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December 11, 2009

To the Honorable Committee
on Steering and Rules of the
Common Council of the
City of Milwaukee
Room 205 – City Hall

Re: CCFN 090078 – A resolution approving the execution of a second
amendment to a lease agreement with Milwaukee World Festival, Inc.

Dear Committee Members:

Enclosed for the Committee's consideration is a substitute resolution and appropriate fiscal note authorizing execution of a Second Amendment to Lease Agreement between the City of Milwaukee Board of Harbor Commissioners and Milwaukee World Festival, Inc. The following is a brief summary of the key terms of the enclosed Amendment.

The Amendment extends the Lease by an additional ten years, through December 31, 2030, contingent upon completion of a significant redevelopment of the south end of the grounds. Rent escalates by three percent through the remaining term of the Lease. The Amendment also introduces an annual Supplemental Service Fee to be paid by Milwaukee World Festival, Inc. to the City to partially offset the City's increasing costs of providing public safety services to festival operations. The Fee begins in 2009 at \$100,000 and escalates by three percent through 2020, by four percent for years 2021-2025, and by five percent for the remaining five years of the Lease.

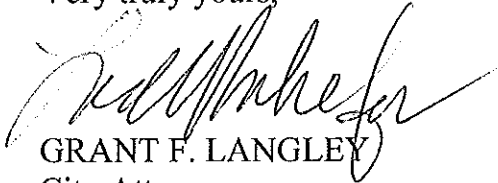
In addition, the Amendment reserves to the City development rights over a portion of the leasehold property not subject to the public trust doctrine during the extension term of the Lease. This area is described on Exhibit "T" to the Amendment, attached hereto.

The Amendment requires the Board of Harbor Commissioners to consider additional factors when reviewing proposed capital improvement plans. Those factors include: 1) whether the improvements will enhance public access to the property, 2) whether the improvements will promote sustainability goals, 3) whether the improvements will allow for year-round use, and 4) whether the improvements will accommodate free or lower-cost community events. Pursuant to the terms of the Amendment, Milwaukee World Festival, Inc. must also continue to work with the City to reduce vehicle and pedestrian congestion in the area, including promotion and expansion of mass transit options to the grounds.

The Amendment allows Milwaukee World Festival, Inc. to sublease parking areas for longer than 14 days, but less than 120 days, with the approval of the Port Director. Full Board approval continues to be required for subleases longer than 120 days. And finally, the Amendment allows insurance requirements to be modified from time-to-time with the approval of the Board, the Port Director, and the City Attorney.

The enclosed Amendment was approved by both the Board of Harbor Commissioners and the Milwaukee World Festival, Inc. Board of Directors at their respective meetings on December 10, 2009.

Very truly yours,



GRANT F. LANGLEY
City Attorney

GFL:dmb:152931
Enclosures
1070-2008-3449:152931