

**MEMORANDUM OF UNDERSTANDING RELATING TO THE REDEVELOPMENT
OF THE KENILWORTH BUILDING**

This Memorandum of Understanding is between the Water Tower Landmark Trust, Inc. ("Trust"), a Wisconsin non-stock corporation, the Board of Regents of the University of Wisconsin System on behalf of the University of Wisconsin—Milwaukee ("UWM").

RECITALS

WHEREAS, the Trust is a community-based organization representing the interests of residents and property owners in certain neighborhoods in Milwaukee's east side, including the area known as North Point South located south of East North Avenue, north of East Lafayette Place west of Lincoln Memorial Drive and east of North Prospect Avenue.

WHEREAS, UWM wants to redevelop the Kenilworth Building located south of East Kenilworth Place between North Prospect Avenue and North Farwell Avenue in the City of Milwaukee which abuts the western boundary of North Point South; and

WHEREAS, UWM Chancellor Carlos Santiago intends to strengthen UWM's research and graduate studies and believes the redeveloped Kenilworth Building will play a key role in attracting quality graduate students to UWM; and

WHEREAS, UWM Chancellor Carlos Santiago intends for the apartment-style student residences to be filled entirely with graduate students, to the extent possible; and

WHEREAS, a rezoning is needed to accommodate UWM's plans to redevelop the Kenilworth Building, and

WHEREAS, UWM has requested that the Trust support UWM's application to rezone the Kenilworth Building to planned development zoning and the Trust has agreed to do so subject to the terms and conditions set forth in this Memorandum of Understanding.

NOW THEREFORE, for valuable consideration, the receipt of which is expressly acknowledged, the parties agree as set forth below:

1. Trust to Support Rezoning Application. In consideration for the agreements set forth in paragraphs 2-8 of this Memorandum of Understanding, the Trust agrees to publicly support UWM's application to change the zoning for the Kenilworth Building to planned development. UWM acknowledges and agrees that the Trust's support of the zoning change is conceptual and that the Trust reserves the right to request changes during the rezoning proceedings including, but not limited to, changes to the permitted retail and commercial uses, the square footage devoted to particular uses, design and architecture, driveway locations and number, days and hours of operation, security, lighting, landscaping, signage and parking requirements.

2. Student Housing. UWM will include in its application for planned development zoning the following restrictions on the proposed student housing:

a. The student housing will consist of only apartment-style 1, 2 and 3 bedroom units in the western part of the Kenilworth Building with a maximum occupancy of 372 residents including both students and staff.

b. The student housing is intended for graduate students and UWM shall continuously use its best efforts to rent the 372 bedrooms to only graduate students.

c. If it is not possible for UWM to fill the facility entirely with graduate students, UWM may admit married and non-traditional students (aged 22 and over). If it is not possible to fill the facility entirely with graduate, married, and non-traditional students (aged 22 and over), UWM

may admit seniors. Finally, if it is not possible to fill the facility entirely with graduate, married, non-traditional students (aged 22 and over), and seniors, UWM may admit juniors. Starting in the fifth year of operation, not more than 25% of the total bedrooms rented may be rented to juniors and seniors under age 22.

d. Except as set forth above, freshman and sophomores shall not be permitted residents in the building.

e. The Trust will assist UWM in developing a lawful process and criteria for admission of the seniors and juniors under age 22 who wish to live in the facility, with the goal of promoting a higher maturity level in the student residence.

f. In the worst case situation where, no earlier than the fourth year of operation, after every attempt has been made to rent the facility in compliance with subparagraph c above, UWM finds that it cannot maintain full occupancy, UWM and the Trust will work together to find a mutually agreeable solution that will allow for full occupancy and maintain a high maturity level within the residence consistent with the original goal.

3. On-Site Parking. UWM will include in its application for planned development zoning permanent on-site parking of not less than 220 spaces.

4. Commercial Space. The commercial space in the application for planned development zoning shall not exceed 26,500 square feet.

5. Additional Police Patrols. UWM will provide both 24-hour security and sworn UWM Police patrols of the Kenilworth Building at all times. The security patrols shall receive the same training as security for the Sandburg Residence Halls and shall be provided two-way communication with the UWM Police Department. UWM will hire one additional sworn police officer to ensure that

manpower is available to patrol the Kenilworth Building and will build an office area for the UWM Police at the Kenilworth Building. UWM will also work to facilitate an agreement with the Milwaukee Police Department ("MPD") whereby MPD will add additional MPD patrols as necessary at UWM's reasonable expense.

6. Residential Parking Program. To alleviate the impact of the project on North Point South, UWM will publicly support in writing or by sending a representative to appear personally as requested in the reasonable discretion of the Trust, an ordinance (or program) reserving 150 public parking spaces from the residential neighborhood streets within North Point South for use only by residents and their guests.

7. Student Misconduct Procedures. UWM will develop and propose either interpretive guidelines or amendments to the Wisconsin Administrative Code, Chapter UWS 17 needed to give UWM the authority to impose discipline for non-academic misconduct by UWM students at off-campus locations.

8. UWM Student Housing Planning Team. No later than March 1, 2005, UWM will initiate the organization of a UWM Student Housing Planning Committee (the "Committee") that will consider and eventually formulate a long-term plan concerning UWM students and residential housing. The Committee will include at least one representative appointed by each of the affected neighborhood associations (Cambridge Wood Neighborhood Association, Murray Hill Neighborhood Association, Mariners Neighborhood Association, Water Town Landmark Trust, North Point South, and the East Side Business Improvement District) that wish to participate on the Committee, along with UWM students and/or parents, a representative from UWM's Division of Student Affairs, University Housing, Academic Affairs, the Physical Environment Committee, the

Division of Administrative Affairs, University Relations, and other interested parties. UWM will initiate discussions with the Committee on a not-less-than biennial basis.

9. Entire Agreement. This Memorandum of Understanding embodies the entire understanding among the parties regarding the Kenilworth Building, and any prior or contemporaneous representations, either oral or written, that are related to Kenilworth Building are hereby superseded.

10. Governing Law. This Memorandum of Understanding shall be governed by Wisconsin law.

11. Amendments. This Memorandum of Understanding can only be amended by the unanimous consent of all of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding by property persons duly authorized.

WATER TOWER LANDMARK TRUST, INC.

Authorized Signator: Toni D. McBride Date: 1/24/05

Printed Name and Title: Toni B. McBride, President
WATER TOWER LANDMARK TRUST


**BOARD OF REGENTS OF THE UNIVERSITY
OF WISCONSIN SYSTEM ON BEHALF OF THE
UNIVERSITY OF WISCONSIN—MILWAUKEE**

Authorized Signator: Ch. E. by Date: 1/25/05

Printed Name and Title: Carlos E. Santiago, Chancellor, UWM

Agreement also acknowledged by:

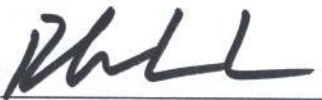
STATE SENATOR JEFFREY PLALE

Authorized Signator:  Date: 2-1-05
Printed Name and Title: SENATOR JEFF PLALE

STATE REPRESENTATIVE JON RICHARDS

Authorized Signator:  Date: 2-1-05
Printed Name and Title: REPRESENTATIVE JON RICHARDS

STATE OF WISCONSIN BUILDING COMMISSION

Authorized Signator:  Date: 2-15-05
Printed Name and Title: Robert Cremer, Secretary

STATE DEPARTMENT OF ADMINISTRATION

Authorized Signator:  Date: 2-15-05
Printed Name and Title: MARC MAROTTA, SECRETARY