

STATE OF MONTANA STANDARD LEASE CONTRACT
(Lease Template last revised November 28, 2011)

This lease #7003-C is made by and between the Montana Department of Corrections, 5 South Last Chance Gulch, Helena, Montana, 59601, "Lessee" and Ferdinand and Jean Peres, 801 W. Limberlost Drive, # 173, Tucson, Arizona 85705-1509, "Lessor."

1. PURPOSE OF LEASE

The Lessee has a need to lease space in Great Falls, Montana, for the purpose of a Juvenile Transition Home. The Lessor has space available for lease in Great Falls, Montana, suitable for the stated purpose.

2. PREMISE DESCRIPTION

The area of space being leased (leased premise) consists of 3,600 square feet, which is identified as the main house at 4212 3rd Avenue South, Great Falls Montana. All common areas on this lot are included for use by the Lessee. The 1,600 sq ft adjacent house located to the south of the main house on the same parcel known as 4212 3rd Avenue South, Great Falls Montana, may be leased to other parties by the Lessor with mutual consent by the Lessee, which consent shall not be unreasonably withheld.

3. TERM OF LEASE

The lease term is three years, effective January 1, 2013 through December 31, 2015, unless earlier terminated as provided in Sections 13, 18, 19, 21 or 22 of this lease.

4. CONSIDERATION

The annual amount of rent the Lessee shall pay to the Lessor is \$25,200.00, payable in equal monthly installments of \$2,100.00. This reflects a rate of approximately \$7.00 per square foot on an annual basis. (3600 sq ft x \$7.00 = \$25,200.00.)

The Lessee shall make monthly lease payments without the need for a separate invoice from the Lessor. The lease payments are due on the first business day of the month. Lessor may request payments be made by electronic funds transfer by submitting a completed Standard Form 1199A (Direct Deposit Sign-Up Form) to the Lessee. Such an election shall remain in force until cancelled by Lessor with 30 days' advance written notice to the Lessee.

5. RENEWAL OPTION

All lease renewals are subject to prior approval by the Department of Administration as provided

in Section 26.

6. UTILITIES AND SERVICES

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

7. PARKING SPACE

Lessor shall provide adequate parking spaces, including the requisite number of handicapped spaces in compliance with the Americans With Disabilities Act, as part of the leased premise at no additional charge or cost to the Lessee.

8. PARKING AREA AND SIDEWALK MAINTENANCE

Lessor agrees to keep parking and sidewalks in good repair. Lessee agrees to timely remove snow and ice from the sidewalks and the parking area. Lessee does not assume any liability associated with the sidewalks and parking area unless Lessee is at fault.

9. 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, when mailed by first class mail, postage prepaid, to the addresses specified in this section, or by e-mail with confirmation of delivery.

The Lessor's address for purpose of receiving demand or notice is Ferdinand and Jean Peres, 801 W. Limberlost Drive, # 173, Tucson, Arizona 85705-1509.

The Lessor's representative for purposes under this lease is Ferdinand and Jean Peres, telephone 520-822-1962 or 520-429-6732.

The Lessee's address for the purpose of receiving demand or notice is the Montana Department of Corrections, 5 South Last Chance Gulch, Helena, Montana, 59601.

The Lessee's representative for purposes under this lease is Cindy McKenzie, telephone (406) 444-0851, e-mail address: cmckenzie@mt.gov .

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

10. QUIET ENJOYMENT

The Lessee has the right to quiet and peaceful enjoyment and utilization of the leased premise for the term of this lease upon paying rent as provided and upon Lessee's adherence to performance conditions set forth in this lease.

11. ACCESS FOR MAINTENANCE/INSPECTION

Upon prior notice, the Lessee shall permit the Lessor or its agent to enter into and upon the leased premise at all reasonable times to: (a) maintain or inspect the leased premise or (b) make repairs, alterations or additions to any portion of the leased premise, including, but not limited to, the installation and maintenance of scaffolding, canopies, fences, or props as may be needed.

12. MAINTENANCE OF LEASED PREMISE

Lessor 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 Lessee, its employees/ agents or residents, all fixtures in the building except those owned by Lessee, and all plumbing, heating, ventilation, air conditioning, and electrical circuits. In the event Lessee, it's employees/ agents or residents clog the sewer line or plumbing, Lessee shall unclog it at their expense.

Lessee shall be responsible for insect control, lawn maintenance, and weed removal. Lessee 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 Lessors Insurance Agent, maintain and provide fire extinguishers, carpet, linoleum and provide drapes and blinds as needed. Lessee shall have a fire extinguisher maintenance contract and have it available for the Lessor's Insurance Agent.

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

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

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

Lessee 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. Lessor shall be responsible for all costs above \$500.00. In the event Lessee obtains 3 appliance repair companies

suggestions to replace any oven, Lessor shall do so with Lessee held responsible only for the amount stated herein.

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

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

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

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

Lessee shall not have waterbeds or pets on the premise.

Lessee shall notify Lessor in writing immediately of any damage or need for repair. Lessor shall make or cause to be made the necessary repairs as soon as possible after receiving notice. Lessee shall be responsible only in cases of damages resulting from Lessee's negligence or that of its employees, agents or residents. Lessee shall make the necessary repairs due to their negligence as soon as possible.

Should Lessor 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 Lessee to Lessor, Lessee may then make necessary repairs at Lessor's expense at the lowest reasonable cost.

An itemized statement of repairs made by Lessee 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.

13. CASUALTY OR FIRE DAMAGE

If the leased premise becomes 25% or more destroyed or made uninhabitable, or if the premise is condemned by a proper authority, this lease may be terminated, without incurring liability, by the Lessee. Except if it is caused due to the negligence of the Lessee or its employees agents or residents.

If the leased premise is less than 25% destroyed or made uninhabitable, the rent shall be reduced by the proportion the premise has been rendered uninhabitable or declared unsafe.

If the leased premise is not restored, or cannot be restored, and returned to proper condition for use and occupancy within 30 days of the casualty, then either the Lessor or the Lessee may terminate this lease, without incurring liability, on 10 days' written notice to the other party.

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

14. ALTERATIONS TO LEASED PREMISE

All improvements made to these premises shall become the property of the Lessor upon termination of this lease with no cost to the Lessor except the sheds that are provided by the Lessee. Lessee agrees to thoroughly clean appliances and inside of small house and repair damages to property resulting from acts of Lessee's residents.

Lessor agrees to make electrical upgrades to install a new circuit from the panel to the island bar in the kitchen in the amount of \$604.00 at Lessor's expense.

Lessor agrees to make plumbing and electrical upgrades in the amount of \$1,185.00 for work needed to move the washer and dryer to the second level at Lessor's expense.

Lessee agrees to carpet the facility at Lessee's expense. Lessee agrees to paint all walls and stain wooden beams and trim to the same color at Lessee's expense.

15. SIGNS

Lessee agrees to not install signs on the premise.

16. HOLD HARMLESS AND INDEMNIFICATION CLAUSE

The Lessor agrees to protect, defend, and save the Lessee, 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 Lessor'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 Lessor and/or its agents, employees, representatives, assigns and sublessors under this lease.

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

17. INSURANCE SPECIFICATIONS

a. Property

At its sole cost and expense, the Lessor shall keep the building and all other improvements on the premise 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 premise.
- 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 premise.

b. General Liability

General Liability: the Lessor 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 Lessor must provide 30 days written notice to the Lessee of any material change in coverage including cancellation and the Lessee reserves the right to request copies of the Lessor's insurance coverage at any time. The State, its officers, officials, employees, and volunteers are to be covered as additional insureds for liability arising out of activities performed by or on behalf of the Lessor, including the insured's general supervision of the Lessor, products and completed operations and the premise owned, leased, occupied, or used.

The Lessor's insurance coverage shall be primary insurance as respects the Lessee, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Lessee, its officers, officials, employees, or volunteers shall be excess of the Lessor's insurance and shall not contribute with it.

The Lessor shall not be responsible for the negligent acts of the Lessee, Lessee's clients, employees, volunteers, officers and officials.

18. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

The Lessor shall comply with all applicable state and federal laws. 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 Lessor shall comply with the Montana Occupational Safety and Health Act (MCA 50-71-111 et seq.) and all rules adopted thereunder. The Lessor 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 premise and to assume all legal responsibility for any charges or damages for non-observance.

The Lessor shall provide the Lessee of Administration, the Legislative Auditor or their authorized agents access to any records concerning this lease. A state agency may terminate a contract, without incurring liability, for the refusal of a nonstate entity to allow access to records as required in MCA 18-1-118.

The Lessor shall retain all records supporting the services rendered or goods delivered for a period of eight 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.

The Lessor warrants that the space is ADA accessible and compliant.

19. ENVIRONMENTAL HAZARDS

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

The Lessor represents and warrants that the leased premise shall be free of all asbestos containing materials, except undamaged vinyl asbestos floor tile in the premise or undamaged boiler or pipe insulation outside the leased premise. Radon levels in the leased premise 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 Lessee determines that the leased premise poses a significant environmental hazard to its employees, this lease may be terminated, without incurring liability, with a minimum of 10 days' written notice.

20. HOLDOVER TENANCY

If the Lessee holds the premise 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, without incurring liability, at any time by either the Lessor or the Lessee by means of a 30 days' written notice delivered prior to the beginning of the final month.

21. TERMINATION

The Lessor acknowledges, understands, and agrees that the Lessee, as a state agency, is dependent upon state and federal appropriations for its funding. If state or federal government funds are not appropriated or otherwise made available to support continued performance of this lease in subsequent fiscal periods, the Lessee shall terminate this lease. The Lessee shall provide Lessor the date Lessee's termination shall take effect. The Lessee shall not be liable to the Lessor for any rental payment that would have been payable had the lease not been terminated under this provision. The Lessee shall be liable to the Lessor only for the rental payment, or prorated portion of that payment, owed to the Lessor under Section 4 up to the date the Lessee's termination takes effect. This is the Lessor's sole remedy. Lessee shall not be liable to the Lessor for any other payments or damages, including but not limited to general, special or consequential damages such as lost profits.

Lessee shall surrender the premise to the Lessor in as good of condition and repair as when Lessee took possession of premise, reasonable wear and tear excepted.

22. DEFAULT

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. The notice shall specify the action required to correct the default and a period of time, 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, and pursue the remedies available under Montana law.

At the expiration or termination of this lease or any extension of it, the Lessee will vacate and surrender the premise to the Lessor in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property and fixtures placed in the premise by the Lessee or owned by the State of Montana may be removed by the Lessee within 30 days of termination.

23. SEVERABILITY

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 Lessor and Lessee agree that this lease shall be governed and interpreted according to the laws of the State of Montana. If a lease dispute arises, 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, sublease or letter of understanding, is subject to prior approval by the Department of Administration.

27. ENTIRE LEASE/AMENDMENT

This lease, consisting of 10 pages, sections 1 through 29, contains the entire contract between the Lessor and the Lessee. 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

Subject to prior approval by the Department of Administration as provided in section 26, Lessee shall have the right to sublet the premise to a sublessee, with the consent of the Lessor, which consent shall not be unreasonably withheld.

29. SMOKE FREE ENVIRONMENT

The Lessor shall make all parts of the leased premise smoke-free. "Smoke" means smoke from a lighted cigar, cigarette, or pipe or any other lighted tobacco product as defined in 50-40-103, MCA.

(The remainder of this page is left blank intentionally)

IN WITNESS HEREOF, all parties have entered into and executed this Amendment on the dates stated below:

PARTIES TO THE LEASE

Lessee

By: Mike Ferriter 12.19.12
Mike Ferriter, Director Date
Department of Corrections

Lessor

By: Ferdinand Peres 02-05-2013
Ferdinand Peres, owner Date

Lessor

By: Jean Peres 02-05-2013
Jean Peres, owner Date

APPROVED BY:

By: Garett M. Bacon Dec 5, 2012
Garett M. Bacon Date
Leasing Officer, Department of Administration, General Services Division

By: Mike Manion Dec. 17, 2012
Mike Manion Date
Department of Administration Chief Legal Counsel

By: Dan Villa 12/21/12
Dan Villa Date
OBPP Director/Designee

By: Janet R. Kelly 12-24-12
Janet R. Kelly, Director Date
Department of Administration

A.T.Klemens, Inc.
814 12 Street North
Great Falls, MT 59401

Invoice: 545665

A.T.Klemens, Inc.

(406) 452-9541

814 - 12TH STREET NORTH
GREAT FALLS, MT 59401

(406) 452-9541 • FAX (406) 761-0935
www.atklemens.com

Sold to

PERES, FRED
801 WEST LIMBERLOST DR. #173
TUCSON, AZ 85705-1509

Ship to

YOUTH TRANSITION CENTER
Y.E.P.
GREAT FALLS, MT 59404

Account	P.O. Num	Ship Via	Ship Date	Terms	Invoice Date	Page
PERES FR				Net 30	1/17/13	1

12/18/2012, 12/19/2012, 12/20/2012, 12/21/2012, 01/03/2013, 01/07/2013, 01/08/2.13, 01/09/2013, 01/11/2013, 01/14/2013

BREAK UP CONCRETE FLOOR IN BASEMENT. CUT CAST IRON DRAIN PIPE. ADD A FITTING FOR NEW LAUNDRY AND FLOOR DRAIN. RE-POUR CONCRETE. ROUND IN WASTE / VENT / WATER FOR LAUNDRY. RUN NEW 4" DRYER VENTS TO EXTERIOR OF HOUSE. ROUGH IN ELECTRIC INTO NEW LAUNDRY. RUN A DEDICATED CIRCUIT TO ISLAND IN KITCHEN. ADD A FLOURESCENT LIGHT FIXTURE FOR LAUNDRY.

Item	Quantity	Description	Unit Price	Extended Price
	28.75	JOURNEYMAN HOURS (NORMAL RATE IS \$75.00 AN HOUR)	60.00	1,725.00
	10	LABORER HOURS (NORMAL RATE IS \$55.00 AN HOUR)	40.00	400.00
	1	ALL MATERIALS USED	540.93	540.93
	1	CITY PERMITS	179.79	179.79

• Paid \$1,789.00 - 2.4.13 - Thank you

• Balance due \$1,096.72

Subtotal 2,845.72

WE WANT TO TAKE A MOMENT AND LET YOU KNOW HOW MUCH WE APPRECIATE YOUR BUSINESS..... IT'S CUSTOMERS LIKE YOU WHO HAVE KEPT A.T. KLEMENS IN BUSINESS SINCE 1928 !!

Total \$2,845.72