

THE DORSEY GROUP

November 29, 2007

Brian O'Connell, Director
Department of City Development
Room 306 – City Hall
730 Washington Avenue
Racine, Wisconsin 53403

Re: Letter of Interest for Property located at 1014 Dr. Martin Luther King, Jr. Drive

Dear Mr. O'Connell:

I am pleased to submit this letter of intent to develop the parcel of land located at 1014 Dr. Martin Luther King, Jr. Drive. The parcel of land is in a strategically significant part of Racine and potentially provides the city of Racine a rare opportunity to make a bold, definitive statement of where the city of Racine is headed in the 21st Century.

First, let me congratulate the City of Racine for gaining control of the parcel. The City's action to acquire the property is further indication that you are, indeed, serious about developing Racine into a model of 21st century urban renewal.

It is clear from my conversations with you, Mayor Becker, Alderman Q.A. Shakoor and others that there is a clear set of guiding principles to apply to the development of the parcel.

- 1) TRANSFORMATION – Racine is a city in transition but is committed to its roots of being a community of close-knit neighborhoods.
- 2) SUSTAINABLE: Eco-friendly or “green” development is an important element of Racine's transformation. Eco-friendly homes are more affordable to operate, more livable, and better for the environment.
- 3) HOME-OWNERSHIP: Racine's long term stability and growth depends on the strength of home-ownership.
- 4) CATALYTIC: Racine welcomes projects that are truly catalytic; projects creating additional market momentum and value by the very nature of the project.
- 5) PLANNING: Racine intends not to grow or develop in a vacuum, but instead will move into the 21st Century on its own terms and based on a solid plan.

I intend to submit a proposal to develop what will essentially be a “green” development. We believe such a development will respect the above-mentioned guiding principles and create real value for the city of Racine. Other urban areas are moving forward with “green” initiatives and we believe this project will provide Racine a solid platform to promote the city as a progressive-new-age-city of the 21st Century.

Some details of the development proposal follow.

- The construction of at least 12 to 14 single family homes on lots averaging 6,000 sq. ft in size. The homes will likely have attached garages. We believe larger lots will be more

attractive to the target market and is consistent with housing patterns in the area.

- A "Green" or eco-friendly development that symbolizes Racine's efforts and desire to boldly move into the 21st century. A development that utilizes a number of "green" components, including; eco-friendly material, renewal energy and design elements. This development will demonstrate Racine's commitment to environmentalism (which is a great selling point to attract or retain businesses and residents).
- Home-ownership. All of the homes will be owner-occupied, family-friendly, and accessible from the street-level. The project is also likely to stimulate the market for environmentally friendly housing. The project will not contribute to the saturation of the market with additional affordable rental units; the Corinne Reid-Owens Square project is only a block away.
- Financing will be a combination of public and private sources of capital. Financing eco-friendly homes requires a different approach from traditional homes, as other sources of capital are available and the valuation of such homes are more complex.
- A strong development team consisting of firms with a significant amount of experience in valuating, developing, constructing, marketing and selling eco-friendly homes.

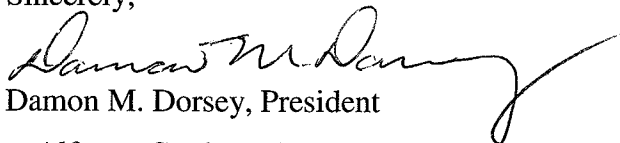
I admit that this is a much more challenging and riskier project than other, more conventional, project proposals that you will likely receive; affordable rental housing or rent-to-own housing is a much easier proposition, but there is little incremental gain for Racine in developing the ubiquitous low-income housing development project at this site – which is in an emerging residential neighborhood.

Finally, given that the Corinne Reid-Owens Square project is only a block away from this site, I do not think that additional affordable rental housing is necessary in the area right now. This project will compliment the Corinne Reid-Owens project – not compete with it for credits and tenants. Furthermore, I believe that the Corinne Reid Owens project will encourage more private investment in the area, and this project – a market based project that increases home-ownership and encourages environmental stewardship - increases the chances that such investment is likely.

It is my understanding that the city of Racine has acquired the site and is in the process of accepting proposals for the site. Given the scope of my proposal and since I received your letter informing me of the RFP process as recently as November 21st, I respectfully request that the Dorsey Group be given until December 21st to assemble its development team (the "Green Team"), develop a realistic and achievable Sources and Uses, and complete and submit our proposal to the City of Racine for consideration.

Thank you for informing me of this opportunity and giving me the opportunity to express interest in the site. I look forward to hearing from you in the near future.

Sincerely,



Damon M. Dorsey, President

c: Alfonso Gardner, Community Liaison