STATE OF MONTANA STANDARD LEASE CONTRACT 2001

1. PARTIES

This lease **#6442** is entered into this 6th day of December 2002, by and between the Montana Department of Corrections located at 1539 11th Avenue, Helena, MT 59620-1301 (hereinafter referred to as "DEPARTMENT") and **Dean A. Neitz**, located at 121 Main, Anaconda, Montana 59711, FEI#516-26-9147 (hereinafter referred to as "**CONTRACTOR**").

2. PURPOSE OF LEASE

DEPARTMENT has a need to lease premises in Anaconda, Montana for the purpose of conducting DEPARTMENT business and CONTRACTOR has premises available for lease, suitable for stated purpose. CONTRACTOR and DEPARTMENT therefore agree as follows:

THIS LEASE SHALL REPLACE LEASE #6408, DATED JUNE 21, 1999, IN ITS ENTIRETY. UPON SIGNING OF THIS LEASE BY ALL PARTIES, LEASE #6408 SHALL TERMINATE WITH NO BINDING EFFECT THEREAFTER.

3. PREMISES DESCRIPTION

The area of space being leased consists of 1218 square feet, and includes the right to use common areas within the leased premise. The premises are located at 122 East Park in Anaconda, Montana.

4. TERM OF LEASE

The term of this lease shall be seven (7) years and six (6) months, originating on the 1st day of January 2003 and terminating on the 30th day of June 2010, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

5. CONSIDERATION

DEPARTMENT shall make semi-annual lease payments of **$2,249.50** ($4,499.00 annually) to CONTRACTOR through June 30, 2005. DEPARTMENT shall also make a one-time payment of **$5,500.00** to CONTRACTOR for remodeling of the existing lease area. This one-time payment is due on or before December 15, 2002.

The semi-annual payments for the remaining years will be in accordance with the following schedule: **July 1, 2005** - $3,714.90 (7,429.80 annually); **July 1, 2006** – $3,826.35 ($7,652.70 annually); **July 1, 2007** - $3,941.14 ($7,882.28 annually); **July 1, 2008** - $4,059.38 ($8,118.76 annually); and **July 1, 2009** - $4,181.16 ($8,362.32 annually).

DEPARTMENT shall make lease payments without the need for a separate invoice from CONTRACTOR. Lease payments are due on the first business day of January and July, respectively. CONTRACTOR may, by written election, request that lease payments be made by electronic funds transfer (EFT). Such an election shall remain in force until cancelled by CONTRACTOR with 30 day's advance written notice to DEPARTMENT.

6. RENEWAL OPTION

Not applicable.

7. UTILITIES AND SERVICES

CONTRACTOR shall furnish and pay all utilities (i.e., gas, water, sewer, and electricity) and janitorial, as detailed in Attachment "A", included and made a part hereof by reference.

8. PARKING SPACE

As a part of this lease, CONTRACTOR agrees to provide an adequate number of parking spaces, including the requisite number of handicapped spaces necessary to comply with the American With Disabilities Act.

9. PARKING AREA AND SIDEWALK MAINTENANCE

CONTRACTOR agrees to keep parking areas and sidewalks in good repair and to remove snow, ice, sand, gravel, and debris from the parking area and sidewalks in a timely fashion.

10. NOTICE/LIAISON

Any notice or demand required under this lease must be in writing, addressed to the liaison listed herein. 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.

CONTRACTOR'S liaison for purpose of receiving demand or notice is Dean A. Neitz, 121 Main, Anaconda, MT 59711 (406) 563-5283.

DEPARTMENT'S liaison for purpose of receiving demand or notice is Ron Alsbury, Montana Department of Corrections, 111 North Rodney, Helena, MT 59602 (406) 444-3052.

If either party changes its liaison or address, it must notify the other party, in writing, at the address provided herein.

11. QUIET ENJOYMENT

Upon payment of scheduled lease amounts and compliance with the terms and conditions set forth herein, DEPARTMENT has the right to quiet and peaceful enjoyment and utilization of the leased premises throughout the term of this lease.

12. INSPECTION

DEPARTMENT shall permit CONTRACTOR or its agent, upon prior written notice, to enter into and/or upon the premises at all reasonable times to maintain or inspect the leased premises or to make repairs, alterations, or additions to any portion of the building.

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 exterior of the premises including the roof, the interior, all fixtures in the building except those owned by DEPARTMENT, and all plumbing, heating, ventilation, air conditioning, and electrical circuits. CONTRACTOR, at its own cost and expense shall be responsible for the replacement of light bulbs, fluorescent tubes and other lighting elements and shall do so within 7 working days after notification.

DEPARTMENT shall notify 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. DEPARTMENT shall be financially responsible only in cases of damages resulting from DEPARTMENT'S negligence or that of its employees.

Should CONTRACTOR fail to make, or begin to make, necessary repairs within thirty (30) days after notification of damages, DEPARTMENT may then make necessary repairs at the lowest reasonable expense to CONTRACTOR.

An itemized statement of repairs made by 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 DEPARTMENT.

If the premises are less than twenty-five percent (25%) destroyed or made uninhabitable by fire or other casualty, including vandalism, the rent shall be reduced by the proportion the premises have been rendered uninhabitable or declared unsafe.

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

Upon written notice of termination under this section, CONTRACTOR shall refund any unearned rent paid by DEPARTMENT and DEPARTMENT shall have no further obligation to CONTRACTOR under this lease. CONTRACTOR shall continue to insure the premises until DEPARTMENT'S personal property is removed from the premises. DEPARTMENT shall have 30 days after termination of this lease to remove its property from the premises.

15. ALTERATIONS TO PREMISES

DEPARTMENT agrees to make no substantial alteration to the premises without the prior written consent of CONTRACTOR.

16. SIGNS

CONTRACTOR shall install on the exterior of the premises a suitable sign or signs to advertise DEPARTMENT'S presence in and on the premises.

17. HOLD HARMLESS AND INDEMNIFICATION

CONTRACTOR agrees to protect, defend, and save DEPARTMENT, its 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 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 CONTRACTOR and/or its agents, employees, representatives, assigns and subcontractors under this lease.

18. INSURANCE SPECIFICATIONS

a. Property

At its sole cost and expense, CONTRACTOR shall keep the building and all other improvements on the premises insured throughout the term of the agreement against the following hazards:

- Loss or damage by fire and such other risks (not including earthquake damage) in an amount sufficient to permit such insurance to be written at all times on a replacement costs basis. This may be insured against by attachment of standard form extended coverage endorsement to fire insurance policies.

- Loss or damage from leakage or sprinkler systems now or hereafter installed in any building on the premises.

- Loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building or buildings on the premises.

b. General Liability

- General Liability: CONTRACTOR shall purchase Occurrence 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. CONTRACTOR shall name DEPARTMENT as an additional insured as respects general supervision, products, premises, access to the premise and completed operations. This insurance must be from an insurer licensed to do business in Montana or a domiciliary state and with a Bests rating of no less than A-. CONTRACTOR must provide 30 days written notice to DEPARTMENT of any material change in coverage including cancellation and that DEPARTMENT reserves the right to request copies of CONTRACTOR'S insurance coverage at any time.

  CONTRACTOR'S insurance coverage shall be primary insurance as respects DEPARTMENT, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by DEPARTMENT, its officers, officials, employees, or volunteers shall be excess of CONTRACTOR'S insurance and shall not contribute with it.

19. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

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 Section 504 of Rehabilitation Act of 1973.

CONTRACTOR agrees to comply with all rules and regulations adopted under the Montana Safety Act and the Act itself. CONTRACTOR further agrees to comply with the ordinances and laws of the City of Anaconda, 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.

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

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.

CONTRACTOR warrants that the space is ADA accessible and compliant.

20. ENVIRONMENTAL HAZARDS

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

CONTRACTOR represents and warrants that the leased space shall be free of all asbestos containing materials, except undamaged vinyl asbestos floor tile in the space or undamaged boiler or pipe insulation outside the space. Radon levels in the demised premises shall not equal or exceed the Environmental Protection Agency (EPA) action level for homes or 4 picocuries per liter (PCI/L).

If at any time, 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 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 party upon 30-day written notice prior to the beginning of the final month of occupancy.

22. TERMINATION

CONTRACTOR acknowledges, understands, and agrees that 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, DEPARTMENT may cancel this lease by giving thirty (30) days written notice to CONTRACTOR.

DEPARTMENT shall not be liable to CONTRACTOR for any amount which would have been payable had the lease not been terminated under this provision. DEPARTMENT shall be liable to CONTRACTOR only for the amount owed to CONTRACTOR up to the date 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, DEPARTMENT will vacate and surrender the premises to CONTRACTOR in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property and fixtures placed in or upon the premises by DEPARTMENT, or owned by the State of Montana, may be removed by 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

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, including any amendment, change, alteration, renewal, or letter of understanding, is subject to prior approval by the Department of Administration.

27. ENTIRE LEASE

This Lease contains the entire agreement between CONTRACTOR and 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 and the Department of Administration.

28. SUBLEASE

DEPARTMENT shall have the right to sublet the premises to a Sublessee, with the consent of CONTRACTOR, which consent shall not be unreasonably withheld.

29. SMOKE FREE ENVIRONMENT

CONTRACTOR shall make the portions of the building occupied by state agencies smoke-free. "Smoke" means smoke from a lighted cigar, cigarette, or pipe or any other lighted tobacco product as defined in MCA 50-40-202.

IN WITNESS THEREOF, CONTRACTOR and DEPARTMENT have entered into and executed this lease:

CONTRACTOR

By: Dean A. Neitz — Date: 12-13-2002

Dean A. Neitz

DEPARTMENT

By: Mike Ferriter — Date: 12/11/02

Mike Ferriter, Administrator
Adult Community Corrections Division

APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

By: Garett M. Bacon — Date: 12-9-2002

Garett M. Bacon, Leasing Officer
Department of Administration

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

ATTACHMENT "A"
JANITORIAL SPECIFICATIONS

All janitorial work, equipment and supplies necessary to accomplish the duties described will be furnished by CONTRACTOR.

1. The janitorial supply list includes but is not limited to:
   a. Hand towels and toilet tissue;
   b. Restroom hand soap for dispensers;
   c. Trash can liners; and
   d. Entrance or walk-off mats.

2. Daily Requirements:
   a. Floor sweeping and damp mopping all tiled areas.
   b. Clean and sanitize plumbing fixtures, and toilet rooms (sinks, showers, toilets, mirrors, etc.)
   c. Vacuum carpet, using industrial type vacuum cleaner with a power head in entrance area and hallways.
   d. Remove all trash from building.
   e. Cleaning supplies: re-stock toilet tissue, towels, soap, sanitary napkins, etc. in restrooms.

3. Weekly Requirements:
   a. Complete dusting of all offices.
   b. Vacuum all areas of carpeting.
   c. Clean interior glass by each doorway.

4. Semi-annual Requirements:
   a. Glass Cleaning - all external windows leased by DEPARTMENT (October and May).
   b. Carpet Cleaning - all carpeted areas in space leased by DEPARTMENT shall be cleaned using professional process carpet cleaning equipment.
   c. Clean all light fixtures.