

February 3, 2009

Mr. David Herring, Director
Alliance to Conserve Old Richmond Neighborhoods
Via email: dherring@richmondneighborhoods.org

Dear David,

First, thank you for copying David White on your press release yesterday about ACORN's decision on Shockoe Center. Naturally, we are disappointed with the Board's decision before we had a chance to fully address the important questions you raised. We believe that we have strong answers to all of them.

We do appreciate, however, your recognition of the many positive aspects of Shockoe Center.

And, like you, we welcome the opportunity to continue our discussions with you and your organization. This is a transformative project. It has a lot of "moving parts." We see it as a generational opportunity for our City and those in it who, like ACORN, are committed to doing what is best for it.

In our previous meeting, we requested that your Board appoint a sub-group or committee to work with us as Shockoe Center moves forward through the approval processes. We would like to set up another meeting in about two weeks to continue the dialog. In the end, we hope to be able to work hand-in-hand with ACORN to make this the very best project it can be.

Sincerely,



Paul W. Kreckman
Vice President

February 3, 2009

Shockoe Center

Response to ACORN's questions

#1 - If the bond projections fall short, will the City and State (and the taxpayers) be left with the debt?

ANSWER – No. Our proposal is that a new public, tax-exempt Richmond Sports Facilities Authority will issue the bonds as revenue bonds so there will be no recourse to the City--or the State. There is absolutely no obligation by the City or State. The bonds will be secured by the ballpark itself. If the public and private revenue generated solely within Shockoe Center is not sufficient to pay the debt on the bonds, then the recourse of the bondholders, as with any other private lender, is to work out adjusted debt payments or foreclose on the property. The Authority will hold no other property so no other property of the City will be at risk. This will not affect the City's bond rating or debt capacity.

#2- What are the archeological plans for the inevitable discovery of additional buried history?

ANSWER - Highwoods has already revised their plans, shifting proposed development away from the Lumpkin's Jail Historic Site. Further, Highwoods continues to be committed to protecting and preserving that site and to assisting additional known sites that are not a part of the proposal. If Highwoods finds additional sites it will preserve any artifacts as is appropriate and required by law and regulation, depending upon the actual discovery. Highwoods wants to assist the Slave Trail Commission and the City of Richmond with the creation of a cultural heritage interpretive site that educates the public on this important location. Highwoods will work with the Department of Historic Resources and others interested in cooperating with this effort.

#3 - Does this project truly meet the challenges of frequent flooding in Shockoe Bottom?

ANSWER - Shockoe Center is one very important part of a multi-faceted effort to make Shockoe Bottom economically viable. It solves some of the problems but not all of them. Shockoe Center makes development possible within the flood plain area around Main Street Station. Phase I of the project, which includes the ballpark, has been designed to allow floodwaters to pass through the area more efficiently and safely than during Gaston. The project has a concourse surrounding the ballpark that is one-foot above 100-year flood level. This provides access during a flood and allows attached development to occur within the flood plain that would not otherwise be possible. Additionally, the project replaces asphalt with four acres of grass or "permeable" surface within the ballpark that makes it possible for over 40 acres of development within Shockoe Bottom to occur while meeting the requirements of the Chesapeake Bay Preservation Act. This project also incorporates other Low Impact Development techniques that respect the

surrounding environment; re-circulating water from rooftops for irrigation; shared parking facilities that reduce carbon footprint, and facilitating Transit-Oriented Development. It is not possible for any single development to solve all the problems of this or any other flood plain within the City. But this project makes a tremendous contribution and is being carefully coordinated with the City's long-term engineering strategy to bring further improvements in emergency storm water management capability to more of this part of the City.

#4 - What is Highwoods' succession plan and can the stadium be used for multiple purposes?

ANSWER - We are not certain what is meant by the term "succession plan." What we propose is that when completed the ballpark will be transferred to the Richmond Sports Facilities Authority and will be leased for use and management by the baseball team. Other components of the plan, including the retail and dwelling units, will be transferred to other developers and users. Highwoods is the master developer for the entire project and will build and manage the office portions of the plan.

Yes, the ballpark will serve a limited number of purposes in addition to baseball, including art shows on the circular concourse, festivals such as the Brunswick Stew Festival, and scout troop "camp outs" with movies on the ballpark video board. While it is not designed as a multiple sports venue, additional sporting events have taken place in Minor League ballparks, including Pro Beach Volleyball, lacrosse, cycling races (staging area) and marathons.

#5 - How does this project improve intermodal transportation and affect federal funding for use at Main Street Station.

ANSWER – The City, state and federal agencies have already invested significant funds into Main Street Station. The City is unlikely to do anything or approve any nearby development that would jeopardize that federal funding or its covenants. In fact, the City specifically requested that developers consider how to best secure a positive return on this investment as they responded to a recent Request for Proposals. The best way to leverage this investment, facilitate mass transit, and complement the region's need for high-speed rail is to create a Transit Oriented Development. In fact, federal agencies are looking for innovative, multi-purpose transit projects as they consider future funding.

The Shockoe Center project has been designed to invest significant private capital to integrate transit and provide a return on the already invested public dollars. For example, the City is currently studying plans to use the second floor of the Train Shed to be developed by GRTC and the City for a bus transfer center. This would certainly get stopped buses off Broad Street. Successful Transit Oriented Developments create a "starting point" and a "destination" to complement the transfer function. Shockoe Center will create both elements and they will drive the use of transit.

#6 - Is not the overall Shockoe Center concept--including the baseball stadium--more compatible with the scale, massing and overall urban form of Boulevard Gateway, Highwoods Properties' other City project, on the Boulevard near the Diamond?

ANSWER - No. The ballpark at Shockoe Center is a family-oriented, neighborhood scale facility, half the size of The Diamond. The scale, massing and overall urban form of Shockoe Center will be consistent with the new Downtown Master Plan for Shockoe Bottom. In fact, the entire development, and the ballpark in particular, have been designed to fit within the existing urban framework. Further, baseball has not been successful on the Boulevard either for the baseball team or as an economic development generator. It would require a massive investment of existing public tax dollars to make a new ballpark possible there. There are better uses of that site, including additional amateur sports facilities, as evidenced by all the developers' responses to the city's RFP process. Peer group cities like Memphis, Louisville, Greensboro, Toledo, Sacramento and many more have utilized this approach, creating a successful urban revitalization within the existing urban sale.

#7 How does Highwoods Properties propose to respond to, and prevent if possible, the adverse impacts of Shockoe Center on the surrounding neighborhoods, including light, noise and traffic?

ANSWER - The developers of Shockoe Center have addressed possible impacts of light and noise, and of traffic and parking, among others, on surrounding neighborhoods. Most of these surrounding neighborhoods endorse much of the Shockoe Center plan, but a few express these concerns as they relate to the ballpark. The only succinct answer is that this will be a 21st century ballpark. It will not be another Diamond. Digital sound and directional lighting technology have advanced greatly since the last century. Plus, the ballpark will be surrounded by revenue-generating private development that will be more susceptible to noise and light impacts than any other nearby neighborhoods. The developers are equally concerned about these issues and are not about to create a nuisance for its own tenants and business owners.