

Mr. Mayor Council members, City Manager, City Attorney,  
City Clerk

I want to thank you for the opportunity to visit with you today to give you an update on our progress with Site 4 and the Lafayette.

As we embarked on this project three years ago, we had a grand vision and hope of creating a hotel and residential project in conjunction with the new convention center. Our dream was to create such a building that had not been seen in Raleigh since the magnificent "sky scrapers" of the roaring twenties. This vision was shared by the City Council at the time and so we agreed to pursue the shared vision as a public private partnership. We set out to hire one of Americas preeminent Architects Stephen Jacobs from NY to help in our pursuit of the goal. Through the process the project took shape as a 21 story building with 150 hotel rooms and 80 dwelling units which was much larger than the plan originally called for.

Through the years much has changed. The City has been involved in many of these changes.

Fayetteville Street has reopened as our main street, the convention center has been completed, the Marriott hotel has opened, and the Mint restaurant has activated an empty storefront on our main street.

During that period, Empire Properties has continued to pursue its projects of excellence. Many of these have brought Raleigh national and international attention as one of the best places in America to live. Our projects were prominently mentioned in last year's story naming Raleigh as the 2nd best place to live in America by Kiplinger Magazine.

Unfortunately this year we have slipped to 10th reminding us that excellence is something that is never achieved but must always be strived for.

We renovated 8 buildings in downtown Raleigh including the City of Raleigh's first LEED Certified Building and North Carolina's first Platinum Certified LEED Project, the 60th in the world.

We also developed the city's first parking deck that will be fully wrapped by an office building. The L Building is a public private partnership with Wake Co which is in the pre-leasing phase.

At the same time we brought retail back to downtown by keeping Holly Aiken and Stitch in Raleigh and gave her the best little corner shop in NC at Wilmington and Hargett.

We also saved one of Raleigh's oldest landmarks, the 1875 All Saints Chapel with the help of the city. It is also where I Witnessed Hell Freezing Over last June when I was fortunate enough to get married to Samantha Smith. As a continuation of that story, All Saints will be the site of our new son, George Mitchell Hatem's Baptism later this month. That occasion promises to be a much more reverent event.

Empire has also sponsored The Susan G Komen Foundation to bring their new local headquarters to the corner of Hargett and Fayetteville St in downtown as we Paint the town Pink for Breast Cancer Awareness.

We closed a fine dining restaurant and opened up a Fine barbeque joint. The Pit has been nationally recognized on many occasions, most recently on the Food Network showcasing a throw down with Bobby

Flay. This Restaurant along with the Raleigh Times will be featured in an upcoming NY Times article June 14th.

We capped off the corner of the Heilig Levine project by partnering with the Saleh family on the Lebanese restaurant Sitti. This restaurant is dedicated to pillars of our family and the best cooks in the world, our Grandmothers. This too has been receiving national attention for its truth in defining classic Lebanese cuisine.

Next Monday we plan to open Gravy, a classic Italian American Restaurant on Wilmington St with our Partners from Bella Monica.

Most importantly we have created over 200 well paying jobs with benefits in downtown Raleigh. In addition we have invested over \$80 Million to our local economy. In total, Empire companies pay almost \$2 Million dollars each and every year in sales, property, franchise and other miscellaneous taxes. We also pride ourselves on our local focus as we spend the same dollar four and five times in our community.

As we all recognize, Times now are very difficult and uncertain. We too have had to lay people off, reduce salaries and furlough employees. Virtually no one has been spared in this harsh restructuring of our economy.

The point of all this is to reframe the conversation around City Site 4. The conversation should never have been centered on developer capabilities or intentions as it was last summer—it never was about that. Asking the developer to agree to a schedule that was detached from the realities of the economy was at best, flawed. But the nail in the coffin was eliminating the possibility of any future extension. Even

in a good economic climate, it is virtually impossible to secure the funding necessary knowing that the agreement would be cancelled at a time certain without discussion.

In the past year we took another run at the project with talented hotel operators and solid financial sources. In the final analysis, none of these could overcome the global economic meltdown, nor the City's timeline. As I walked people from across the world and across town through the streets of downtown Raleigh these past few months one thing was clear. This ambitious project is not possible at this time.

In conversations with many people, some of whom are at this table, I have been asked "how much time do you need to do the project?" While I do appreciate the desire to help find compromise, I cannot predict that timeline any more than the best and the brightest leaders in the world can predict when the global economy will recover from current conditions.

Over the past few years, Empire Properties has invested thousands of man hours and hundreds of thousands of dollars in the Lafayette. I would like to take this time to thank the many of you at this table who have given your continued and unwavering support to us in our pursuit of greatness with the Lafayette. But at the same time I would like to respectfully withdraw from any further involvement in the Site 4 Development Agreement.

Thank You.