



Department of Planning & Community & Economic Development

Economic Development Division

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Office of Real Estate Services

VIA EMAIL

May 26, 2026

Madison Commercial Real Estate
c/o Ben Filkouski
5609 Medical Circle, Suite 202
Madison, WI 53719

RE: City of Madison Letter of Intent for a Lease
Current Address: 3517 W Beltline Hwy, Madison, Wisconsin 53713
Project 13372

Dear Ben:

The City proposes the following terms and conditions to 3517 West Beltline LLC (the “**Lessor**”), for a proposed lease between the parties at your Property. The purpose of this letter of intent (“**LOI**”) is to memorialize the terms and conditions of a proposed new Lease (the “**Lease**”) so the City can submit a resolution to the Common Council for its approval. No liability or obligation, legal or otherwise, shall be created by this LOI.

The respective sections and paragraphs in the Lease would be, substantially but not exclusively, on the following terms and conditions in a form approved by the City Attorney:

Lessee (City): City of Madison

Lessor: 3517 West Beltline LLC

Property: The legal description of the “**Property**” is defined in Exhibit B of this letter of intent.

There is one (1) building (the “**Building**”) located on the Property as noted below with the corresponding gross square footage for the respective uses in it.. The Leased Premise are located in the industrial/warehouse portion of the Building (the “**Warehouse Area**”).

Office Area: 22,309 gross square footage.

Warehouse Area : 32,860 gross square footage.

The total gross square footage of the Building is 55,169 sf (the **“Building’s Square Footage”**)

Leased Premises:

10,795 total rentable square feet inside the Warehouse Area of the Building (**“Leased Premises”**) located on the Property with a current address of 3517 W Beltline Hwy, Madison, Wisconsin (An Exact Suite Address to be provided by City) as depicted in the floor plan in **Exhibit C as the “Blue Space”**, and the adjacent two exterior loading docks and two levelers (the **“Shared Docks”**), the interior loading area adjacent to the Shared Docks (the **“Shared Interior Dock Area”**), the exterior entrance/exit door (the **“Shared Door”**), the shared two bathrooms (the **“Shared Bathrooms”**), and the shared hallway from the Shared Door to the Shared Interior Dock Area (the **“Shared Hallway”**); all these areas will be shared with a tenant for the **“Pink Space”** (the **“Pink Space Tenant”**) (collectively the **“Shared Access and Loading Areas”**), and the five exclusive City parking stalls **“City’s Exclusive Parking Stalls”** defined below as shown crosshatched on the Site Plan attached as **Exhibit A**, together with the nonexclusive use in common with others entitled thereto of the “Common Areas” set forth below. None of the other tenants or their guests or invitees shall block the Shared Access and Loading Areas and/or the City’s Exclusive Parking Stalls.

The entire interior white shared area shown on Exhibit C, includes the Shared Interior Dock Area, the Shared Bathrooms, and the Shared Hallway and is collectively defined as the **“Shared Interior White Area”**.

The Leased Premises’ total rentable figure is based on the sum of the useable Blue Space, half of the Shared Interior White Area, and a pro rata share of the fire suppression/pump room and utility water main room, both which serve the Buildings.

Parking:

City shall be permitted to use on an exclusive basis the five (5) parking stalls shown in Exhibit A (collectively the **“City’s Exclusive Parking Stalls”**) that will be signed and stripped by the Lessor at its cost.

Lease Term:

The Lessor shall execute the Lease, that is approved by both parties, first and then send it and an approved certificate of insurance to the City so it can then circulate it internally for execution. The Effective Date is the date that the City executes the Lease. The initial term (the **“Initial Term”**) of the Lease shall be for a term of three (3) fiscal lease years (each a “Lease Year”) and any days from the **Completed Lessor’s Work Date** or **“CLWD”** (defined below) to the beginning of the next calendar month (the **“Partial Month**

Period”), subject to early termination pursuant to the terms of the Lease.

The Initial Term and any Renewal Terms (defined below) exercised by the City is collectively defined as the “Lease Term” or “Term”.

**Base Rent and
NNN Expenses
Payment Schedule:**

The City shall pay to the Lessor rent for the Leased Premises in the amount specified in the Base Rent Table below (“Base Rent”) for the Initial Term. The Base Rent is in addition to the City’s pro-rata share of any Taxes, and Common Area Expenses (collectively the “NNN Expenses”) as defined in the below sections.

Base Rent and Estimated NNN Expenses Table for Initial Term

Lease Year	Payment Schedule Commencing	Annual Base Rent/SF	Monthly Base Rent	Estimated Monthly NNN Expenses*	Total Monthly Base Rent + Estimated NNN Expenses
1	30 days after Completed Lessor’s Work Date (the “CLWD”)	\$ 8.00	\$ 7,196.67	\$2,698.75	\$ 9,895.42
2	the 13th month after the CLWD	\$ 8.24	\$ 7,412.57	\$2,698.75	\$ 10,111.32
3	the 25th month after the CLWD	\$ 8.49	\$ 7,637.46	\$2,698.75	\$ 10,336.21

*Estimated share of CAM Expenses and Taxes (collectively the “NNN”) subject to annual reconciliation.

The monthly Base Rent and estimated NNN Expenses shall commence 30 days after the Completed Lessor’s Work Date(defined below) (the “Rent and NNN Payment Commencement Date” to accommodate the City’s installation/completion of the City’s IT Work (defined below). If the City’s IT Work is completed before the Completed Lessor’s Work Date, then the monthly Base Rent and NNN Expenses payment date will incur on the Completed Lessor’s Work Date. The Completed Lessor’s Work Date and Rent and NNN Payment Commencement Date will be documented between the parties. If there is a partial calendar monthly period from the Rent and NNN Payment Commencement Date to the end of the respective calendar month (the “Partial Period”), then the monthly Base Rent and monthly estimated NNN Expenses shall be prorated based on the total days the City occupies the Leased Premises for that month. All payments are to be made payable to the Lessor.

Thereafter, Base Rent and NNN Expenses shall be payable in equal monthly installments on the first day of each calendar month. All

payments are to be made payable to the Lessor.

Lease Term

Renewal Options:

If, at the end of the Initial Term of the Lease or at the end of the previous Renewal Option Term, if applicable, the City is not in default under the terms and conditions of the Lease, then the City shall have ~~three~~ two(2) successive options to extend the Lease Term for additional terms of one (1) Fiscal Year each, under the same terms and conditions provided in the Initial Term of the Lease, except that annual “Base Rent” during the Renewal Option Term periods shall be calculated per the below Renewal Option Term Rent Schedule:

Base Rent and Estimated NNN Expenses Table for Renewal Option Terms

Lease Year	Payment Schedule Commencing	Annual Base Rent/SF	Monthly Base Rent	Estimated Monthly NNN Expenses*	Total Monthly Base Rent + Estimated NNN Expenses
4 (Option 1)	the 37st month after the CLWD	\$ 8.74	\$ 7,862.36	\$ 2,698.75	\$ 10,561.11
5 (Option 2)	the 49th month after the CLWD	\$ 9.00	\$ 8,096.25	\$ 2,698.75	\$ 10,795.00

*Estimated share of CAM Expenses and Taxes (collectively the "NNN") subject to annual reconciliation.

If the City desires to renew the Lease, the City must give notice in writing to the Lessor a minimum of ~~ninety~~ one hundred eighty (180) days prior to the expiration of the Initial Term or any exercised Renewal Option Term, by sending a written notice the Lessor.

Use:

City will occupy and use the Leased Premises for the storage of voting and election equipment and activities related thereto, and the general storage of any other personal property owned by the City and for no other purposes without the prior written consent of Lessor, which consent shall not be unreasonably withheld, delayed or conditioned.

Lessor’s Access and City Security:

After receiving a minimum of 24 hours’ prior written notice thereof, the City shall allow the Lessor or its agents or employees access to the Leased Premises, at all times reasonable for the City and with a City staff person on-site for the duration of the work for the purpose of inspecting the Leased Premises or to make necessary repairs or alterations of the Leased Premises, or at any time in the event of an emergency.

The City will secure the doors to the Leased Premises with its card access equipment (“Physical Access Control”) so only the City Clerk’s staff and authorized Lessor staff (with 24 written notice) may access it.

City IT Improvements:

The City needs to perform the IT work listed below at the Property, in the Building, in the Leased Premises and in the Shared Interior White Area at its cost, for the agency to be able to connect with the City network to fulfill their duties. This work includes but is not limited to the following: (i) connection to the City network, which could include trenching and boring on the Property along with a pathway into the Building and appropriate hardware to support the connection; and (ii) installing Structured Cabling and Physical Access Control system in the Leased Premises. This includes interior cabling, equipment, a technology cabinet to house applicable network equipment, cameras to monitor the Leased Premises and Shared Access and Loading Areas spaces, all with appropriate cooling and power supplies, data connections supported by interior ethernet cabling and wall jacks, cabling for two wireless access points for Wi-Fi service, and physical access controls on the doors (collectively the “**City IT Work**”).

Before the City and/or its contractors start this work they will coordinate their schedule with the Lessor.

The City may install, at its cost, any improvements and equipment into the Leased Premises as City sees necessary to conduct the City’s use during the Term of the Lease. These improvements and equipment may require the installation of conduit in the Common Areas or on the Building’s roof to operate. Without limiting the foregoing, the City acknowledges that Lessor shall have the right to review City’s construction activities to ensure quality control and compliance with any approved plans and specifications. City shall obtain from its contractors a certificate of insurance naming the Lessor as an additional insured before they start any work in the Leased Premises.

**Lessor’s Work
and Delivery Date:**

Lessor, at Lessor’s sole cost, will perform the following collective scope of work (the “**Lessor’s Work**”) outlined below. The cost for these items below should not be included in Common Area Charges or other charges billed to the City:

1. Construct a floor to ceiling demising wall separating the Pink Space and the Blue Space, from the Shared Interior White Area as shown in Exhibit C (the “**Demising Wall**”); and
2. Construct a floor to ceiling demising wall (the “**Green Demising Wall**”) separating the Green Space and the Blue

Space as shown in Exhibit C; and

3. Install any new lighting needed in the Leased Premises that may have been lost due to the installation of the Demising Wall and Green Demising Wall. Likewise, install any new lighting in the Shared Interior Dock and Shared Hallway that may have been lost in said areas.
4. Install a roll up door of roughly 8' by 8' in the area where the Demising Wall abuts the Leased Premises (the "**New Roll Up Door**") so the City can move its inventory from the Shared Interior Dock Area into the Leased Premises and install on the same demising wall a new man door (the "**New City Door**") with an electrical outlet nearby; and
5. Install new HVAC controls/thermostat in the Leased Premises that are only tied to the City's two HVAC units that serve the Leased Premises (RTU nos. 15 and 17 (the "**Leased Premises' HVACs**") as shown in Exhibit D) and allow the City to adjust the temperature in the Leased Premises. ; and
6. Inspect the Leased Premises' HVACs units so they are working and in good condition, and replace all filters ; and
7. Inspect the following equipment and infrastructure (including but not limited to) that serves the Leased Premises so they are working and in good condition: the Shared Docks and the levelers and controls; lighting; Shared Door; roof; the plumbing and sewer systems, the water softener and water heater in the Shared Bathrooms; fire protection and fire alarm systems; exterior window glass and frame; and
8. Sign and stripe the City's Exclusive Parking Stalls per the location on the Site Plan in Exhibit A that shows the new striping of the entire parking lot; and
9. Obtain a Conditional Use approval and permit for warehouse & storage in the SE District for the Property (submitted by the May 18, 2026 deadline to go forth the plan commission and have approval by July 29) and perform any required work relating thereto; and
10. Obtain an occupancy permit for the Leased Premises; and
11. Make the below ADA requirements outlined in the attached City Site Assessment Report (the "Report"). The numbers below correlate to the respective chapters in the 2010 ADA Standards for Accessible Design in the Report.

<https://www.ada.gov/law-and-regs/design-standards/2010->

[stds/#top](#)

- Parking
 - Install parking spacing, striping, and signage compliance with [502](#).
- Shared Door Entrance:
 - There is a 1.5-inch drop at the threshold of the main entrance (install a ramp at least 18 inches long that is compliant with [405](#))
 - Door closure speed is not compliant with 404.2.8 (adjust or replace closer) [404](#)
 - Doorbell will need to be relocated (no higher than 48 inches) [308](#)
- Interior:
 - There are several protruding objects including an eye bath, spotlights, and a large panel at the entrance. (Remove objects or install a permanent partial wall or planter underneath for white cane detection) [307](#)
- Shared Bathrooms:
 - Door weight and closure speed are not complaint with 404.2.8 and 404.2.9 – (adjust or replace closers) [404](#)
 - Base of mirror is higher than 40 inches (install additional full-length mirror in each restroom) [603.3](#)
 - Install ADA compliant soap dispensers [308](#)
 - Install ADA compliant signage [703](#)
 - Install ADA compliant grab bars [609](#)

The date when all of the above Lessor's Work is completed is defined as the "**Completed Lessor's Work Date**" or "**CLWD**".

Lessor's Work needs to be completed by September 1, 2026.

After Lessor's Work is completed, the vendor shall clean any areas that were disturbed during construction.

Within 90 days of the CLWD, Lessor shall replace at its cost the cracked glass/hairline fractures in one of the skylights in the Leased Premises and inspect all of the four skylights to ensure they are in good condition and sealed properly.

The City reserves the right to inspect Lessor's Work to its satisfaction and provide feedback on any deferred maintenance,

repairs or replacement items to be completed by Lessor.

**Access to Shared Docks,
New Roll Up Door and
New City Door:**

City shall have exclusive rights to use one (1) of the two Shared Docks. The adjacent Pink Space Tenant will have an exclusive right to use the other one (1) loading dock. The Pink Space Tenant or the City may use the respective neighboring tenant's dock when not in use by the respective neighboring tenant, by providing a written notice, of at least 48 hours beforehand) of the dates/times of their requested delivery schedules with the neighboring tenant for their approval. If approved, the requesting tenant shall not keep its trucks/trailers at that dock position once loading/unloading is complete. In the event that the parties are not complying with these terms, they may notify the Lessor so it can help enforce these terms. In the event it is not enforced the City this would be considered a default under the Lease.

Neither the City nor the Pink Space Tenant shall store any items in the Shared Interior White Area. Each user shall move any of its materials or equipment it brings into the Shared Interior Dock Area in a timely manner to their respective spaces. The City shall have access to its New Roll Up Door and New City Door at all times.

The City and the Pink Space Tenant shall clean any debris it caused after any delivery into the Shared Interior Dock Area and movement through the Shared Hallway by the Pink Space Tenant, and leave these areas used in broom swept condition. In the event either party is not complying with this cleaning requirement, then they shall contact the Lessor who will provide a notice to the offending tenant of this complaint. If the offending tenant is not complying with this cleaning requirement after the complaint, then the Lessor shall start a cleaning service for these areas and bill the offending tenant until the situation is remedied. .

Common Areas:

The Lessor grants to the City and the City's employees, agents, customers, invitees, vendors, licensees, and contractors the right to use, in common with all others to whom the Lessor has or may hereafter grant rights to use the same, the "**Common Areas**" located on the Property, that are outside the Building. The term "**Common Areas**" shall mean the parking lot area, driveways, grounds, bike racks, and other areas or improvements provided by the Lessor for the common use of all the occupants of the Building.

The Lessor shall be responsible for snow removal, ice removal, cleaning, landscaping, securing, lighting, insuring, maintaining, repairing and replacing any improvements and infrastructure in or serving the Common Areas.

In addition, Lessor shall pay for the separately metered outdoor lighting (the “**Common Area Utilities**”). The Lessor warrants and represents that the **Common Area Utilities** charges are only those associated with the Common Areas.

Utility Metering/Billing: **Electric:**

There are currently three electric meters serving the Property:

1. One for the Warehouse Area and a portion of the Office Area (not included in the meter described in three below) -City will pay monthly its pro-rata share of the actual invoice for the prior month’s usage. The City’s pro-rata share of this Warehouse Area and portion of the Office Area Electric Bill is **32.85%**.

2. One for the Common Area exterior lights- this is part of the Common Area Utilities definition. City will pay monthly its pro-rata share of the actual Common Area exterior electric invoice for the prior month’s usage.. The City’s pro-rata share of this Common Area exterior light bill is 19.57%.

3. One for the Office Area of the Building-the City is not responsible for this meter/cost.

Gas:

There is only one gas meter for the Building. City will pay monthly its pro-rata share of the actual gas invoice for the prior month’s usage. The City’s pro-rata share of the Building’s Gas Bill is 19.57%.

Water:

There are two water meters.

One meter is for the front Office area of the Building-the City is not responsible for these costs.

One meter is for the rest of the Building, which has a 47, 981 sf area. City will pay monthly its pro-rata share of the actual invoice for the prior month’s water usage. The City’s pro rata share of this bill is 22.5%.

Common Area Charge: The City shall pay its pro-rata share of the Common Area costs (defined below are CAM Expenses) or 19.57% (the “**City’s Pro-Rata CAM Share**”), which is calculated as follows:

Numerator=Leased Premises’ square footage of 10,795 s.f.

Denominator is the Building Square Footage, which is 55,169 sf.

The City shall pay its City's Pro-Rata CAM Share of the following costs and expenses paid or incurred by the Lessor in operating and maintaining the Common Areas (collectively the "**CAM Expenses**"). CAM Expenses include: snow removal; ice removal; debris cleaning; landscaping; securing; ; parking lot striping, commercial property liability insurance (except to the extent proceeds of insurance or condemnation awards are available therefor); maintaining, repairing any improvements in or serving the Common Areas; but **excluding**: (i) any costs relating to the repair, replacement and maintenance of the sewer, gas, electrical, water, telephone and other utility mains, lines and facilities that serve the Property and/or Building; and (ii) any costs pertaining to the Property or Building which are not included in the definition of Common Areas; and (iii) any costs to replace any improvements that are located in the Building, Common Areas or serving the Common Areas; and (iv) depreciation expenses; and (v) the amortization of capital expenses.

In addition, the City will pay Lessor a management fee of five (5) percent multiplied by the City's Base Rent for each Lease Year during the Lease Term (the "City Management Fee") as a CAM Expense. The City Management Fee includes all work performed by the property manager and Lessor for the Property, Building and Leased Premises such as: rent collection, day to day operations, maintenance and repair coordination, contracting, inspections, management overhead expenses, record keeping, financial reporting, regulatory compliance, and lease enforcement. The City will not pay any of incremental management costs above the City Management Fee or mark ups by the property manager to the cost of supplies or vendor invoices

:

In addition, the following costs are included in the definition of CAM Expenses because the costs/service/cover all spaces in the Building: the monitoring and inspections of the fire alarm and fire protection systems; any repairs or maintenance of the fire alarm and fire protection systems; commercial property insurance of the Building (excluding any business personal property and theft; business income; business umbrella); third party accounting and book keeping for the Property; bank service charges for the Property's bank account (except for insufficient funds) .

The payments referred to in this Subparagraph shall be referred to as the "**City's Common Area Charge**." The Lessor will provide the City with an estimate amount of the City's Common Area Charge.

The City's Common Area Charge shall start 30 days after the Completed Lessor's Work Date and be paid in monthly installments

on the first day of each month in an amount to be estimated by the Lessor, prorated for a partial month. Within ninety (90) days following the closure of the Lessor's annual calendar year accounting period, the Lessor shall furnish to the City a statement of the actual amount of the City's Common Area Charge for such period.

When reconciling the CAM Expenses for calendar year 2026, no CAM Expenses that were paid prior to the CLWD shall be included in the reconciliation for the City; only the actual partial year CAM Expenses paid thereafter until the end of calendar year 2026. This partial year actual CAM Expense amount between will be compared/reconciled to the City's estimated City's Common Area Charge paid for the partial 2026 period. If the actual amount of the City's Common Area Charge is less than the total amount theretofore paid by the City for such period, the excess shall be credited against the City's next succeeding payment(s). If the actual amount of the City's Common Area Charge exceeds the total amount theretofore paid by the City for such period, the City shall pay to the Lessor, within thirty (30) days following its receipt of the Lessor's statement, the incremental amount shown as due thereon

The Lessor agrees to maintain at the Lessor's principal office accurate records of Common Area costs and expenses, including all invoices, receipts, and other supporting data relating to the maintenance and repair of the Common Areas (the "Common Area Records"), which Common Area Records shall be kept in accordance with Lessor's customary accounting procedures. Copies of the Common Area Records shall be provided to the City or its representative upon request to enable the City to determine the accuracy and appropriateness of the Common Area Charges billed to the City.

Real Estate Taxes:

The Lessor shall pay in a timely manner all real estate taxes and assessments, both general and special, which may be levied or assessed by the lawful taxing authorities against the Property (the "Taxes").

For purposes of calculating the City's proportionate share of Taxes of the Property the parties agree that 19.57 %, (the "**City's Proportionate Share of Taxes**") is based on the following:

Numerator: 10,795 square feet of the Leased Premises.

Denominator: 55,169 square feet of the Building.

The City shall pay to the Lessor the City's Proportionate Share of Taxes for the Property that are estimated to be paid for each calendar year during the Term. Not included in "Taxes" are any late charges

paid by the Lessor to the City Assessor's office any delinquent water bills for any of the tenants in the Building, and leasehold improvement taxes that are assessed on personal property located in the Common Areas or in the Building; these costs cannot be included in the reconciliation of Taxes for each calendar year. tax bill sent to the City.

The City's Proportionate Share of Taxes shall start 30 days after the Completed Lessor's Work Date and be paid in monthly installments on the first day of each month in an amount to be estimated by the Lessor, prorated for a partial month. Within ninety (90) days following the closure of the Lessor's annual calendar year accounting period, the Lessor shall furnish to the City a statement of the actual amount of the City's Common Area Charge for such period.

When reconciling the CAM Expenses for calendar year 2026, no Taxes that were paid prior to the CLWD shall be included in the reconciliation for the City; only the actual partial year Taxes paid. This partial year Taxes amount will be compared to the City's estimated Tax payments for the partial 2026 period. If the actual amount of the City's Proportionate Share of Taxes is less than the total amount theretofore paid by the City for such period, the excess shall be credited against the City's next succeeding payment(s). If the actual amount of the City's Common Area Charge exceeds the total amount theretofore paid by the City for such period, the City shall pay to the Lessor, within thirty (30) days following its receipt of the Lessor's statement, the incremental amount shown as due thereon.

Copies of the tax bills submitted by the Lessor to the City shall be conclusive evidence of the amount of such real estate taxes and assessments levied or assessed. Lessor shall pay all leasehold improvement taxes that are assessed on personal property located in the Common Areas or in the Building.

**Lessor's Responsibilities
For Leased Premises,
Property, Shared Interior
White Area
and Building:**

a. The Lessor, at its cost, shall at all times keep in good condition and repair, including any required inspections, the following in or serving the Property, the Leased Premises, the Shared Interior White Area and the Building: foundations; roof, gutters and heat tape; interior and exterior lighting; electrical, plumbing and sewer systems; water softener; water heater; fire alarm system and devices and monitoring; fire protection system and devices and monitoring; all utility lines, appurtenances, meters and meter boxes; concrete floors; structural portions of the walls; exterior and interior walls;

exterior window frames and glass; exterior Shared Doors and frames, door locks, door closers, and door operating devices; floor coverings; ; the Shared Docks's frames, seal, operating devices and controls; the Demising Wall; the Roll Up Door; the New City Door, the skylights in the Building and all other structural members, both interior and exterior; the heating venting and air conditioning units/systems and controls-in good order, condition and repair, and shall make any repairs/replacements thereto. The term "repairs" shall include replacements or renewals when necessary and all such "repairs" shall be equal in quality and class to the original work. Notwithstanding the foregoing, the City shall be responsible for the cost and expenses of repairs/replacements required by reason of acts or omissions of the City, the City's employees, agents, invitees, vendors, licensees or contractors.

The City shall give the Lessor written notice of the necessity for maintenance, repairs, or replacements coming to the attention of the City (the "**City Work Notice**"), following which the Lessor shall have fourteen (14) calendar days to complete such maintenance/repairs or 60 days to make any replacements (except in the case of any emergency, which includes but is not limited to the loss of any power, heating or cooling, or any condition in the Leased Premises or Shared Interior White Areas that must be remedied in fewer than three (3) days in order for the City to use the Leased Premises as intended under the Lease).

If the Lessor does not complete maintenance/repairs or respond to the City Work Notice within the fourteen (14) calendar days completion timeline with an updated completion timeline from its' contractor performing the work (a "**Lessor Time Update Work Notice**"), then the City has the right to complete the needed maintenance/repairs and the cost of such maintenance/repairs shall be reimbursed to the City as a credit to City's account, and the City may off-set said maintenance/repair credit from the following calendar month's Base Rent payment due to Lessor regardless of whether the Lessor has commenced such maintenance/repairs. The City shall also provide the Lessor with a copy of the invoice paid for the completed maintenance/repairs.

If the Lessor provides the City with a written Lessor Time Update Work Notice within fourteen (14) days from the City Work Notice , then the City can decide if the updated completion timeline stated therein is reasonable based on its operational needs in the Leased Premises. In its sole discretion, the City may provide a written notice to Lessor within three (3) business days upon receipt of the Lessor Time Update Work Notice stating its concerns and note whether it intends to perform the maintenance/repair work itself; otherwise, it is assumed the City agrees with the new updated completion timeline. If the City decides to perform the maintenance/repair

work, the cost of such maintenance/repairs shall be reimbursed to the City as a credit to City's account, and the City may off-set said maintenance/repair credit from the following calendar month's Base Rent payment due to Lessor regardless of whether the Lessor has commenced such maintenance/repairs. The City shall also provide the Lessor with a copy of the invoice paid for the completed maintenance/repairs

If maintenance/repairs by their nature per industry standards (such as work repairs that require permits, City inspections, site surveying, specialized parts with long lead shipping times, etc.) take more than fourteen (14) calendar days to complete, then the Lessor shall have a reasonable time to complete the maintenance/repairs if Lessor provides a written notice of such delay (including in the notice-the reason for the delay and when the maintenance/repair work will be completed) (the "**Lessor Reason and Time Update Work Notice**") to the City within the fourteen (14) calendar day completion deadline. If the stated industry standard reasoning or the updated delay/completion timeline in the Lessor Reason and Time Update Notice is unreasonable or will impact its operational needs in the Leased Premises, then the City shall send a written notice to Lessor within three business days upon receipt of the Lessor Reason and Time Update Work Notice stating its concerns and note whether it intends to perform the maintenance/repair work itself; otherwise, it is assumed the City agrees with the new updated delay/completion timeline. If the City decides to perform the maintenance/repair work, the cost of such maintenance/repairs shall be reimbursed to the City as a credit to City's account, and the City may off-set said maintenance/repair credit from the following calendar month's Base Rent payment due to Lessor regardless of whether the Lessor has commenced such maintenance/repairs. The City shall also provide the Lessor with a copy of the invoice paid for the completed maintenance/repairs

If the Lessor does not complete any replacements work requests within sixty (60) days of the City's Work Notice, then the City shall have the right to cure the default by completing the needed replacement work and the cost of such replacement shall be reimbursed to the City as a credit to the City's account, and the City may off-set said replacement credit from the following calendar month's Base Rent payment due to Lessor or the City can consider this a default by the Lessor and terminate the Lease per the respective section of the Lease, regardless of whether the Lessor has commenced such replacement-

If the replacement work by its nature per industry standards takes more than sixty (60) days to complete (such as replacement work that requires hiring an architect to draw plans and prepare specifications, obtain plan approvals, obtain permits, require City

inspections, site surveying, specialized parts requiring long lead shipping times, etc.), then the Lessor shall have a reasonable time to complete the replacement if written notice of such delay is given to the City by five (5) days from the receipt of the City's Work Notice. The option to cure a default herein is intended for the City's protection and its existence shall not release the Lessor from the obligation to perform the terms and covenants herein provided to be performed by the Lessor or deprive the City of any legal rights which may arise by reason of any default.

If the Leased Premises is not able to be occupied after 72 hours from the City's Work Notice, then the City may deduct the Base Rent for the period thereafter until the space is habitable by the City.

b. Lessor shall provide the City with 24 hours (~~5~~ days written notice for any non-emergency maintenance, repair or other work that is to be completed on the Building, Property, or within the Leased Premises.

c. Lessor shall use commercially reasonable efforts in performing any maintenance, making any repairs, alterations, and improvements to the Leased Premises, Shared White Interior Areas, Common Areas or the Building to keep the disruption of City's business to a minimum.

Other City NNN Costs:

The City shall reimburse the Lessor for the following costs that are incurred 30 days after the Completed Lessor's Work Date (except as noted); these costs below are collectively defined as the "**Other City NNN Costs**". These costs will not be paid on an estimated basis and then reconciled annually; instead, the Lessor will send the City a copy of the respective invoices and the City's pro-rata share thereof per the respective formulas below or sections above:

a. Utility Metering/Billing:

As noted above in this referenced section of the LOI, the City shall pay monthly its below pro-rata share of the actual invoice for the prior month's respective utility usage billed to the Lessor:

- For the electricity for the Warehouse Area and a portion of the Office Area of the Building-. The City's pro-rata share of the Warehouse Area and portion of the Office Area Electric Bill is 32.85%.
- For the Common Area exterior lights. The City's pro-rata share of this Common Area exterior light bill is 19.57%.
- For the gas meter for the Building. he City's pro-rata share of the Building's Gas Bill is 19.57%.

- For the water meter that serves the Building less the front office section; this area equals roughly 47, 981 sf.. The City's pro rata share of this bill is 22.5%.

b. Starting in spring 2027, the City shall perform a maintenance inspection of each of the Leased Premises' HVACs roof top units (and then in fall 2027, a maintenance inspection of only RTU No. 17). Thereafter, the timing and frequency of the maintenance inspection work during the Term shall include only once per Lease Year for RTU No. 15 in the spring, and twice a year (spring/fall) for RTU No. 17. The maintenance inspection visit will include changing the filters, cleaning the condensate drain and coils (only needed once a Lease Year), lubrication, straightening the coils, checking the wiring and verifying the economizer is properly functioning (collectively the "**HVAC Inspection/Maintenance Work**"). The City shall engage a third party to perform the HVAC Inspection/Maintenance Work for the Leased Premises' HVACs and then send their report to the Lessor.

The City shall be responsible for all minor repairs of the Leased Premises' HVACs units as that are identified during the HVAC Inspection/Maintenance Work report, up the collective Lease Year cap for the Leased Premises' HVACs of \$1,000 for both of the Leased Premises' HVACs (the "**HVAC Repair Cap**"); if the collective repair amount exceeds \$1,000.00 for a Lease Year, , then Lessor shall be responsible for the excess amount. The Lessor shall engage a third party to perform this repair work identified in the HVAC Inspection/Maintenance Work report and bill back the City with paid receipts up to the collective Lease Year HVAC Repair Cap. Lessor shall also send to the City a copy of HVAC Inspection/Maintenance Work report for its records.

c. The following shared expenses pertaining to the Shared Access and Loading Areas that will be split between the City and the Pink Space Tenant. If there is no Pink Space Tenant the City will only be obligated to pay 50% of the actual cost unless the City expands into the Pink Space.

- Cleaning of the Shared Bathrooms and supplies. The City only needs this service one time a week. In the event the Pink Space Tenant requests more cleanings per week then said tenant will pay for the incremental cleanings per week.
- The repairs or maintenance of the water softener and water heater in the Shared Bathrooms.

- The repairs or maintenance of the Shared Docks and its controls, with an annual cap for the City of \$1,000 per Lease Year since the use of the Shared Docks will be infrequent.

City's Responsibilities:

a. The City shall pay for the installation, use and maintenance of all data, computer and telephone services and any other specialized equipment it owns in the Leased Premises.

b. Except as may be covered by the Lessor's insurance policy for the Property, the City, at its cost, shall keep interior of the Leased Premises in good order and condition including cleaning; trash removal, washing all interior windows, fire extinguishers, the maintenance and repair of any personal property it installs in the Leased Premises, and as it may be required-periodic painting or touch up painting.

The City will not be responsible for any repairs caused by other tenants of the Property or related to negligence or damage by the Lessor, its employees, agents, contractors or other tenants of the Property.

Indemnification:

The Lessor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City, and its officers, officials, agents, and employees, against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officials, officers, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the acts or omissions of the Lessor and/or its officials, officers, agents, employees, assigns, guests, invitees, lessees or subcontractors, in the performance of this Lease, whether caused by or contributed to by the negligent acts of the Lessee, its officers, officials, agents, and employees. This paragraph shall survive termination of this Lease.

Insurance:

The Lessor shall maintain throughout the Term of the Lease the following insurance coverages: A policy of comprehensive fire, extended coverage, vandalism, malicious mischief and other endorsements deemed advisable by the Lessor insuring the Property, including the Leased Premises, the Shared White Interior Area and all appurtenances thereto (excluding the City's inventory, trade fixtures, furniture, furnishings, equipment and personal property) for the full insurable replacement value thereof, with such a deductible not to exceed \$10,000 and a waiver of subrogation in favor of the City. The City shall be solely responsible for carrying personal property insurance sufficient to cover the loss or damage

to the City's personal property.

Additionally, the Lessor shall carry commercial general liability insurance, including but not limited to, bodily injury, death, property damage and personal injury products covering as insured the Lessor and naming the City, its officers, officials, agents and employees as additional insureds, with a minimum limit of \$1,000,000 per occurrence. This policy shall also be endorsed for contractual liability in the same amount, apply on a primary and noncontributory basis.

The above-required insurance shall provide the City with thirty (30) days advance written notice of cancellation, non-renewal or material changes to the policy during the Term of the Lease and is to be placed with insurers who have an A.M. Best rating of no less than A- (A minus) and a Financial Category rating of no less than VII. As evidence of this above insurance coverage, the Lessor shall furnish the City with a certificate of insurance on a form approved by the City, and, if requested by City's Risk Manager, the Lessor shall provide copies of additional insured endorsements or policy. If the coverage required above expires while the Lease is in effect, the Lessor shall provide a renewal certificate to the City for approval ten (10) business days before the expiration of the policy.

Compliance.

The Lessor shall observe and promptly and effectively comply with all applicable statutes, rules, orders, ordinances, requirements and regulations of the City of Madison, the County of Dane, the State of Wisconsin, the federal government and any other governmental authority having jurisdiction over the Property and Leased Premises. The Lessor may, if in good faith and on reasonable grounds, dispute the validity of any charge, complaint or action taken pursuant to or under color of any statute, rule, order, ordinance, requirement or regulation, defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. The Lessor agrees that any such contest shall be prosecuted to a final conclusion as soon as possible and that it will hold the City harmless with respect to any actions taken by any lawful governmental authority with respect thereto

Termination:

a. Should the City be in default under the terms of the Lease, the City shall have ninety (90) days in which to cure the same after written notice by the Lessor to the City of such default. In the event the City fails to cure such default within ninety (90) days after said notice, Lessor's may elect to terminate the Lease by sending the City a written termination notice and the City will need to vacate the Leased Premises ~~ninety (90)~~ sixty (60) days upon receipt of the termination notice. Notwithstanding the foregoing, if such default is not a health or safety violation and cannot, because of the nature of the default, be cured within said ninety (90) days, then the City shall be deemed to be complying with such notice if, promptly upon

receipt of such notice, the City immediately takes steps to cure the default as soon as reasonably possible and proceeds thereafter continuously with due diligence to cure the default within a period of time which, under all prevailing circumstances, shall be reasonable.

b. Should the Lessor be in default under the terms of the Lease, the Lessor shall have Ninety (90) days in which to cure the same after written notice by the City to the Lessor of such default; unless the default impacts the operation of the City's use in the Leased Premises. In this situation, the Lessor shall cure the default within thirty (30) business days.

In the event the Lessor fails to cure such default within sixty (60) days after said notice, the Lease shall, at the City's written election, terminate the Lease and vacate the Leased Premises within ninety days of sending the Lessor its termination notice. No obligation to pay base rent

Notwithstanding the foregoing, if such default is not a health or safety violation and cannot, because of the nature of the default, be cured within said sixty (60) days, then the Lessor shall be deemed to be complying with such notice if, promptly upon receipt of such notice, the Lessor immediately takes steps to cure the default as soon as reasonably possible and proceeds thereafter continuously with due diligence to cure the default within a period of time which, under all prevailing circumstances, shall be reasonable.

c. In the event of any default under the terms of the Lease by either party, and in lieu of terminating the Lease as herein provided, the Lessor or the City may immediately or at any time thereafter, after having given the other party the requisite written notice to correct the same and the time for such correction having elapsed (or without notice in case of an emergency or a hazardous condition or in case any fine, penalty, interest or cost may otherwise be imposed or incurred), cure such breach for the account and at the expense of the other party.

If the Lessor or the City at any time, by reason of such default, is compelled to or elects to correct such default, the reasonable sum paid or incurred by such party to correct such default shall, if paid or incurred by the Lessor, be deemed to be additional rent hereunder and shall be due to the Lessor on the first day of the month following payment of such respective sum, and, if paid or incurred by the City, shall be deducted from the City's next payment(s) of Base Rent. The option herein given to the parties is intended for their protection and its existence shall not release the parties from the obligation to perform the terms and covenants herein provided to be performed

by the respective parties or deprive either party of any legal rights, which may arise by reason of any default.

d. The Lease may be terminated by mutual written consent of the Lessor and the City

No Waiver:

Failure or delay on the part of either party to enforce any of the terms, covenants, conditions or agreements hereof shall not operate as a waiver thereof nor void or affect the right of the party to enforce the same upon any subsequent default or breach. Except as otherwise provided in the Lease, the rights and remedies herein granted are cumulative and are in addition to any given by statutes, rules of law or otherwise and the use of one remedy shall not be taken to exclude or waive the right to the use of another.

Removal and Disposal of Personal Property:

Upon the expiration or termination of the Lease, the City shall remove all personal property from the Leased Premises and Building. If the City leaves any personal property on the Leased Premises, the Lessor shall have the right to dispose of said property, without liability, thirty (30) days after the City vacates or abandons the Leased Premises.

Hold Over:

In the event the City shall continue to occupy or use the Leased Premises after the expiration of the Lease or any extension thereof, such holding over shall be deemed to constitute a tenancy from month to month, upon the same terms and conditions as herein provided except that Base Rent shall increase to 150% of the last annual Base Rent, and shall be paid monthly in advance, and in no event shall the tenancy be deemed to be year to year.

Definition of Lessor and City:

The terms "Lessor" and "City" when used herein shall mean either singular or plural, as the case may be, and the provisions of the Lease shall bind the parties mutually, their heirs, personal representatives, successors and assigns.

Notices:

All notices to be given under the terms of the Lease shall be signed by the person sending the same, and shall be sent by certified mail, return receipt requested and postage prepaid, to the address of the parties specified below. Electronic mail may be sent to the email address provided below with an active read receipt and shall include a statement that the electronic mail constitutes notice under the terms of the Lease.

For the City:

Tom Otto
City of Madison Economic Development Division
P.O. Box 2983
Madison, WI 53701-2983
(608) 243-0178

totto@cityofmadison.com

copy to:
ORES
P.O. Box 2983
Madison, WI 53701-2983
(608) 267-8719
ores@cityofmadison.com

For the Lessor:

Ben Filkouski, CCIM
3517 West Beltline LLC
923 Applegate Rd
Madison, WI 53713
(608) 333-7734
ben.filkouski@madisoncommercialre.com

Non-Discrimination:

In the performance of the services under the Lease, the Lessor agrees not to discriminate any employee or applicant because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs or student status. The Lessor further agrees not to discriminate against any contractor, subcontractor or person who offers to contract or subcontract for services under the Lease because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

Accessibility:

The Leased Premises, Building and Common Areas shall conform where applicable to Chapter SPS 361.05 of the Wisconsin Administrative Code, Madison General Ordinance Section 39.05, and the Americans with Disabilities Act, regarding accessibility. The Lessor shall be responsible for all costs of compliance for the Leased Premises and the Common Areas.

Severability:

If any term or provision of the Lease or the application thereof to the City or the Lessor or circumstances shall, to any extent, be invalid or unenforceable, the remainder of the Lease, or the application of such terms or provisions to the City or the Lessor or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of the Lease shall be valid and be enforceable to the fullest extent permitted by law.

Entire Agreement:

All terms and conditions and all negotiations, representations and promises with respect to the Lease will be merged into an approved Lease. No alteration, amendment, change, or addition to the Lease shall be binding upon the parties unless in writing and signed by them.

Damage and Destruction: In the event the Leased Premises is damaged by any peril covered by standard policies of fire and extended coverage insurance to an extent which is less than twenty-five percent (25%) of the cost of replacement of the Leased Premises, the damage shall, except as hereinafter provided, promptly be repaired by the Lessor, at the Lessor's expense, but in no event shall the Lessor be required to repair or replace the City's inventory, trade fixtures, furniture, furnishings, equipment or personal property. In the event: (a) the Leased Premises is damaged to the extent of twenty-five percent (25%) or more of the cost of replacement of the Leased Premises; or (b) the Building is damaged to the extent of fifty percent (50%) or more of the cost of replacement, the Lessor may elect either to repair or rebuild the Leased Premises, as the case may be, or to terminate the Lease upon giving notice of such election in writing to the City within ninety (90) days after the event causing the damage. If the casualty, repairing or rebuilding shall render the Leased Premises untenantable, in whole or in part, a proportionate abatement of Base Rent shall be allowed until the date the Lessor completes the repairs or rebuilding, and the Lease Term shall be extended for a period equal to the period of repair.

Quiet Enjoyment: The Lessor hereby covenants and agrees that if the City shall perform all of the covenants and agreements herein to be performed on the City's part, the City shall, at all times during the continuance hereof, have the peaceable and quiet enjoyment and possession of the Leased Premises without any hindrance from the Lessor or any person lawfully claiming the Leased Premises.

Choice of Law: The Lease shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree, for any claim or suit or other dispute relating to the Lease that cannot be mutually resolved, the venue shall be a court of competent jurisdiction within the State of Wisconsin and the parties agree to submit themselves to the jurisdiction of said court, to the exclusion of any other judicial district that may have jurisdiction over such a dispute according to any law.

Brokerage Costs: The City is not responsible for any brokerage costs or fees in connection with the Lease.

Counterparts, Electronic Signature and Delivery: The Lease may be signed in counterparts, each of which shall be taken together as a whole to comprise a single document. Signatures on the Lease may be exchanged between the parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original; and the Lease may be converted into electronic format and signed or given effect with one or more electronic signature(s) if the electronic signature(s) meets all requirements of Wis. Stat. ch. 137 or other applicable Wisconsin or Federal

law. Executed copies or counterparts of the Lease may be delivered by facsimile or email and upon receipt will be deemed original and binding upon the parties hereto, whether or not a hard copy is also delivered. Copies of the Lease, fully executed, shall be as valid as an original.

Public Record: The Lease will be recorded at the office of the Dane County Register of Deeds after it is executed by the parties.

Marketing the Leased Premises: The Lessor agrees to not market the Leased Premises after this letter of intent is signed by both parties.

This proposal is not intended to be a contract but is only an expression of those basic terms and conditions which will be incorporated into a Lease agreement, which will be on City's standard lease form and will contain such content as may be mutually acceptable to Lessor and City, in the sole discretion of each. The Lease is subject to the approval of City Finance and the City of Madison Common Council. Further, any binding agreement must be evidenced by a final Lease agreement executed by both Lessor and City.

Please indicate your acceptance of the above terms and conditions by signing below and returning a copy to us at your earliest convenience.

Regards,

Thomas J Otto

Tom Otto

Cc: Kris Koval
Claire MacLachlan
Lydia McComas
Matt Mikolajewski
Dan Rolfs
Eric Veum

SIGNATURES FOLLOW ON THE NEXT PAGE

RE: City of Madison Letter of Intent for a Lease at the Property for the Leased Premises with a new address to be assigned by the City

Agreed to and accepted this 27th day of May, 2026 by:

City:

By: Dan Rolfs

Its: Real Estate Development Manager

Lessor:

By: _____

Title _____

Date: _____

EXHIBIT A

Site Plan of the Property and the City's Exclusive Parking Stalls"



EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Lot Number: 0

Block: 0

ASSESSORS PLAT 4 OUTLOTS A & B & LOTS 1, 2, 21 &, 22 INCL VAC VILLA BELL LN LYG
BETWN SD LOTS EXC TO, STATE IN R107/10000

Tax Parcel No. 070933308178

EXHIBIT C

LEASED PREMISES FLOOR PLAN

The Leased Premises is the total area below in BLUE SPACE, and its allocated share of the Shared Access and Loading Areas shown below

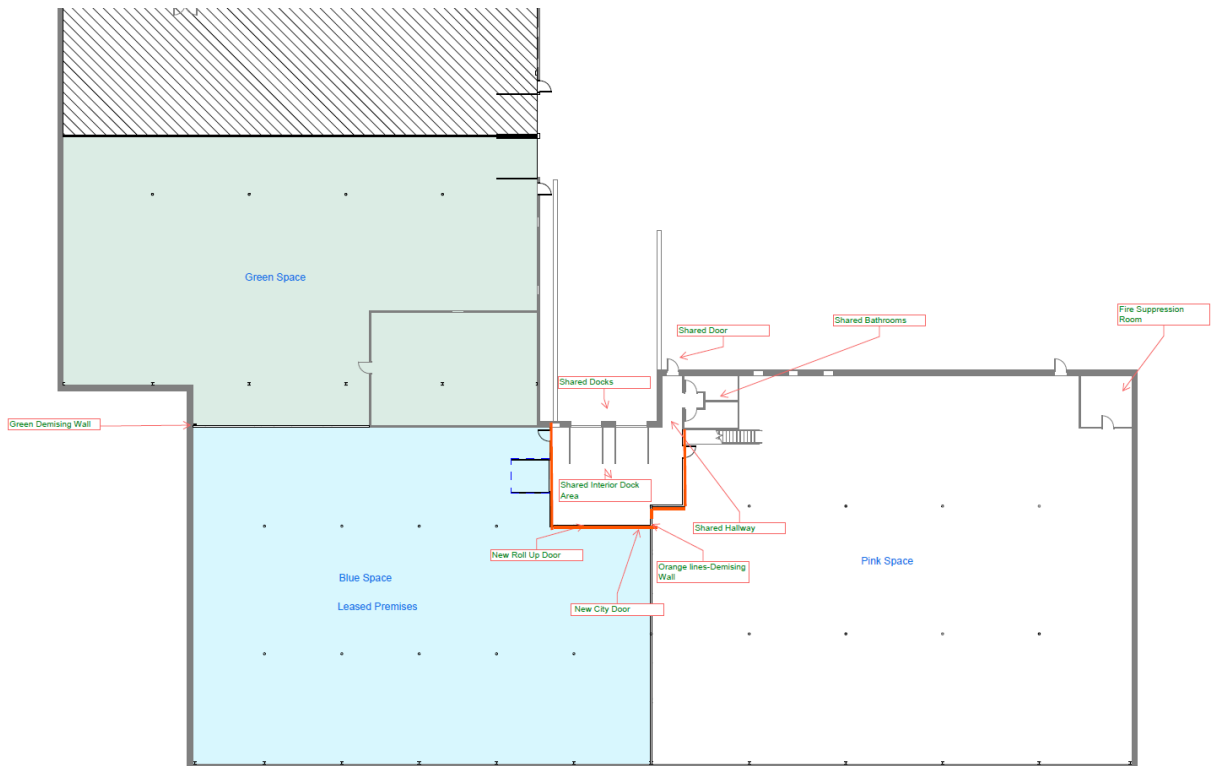


EXHIBIT D

DEPICTION OF THE LOCATION OF THE ROOF TOP UNITS THAT SERVICE THE LEASED PREMISES.

