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October 11, 2011

Attorney Pamela A. Captain  
Office of the City Attorney  
140 Main Street  
Menasha, WI 54952

Re: Notice of City's Exercise of Right to Repurchase Parcel #2, Lot 16, Menasha, Wisconsin

Dear Attorney Captain:

Please note that we represent Mr. Thomas G. Schanke with respect to the above-referenced matter. As I believe you are already aware, Mr. Schanke rejects the City's Notice of Exercise of Right to repurchase. By correspondence dated May 5, 2011 to Mayor Don Merkes, Mr. Schanke's attorney, Christine Wanless set forth numerous reasons why the City has no right to repurchase Lot 16 and why any offer to purchase would be rejected by Mr. Schanke.

Without reiterating each point in that letter, please take notice that Paragraph 12, B, in Section D of the Agreement to which you refer in your letter dated September 16, 2011, is invalid and unenforceable. The alleged right to repurchase fails to comply with Wisconsin's Statute of Frauds, and it is therefore void. Moreover, the provision constitutes an impermissible restraint on alienation, and any validity it may have had at any point was extinguished or waived.

Second, even if the provision had been enforceable at some time, the City promised not to enforce it, and our client acted in reliance on that promise. Thus, in addition to legal theories, there are multiple equitable theories which effectively nullify any operation of the provision or right to repurchase as alleged by the City. We have additional concerns that the City would be taking actions to interfere with Mr. Schanke's right to own and enjoy private property in the City of Menasha. We are obviously aware of the City's agreement with The Ponds of Menasha, LLC. However, we note that Phases I through III are not contingent or dependent upon acquisition of Lot 16.

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Attorney Pamela A. Captain

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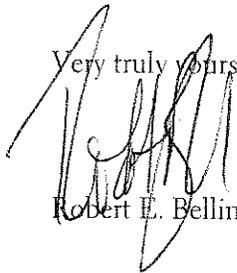
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In essence, it appears that the City intends to take actions to acquire private property from Mr. Schanke solely to give the property to another private developer. Such actions standing alone are repugnant to the American belief in the fundamental right of private property. However, it looks even worse when the City agreed to pay the private developer 10% of the AAV for completed properties on our client's lot.

Should you wish to discuss Mr. Schanke's rejection of the City's offer, do not hesitate to contact me directly.

Very truly yours,

A handwritten signature in black ink, appearing to read 'REB', is written over the typed name 'Robert E. Bellin'.

Robert E. Bellin

REB/ser

cc: Common Council (via email)  
Mayor Don Merkes (via email)  
Mr. Thomas Schanke  
Mr. Michael Schanke