

Attachment to memorandum of  
September 4, 2008 from Department of City Development

**From:** John Van Note [mailto:john@mmwp-law.com]  
**Sent:** Thursday, August 14, 2008 8:53 AM  
**To:** Chris Laurent  
**Subject:** RE: TID # 13 City of Racine-Gorman Project

Chris,

1. The City of Racine ("City") will issue the TIF Bond ("Bond") for the benefit of State at Main Development, LLC ("Owner") in the amount of \$1,800,000.00. The Owner is a single-member limited liability company of which Gorman & Company, Inc. ("GCI") is the sole member. The Bond will generate payment to the Owner in the approximate amount of \$169,907.27 per annum.
2. The Owner will collaterally assign the Bond to M&I Marshall & Ilsley Bank ("M&I") as security for a loan from M&I in the amount of \$1,800,000.00 (the "M&I Loan").
  - A. The Owner will service the payments due and owing on the M&I Loan from the annual payment received from the City from the Bond. It is anticipated that the Bond will generate payments to the Owner in the amount of \$169,907.27 per year.
  - B. The M&I Loan will be guaranteed by GCI so that in the event the payments on the M&I Loan are not made by the Owner when due, GCI will be required to pay the shortfall.
3. The City also desires to use increment to service the repayment of an advance the City made from its general fund in the amount of \$238,500.00 for certain street improvements incurred by the City in the TID ("City Advance"). It is anticipated that the City will require an annual allocation of \$16,030.95 from the increment generated by the TID to repay the City Advance.
4. Based upon the TID Increment Projections prepared by Mike Harrigan dated August 6, 2008, except for 2008, the TID will generate sufficient increment to service the payments the LLC will owe under the M&I Loan and the payments on the City Advance.
5. The proposed structure of the Bond transaction between the City, Owner and GCI would be as follows:
  - A. The City will issue the Bond in the amount of \$1,800,000 to the Owner.
  - B. The Owner will receive the first priority of payment for increment generated by the TID.

C. The next priority of payment will go to the City to repay the City Advance. Assuming the Harrigan projections hold true, the increment should be sufficient to pay the annual debt service payment on the City Advance.

D. In the event the TID does not generate enough increment in any one year to service payments on the City Advance, the Owner agrees to cover the shortfall for such year. Owner's obligation to cover such shortfall to be guaranteed by GCI.

E. In the event Owner or GCI are required to make payment to cover an annual increment deficit, Owner and GCI would have the right to be made whole from future surplus increment generated prior to the closure of the TID. Such make-up payments would be the third priority of payment from increment generated after payment of the Bond amount and the City Advance amount.

Let me know if you have questions.

Sincerely,

John W. Van Note  
Mohs, MacDonald, Widder & Paradise  
20 North Carroll Street  
Madison, WI 53703  
Phone: (608) 256-1978  
Fax: (608) 257-1106  
Email: john@mmwp-law.com

Unless otherwise indicated or obvious from the nature of this transmittal, the information contained in this transmission is confidential and protected from disclosure by the attorney-client privilege, or by attorney work-product doctrine, or by various privacy laws, or by virtue of it being proprietary in nature. This transmission is intended for the exclusive use of the named recipient. If you are not the named recipient, or the employee or agent responsible to deliver it to the named recipient, you are hereby notified that any use, copying, disclosure, dissemination, or other distribution of the information transmitted herewith is strictly prohibited and you may be subject to legal restrictions or sanctions. If you have received this communication in error or are not sure whether it is confidential, please immediately notify us by telephone at (608) 256-1978; and return the original message to us at the above address or destroy all copies. Thank you.

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.