

GROUND LEASE

(This document is a lease of less than 99 years and not a conveyance subject to Transfer Return and fee per Sec. 77.21(1) Wis. Stats.)

This Ground Lease (“Lease”) is entered into on this _____ day of _____, 2025, by and between the **City of Madison**, a Wisconsin municipal corporation (“City”), and **Mendota Lake House LLC** (the “Lessee”).

WITNESSETH:

WHEREAS, the City is the owner of James Madison Park located in the 600 and 700 blocks of E. Gorham Street in the City of Madison. Contained within is a three-story brick residential landmark-designated building formerly known as the Collins House, and now commonly known as Mendota Lake House (the “Building Improvement”), which is more particularly described on attached Exhibit A; and

WHEREAS, the Lessee owns the Building Improvement, which they have been operating as a bed and breakfast in a portion of James Madison Park under that certain Ground Lease recorded on September 17, 2012, as Document No. 4913196 (the “Original Ground Lease”); and

WHEREAS, the City and the Lessee (together, the “Parties”) desire to reset the 99-year lease term which would otherwise expire on September 14, 2111, as the Building Improvement is undergoing renovations and the longer lease term is required for lending purposes.

NOW, THEREFORE, the Parties mutually agree as follows:

1. Leased Land and Use. The City hereby leases to the Lessee the property legally described on attached Exhibit A, which is located within a portion of James Madison Park (“Leased Land”), for the continued use of the Leased Land with a bed and breakfast and private residence.
2. Term. This Lease shall be for a term of approximately ninety-nine (99) years, subject to early termination pursuant to the terms contained herein. This Lease shall commence on the date set forth above (the “Effective Date”) and expire on _____, 2124. The term “Lease Year” shall mean a full one (1) year period. The first Lease Year shall begin on the Effective Date. Each succeeding Lease Year shall begin on the anniversary of the Effective Date.
3. Rent and Rent Adjustments.
 - a. For the period from the Effective Date through the end of Lease Year one (1), the Lessee shall pay the City rent in the amount of Five Thousand Eight Hundred Twenty One and 23/00 Dollars (\$5,821.23) per annum, payable in advance on the first day of each Lease Year. Rent for any partial Lease Year shall be prorated.

Return to: City of Madison
 Economic Development Division
 Office of Real Estate Services
 P.O. Box 2983
 Madison, WI 53701-2983

Tax Parcel Nos.: 251/0709-132-1501-2
 251/0709-132-1598-9

- b. Beginning on the first anniversary of the Effective Date of this Lease and on each anniversary date thereafter, the annual rent shall increase by two percent (2%) per year compounded annually. The rent schedule for Lease Years one (1) through ninety-nine (99) is attached as Exhibit B.
- c. All payments are to be made payable to the City Treasurer and mailed or personally delivered to the City's Economic Development Division at the address specified in Paragraph 38.
- d. The Lessee shall pay to the city the sum of Two Hundred Fifty Dollars (\$250) for each occasion on which rent is not paid within fifteen (15) days of its due date. In addition, any rent that is not paid within thirty (30) days of its due date shall accrue interest at the rate of twelve percent (12%) per annum from the due date until paid.

4. Use and Restrictions on Use of Leased Land.

- a. The Lessee shall have the exclusive use and possession of the Leased Land, including the subterranean space for the basement of the Building Improvement, for the purpose of restoring and using the Building Improvement for the Lessee's owner-occupied residence and a bed and breakfast establishment, as described in the City's zoning code and State of Wisconsin Building Code, and other uses as permitted by the codes.
- b. The Leased Land shall be used exclusively by the Lessee and the employees, customers and vendors of the Lessee. The Leased Land shall not be used for parking by the general public, with general public defined as all persons other than the Lessee and the employees, customers and vendors of the Lessee.
- c. The Lessee will occupy and use the Leased Land solely for the uses described herein, and for no other use whatsoever without the City's prior written consent, which consent the City may withhold in its sole discretion.

5. Special Conditions.

- a. No additional buildings, fencing or other structures shall be erected upon the Leased Land without the City's express prior written consent and subject to the provisions of Paragraph 18. Notwithstanding the foregoing, the Lessee shall be permitted to install a Geo-Thermal System in accordance with the provisions of Paragraph 66.
- b. The Lessee shall in no way encumber, or allow to be encumbered, the City's title to the Leased Land, including, but not limited to easements for public utility purposes.
- c. The Lessee shall prohibit and prevent parking by anyone on any unimproved area of the Leased Land.
- d. It is expressly understood and agreed that the location of the Leased Land within James Madison Park confers no special rights or privileges of use and enjoyment of James Madison Park upon the Lessee, the Lessee's agents, tenants, assigns, or invitees, or the tourists and transients of the bed and breakfast.

- e. The City reserves unto itself, its successors and assigns, the right to further develop or improve the public areas of James Madison Park, regardless of the desires or views of the Lessee, without interference or hindrance by the Lessee. Notwithstanding the foregoing, the Lessee may exercise any and all rights to comment on or object to a use or proposed use for James Madison Park in accordance with applicable laws as if the Lessee were an adjacent property owner.
 - f. The City reserves the right to review and approve all landscaping changes or improvements that the Lessee proposes to make to the Leased Land. "Landscaping changes" are defined as any modifications to the grade or topography of the Leased Land and the installation or removal of plants, other than the planting of flowers or vegetables or regular maintenance such as lawn mowing. Any plantings beyond the Leased Land boundary that encroach upon the public right-of-way are subject to removal without compensation to the Lessee.
 - g. The City reserves the right to install and maintain a water line over a portion of the Leased Land to serve any potential future community garden(s) located in James Madison Park. The City shall work with the Lessee to ensure said water line does not interfere with the either the Building Improvement or the GT System.
6. Geo-Thermal System.
- a. To help heat and cool the Building Improvement, the Lessee may install a Geo-Thermal Heating and Cooling system ("GT System"). The GT System shall consist of:
 - (1) Up to 16 number of bore holes drilled into the Leased Land. The bore holes shall have a maximum width of 6 inches and a maximum depth allowed by the Madison Water Utility and the Wisconsin Department of Natural Resources;
 - (2) An underground piping system that links the bore holes and the heat exchanger(s);
 - (3) A heat transfer medium that runs through the piping system; and
 - (4) Any and all associated equipment and mechanicals that are required to connect the GT System to the HVAC system within the Building Improvement.
 - b. The GT System shall be considered part of the Building Improvement.
 - c. The Lessee shall be responsible for the installation and maintenance of the GT System.
 - d. Should the Lessee elect to install a GT System, the Lessee shall ensure the GT System is installed, operated and maintained in compliance with all applicable Federal, State and local ordinances.
 - e. Prior to installation or removal of the GT System, the Lessee shall submit all plans and specifications for such installation or removal to the City Engineer, the City Parks Superintendent, and City Historic Preservation Planner for their approval.
 - f. The Lessee's' GT System installation contractor shall add the City as an additional insured on its commercial general liability insurance.
7. Assignment of Lease. It is understood that the Lessee is the owner of the Building Improvement and that the Lessee's' interest in this Lease is appurtenant to the Lessee's ownership of it.

It is further understood that this leasehold interest shall not be severed from the ownership of the Building Improvement. Accordingly, the Lessee shall at any time, upon notice to the City, be permitted to sell, assign, transfer, sublease, mortgage, pledge, encumber, grant and convey its interests in this Lease (which actions are collectively referred to herein as "Transfers"), but only if such Transfer is made simultaneously with the Transfer of the Building Improvement to the same purchaser or transferee of this Lease. Furthermore, foreclosure of any such mortgage, pledge or encumbrance shall also be a Transfer permitted hereunder, subject to the restriction that this leasehold interest shall not be severed from the ownership of the Building Improvement. All such Transfers shall be subject to all of the terms of this Lease, and all applicable statutes, laws and ordinances. Any purchaser or transferee of all of the Lessee's right, title and interest in and to this Lease shall be considered as having assumed and become bound by all of the Lessee's obligations hereunder, and shall take the Lease subject to all prior breaches and shall be liable therefor in the same manner as the Lessee or prior transferee.

8. Mortgage Liens.

- a. The Lessee shall have the right at any time and from time to time during the term of this Lease, at their own expense, to negotiate and obtain a loan or loans (and to extend, renew, refinance or replace any such loan and/or to negotiate and obtain a new loan or loans) which may be secured by a mortgage on the Building Improvement and the Lessee's leasehold interest in the Leased Land. Any such mortgage loan or loans or extension, renewal, refinancing or replacement thereof (hereinafter referred to as a "Mortgage") shall:
 - (1) be due and payable in full prior to the expiration of the term of this Lease and any authorized extensions thereof, and
 - (2) impose no personal liability on the City (the sole recourse of the holder of the Mortgage (the "Mortgagee") to be against the Lessee and/or the Lessee's interest in the Leased Land and/or including any other collateral pledged to the Mortgagee). The Lessee agrees to pay all charges for securing and making any Mortgage, including all brokerage, commission charges, and fees for examination of title, attorney's fees, recording fees, title insurance, and such other costs and expenses as any Mortgagee may require to be paid.
- b. The Lessee shall notify the City of the names and addresses of all Mortgagees within thirty (30) days of recording a Mortgage.
- c. The Lessee understands that the City's interest in the fee of the Leased Land will not be subordinated to the lien or extension, renewal, continuation or replacement of the lien of any Mortgage obtained by the Lessee.
- d. The City shall, upon serving the Lessee with any notice of default, simultaneously serve a copy of such notice upon the holder of such Mortgage by certified mail, return receipt requested. The Mortgagee shall thereupon have the same period, after service of such notice upon it, plus an additional sixty (60) days, to remedy or cause to be remedied the defaults complained of, and the City shall accept such performance by or at the instigation of such Mortgagee as if the same had been done by the Lessee.

- e. If the Lessee shall not cure or remedy any default by the Lessee under this Lease within the period provided for such cure or remedy by the Lessee, then each Mortgagee may, but shall not be required to:
 - (1) cure or remedy, or cause to be cured or remedied, within the period of time provided to the Lessee for such cure or remedy, such default and the City shall accept the same as a timely cure or remedy; and/or
 - (2) acquire by foreclosure, purchase, assignment in lieu of foreclosure, or otherwise the property interest mortgaged, encumbered, pledged or assigned as security, and in such event the City shall not exercise any remedy it might have with respect to such default for so long as the Mortgagee shall be diligently pursuing any such acquisition. Upon acquisition, the Mortgagee shall be required to cure or remedy or cause to be cured or remedied, within the period of time provided to the Lessee for such cure or remedy, such default and the City shall accept the same as a timely cure or remedy.
- f. The City agrees that so long as there is any Mortgage of the Lessee's' interest herein, the following provisions shall apply, notwithstanding any other provisions of this Lease:
 - (1) There shall be no cancellation, surrender or material modification of this Lease by joint action or agreement of the City and the Lessee without the prior consent in writing of the Mortgagee.
 - (2) The City agrees that the name of the Mortgagee may be added to the "Loss Payable Endorsement" of Fire and Extended Coverage insurance policies required to be carried by the Lessee hereunder.
 - (3) The proceeds from any Fire and Extended Coverage insurance policies or arising from a condemnation may be held by any Mortgagee and distributed pursuant to the provisions of this Lease, but the Mortgagee may reserve its right to apply to the Mortgage debt the Lessee's' share of such proceeds pursuant to such Mortgage.
 - (4) The City shall, upon request, execute, acknowledge and deliver to the Mortgagee, an agreement prepared at the sole cost and expense of the Lessee, in a form satisfactory to the Mortgagee, between the City, the Lessee and Mortgagee, acknowledging agreement with all the provisions of this Subparagraph 9.f.
- g. The City and the Lessee hereby acknowledge and agree that in the event the Mortgagee notifies the City in writing of (i) a default by the Lessee under the Mortgage; and (ii) the Mortgagee's election to cause the transfer of the Lessee's' interest under this Lease to the Mortgagee or any designee or nominee of the Mortgagee, whether such transfer shall occur before or simultaneously to the corresponding transfer of the Building Improvement to Mortgagee, then the City will accept the Mortgagee, any designee or nominee of the Mortgagee, or the purchaser of the Building Improvement and of the Lessee's' interest under this Lease at a foreclosure sale, or any assignee of the Lessee's' interest under this Lease in lieu of foreclosure or any other party as the lessee under this Lease (provided such party shall be the purchaser of the Building Improvement) for the remainder of the term of the Lease and such transfer of the Lessee's' interest shall not be a default hereunder.

9. Subletting. Lessee may sublet the Leased Land concurrent with subleasing the Improvements to the same sublessee for no more than twelve (12) cumulative months in any sixty (60) month period. Lessee shall provide the City with a copy of all subleases prior to the effective date of said sublease.

10. Liens.
 - a. The Lessee shall not suffer or permit any construction or mechanics' lien to be filed, or if filed, to remain uncontested, against the fee of the Leased Land, nor against the Lessee's' leasehold interest in the Leased Land, by reason of work, labor, services or materials supplied or claimed to have been supplied to the Lessee or anyone holding the Leased Land or any part thereof through or under the Lessee; and nothing contained herein shall be deemed or construed in any way as constituting the consent or request of the City, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or supplier for the performance of any labor or the furnishing of any materials for any specific improvement, alteration or repair of or to the Leased Land or any part thereof, nor as giving the Lessee any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any construction or mechanics' lien against the fee of the Leased Land. If any such lien is filed, the Lessee shall immediately cause the same to be discharged or released or shall upon request provide adequate and acceptable security or bond to protect the City's interest.
 - b. If any such construction or mechanics' lien shall at any time be filed against the Leased Land, the Lessee covenants that they will promptly take and diligently prosecute appropriate action to have the same discharged by payment, bonding or otherwise, and that it will hold the City free and harmless of and from any and all liability to any contractor, subcontractor, supplier, laborer or any other person relating to or arising because of any improvements or alterations on or to the Leased Land, and that it will also defend on behalf of the City, at the Lessee's sole cost and expense, any action, suit or proceeding which may be brought for the enforcement of any such lien, and that it will pay any damages and discharge any judgments entered therein. Upon the Lessee's failure to do any of the foregoing things, the City may take such action as may be reasonably necessary to protect the City's interest, in addition to any other right or remedy which it may have; and any amount paid by the City in connection with such action shall be repaid by the Lessee to the City upon demand, together with interest thereon at the rate of twelve percent (12%) per annum.

11. Maintenance. The Lessee shall, at their own expense, keep and maintain the Leased Land in a presentable condition consistent with good business practice and in a manner consistent with the preservation and protection of the general appearance and value of other premises in the immediate vicinity. Maintenance responsibilities include, but shall not be limited to, any required paving, general repairs, removal of garbage and debris, snow removal, landscape upkeep, and parking enforcement. No exterior storage of materials, equipment or vehicles is permitted on the Leased Land, except the temporary and orderly placement of items in conjunction with maintenance, repair or construction activities.

12. Taxes
 - a. Real Estate Taxes. The City is a tax-exempt entity. Should any City of Madison Ordinance or State of Wisconsin Statute after the Effective Date require that the Leased Land be subject to real estate taxes, the Lessee shall be liable for all such taxes.

- b. **Special Assessments.** The Lessee shall pay, before delinquency, any and all special assessments that accrue to the Leased Land.
 - c. **Personal Property Taxes.** The Lessee shall pay, before delinquency, all municipal, county and state or federal taxes assessed against any leasehold interest of the Lessee or any fixtures, furnishings, equipment, stock-in-trade or other of the Lessee's' personal property of any kind owned, installed or used in or on the Leased Land for the Lessee sole benefit, including the Building Improvement.
 - d. **Room Taxes.** The Lessee shall pay, before delinquency, all transient occupancy taxes imposed by the City pursuant to Sec. 4.21, Madison General Ordinances and 66.0651, Wis. Stats., as they may be amended or renumbered from time to time.
13. **Utilities.** The Lessee shall be solely responsible for and promptly pay all charges for water, gas, heat, electricity, sewer, storm water, and any other utility used upon or furnished to the Building Improvement and Leased Land.
14. **Indemnification.** The Lessee shall be liable to and 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 officers, officials, 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 Lessee or their officers, officials, members, agents, employees, assigns, guests, invitees, sub-Lessee or subcontractors, in the performance of this Lease, whether caused by or contributed to by the negligence of the City, its officers, officials, agents, or employees. This paragraph shall survive termination and assignment or transfer of this Lease.
15. **Liability Insurance.** The Lessee shall carry commercial general/homeowners liability insurance including contractual liability with no less than the following limits of liability, as may be adjusted, from time to time, by the City's Risk Manager: bodily injury, death and property damage of \$1,000,000.00 per occurrence. The policy or policies shall name the City, its officers, officials, agents and employees as an additional insured. As evidence of this coverage, the Lessee shall furnish to the City a certificate of insurance on a form approved by the City. If the coverage required above expires while this Lease is in effect, the Lessee shall provide a renewal certificate to the City for approval.
16. **Property Insurance.** The Lessee shall maintain throughout the term of this Lease a policy of comprehensive fire, extended coverage, vandalism, malicious mischief and other endorsements insuring the Building Improvement and all appurtenances thereto for the full insurable replacement value thereof, with such a deductible not to exceed \$5,000.00.
17. **Hazardous Substances; Indemnification.** The Lessee represents and warrants that its use of the Leased Land will not generate any hazardous substance, and it will not store or dispose on the Leased Land nor transport to or over the Leased Land any hazardous substance in violation of any applicable federal, state or local law, regulation or rule. The Lessee further agrees to hold the City harmless from and indemnify the City against any release of such hazardous substance and any damage, loss, or expense or liability resulting from such release including all attorneys'

fees, costs and penalties incurred as a result thereof. "Hazardous substance" shall be interpreted broadly to mean any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic radioactive substance, or other similar term by any federal, state or local environmental law, regulation or rule presently in effect or promulgated in the future, as such laws, regulations or rules may be amended from time to time; and it shall be interpreted to include, but not be limited to, any substance which after release into the environment will or may reasonably be anticipated to cause sickness, death or disease or damage to or loss of use of real or personal property. This paragraph shall survive termination and assignment or transfer of this Lease.

18. Compliance. The Lessee shall observe and promptly and effectively comply with all applicable statutes, rules, orders, ordinances, requirements and regulations of the City, the County of Dane, the State of Wisconsin, the federal government and any other governmental authority having jurisdiction over the Leased Land. The Lessee 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 Lessee 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.
19. Subordination.
 - a. This Lease is subordinate to rights and privileges granted by the City to public and private utilities across, over or under the Leased Land.
 - b. The Lessee shall subordinate its rights in this Lease, without compensation, at the request of the City to provide rights, privileges, easements and rights-of-way for all current or future public and private utilities across or along the Leased Land, provided that neither such subordination nor such easements shall interfere, except temporarily during construction or temporarily pursuant to rights which accrue to such easements or rights-of-way, with the use of the Leased Land under the terms of this Lease, including the GT System.
20. Right of Entry. The City or its representatives shall have the right to enter upon the Leased Land at any reasonable time with 24 hours' notice for the purpose of making any inspection it may deem expedient to the proper enforcement of any term or condition of this Lease or in the exercise of its municipal powers. Such right of entry shall not include the Building Improvement and shall not interfere with the operation of Lessee's business. Notice may be made in writing, including by e-mail, or verbally.
21. Termination. The City shall have the right, at its sole option, to declare this Lease void, terminate the same, reenter and take possession of the Leased Land under the following conditions:
 - a. By giving the Lessee a minimum of thirty (30) days' written notice of termination, upon or after any one of the following events:
 - (1) The filing by the Lessee of a voluntary petition in bankruptcy.
 - (2) The institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as bankrupt pursuant to such proceedings.

- (3) The taking by a court of competent jurisdiction of the Lessee's' assets pursuant to proceedings brought under the provisions of any federal or state reorganization act.
- (4) The appointment of a receiver of the Lessee's' assets.
- (5) The divestiture of the Lessee's' estate herein by other operation of law.
- (6) The abandonment by the Lessee of the Leased Land, except in connection with its surrender to an assignee or other party succeeding to the Lessee's interests hereunder, subject to Paragraph 7. Abandonment shall not be deemed to occur while rental payments are current.
- (7) The use of the Leased Land for an illegal purpose.
- (8) The failure of the Lessee to pay when due any rent or any other monetary sums due pursuant to the terms of this Lease.

The termination shall not be effective, if within such thirty (30) day period, the event giving rise to the City's right to terminate ceases to exist. In the event of termination under this Subparagraph, any prepaid rent shall be retained by the City.

- b. In the event that the Lessee fails to maintain insurance as required by this Lease, the City may elect to: (i) immediately terminate this Lease and cause the removal of all personal property installed upon the Leased Land at the sole expense of the Lessee; or (ii) purchase or pay for any insurance coverage required by this Lease and charge the Lessee the cost of same as additional rent. Any amount paid by the City hereunder shall be repaid by the Lessee to the City upon demand, together with interest thereon at the rate of twelve percent (12%) per annum. In the event of termination under this Subparagraph, any prepaid rent shall be retained by the City.
- c. By giving the Lessee a minimum of thirty (30) days written notice of termination in the event the Lessee's default in the performance of any term or condition of this Lease other than those as set forth in Subparagraphs 21a.(1) and 21a.(2). 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 thirty (30) days, then the Lessee shall be deemed to be complying with such notice if, promptly upon receipt of such notice, the Lessee 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. In the event of termination under this Subparagraph, any prepaid rent shall be retained by the City.
- d. By giving the Lessee a minimum of two (2) calendar years written notice of termination in the event the Leased Land, at the sole discretion of the City, is desired for any public use or purpose. In the event of termination under this Subparagraph, any rent that has been prepaid for the period following the date of the Lessee's' vacation of the Leased Land shall be prorated on a per diem basis and refunded to the Lessee.
- e. If the whole of the Leased Land or so much of the Leased Land that the Building Improvement can no longer be maintained on the Leased Land shall be taken by Federal,

State, county, city, or other authority for public use, or under any statute, or by right of eminent domain, then the term hereby granted and all rights of the Lessee hereunder shall immediately cease and terminate when possession of the Leased Land or so much of the Leased Land that the Building Improvement can no longer be maintained on the Leased Land shall be taken, and the Lessee shall not be entitled to any part of any award that may be made to the City for such taking of the Leased Land, nor to any damages therefor except to the extent that the Lessee is entitled to a separate award for the taking of the Leased Land. The rent shall be adjusted proportionately as of the date of such termination of this Lease.

- f. Failure of the City to declare this Lease terminated upon the breach or default of the Lessee for any reason set forth in this Subparagraph 21(21(a)-(f). shall not operate to bar or destroy any right of the City to terminate this Lease for any subsequent breach or default of any term or condition of this Lease.
22. 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 this 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.
23. Damage and Destruction.
- a. In the event the Building Improvement shall be damaged by fire or other casualty to the extent of more than fifty 50% of the cost of replacement of the Building Improvement, as determined by a third-party independent insurance expert with specialization in historic properties, to be selected by the City, and insurance policies on the Building Improvement cover less than fifty percent (50%) of the cost of replacement of the Building Improvement, this Lease shall automatically terminate effective as of the date of damage and the Building Improvement shall revert back to the City for the expansion of James Madison Park.
 - b. In the event the Building Improvement shall be damaged by fire or other casualty to the extent of fifty percent (50%) or less of the cost of replacement, then the Lessee, at their own cost and expense, shall cause the same to be repaired, replaced or rebuilt within a period of time which, under all prevailing circumstances, shall be reasonable and time shall be of the essence.
24. Leased Land Acquired by Eminent Domain.
- a. If the whole of the Leased Land and or so much of the Leased Land that the Building Improvement can no longer be maintained on the Leased Land shall be taken by any entity other than the City or any authority acting on behalf of the City for any public or quasi-public use under any statute or by right of eminent domain or by negotiated purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken, and the Parties shall each be entitled to claim separate awards with respect to their interests as a result of the taking.
 - b. In the event of a partial taking (or negotiated purchase in lieu thereof) of the Leased Lands not resulting in the termination of this Lease pursuant to the provisions of Subparagraph 24.a., the entire award (or the sales price in the case of a negotiated purchase) shall belong

to the Lessee, and the rent payable hereunder for the Leased Land shall be reduced by the same percentage as the percentage which the square footage which was taken bears to the total square footage of the Leased Land.

25. Ownership of Building Improvement and Surrender.

- a. During the term hereof, the Building Improvement and any and all other improvements shall be and remain the property of the Lessee. Upon the expiration or earlier termination of this Lease for any reason, including without limitation, termination as a result of a default by the Lessee, subject to the terms and conditions set forth in Paragraph 25(b) below, (i) the Building Improvement and any and all other improvements shall become the property of the City; and (ii) the Lessee shall surrender the Building Improvement to the City in good condition and repair, normal wear and tear and damage by fire or other casualty excepted.
- b. Upon the expiration of this Lease, the City shall purchase the Building Improvement from the Lessee. To determine the repurchase price, the City and the Lessee shall each retain a licensed appraiser reasonably acceptable to the other party (at the sole cost and expense of the retaining party) to independently appraise the Building Improvement in "as-is" condition, as defined by the Appraisal Institute, Dictionary of Real Estate Appraisal, 7th Edition ("The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date"). Each appraiser will be instructed to prepare an appraisal report of the Building Improvement in accordance with current Uniform Standards of Professional Appraisal Practice. The reports shall be promptly reviewed by the parties upon receipt of the appraisal reports. If the lower of such appraised values is ninety (90) percent or more of the higher appraised value, then the value of the Building Improvement shall be the average of the values indicated in the two appraisal reports. If the lower of such appraised values is less than ninety (90) percent of the higher appraised value, a third appraiser shall be selected by the two fee appraisers. The third appraiser shall review both existing appraisal reports and make a determination of the "as-is" value of the Building Improvement. The value of the third appraiser shall not exceed the higher of the two previous appraisals, nor be less than the lower of the two previous appraisals. If a third appraiser is not able to make this determination, and the Parties are otherwise unable to agree upon a value, the matter shall be submitted to an arbitrator, agreed to by the Parties, who's determination of value shall be binding upon the Parties. The cost incurred in retaining the third appraisal or an arbitrator shall be borne equally by the Parties. In the event of a termination pursuant to Paragraph 23(a) of this Lease, then the repurchase price shall be proportionally reduced by the amount of any insurance proceeds actually received by the Lessee from the Lessee's insurer.
- c. Upon the termination of this Lease due to a condemnation as outlined in Paragraphs 21(e) and 24 of this Lease, the Lessee shall be entitled to a separate award for the Building Improvement. This separate award shall be made by the condemning authority that acquires Leased Land.
- d. Upon the termination of this Lease as outlined in Paragraphs 21(a), 21(b) and 21(c) of this Lease, the Lessee shall surrender the Building Improvement to the City as provided in Paragraph 25(a) of this Lease, and the City shall purchase the Building Improvement from the Lessee. The repurchase price shall be determined in the same manner set forth in Paragraph 25(b) above. Once calculated, the repurchase price shall be discounted by 10% to arrive at the repurchase price due and payable pursuant to this Paragraph 25(d) (the "Reduced Repurchase Price"). The City and the Lessee acknowledge and agree that (i) it will be

difficult to determine the precise amount of damages that the City will incur as a result of the termination of the Lease as outlined in Paragraphs 21(a), 21(b) and 21(c) of this Lease; and (ii) the Reduced Purchase Price has been agreed, upon after negotiation, as the Parties' best and reasonable estimate of the City's damages. Therefore, the Parties agree that the Lessee's' agreement to accept the Reduced Repurchase Price shall constitute a payment of liquidated damages by the Lessee to the City for compensation for the City's damages arising as a result of the termination of the Lease as outlined in Paragraphs 21(a), 21(b) and 21(c) of this Lease. The City shall apply the Reduced Repurchase Price to any and all outstanding mortgages that are placed on the Building Improvement, with the balance of the Reduced Repurchase Price being paid to the Lessee.

26. Historic Preservation. In all actions relating to the Leased Land, the Lessee shall comply with all applicable provisions of Subchapter II, Historic Preservation, of Chapter 44, Wisconsin Statutes, and all federal laws and regulations applicable to properties listed on the National Register of Historic Places.
27. Removal and Disposal of Personal Property. Upon the expiration or termination of this Lease, the Lessee shall remove all personal property from the Building Improvement and Leased Land. If the Lessee leaves any personal property on the Leased Land or in the Building Improvement, the City shall have the right to dispose of said property, without liability, thirty (30) days after the Lessee vacates or abandons the Building Improvement and Leased Land.
28. Hold Over. In the event the Lessee shall continue to occupy or use the Leased Land after the expiration of this 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 rent equal to one-twelfth (1/12) of the annual rent shall be paid monthly in advance, and in no event shall the tenancy be deemed to be year to year.
29. Definition of City and Lessee. The terms "City" and "Lessee" when used herein shall mean either singular or plural, as the case may be, and the provisions of this Lease shall bind the Parties mutually, their heirs, personal representatives, successors and assigns.
30. Non-Discrimination in Employment. In the performance of its obligations under this Lease, the Lessee agrees not to discriminate against any employee or applicant because of race, religion, marital status, age, color, sex, disability, 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 Lessee further agrees not to discriminate against any contractor, subcontractor or person who offers to contract or subcontract for services under this Lease because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.
31. Severability. If any term or provision of this Lease or the application thereof to the Parties or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provisions to the Parties 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 this Lease shall be valid and be enforceable to the fullest extent permitted by law.
32. Joint and Several Liability: Forfeiture. The Lessee shall be jointly and severally liable for all terms and conditions, including payments, of this Lease.

33. Entire Agreement. Upon execution of this Agreement, the Original Ground Lease is terminated and replaced by this Agreement. All terms and conditions with respect to this Lease are expressly contained herein, and the Parties agree that neither the City nor the Lessee has made any representations or promises with respect to this Lease not expressly contained herein. No alteration, amendment, change, or addition to this Lease shall be binding upon the Parties unless in writing and signed by them.
34. Quiet Enjoyment. The City hereby covenants and agrees that if the Lessee shall perform all of the covenants and agreements herein to be performed on the Lessee’s’ part, the Lessee shall, at all times during the continuance hereof, have the peaceable and quiet enjoyment and possession of the Leased Land without any manner of hindrance from the City or any person lawfully claiming the Leased Land.
35. Consent of the City. In the event the Lessee requires the consent of the City hereunder, the City Parks Superintendent shall be the authorized agent to grant such consent.
36. Accessibility. The Leased Land and Building Improvements shall conform where applicable to Chapter SPS 361.05 of the Wisconsin Administrative Code, Madison General Ordinances Section 39.05, and the Americans with Disabilities Act, regarding accessibility, with all costs of compliance to be paid by the Lessee.
37. Choice of Law, Venue, and Forum Selection. This Lease shall be governed by and construed, interpreted, and enforced in accordance with the laws of the State of Wisconsin, without regard to conflict of law principles. For any claim or suit or other dispute relating to this Lease that cannot be mutually resolved informally, the venue shall be Dane County, Wisconsin, and the parties agree to submit themselves to the jurisdiction of a court of competent jurisdiction in said venue, to the exclusion of any other forum that may have jurisdiction over such a dispute according to any law.
38. Notices. All notices to be given under the terms of this 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. If electing to use electronic mail, said emails shall be sent to the email addresses provided below with an active read receipt and shall include a statement that the electronic mail constitutes notice under the terms of this Lease.

For the City: Office of Real Estate Services
Economic Development Division - City of Madison
Attention: Real Estate Development Services Manager
P. O. Box 2983
215 Martin Luther King, Jr. Blvd., Suite 300
Madison, WI 53701-2983
Email: Drolfs@cityofmadison.com &
ores@cityofmadison.com

With a courtesy copy to:
(which shall not constitute notice) City of Madison Parks Division
Attn: Parks Superintendent
330 E. Lakeside St.
Madison, WI 53715
eknepp@cityofmadison.com

For the Lessee: Mendota Lake House LLC
Robert Klebba
704 E. Gorham Street
Madison, WI 53703
bob.klebba@gmail.com

With a courtesy copy to: One Community Bank
(which shall not constitute notice) Attn: Marc McMerty
733 North Main St
Oregon, WI 53575
mmcmerty@onecommunitybank.com

Any party hereto may, by giving five (5) days written notice to the other party in the manner herein stated, designate any other address in substitution of the address shown above to which notices shall be given.

39. Counterparts, Electronic Signature and Delivery. This Lease may be signed in counterparts, each of which shall be taken together as a whole to comprise a single document. Signatures on this Lease may be exchanged between the parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original; and this 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 this 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 this Lease, fully executed, shall be as valid as an original.
40. Public Record. This Lease will be recorded at the office of the Dane County Register of Deeds after it is executed by the Parties.

[signatures continue on following page]

IN WITNESS WHEREOF, the Parties have entered into this Lease as of the date first set forth above.

MENDOTA LAKE HOUSE LLC

By: _____
Bob E. Klebba, Managing Member

State of Wisconsin)
)ss.
County of Dane)

Personally came before me this _____ day of _____, 2025, Robert E. Klebba, managing member of Mendota Lake House, LLC, known to be the person who executed the above foregoing instrument and acknowledged the same.

Notary Public, State of Wisconsin

(Print or Type Name)
My Commission expires: _____

CITY OF MADISON, a Wisconsin municipal corporation

By: _____
Satya Rhodes-Conway, Mayor

By: _____
Maribeth Witzel-Behl, City Clerk

AUTHENTICATION

The signatures of Satya Rhodes-Conway, as the Mayor, and Maribeth Witzel-Behl, as the City Clerk, on behalf of the City of Madison, are authenticated on this ____ day of _____, 2025.

Name: Doran Viste, Assistant City Attorney
Title: Member, State Bar of Wisconsin

Approved

Date

Approved

Date

David Schmiedicke, Finance Director

Eric Veum, Risk Manager

Approved as to Form

Date

Michael Haas, City Attorney

Execution of this Lease by the City of Madison is authorized by Resolution No. RES-25-_____, File ID No. _____, adopted by the Common Council of the City of Madison on _____, 2025.

Drafted by the City of Madison Office of Real Estate Services

Real Estate Project No. 9916

EXHIBIT A
Legal Descriptions

Leased Lands:

Address: 702 E. Gorham Street
Tax Parcel No.: 251/0709-132-1501-2

Lot (1) One, Certified Survey Map No. 4607, as recorded in the office of the Dane County Register of Deeds in Volume 20 of Certified Surveys, Pages 140-142, as Document No. 1872436, located in the City of Madison, Dane County, Wisconsin.

Lessee's Property (Building on Leased Land):

Address: 704 E. Gorham Street
Tax Parcel No.: 251/ 0709-132-1598-9

The Building and Improvements located at 704 East Gorham Street, known as the Collins House, conveyed by the City of Madison to Robert E. Klebba and David P. Waugh by Bill of Sale dated September 14, 2012 and recorded September 17, 2012 in the Office of the Dane County Register of Deeds as Document No. 4913197, and conveyed by Robert E. Klebba and David P. Waugh by [Name of Document] dated _____, 2025 and recorded _____, 2025 in the Office of the Dane County Register of Deeds as Document No. _____.

EXHIBIT B
Rent Schedule