May 1, 2007

Gibraltar
C/O Division of Historical and Cultural Affairs
21 The Green, Suite A
Dover, DE 19901

RE: Gibraltar Conservation Easement Amendment

To Whom It May Concern:

I am writing to express my support of the proposed Gibraltar Easement Amendment. I am a historic preservation professional and have been a long-time member of Preservation Delaware (PDI). I believe that the amendment is necessary in order to allow a willing developer to create a sustainable project while respecting the most important components of the estate. The strengthened provisions of the amendment for oversight of all work on the property give me confidence that the end product will be appropriate, attractive, sensitive, and will fulfill the spirit and intent of the original easement.

It has been frustrating over the years to watch interesting ideas for the property ultimately fail because they were unrealistic. In the absence of very large grant awards of public money for the architectural rehabilitation, finding a realistic project was absolutely essential. I believe that PDI has carefully considered the current project proposal, and in going forward with the amendment request still has the best interests of the property preservation in mind. Preservationists are often criticized for being rigid and idealistic, and so the compromises made by PDI, and supported by the preservation community, should be given great weight.

In closing, I urge the Division of Historical and Cultural Affairs to approve the amendment without delay.

Sincerely,

Debra C. Martin

Debra C. Martin

STATE OF DELAWARE
EXECUTIVE DEPARTMENT
DELAWARE ECONOMIC DEVELOPMENT OFFICE

May 1, 2007

Mr. Tim Slavin
Delaware Historic Preservation Office
Division of Historical and Cultural Affairs
21 The Green
Dover, DE 19901

Dear Mr. Slavin:

I am writing to you to express the Delaware Economic Development Offices' support for the proposed amendment to the existing conservation easement on the Gibraltar property in the City of Wilmington.

It is our understanding that the original historic conservation easement designated allowable uses as residential or commercial. The conservation easements' most important and primary purpose was to preserve the historic mansion and gardens through adaptive reuse. Having the property commercially viable allows a developer to be able to afford the expense of the necessary rehabilitation, preservation and ongoing operating expenses. Such a use ensures the preservation of the property in accordance with State Historic Preservation standards without an ongoing commitment of public funds. Truly a win-win situation.

The amendment before you seems appropriate in light of the desire to preserve the property and the obvious need for an immediate infusion of funds to accomplish that important goal. The impact of the added commercial square footage is minimal, maintains the same amount of open space as the previous easement, allows the gardens to be properly maintained and open to the public, and the economic and social impacts are positive and significant. The Wilmington Board of Adjustment has reviewed the proposed change and approved it. Moreover, the National Trust for Historic Preservation has testified publicly and submitted an official letter stating their support for the amendment to the conservation easement and for the reuse of Gibraltar as proposed by CCS Investors LLC.

Approving the amendment will allow the preservation of this unique place in a manner that brings economic benefits to the State by providing a distinctive location that will attract high paying jobs benefiting not just the City of Wilmington and the State of Delaware, but the Gibraltar property itself. It is clear that if Gibraltar must rely on government resources for its preservation, given the current budgetary environment, it is

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WILMINGTON, DELAWARE 19801-3509
(302) 577-8477
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likely that it may not happen in the near term. It would be a shame that such an irreplaceable landmark could be lost.

Thank you for the opportunity to provide our comments.

Sincerely,

Judy

Judy McKinney-Cherry
Director

JMC:JS

From: Don Mell
Sent: Tuesday, May 01, 2007 11:23 PM
To: DOSHCA_Gibraltar
Cc: 'Don Mell'
Subject: Gibraltar Easement

May 1, 2007

To whom it may concern:

My name is Donald Mell and I reside at

I am writing in support of the proposed project on the Gibraltar Site by CCS Investors.

In a perfect world the Gibraltar Mansion and Gardens would be preserved to their original state, but unfortunately, at this point that is virtually impossible.

There is plenty of blame on that score to go around. The main culprit here is Preservation Delaware, which violated the spirit stewardship of this property long ago, and that is what has created the situation as it stands today.

Over a million dollars of taxpayer funding was squandered by PDI over the past decade as they dilly dallied around with one unrealistic project after another. With that said, we can not, as some would like, just sit around and wait for the Mansion to literally fall down.

Any reasonable project for the site must be economically feasible, and that's what the CCS project will be. CCS has a track record of re-developing historic properties and making them blend into their traditional surroundings.

Their project is the only one that I am aware of that ensures the protection of the Coffin gardens, which again was, and still remains, part of PDI's original mandate.

Any agenda which envisions the eventual destruction of the Mansion itself and the surrounding gardens to make way for some sort of residential development, would not only violate the public trust, but the public checkbook as well.

Thank you for your time.

Sincerely,

Don Mell

From: barbara reed

Sent: Tuesday, May 01, 2007 8:25 PM

To: DOSHCA_Gibraltar

Subject: Fwd: proposed office park at Gibraltar

Tim Reed and I agree. (residents of the neighborhood known as the Highlands) Tim and I attended the City Council mtg in the fall concerning this project. Most of the businesses that Wendy Stabler mentioned as being in the Highlands are not- they are in Forty Acres. Also, she mentioned that "many churches and schools are already in the neighborhood" as though that is a negative connotation. What neighborhood wouldn't want schools and churches? Now that PDI and their garden group has their dirt to dig in, they don't care about the rest of the property. Sincerely, Barbara Reed

Note: forwarded message attached.

From:

Sent: Tuesday, May 01, 2007 11:08 AM

To: DOSHCA_Gibraltar

Subject: Gibraltar comments

Attached are my comments on Gibraltar. Please feel free to contact me at or by email, at or if you have questions. Thank you for your interest and by asking for public comment. Christine M Waisanen

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DOSHA

RECEIVED
DELAWARE STATE HISTORIC
PRESERVATION OFFICE

Mg 1/07

Dear Neighbors:

2007 MAY -2 PM 1:26

I would just like to add a word of dissent to Gary's message on Gibraltar. I had previously sent him neutral, bipartisan summaries to distribute, but he chose to do his own instead without responding to me. So I would like to add my opinion as Highlands VP and the person who originally distributed petitions to save the Gardens, and who sat in on both the selection meetings for the Gibraltar developers.

The politics of this situation have, in my opinion, become a tempest in a teapot. I had previously written in the *Newsletter* that offices were under consideration, and no one responded except in a positive light. Trent Margrif, of PDI, spoke to us about that possibility of offices at our Spring Committee meeting and got no objections.

It has been an exhausting ten years on Gibraltar. It was disappointing that the first contract with SDI, Inc did not come to fruition. We had five proposals for the second round, and the CSC offices proposal appeared to clearly be the least intrusive to the neighborhood. On the neighborhood's behalf, I requested increased access to the house and gardens, and they complied.

It now appears that the idea of having an Italian Consulate has caught on politically. It is an intriguing idea, but that would be offices too, which are as yet vague in concept. Plus, there is the added issue of diplomatic immunity, so that even an egregious act or tort, such as a car accident, would not be something touchable by the community or its individuals. Also, if an Italian Consulate could come, why not just lease buildings from CSC anyway? At least we have a plan by now to maintain the public gardens by PDI—a real community benefit—and to complys with the historic easements for the first floor and staircase of the historic building. A consulate, having immunity, could do pretty much whatever it wanted to do.

Other neighbors are suggesting the building be entirely razed. But the gardens were built in terraces to highlight the building, which has historic protection. Once bulldozers go in there to knock down the huge stone building and build the townhouses those neighbors intend to buy, the gardens would surely be compromised. And, to visit them, we would be encroaching on their "front yard."

I am not on the PDI Board, so I have little say over how this has been managed. But I do feel that this is the best chance for Gibraltar. It is NOT another Rockford Falls. It is NOT another Trolley Square. It would be more like the CSC Patterson Schwartz building on 52 & 141…in keeping with an historic look and having greenspace. Traffic congestion would be minimal since cars would be driving in daytime while most of us are gone. I live only a block away from Gibraltar, and I am not concerned about the traffic.

This might sadly be my last interaction with you as VP since Gary has frozen me out and refused to answer my mailings. I am sorry about that, as I preceeded him on the Board and have been an officer for 18 years, working on Tower Hill, Gibraltar, Experimental Station and other projects for years, and I have been proud to serve the Highlands Community Association. I have no political ambitions whatsoever so I have been able, I hope, to present things to you in a fair and unbiased manner, and I have appreciated your support over the years.

I urge you not to distract from the Rockford Falls project and kill Gibraltar instead. It is ironic that the Gibraltar opposition is being done in the name of public input, when public input has been there all along. Maybe a few newer neighbors missed out on that

and, if so, I am sorry. But I do not forsee any public input into townhouse or Italian Consulate plans on the horizon either.

This is Gibraltar's last chance, in my opinion. Water damage is destroying this lovely building more and more each day. Let's chose our strategy more carefully and fight Rockford Falls, not Gibraltar. I welcome your responses.

Sincerely, Christine Waisanen, Highlands Community Association Vice President

Christine M. Waisanen

From: Slavin Timothy A (DOS)
Sent: Tuesday, May 01, 2007 7:27 AM
To: DOSHCA_Gibraltar
Subject: FW: Gibraltar

From:
Sent: Friday, April 27, 2007 1:29 PM
To: Slavin Timothy A (DOS)
Subject: Gibraltar

Dear Tim,

It was a pleasure meeting you last week, April 19th, at Kate Pincus's house in the Highlands. We appreciate your committment to conservation values and your even-handed approach to the Gibraltar controversy. I presented an outline of the proposed arrangement between PDI and Gibraltar House Associate (GBA). The two-year romance failed, because the parties could not find the path to a mutually agreeable ground lease. I submitted our written "public comment" to you that evening.

The historic property developer, Tom Lantry, asked me to make some minor changes to what I handed to you at the meeting, which I have included in the attached document. For purposes of public disclosure on your website, I would prefer that you post this updated attached copy.There are no changes in the exhibit at the end of my public comment, previously submitted to you.

Tom also asked me to determine your interest in meeting (via telephone) Hobie Cawood. Hobie had an illustrious career with the U.S. Parks Dept. He was Superintendent of Independence Park in Philadelphia, and was also instrumental in its historic property leasing program. After retiring he became President of Old Salem Historic District in Winston-Salem. I would be happy to make this introduction.

Best Regards,
Bill Warburton

See what's free at AOL.com.

April 2007

Mr. Tim Slavin, Director
Gibraltar
c/o Division of Historical and Cultural Affairs
21 The Green
Dover, DE 19901

Public Comment regarding Gibraltar Mansion

This document has been prepared for the Delaware Division of Historical and Cultural Affairs (HCA) in response to their invitation. HCA's notice read "Public Comment Sought Regarding Proposed Amendment to the Gibraltar Conservation Easement."

Respectfully submitted,

William C. Warburton
Mary E. S. Warburton
Concerned Citizens
Wilmington, DE

What follows is a review of salient features outlining a proposal for a bed and breakfast (B&B) and European-style day spa, accepted by Preservation Delaware, Inc., during the ten-year saga, in the debate over the future of the Gibraltar estate and its Marian Coffin gardens.

This report sprang from the powerful forces of serendipity. My wife and I were traveling through North Carolina a couple months ago, and decided to explore the Old Salem section of the city of Winston-Salem. Some friends recommended that we stay at the Augustus T. Zevely Inn, a pleasant B&B located inside the National Historic Landmark District. Propitiously, while there, we met Tom Lantry, a historic property developer. The creation of the charming Zevely Inn had been one of his projects.

Congenial dialogue revealed that Mr. Lantry was well acquainted with our neighborhood in Wilmington, DE, as he had responded to a Request for Proposal (RFP) issued by Preservation Delaware, Inc. (PDI) regarding the lovely Gibraltar estate, set in gardens designed by Marian Coffin. His two-year involvement with PDI is a very compelling story.

Tom was kind enough to share his files with us. After reviewing a plethora of documents, we believe it is safe to say that a good preservation opportunity was lost by PDI. Furthermore, we would encourage the state to investigate past projects proposed to PDI before considering sweeping changes that would affect the site's preservation forever.

Preservation Delaware, Inc. (PDI) and Mr. Tom Lantry, aka Gibraltar House Associates (GHA), were engaged for several years in a good faith attempt to restore the Gibraltar Mansion and convert it into an upscale bed and breakfast (B&B) facility. In addition to the Mansion, the coach house and greenhouse buildings were to be converted into a European-style day spa and fitness facility. However, negotiations were broken off on May 24, 2004, because the two parties could not find the path to a mutually agreeable ground lease. The failure of the ground lease agreement was terribly unfortunate, because all other aspects of this deal were agreed upon, and even in place, for the restoration to proceed. The elements which were in place included, but were not limited, to the following:

1. PDI issued an RFP dated November 1997. Paragraph 5 of the introduction states: "Phase II of this innovative public/private/nonprofit project is to restore the gardens and develop public programming, while finding an economic self-sustaining adaptive reuse for the structures. It has been proposed that one of the highest and best uses for the property would be to restore and operate it as an elegant European-style inn."

2. Tom Lantry (GHA) submitted a proposal in response to the RFP. PDI accepted the proposal as reflected by a Letter of Intent dated July 3, 2002, revised July 16, 2002 and July 25, 2002 and September 9, 2002. In the program proposal Mr. Lantry stated, "The Mansion will be restored to its Italianate and Colonial Revival, circa 1927, appearance of an elegant estate representative of the industrial affluence of the early twentieth century. The interior will be similarly restored to its Colonial Revival style, through repair or replacement to match original of millwork, plaster, fireplace surrounds, door hardware, lighting fixtures, and flooring. The main stair, hall, and entrances will be repaired and restored. No additions are planned for the Mansion. Its planned reuse is a 15 bedroom upscale B&B that will through furnishings, fixtures, and accessories recreate the ambiance of the 1920's estate." He went on to say "our focus is museum quality restoration rather than rehabilitation."

3. Mr. Lantry is eminently well qualified, as he and Mr. Donald R. Detwiler, the other principal in GHA, have completed fourteen restoration projects. They continue to manage and operate four of these properties. In 1985, Mr. Lantry was one of the first to be selected to do a restoration and adaptive use for the National Park Service under their Historic Leasing Program, in which he was asked to restore the Thomas Bond House in Philadelphia to its 1824 and 1836 appearance and adapt it for use as a B&B.

4. I have enclosed a section of the GHA proposal as an Exhibit which addresses the following issues:

Reuse overview
Historic luxury B&B
Mansion meetings, receptions, and events
Carriage house day spa retreat
Market assessment

5. Mr. Lantry lined up the necessary contractors:

a. He retained John Milner Architects, nationally acclaimed and renowned for historical restoration work, and the firm produced a design for the restoration of Gibraltar.

b. He retained Joseph C. Jenkins, perhaps the nation's foremost expert on slate roofs, and learned that Gibraltar's green slate roof could be repaired for $73,385 -- exciting news, because other roofing bids started at $225,000.

c. He retained Design and Supply to design the individual rooms and supply furniture, fixtures and equipment, exclusive of the carriage house. Design and Supply had then recently completed a contract for the Historic Gettysburg Hotel in Gettysburg, PA.

d. A general contractor, Irvine Construction, provided a fixed price bid which included floors, woodworking, wall finishing, partition work, and space change requirements.

e. Commitments to satisfy the mechanical, electrical, and plumbing requirements were received from other contractors who had worked previously with Mr. Lantry on the Thomas Bond House.

6. Plans and cost for all the work was defined, including an annual budget for the Marian Coffin gardens.

a. A revised operating budget for the Marian Coffin gardens was estimated to be $96,000/yr., and Mr. Lantry agreed to contribute up to $15,000 *personally* to PDI -- *if* funds from other sources were to fall short of the $96,000/yr.

b. The budget proposal to prepare the Mansion and spa for opening day was $3,410,612.

7. The forecasts for room rates were conservative. In year one, average occupancy rate was estimated to be 55%, and the average room rate was estimated to be $165 per night. In year six, the estimates were 72% and $191 per night, respectively. The cash flow for the operation would have come from three sources:

a. Mansion B&B
b. Spa complex
c. Mansion events

The ten year forecast estimated gross revenues of $770,232 in year one, and increasing to $1,196,069 in year ten.
The net operating income broke positive in year three.

8. Return on equity contributions, over a twelve year period, was displayed as an after-tax internal rate-of-return, and was calculated to be 17.48%.

9. The budget of $3,410,612 was funded. Today, however, there seems to be a widespread false impression that this project could not find funding. Let me say unequivocally, that Mr. Lantry was and is able to make the money available. It appears that the last and only issue was an appropriate ground lease. To verify funding, I refer to:

a. Statement of Securities Held dated February 28, 2003. Mr. Lantry placed $1,010,570 with Brown Brothers Harriman (BBH) in the name of Gibraltar House Associates.

b. Mr. Gary Madeira at BBH recently confirmed the bank's interest, due to its relationship with Mr. Lantry.

c. Term Sheet dated January 16, 2003, sent by Mr. Madeira at BBH to GHA (Tom Lantry), wherein BBH would provide $2,500,000. Simply, Mr. Lantry had arranged funding via 30% equity ($1,010,570) and 70% debt ($2,500,000).

10. Simply, I cannot understand how PDI could allow this prospect to "get away." The following are a few of the benefits that would have accrued to PDI if only they provided a mutually agreeable ground lease:

a. PDI's mission of preservation in compliance with the 1997 Conservation Easement on Gibraltar would have been accomplished.

b. PDI would receive an addditional $96,000/yr. and this income would be applied toward the Marion Coffin Gardens.

c. The Mansion, which PDI would continue to own, would have moved from a liability (unrestored tax value of $568,000) to an operating asset worth $2,800,000, with the value increasing each year as the business matures.

11. The John Milner architectural design and the Marian Coffin gardens would make the restored Gibraltar a "destination," dovetailing with Winterthur, Longwood, Nemours, and Mt. Cuba. The B&B, with its special events, combined with the European day spa facility, would be a good, if not marvelous business. It would have provided four good permanent jobs and a number of part-time jobs. The restored Mansion would be a beautiful addition to the neighborhood. It would be a good neighbor and an asset to the community.

This type of B&B use, which complies with the original easement, is what The Delaware Open Space Council had envisioned when they spent $1,000,000 of Delaware citizens' money to purchase the 1997 Conservation Easement on Gibraltar. The goals of true conservation are achievable, because restoration can comply with the 1997 Conservation Easement. HCA must seriously consider its covenant with Delaware citizens.

12. Based upon this brief review, there is strong evidence to question whether the <u>only</u> solution for Gibraltar is the proposed office park. In my opinion, PDI's claim of hardship, i.e., that no other options remain is refuted by this information. I urge you to deny the proposed amendment changes and begin to re-explore the B&B concept by working with Mr. Lantry or others in the historic B&B community. Unless these past efforts by PDI are independently audited by experts in the preservation field, there is no way to confirm that those efforts were exhaustive, or how many other opportunities may have been lost. There are other talented and well-funded historic property developers. Who is to say? Perhaps if circumstances were different and if an acceptable ground lease were available, Mr. Lantry's $3.5 million could yet find its way to Gibraltar.

EXHIBIT

Reproduced from GHA Proposal
by permission of Mr. Tom Lantry

PROPOSED ADAPTIVE REUSE

REUSE OVERVIEW

Our proposed adaptive reuse plan for the Mansion and Garage/Apartment Complex is based on the following design and operation considerations:

- Improve minimum alteration to the building and grounds
- Retain and preserve the building features which are significant to its history, architecture, and originally intended purpose
- Inflict minimum wear and tear on historic fabric, grounds, or surrounding environment when being used for its newly intended purpose
- Demonstrate a compatible and sympathetic use of the property in relation to its originally intended use
- Reflect favorably on the previous owners of the property.

The proposed reuse plan is designed to create a historic, luxury lodging facility that will meet the hospitality needs of business and leisure travelers. This market segment's requirements for traditional lodging amenities such as food service, meeting rooms, and exercise/fitness equipment can also meet the needs of two other related markets: (1) Meetings, Events, and Receptions, and (2) Day Spa. Although these latter market segments are secondary to our primary hospitality market, they are clearly related and their inclusion in our plan is designed to strengthen our appeal to our primary market.

Because of the size, physical layout, and location of the two buildings, the three market segments can be served on a non-competing/non-interference basis. However, the privacy, comfort, and interests of lodging guests will control and limit our efforts in these secondary markets.

Historic Luxury Bed & Breakfast (B&B)

The Gibraltar Mansion will be minimally altered to create 15 elegant, well-appointed guest rooms, each with a private bath. The first floor will provide public space and include the dining room, living room and library serving their current functions. The conservatory will be used as a sitting room where light breakfast, high tea, and evening wine and cheese can be served. The kitchen area will undergo the greatest alteration. This space will be reconfigured for an innkeeper's apartment, efficient commercial kitchen, and a small private breakfast room. The registration office and a powder room will be off the main hall. Storage and linen closets will be provided to serve each floor.

If the reuse of the Garage/Apartment Complex as a lodging annex is selected, this will add six guest rooms, a fitness center, game room, and four meeting rooms. These rooms will not be as lavish as the Mansion, but more in keeping with its earlier uses as a carriage house/garden house/pool house/chauffeur quarters. They will be furnished and decorated to suggest their prior usage.

Guests will check in at the Mansion. The registration desk will be in a room off the main hall so that this activity does not compromise the presence of the center hall and stairway. Guests will drop their bags at west entrance and move their cars to the parking area. Currently, we are considering two parking and traffic flow plans as described later in this proposal. Each concept is designed to minimize the impact on the landscape, facilitate traffic ingress and egress, and obscure vehicle presence. It also must be convenient for guests and not require them to walk too far, especially in inclement weather. Each approach has some parking near the Mansion; one limits parking to drop-off and handicap.

Additional design and planning elements of our lodging reuse plan include:

- Accurate and authentic restoration of architectural significant features of structures.
- Maximize number of guest rooms while maintaining or exceeding room size requirements for business and leisure travelers.
- Provide facilities for catered, onsite full food service, including ability to adapt dining and public rooms to accommodate different group sizes.
- Meeting rooms to accommodate groups of various sizes.
- Handicap elevators to provide access to second floor.
- Several public meeting areas to encourage guest interaction.
- Complete linen, maid and storage facilities on each floor.
- Central air conditioning and heating systems with individual temperature control for each guest room.
- Temperature and pressure balancing control valves on all guest shower/tub faucets to comply with ADA.
- Compliance with fire-safety, building, and health regulations governing construction and operation of a lodging facility.
- Compliance with American Disability's Act (ADA) on access and design.
- Construct new or widen existing stairs in kitchen wing to meet fire code, thereby preserving the appearance of the center hall and stairway.

To serve our primary business and leisure market and achieve design parameters, the proposed reuse is conceptually described as follows:

- 21 guest rooms, with Garage/Apartment Complex as lodging annex: 9 on second and 6 on third floor of Mansion; 2 on lower and 4 on upper level of Carriage House.
- Mansion guest rooms range in sizes from 150 and 550 square feet, averaging 275 square feet on second floor and 250 square feet on third floor; Carriage House guest rooms range in size from 280 to 525 square feet, averaging 350 square feet.
- Each guest room will have a private bath; the majority having tub/shower combinations.
- Rooms sized to allow furnishings to include queen or king beds, (a limited number of two doubles), desk, armchair(s), table(s), lamp(s), telephone, radio, alarm clock, cable color television, dresser, and accessories.
- Basement floor used for mechanical equipment, commercial laundry equipment, commercial refrigerator and freezer, food storage, security and fire system controls, and maintenance/repair storage and work area.

- Business traveler to include fax, copies, bathroom hair dryer, room computer modem hookup, and room temperature controls.
- Space on the second floor for two (2) intimate sitting areas for guests to relax or have time to themselves.
- Large rooms for kitchenettes and breakfast nooks in Carriage House rooms for extended stay guests.
- Wet bar off breakfast room to allow guests 24 hour access to ice and soda.
- Breakfast room off kitchen for small gathering, self-service meals, and low occupancy.

Mansion Meetings, Receptions, and Events

Use Description

Although the principal use of the Mansion will be for lodging, the Mansion's first floor will be available for meetings, receptions and social events. These functions will enable the Mansion to fulfill a very important business, professional, social and cultural purpose in the community. The use of the Mansion for hospitality purposes will expose the Wilmington Region to the significance of Gibraltar and PDI. Meetings, seminars and executive retreats will be for one-half days, evenings, full days or several days. Wedding, anniversary, graduation and other similar receptions will be held in the mansion at select times and under strict controls.

Other functions such as fundraisers, community celebrations and professional and business gatherings will offer a third dimension for use of the first floor. A final activity base will be for the arts including intimate small group concerts, art exhibits and other sophisticated cultural events.

Food service will be available for the events through the use of an efficient, commercial catering kitchen. The food service will be provided only by preferred high quality caterers and conducted under strict regulations for food quality, service personnel and care of the building.

Use Relationships And Management Objectives

The Mansion will be appealing to the hospitality users because on-site, high-quality lodging is available. The 15 attractive lodging units, 21, if the lodging annex is incorporated into plan, can be occupied by executives and/or board members on two-day retreats or by a wedding party during an entire weekend. If the hospitality users are not occupying the entire Mansion, certain additional controls will be placed upon event users especially with regard to the hours of the event, indoor and outdoor activities, type of music, etc.

Hospitality management objectives will be oriented to protecting the condition and furnishings of the Mansion's interior and preserving the natural historical setting of the Gibraltar gardens and grounds.

Carriage House Day Spa Retreat

Use Description

The Carriage House (Green House, Pool House and Service Building) will be devoted to an elegant European day spa. The European spa will be professionally-operated and will offer a plush, sophisticated setting with opportunities for clients to escape from their daily, stressful routines, to enjoy the feelings of relaxation, to benefit from stress relief and management, and to maintain and improve their health, fitness and appearance. The Day Spa clients will experience and learn about lifestyle control and management.

The Carriage House Day Spa will not be an exercise club, a fancy hair salon with added spa equipment and services or a recreational/entertainment place for the party crowd. Rather, its principal activities will be devoted to a spa with a comprehensive, state-of-the-art selection of high quality facilities, equipment and personnel.

Primary services will include skin and body treatments such as massage, facials, hydrotherapy, aroma therapy, skin glow, body wrap and more. Other primary services will include sauna, steam bath, hot tub, exercise equipment and other fitness and relaxation opportunities. Emphasis will also be placed on facilities and programs of instruction and counseling on stress management, diet and nutrition, weight control, and other aspects of lifestyle. This day spa will be similar in ambiance, services and business management to other successful spas that are an integral part of restored mansion and historic property sites such as the spas at Grand Hotel, Mackinac Island, Michigan, Homestead, Virginia, and Greenbrier, Virginia.

Use Relationships And Management Objectives

We will be responsible for leasing the Carriage House from PDI, for restoring the Carriage House exterior and for making the HVAC, plumbing and other systems improvements to meet the requirements of a high quality European spa. Few, if any, changes will be made to the exterior appearance of the building and the interior will be made ready for a spa owner/operator (to whom we would sublet the building) to make leasehold interior improvements, equip the facility and operate the business.

A very detailed operations and management plan will be prepared and will include strict, but realistic regulations on the spa's use and operation. We are committed to creating and maintaining a low-profile, quiet, relaxed and non-commercial atmosphere externally and internally. The operation will be quite self-contained and will be consistent with the PDI mission and our objective of preserving the natural, historic and cultural image and function of the entire Gibraltar property.

Although we have a significant understanding of the spa industry, two of the best day spa advisors and operators have worked with us in preparing the Carriage House spa concept. These experts are officers or participants in such professional spa organizations as ISPA and the ClubSpa USA Day Spa Association. They are spa owners/operators and business educators who conduct professional courses nationally. They are frequent contributors to professional spa magazines and journals such as Spa Management and Spa Magazine.

We will be engaging one or both of these advisors to assist us in preparing more detailed plans; preparing management and operation regulations; and seeking, evaluating and selecting the best Carriage House day spa operator. Once selected, we will review our plan of operation and spa operator qualifications with DPI before entering into a sublease. This will occur prior to our signing of the DPI lease so that its terms and conditions reflect spa operation.

MARKET ASSESSMENT

The proposed adaptive reuse plan is based on primarily meeting the lodging accommodation needs of the commercial segment, secondarily the leisure traveler, and lastly, the meeting and events segment. The underlying premise is to attract visitors who want to stay in a museum-quality restorated property on the National Register of Historic Places -- a building accurately decorated and furnished to reflect its period of significance, and (through accessories, memorabilia, and artifacts) portrays the interests, contributions, and accomplishments of the family who lived there during its period of significance.

To successfully serve these markets, the needs of each segment must be explicitly designed into the reuse plan and a market must exist for each in the area. The needs of each market segments are:

Commercial Segment: Location that is close to their visit destination, food service on premises or close by, and room and service amenities comparable to the class of hotel. These visitors have a low double occupancy room requirement.

Leisure Segment: Location that is close to their vacation related attraction, convenient, free parking, limited to full breakfast food service, and room and service amenities comparable to the class of hotel. These visitors have a high double occupancy requirement, averaging between 1.8 and 2.5 people per room.

Meeting and Events Segment: Meeting and banquet rooms, full food service, ample parking close by, and a sufficient number of guest rooms to house overnight attendees. These visitors also have a low double occupancy requirement.

An increasing number of each of the above market segments, given that each of their basic needs are met, are choosing to stay in authentically restored, historic buildings that are operated more like a country inn or bed & breakfast (B&B) than a traditional hotel. These lodging facilities offer personal service, comfort, charm, cordiality, breakfast, wine and cheese, and other amenities, as well as an opportunity to meet other guests having similar interests. These establishments' unique environment and appeal have resulted in this type of facility being one of the fastest growing segments of the lodging industry.

The design plan for the adaptive reuse of Gibraltar, including both options for the Garage/Apartment Complex, explicitly addresses each segment's needs in terms of room size, amenities, on-site or nearby food service, and convenient parking. Gibraltar's location on Route 52 is less than one and one-half miles from Wilmington's downtown business district and minutes to

the major Brandywine Valley attractions -- a premier location for each segment's needs. (See Appendix A - Floor Plans).

Hospitality Market

According to Bankers Trust Research and Smith Travel Research, the luxury hotel segment is the only segment where room demand exceeds room supply. In 1996, room demand increased by 2.9% while room supply increased by only 1.4%. Nationwide occupancy for the luxury hotel segment increased from 68.5% in 1990 to 73.3% in 1996.

Another category of the hospitality market to experience above average growth is the upper tier extended-stay class of hotel. This class is growing at the expense of the traditional hotels and will continue to grow because this segment is not over built or overdeveloped. According to Bear Stearns & Company, first quarter occupancy increased from 79.4% in 1996 to 79.7% in 1997 while average daily rate increased by 7.6%.

In terms of 1997 results, Smith Travel Research reported that the Middle Atlantic states had the highest third quarter growth in average room rate (ADR), from $90.20 to $98.10 or 8.8%. Occupancy increased from 68.2% to 68.9%; overall industry demand increased by 2.1%.

For 1997, PRF Consulting is forecasting that U.S. city average room rates will increase to $106.22 or 7.3% and occupancy to 73.9% or .8% over 1996. For 1998, they are projecting an ADR of $112.39 and an occupancy rate of 73.9%.

Wilmington Hospitality Market

The Wilmington market is a strong and growing lodging industry. It includes 10 established hotels having a total of 1,742 guest rooms. In 1992, average occupancy was 60.3% and average room rate (ADR) was $77.13. Through September 1997, these same hotels had an estimated average occupancy of 74.5% and an ADR of $101.44. This information is provided by Smith Travel Research for the 10 selected hotels presented in the following Exhibit 1. For 1997, the hotel with the highest occupancy is forecasted to be the Courtyard Downtown at 83%; the highest ADR is expected to be the Hotel DuPont at $150. The Hotel DuPont is also forecasted to have an occupancy rate of 72% in 1997.

Two other properties that are not on this list that are considered competitors for the leisure traveler market are The Inn at Montchanin Village and The Boulevard Bed and Breakfast. No data is available on either property for occupancy or ADR.

During 1996 and 1997, the occupancy rate increased by a .9% and 7.2% respectively. During the same period, ADR increased by 11.3% and 7.1%. Both figures are well above the national average. For the most comparable property to the Gibraltar Mansion, the Hotel DuPont, the occupancy rate increase during 1997 is estimated at 5.8% and ADR at 11%. These figures are also well above the national average.

Wilmington Delaware Selected Hotels

					Estimated 1996		Estimated 1997	
Property	1996 Room Count	1997 Room Count	Days Open in 1996	Days Open in 1997	Occupancy	ADR	Occupancy	ADR
Brandywine Suites	49	49	365	365	68%	$110	73%	$125
Radisson Hotel	154	154	365	365	75%	$90	80%	$95
Wilmington Hilton-Claym	190	190	365	365	54%	$82	71%	$84
Courtyard Newark	152	152	365	365	42%	$82	89%	$95
Holiday Inn Newark	144	144	365	365	70%	$60	74%	$65
Holiday Inn	219	219	365	365	52%	$77	58%	$85
Sheraton Suites	228	228	365	365	70%	$120	73%	$130
Courtyard Downtown	126	126	365	365	73%	$75	83%	$83
Christiana Hilton Inn	268	266	365	365	74%	$93	78%	$107
Hotel DuPont	216	216	365	365	68%	$135	72%	$150

Exhibit 1

In contrast, the Philadelphia hotel market has not performed as well. The forecasted occupancy rate for 1997 is 70%, a 3.2% change from 1996. This data is provide by Horwath Str.

Direct Competition

Based upon our previously defined market segment targets, we consider the Hotel DuPont, Sheraton Suites, and the Inn at Montchanin Village as our closest competition. These properties will count on the same business and leisure traveler as Gibraltar, and to a much lesser degree, the meeting and events business. These market segments, because of their diversity and special needs, have unique requirements that can usually be met only by specific properties. In the case of Gibraltar, we believe that it will create its own demand for meetings and events business.

The Hotel DuPont is the only four diamond lodging in the Wilmington market. Its listed weekday rate is $269 single occupancy, with a $149.00 weekend rate. It offers several weekend packages such as: The Legendary Weekend ($179 to $229 per room); The Romantic Escape ($219 to $259 per room); and The Brandywine Sampler ($229 to $269 per room). Since its ADR for 1997 is $150, it discounts heavily its commercial business with most of it coming from the DuPont Company.

The Sheraton Suites is an upper tier, extended-lodging facility. It is an all-suites hotel of 228 rooms (newly renovated) having full room, food and amenity services, indoor pool/sauna fitness center, and business club rooms. The listed weekday room rate is $175 to $195.00 single occupancy; the weekend rate is $129.00; and government rate is $129 to $159. Discounting is given to corporate business travelers because ADR for 1997 was $130.00.

The Inn at Montchanin Village was opened in June 1996. It has 24 guest rooms with another 13 planned. The Village is listed in the National Register of Historic Places and is a member of the Historic Hotels of America. All guest rooms have private baths, wet bars with coffee brewers, microwave, and small refrigerators, telephone, and color television. Some guest rooms have VCRs and gas log fireplaces. Prices range is from $150 to $170 for guest rooms and $180 to $325 for suites. Rates are per room, per night and include a full breakfast.

Meeting, Reception & Event Market Potential

Gibraltar has a high market potential for meetings, receptions and special events. The Mansion's spacious rooms, large windows, the conservatory and beautiful grounds make it a premier venue for these activities. Gibraltar's close proximity to many tourist and cultural attractions, downtown Wilmington, other business and corporate locations and outstanding residential areas places it in a very competitive geographic position.

Other meeting, reception and event places such as those in hotels, at educational institutions, at corporate conference centers, at country clubs and others meet certain needs and appeal to certain clientele. There is a considerable demand for these facilities, with some booked for wedding receptions over 18 months in advance.

Gibraltar will help to meet an existing and increasing demand for hospitality space in the Wilmington area. More significantly, it will offer a definitive choice for meeting, reception and event functions--a one-of-a-kind place for a truly unique experience. Gibraltar will offer a clear alternative to existing hospitality places. Because the number of events will be limited to protect the integrity of the Mansions main use of lodging, the hospitality functions will have a considerable market. Gibraltar will be able to lease the space for meetings, receptions and social events for the number of events it chooses to allow, assuming that space rental rates are no more than 20% above other exceptional events accommodations.

The unique historic and visual appeal of Gibraltar will make it a sought-after place for community-wide social events.

European Day Spa Market Potential

The day spa industry is one of the fastest growing industries in America today. Many Americans are just discovering the benefits of spas that Europeans have known and practiced for centuries. Few spa facilities exist in the Wilmington/Brandywine Valley areas and they are mainly limited facilities associated with the primary uses of hair salons, physical fitness clubs, hotels, country clubs and in-house facilities at educational institutions and large corporations. A comprehensive European day spa in an independent, beautiful setting like Gibraltar will have its own market and will experience little, if any, competition from existing or even future spa facilities.

The Gibraltar Carriage House site is situated well to serve the day spa market because of its location near Downtown Wilmington employees and customers, its easy access from I-95, Pennsylvania Avenue, Greenhill Avenue, and many other arterial highways; its close proximity to many higher income neighborhoods and its access to the many cultural and tourist attractions of the Brandywine Valley.

A certain built-in market will exist because of the Mansion's lodging and events market base. It is expected that the availability of a European spa on-site will complement and augment the satisfaction that Mansion guests will receive from their Gibraltar experience. Many Mansion guests who are tourists, business travelers, executive retreat participants, wedding party participants and families, and others will be attracted to the Carriage House spa. The Mansion can offer weekday executive retreat packages, weekend wedding reception packages and historic preservation and garden group packages that enable the Gibraltar visitor to enjoy all offerings at the Gibraltar site--a total cultural and educational experience in a quiet, unspoiled, historic setting. The European day spa adaptive reuse of the Carriage House will have a solid, dependable market from Gibraltar guests and from the Wilmington area's general client base of higher income employees and residents.

From:

Sent: Tuesday, May 01, 2007 9:05 PM

To: DOSHCA_Gibraltar

Subject: Gibraltar Conservation Easement - Public Comment - In Favor

My name is Alex Wise and I am a 60 year old native Wilmingtonian who lives relatively close to this location. I am writing in favor of this easement as well as the proposed development of this property. I believe the proposed use of this property, including the new office building provided by this easement, is probably the optimum use, especially since the new building will essentially be in the far right hand corner of the property as you face it from Pennsylvania Avenue. It is my understanding that it will only be visible from Greenhill Avenue, and I assume due to the height of the stone wall that only the top portion of it will be visible. It certainly has to be far more attractive than the Devon across the street.

I attended the Highlands Civic Association meeting a year ago when this proposal was first made to the community. I thought the developers made a very good case that, if approved as proposed, the business/corporate tenants will be high end and will require less than 100 parking spaces for themselves and their clientele who will come and go throughout the day, and by no means all at the same time thereby not presenting any kind of traffic congestion on Greenhill Avenue as some of those who attended the meeting suggested.

Lastly, sooner or later all property will be developed, it's just a question of what and when. It certainly seems to me that this is an excellent proposal and use for this site and hope/encourage its approval. In order for this proposal to work, again I wholeheartedly recommend the approval of this easement.

Thank you very much!! Alex Wise.

See what's free at AOL.com.

From:

Sent: Wednesday, May 02, 2007 9:32 AM

To: DOSHCA_Gibraltar

Subject: Gibraltar Comment

Ladies and Gentlemen---

Please enter the following comment into the public record regarding the Gibraltar Easement Amendment:

The preservation of the Gardens and House is bolstered via substantial additional clarity that would be provided through the easement amendment (e.g., by defining the primary conservation easement area and protecting it, as well as assuring substantial open space and additional protection of historic resources).

I feel that there is a very obvious need for additional square footage to make the development of the site for an income producing purpose economically viable as reflected in the data provided in support of the application and the difficulty in getting the site developed to date despite numerous efforts and a fair and open RFP process.

In addition, the support in the community and at the City Board of Adjustment after hearing hours of testimony and the conclusion that increased square footage would not be out of character with the area or cause traffic concerns

Also, the State Historic Preservation Office/Division of Cultural Affairs should not concern itself with the issue of use of the property--as the City of Wilmington has already done that and that is the proper venue for this consideration of that matter. I encourage SHPO/DCA to focus on the historic and open space protections afforded by the easement amendment

Please also recall that commercial use has been in the plans for the property for some time. As the immediate local community rejected the notion of developing the site for townhouses or larger single-family homes when the easement was imposed years ago and the thought was to use it for a B &B and restaurant.
Feel free to contact me with any questions regarding my comments. Thank you very much for your time and consideration.

Anthony J. Albence

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From:

Sent: Wednesday, May 02, 2007 1:47 PM

To: DOSHCA_Gibraltar

Subject: Comment On Gibraltar Easement Proposed Changes

Dear Sirs:

After careful consideration, I wish to register my opposition to the proposed changes to the Gibraltar conservation easement. I do not believe the intended purpose behind the changes, to construct a 10,000 sq. ft. office building on the site, is a suitable compromise. In particular, I find it goes against the original purpose of the $1,000,000 in public funds that were expended to preserve the mansion and grounds in a state as close to their original one as possible.

As a member of the Friends of Historic Glasgow, I have worked with Preservation Delaware on issues surrounding the threatened destruction of the historic La Grange farm property. I am also well aware of Preservation Delaware's failure, over the past ten years, to find a suitable partner to preserve the mansion and grounds in accordance with the original easement.

Be that as it may, I hold to the position that the conservation easement meant what it said when it was granted. The proposed compromise strikes me as the same reasoning used during the Vietnam war: we must destroy the village in order to "save" it from the enemy. Well, "destroying" the Gibraltar site with an office building and parking lot in order to gain funds to save the structure doesn't sound like much of a compromise to me.

Furthermore, amending the easement without any significant change in circumstances that occurred beyond anyone's control sets a very bad precedent. It says, "If you can't hold to the original easement, just get it amended." Right now, the La Grange developer is also attacking that property's historic zoning overlay, because he feels it would be too costly to comply with all of the specifications issued by the local Historic Review Board. If easements and historic overlays are readily fungible, what hope does long-term preservation really have?

I am very sorry for Preservation Delaware's current predicament in the Gibraltar matter, but I do not think they are pursuing the right solution. If the easement revision is denied, I hope that the State can come up with a few hundred thousand dollars to perform critically needed repairs on the mansion itself, in order to buy some additional time to find a more appropriate way to preserve the structure and grounds for many years to come.

Sincerely,

David Arday
Member Friends of Historic Glasgow

From: Ran Barton
Sent: Wednesday, May 02, 2007 8:05 PM
To: DOSHCA_Gibraltar
Cc:

Subject: Re: Gibraltar

I join with others in opposition to changing the easement.

Preservation Delaware has fallen woefully short of their obligations to the property and the community, and it is not right for them to convert their shortcomings into a development that will be harmful to the surrounding neighborhood and against the express intent of the original easement.

Rather than repeat the sentiments expressed in other messages, I will stop here, but I urge you to protect Gibraltar, its legacy, and the surrounding community.

Thank you,
Ran Barton

From: Lois Bates

Sent: Wednesday, May 02, 2007 11:35 AM

To: Stabler, Wendie C.

Cc: Mark Scott; DOSHCA_Gibraltar; Gail E Heath

Subject: Re: SHPO Comment Deadline tomorrow 5/2 and Meeting tonight with Tim Slavin (State Historic Preservation Officer) at Schwartz's'

Wendy, my apologies for not attending last night's meeting. I have been away for many months, and frankly, the meeting just did not make it onto my calendar. Gail Heath called this morning with an update. She also mentioned that you have been trying unsuccessfully to contact Mark Scott, my husband. Mark is in NYC today, but you can reach his email at

I understand that comments can be posted through today at
http://history.delaware.gov/preservation/protection/gibraltar.shtml

Is there also a site where registered comments can be viewed?

Thank you for your diligence. As we are among the closest of Gibraltar's neighbors, we find the opposition's arguments amount to ridiculous stonewalling and we stopped listening ages ago.

Lois P. Bates
Green Gate Studio

----- Original Message -----
From: Stabler, Wendie C.
To:

Cc:
Sent: Tuesday, May 01, 2007 10:27 AM
Subject: SHPO Comment Deadline tomorrow 5/2 and Meeting tonight with Tim Slavin (State Historic Preservation Officer) at Schwartz's'

Again, thanks to all of you who have already written in support of the Conservation Easement Amendment. Thanks also for providing me with copies. For those of you who have not, but if you intend to do so, please do so no later than c/o/b tomorrow, 5/2. The comments should be sent to:

doshca_gibraltar@state.de.us

Also, Tim has agreed to meet with supporters tonight, as he did with opponents last week. I understand State Rep. Gerald Brady, who attended that meeting, will also attend this meeting tonight. The meeting is at the

Schwartz's' at 7:00 pm . For those of you who have not responded already to let us know whether or not you can make it. please do so as soon as possible by responding to this email or calling my secretary, Nancy Fay . It is very important that they see that there is strong support in the neighborhood and beyond for those who care about the future of Gibraltar.

Thanks again to all of you who have continued to support this project. We know that for some of you in the neighborhood, the pressure has been intense, and we are sorry for that, but CCS very much appreciates your willingness to stand up and be counted in support of this responsible development proposal. We also hope to update you tonight on the process at least as we understand it.

Wendie

From:

Sent: Wednesday, May 02, 2007 12:14 AM

To:

Cc: DOSHCA_Gibraltar; Brady Gerald (LegHall); McDowell Harris (LegHall)

Subject: Gibraltar

Dear Sirs;

My husband and I have lived in the Highlands since 1978. We are William J. and Elsie K. Briggs. We are very upset about another planned intrusion of our neighborhood,the proposed office park at Gibraltar.

Preservation Delaware, Inc. has now chosen an office park to save the Mansion. We were surprised and disappointed by PDI's selection because there was no consultation with nearby residents, and OUR state tax money was used to buy the development rights for the site in 1997. At that time, One Million dollars of DNREC's Open Space Council funds purchased a Conservation Easement to protect the estate from development with the purpose to assure that Gibraltar would be retained forever in its scenic and open condition.

The new building with entrance and parking are in the midst of Highlands residents' homes,not along Pennsylvania Ave.

The new building will occupy more of the estate than the existing mansion.

The new driveway will destroy the old stone wall and extend West 16th St. at Greenhill Ave.

The construction of these new buildings will cause disruption in our community for and unknown time period. We will have to deal with the dirt, noise,truck traffic and workers cars. A commercial use threatens our future residential quality of life and the potential destabilization of our community. Further more, we have no guarantee how the proposed commercial office park will be used in the future, by whom or for what purpose.

Bill and I expect the State to uphold its obligation to preserve and protect in perpetuity the entire Gibraltar property for the benefit of this generation and generations to come as was stated in the original Conservation Easement.

Please help to retain the residential character of The Highlands Neighborhood.

Our community supported the Bed and Breakfast concept and believe a less intrusive alterative can be found than an office park. We need to preserve the site and our residential neighborhood.

Bill and I live one block from Gibraltar.

Respectfully,
Mr. and Mrs William J. Briggs,III

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