STATE OF MONTANA STANDARD LEASE CONTRACT 2006

1. PARTIES

This lease #**7003-B** is entered into this 1st day of October, 2006, by and between the Montana Department of Corrections located at 1539 11th Avenue, Helena, Montana 59620, hereinafter referred to as the "Department" and **Ferdinand and Jean Peres,** located at ~~P.O. Box 22465~~, Tucson, Arizona ~~85734-2465~~, hereinafter referred to as the "Contractor". 801 W LIMBERLOST DRIVE #173 85705-1509

F.P. JP

2. PURPOSE OF LEASE

The Department has a need to lease premises in Great Falls, Montana, for the purpose of Juvenile Transition Home and the Contractor has premises available for lease in Great Falls, 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 3600 square feet, which is identified as main house and approximately 1600 sq ft which is identified as adjacent house located to the south of the main house on the same parcel known as 4212 3rd Avenue South, Great Falls Montana. All common areas on this lot are included for use by the Department.

4. TERM OF LEASE

The term of this lease shall be two (2) years, originating on the 1st day of October 2006, and terminating on the 30th day of September 2008, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

5. CONSIDERATION

The annual amount of rent the Department shall pay to the Contractor during the first year is **$30,300.00**, payable in equal monthly installments of **$2,525.00**. This reflects a rate of $8.42 per square foot per year.
This rate shall increase on September 1st 2007 to **$31,200.00** on an annual basis, payable in equal monthly installments of **$2,600.00.** This reflects a rate of $8.67 per square foot per year.

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

N/A

7. UTILITIES AND SERVICES

The Department shall be responsible for the cost of all utilities, gas, electricity, water/sewer and garbage removal and Janitorial.

8. PARKING SPACE

Contractor agrees to provide adequate 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 parking and sidewalks in good repair. The Department agrees to timely remove snow and ice from the sidewalks and the parking area. **The Department does not assume any liability associated with the sidewalks and parking area unless the Department is at fault.**

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 **Ferdinand and Jean Peres,** located at ~~P.O. Box 22465~~, Tucson, Arizona ~~85734-2465~~.
801 W LIMBERLOST DRIVE #173 85705-1509 J.P. JP

The Contractor's representative for purposes under this lease is **Ferdinand and Jean Peres**, telephone (520-822-1962).

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

The Department's representative for purposes under this lease is Teri Young, telephone (406) 452-1792.

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 leased 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, except

for carpets, drapes, blinds, paint, varnish stains, or damage done to any part of the premise caused by the Department, its employees/ agents or residents, all fixtures in the building except those owned by the Department, and all plumbing, heating, ventilation, air conditioning, and electrical circuits. In the event the Department, it's employees/ agents or residents clog the sewer line or plumbing, the Department shall unclog it at their expense.

The Department shall be responsible for insect control, lawn maintenance, and weed removal. The Department shall be responsible for providing and maintaining smoke detectors, providing and maintaining Carbon Monoxide Detection alarms as required by the Great Falls Fire Department and the Contractors Insurance Agent, maintain and provide fire extinguishers, carpet, linoleum, drapes and blinds as needed. The Department shall have a fire extinguisher maintenance contract and have it available for the Contractors Insurance Agent.

Hot Water tanks shall be owned and maintained by the Department.

The Department shall store all Flammable Liquids and paints in the appropriate shed on the premise, which shed, shall be provided by the Department.

The Department shall be responsible for maintaining and repairing the 2 ranges up to a maximum of $250.00 per range. The Contractor shall be responsible for all costs above $250.00. In the event the Department obtains 3 appliance repair companies suggestions to replace any range, the Contractor shall do so with the Department held responsible only for the $250.00 maximum per range as stated above.

The Department shall be responsible for maintaining and repairing the 2 ovens, up to a maximum of $500.00 per oven, or ½ of the cost of a new oven - whichever is less. The Contractor shall be responsible for all costs above $500.00. In the event the Department obtains 3 appliance repair companies suggestions to replace any oven, the Contractor shall do so with the Department held responsible only for the amount stated herein.

The Department shall be responsible for maintaining and repairing the microwave up to a maximum of $350.00. The Contractor shall be responsible for all costs above the $350.00 paid by the Department. In the event the Department obtains 3 appliance repair companies suggestions to replace the microwave, the Contractor shall do so with the Department held responsible only for the amount stated herein.

The Department shall vacuum, clean or replace HVAC filters and keep furnaces clean of dust and debris as needed.

The Department agrees to NOT USE the fireplace during the term of this lease.

The Department shall maintain this premise in a clean and sanitary condition at all times during the term of the lease.

The Department shall not have waterbeds or pets on the premise.

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 responsible only in cases of damages resulting from the Department's negligence or that of its employees, agents or residents. The Department shall make the necessary repairs due to their negligence as soon as possible.

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 shall 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 uninhabitable by fire or other casualty, the rent shall be reduced by the proportion the premises have been rendered uninhabitable 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 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 Contractor agrees to permit permanent alterations to the property located at 4212 1/2 3rd Avenue South. The Department will not be responsible for returning said property to its original condition upon termination of this lease. Alterations are as follows: Remodel garage into a living space and place a door from the kitchen into the garage. All costs associated with renovation/ alterations shall be borne by the Department. All improvements made to these premises shall become the property of the Contractor upon termination of this lease with no cost to the Contractor except the sheds that are provided by the Department.

16. SIGNS

The Department agrees to not install any signs on the premise.

17. HOLD HARMLESS AND INDEMNIFICATION

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.

The Contractor shall not be responsible for the negligence of the Department.

"The Department agrees to hold harmless and pay damages to the Contractor for claims arising out of the intentional acts of the Department's clients, employees, volunteers, officers and officials."

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, 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.

The Contractor shall not be responsible for the negligence acts of the Department, Department's clients, employees, volunteers, officers and officials.

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 Section 504 of 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 Great Falls, 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 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 picocuries 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 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. The Department shall be responsible for rent during these thirty days after 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 sections 1 through 29, 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 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 THEREOF, the Contractor and the Department have entered into and executed this lease:

CONTRACTOR

By: Ferdinand Peres Date 09-29-06
Ferdinand Peres

By: Jean Peres Date 09-29-06
Jean Peres

DEPARTMENT

By: Date 9-26-06
Steve Gibson, Administrator
Youth Services Division

PRIOR APPROVAL BY THE DEPARTMENT OF ADMINISTRATION

By: Garett M. Bacon Date 9-26-2006
Garett M. Bacon
Leasing Officer

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

2nd AMENDMENT AND SUPPLEMENT TO LEASE #7003-B

This 2nd Amendment and Supplement to Lease #7003-B for space in Montana is made this 6th day of July, 2007, by and between the **Department of Corrections**, hereinafter referred to as the DEPARTMENT and **Ferdinand and Jean Peres**, hereinafter referred to as the CONTRACTOR.

WHEREAS, the parties have entered a Lease with an original effective date of October 1, 2006 and Section 27 provides that the parties may modify their agreement in writing,

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)~~ four (4) years, originating on the 1st day of October 2006, and terminating on the 30th day of September ~~2008~~ 2010, unless earlier terminated as provided in Sections 14, 20 or 22 of this lease.

5. CONSIDERATION

The annual amount of rent the Department shall pay to the Contractor during the first year is **$30,300.00**, payable in equal monthly installments of **$2,525.00**. This reflects a rate of $8.42 per square foot per year. This rate shall increase on September 1st 2007 to ~~**$31,200.00**~~ **$34,992.00** on an annual basis, payable in equal monthly installments of ~~**$2,600.00**~~ **$2,916.00**. ~~This reflects a rate of $8.67 per square foot per year.~~ The additional lease payment is compensation ($316.00/month) for installation [by Contractor] of an appropriately-sized air conditioning unit in the leased space. The Department shall pay the additional $316.00 (three hundred sixteen and 00/100) per month for 24 months, ending with the September 2009 payment. On October 1st 2009, the monthly lease rate shall be adjusted to $2,700.00, which reflects an annual lease rate of $32,400.00.

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.

IN WITNESS HEREOF ALL PARTIES HAVE ENTERED INTO AND EXECUTED THIS AMENDMENT AND SUPPLEMENT TO LEASE;

CONTRACTOR

Ferdinand Peres 08-01-07

Ferdinand Peres DATE

Jean Peres 08/01/07

Jean Peres DATE

DEPARTMENT

7-31-07

Steve Gibson, Administrator DATE
Youth Services Division

PRIOR APPROVAL BY
DEPARTMENT OF ADMINISTRATION

July 31, 2007

Garett M. Bacon, Leasing Officer DATE
Department of Administration