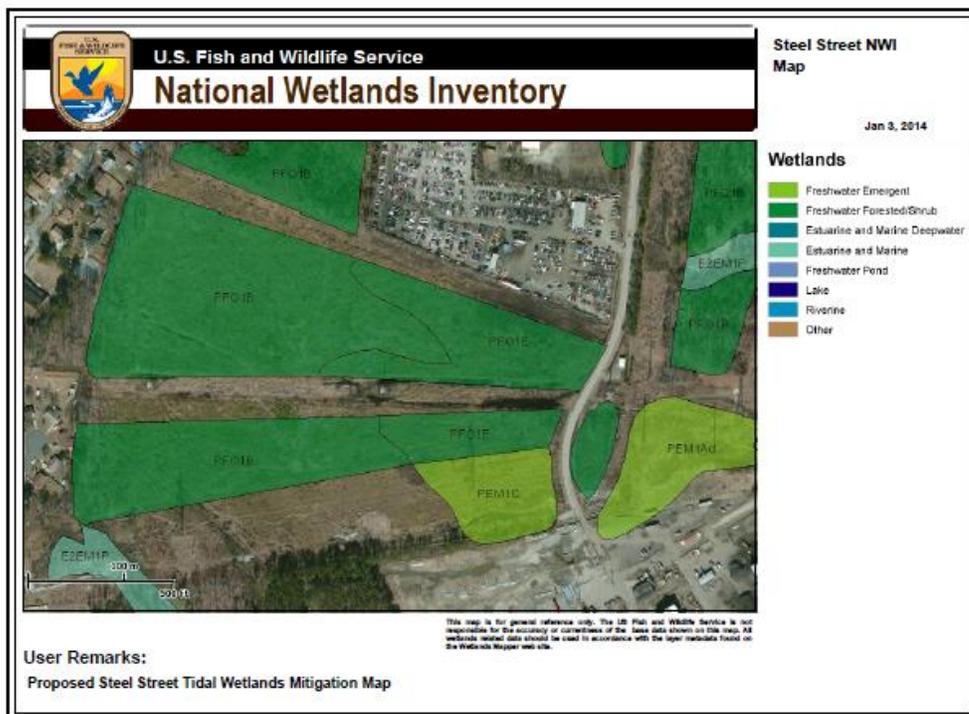


Figure 5. National Wetlands Inventory map of the site.

The northern easement is dominated by common reed, *Phragmites australis*, but will not be impacted. It will be included in the 100’ buffer along the northern property line.

Portions of the central easement have been heavily impacted by off road vehicles and have very deep ruts that pond water. The vegetation in these rutted areas is primarily herbaceous wetland species.

The vegetation in the wide southern easement is primarily herbaceous with some shrubs. The plant community is a mosaic of wetland plants in depressions and old field species including ragweed, blackberries, broom sedge, dog fennel and goldenrod.

There are no known cultural resources mapped for the property.

A Phase I environmental investigation was recently performed and indicated that no further investigations are required and that the property has been vacant as far back as could be researched. This document has been provided to the Corps.

A wetland delineation was performed on the property previously and was confirmed by the U.S. Army Corps of Engineers. It indicated an area of upland along the western side of the property. See Figure 6.

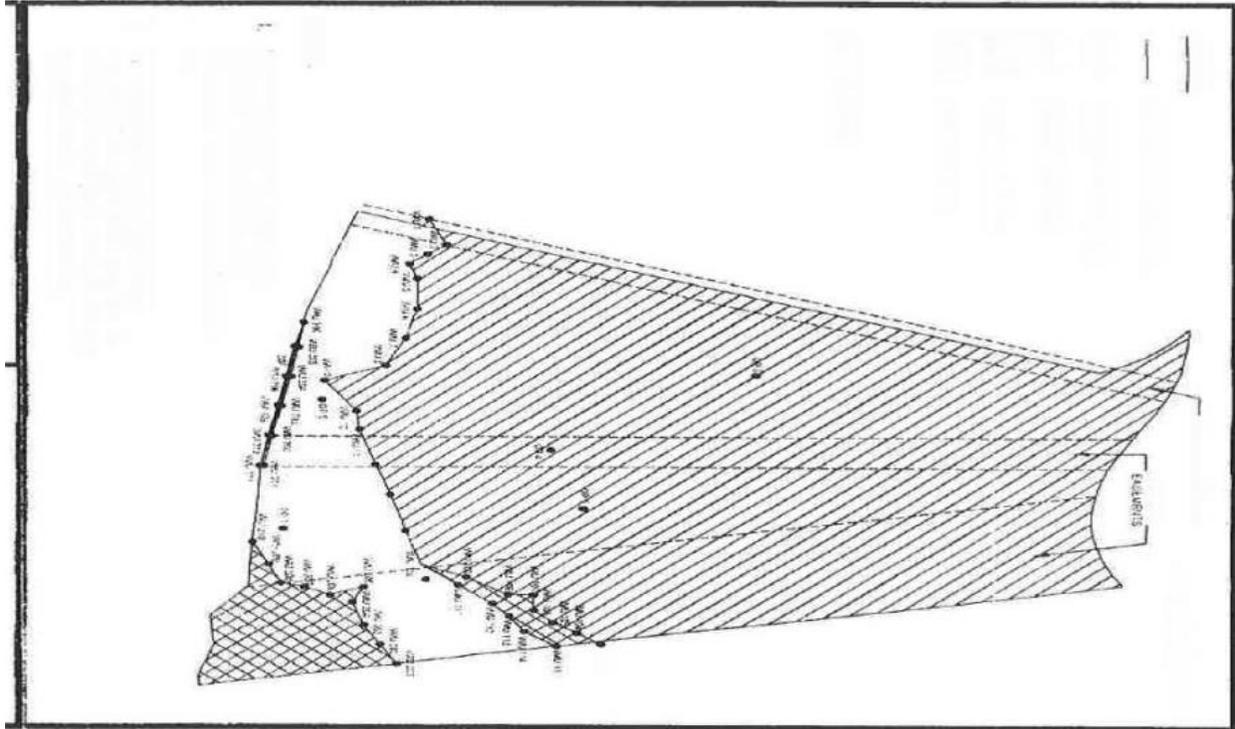


Figure 6. Prior Wetlands Delineation-Tidal Area Crosshatched, Non-Tidal Area Slashed, Uplands White

VIII. ADJACENT PROPERTIES

About one third of the southwest portion of the property abuts tidal wetlands that extend into the site from conservation area which is restricted and cannot be developed. The rest of the land to the south includes a waterfront industrial complex formerly known as Orca Yachts and Intercoastal Steel. The properties to the west include single family residential. To the east and the north are industrial sites, to include an automotive salvage yard and the Chesapeake Dominion Energy Center, which is slated for closure.

The current zoning of the properties surrounding the subject site include R-8 and M-2. No other proposed new development or subdivisions are planned other than the potential for 18 houses on the western portion of this site, and future development is restricted due to the lack of available land, current land use and environmental restrictions.

Any of the adjoining parcels that are not currently located within the Chesapeake Bay Preservation Area will have a 100 foot buffer from the excavated areas so as to not impose the

Bay Act on currently unaffected properties or adversely impact drainage on the adjacent properties. It is estimated that there will be about 12 acres of buffer. The large size of this makes having about 12 acres of buffer practicable.

A listing of the names and addresses of the adjacent property owners can be found in Appendix A.

IX. GENERAL NEED AND FEASIBILITY

The proposed Steel Street Tidal Wetland Mitigation Bank is located in the highly developed Elizabeth River watershed which has lost over half of its tidal wetlands since World War II. The Elizabeth River is also the scene of a tremendous amount of economic activity focused on its waterfront. This development often occasions unavoidable impacts to the remaining tidal wetlands. The Elizabeth River Watershed Action Plan developed by the Elizabeth River Project and approved by the Virginia Department of Environmental Quality recognizes these pressures and has as one of its principle components the restoration of wetlands.

Another important aspect of this project is its proximity to other restoration and mitigative activities in this reach of the Southern Branch, e.g. Money Point, Saint Julien's Annex, Libertyville Tidal Wetland Mitigation Bank, VPA mitigation site south of Deep Creek, Pre-Con Construction across the Southern Branch and Paradise Creek. While this project is a mitigation bank whose goal is no net loss of wetlands, concentrating the mitigation for many small projects from around the watershed in an area where there is already a significant amount of restoration activity will enhance the synergies already accruing from the ongoing wetland restoration, oyster reef restoration and sediment remediation efforts to provide improved habitat and water quality on a landscape scale.

The feasibility of this type of wetland restoration is well documented in any number of restoration projects that have been successfully developed in the Elizabeth River and elsewhere in Virginia.

X. BANK ESTABLISHMENT

There is an area of tidal wetlands located in the southwest corner of the property. This creek marsh will serve as the source of tidal wetland hydrology for the wetland bank. A connection between this creek marsh and the restored area will be excavated to provide the daily tidal flows necessary to provide the tidal hydrology. The cross-sectional area of this connection will be carefully engineered to ensure that the created marsh will effectively flood and drain sufficient to support the tidal wetlands within the proposed bank (See Figure 7). This conceptual design would be similar to the Virginia Port Authority site to the south across Deep Creek.

The site will be excavated to elevations that match the adjoining salt marsh, expected to be between about 0 and 1' NAVD 88. These elevations will allow tidal waters to flow into the newly graded and planted areas. The needed elevations will be confirmed by an engineering/surveying firm prior to excavation.

The excavation on the site will take place prior to connecting to the tidal waters in the tributary of the Elizabeth River.

Once the excavation is complete, the area will be planted using plant materials obtained from local nurseries. The plant material will consist of 2 inch plugs planted 36 inches on center. A slow release high nitrogen fertilizer will be used for each plant.

Spartina alterniflora will be planted throughout the site between mean tide level and mean high water. *Spartina patens*, *Distichlis spicata* and *Iva frutescens* will be planted from mean high water up to the upper limit of tidal wetlands. The transition zone between the marsh and the adjacent upland will be planted with *Baccharis haalimifolia*, *Panicum virgatum* and *Morrella cerifera*. The upland buffers and unexcavated areas will be reforested with native trees and shrubs where appropriate.

The site will be monitored for invasive species, such as *Phragmites australis*, during routine success criteria monitoring events and long-term monitoring. These inspections for invasive species will document any locations within the bank that invasive species begin to grow. In the event that invasive species are found, the sponsor proposes to control the invaders by using approved herbicides (such as Rodeo) that will be applied per the manufacturer's recommendations.

Chesapeake Land Development, LLC anticipates beginning construction of the wetlands mitigation bank within one year of the initial credit release, during which time the construction plans and other City of Chesapeake approvals will be obtained.

Generally the soil removed from the site will be taken to an offsite upland location and stockpiled for use on other sites, however, a berm may be created on some buffer areas that are not currently wetlands. All appropriate erosion and sediment controls will be placed around any stockpile areas.

Any unavoidable impacts to non-tidal wetlands on-site will be mitigated through the purchase of credits from a non-tidal wetland bank in the watershed.

XI. MAINTENANCE AND MONITORING

Chesapeake Land Development, LLC will monitor and manage the mitigation bank during a 5 year monitoring period and provide any necessary adaptive management or remedial actions to insure the success of the bank. The Bank Sponsor will provide for the perpetual protection and preservation of the bank through a conservation easement to be approved by the Corps.

There is also potential that the property will eventually be placed in the long term stewardship of a land conservancy organization. The Sponsor may also transfer interest to a public resource agency, a non-profit organization engaged in conservation activities, or an academic institution engaged in research activities subject to approval by the IRT.

The Bank Sponsor will provide financial assurance for the bank's success as part of the individual site development plan. Acceptable forms of financial assurance (bonding) or a letter of credit will be established in the mitigation banking instrument.

Steel Street Wetland Mitigation Bank Conceptual Design

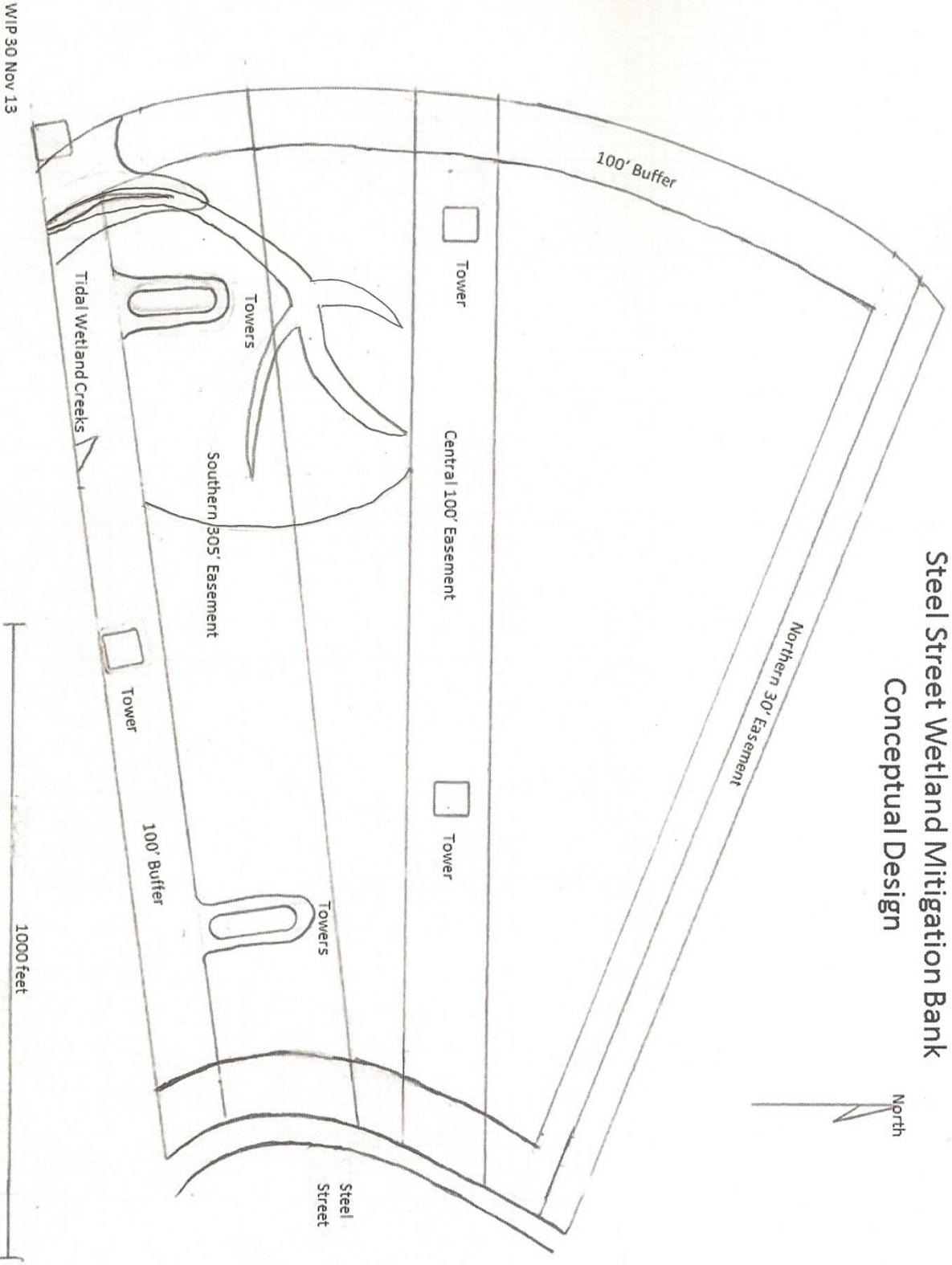


Figure 7. Conceptual Design

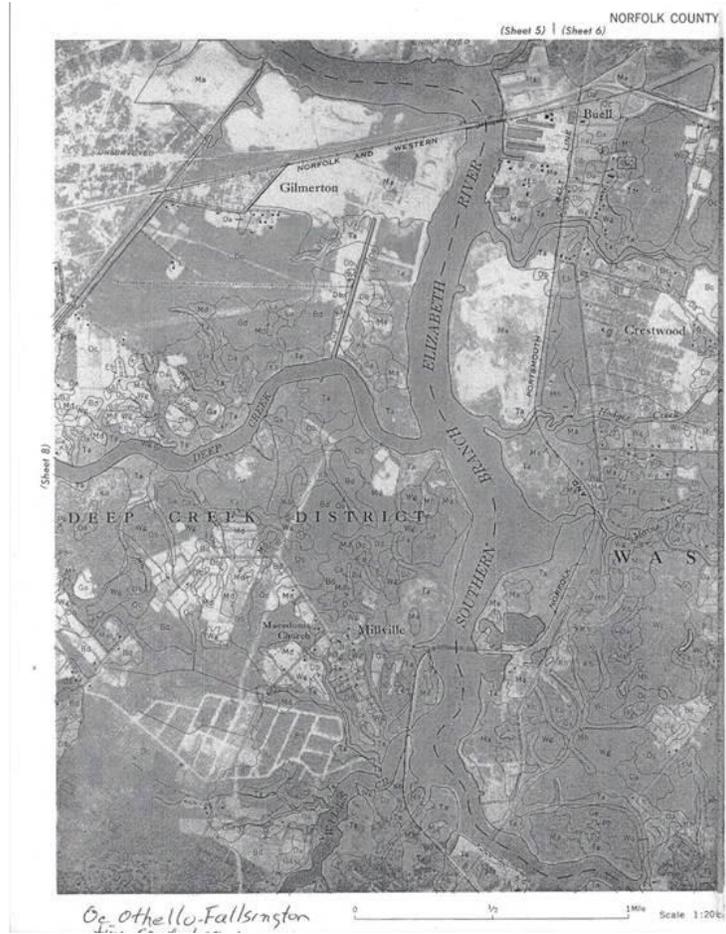
APPENDIX A

Names and addresses of adjacent property owners

| Owner Name | Tax ID | Property Address | Mailing Address |
|----------------------------------|---------------|------------------------|---|
| Steel Street Associates, LLC | 026000000015 | 1604 Steel Street | 1604 Steel Street, Chesapeake, VA 23323 |
| Chesapeake Mosquito Control Comm | 026000000030 | 1611 Shell Road | PO Box 16495, Chesapeake, VA 23328-6495 |
| Jefferson Invest Hldg Grp, Inc | 026000000020 | 1545 Shell Road | PO Box 62584, Virginia Beach, VA 23466-2584 |
| Alan H. & Gloria Jean Chesley | 0255001002800 | 1453 Culpepper Road | 1453 Culpepper Road, Chesapeake, VA 23323 |
| Ellen V. Stutz | 0255001002760 | 1447 Culpepper Road | 1447 Culpepper Road, Chesapeake, VA 23323 |
| Brandon J. Ireland | 0255001002730 | 1445 Culpepper Road | 2016 NE 17th Ct Apt 17, Fort Lauderdale, FL 33305-2549 |
| Eugenie E. Jennings | 0255001002700 | 1441 Culpepper Road | 1441 Culpepper Road, Chesapeake, VA 23323 |
| James W. & Beth A. Sprinkle | 0255001002570 | 1500 Marlboro Street | 1500 Marlboro Street, Chesapeake, VA 23323 |
| Church of God In Ch First Jur VA | 0255002000030 | 1501 Marlboro Street | PO Box 6054, Portsmouth, VA 23703-0054 |
| David J. Elliot | 0343017000140 | 1500 Forest Cove Drive | 1500 Forest Cove Drive, Chesapeake, VA 23323 |
| Alfred Lewis Rash, Sr | 0343017000130 | 1501 Forest Cove Drive | 1501 Forest Cove Drive, Chesapeake, VA 23323 |
| William Towndrow | 0343017000120 | 1503 Forest Cove Drive | 1503 Forest Cove Drive, Chesapeake, VA 23323 |
| Bank of New York Mellon | 0343017000110 | 1505 Forest Cove Drive | 1505 Forest Cove Drive, Chesapeake, VA 23323 |
| Sean J. & Faith T. Mormon | 0342017000130 | 1433 Rivers Edge Trace | 1433 Rivers Edge Trace, Chesapeake, VA 23323 |
| Melshia I. & Shawnta R. Wells | 0342017000140 | 1429 Rivers Edge Trace | 1429 Rivers Edge Trace, Chesapeake, VA 23323 |
| Dennis L. Turner, ET AL | 0342017000150 | 1425 Rivers Edge Trace | 1425 Rivers Edge Trace, Chesapeake, VA 23323 |
| Rivers Edge Owners Association | 0342017000003 | Steel Street | 525 S. Independence Blvd, Virginia Beach, VA 23452-1188 |
| City of Chesapeake | 0342017000002 | 1411 Rivers Edge Trace | PO Box 16495, Chesapeake, VA 23328-6495 |
| Steel Street Terminals, LLC | 0350000000592 | 1500 Steel Street | 999 Waterside Drive, Suite 1400, Norfolk, VA 23510-3330 |

APPENDIX B

Soil Survey of Steel Street Site



SITE PICTURES



Existing Spartina Marsh Looking North towards Powerlines-Following Pictures Taken by Tucker Smith



Looking South Towards River – TS



Existing Spartina Marsh On Subject Property-View Looking South From Under Powerlines – TS



Existing Spartina Marsh On Subject Property-View Looking East From Under Powerlines – TS



View Looking South West From Under Powerlines - TS



Existing Spartina Marsh -View Looking Northwest From Under Powerlines - TS



Winter View of Marsh on Site Looking Northeast- Following Pictures Taken by Tom Tye



Winter View of Marsh Looking North - TT



Winter View of Marsh on Site Looking West - TT



Winter View of Marsh on Site Looking East - TT



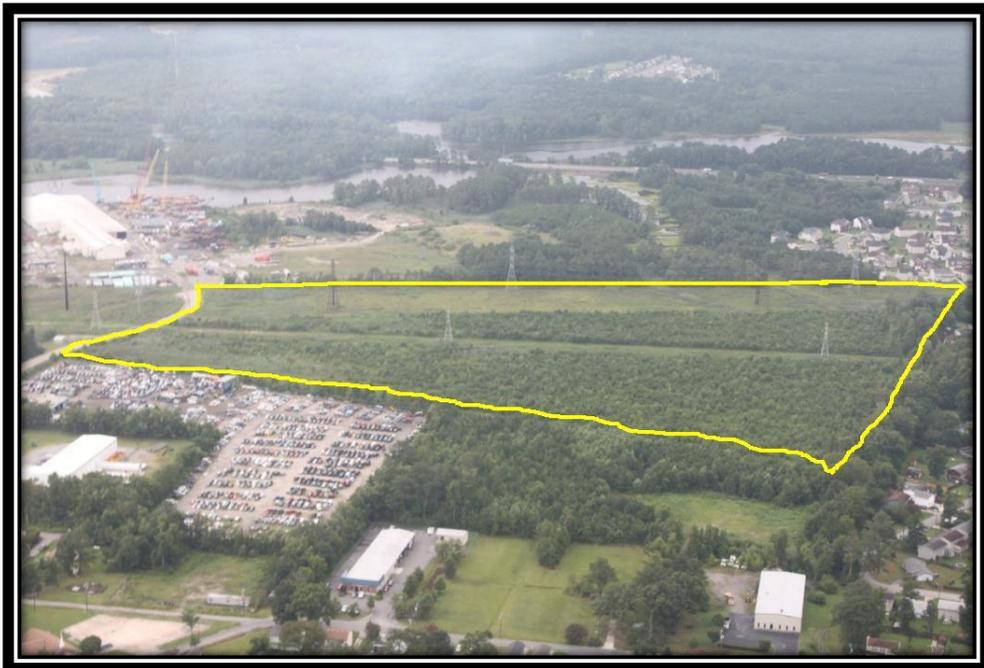
Winter View Looking East Along Southern Right-of-way - TT



Winter View of Marsh on Site Looking East Along Powerlines - TT



Winter View of Marsh on Site Looking West – TT



View Looking South Towards River



View Looking North-Note Marsh Leading North From Inlet On Left



Northern Easement Looking West from Steel Street - WIP



Central Easement Looking West from Steel Street – WIP



Middle of Central Easement Looking West – WIP



Southern Easement Looking West from Steel Street – WIP



Southern Easement Looking from West to East – WIP