

# City of Richmond



November 18, 2024

**Marlon Levy, M.D., M.B.A.**

Chief Executive Officer, VCU Health System  
Senior Vice President, VCU Health Sciences

**Re: 500 N. 10th Street – Mediation Proposal**

Dear Dr. Levy:

We write on behalf of City Council and the Mayor in the hopes that the Virginia Commonwealth University Health System (VCUHS) will return to the table so that our organizations might find a path forward regarding 500 N. 10<sup>th</sup> Street.

To date, VCUHS has failed to remit its “Guaranteed Obligation” payment for 2024 and has indicated that it will not make future payments. The City is prepared to pursue all available options, including litigation, to collect the Guaranteed Obligation payments; however, we would prefer to participate in a collaborative dialogue to reach a mutually beneficial agreement. To that end, we write to invite VCUHS to engage in mediation.

As you are aware, the location and size of 500 N. 10<sup>th</sup> Street make the parcel important to the economic strength and public safety of Richmond’s downtown. VCUHS recognized this fact when, in May 2020, it wrote a letter of support for Capital City Partners LLC’s unsolicited offer to buy the property from the City. That letter emphasized VCUHS’ commitment to the “equitable and comprehensive redevelopment of the underutilized portions” of the neighborhood. It goes on to highlight the substantial public benefit that would come from developing the property in a way that would generate taxes for the City. Calling the project “a significant source of economic development for the City,” the letter explains that:

“[The] proposal would redevelop underutilized parcels currently owned by the City of Richmond and would return them to revenue producing parcels. . . The tax revenues produced by this development will meaningfully support city services, including pre-K through 12 education.”<sup>1</sup>

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<sup>1</sup> VCU Health Letter of Support for Capital City Partners LLC’s “Unsolicited Proposal to Purchase City of Richmond-Owned Real Estate,” (May 1, 2020).

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Despite its recognition of the importance of this site to the immediate neighborhood and City services more broadly, VCUHS no longer seems to have a sense of duty or urgency to uphold the terms of the previously negotiated contract. The City has demonstrated a willingness to work with VCUHS to resolve the Guaranteed Obligation payments. But, as of this time, VCUHS has not made a serious settlement proposal.

To the contrary, the VCUHS has defaulted on its obligation and, further, it and VCU have impeded the City from finding a new use for 500 N. 10<sup>th</sup> Street. After VCUHS and Capital City Partners, LLC informed the City that the development would not be built, for nearly two years we delayed finding a new use for the site at the request of members of VCU's senior leadership team. Senior leaders at the University asked the City to hold the site for the development of a new building for the Health System's dental school. The City honored this request, assuming good faith on the part of the University's leadership. Ultimately, VCUHS and VCU chose not to build that project.

The City has been proud to partner with VCU, both the University and the Health System, over many years. More than voluntary partnership, the success of each of our institutions necessarily depends on the success of the other. But the willingness of these institutions to default on their contractual obligations will significantly hamper future collaboration. VCU's reputational costs may easily translate into ballooning actual costs as the City and other business partners negotiate under the assumption of a greater likelihood of VCUHS defaulting on its contractual obligations.

We are confident, however, that the City, VCUHS, and VCU can return to a place where we are planning for the future of Richmond together without reservation or mistrust. To do so, the City depends on VCUHS' good faith efforts to resolve its contractual obligations. We believe this may be accomplished through mediation if VCUHS is committed to resolving the difference between the parties concerning 500 N. 10<sup>th</sup> Street. Please inform us by December 6 as to whether you are interested in working to resolve this matter with the assistance of a mutually agreeable mediator.

Sincerely,

Kristen M. Nye  
President  
On behalf of the Richmond City Council  
City of Richmond, VA

Levar M. Stoney  
Mayor  
City of Richmond, VA