

January 8, 2010

Mr. Brian F. O'Connell
Director of City Development
City of Racine
730 Washington Avenue
Racine, WI 53403

Sent Via Electronic Mail Only

Re: Financial Advisory Services – Tax Incremental Districts No. 2 and No. 14

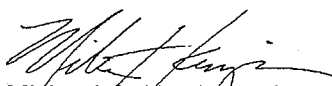
Dear Brian:


The purpose of this letter is to confirm the terms under which Ehlers & Associates would serve as an independent financial advisor to the City of Racine. You have requested our assistance with the following two projects:

1. Amendment of the Project Plan for Tax Incremental District No. 2 to extend the life of the District for an additional 10 years as permitted by Wisconsin Act 67. This amendment must be approved by the Common Council not later than June 23, 2010 (the current termination date of the District).
2. Review Tax Incremental District No. 14 (Pointe Blue) and provide a recommendation to the City as to advisability and implications of either closing this TID or allowing it to remain open. TID No. 14 presently overlays a portion of TID No. 2.

On the attached pages, we have included separate cost proposals for each project. All work pertaining to this engagement would be completed by the undersigned, with the assistance of our TIF Coordinator Paula Czaplowski. We are prepared to begin immediately upon your acceptance of our proposals, and appreciate the opportunity to serve the City of Racine again.

Sincerely,
EHLERS & ASSOCIATES, INC.


Michael C. Harrigan, CIPFA
Chairman/
Senior Financial Advisor


Todd W. Taves, CIPFA
Executive Vice-President/
Financial Advisor



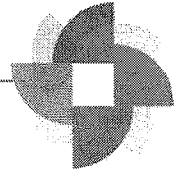
EHLERS
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PROPOSAL FOR SERVICES RELATED TO AMENDMENT OF THE PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO. 2

We would propose to approach this work on a phased basis as follows:

Phase I – Prepare Draft Project Plan

The purpose of Phase I is to define the scope of the Project Plan amendment, gather necessary information and prepare a draft Project Plan document. This phase would begin upon your authorization of this engagement, and ends on delivery of the draft Project Plan document. As part of Phase I services, Ehlers will:

- Prepare a current financial pro forma for the District based on information we will obtain from the City.
- Attend an initial meeting with appropriate City officials to define the scope of the amendment with respect to territory, project costs and anticipated development.
- If territory is to be added to the District, identify and recommend preliminary boundaries and determine statutory compliance with the purpose test, equalized value test, and vacant land test.
- For contemplated projects, provide analysis as to the appropriateness of using Tax Incremental Financing in the context of the “but for” test.
- Act as the City’s liaison with the Wis. Dept. of Revenue with respect to technical evaluation of options and for any required statutory interpretations.
- Prepare a draft Project Plan amendment that includes all statutorily required components (to include coordination with your engineer, planner or other designated party to obtain a map of the proposed boundaries of the District, maps showing existing uses and conditions of real property within the District, and maps showing proposed improvements and uses in the District.)

Phase II – Approval by City and Joint Review Board

This phase consists of the formal consideration required to amend the District by the City Plan Commission, the Common Council, and Joint Review Board. This phase begins after receiving staff approval of the draft Project Plan amendment, and ends after the Joint Review Board takes action on the request to create the District. As part of Phase II services, Ehlers will:

- Coordinate with City staff for scheduling of the required Plan Commission, Common Council and Joint Review Board meetings to ensure selected dates meet all statutory timing requirements. We have included a draft timetable for review.

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- If requested, provide agenda language, hearing notices, resolutions and other required correspondence pertaining to required meetings (the City has in the past assumed these responsibilities).
- Attend meetings of the Plan Commission, Common Council and Joint Review Board as requested to explain the Project Plan amendment.
- Provide advice and updated analysis on the impact of any changes made to the Project Plan throughout the approval process.

Phase III – State Filing

This phase includes final review of all file documents, preparation of filing forms, and submission of the amendment year packet to the Department of Revenue. This phase begins following approval of the amendment by the Joint Review Board, and ends with the submission of the amendment year packet. As part of Phase III services, Ehlers will:

- Assemble and submit to the Department of Revenue the required amendment year packet to include a final Project Plan document containing all required elements and information (your engineer or surveyor will need to prepare a legal description of the District at this time if any territory is added or removed from the District).
- Provide the City with an electronic copy of the final Project Plan (and up to 15 bound hard copies if desired).
- Provide the City Clerk with a complete electronic and/or hard copy transcript of all materials as submitted to the Department of Revenue for certification.
- Act as a liaison between the City and the Department of Revenue during the certification process in the event any questions or discrepancies arise.

Ehlers Cost Proposal

Ehlers proposes to complete this work on an hourly fee basis with a "not to exceed" limit of \$15,000. The hourly rates for the personnel assigned to this engagement would be:

Project Team Member	Capacity	Hourly Rate*
Mike Harrigan	Senior Financial Advisor	\$ 225
Todd Taves	Financial Advisor	\$ 200
Paula Czaplewski	TIF Coordinator	\$ 100

Ehlers will invoice the City at the conclusion of each Phase of the engagement for the hours worked in that Phase.

* All rates listed include our normal travel, printing, computer services, mail/delivery charges and other project costs, and constitute our sole compensation in connection with the performance of this work.

Items Not Included in Cost Proposal

Throughout all phases, the City is responsible for the costs of its own engineers, planners, surveyors, appraisers, attorneys, auditors and others that may be called on to provide information related to completion of the work. Additionally, the following specific costs are not costs included within our fee:

- Costs for preparing maps necessary for inclusion in the Project Plan.
- Publication charge for the Notice of Public Hearing.
- Legal opinion advising that Project Plan contains all required elements (normally provided by City Attorney).
- Preparation of District legal description (needed in Phase III if a territory amendment is involved)
- Department of Revenue filing fee (currently \$1,000 if a territory amendment is involved)

All Costs Reimbursable

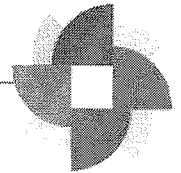
Our fees, and all other associated professional fees and charges can be recorded as project costs of the District, and reimbursed to the City through issuance of project debt, or repaid from tax increments collected through the life of the District.

ACCEPTANCE

The foregoing proposal is hereby accepted by the City of Racine, Wisconsin by its authorized Officers this _____ day of _____, 2010.

Signature

Title



**PROPOSAL FOR SERVICES RELATED TO POTENTIAL CLOSURE
OF TAX INCREMENTAL DISTRICT NO. 14**

Scope of Services

- Using information provided by the City, review current status of District and provide a letter report summarizing the impacts of District closure, to include analysis of any existing unrecoverable liabilities, and impact on the underlying district (TID No. 2).
- As part of preparation of the report, we will meet with appropriate City staff to discuss the potential for development within the District and any other factors that might argue against closure.
- Attend meeting(s) as requested to explain our analysis and recommendations.

Ehlers Cost Proposal

Ehlers proposes to complete this work on an hourly fee basis with a "not to exceed" limit of \$2,000. The hourly rates for the personnel assigned to this engagement would be:

Project Team Member	Capacity	Hourly Rate*
Mike Harrigan	Senior Financial Advisor	\$ 225
Todd Taves	Financial Advisor	\$ 200
Paula Czaplewski	TIF Coordinator	\$ 100

If the City elects to engage Ehlers to assist with the amendment of Tax Incremental District No. 2, we would anticipate arranging meetings to coincide with that work to minimize billings. Ehlers will invoice the City at the conclusion of the work.

* All rates listed include our normal travel, printing, computer services, mail/delivery charges and other project costs, and constitute our sole compensation in connection with the performance of this work.

ACCEPTANCE

The foregoing proposal is hereby accepted by the City of Racine, Wisconsin by its authorized Officers this _____ day of _____, 2010.

Signature

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**TAX INCREMENTAL DISTRICT NO. 2
PROJECT PLAN AMENDMENT
WITHIN THE
CITY OF RACINE, WISCONSIN**

Proposed Timetable – 1/6/2010

ACTION DATE	STEP
January - February	City & Ehlers meet to define scope of amendment & gather necessary information.
February - March	Ehlers will prepare & provide the City with a draft project plan document
March 31 @ 4	Plan Commission makes a motion to call for a public hearing
April 7	City will send a Class 2 Notice to Official City Newspaper. (cc: City) City will send notification letters, along with required enclosures, to overlapping taxing jurisdictions of JRB organizational meeting & public hearing, as well as the Agenda - to be posted by the City. (cc: City & attorney) <i>(Letters must be postmarked prior to first publication).</i>
April 14	First Publication of Hearing Notice <i>(Week prior to second notice)</i>
April 21	Second Publication of Hearing Notice. <i>(At least 7 days before public hearing)</i>
April 28 @ 3:30	Joint Review Board meets to review plan, appoint chairperson and fifth member and set next meeting date. <i>(Within 14 days after publication, but prior to hearing)</i>
April 28 @ 4	Plan Commission Public Hearing on Project Plan and approval of District amendment.
	Plan Commission reviews plan & approval of District Project Plan amendment.
April 29	Ehlers will provide City & City Attorney with revised draft Project Plan, if necessary
May 4 @ 7	Common Council reviews plan & adopts resolution approving District Project Plan amendment.
TBD	City will send notices & required attachments to JRB of the final meeting, along with the Agenda (City to post). (cc: City & Attorney)
TBD	Approval by Joint Review Board. <i>(Within 30 days of notification of meeting / receipt of Plan Commission & Common Council resolutions)</i>
June	Ehlers will submit documents to the State, within 60 days of JRB approval.

Plan Commission meets second & last Wednesday @ 4:15 p.m.

City Council meets first & third Tuesday @ 7 p.m.

Racine Journal Times - publishes daily – deadline week prior (eg; pub. Fr. – deadline Fr. prior) chris.hann@lee.net