

August 26, 2003

Ref: Badger Cement/Lease

Mr. Joe Baker
Badger Cement
1975 S. Carferry Drive
Milwaukee, WI 53207

Dear Mr. Baker:

Thank you for your letter of July 23, 2003 in which you have requested the lease of an additional 2.77 acres of property directly adjacent and west of your current leasehold. This request is in connection with your pending sale of Badger to St. Mary's Cement. This letter clarifies and supercedes my letter of August 1, 2003.

I am prepared to recommend the following new deal structure to the Board of Harbor Commissioners at its upcoming August 28, 2003 meeting:

1. Acreage: Total 6.67 acres (the existing 3.902 acres plus 2.77 acres).
2. Rental Rate: \$16,000 per acre per annum, escalated per Clause 3 of the lease dated August 16, 2000.
3. Minimum Throughput: Clause 3D of the existing lease will be amended to read 125,000 metric tons.
4. Extension of the Lease Term: The current Badger Lease term runs through May 31, 2015. Thereafter, Tenant shall have the right to extend the term of this Lease for four (4) successive periods of five (5) years each. Each option period shall be automatically exercised, without notice by either party to this lease, unless Tenant shall provide City with written notice of its intent not to extend the Lease. Such written notice shall be presented by Tenant to City not less than twelve (12) months prior to the expiration of the Initial Term or any extended term.

Escalation of rental payments and throughput, for the initial term and any extended or option term, shall be per Clause 3(B), 3(C) and 3(D) of the existing lease.

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5. That under Clause 14 of the lease Badger be allowed to assign their interest in the lease of August 16, 2000 to St. Mary's Cement. The Board of Harbor Commissioners understands that Badger Cement will cease to exist as an entity once the Lease has been assigned, and the company sold, to St. Mary's Cement.

Otherwise per the terms and conditions of the lease dated August 16, 2000.

The above amendments would be contingent upon your deal with St. Mary's closing by October 31, 2003.

Please signify your acceptance of the above terms and conditions by signing and returning the duplicate copy of this letter.

Very truly yours,

KENNETH J. SZALLAI
Municipal Port Director

KJS/dcl

cc: Mr. Eric C. Reinelt, Marketing Manager

Mr. Joe Baker, Badger Cement

Date

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