

Document Number

AMENDMENT THREE TO
TALGO
LEASE AGREEMENT

Document Title

Drafted By:

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Assistant City Attorney
841 North Broadway, 7th Floor
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CAO DOCUMENT NO. 203266
(GH 5-21-2014)

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 CCRC 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

CCRC: CENTURY CITY
REDEVELOPMENT
CORPORATION
By: Dave Misky
Dave Misky, President
And By: Martin Matson
Martin Matson, Secretary/Treasurer

TALGO: TALSO, INC.
By: Antonio Perez
Antonio Perez, President and CEO
And By: George Hlebechuk
George Hlebechuk, CFO

AUTHENTICATION OF CCRC SIGNATURES
Gregg C. Hagopian, as a member in good standing of the State Bar of Wisconsin, hereby approves the signatures of the CCRC representatives above, and also authenticates the signatures of each of the CCRC signatories per Wis. Stat. § 706.06 so this document may be recorded per Wis. Stat. § 706.05 (2)(b).
By: [Signature]
GREGG C. HAGOPIAN
Assistant City Attorney
State Bar No. 1007373
Date: July 21, 2014
CCRC Board approval 5/29/14
Common Council approval by File No. 140370

NOTARY OF TALGO SIGNATURES
STATE OF WASHINGTON)
COUNTY OF King)s.
Personally appeared before me the above-named, Antonio Perez, President and CEO of TALGO, INC., to me known to be such person and officer, who executed this document on behalf of and with authority of TALGO.
By: [Signature]
Name Printed: HONG YAN LI
Date: June 11, 2014
Notary Public, State of Washington.
My Commission expires: Feb. 13, 2017
STATE OF WASHINGTON)
COUNTY OF King)s.
Personally appeared before me the above-named, George Hlebechuk, CFO of TALGO, INC., to me known to be such person and officer, who executed this document on behalf of and with authority of TALGO.
By: [Signature]
Name Printed: HONG YAN LI
Date: June 11, 2014
Notary Public, State of Washington.
My Commission expires: Feb. 13, 2017

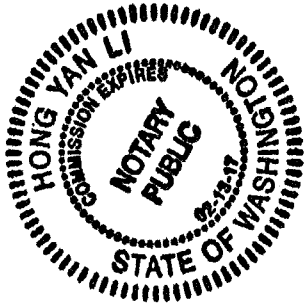
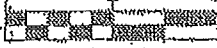


Exhibit A

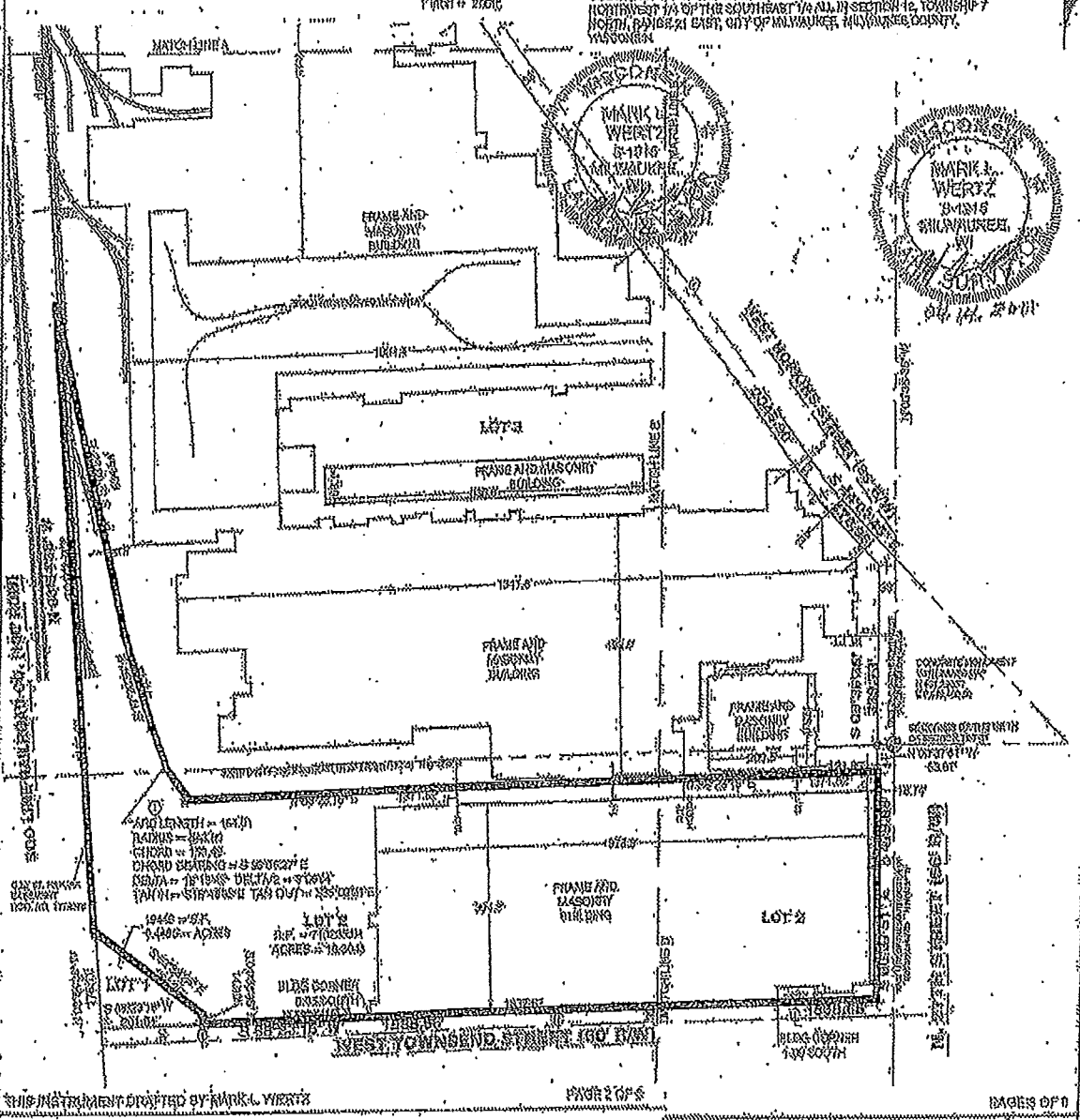
CERTIFIED SURVEY MAP NO. 8363

GRAPHIC SCALE



1 inch = 200 ft.

With a width of 500 feet and 21 and 3/4 ft. of lot 1 in block 4 and vacant street and alley adjacent in corner (SW) subdivision no. 1, all of lots 1 through 2 inclusive in block 14 and vacant streets and alleys adjacent in corner (SW) in block 14, in section 14, north west 1/4, south west 1/4 and southeast 1/4 of the northeast 1/4 and the northeast 1/4 and southeast 1/4 of the southeast 1/4 all in section 12, township 7 north, range 21 east, city of Milwaukee, Milwaukee County, Wisconsin.



THIS INSTRUMENT DRAFTED BY MARK L. WERTZ

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PAGES OF 0

A-1

GRAEF

District Development Center
12,471th Street
10000000
12,471th Street

DATE: 01/15/18

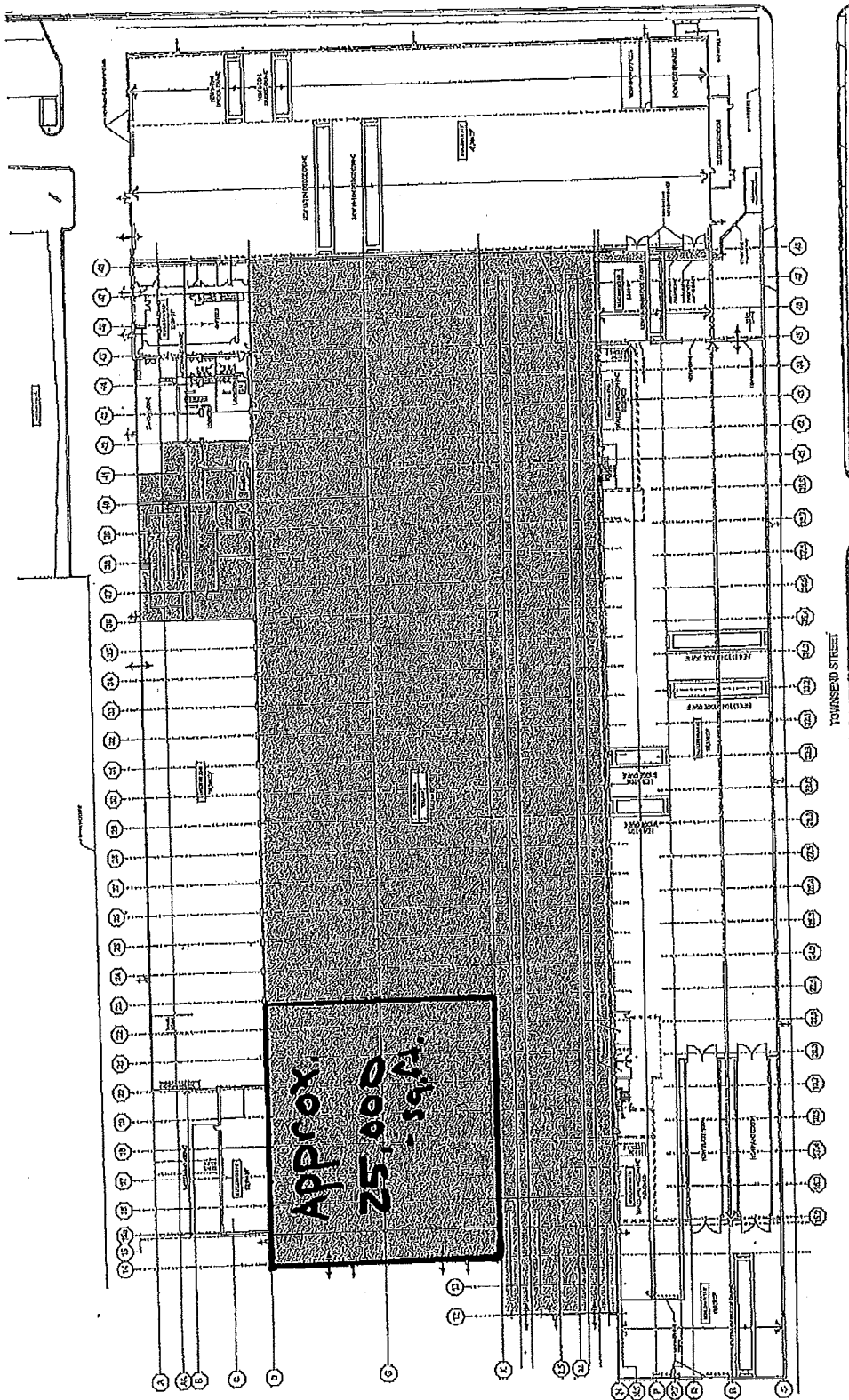
PROJECT: DISTRICT DEVELOPMENT CENTER

DATE: 01/15/18

EXHIBIT B

PROJECT NUMBER: 18-001
 DATE: 01/15/18
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 APPROVED BY: [Name]
 SCALE: AS NOTED
 SHEET NUMBER: 1 OF 1

A001



OVERALL FIRST FLOOR PLAN - BUILDINGS 832C

B-1

WebCam