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ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY BOARD OF COMMISSIONERS APPROVES SALE OF SOUTH JEFFERSON REDEVELOPMENT AREA PROPERTIES TO CARILION CLINIC

Roanoke, VA, June 16, 2008 – At its meeting earlier today, the Roanoke Redevelopment and Housing Authority (RRHA) Board of Commissioners approved contracts for the sale of two properties in the South Jefferson Redevelopment Area to Carilion Clinic. The sale and planned redevelopment of these properties -- a portion of the former Roanoke City Mills property acquired by RRHA in 2004, and the former Virginia Scrap Iron and Metal Company, Incorporated property, the purchase of which the Board of Commissioners also approved today -- will expand redevelopment activities of the South Jefferson Redevelopment project to the east side of Jefferson Street and will complement the planned medical school, a joint project of Carilion and Virginia Tech, that will also be located in the Redevelopment Area. The contracts must also be approved by the Boards of both Carilion and Virginia Scrap Iron.

The sale of the properties to Carilion Clinic represents another significant step in the South Jefferson Redevelopment Project. The former Virginia Scrap Iron property presents significant environmental challenges. The full scope of environmental contamination resulting from former business activity on the property will likely not be clear for some time, and the environmental remediation costs may exceed current estimates. For that reason, the RRHA Board of Commissioners would agree to acquire the property only if, at the same time, it could approve a sale of the property, with a definite closing date, to a developer. Under the terms of the agreement, the Housing Authority will take title to the property on June 30, 2008; after completing \$240,000 of environmental remediation work utilizing a \$200,000 EPA Brownfields grant and \$40,000 in matching funds from the City of Roanoke. Carilion will then take title to the property and will assume responsibility for all costs of excavation, clearing, any additional environmental remediation, and redevelopment of the property.

Significantly, Carilion Clinic is willing to purchase the former Roanoke City Mills property as well, with the intention of redeveloping both properties jointly. According to Joseph Lee, Chairman of the RRHA Board of Commissioners, "Carilion's agreement to acquire and redevelop both of these properties jointly was important to the Housing Authority. We believe the properties can be developed more effectively, and in a manner more consistent with the goals of the South Jefferson Redevelopment Plan, if new development can encompass both properties."

The former Roanoke City Mills property presents significant demolition challenges. Demolition and related costs are expected to exceed the appraised fair market value of the real

estate, because of the substantial potential for unknown subsurface conditions (due to the nature of the buildings and the previous operation). Carilion has a Performance Agreement with the City of Roanoke by which the City is obligated to provide funds to the Housing Authority for demolition, excavation, clearing and environmental remediation on properties sold to Carilion in the Redevelopment Area, and to have RRHA deliver the properties to Carilion in "raw land" status. As a part of its agreement to purchase the Mill Property, however, Carilion has agreed to bear all of these costs initially, with RRHA then utilizing funds provided by the City to reimburse Carilion for expenditures above the appraised fair market value of the property over a 5-year period. "We believe Carilion's agreement to undertake these obligations that would otherwise fall to RRHA, at the City's expense, provides a benefit by permitting these substantial costs to be spread over five years, rather than one," said Lee.

Redevelopment is transforming a formerly blighted area, located in a strategic part of the City, into an attractive, thriving medical, technology and education center. Carilion has been a significant driving force in the South Jefferson Redevelopment Area. According to a June 11, 2008 article in the Roanoke Times, "In contrast to the nearly \$25 million the City has spent on the redevelopment efforts, buildings costing \$195 million are completed or planned, most at Carilion's expense." As an added benefit, the properties will go back into the City's tax base, and be taxed at a much higher level than in the past..

"Carilion, because of the proximity of these properties to Carilion Roanoke Memorial Hospital, the Biomedical Center, and the planned medical school, has a strategic interest in these properties" said Chairman Lee. "Carilion's having both the motivation and the financial capability to bear the substantial costs of site preparation, environmental remediation, and redevelopment of these properties making it possible to move forward with redevelopment of these properties. With the first phase of the South Jefferson Redevelopment approaching completion, we look forward to moving to the next stage. We hope that other developers will partner with us as we work to complete this project."

The Roanoke Redevelopment and Housing Authority was created by the City of Roanoke in 1949 under the provisions of the United States Housing Act of 1937, and operates under the direction of a seven-member Board of Commissioners appointed by the Roanoke City Council. RRHA is an independent, political subdivision of the Commonwealth of Virginia with three primary responsibilities to the citizens of Roanoke: to provide housing and homeownership opportunities and to accomplish neighborhood revitalization; to take a leadership role in providing programs and resources for residents that promote and encourage self-sufficiency, self-esteem and self determination; and, to maintain a leadership role in fostering economic development and job opportunities through redevelopment. RRHA currently owns and manages nearly 1,300 units of public housing and administers approximately 1,535 units of Section 8 Housing Choice Vouchers. To learn more, visit www.rkehousing.org.