STATE OF MONTANA STANDARD LEASE CONTRACT
Latest Revision 2004

1. PARTIES

This lease **#6451** is entered into this 15th day of August, 2005, by and between the Montana Department of Corrections located at 1539 11th Avenue, Helena, MT 59620-1301 (hereinafter referred to as "Department") and Michael A. Basile & Joseph J. Columbo Jr. & Janet E. Columbo Jr., dba Capital City Partners, a partnership located at 2001 Stadium Drive #A, Bozeman, Montana 59715 (hereinafter referred to as the "Contractor").

2. PURPOSE OF LEASE

The Department has a need to lease premises in Helena, Montana, for the purpose of office space.

The Contractor has premises available for lease in Helena, 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 approximately **9,208** square feet, and includes the right to use common areas within the leased premise. The premises are located at Capital Plaza, second floor, 515 North Sanders, Helena, Montana.

4. TERM OF LEASE

The term of this lease shall be two (2) years, beginning on the 1st day of September 2005, and expiring on the 31st day of August 2007, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

5. CONSIDERATION

The amount of rent the Department shall pay to the Contractor is $ **$9,200.00**, payable in equal monthly installments. This reflects a rate of **$11.98** per square foot.

This rate shall increase by 3% on September 1st, 2006 and every September 1st thereafter for the duration of this lease.

When the existing tenant (Historical Society, Lewis and Clark Foundation, lease #5105) vacates its leased space at Capital Plaza (450 sq ft), the Department agrees to add this space

to their existing leased space at the same per square foot rate including the 3% rate increases as the rate stated in this lease.

The Department shall make monthly lease payments without the need for a separate invoice from the Contractor. The lease payments are due on the first business day of the month. Contractor may, by written election, request that monthly lease payments be made by electronic funds transfer. Such an election shall remain in force until cancelled by Contractor with 30 day's advance written notice to the Department.

6. RENEWAL OPTION

The Department shall retain the option to renew this lease for an additional period of up to two (2) years in one (1) year options upon its expiration with the same terms and provisions as contained in this lease. Each year renewal rate shall be the prior years' per sq ft rate plus 3%. Department shall notify Contractor of their intent to renew this lease at least ninety (90) days prior to the expiration of the original term of this lease.

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

7. UTILITIES AND SERVICES

The Contractor shall furnish and pay all electrical, natural gas, water/sewer, garbage and pest control. The Contractor shall re-key the exterior entrance doors and provide adequate keys to the Department upon occupancy. The Department shall be responsible for replacing lost keys or re-keying in the event the need is caused by the Department.

The Contractor shall provide janitorial as stated in Attachment "A", made a part hereof by reference.

The Department shall be responsible for providing phone and data wiring. The Contractor shall provide conduit and box if needed.

8. PARKING SPACE

Contractor agrees to provide at a minimum 30 parking spaces, including the requisite number of handicapped spaces in compliance with the American With Disabilities Act as part of the leased premises at no additional charge or cost to the Department.

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 Kim Meyers, Macek Property Management, 801 9th Street South, Great Falls Mt.59405.

The Contractor's representative for purposes under this lease is Kim Meyers, telephone (406) 727-5505.

The Department's address for the purpose of receiving notice is Montana Department of Corrections located at 1539 11th Avenue, Helena, MT 59620-1301.

The Department's representative for purposes under this lease is Gary Willems telephone (406) 444-4941.

If either party changes its address or contact person, 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 premises 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 building in which the leased premises are located or to make repairs, alterations or additions to any portion of the building, 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 exterior of the premises including the roof, the interior, all fixtures in the building except those owned by the Department, and all plumbing, heating, ventilation, air conditioning, and electrical circuits. The 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.

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, 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 uninhabitable, 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 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 premises until Department's

personal property is removed from the premises. 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 premises without the prior written consent of the Contractor. **Any alterations or remodeling requests made by the Department shall be at the expense of the Department unless they are necessary per building code.**

16. SIGNS

The Contractor shall provide space in the existing pylon sign on the west side of the building. The Department shall at its expense install on the exterior of the premises a suitable sign or signs to advertise the Department's presence in and on the premises. These signs shall conform to all City of Helena sign codes and regulations. The Contractor shall approve of the location and method of sign installation prior to any sign installation.

17. HOLD HARMLESS AND INDEMNIFICATION CLAUSE

The Contractor agrees to protect, defend, and save the 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 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 its agents, employees, representatives, assigns and subcontractors under this lease.

18. INSURANCE SPECIFICATIONS

a. Property

At its sole cost and expense, the 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, and 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: the 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. 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-. The Contractor must provide 30 days written notice to the Department of any material change in coverage including cancellation and that the Department reserves the right to request copies of the Contractors insurance coverage at any time.

The Contractors insurance coverage shall be primary insurance as respects the Department, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Department, its officers, officials, employees, or volunteers shall be excess of the Contractors 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, Section 504 of Rehabilitation Act of 1973 **and 18-5-401, MCA et seq. concerning the Blind Enterprise Program's vending facility rules**.

The Contractor agrees to conform to 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 Helena, 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.

To the best of the Contractor's knowledge the space is ADA accessible and compliant. The Contractor states that only 1 men's restroom and 1 women's restroom is ADA Compliant.

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 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.

The 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 Pico curies per liter (PCI/L).

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 it's 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 eleven (11) pages, sections 1 through 29 and the attached Janitorial Specifications, contain the entire contract between the Contractor and the Department. Any agreement hereafter made shall not be effective to modify this lease unless it is in writing and signed by both parties and the Department of Administration.

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.

29. SMOKE FREE ENVIRONMENT

The 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 HEREOF, all parties have entered into and executed this lease:

CONTRACTOR (S)

By _____ 8/17/05
Michael A. Basile
Dba Capital City Partners

Date

DEPARTMENT

By: _____ 8/16/05
Bill Slaughter
Director

Date

PRIOR APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

By: _____ 8-15-2005
Garett M. Bacon
Leasing Officer

Date

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 the 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, 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 and window dressings (shades, curtains, blinds) leased by the Department (October and May).
   b. Carpet Cleaning - all carpeted areas in space leased by the Department shall be cleaned using professional process carpet cleaning equipment.
   c. Clean all light fixtures.

1st LEASE AMENDMENT
To LEASE #6451

THIS LEASE AMENDMENT (**Amendment #1**) is made and entered into this 11th day of July 2006, by and between the **Montana Department of Corrections** (DEPARTMENT) 1539 11th Ave., Helena, Montana 59620-1301 and **Michael A. Basile & Joseph J. Columbo Jr. & Janet E. Columbo Jr., dba Capital City Partners** (CONTRACTOR) , a partnership located at 2001 Stadium Drive #A, Bozeman, Montana 59715.

WHEREAS, the parties have entered a Lease with an original effective date of September 1, 2005 and Section 27 provides that the parties may modify their agreement in writing;

NOW THEREFORE, the parties agree to amend the Lease as follows **(new language underlined, old language interlined)**:

3. PREMISES DESCRIPTION

Effective August 1, 2006, the ~~The~~ area of space being leased consists of ~~**9,208**~~ **9,403** square feet, and includes the right to use common areas within the leased premise. The premises are located at Capital Plaza, second floor, 515 North Sanders, Helena, Montana.

5. CONSIDERATION

The amount of rent the Department shall pay to the Contractor is **$9,200.00**, payable in equal monthly installments. This reflects a rate of **$11.98** per square foot.

Effective August 1, 2006, the monthly lease payment shall be adjusted to **$9,387.33** ((9,403 x $11.98)/12). This rate incorporates the additional space being vacated by the Lewis and Clark Bicentennial Commission.

Effective January 1, 2007, the monthly lease payment will be adjusted to **$9,931.16** (9,658 x $12.34)/12. This rate is inclusive of the final space being vacated by the Lewis and Clark Bicentennial Commission and the 3% annual increase.

This rate shall increase by 3% on September 1st, 2006 and every September 1st thereafter for the duration of this lease.

When the existing tenant (Historical Society, Lewis and Clark ~~Foundation~~ Bicentennial Commission, lease #5105) vacates its leased space at Capital Plaza (450 sq ft), the Department agrees to add this space to their existing leased space at the same per square foot rate as stated above including the 3% rate increases.

The Department shall make monthly lease payments without the need for a separate invoice from the Contractor. The lease payments are due on the first business day of the month. Contractor may, by written election, request that monthly lease payments be made by electronic funds transfer. Such an election shall remain in force until cancelled by Contractor with 30 day's advance written notice to the Department.

This constitutes the Amendment to the Lease. All other provisions contained in the original Lease, as amended, shall remain unchanged.

CONTRACTOR

By Michael A. Basile 9/8/06

Michael A. Basile
Capital City Partners

Date

DEPARTMENT

By: Rhonda Schaffer 9/1/06

Rhonda Schaffer, Administrator
Administrative and Financial Services Division

Date

APPROVED BY THE DEPARTMENT OF ADMINISTRATION

Garett M. Bacon 9-1-2006

Garett M. Bacon, Leasing Officer
Department of Administration

DATE

2nd LEASE AMENDMENT
To LEASE #6451

THIS LEASE AMENDMENT (**Amendment #2**) is made and entered into this 22nd day of June 2007, by and between the **Montana Department of Corrections** (DEPARTMENT) 1539 11th Ave., Helena, Montana 59620-1301 and **Michael A. Basile & Joseph J. Columbo Jr. & Janet E. Columbo Jr., dba Capital City Partners** (CONTRACTOR) , a partnership located at 2001 Stadium Drive #A, Bozeman, Montana 59715.

WHEREAS, the parties have entered a Lease with an original effective date of September 1, 2005 and Section 27 provides that the parties may modify their agreement in writing;

NOW THEREFORE, the parties agree to amend the Lease as follows **(new language underlined, old language interlined)**:

4. TERM OF LEASE

The term of this lease shall be ~~two (2) years~~ one (1) year four (4) months, beginning on the 1st day of September ~~2005~~ 2007, and expiring on the ~~31st day of August 2005~~ 31st day of December 2008, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

5. CONSIDERATION

The amount of rent the Department shall pay to the Contractor is **$9,200.00**, payable in equal monthly installments. This reflects a rate of **$11.98** per square foot.

Effective August 1, 2006, the monthly lease payment shall be adjusted to **$9,387.33** ((9,403 x $11.98)/12). This rate incorporates the additional space being vacated by the Lewis and Clark Bicentennial Commission.

Effective January 1, 2007, the monthly lease payment will be adjusted to **$9,931.16** (9,658 x $12.34)/12. This rate is inclusive of the final space being vacated by the Lewis and Clark Bicentennial Commission and the 3% annual increase.

Effective January 1, 2008, the monthly lease payment will be adjusted to **$10,229.43** (9,658 x $12.71)/12. This rate is inclusive of the final space being vacated by the Lewis and Clark Bicentennial Commission and the 3% annual increase.

This rate shall increase by 3% on September 1st, 2006 and every September 1st thereafter for the duration of this lease.

When the existing tenant (Historical Society, Lewis and Clark Bicentennial Commission, lease #5105) vacates its leased space at Capital Plaza (450 sq ft), the Department agrees to add this space to their existing leased space at the same per square foot rate as stated above including the 3% rate increases.

The Department shall make monthly lease payments without the need for a separate invoice from the Contractor. The lease payments are due on the first business day of the month.

Contractor may, by written election, request that monthly lease payments be made by electronic funds transfer. Such an election shall remain in force until cancelled by Contractor with 30 day's advance written notice to the Department.

This constitutes the Amendment to the Lease. All other provisions contained in the original Lease, as amended, shall remain unchanged.

CONTRACTOR

By Michael A. Basile 6/29/07

Michael A. Basile
Capital City Partners

Date

DEPARTMENT

By: Rhonda Schaffer 6/22/07

Rhonda Schaffer, Administrator
Administrative and Financial Services Division

Date

APPROVED BY THE DEPARTMENT OF ADMINISTRATION

Garett M. Bacon June 26, 2007

Garett M. Bacon, Leasing Officer
Department of Administration

Date

ATTACHMENT "A"
JANITORIAL SPECIFICATIONS

All janitorial work, equipment and supplies necessary to accomplish the duties described will be furnished by the 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, 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 and window dressings (shades, curtains, blinds) leased by the Department (October and May).
   b. Carpet Cleaning - all carpeted areas in space leased by the Department shall be cleaned using professional process carpet cleaning equipment.
   c. Clean all light fixtures.