

May 5, 2009

**A PREPARED STATEMENT BY R. DUDLEY WEBB RELATIVE TO THE STATUS OF  
"CENTREPOINTE"**

Thank you for the invitation to appear before the council today and to give you a brief update on the status of the site and the project.

The press, bloggers, certain members of the council, and particularly the Herald Leader continue to criticize the project, revisit the clearing of the block, distort factually that these buildings were designated as historic, that the Marriott Corporation is no longer interested in a downtown hotel, that there is no demand for condos, etc. And, that there is not now, nor has there ever been, financing available for such a development.

Free speech protections appear to provide the opportunity for people to say what they want without fear of reprisal. Those same protections are provided to citizens who do NOT want to say anything nor is there any obligation to respond to such critics.

During the past 12 months, the Herald Leader has targeted CentrePointe for major stories some 292 times. None of the stories supported the project. None of the stories were totally accurate. Most targeted the Webb family in a negative way. This became a cause célèbre for editorial writers, columnists, bloggers, public officials, rumor mongers, and others. We know of no other individuals or business people in this community or area or any other project that has been targeted for destruction.

We do not intend to continue to respond to this negativism either now or periodically. Attempts to clarify matters or issue corrections have only fueled the fires of speculation and criticism. That is the very reason for this written statement today and my limiting my responses to questions to those that we are required to make.

Do not forget that this is a private business venture on privately owned property and there has been no request for public dollars to be a part of this project. There is no obligation, legal or otherwise, that we must discuss with the public, or anyone else, the financing plan or the source of the proposed funding for this project. There was no unlawful taking or condemnation in the

peaceful assemblage of these properties and this was done entirely without government support or intervention. All laws and ordinances were complied with. It was clear that the buildings were functionally and economically obsolete. There were no credit cards misused in the assemblage. It was a private deal no different than the demolition of the old Saunier Alley building for the construction of a new school or the assemblage of the old buildings in the Irishtown area for the Distillery District will be.

It is a private deal not unlike that being proposed by the Trammell Crow Company for an "air rights" development above the Transit Center which has taken longer to get going than everyone thought. It is also not unlike the "Blackhorse Loft Condominiums" that were to be a competing project in which reportedly one of the council was involved. This was announced, the site was cleared, the building torn down, but the project is now on hold with no explanation. My point here is nobody is screaming about these projects that are not yet proceeding as scheduled after they were announced. The reason being that most reasonable people understand that unfortunate and unforeseeable things do happen in this business and they often take time to resolve, but this doesn't make their sponsors to be villains or charlatans as many have suggested in reference to us.

In our case, there are also other private parties involved including investors, potential tenants and condo purchasers and one of the nation's leading hotel companies. These private parties wish to remain that way....."private" for whatever reason and that is their right and privilege.

Very recently in a meeting of this Council, members discussed as fact that Marriott was no longer interested in operating a J. W. Marriott Hotel in downtown Lexington as there was no need for additional hotel rooms. Antagonists have previously on many occasions contacted the Marriott home office advising that Lexington did not want a J. W. Marriott hotel downtown and asked that they stay away from CentrePointe. Often times, blatant fabrications, four letter words and personal insults became the order of the day in this discourse.

The good news from all of this is that Marriott Corporation is still the major player in the world hospitality and travel market and they still believe in the future of Lexington. Attached to this statement is a letter from the Senior Vice

President of Hotel Development for Marriott which I received this week in response to a request that he clarify the interest of the company in this project. You can read it for yourself and draw your own conclusion.

Now, let us turn to the development project itself. We will not revisit the history of the demolition of the buildings except to remind everyone that none of these structures was on the National Registry of Historic Places and a study just a few years ago that reviewed the historic buildings in downtown placed none of them on any such list. Ultimately, the Courthouse Design Review Board determined that a restoration of these buildings was not an economically viable alternative. This was not surprising since the Rosenberg family and Gray Construction had teamed with the Kentucky Science & Technology Center back in 2005 to try to rehab the old Woolworth's Building also situated within the block. Unfortunately, they too found that the economics simply wouldn't work for them either, even with the New Market Tax Credits that were then available. That building was then demolished and now, the other buildings are also gone, so further discussion about them is moot.

Development is by nature an optimistic business. Developers look at potential projects regularly. The great majority of them are not pursued. The location, the economics, the design, the market, the results, the financing, the profit and other factors help make those decisions. Sometimes there are other factors that influence such decisions.

As with all development projects, CentrePointe has been an evolving project. Developers do not simply decide they will do a project and build it. Since the CentrePointe project began, there have been many influencing factors involved in the process. Participants both as owners and as financiers have changed. An early participant and a lender decided not to participate because they did not want to become bogged down in an unusual process where an officious public servant that has a large view of himself is dictating what our private development is going to be like. Other participants then stepped up. To avoid such dictates, it went from a debt project that was dependent upon TIF financing to an all equity project that did not.

We reviewed the business and financing plan that was being offered to us with the proper persons and advisors and determined that it was real. Agreements were reached on the participation and were executed. We moved on with the

