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DEPARTMENT OF ADMINISTRATION
GENERAL SERVICES DIVISION

STATE OF MONTANA STANDARD LEASE CONTRACT 9-97 Lease Number 6423
updated 1-29-98

1. PARTIES

This lease is entered into this 1st day of July, 1998, by and between the Montana Department of Corrections, Montana Women's Prison, located at 701 S. 27th Street, Billings Montana, 59101, hereinafter referred to as the "Department" and Vic Reichenbach, located at PO Box 50503, Billings, Montana, 59105, Tax ID #810430190, hereinafter referred to as the "Contractor".

2. PURPOSE OF LEASE

The Department has a need to lease parking space in Billings, Montana, for the purpose of providing adequate parking space, per City Requirements for the Montana Women's Prison. Vic Reichenbach has parking spaces available for lease in Billings, Montana, suitable for stated purpose. The Contractor and the Department therefore agree as follows:

3. PREMISES DESCRIPTION

The area of space being leased consists of 50 parking spaces, and includes the right to use common areas within the parking lot. The parking spaces are located at 615 South 27th Street, Billings, Montana.

4. TERM OF LEASE

The term of this lease shall be for ten (10) years, originating on the 1st day of July, 1998, and terminating on the 30th day of June, 2008, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease. The Contractor shall notify the City of Billings in the event there arises any complications or termination during the term of this lease.

5. CONSIDERATION

The annual amount of rent the Department shall pay to the Contractor during each year during the first three (3) years is $7,200.00, payable in quarterly installments of $1,800.00 until July 1, 1999, when the rental amount shall become payable in an annual sum.

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The rate for years four (4) through six (6) shall be $9,000.00 per year in an annual sum payment each year.

The rate for years seven (7) through ten (10) shall be $10,200.00 per year in an annual sum payment each year.

After receiving a completed invoice addressed to the Montana Department of Corrections, 701 s. 27th Street, Billings, Montana, 59101, at the beginning of each quarter, commencing on July 1, 1998, until July 1, 1999, then in an annual amount thereafter, these charges will be paid.

6. RENEWAL OPTION

The Department shall retain the option to renew this lease for a period of up to ten (10) year(s) upon its termination with the same terms and provisions as contained in this lease. The renewal rate for years One (1) through Three (3) shall be $19.00 per space (monthly) for an annual cost of $11,400.00. The rate for years Four (4) through Six (6) shall be $21.00 per space (monthly) with an annual payment of $12,600.00 each year. The rate for years Seven (7) through Ten (10) shall be $23.00 per space (monthly) with an annual payment of $13,800.00 each year. The Department shall notify Contractor of their intent to renew this lease at least sixty (60) days prior to the expiration of the original term of this lease and each renewal period thereafter.

All lease renewals are subject to prior approval by the Department of Administration as provided in section 26.

7. UTILITIES AND SERVICES

Not Applicable

8. PARKING SPACE

Contractor agrees to provide fifty (50) parking spaces, including the requisite number of handicapped spaces in compliance with the American With Disabilities Act.

9. PARKING AREA AND SIDEWALK MAINTENANCE

Contractor agrees to keep the parking area and sidewalks in good repair, and to timely remove snow and ice from the parking area and

sidewalks.

10. NOTICE PROTOCOL

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered, or when mailed by first class mail, postage prepaid, to the addresses specified in this section.
The Contractor's address for purpose of receiving demand or notice is PO Box 50503, Billings, Montana 59105.

The Contractor's representative for purposes under this lease is Vic Reichenbach, telephone (406) 259-6151.

The Department's address for the purpose of receiving notice is Montana Department of Corrections, 1539 11th Avenue, Fiscal Bureau, Helena Montana 59620.

The Department's representative for purposes under this lease is Jo Acton, Warden, telephone 9406) 247-5112.

If either party changes its address, it must notify the other party in writing at the address provided in this section.

11. QUIET ENJOYMENT

The Department has the right to quiet and peaceful enjoyment and utilization of the leased parking spaces for the term of this lease upon paying the rents as provided and upon Department adherence to, performance conditions set forth by and in this lease.

12. INSPECTION

The Department shall permit upon prior notice, the Contractor or its agent to enter into and upon the premises at all reasonable times to maintain or inspect the space or to make repairs, alterations or additions to any portion of the lot, including, but not limited to, the erection and maintenance of scaffolding, canopies, fences, or props as may be needed.

13. MAINTENANCE OF PREMISES

Contractor shall, at its own cost and expense, keep and maintain in

good working order and repair during the term of this lease or any extension thereof, the space with all necessary egress and ingress, all landscaping, plumbing, storm drains, and electrical circuits, if any.

The Department shall notify the Contractor in writing immediately of any damage or need for repair. Contractor shall make or cause to be made the necessary repairs as soon as possible after receiving notice. The Department shall be financially responsible only in cases of damages resulting from the Department's negligence or that of its employees.

Should the Contractor fail to make or begin to make necessary repairs within thirty (30) days after U. S. Postal Service postmark of written notification of damages by the Department to the Contractor, the Department may then make necessary repairs at the Contractor's expense at the lowest reasonable cost.

An itemized statement of repairs made by the Department under this section, including receipt verification of labor and materials may be tendered in lieu of full or partial payment of rent due for the succeeding months until the cost of the work performed is fully credited against rent due under this lease.

14. CASUALTY OR FIRE DAMAGE

In the event the leased premises becomes twenty-five percent (25%) or more destroyed or made uninhabitable by fire or other casualty, or if the premises are condemned by a proper authority, this lease may be terminated by the Department.

If the premises are less than twenty-five percent (25%) destroyed or made unusable by any casualty, the rent shall be reduced by the proportion the spaces have been rendered unusable or declared unsafe. For the purpose of this section, other casualty includes but is not limited to vandalism.

If the premises are not restored, or cannot be restored, and returned to proper condition for use and utility within thirty (30) days of the casualty, then either the Contractor or the Department may terminate this lease on ten (10) days written notice to the other party.

Upon written notice of termination under this section, the Contractor shall refund any unearned rent paid by the Department, and the Department shall have no further obligation to the Contractor under this lease. Contractor shall continue to insure the spaces until

Department's personal property is removed from the spaces. The Department shall have 30 days after termination of this lease to remove its property from the premises.

15. ALTERATIONS TO PREMISES

The Department agrees to make no alteration to the spaces without the prior written consent of the Contractor.

16. SIGNS

The Contractor shall provide parking signage if needed.

17. HOLD HARMLESS AND INDEMNIFICATION CLAUSE

The Contractor agrees to protect, defend, and save the State, it's elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or it's agents, employees, representatives, assigns, subcontractors, and the State, under this lease.

18. INSURANCE SPECIFICATIONS

a. General Liability

- General Liability: the contractor shall purchase <u>Occurrence</u> coverage with combined single limits of $1 million per occurrence/$2 million aggregate per year for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location or the general aggregate limit shall be twice the required occurrence limit.

The contractor's insurance coverage shall be primary insurance as respects the state, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the state, its officers, officials, employees, or volunteers shall be excess of the

contractor's insurance and shall not contribute with it.

19. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

The Contractor must comply with all applicable state and federal law. This includes, but is not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, PL 101-336, and the Section 504 of the Rehabilitation Act of 1973.

The Contractor agrees to conform with all rules and regulations adopted under the Montana Safety Act and the Act itself. The Contractor further agrees to comply with the ordinances and laws of the City of Billings, Montana, and the State of Montana, affecting the use of the premises and to assume all legal responsibility for any charges or damages for non-observance.

The Contractor agrees to provide the Department of Administration, the Legislative Auditor, the Legislative Fiscal Analyst, or their authorized agents access to any records concerning this lease.

The Contractor agrees to create and retain all records supporting the services rendered or goods delivered for a period of three years after either the completion date of this lease or the conclusion of any claim, litigation or exception relating to this lease taken by the state of Montana or a third party.

20. ENVIRONMENTAL HAZARDS

The Contractor hereby represents and warrants that no leak, spill, release, discharge, emission or disposal of hazardous or toxic substances has occurred on the leased spaces to date and that the soil and groundwater on or under the leased spaces are free of toxic or hazardous substances as of the date that the term of this lease commences.

If at any time, the Department determines that the demised premises poses a significant environmental hazard to its employees, this lease may be terminated with a minimum of thirty (30) days written notice.

21. HOLDOVER TENANCY

In the event the Department holds the premises beyond the terms of this lease, in the absence of a written agreement to the contrary, it

shall be deemed a month-to-month tenancy subject to all terms and conditions of this lease. This holdover tenancy may be terminated at any time by either the Contractor or the Department by means of a 30-day written notice delivered prior to the beginning of the final month.

22. TERMINATION

The Contractor acknowledges, understands, and agrees that the Department, as a state agency, is dependent upon state and federal appropriations for its funding. In the event state or federal government funds available for this purpose are reduced, the Department may cancel this lease by giving thirty (30) days written notice to the Contractor.

The Department shall not be liable to the Contractor for any amount which would have been payable had the lease not been terminated under this provision. The Department shall be liable to the Contractor only for the amount owed to the Contractor up to the date the Department vacates the premises.

If either party to this lease defaults in the performance of any term or condition of this lease, the other party may give the defaulting party notice of the default, which notice shall specify the action required to correct the default and a period of time of not less than (30) days within which to correct the default. If the default is not corrected within the time specified in the notice, the party not in default may terminate this lease without further obligation under this lease, other than obligations incurred or accrued to the date of termination.

At the expiration or termination of this lease or any extension of it, the Department will vacate and surrender the premises to the Contractor in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property and fixtures placed in the premises by the Department or owned by the State of Montana may be removed by the Department within thirty days of termination.

23. SEVERABILITY

It is understood and agreed by the parties hereto that if any term or provision of this lease is held to be illegal, void or in conflict with any Montana law, the validity of the remaining terms and conditions shall not be affected. The rights and obligations of the parties shall be construed and enforced as if this lease did not

contain the particular term, condition, or provision held to be invalid.

24. VENUE AND INTERPRETATION

The Contractor and Department agree that this lease shall be governed and interpreted according to the laws of the State of Montana. In the event of a dispute arising over this lease, the proper venue for the hearing of the case is the District Court of the First Judicial District of the State of Montana, in and for the County of Lewis and Clark.

25. SUCCESSORS

All rights and liabilities herein given to or imposed upon both parties shall extend to, be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

26. LEASE APPROVAL

This entire lease, in addition to any change, alteration, or renewal thereof, addendum, amendment, or letter of understanding, is subject to prior approval by the Department of Administration.

27. ENTIRE LEASE

This contract consisting of nine (9) pages contains the entire contract between the Contractor and the Department. Any lease hereafter made shall not be effective to modify this lease unless such agreement is in writing and is signed by both parties to the original lease.

28. SUBLEASE

The Department shall have the right to sublet the premises to a Sublessee, with the consent of the Contractor, which consent shall not be unreasonably withheld.

IN WITNESS THEREOF, the Contractor and the Department have entered into and executed this lease:

CONTRACTOR (S)

By: Vic Reichenbach 5/13/98
Vic Reichenbach Date

By: _____ _____
Date

DEPARTMENT

By: Jo Acton 5-13-98
Jo Acton, Warden Date

PRIOR APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

By: Garett M. Bacon 5-11-98
Garett M. Bacon Leasing Officer Date

THIS LEASE HAS BEEN APPROVED FOR LEGAL CONTENT BY THE DEPARTMENT OF ADMINISTRATION'S LEGAL COUNSEL.

1st AMENDMENT AND SUPPLEMENT TO LEASE #6423

This 1st Amendment and Supplement to Lease # 6423 ("Lease") for space in Billings is made this 14th day of May, 2008, by and between the DEPARTMENT OF CORRECTIONS, herein after referred to as the DEPARTMENT and Vic Reichenbach, hereinafter referred to as the CONTRACTOR.

The purpose of this 1st Amendment and Supplement is to extend the lease for an additional ten years.

THE PARTIES AGREE, in recognition of the mutual considerations evidenced herein, that the Lease shall be amended as follows:

ORIGINAL LEASE LANGUAGE:

4. TERM OF LEASE

The term of this lease shall be for ten (10) years, originating on the 1st day of July, 1998, and terminating on the 30th day of June, 2008, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease. The Contractor shall notify the City of Billings in the event there arises any complications or termination during the term of this lease.

5. CONSIDERATION

The annual amount of rent the Department shall pay to the Contractor during each year during the first three (3) years is $7,200.00, payable in quarterly installments of $1,800.00 until July 1, 1999, when the rental amount shall become payable in an annual sum.

The rate for years four (4) through six (6) shall be $9,000.00 per year in an annual sum payment each year.

The rate for years seven (7) through ten (10) shall be $10,200.00 per year in an annual sum payment each year.

After receiving a completed invoice addressed to the Montana Department of Corrections, 701 South 27th Street, Billings, Montana 59101, at the beginning of each quarter, commencing on July 1, 1998, until July 1, 1999, then in an annual amount thereafter, these charges will be paid.

6. RENEWAL OPTION

The Department shall retain the option to renew this lease for a period of up to ten (10) year(s) upon its termination with the same terms and provisions as contained in this lease. The renewal rate for years one (1) through Three (3) shall be $19.00 per space (monthly) for an annual cost of $11,400.00. The rate for years Four (4) through six (6) shall be $21.00 per

space (monthly) with an annual payment of $12,600.00 each year. The rate for years seven (7) through ten (10) shall be $23.00 per space (monthly) with an annual payment of $13,800.00 each year. The Department shall notify Contractor of their intent to renew this lease at least sixty (60) days prior to the expiration of the original term of this lease and each renewal period thereafter.

All lease renewals are subject to prior approval by the Department of Administration as provided in section 26.

AMENDED LEASE LANGUAGE:

4. TERM OF LEASE

Pursuant to Section 4. Term of Lease, of the original lease, the term of this lease as amended herein shall be extended for ten (10) years, originating on the 1st day of July, 2008, and expiring on the 30th day of June, 2018, unless earlier expiring as provided in Sections 14, 20 or 22 of this lease. The Contractor shall notify the City of Billings in the event there arises any complications or termination during the term of this lease.

5. CONSIDERATION

Pursuant to Section 5. Consideration, of the original Lease, the annual amount of rent as amended herein that the Department shall pay to the Contractor during each year during the first three (3) years is $11,400.00, payable in monthly installments of $950.00 until July 1, 2011, when the rental amount shall become payable in an annual sum.

The rate for years four (4) through six (6) shall be $12,600.00 per year in an annual sum payment each year.

The rate for years seven (7) through ten (10) shall be $13,800.00 per year in an annual sum payment each year.

After receiving a completed invoice addressed to the Montana Department of Corrections, 701 South 27th Street, Billings, Montana 59101, at the beginning of each quarter, commencing on July 1, 1998, until July 1, 1999, then in an annual amount thereafter, these charges will be paid.

Except as expressly amended herein, all of the terms, covenants and conditions of the Lease, including all prior amendments, shall remain in full force and effect.

IN WITNESS HEREOF, all parties have entered into and executed this Amendment:

PARTIES TO THE LEASE

By: _____ 6/26/08
Mike Ferriter, Director — Date
Department of Corrections

By: _____ 8/13/08
Vic Reichenbach, owner — Date

APPROVED BY:

By: _____ May 14, 2008
Garett M. Bacon — Date
Leasing Officer, Department of Administration, General Services Division

By: _____ 5/16/08
Denise Pizzini — Date
Department of Administration Legal Counsel

By: _____ 7/3/08
David Ewer — Date
OBPP Director/Designee

By: _____ 7/9/08
Janet R. Kelly — Date
Director, Department of Administration