



6938 N SANTA MONICA BLVD  
MILWAUKEE, WI 53217  
GENERALCAPITALGROUP.COM

P: 414.228.3500  
F: 414.228.3700

October 30, 2017

The Redevelopment Authority of the City of Racine  
Attention: Amy Connolly, Director of City Development  
730 Washington Avenue  
Racine, WI 53403

**RE: Termination of Option and Predevelopment Agreement  
Case Plow Works Building  
615 Marquette Street**

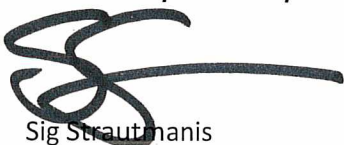
Dear Amy and Members of the RDA:

By way of this letter, General Capital respectfully requests the termination of the Option and Predevelopment Agreement ("Agreement") entered into by the City of Racine and General Capital on March 21, 2107. This termination must be mutually agreed upon by both parties per Section 2 (b) of the Agreement.

The City and General Capital entered into this Agreement in good faith to outline the purchase price of the property and to establish certain performance benchmarks to monitor progress toward our mutual goal of redeveloping the Case Plow Works complex into a dynamic mixed-use development. Our budgets and financial projections relied heavily on two primary financing sources: historic preservation tax credits (both state and federal) as well as affordable housing tax credits from WHEDA. Based on initial research conducted by Heritage Research Ltd. as well as the recent uncertainty of state historic tax credits, we do not believe we can secure historic tax credits. Further, without them, the project is unlikely to secure an allocation of affordable housing tax credits. Without these sources of funds, the project is simply infeasible.

I should note that these issues are largely out of our collective control. They are also issues we could not have anticipated without starting this process. Throughout this process, City staff was responsive and diligent in pushing this project ahead. There was a sincere effort made by all parties to "figure this out" with alternative models and scenarios. We still have a sincere desire to work with the City and continue the positive relationship we have started. We look forward to working with you again in the very near future.

Sincerely,  
**General Capital Group**



Sig Strautmanis