

FIRST AMENDMENT TO & THIRD EXTENSION
OF LEASE AGREEMENT

Between

SOUTH HARBOR MILWAUKEE LLC

and the

BOARD OF HARBOR COMMISIONERS

City of Milwaukee

For 4.6 acres of property located at 1726 S. Harbor Drive

Term: January 1, 2026 to December 31, 2030

First Amendment and Third Extension of Lease Agreement

This First Amendment and Third Extension of Lease Agreement (hereinafter referred to as the “Third Extension of Lease”) made and effective as of the ____ day of _____, 2025, by and between SOUTH HARBOR MILWAUKEE LLC, a Wisconsin Limited Liability Company, (hereinafter referred to as the “Tenant”), and the CITY OF MILWAUKEE, a Wisconsin municipal corporation, by and through its Board of Harbor Commissioners (hereinafter collectively referred to as the “City”).

WITNESSETH:

WHEREAS, the Tenant and the City entered into a Lease Agreement dated January 6, 2011, as extended on January 1, 2016, and further extended on January 1, 2021, (together hereinafter referred to as the “Lease Agreement”), whereby the City leased to the Tenant certain real property, located on the South Harbor Tract of the Port of Milwaukee; as defined in the Lease Agreement, (hereafter referred to as the “Property”), through to December 31, 2025, with options to extend; and

WHEREAS, the Tenant, by written notice dated July 10, 2025, (a copy of which is attached hereto as Appendix “A” and incorporated herein by reference), has notified the City of its intention, pursuant to Section 1 of the Lease Agreement, to extend the Lease Agreement for the Third Extension Term commencing on January 1, 2026 and terminating December 31, 2030; and

WHEREAS, the parties agree to extend the Lease Agreement pursuant to Section 1 of the Lease Agreement for the Third Extension Term, to expire on December 31, 2030, and amend the base rental provisions and add an additional annual tonnage assessment and minimum annual tonnage guarantee.

WHEREAS, the Tenant is working to establish and attract new business, the Lease Agreement is amended to allow construction, installation and operation of equipment systems to be used to process Fats, Oils and Greases (FOG) at the Property. Tenant is responsible for acquiring and maintaining all permits and environmental standards associated with the operations at the Property. Any additional operational uses must be approved by the Municipal Port Director.

Now therefore, it is agreed by the City and the Tenant as follows:

1. **The Preamble shall form part of this Third Extension of Lease.**

2. **Rent.** The base rental amounts during the Third Extension term shall be Eighty-Eight Thousand Three Hundred Sixty-Six Dollars (\$88,366) per year. Rent shall be payable monthly, in advance, on the first day of each month.

Annual Rent after the first year of the Extension Term starting January 1, 2027 and on each January anniversary dated thereafter during the Extension Term, shall be adjusted to the amount determined by applying the percentage increase if any, in the “All Commodities” line (Code2500) of the “Producer Price Indexes” published by the United States Bureau of Labor Statistics (or its successor organization) (1982=100) for the one-year period prior to the beginning of the new rental period, to the rental figure payable during the previous year of this Lease; provided, however, that in no event shall the new base rental, as adjusted by the foregoing method, be decreased to an amount below that for the rental during the previous period.

3. **Dockage, Wharfage and Throughput.** In addition to the base rental described in Section 2 of this Third Extension of Lease, the Tenant shall pay to the City dockage, wharfage and/or throughput for each metric ton of cargo handled by the Tenant at the Property. Dockage, wharfage and throughput shall be paid in accordance with the rates set forth in the Municipal Port Tariff in effect at the time the charge is made. All references to tons pursuant to this Section shall mean metric tons.

The City shall invoice the Tenant monthly for all amounts due, pursuant to the terms of this paragraph, and the Tenant shall pay such invoices within 30 calendar days of the Tenant’s receipt of such invoice. The City’s invoices will be based on the terms of this Section and manifests. The Tenant shall report tonnage on a monthly basis to the City by the 5th day of the month following the end of the month being reported (i.e. June reporting is due by July 5th).

4. **Minimum Annual Tonnage Guarantees (measured in metric tons, “mt”).**

The Tenant guarantees minimum annual tonnages, as follows:

2026 – 5,000 mt

2027 – 15,200 mt

2029 and beyond – 30,400 mt

Unless tonnage exceeds the minimum amount defined within the Lease, the difference between actual and minimum tonnage would be reconciled and billed in January for the prior year.

5. **Additional Lease Extension.** Section 1 of the Lease agreement is modified to provide that Tenant shall have the right to extend the Lease Term for an additional five (5) year extension term (the “Fifth Extension Term”) commencing at 12:00 a.m. January 1, 2036, and terminating at 11:59 p.m. December 31, 2040.

6. **Incorporation by Reference.** All other terms and conditions of the Lease Agreement are incorporated herein and shall continue in full force and affect except to the extent that they are altered by, or inconsistent with, the terms and conditions of this Third Extension of Lease. In any case of inconsistency, the terms and conditions of this Third Extension of Lease will govern. All capitalized terms in this Third Extension of Lease shall have, unless the context otherwise dictates, the same meaning as in the Lease Agreement.

7. **Approval.** It is agreed and understood that this Third Extension of Lease must be submitted to the Common Council of the City of Milwaukee and that the same must be approved by the Common Council and its execution authorized.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers executed this Third Extension of Lease under seal as of the day and year first above written.

CITY OF MILWAUKEE

Cavalier Johnson, Mayor

Jim Owczarksi, City Clerk

COUNTERSIGNED:

Bill Christiansen, City Comptroller

BOARD OF HARBOR COMMISSIONERS

Timothy K. Hoelter, President

Jackie Q. Carter, Secretary

In the Presence of:

SOUTH HARBOR MILWAUKEE LLC

By: _____
Its: _____

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this _____ day of _____, 20____, _____, the _____, and _____, the _____ of SOUTH HARBOR MILWAUKEE LLC, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

PLEASE NOTE: TENANTS MUST COMPLETE THE FOLLOWING:

(Note: Someone other than the individual who executed this Lease must certify the following):

CERTIFICATE RE: Company

I, _____ certify that I am the _____ of the above
(print name) (print title)

Tenant named herein; that _____, who executed this Lease on behalf of the
(print signator of tenant)

Tenant was then _____ of said Company, and in said
(official capacity of signator)

capacity, duly signed said Lease for and on behalf of said Company, being duly authorized so to do under its operating agreement and/or articles, or is authorized so to do by action of its members, all of which is within the scope of its powers.

Dated at _____ this _____ day of _____ 20 ____
(location)

(signature)

APPROVED as to Form and Execution this
_____ day of _____, 20 ____

Assistant City Attorney

Appendix “A”

South Harbor Milwaukee LLC
10531 Timberwood Circle, Suite D
Louisville, KY 40223
(502) 425-1524

July 10, 2025

BOARD OF HARBOR COMMISSIONERS
2323 S. Lincoln Memorial Drive
Milwaukee, WI 53207
Attention: Jackie Q. Carter, Port Director

RE: Extension of Lease Option for the Third Extension Term commencing January 1, 2026 and terminating on December 31, 2030 as detailed in section 1 of the Lease Agreement between South Harbor, LLC and the Board of Harbor Commissioners, City of Milwaukee for the 4.6 acres of property located at 1726 S. Harbor Drive and dated January 6, 2011.

Dear Madam and Sir-

Please accept this letter as notice that the Tenant would like to exercise its Third Extension Term as set forth in section 1 of the above described Lease Agreement. We would like to have this extension on the agenda for the August 7, 2025 Board of Harbor Commissioners meeting to minimize any potential delays in site improvements due to uncertainty regarding the lease term.

Please advise whether we can get on the agenda for the August 7th meeting and whether the Board of Harbor Commissioners will want to discuss any specific topics so that we can be properly prepared for the meeting.

Sincerely-



Kip Middendorf
Manager