

March 5, 2009

The Honorable Sheila Dixon, Mayor  
City Hall  
100 Holliday Street, Room 250  
Baltimore, Maryland 21202

Dear Mayor Dixon:

On behalf of the Board of Directors of the Charles Street Trolley Corporation, I wish to thank you for your kind and supportive letter of February 5, 2009, relating to the Charles Street Trolley. We particularly appreciate your sharing your views on a number of important issues relating to the Trolley.

During the many months in which we discussed this project with community leaders in the Charles Street Corridor, it became apparent that a special benefit assessment to support Trolley operations is not popular. Accordingly, one of the principal charges of our Financing Committee, chaired by Jim McGill, is to develop a financing plan that does not add an additional special assessment on property owners in the Corridor. As part of its deliberations, the Committee will explore, as you suggest, asking the three existing special assessment districts in the Corridor to consider devoting a portion of their revenue to support Trolley operations.

The Financing Committee will also explore with the major non-profit institutions in the Corridor the feasibility of contributing now to an escrow fund for the Trolley at the rate they would otherwise contribute if a special benefit assessment were imposed. In exploring this possibility, we recognize the value of having these institutions demonstrate the long-term benefit of the Trolley to their organization and property by making an early investment in the project. Unfortunately, we also recognize that the financial difficulties many of these institutions now face in today's uncertain economic environment may make this investment a more challenging task.

We also recognize the value of having major developers in the Corridor view the Trolley as an investment in the long-term value of their properties. To date we have received contributions or commitments from developers in excess of \$50,000. I have asked two of our Board members, Bill Struever and Mike Shecter, to meet with developers, architects, and contractors in the Corridor to identify additional ways in

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which they may demonstrate their continuing support of and commitment to the project.

We are particularly grateful for the willingness you expressed in your letter to have the City provide financial support to the project through a tax increment financing to fund design and construction costs and the issuance of county transportation bonds to cover other capital costs. In addition, the City's agreeing to dedicate to the Trolley, once it becomes operational, parking tax revenues in the approximate amount of \$1,500,000 annually (now earmarked for the Downtown Shuttle) all but eliminates the projected annual operating deficit of the Trolley and significantly contributes toward making this project financially feasible. This level of support by the City is deeply appreciated.

As you know, since the inception of this project, we have not pursued federal funding so that the Charles Street Trolley would not be seen as competing for federal funds with other City transportation priorities, particularly the Red Line Transit Project. We were delighted to learn from your letter that the City would be willing to sponsor a Small Starts application with the Federal Transit Administration for the Trolley if we develop a viable financial plan and if the Maryland Department of Transportation and the Congressional Delegation support the application. Federal funding under the Small Starts Program, together with a tax increment financing and the issuance of county transportation bonds, greatly increases our confidence that we can raise the \$160,000,000 needed to meet the capital costs of the project.

Finally, in your letter you cautioned that design and historic preservation issues, particularly in the Mt. Vernon neighborhood, need to be addressed to the satisfaction of the community and the Commission on Historic and Architectural Preservation. Our Operations Committee, chaired by Mike Shecter and staffed by Kittelson and Associates, has made as its first priority the favorable resolution of these issues.

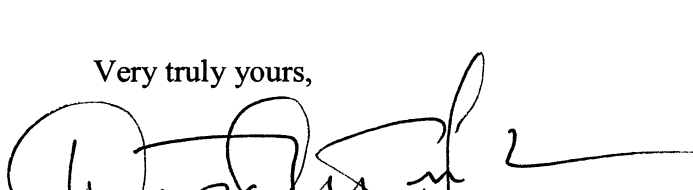
In addressing these issues and meeting community concerns, the Operations Committee is working closely with the Friends of Mt. Vernon Place, the Mt. Vernon Place Conservancy, and the Mt. Vernon - Belvedere Association to assure that the Trolley is designed in a manner that is fully compatible with the Mt. Vernon neighborhood and the park. Paul Warren and Steve Shen, both extremely active in protecting and preserving the Mt. Vernon neighborhood and the park, are members of our Board. You can be assured that we recognize that without the support of the Mt. Vernon neighborhood, as well as the other neighborhoods and community organizations in the Corridor, this project cannot succeed.

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Like you, we feel the Charles Street Trolley is an exciting project - one that will enhance urban livability and promote tourism and economic development in the Corridor. Charles Street, we believe, can be one of the grand avenues of the United States and should be a showcase for the City of Baltimore. We believe that the Trolley can only enhance the potential grandeur of Charles Street.

Thank you again for your continued support for the Charles Street Trolley and for your willingness to move forward in partnership with the Charles Street Trolley Corporation to develop this project.

Very truly yours,



David M. Funk  
Chair

cc: Andrew B. Frank, Deputy Mayor  
Alfred H. Foxx, Director, Department of Transportation  
Thomas J. Stosur, Director, Department of Planning  
Directors, Charles Street Trolley Corporation