

Document Number

AMENDMENT THREE TO
TALGO
LEASE AGREEMENT

Document Title

Drafted By:

Gregg C. Hagopian
Assistant City Attorney
841 North Broadway, 7th Floor
Milwaukee, WI 53202

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Recording Area

Name and Return Address

Gregg C. Hagopian, Assistant City Attorney
841 North Broadway, 7th Floor
Milwaukee, WI 53202

Parts of 269-0442-000 and 285-1724-111-5

Parcel Identification Number (PIN)

**AMENDMENT THREE TO TALGO
LEASE AGREEMENT**

This Amendment (the "**Amendment**") is made and dated as of **MAY 1, 2014**, and is by and between CENTURY CITY REDEVELOPMENT CORPORATION ("**CCRC**"), a Wisconsin redevelopment corporation (as successor to the REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE ("**RACM**")), as landlord, and TALGO, INC., a Washington corporation ("**TALGO**"), as tenant.

RECITALS

A. RACM and TALGO entered into an August 5, 2010 Lease (the "**Lease**") that was recorded in the Milwaukee County Register of Deeds Office ("**ROD**") on October 26, 2010 as Document No. 09931036 pursuant to which RACM leased to TALGO a part of what was then known as 3533 N. 27th Street, Tax Key No. 269-9993-110-2 (as called in the Lease, the "**3533 Parcel**") and a part of 3424 N. 27th Street, Tax Key No. 285-1724-111-5 (as called in the Lease, the "**3424 Parcel**").

B. After recording the Lease in the ROD, as contemplated by Lease ¶ 2 and ¶4 (a), Certified Survey Map No. 8363 (the "**CSM**") - concerning division of the 3533 Parcel (i.e. 3533 N. 27th Street, Tax Key No. 269-9993-110-2, Milwaukee, Wisconsin) - was approved by the City's Common Council and recorded in the ROD as Document No. 10009389 on June 27, 2011. Part of the CSM, showing Lot 2, is attached hereto as **EXHIBIT A**. Lot 2 of CSM 8363 kept the 3533 N. 27th Street address but a new tax key number was assigned to Lot 2, being 269-0442-000. The only part of the 3533 Parcel that Talgo has a leasehold interest in is CSM Lot 2. Talgo has no leasehold or other interest in Lot 1 or in Lot 3 of CSM 8363.

C. RACM and TALGO entered into "Amendment One to Talgo Lease Agreement" (the "**First Amendment**") as of October 3, 2011, was recorded in the ROD as Document No. 10041476 on October 11, 2011, to acknowledge and reflect the CSM description.

D. By Warranty Deed dated as of October 14, 2011, recorded in the ROD as Document No. 10082822 on February 14, 2012, RACM conveyed to CCRC Lot 2 of CSM 8363. CCRC owns Lot 2 of CSM 8363.

E. All of RACM's interest in the Lease was assigned to CCRC by an "Assignment and Assumption of Lease" document between RACM and CCRC dated as of October 14, 2011. By a "Consent to Assignment" document dated as of October 1, 2011, Talgo consented to that assignment.

F. CCRC and TALGO entered into "Amendment Two to Talgo Lease Agreement" (the "**Second Amendment**") as of September 1, 2012, recorded in the ROD as Document No. 10172438 on October 16, 2012, to show that, beginning September 1, 2012, the Lease would be on a month-to-month basis at Rent of \$29,744 per month..

G. CCRC and TALGO now wish to further amend the Lease on the terms and conditions contained herein. The term “Lease” as used herein means the Lease as amended. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Lease.

AGREEMENT

1. **Recitals.** The Recitals above are hereby accepted and agreed to.
2. **Cranes.** RACM and the City of Milwaukee paid Metropolitan Crane & Hoist Co., Inc. a total (after change-orders) of \$253,217.40 to furnish and install two overhead cranes in Building 36 within the 36-SF leased to Talgo. While that improvement was not part of the Lease ¶9 “RACM Improvements” that RACM made under the Lease, it was a RACM betterment. Talgo agreed to, and did, pay RACM \$76,495 as a Talgo contribution toward the cranes.

By the month-to-month Rent adjustments in ¶3 below, CCRC agrees to reimburse Talgo for its contribution toward the cranes in exchange for Talgo’s agreements herein.

Talgo agrees that it is not entitled to any other contribution for any other improvement or fixture, and that upon expiration or termination of the Lease, no fixtures will be removed.

3. **Month-to-Month Rent Offset for Cranes; Relinquishment.**

A. Talgo has not yet paid to CCRC monthly Rent for May or June, 2014. $\$29,744$ per month Rent (established by Amendment Two to the Lease) $\times 2 = \$59,488$.

B. To effectively reimburse Talgo the \$76,495, CCRC agrees to adjust CCRC’s Rent for May, June, and July, 2014 so that:

(1) Talgo shall not pay the \$59,488 Rent for May and June, 2014. Same shall be offset against the \$76,495.

(2) $\$76,495 - \$59,488 = \$17,007$. Talgo shall remain a month-to-month Tenant through at least July, 2014. Talgo’s July, 2014 Rent payment to CCRS shall be $\$29,744 - \$17,007 = \$12,737$.

C. Talgo hereby relinquishes all right, title, and interest in the cranes, agrees not to remove any crane at the termination or expiration of the Lease, and waives any further or other right to be paid or reimbursed, in any way, regarding the cranes or any contribution Talgo made toward same.

4. **Month-to-Month Rent Lowered; Various Lease Sections Deleted.**

A. Independent of any matter relating to the cranes, recognizing that Talgo will no longer store the manufactured trainsets at Building 36, that the same will not return to the Premises, that Talgo’s square footage occupancy of Building 36 will decrease from 137,810 s.f. (the 36-SF as

referred to in the Lease) to 25,000 s.f., and that CCRC desires Tenant occupancy, commencing August 1, 2014, monthly Rent shall be lowered from \$29,744 per month to \$5,395.83 per month. 25,000 s.f. x \$2.59 per s.f. = \$64,750 divided by 12 months = **\$5,395.83 per month.**

Effective August 1, 2014, the term "25-SF" shall be substituted for the term "36-SF" in the Lease to represent the 25,000 s.f. in Building 36 that Talgo leases.

The 25-SF (25,000 s.f.) leased to Talgo is shown on **EXHIBIT B** attached. If Talgo makes written request, and if CCRC by its President (or designee) approves, the location of the 25-SF within Building 36 may be altered.

B. Effective August 1, 2014, Talgo no longer leases the 3424 Space (any part of 3424 N. 27th Street, TIN 285-1724-111-5).

C. Lease ¶¶ 14 and 15 are deleted. Talgo no longer has right to expand square footage by Add-On SF, and RACM has no duty to make Add-On Improvements.

D. Lease ¶17 is deleted (Flex Space).

E. Lease ¶23 is deleted (Right of First Refusal).

F. Lease ¶25 is deleted (Option to Purchase).

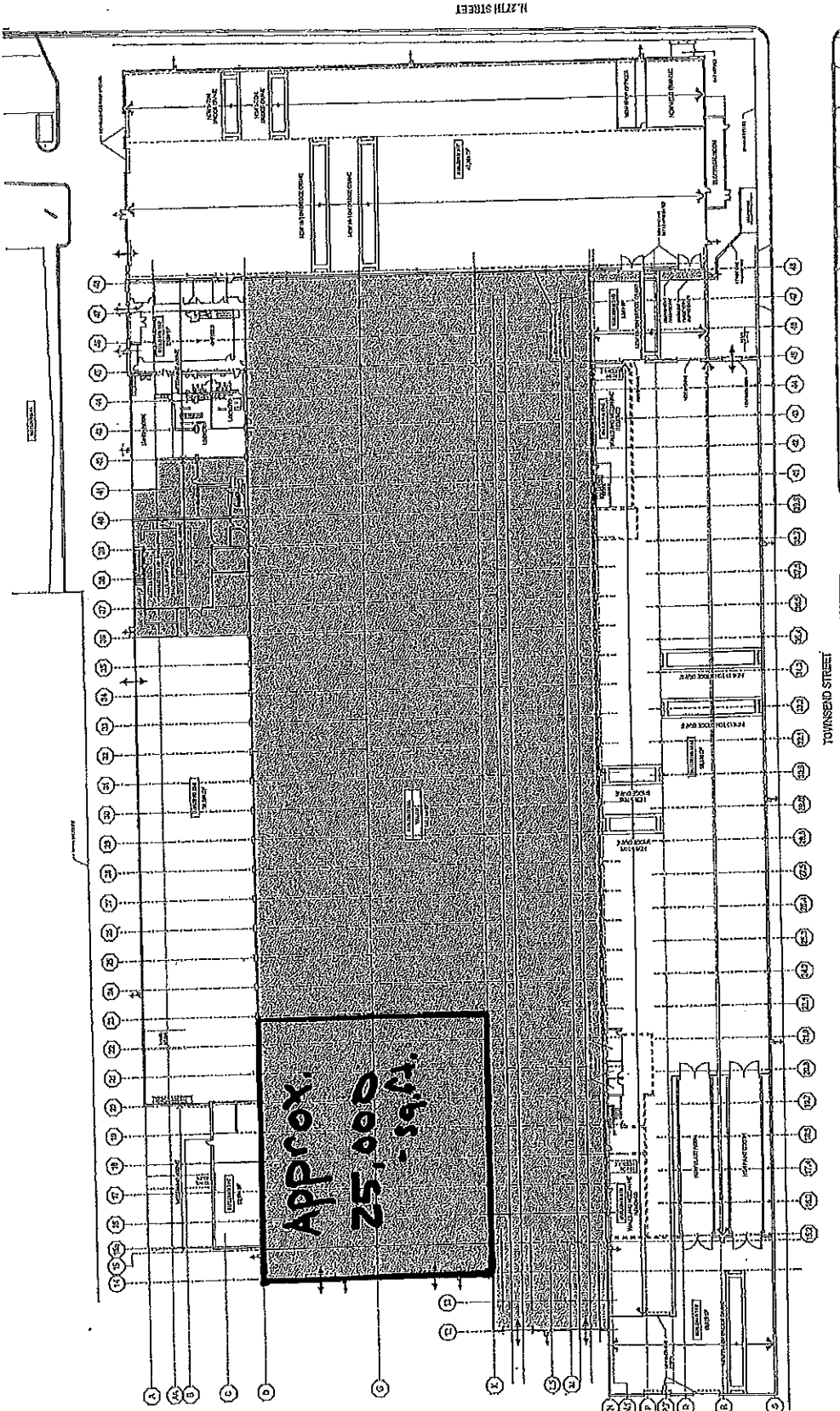
5. Entire Agreement. All other terms and conditions of the Lease (as amended) remain in place and binding on the parties.

6. Counterparts. This document may be executed in one or more counterparts, which, when taken together, shall constitute one and the same document. Original signatures shall be provided for recording purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

SIGNATURES APPEAR ON NEXT PAGE

EXHIBIT B



Approx.
 25,000
 - 30,000
 sqft.

OVERALL FIRST FLOOR PLAN - BUILDINGS 35 & 36

B-1