



CITY OF MANITOWOC
WISCONSIN, USA
www.manitowoc.org



October 4, 2016

Briess Malting Company
Attn: Ryan O'Toole, President
625 S Irish Road
PO Box 229
Chilton, WI 53014

RE: Ground Lease with City of Manitowoc

Dear Mr. O'Toole,

The City has been working with another downtown employer, Forefront Dermatology, to assist them with their expansion and growth. They are planning to add 400 local employees to their company over the next 5 years. One of their critical needs over the next year is to provide some additional parking for their employees, specifically to support their office expansion at 2 N 8th Street (i.e., the first floor of the "Riverlofts" building).

Forefront Dermatology would like to utilize spaces in the parking lot at 720 Quay Street. Given the other investments they are making in improving downtown office space, extending utilities and adding to the employment base, they have requested the use of these parking spaces at zero cost to them. Indications I have received so far from the Common Council are supportive of such an arrangement.

As you know, the City currently utilizes this parking lot based on its Ground Lease (attached), originally with Riverland Ag Corp, and now with Briess Malting. My first impression was that we would need to modify the Ground Lease to allow for a parking sub-lease, but upon further investigation, I found that the existing Ground Lease already contains a mechanism to allow for this. Section 10.1 of the Ground Lease states that Briess could grant the City written permission to sub-lease for an acceptable use of the premises. Section 4.1.1 does not authorize the City to use the premises for parking other than that related to "civic or public festivals, exhibitions, fairs or fundraisers, including a farmers' market." So this means that Briess has discretion as to whether it would approve a parking sub-lease of the requested nature, and you could certainly deny the request if you do not think it is appropriate.

If this request is granted, any sub-lease would comply with the requirements of Section 10.1, meaning that:

- a) The City would obtain prior written permission from Briess, and Briess is not obligated to approve since this is not a use listed in Section 4.1.1.
- b) The term of the sub-lease will not exceed the term of the Ground Lease.
- c) The parking sub-lease will acknowledge that it is subordinate to the Ground Lease.
- d) The parking sub-lease will acknowledge that termination or expiration of the Ground Lease constitutes a termination or expiration of the parking sub-lease.
- e) That any consideration or revenue received by the City would be divided equally with Breiss Malting.

Please find a draft of the proposed parking lease document attached. The following commitments are made in response to the points of the Ground Lease listed above:

- a) This letter and its attachments constitute the City's request to sub-lease the premises. The City will not execute the sub-lease without your prior written approval.
- b) The term of the sub-lease will be one year with a yearly renewal option. The term of the Ground Lease is 50 years. The City's intent is that this be a short term solution for Forefront Dermatology. A more substantial solution will be needed given the number of employees they plan to add to their downtown offices.
- c) The parking sub-lease does acknowledge that it is subordinate to the Ground Lease.
- d) The parking sub-lease does acknowledge that termination or expiration of the Ground Lease constitutes a termination or expiration of the parking sub-lease.
- e) As stated above, there will be no consideration or revenue from the sub-lease, so there will be no revenue to share with Briess Malting. The City will continue to bear the cost of maintenance and snow plowing.

Please indicate your acceptance of these terms and authorization to sub-lease the premises under these specific terms by signing below.

Ryan O'Toole, President and COO

Dave Luckow, Plant Manager - Manitowoc

The City of Manitowoc would certainly appreciate your cooperation in this as we work to grow the local economy. And as always, I look forward to opportunities to meet with Briess Malting to learn of your progress and plans and any opportunities for the City to assist or help remove obstacles to your success. It has been exciting to see the malting plant being brought back to life and being used for its designed purpose once again. Thank you for your consideration of our request.

Sincerely,

Nicolas Sparacio, Community Development Director

CC: Dave Luckow, Plant Manager