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Ussher, Adam Thu, Sep 1, 4:50 PM (12 days ago)

to **Martha, Edward, Kerrie**

Good afternoon Kerrie,

I apologize for the continued confusion about these provisions. Hopefully these answers are more helpful:

1. If the lease with Corben Lakeland, LLC is assigned to SCLS as is, SCLS will have every right Corben Lakeland had as Lessee. If assigned, SCLS will replace Corben Lakeland as the lessee, and SCLS can essentially be substituted for the word "Lessee" throughout the Lease. If we do this on page 3 for the option to extend, it would read "SCLS shall have the option to extend the primary term for two (2) successive twenty-five (25) year terms." This is SCLS's sole option; *i.e.*, the Airport cannot and will not prevent SCLS from exercising its options if it chooses to do so.
2. As explained above, the options to extend will be SCLS's sole option. The Airport may ask SCLS to wait until closer to the end of the first 50 years and subsequent 25 years to *give notice* that it is exercising its options, but the Airport will not foreclose the options altogether.

To address the concern more directly, the Airport would only exercise its rights of reversion or removal when the Lease ends, whether by termination or expiration. The Airport will not require SCLS to remove the improvements in 2050 if the first 25 year option is exercised, nor in 2075 if the second 25 year option is exercised. I also do not read the Lease to grant the Airport such right. While I was not present when the Lease was first negotiated, I believe the intent was to clarify that the Airport would have the right of removal when the Lease ended, even if for some reason the lessee decided not to exercise one or both of the extensions. Assuming SCLS exercises both options, it will have control over its leasehold and the improvements until 2100.

I hope this helps address the board's concerns. I completely understand them trying to anticipate the worst outcome and avoiding that. As an attorney, that's often what we're asked to do as part of risk assessment. I will be out of the office tomorrow and Monday for the holiday weekend, but if you have any further questions I will do my best to respond further when I return on Tuesday.

Thanks,

Adam

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From: Kerrie Goeden <kgoeden@scls.info>

Sent: Thursday, September 1, 2022 3:14 PM

To: Ussher, Adam <Ussher.Adam@msnairport.com>; Martha Van Pelt <mvanpelt@scls.info>; Edward J. Lawton <elawton@axley.com>

Subject: Lakeland Ground Lease Term Clarification

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Hi Adam,

We had a building project meeting today and more questions were asked about the primary term and extensions of the ground lease and the airport's rights upon termination. I am hoping that you can help us again to interpret this language correctly.

The ground lease is attached.

On page 3, item 3, it addresses the term of the ground lease. The Primary Term is 50 years commencing on July 1, 2000. The Option to Extend states: Lessee shall have the option to extend the primary term for two (2) successive twenty-five (25) year terms.

Here are our questions on that language:

1) Can you please confirm that if SCLS is assigned the remainder of the primary lease, that it will also be assigned the 2 options to extend?

2) If assigned the 2 options to extend, what would SCLS' rights be in exercising those options? Would SCLS be guaranteed the right to exercise both of those options to extend the lease at the end of the primary lease?

Question 2 is a concern because on page 27, item 11, the ground lease states Rights Upon Termination: Upon termination or expiration of the primary term of the Lease or any extension thereof, Lessor may require Lessee to remove all or a portion of the improvements at Lessee's expense provided Lessor notifies Lessee of its intent to require such removal not less than one hundred eighty (180) days prior to the termination or expiration date of the primary term or extended term.

The concern with this language (or the interpretation of it) is that the Airport could require SCLS to remove its building(s) at the end of the primary term of the Lease and not allow SCLS the right to exercise its options to extend the lease.

If SCLS is assigned the primary lease and both options for extensions, would the Airport have the ability to reclaim the property or require removal of the SCLS buildings at the end of the primary term of the Lease? Or would SCLS be guaranteed the right, under this ground lease, to exercise both options to extend the lease before the Airport could require such removal?

The board is looking for assurance that SCLS would have control of the property for the full 77 years (remainder of primary and both 25 year extensions).

Thank you so much for your assistance with these questions.

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