

September 3, 2003

Ref: Badger Cement/Lease

To The Honorable
The Common Council
City of Milwaukee

Dear Council Members:

The Board of Harbor Commissioners has an existing Lease with Badger Cement dated August 16, 2000. The Lease is for approximately 3.902 acres of bare ground on the Port's South Harbor Tract and covers an initial period of 15 years, with the right of the tenant to extend the term of the lease for two consecutive periods of 5 years each.

Badger is in the process of being acquired by St. Mary's Cement. These companies have approached the Board of Harbor Commissioners to expand the leasehold to a total of about 6.67 acres; and to add two additional option periods of 5 years each.

The Board has, in return, negotiated an increase in the per acre rent figure to \$16,000 per year; and has increased the minimum through put to 125,000 tons per year.

Additionally, the Board has consented to the assignment of the Badger lease to St. Mary's Cement (a stronger tenant, with a long history of operation in the City of Milwaukee).

At its meeting of August 28, 2003, the Board of Harbor Commissioners approved the terms of an Amendment to the Badger Lease, per the Letter Agreement dated August 26, 2003 (attached). The Board further directed staff to place said agreement before the Common Council for ratification, and to work with the City Attorney to draft suitable amendment language for the lease, embodying such terms and conditions.

The Board respectfully requests the Council to ratify the changes to the Badger lease as laid out in the Letter Agreement of August 26, 2003.

Respectfully submitted,

KENNETH J. SZALLAI
Municipal Port Director

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Encl.
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