

PILOT AGREEMENT

This Agreement, made and entered into by and between the CITY OF WEST ALLIS, a municipal corporation organized and existing under and by virtue of the laws of the State of Wisconsin, with principal offices at 7525 West Greenfield Avenue, West Allis, WI ("City"), and H.O.L.I.E. VII, INC., a Wisconsin corporation with principal offices located at 4525 West Oklahoma Avenue, Milwaukee, WI ("HOLIE").

WHEREAS, the following conditions currently exist:

A. HOLIE has made application to the City for a Planned Development District Residential PDD-1 and Planned Development Agreement under the Revised Municipal Code of the City for construction of a thirty-six (36) unit apartment building to be located at 1415 South 92nd Street, West Allis, WI ("Project"); and,

B. By Resolution No. R-2006-0142, adopted June 6th, 2006, the Common Council of the City approved HOLIE's Planned Development District Residential PDD-1 and Planned Development Agreement; and,

C. Under the statutes of the State of Wisconsin, the Project is exempt from the imposition of general property taxes but will enjoy the same level of municipal services as provided to non-exempt multi-family developments in the City; and,

D. HOLIE is willing to make a payment in lieu of taxes ("PILOT") for the Project to offset a portion of the value of the municipal services the Project will receive and benefit from.

NOW, THEREFORE, in consideration of mutual benefits, the parties agree as follows:

A. Incorporation of Whereas Clauses.

The parties acknowledge that the above whereas clauses are part of this Agreement.

B. City Services.

The City agrees to furnish governmental services and benefits to HOLIE and the Project of the same type and to the same extent as are furnished from time to time, without cost or charge (except by means of property tax), to other commercial properties in the City.

C. PILOT Assessment.

1. The Project will be assessed each year for real property tax purposes in accordance with the assessment procedures of the State of Wisconsin,

commencing January 1, 2008, and without regard to HOLIE's eligibility for property tax exemption.

2. In December, 2008, and each year thereafter, the City will send HOLIE a statement for the PILOT due based upon the City's net tax rate in each such year.

3. HOLIE will pay to the City the amount indicated in the statement on or before January 31st of the subsequent year.

4. HOLIE shall have the right to contest the amount due on the statement as if it were a regular taxpayer, utilizing the same statutory procedures provided.

D. Exempt Status.

HOLIE has represented to the City and the City has determined that HOLIE and the Project will, at the present time, qualify for real and personal property tax exemption under Wisconsin law. The City may review the Project's exempt status under Wisconsin Statutes Section 70.11 from time to time with the respective January 1st dates being the reference dates for those exemption reviews. If the City determines that the use or ownership of the Project has changed such that it no longer qualifies for exemption from property tax for the year in which the determination is made: (i) the City will provide notice of such determination to HOLIE no later than May 15th of that year; (ii) this Agreement shall terminate with respect to that and any subsequent years for which the exemption no longer applies; and, (iii) if a PILOT payment has been made for that year, the City shall promptly refund such PILOT payment. If HOLIE disagrees with the City's determination that the Project no longer qualifies for property tax exemptions, HOLIE may challenge such determination by any procedure provided under Wisconsin law.

E. Successors and Assigns.

All of the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.

F. Term.

This Agreement shall terminate effective December 31st of the year immediately prior to the year during which any of the following events occur:

1. The City determines that the Project no longer qualifies for property tax exemption pursuant to Section D of this Agreement.

2. Enactment by the State of Wisconsin of a mandatory payment for municipal services by owners of property exempt from the general property tax or similarly situated owners of exempt property.

3. Repeal by the State of Wisconsin of the property tax exemption for the Project and other similarly situated property.

4. Sale or conveyance of the Project by HOLIE to an unrelated third party.

7. Amendment.

The parties expressly reserve the right to modify and amend this Agreement from time to time as they shall mutually agree in writing executed by the parties.

8. Governing Law.

This Agreement shall be governed by the laws of the State of Wisconsin and any action concerning this Agreement shall be filed and maintained in Milwaukee County, State of Wisconsin.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed this 23rd day of August, 2006.

H.O.L.I.E. VII, INC.

CITY OF WEST ALLIS

By: Rev. Joseph M. Lewandowski
Rev. Joseph M. Lewandowski, President

By: Jeannette Bell
Jeannette Bell, Mayor

Attest: Rev. Fred Thomas Breitfeld
Rev. Fred Thomas Breitfeld, Secretary

Attest: Paul M. Ziebler
Paul M. Ziebler,
City Admin. Officer, Clerk/Treasurer

Approved as to form
this 12 day of sept., 2006.

Scott E. Post
Scott E. Post, City Attorney

H/Scott/PILOT Agrmnt-HOLIE