

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**PUBLIC WORKS COMMITTEE**

**FEBRUARY 13, 2008**

**Item 17, File #071431**

File Number 071431 is a resolution approving an Assignment of Lease Agreement and Consent to Assignment involving Support Terminals Operating Partnership, LP, and Tanco-Milwaukee, LLC, relating to real property and improvements on the Port of Milwaukee's South Harbor Tract leased from the City of Milwaukee.

**Background**

1. Support Terminals Operating Partnership, LP, currently leases real property and improvements on the Port of Milwaukee's South Harbor Tract from the City of Milwaukee (by and through the Board of Harbor Commissioners). The lease agreement was executed on October 30, 1990, and provides for 4 5-year extensions through August 16, 2015.
2. Support Terminals currently operates a bulk liquids storage terminal on the subject property. Tanco-Milwaukee, LLC, desires to purchase this terminal and make improvements to it.
3. Support Terminals and Tanco-Milwaukee are parties to a pending asset purchase agreement under which Tanco-Milwaukee will purchase all of Support Terminals' assets at the bulk liquids storage terminal, including all of its rights, title and interest in, under and to the lease agreement. In order to complete the closing of this asset purchase agreement, Support Terminals, Tanco-Milwaukee and the City must effectuate an assignment of all of Support Terminals' right, title and interest in, under and to the current lease agreement to Tanco-Milwaukee.

**Discussion**

1. This resolution approves an Assignment of Lease Agreement and Consent to Assignment to assign Support Terminals' lease for the bulk liquids storage terminal on the Port of Milwaukee's South Harbor Tract to Tanco-Milwaukee.
2. The Lease Agreement with Tanco-Milwaukee would be in effect through August 16, 2015.
3. The Assignment of Lease Agreement and Consent to Assignment provides that Tanco-Milwaukee shall pay for a "baseline" report of the environmental condition of the leased property and shall make an immediate lump sum payment of \$10,000 to the Port for this study. The study shall be conducted within 30 days of the effective date of the Assignment by an environmental consultant selected by the Port.

4. The Assignment of Lease Agreement and Consent to Assignment also provides that Tanco-Milwaukee shall immediately submit to the Port of Milwaukee of Milwaukee a security deposit in the amount of \$100,000. These funds will be held by the Port in an interest-bearing account as security for Tanco-Milwaukee to perform its obligations under the Assignment (namely, the improvements to the facility) within 2 years of the effective date.

**Fiscal Impact**

This resolution will have no fiscal impact on the Port of Milwaukee or the City. The Assignment of Lease Agreement and Consent to Assignment does not alter the terms of the Lease Agreement relating to rental payments.

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