

VENDOR #
80007

SITE NAME: Hills Building
ADDRESS: 906 West Historic Mitchell Street
Milwaukee, WI 53204

MILWAUKEE COUNTY
HOUSE OF CORRECTION

THIS LEASE, made and entered into this 4th day of December, 2006, by and between Mitchell Investment Properties II, A Wisconsin Limited Partnership (the "Lessor"), whose address is c/o Herbert M. Hillman 11520 N. Port Washington Road #204, Mcquon, WI 53092 and the Milwaukee County House of Correction (the "Lessee");

WITNESSETH, The parties hereto for the considerations hereinafter mentioned covenant and agree as follows:

1. PREMISES. Lessor hereby leases to Lessee and Lessee leases from Lessor the following (the "Premises"):

Approximately 10,189 square feet on the lowest level (i.e., basement) in Lessor's building, together with all appurtenances and access to common areas, located at 906 West Historic Mitchell Street in the City of Milwaukee, Wisconsin (the "building").

2. USE OF PREMISES. Lessee shall use the Premises as office space for the Milwaukee County Community Justice Resource Center. The Premises may not: (i) be used for any other use; or (ii) used by any other agency of Lessee; without the prior written approval of the Lessor. The Lessor shall not arbitrarily withhold such consent.

3. INITIAL TERM. The lease term hereunder shall begin on the earlier to occur of March 1, 2007 or the date that Lessor delivers possession of the Premises to Lessee. The initial term of this Lease shall expire one year after the lease term has begun.

Upon execution of this Lease, Lessee shall be permitted to install its improvements, furniture, fixtures and equipment, provided that the same shall not interfere with Lessor's work to the Premises.

4. ASSIGNMENT, SUBLETTING. The Lessee shall not assign this Lease in any event, and shall not sublet the demised Premises, and will not permit the use of said premises by anyone other than the Lessee, and the agency, contractors, grantors, and grantees, and servants of the Lessee, without prior written approval of the Lessor. The Lessor shall not arbitrarily withhold said consent.

5. RENTAL AND RENEWALS. The Lessee shall pay the Lessor rent for the Premises during the initial lease year at the following rate: The sum of Seventy Nine Thousand Four Hundred Seventy Four and 20/100 Dollars (\$79,474.20) per annum, in equal monthly installments of Six Thousand Six Hundred Twenty Two and 85/100 Dollars (\$6,622.85).

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Provided that the Lessee is not in default, the Lessee has the right, at Lessee's option, to extend this lease for seven (7) additional terms of one (1) year each. All such options shall be upon the rents set forth below and shall otherwise be upon the same terms, covenants and conditions specified in this lease. To exercise any of these options to extend, Lessee must give Lessor written notice of Lessee's intent to exercise such option not later than 180 days prior to the expiration of the original term of the lease or any previously exercised extension thereof, except that the Tenant, in its sole discretion, may terminate this Lease upon forty-five (45) days written notice in the event Milwaukee County terminates its funding of the Milwaukee County Community Justice Resource Center program, in which case Lessee will nevertheless be required to pay the prorated amount of rent due and owing up to the effective date of termination, and, Lessee will also be required to pay Lessor the additional rent representing the cost of the tenant improvements as set forth below if Lessee thereby does not exercise its options to extend the term of this lease for year 2, or year 3, or year 4. A new written lease need not be executed upon the exercise of any such option to extend. The terms of this lease will remain in full force and effect. Annual rent will be according to the schedule set forth below.

- Year 2: \$79,474.20*
- Year 3: \$79,474.20*
- Year 4: \$81,858.48 *7-1-10
- Year 5: \$84,314.16
- Year 6: \$86,843.64
- Year 7: \$89,448.96
- Year 8: \$92,132.40

Notification of exercising 5th year on Aug. 28, 2013

ends 2014 2015

March 1 - ends Feb 24, 2014
March 1, 2014 to Feb 28, 2015

* Notwithstanding the foregoing, if Lessee does not exercise its options to extend the term of this lease for years 2, 3, and 4, Lessee will be required to pay Lessor the additional rent set forth below.

Lessor and Lessee agree that Lessor will fund the cost of the tenant improvements up to an amount of Eighty Five Thousand Dollars (\$85,000.00), as follows: (i) Lessor shall fund the first Thirty Five Thousand Dollars (\$35,000.00) upon the commencement of the initial term of this Lease and (ii) Lessor shall be required to fund the remaining Fifty Thousand Dollars (\$50,000.00) only if and upon the condition that Lessee exercises its options to extend the term of this lease for years 2, 3, and 4. Therefore, as an integral part of the consideration inducing Lessor to enter into this Lease, Lessee expressly agrees that if Lessee does not exercise any or all of the first three options provided in Section 5 to extend the term of this lease, Lessee shall pay to Lessor, as additional rent due under this lease, the following amounts: (i) if Lessee does not exercise any of the first three options to extend the term of this lease, Lessee shall pay to Lessor the sum of Fifty Thousand Dollars (\$50,000.00) prior to the expiration of the initial one year term of this lease; (ii) if Lessee exercises the first option to extend this lease for an additional period of one year; but thereafter does not exercise the second or third options to extend the term of this lease, Lessee shall pay to Lessor the sum of Thirty Five Thousand Dollars

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(\$35,000.00) prior to the expiration of the second year of this lease; and (iii) if Lessee exercises the first and second options to extend this lease for an additional period of two years, but thereafter does not exercise the third option to extend the term of this lease for year four (4), Lessee shall pay to Lessor the sum of Twenty Thousand Dollars (\$20,000.00) prior to the expiration of the third year of this lease.

Based on the foregoing, the annual rent for the initial one-(1) year term of this lease shall be Seventy Nine Thousand Four Hundred Seventy Four and 20/100 Dollars (\$79,474.20) per annum, in equal monthly installments of Six Thousand Six Hundred Twenty Two and 85/100 Dollars (\$6,622.85).

The annual rent throughout the entire lease term, including optional extensions, shall be payable in advance in monthly installments as shown above on the first day of each month, except for the month of July during which the monthly installment is not due until the 10th day. Said rental payments shall be made to Lessor at the address for notices hereinafter set forth.

6. COVENANTS OF LESSOR. Lessor hereby covenants and agrees with Lessee as follows:

A. Lessor warrants that Lessee shall have quiet use and enjoyment of the Premises; that Lessor has complete interest, right in and title to the Premises so as to enable Lessor and Lessee to enter into this lease; and that the Premises is not encumbered in any way so as to hinder or obstruct Lessee's proposed use thereof, including no encumbrance or obstruction due to existing easements, zoning ordinances or building restrictions. (For clarification, Lessee shall obtain a certificate of occupancy or any other authorizations required by local ordinance or regulations prior to Lessee's occupancy. Lessor shall assist Lessee in obtaining such authorizations and Certificates as requested by Lessee.)

B. The Lessor shall duly carry out the various obligations and duties imposed upon at the time and in the manner called for by this lease.

C. THIS SECTION IS INTENTIONALLY BLANK

D. In connection with the performance of work under this lease, the Lessor agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s. 51.01(5), sexual orientation, or national origin. This provision shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Except with respect to sexual orientation, the Lessor further agrees to take affirmative action to ensure equal employment opportunities. The Lessor agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the Lessee, setting forth the provisions of the non-discrimination clause.

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E. Lessor is required to provide a written Affirmative Action Plan acceptable under Milwaukee County Administrative Code if the annual rent is twenty-five thousand dollars (\$25,000) or more per year and the Lessor employs twenty-five (25) or more employees. The Lessor must have a plan on file or submit a plan for approval within fifteen (15) working days after the execution of this lease, to the Department of Human Services, Operations Bureau. Failure to comply with the conditions of this Item may result in the lease being declared "Null and Void," the Lessor being declared "ineligible," or the withholding of rental payment until such time as the above cited plan is accepted. (For clarification, Lessee acknowledges that for so long as Lessor employs fewer than twenty five (25) employees, Lessor shall not be subject to the provisions of this Section 6(E)).

F. The Lessor as part of this lease certifies that to the best of its knowledge both the Premises and the Building of which the Premises are part do not contain any asbestos bearing material which is unsafe or which is not encapsulated. If during the Lessee's occupancy of the Premises such asbestos bearing material is found, and the Lessor has been notified by the Lessee that such asbestos bearing material exists, the Lessor shall within fourteen (14) days after receipt of such notice, be required to take such action as may be necessary to encapsulate or remove the asbestos bearing material. Upon determination that unsafe or un-encapsulated asbestos bearing material exists, the Lessee may at its option vacate the Premises until such time as the material has been encapsulated or removed to the satisfaction of the Lessee. If the Lessee vacates the Premises during encapsulation or removal process, the Lessor shall reimburse the Lessee for all move related costs. No rent shall accrue to the Lessor during the period of time the Lessee is not in occupancy of the Premises. In the event the Lessor fails to encapsulate or remove the asbestos bearing material within the time specified, this lease may be cancelled by the Lessee and the Lessor shall thereafter not have any claim against the Lessee on account of the cancellation of this Lease.

G. The default by Lessor of any covenant or agreement contained in any paragraph or provision of this lease, shall constitute a material default of the lease and shall entitle the Lessee to terminate this lease, PROVIDED that prior to such termination, the Lessee shall notify the Lessor in writing of the nature of the default and shall grant the Lessor a period of thirty (30) calendar days from the date of service of such notice to remedy or cease such act of default, and upon such remedy or cessation by the Lessor within said thirty (30) days, the Lessee shall waive the right to terminate for such default. In the event the act of default is such that it cannot be remedied within said thirty (30) day period, the Lessee shall waive the right to terminate for such default if corrective actions are commenced within such period and diligently pursued to completion by the Lessor.

7. COVENANTS OF LESSEE. Lessee hereby covenants and agrees with Lessor as follows:

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- A. Lessee does hereby covenant, promise, and agree to pay the rent in the manner hereinbefore specified, and to duly comply with all other provisions of this lease at the time and in the manner herein provided.
- B. At the expiration of this Lease or any renewal thereof, the Lessee will return the Premises to the Lessor in as good condition as they were at the time the Lessee went into possession, ordinary wear, damage by the elements and fire excepted. It is mutually agreed, in consideration of the rent to be paid and other conditions of this lease, that the Lessee shall not be responsible for damage to the Premises by fire.
- C. The Lessee will not make or permit anyone to make any alterations, improvements or additions in or to the Premises, without the prior written consent of the Milwaukee County House of Correction as Lessee and the owner as Lessor.
- D. The default by Lessee (a) if Lessee shall be late in the payment of any rent or any other sum of money payable by Lessee to Lessor and if Lessee shall fail to cure said late payment within five (5) days after receipt of notice of said late payment from Lessor, or (b) if Lessee shall be late in the performance or observance of any other agreement or condition in this lease to be performed or observed and if Lessee shall fail to cure said late performance or observance within thirty (30) days after receipt of notice from Lessor of said late performance or observance (unless Lessee commences to cure said late performance or observance within thirty (30) days after receipt of notice thereof and expedite the curing of the same to completion with due diligence), then in any of said cases and without waiving any claims for breach of agreement, Lessor may send written notice to Lessee of the termination of the term of this lease and on the fifth (5th) day next following the date of the sending of the notice, the term of this lease shall terminate, Lessee hereby waiving all rights of redemption. (For clarification, such termination of this Lease shall not be Lessor's sole remedy and Lessor expressly reserves the right to any and all remedies permitted under Wisconsin law relating to Lessee's default, which shall specifically include, without limitation, payment by Lessee of the \$50,000.00, \$35,000.00 or \$20,000.00 additional rent payments referred to in Section 5 above if such lease termination occurs during the time periods set forth in Section 5.)
- E. Lessee agrees that any improvements to the Premises made by Lessor for the benefit of Lessee shall be the property of Lessor.
- F. Lessor shall be responsible for the real estate taxes and any assessments on the Premises.
8. **INSURANCE.** Lessor agrees to procure and maintain, during the term of this lease, fire and casualty insurance for the building containing the Premises, as well as public liability insurance in the amount of not less than \$1,000,000. Lessor shall provide a certificate of insurance to Lessee evidencing such coverage. Lessor and Lessee hereby waive and release all right of recovery against each other by way of subrogation or otherwise for any insured or self-funded loss by fire, extended coverage or other property

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coverages existing for the benefit of Lessor or Lessee as respects the leased premises. Such waivers shall apply to any property insurers and if required by insurers, notice of this waiver shall be given to the insurers and said waiver obtained.

INDEMNITY. To the extent permitted by law, Lessor and Lessee shall each be liable for their own acts, omissions and negligence and each agrees to indemnify and hold the other harmless for any injuries, losses, damages, costs and expenses resulting from its acts, omissions and negligence.

9. **MAINTENANCE AND UTILITIES.** The Lessor shall maintain the Premises in good repair and tenantable condition throughout the term of this lease, except in case of damage arising from a willful act or the negligence of the Lessee's agents or employees. For the purpose of so maintaining premises, the Lessor reserves the right at reasonable times to enter and inspect the Premises and to make any necessary repairs thereto. Lessor shall be responsible for the cost of water, heat, gas, air conditioning and electricity required for heating, ventilation, and air conditioning, cleaning of common areas, and removal of snow from sidewalks.

Lessee shall be responsible for the cost of their telephone systems and electricity for lighting and office equipment used by Lessee, maintaining the lighting equipment and changing the electric tubes and bulbs and for cleaning of the demised premises. Electricity will be on a separate meter.

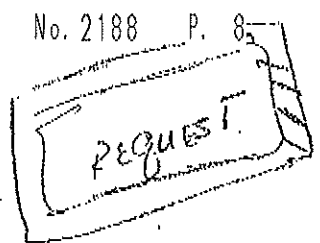
Other than Lessor's work in completing the Premises per the plans and specifications of Woods & Associates set forth on Schedule A attached to this Lease, Lessee shall be responsible, at its sole cost and expense, for any repairs, upgrades or improvements to the Premises necessary for the same to comply with any law, rule, regulation, ordinance, decree or other governmental pronouncement or ruling, including without limitation, the Americans With Disabilities Act. Lessor warrants that said Premises shall be ADA compliant upon delivery of the Premises to Lessee, as well as being then compliant with all laws, rules, regulations, ordinances, decrees or other governmental pronouncements or rulings.

10. **DAMAGE OR DESTRUCTION.** If the said Premises were wholly destroyed by fire or other casualty, this lease shall immediately terminate. In case of partial destruction or damage so as to render the Premises untenable, either party may terminate the lease by giving written notice to the other within fifteen (15) business days thereafter, and if so terminated no rent shall accrue to the Lessor after such partial destruction or damage. (For clarification, if any termination of this Lease under this Section 10 occurs within the time periods set forth in Section 5 above, Lessee shall be responsible for the \$50,000.00, \$35,000.00 or \$20,000.00 additional rent payments referred to in such Section 5.)

11. **NOTICES.** Notice in writing referred to herein shall not be construed to mean personal notice, but such notice shall be given in writing, by mail, by depositing the same

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in the Post Office or letter-box, in a post-paid envelope, addressed to the Lessor at Lessor's last known address, and such notice shall be deemed to be given at the time when the same shall be thus mailed. Such notices provided hereunder shall be addressed as follows:

If to Lessor: Herbert M. Hillman
11520 N. Port Washington Road #204
Mequon, WI 53092

HMHCPA@aol.com

262-241-3024

If to Lessee: Ronald K. Malone, Superintendent
Milwaukee County House of Correction
8885 S. 68 Street
Franklin, WI 53132

12. THIS SECTION IS INTENTIONALLY BLANK.

13. BROKERS. Except as set forth below, Lessor and Lessee represent and warrant to each other that they have had no dealings with any broker or agent in connection with this lease, and Lessor agrees to pay and hold Lessee harmless from any claims made by anyone for any compensation, commissions and charges claimed with respect to this lease or the negotiations thereof. Lessor has dealt with John S. Kesselman Real Estate relating to this Lease and Lessor shall be solely responsible for any commission due to John S. Kesselman Real Estate.

14. HOLDING OVER. If Lessee holds over after the term hereof, with or without the express written consent of Lessor, such tenancy shall be from month-to-month only, with no renewal hereof or an extension for any further term, and in such case basic monthly rent shall be payable at a rate equal to one hundred fifty percent (150%) of the rent that was due during the last month of the term hereof. Such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

15. SUBORDINATION. This lease shall be subject and subordinate at all times to the lien of any mortgage or other encumbrance(s) which may now or which may at any time hereafter be made upon the building of which the Premises is a part or any portion thereof, or upon Lessor's interest therein. This clause shall be self-operative, and no further instrument or subordination shall be required to effect the subordination of this lease. Nonetheless, in confirmation of such subordination, Lessee shall execute and deliver such further instrument(s) subordinating this lease to the lien of any such mortgage or any other encumbrance(s) as shall be desired by any mortgagee or party secured or proposed to be secured thereby.

16. FORCE MAJEURE. In the event either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes,

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lockouts, labor troubles, inability to procure materials, failure of power, riots, insurrection, war, acts of God, inclement weather, or other reason beyond that party's reasonable control, then performance of such act shall be excused for the period for the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, the provisions of this Section shall not excuse Lessee's obligation to timely pay rental, except as set forth in sections 6.F.

17. **EMINENT DOMAIN.** In the event the entire leased Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this lease shall terminate and expire as of the date of such taking, and Lessee shall then be released from any liability thereafter accruing under this lease. In the event a portion of the leased Premises shall be so appropriated or taken and the remainder of the property shall not be suitable for the use then being made of the property by the Lessee, or if the remainder of the property is not one undivided parcel of property, Lessee shall have the right to terminate this lease as of the date of the taking on giving to Lessor written notice of termination within thirty (30) calendar days after Lessor has notified Lessee in writing that the property has been appropriated or taken. (For clarification, if any termination of this Lease under this Section 17 occurs within the time periods set forth in Section 5 above, Lessee shall be responsible for the \$50,000.00, \$35,000.00 or \$20,000.00 additional rent payments referred to in such Section 5.)

In the event of the termination of this lease by reason of the total or partial taking of the leased Premises by eminent domain, then in any such condemnation proceedings, Lessor and Lessee shall be free to make claim against the condemning or taking authority for the amount of any damage done to them, respectively, as a result of the condemning or taking. (For clarification, Lessee acknowledges that the entire award relating to Lessor's fee interest in the Premises shall belong to Lessor and Lessee shall make no claim based on or relating to Lessee's leasehold estate.)

18. **CAPTIONS.** The item captions contained herein are for convenience only and do not define, limit or constrain the contents of such items, paragraphs or sections.

19. **AUTHORIZATION, BINDING EFFECT.** This lease together with all amending instructions subsequent thereto (collectively, the "lease"), is not valid or effective for any purpose until approved by the Milwaukee County House of Correction or their designee, and no work is authorized until the Lessor has been given written notice to proceed by the House of Correction.

20. **EXECUTED LEASE.** This lease when fully executed shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

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IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first above written.

LESSOR:

Mitchell Investment Properties, II,
A Wisconsin Limited Partnership:

By:

Herbert M. Hillman

Herbert M. Hillman Trust Dated
November 23, 1994, General Partner

In presence of:

Marjorie C. Charles

Dated: 12-5-06
Social Security or Taxpayer Number:



LESSEE:

By:

Ronald K. Malone

Ronald K. Malone
Superintendent

LESSEE:

By:

Ronald K Malone
Superintendent Milwaukee County House of Correction
(Please print name & title)

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APPROVED AS TO FORM:

By:

[Signature]
JOHN SCITAPREKHA 12/7/06
PRINCIPAL ASSISTANT, Corporation Counsel
(Please Print Name)

REVIEWED:

By:

[Signature] 12/7/06
JUDITH LITSENER
Risk Management
(Please Print Name)

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SCHEDULE A
WOODS & ASSOCIATES PLANS AND SPECIFICATIONS

