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Page: 1 of 54 09/26/2017 11:38:16 AM Fee: \$5.00
Charlotte Mills - Gallatin County, MT IA

INTERLOCAL AGREEMENT

THIS INTERLOCAL AGREEMENT is effective the 14th day of September, 2017, by and between the Gallatin Airport Authority, hereinafter referred to as "Authority" and the Central Valley Fire District, a Montana Rural Fire District, hereinafter referred to as "District" (collectively the "Parties"). This Agreement shall supersede and replace any prior agreements pertaining to the provision of services to the Authority or any leasehold on any Authority owned or controlled land, including but not limited to the agreement entered into between the Parties on July 1, 2003, and any subsequent amendments thereto.

RECITALS:

WHEREAS, the Authority herein is the owner of the land and improvements that comprise the Bozeman Yellowstone International Airport, hereinafter referred to as "Airport" located in Gallatin County, Montana;

WHEREAS, the District herein provides fire and emergency services to the area which contains the Airport pursuant to Title 7, Chapter 33, Montana Code Annotated ("MCA"), located in Gallatin County;

WHEREAS, Title 7, Chapter 11, Part 1, MCA provides that public entities such as the Authority and the District may enter into an Interlocal agreement;

WHEREAS, the Authority owns real property that would contribute more than \$76,000.00 per year, based on current assessment estimates, in taxes to the District if it were a private entity;

WHEREAS, the Airlines utilizing Bozeman Yellowstone International Airport contribute more than \$58,954.00 per year, based on current 2016 assessment, in taxes directly to the District;

WHEREAS, the Authority currently makes payments in lieu of taxes to receive fire, rescue and emergency medical services from the District;

WHEREAS, the Authority must have fire, rescue and emergency medical services available in close proximity to the Airport in order to meet incident response time requirements;

WHEREAS, if the District was not located within close proximity to the Airport, the Authority would have to provide its own fire, rescue and emergency medical services at a cost which would likely exceed the amounts set forth in the terms of this Agreement;

WHEREAS, the District desires to lease a tract of land at the Airport, for no less than 40 years, for the purpose of building and operating an administrative fire station on the Authority's premises and the Authority desires to grant such a lease and set forth the terms and conditions of such tenancy;

WHEREAS, the Authority and the District desire to cooperate and provide additional training for District firefighters and Authority staff members so that a safe, coordinated aircraft firefighting and rescue response can be made to aircraft accidents and incidents;

WHEREAS, it is in the mutual best interests of the Authority and District to enter into an agreement for the purposes set forth herein; and

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

ARTICLE I – PURPOSE

The purpose of this Interlocal agreement (“Agreement”) is to establish the rights and responsibilities of the above Parties to set forth the terms and conditions which the Parties will create a long term legal relationship for at least for the primary term of forty (40) years in the form of a ground lease and for the exchange of responsibilities set forth in this Agreement.

ARTICLE II – RESPONSIBILITIES OF THE PARTIES

“AUTHORITY”

The Authority agrees that it has the responsibility to:

1. Enter into the Ground Lease as defined below;
2. Provide approximately 3.5 acres of land (see Exhibit 1 – “Site Plan” hereto attached) for the “Site” to the District for an administrative fire station which will be leased to the District pursuant to the Ground Lease;
3. Train designated Authority staff members responsible for aircraft rescue and firefighting (ARFF) so that they may provide “Incident Management” during an ARFF response until District personnel can assume Incident Management at the scene;
4. Train designated Authority staff members responsible for ARFF in accordance with the requirements of 14 CFR Part 139, Sec. 139.319 or as later amended or modified;
5. Comply with the Standard Operating Procedures promulgated by the Authority and District currently in place and as may be mutually amended from time to time;
6. Conduct at least two semi-annual, joint ARFF related training exercises per year at Bozeman Yellowstone International Airport with District personnel. One training exercise shall be conducted during daylight hours and one shall be conducted during the hours of darkness; and
7. Sponsor the FAA required triennial full-scale airport emergency plan exercise.

"DISTRICT"

The District agrees that it has the responsibility to:

1. Enter into the Ground Lease as defined below;
2. Provide Incident Management as required for all accidents or incidents including those associated with aircraft rescue and firefighting ("ARFF") at Bozeman Yellowstone International Airport;
3. Provide trained personnel with appropriate fire, rescue and medical apparatus to assist in the firefighting, rescue and emergency medical response for accidents or incidents, including ARFF, for the Authority and the Airport;
4. Participate in at least two, semiannual joint ARFF related training exercises per year at the Airport with Authority personnel. One training exercise shall be conducted during daylight hours and one shall be conducted during the hours of darkness. The District agrees to participate in each exercise with appropriately trained District firefighters and sufficient emergency apparatus to provide an effective exercise, as mutually determined by the District and Authority;
5. Participate in the required annual review of the Airport emergency plan;
6. Participate in the required triennial full-scale airport emergency plan exercise with appropriately trained District firefighters and sufficient emergency apparatus to provide an effective exercise, as mutually determined by the District and Authority; and
7. Separate and apart from the additional services provided by District pursuant to this Agreement, District shall continue to provide to Airport the same emergency fire and medical services it provides to the general public.

ARTICLE III – "GROUND LEASE"

Based on the consideration set forth in this Agreement the Parties hereby execute and enter into the attached "Ground Lease-Central Valley Fire District" ("Ground Lease").

ARTICLE IV – DURATION and TERM

The initial term of this Agreement and the incorporated Ground Lease shall be for a period of forty (40) years commencing in accordance with the terms and conditions therein.

ARTICLE V – CREATION OF A LEGAL ENTITY

To District: Central Valley Fire District
205 East Main Street
Belgrade, MT 59714
Attention: Fire Chief

Either Authority or District may change the address to which such notices or demand shall be sent by notice transmitted in accordance with the above provision.

ARTICLE IX – DISPOSITION OF PROPERTY

The relationships between the Parties pertaining to any property shall be governed by the terms and conditions of the Ground Lease.

SECTION X - GENERAL PROVISIONS

1. Mutual Indemnity:

The District agrees fully to indemnify, save harmless and defend the Authority, its commissioners, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damage or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the District, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the Authority shall give to the District prompt and reasonable notice of any such claims or actions, and the District shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the Authority.

The Authority agrees fully to indemnify, save harmless and defend the District, its trustees, officers and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damage or injuries to third persons or their property, caused by the fault or negligence in whole or in part of the Authority, its subtenants or employees in the use or occupancy of the premises hereby leased; provided that the District shall give to the Authority prompt and reasonable notice of any such claims or actions, and the Authority shall have the right to investigate, compromise and defend same, provided such claim is not the result of negligent act of the District.

2. Successors and Assigns:

All the terms, covenants and agreements herein contained shall be binding upon and shall inure to the benefit of successors and assigns of the respective Parties hereto, and time is of the essence.

3. Termination of the Agreement:

This Agreement shall be subject to renegotiation and/or termination in the event of any one or more of

the following events:

- a) The permanent abandonment of the Airport by the Authority.
- b) The permanent dissolution of the District.
- c) The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as substantially to restrict the District for a period of at least ninety (90) days from operating thereon.
- d) Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport and the remaining in force of such injunction for a period of at least ninety (90) days.

The termination provisions of the Ground Lease shall govern any renegotiation or termination of the Ground Lease.

4. Authority.

Each individual executing this Agreement on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said entity, in accordance with the entity's operating agreement or other governing documents or a duly adopted resolution of the governing body of said entity authorizing and consenting to this Agreement and specifically authorizing the designated representative signing this Agreement to execute, acknowledge and deliver said Agreement without the consent of any other person or entity resolving that such action and execution is in accordance with the governing documents of said entity; and, resolving that this Agreement is binding upon said Parties in accordance with its terms.

5. Insurance.

District agrees that at its own cost and expense it will maintain comprehensive general liability and property liability insurance with liability limits of not less than \$1.5 Million per occurrence. Certificates of Insurance, naming the Authority as a primary additional insured on its general liability coverage, must be supplied within ten (10) days of executing this Agreement.

Authority agrees that at its own cost and expense it will maintain comprehensive general liability and property liability insurance with liability limits of not less than \$1.5 Million per occurrence. Certificates of Insurance, naming the District as a primary additional insured on its general liability coverage, must be supplied within ten (10) days of executing this Agreement.

6. Governing Law.

This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State of Montana.

7. Default and Remedies.

In the event there is a default by either party with respect to any of the provisions of this Agreement the

non-defaulting party shall give the defaulting party written notice of such default. After receipt of such written notice, the defaulting party shall have thirty (30) days in which to cure any default, provided the defaulting party shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and the defaulting party commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. The non-defaulting party may not maintain any action or effect any remedies for default against the defaulting party unless and until defaulting party has failed to cure the same within the time periods provided in this paragraph.

In the event a default is not remedied, the defaulting party may pursue any remedy available to it under applicable law, including termination of this Agreement.

The default provisions of the Ground Lease shall stand alone and not be applied to this Agreement.

8. Non-waiver.

This Agreement provides for services in addition to those provided by the District to the general public. Nothing herein shall be construed as a waiver of Authority's right to receive from District any services District provides to the general public which are not covered by this Agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their hand the day and year first above written.

GALLATIN AIRPORT AUTHORITY

CENTRAL VALLEY FIRE DISTRICT

By [Signature]
Name: [Signature]
Title: Chairman

By [Signature]
Name: Ty R. Elliot
Title: Vice Chairman

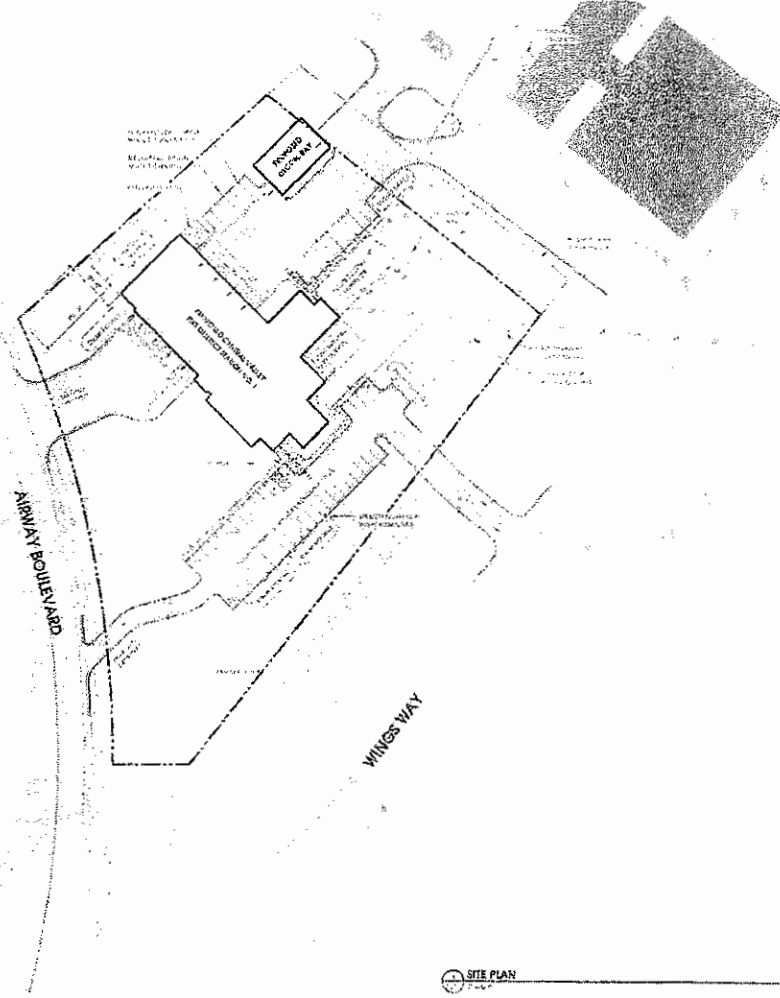
Exhibits

1. Parcel map attached to Lease including site map with location of District's proposed facility and including ingress and egress drives.
2. Copies of the District and Authority Board Resolutions authorizing entering into this Agreement.
3. Ground Lease.

EXHIBIT A

A parcel of land as set forth on this Site Plan Drawing generally located in the NW1/4 Section 7, T1S, R5E, MPM, Gallatin County Montana.

The extent of the boundary of the Property is included in the area described as both the "Lease Line" and "Proposed Lease Line Extension."



SITE PLAN



SDT.O

CENTRAL VALLEY FIRE DISTRICT
CENTRAL VALLEY FIRE DISTRICT STATION 1
SITING AND CONSTRUCTION PLAN
SITE PLAN

PRELIMINARY
DRAWINGS
NOT FOR
CONSTRUCTION



T A



CENTRAL VALLEY FIRE DISTRICT
BOARD OF TRUSTEES MEETING
205 East Main Street
Belgrade, MT 59714
406-388-4480
(Fax): 406-388-6270

MEETING PLACE: Belgrade City Hall – Council Chambers
91 East Central, Belgrade, MT

DATE: February 13, 2017

TIME: Following the Joint Meeting with the City

ATTENDANCE:	<u><i>(Present)</i></u>	<u><i>(Absent)</i></u>
<i>Trustees:</i>		
Joe Nelson, Chair		X
Ty Elliot, Vice Chair	X	
Mark MacLeod, Sec/Treas.	X	
Kent Merselis	X	
James Hall	X	
<i>Chief:</i>		
Ron Lindroth	X	
<i>Acting Clerk:</i>		
Deb Bloem	X	
<i>City Representative:</i>		
Anne Koentopp	X	
<i>City Manager</i>		
Ted Barkley	X	

NOTICE: ALL MEETINGS OF THE CENTRAL VALLEY FIRE DISTRICT BOARD OF TRUSTEES ARE RECORDED

GUESTS/VISITORS: Jason Reviskey, Andy Egstad, Bryan Tate, Michael Tucker.

The Meeting was called to order at 6:25 p.m.
Vice Chairman Elliot led the Pledge of Allegiance.

AGENDA: As presented.

MINUTES: Trustee Merselis moved to approve the January 10, 2017 minutes as submitted. Trustee MacLeod seconded the motion. The motion was unanimously approved.

FINANCIAL REPORTS: Trustee MacLeod moved to approve the financial reports. Trustee Hall seconded the motion. The motion was unanimously approved.

COMMUNICATIONS: Trustee Elliot read a **thank you note from Jenny Whitaker** for all the support that CVFD has provided during this difficult time.

PUBLIC COMMENT: None.

FIRE CHIEF REPORT: As submitted.
Chief Lindroth reported:
This meeting was preceded by the **Joint Meeting with the City**. **Four new firefighter hires** began today and will leave in 2 weeks for the **Front Range Fire Academy in Colorado**.
The SAFER Grant application was sent for review by a previous member of the review board and has been submitted. Senator Daines has provided a letter of support and Senator Tester has committed to do the same. In an action item, the Board is being asked to commit to accepting the grant and to not lay any firefighters off during the 3 year period that the grant covers.
Chief Lindroth turned the meeting over to **Bryan Tate for the Station 7 Construction Report:**
Mr. Tate reported that the **bids for construction** of Station 7 have been submitted and will be reviewed Tuesday, February 14th. Trustee Elliot will attend the review.
The Interlocal and Lease Agreement with the Gallatin Airport Authority is an action item for the Board's review and approval. Adding to the urgency of the Station 1 replacement, an insect infestation and the deterioration of the metal roof over the bay were both discovered this month.

Chief Lindroth is proposing that **Tate Management** be engaged to handle the Station 1 rebuild, including hiring an architectural firm to create the design. The cost of this rebuild may be more than originally thought in light of some cost increases. It will be necessary to explore the options for financing this project. The relationship with the City of Belgrade throughout this process will continue to be a factor.

It is necessary to **replace a 27 year old ambulance this year**. This is a process which includes a Request for Proposal, which is another action item.

Chief Lindroth continues to work with other Chief's in Montana toward obtaining **firefighter and fire officer credentialing in Montana through the Pro Board**.

Insurance Services Office will be evaluating the City and District in October to set the Public Protection Class rating. The timing of this evaluation works well with the building of Station 7 and the addition of volunteer and career staff. A big part of this evaluation will include water supply which continues to be an issue that the Chief is addressing.

The Management staff will attend a three day **Speed of Trust** conference and continue to work toward keeping a culture of Trust the goal in the CVFD organization as a whole.

Trustees Nelson and Merselis have been re-elected by acclamation.

DEPUTY FIRE CHIEF REPORT: As submitted.

Deputy Chief Strickler was commended for the in-depth information and clarity in his reports.

FIRE MARSHAL REPORT: As submitted.

TRUSTEE REPORT: None.

CITY LIAISON REPORT: None.

Trustee **Hall** moved to accept the reports as submitted. Trustee **Merselis** seconded the motion. The motion was unanimously approved.

ORDER OF BUSINESS:

ACTION ITEMS:

Consideration and Approval of Gallatin Airport Authority Land Lease and Interlocal Agreement

Trustee Merselis moved to approve the Gallatin Airport Authority Land Lease and Interlocal Agreement. Trustee Hall seconded the motion. The motion was unanimously approved.

Consideration and Approval of the CVFD 3 Year Plan.

Trustee Merselis expressed the Board's appreciation for the time and effort that Chief Lindroth has put into the 3 Year Plan.

Trustee Hall moved to approve the CVFD 3 Year Plan. Trustee MacLeod seconded the motion. The motion was unanimously approved.

Consideration and Approval of the SAFER Grant Acceptance Letter.

Trustee Hall moved to approve the SAFER Grant Acceptance Letter. Trustee Merselis seconded the motion. The Motion was unanimously approved.

Trustee Elliot read the letter of support from Senator Steve Daines into the minutes.

Consideration and Approval of Hiring Tate Management to begin the Acquisition Process for Station 1.

Trustee Merselis moved that Chief Lindroth be authorized to engage Tate Management for the preliminary phase of the construction of Station 1. Trustee MacLeod seconded the motion. The motion was unanimously approved.

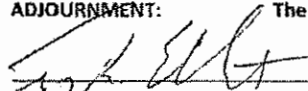
Consideration and Approval to request the RFP for an ambulance.

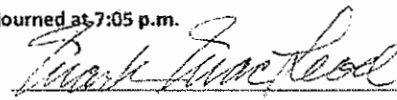
The Board discussed the possibility of checking into purchasing a used ambulance.

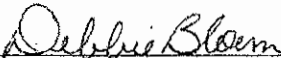
Trustee Merselis moved to authorize Chief Lindroth to submit an RFP for an ambulance subject to briefly researching the possibility of finding an appropriate used ambulance. Trustee Hall seconded the motion. The motion was unanimously approved.

ANNOUNCEMENTS: The next meeting of the Central Valley Fire District Board will be March 21, 2017. It is postponed from the second Tuesday of the month due to Spring Break.

ADJOURNMENT: The meeting was adjourned at 7:05 p.m.


Ty Elliot, Vice Chairman


Mark MacLeod, Secretary/Treasurer

ATTEST: 
Debbie Bloem, Clerk

GALLATIN AIRPORT AUTHORITY

February 9, 2017

The regular monthly meeting of the Gallatin Airport Authority was held February 9, 2017 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director of Finance, and Shannon Rocha, Recorder.

Ted Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and said members of the public are welcome to comment on a specific agenda item when it is being discussed. There is a sign in sheet if anyone would like to talk during the public comment period.

1. Review and approve minutes of regular meeting held January 12, 2017

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There was one revision to change Kevin Kelleher's gender at the bottom of page three.

MOTION: Mr. Lehrkind moved approval of the minutes of the meeting held January 12, 2017 as amended. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Marilee Brown from Safer Bozeman signed up to speak regarding a separated pathway along the Frontage Road.

Ms. Brown handed out a flyer. Ms. Brown took the podium and explained that she is here representing Safer Bozeman and Gallatin County. Ms. Brown first got started with safety issues on Frontage Road. She has been very concerned about some of the people

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February 9, 2017

that have died along Frontage Road. One was a veteran named Patrick Henry who was on his bicycle. She has also observed employees from the airport making their way on Frontage Road without a pathway.

Safer Bozeman started on a motion for this project about a year ago. The motion was passed out and it includes the groups supporting it including the Belgrade Planning Board. The Montana Department of Transportation (MDT) has been digging their heels in about having a separated multi-use pathway. MDT's position is that the transportation planning document that was created by Bozeman and Gallatin County indicates that there should only be shoulders. Safer Bozeman and the City of Bozeman feel it was an oversight. Gallatin County has said no official entity has asked them to support this project. There are tourists, school children, and people traveling between Bozeman and Belgrade who would like to use this. Safer Bozeman feels that making a bicycle friendly community will bring more tourists in and be an economic opportunity.

Safer Bozeman is asking for help. The MDT is currently conducting a corridor study. They are currently reviewing the proposed draft and then it will be out for one more round of public comments. Ms. Brown hasn't seen the wording of the document but the rumors are that they are not supporting the pathway at this time.

Safer Bozeman has 3,000 signatures in support of the pathway but they need more entities to acknowledge the pathway solves a safety issue and that it would contribute to the local economy. Ms. Brown would like us to consider writing the MDT and the County Commission asking them to support a separated use pathway. Ms. Brown is currently collecting funds to get a design concept going. They have matching funds planned. Ms.

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Brown clarified that she is not asking us for funds. Ms. Brown said they are taking this very seriously and moving forward as best they can. Ms. Brown provided a list of the addresses.

Mr. Mathis informed Ms. Brown that we will take this under advisement.

Mr. Sprenger asked what Safer Bozeman's deadline is. Ms. Brown said they would need it within weeks.

Ron Murray, owner of Montana Murray Kennels came to the podium next. Mr. Murray is also a member of Safer Bozeman. He was involved in a serious car accident November 18, 2016 on Frontage Road. He has seen first-hand why we need to have a pathway. His business is one mile past the airport entrance. The interchange created a new pathway but the frontage road still sees a lot of traffic. He and others have seen too many wrecks over the last five years on Frontage Road. Mr. Murray asked that we really consider supporting this initiative.

Mr. Murray has spoken with the Belgrade City Chamber. Mr. Murray says that Bozeman has many paths and other features that Belgrade doesn't. Mr. Murray wants us to look at economic development for our town. Mr. Murray said that if we can get the state to participate let's have the funds go to Belgrade and not another city.

Mr. Murray was thanked for his presentation. Mr. Mathis noted that recent airport improvements include a paved pathway throughout the airport for that reason.

There were no additional public comments.

3. Consider request by Vietnam Veterans of American Chapter 788 to place a welcome sign in the terminal

Mr. Sprenger sent a proposed draft of the sign. Two signs are up in the exit lane area, one for the Veterans of Foreign Wars and one for the American Legion. There is

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currently enough space for one more sign. The one concern is that in the future, other entities might also want to put up a sign that supports veterans. While we don't anticipate additional entities at this time, we should be looking at this request and determining what we can do in the future should that situation arise. Staff recommendation is to approve this request with the knowledge that if we receive an additional request we would remove all three signs and pay for one sign that would include all entities that are interested in participating.

Chuck Renevere and Steve Holland were present and passed out some information. Liz from Senator Daine's office came to the podium. The senator has provided his support for this in the form of a letter which she read.

Mr. Renevere of the VVA came to the podium. He said they provided a list of some of the things their chapter takes part in. They provide volunteer and financial support to a lot of organizations in this community. The proposed sign says "Welcome Home." Mr. Renevere said the Vietnam Veterans were not welcomed home. So their mantra is welcome home. Mr. Renevere asked that they get a favorable consideration and thanked us for having them.

Mr. Mathis mentioned that we have two signs up there at this time. Mr. Mathis watched a news program in which Tom Brokaw mentioned how important it is that veterans feel welcomed and that the airport terminal in Bozeman, MT has a sign that says welcome home veterans. That indicates that people do notice. Mr. Mathis is personally very much in favor of it.

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Mr. Switzer thanked Chuck Renevere, Steve Holland, Liz and the Senator's office for the letter and all the consideration from the congressional delegation. Mr. Switzer said the Vietnam Veterans' chapter in Bozeman is awesome and they do a great amount of work. Mr. Switzer's father was a Vietnam veteran and he remembers people blocking the gate to the base. Mr. Switzer thinks that if there is anything we can do to support the cause we should do it. We also want to think this through for the long term. Mr. Switzer whole heartedly supports this request.

Ms. Stelmak also extended thanks and admiration to all our veterans in particular the ones at the meeting. She thinks this is a very strong welcome that is well deserved. At the same time Ms. Stelmak mentioned that we do have to be careful with the limited space. We don't want to deny other representation. Ms. Stelmak supports the sign with the understanding that it may need to incorporate others in the future.

Mr. Lehrkind agreed with the previous comments and recommended passing the request with Mr. Sprenger's recommendation.

Mr. Renevere said they are well aware of the space limitation. They don't want to see any left out. An Afghan veteran can join their organization as an associate member. Their National Council is considering how to continue the organization after the last man is standing. It could transform into Afghan and Iraqi veterans or whomever. They are open to all veteran and civilians if they would like to take part.

MOTION: Mr. Kelleher moved to approve the request by Vietnam Veterans of American Chapter 788 to place a welcome sign in the terminal with the revisions offered by

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Mr. Sprenger should additional requests be made and the signage needs to be revised. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Pacific Commerce Company, Inc. to construct a 70' x 60' non-commercial hangar

Mr. Sprenger reported that Mr. Gary Roberts of Pacific Commerce Company has a business that has a need for private aircraft, a Cessna Citation. He would like to hangar that aircraft here at the airport. Mr. Roberts has requested some exterior improvements for our consideration. He envisions a much nicer exterior than what we have seen in other hangars. It may or may not occur. Before he could move forward on a change like that we would have to approve the changes. Staff currently recommends approval with the current architectural requirements.

MOTION: Ms. Stelmak moved to approve the request by Pacific Commerce Company, Inc. to construct a 70' x 60' non-commercial hangar. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

5. Consider Schematic Design Task Order with Morrison Maierle for the Multi-use Parking Garage

Mr. Sprenger reported that last month he presented the concept of the parking garage. Many questions were answered at that time and since then. The first question was can we afford it and we have provided documentation to show that we believe we can. Staff does recommend that we pursue a \$3.50 per rental car customer facility charge (CFC) for this project. That is separate from today's motion.

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The first step is to consider Morrison Maierle to begin schematic design of this project for \$335,400 (7% of the total project). After that we will have the opportunity to review and consider each step of the project before moving forward.

Mr. Sprenger clarified that the \$25 million includes the 4th level as the roof for the 3rd level. We have had some discussion on that. It would be an additional \$3 million to have a roof on the 4th level. At this point the bulk of our rental car needs are in the summer. From that perspective the 4th level without a roof would be adequate at this time. The schematic design will include the roof as an alternate to be considered at the bids or a future addition to the project at a time that we could afford it.

Mr. Sprenger said that Morrison Maierle is anticipating having the schematic completed by April.

Mr. Sprenger clarified that the current design is as tall as we can make it. Mr. Switzer asked if the construction schedule is optimal based on weather and other such factors. Mr. Sprenger said we know we will lose one full summer which is our biggest concern. By starting in the fall time frame of this year we would lose summer 2018 but be available by summer 2019. We might see it completed as early as the winter of 2018-2019. It is estimated as a 14-18 month project.

MOTION: Mr. Switzer moved to approve the Schematic Design Task Order with Morrison Maierle for the Multi-use Parking Garage. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

6. Consider entering into a Ground Lease Agreement and an Inter-Local Agreement with Central Valley Fire District

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Mr. Sprenger reported that this has been a long process. The first time Ron spoke with the board was in December of 2014. It has been well over two years since we first looked at the concept. We have been working on an agreement between their legal counsel and our legal counsel over the past year or so. We have reached a point where we feel comfortable with both the inter-local agreement and the lease agreement. The lease agreement would need to be reviewed by the FAA to make sure there is no diversion of funds to meet our grant assurances. Our legal counsel has worked hard to make sure that is not the case so we don't believe that will be an issue. We show very distinctly that this is an equitable trade. There were questions on the location that may still be a concern. It is the only location that Central Valley would be able to work with.

Ron Lindroth of the Central Valley Fire District took the podium. Mr. Lindroth said his and the airport's staff have been working diligently to create a government win/win that is ultimately a win for the people we are here to serve. He thinks this local agreement and lease agreement do exactly that. The airport will receive better fire services and they receive a more affordable location to rebuild a badly needed fire station in a place that they can have access to the community in all directions quickly. They measure their response time in seconds. The location is important. They want to minimize intrusiveness but provide their service quickly.

If approved by the airport, they expect approval by their board. They need to quickly move forward with this project. They will be searching for architects as early as next month. They plan to have design plans done by the end of this year to break ground next year. Their hope is to move in the winter of 2018-2019.

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Mr. Lindroth said he is fully aware of the concern over the visual impact on the airport. Mr. Lindroth said we have a beautiful airport and it is their desire to maintain that appearance. Something they often say in the fire service is that the inside of the fire station is for the firefighters but the outside belongs to the community. As we get designs and plans everyone will have an opportunity to weigh in on the looks of their fire station.

Ms. Stelmak asked what is the updated average of calls they have per day. Mr. Lindroth said they are at 1660 for last year with that number increasing about 10% per year.

Mr. Mathis said they have had about a week to look this over. They have made a few minor recommendations to Mr. Sprenger. Mr. Mathis said that overall he thinks this is a marriage made in heaven and it is just what we need. One thing Mr. Mathis noted in looking through the agreement is that it includes many details for crash fire rescue on the airport, which is extremely important. But the agreement doesn't detail other responses such as response to a heart attack or a car wreck on Aviation Lane. While we understand today that you will provide the same service at the airport as you do throughout the rest of the district, Mr. Mathis would personally like to see one sentence that says that.

Mr. Switzer thanked Mr. Lindroth and the service they provide the community. Mr. Switzer said there are a lot of issues with this. From an operational standpoint it is a win win. Aesthetics can be made into a win win. There will be noise issues. Mr. Switzer thinks our primary responsibility is to provide a safe and effective place for people to operate out of. With that in mind, and the fact that we only have one place that meets all the criteria, we only have one choice on our end. We and the community need it. This is probably the solution.

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Mr. Kelleher said one thing he likes about the location is that you have multiple gates to get through to our taxiway system immediately. He thinks public health and safety makes this the best suited spot even for the future and addition of a new runway. That is the number one reason Mr. Kelleher would like to support this.

Ms. Stelmak agreed with what others have said and thanked Mr. Lindroth. Ms. Stelmak's concern is whether this is the best location for other businesses that may occur in the area. Ms. Stelmak recalled trying to find a location that was further back. Ms. Stelmak acknowledged that she knows what they need for their access and so she reluctantly supports this location.

Ms. Stelmak asked about the reference on Page three to additional possible uses for community events and recreation. Mr. Lindroth said they may have an open house once a year. They also have station tours for school children. He anticipates the annual pancake breakfast may continue at the park but they are not sure at this time. They will be small scale type events. Ms. Stelmak voiced concerns about that location and how it may affect future development but she understands that is what they need to provide access.

Mr. Lehrkind asked about the lease term and Mr. Sprenger said it is a 40 year lease. If we choose to discontinue the lease then we would purchase the fire station at fair market value. If they choose to discontinue the lease then it would be a different situation.

Mr. Lehrkind thinks this is a great location as it will be the first thing people see and it makes people feel good. Mr. Lehrkind thanked Mr. Lindroth for mentioning the aesthetics and wanting to make it look good. Mr. Lehrkind noted that he didn't see language in the agreement for maintenance as the building ages. Mr. Sprenger said that is part of the

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language for the continuation of the lease. At the 40 year timeframe the tenant needs to reasonably maintain such improvements and it needs to be in good and useful condition. Mr. Lehrkind said he saw that and it could mean a couple different things. Mr. Lindroth said he couldn't speak for who would be in his position in 40 years but the fire service has a reputation they would like to maintain just like the airport does.

Mr. Kelleher asked if the proximity to the fuel farm is of any concern. Mr. Lindroth said from a danger standpoint it is not a concern. As a possible fuel source for fire trucks it is advantageous. Mr. Lindroth's biggest concern is making sure there are no spills or ground leakage as that could migrate. They did research and they found no codes or prohibitions against the proximity to a fuel farm.

Mr. Kelleher asked if there is enough land there for many years use and growth. Mr. Lindroth said he believes there is. As they grow they will have one main fire station, which this one will serve, but he anticipates the building of two or three more in the next 10-15 years. Firefighters will be dispersed through those other stations for a faster response. They plan to build it large enough to grow into over the next 20 years as opposed to what their immediate needs are.

Ms. Stelmak asked Mr. Sprenger if the fire station is at this location then are our needs covered for fire service to the airport now and in the future. Mr. Sprenger said the biggest concern is Emergency Medical Services (EMS). We are required to provide that. Their current location is close enough that we don't need to provide that service internally. A location on our property would definitely cover that requirement. That is the driving force

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from our standpoint. EMS would be costly if we had to provide them on our own. They also provide mutual aid and training of our staff.

MOTION: Mr. Switzer moved to approve the Ground Lease Agreement and an Inter-Local Agreement with Central Valley Fire District subject to FAA approval. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis thanked all who were involved for their time. Mr. Mathis asked about the availability of an ambulance that could transport to the hospital or clinic from the airport. Mr. Lindroth said they will have an ALS ambulance at the station. They will have three ambulances available in the district. The three year work plan they have had out for public comment identifies that they are operating at half the funding and half the staffing of all comparable communities in the state. Their number one effort is to add staff and maximize the use of every dollar they get and ultimately look for other financial resources. If they get their grant to add three additional firefighters that will allow the ambulance to be available more often.

Mr. Mathis said it is noteworthy that they have an ambulance on the field with rotor blades.

7. Report on passenger boardings and flight operations – Scott Humphrey

Total operations for January 2017 versus 2016 were up 4.2%. That puts our rolling twelve-month operations at 77,152. Corporate landings were up 10.1% at 393 versus 357. Total enplanements were up 5.2% at 44,357 versus 42,175. That gives us another twelve-month rolling record of 556,216 enplanements and counting. Total deplanements were up 4.6% at 42,754 versus 40,868. Airline landings were up 2.2% percent at 520 commercial

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airline landings versus 509. Airline load factors 81.7% versus 82.4%. We did have a few more seats in the market last January. Fuel dispensed for December was up 18% at 933,000 versus 790,000. For calendar year 2016 fuel dispensed was up 27%.

Right now we are looking flat for February in seats and enplanements. However, that is on one less days since last year was leap year.

We will be meeting with Southwest Airlines on the 23rd. We are meeting just to keep in front of them and look for something in the 2019 timeframe when their reservation system can accommodate smaller communities like us. Mr. Humphrey said they always have a good meeting. Mr. Mathis asked if they would be meeting with other airlines as well and Mr. Sprenger responded that this is just with Southwest. Mr. Sprenger emphasized that we are just meeting with them so they don't forget about us, but we don't expect anything soon.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger highlighted a report with a graph on airport enplanements for the past 25 years. Mr. Sprenger said it is a pretty impressive graph. Overall we have had a strong growth rate over that timeframe. Billings has been flat, but we will see Billings have some growth this next year with the addition of Dallas. Missoula growth will moderate later this year. Last fall we had exceptional load factors and growth. Right now we are seeing a 13% growth in seats next fall. That growth is mostly due to United extending Chicago service essentially year round and adding San Francisco service during the month of October. We may not end up at 13%, but it is a glimpse at how well last fall went. Alaska Airlines will have twice daily service to Portland in the summer. That will be the first time any airport in

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Montana has had twice daily service to Portland. Mr. Lehrkind asked when Missoula will overcome Billings. Mr. Sprenger said they thought it may happen as early as next year. But Missoula may have overgrown and may scale back while Billings is having a little growth. The indication is that it is not too far distant in the future.

Last month Mr. Sprenger attended the small community air service workgroup in DC. He established some very good relationships with the Airline Pilots Association, the Regional Airline Association, the UND flight program, United Airlines and the US Department of Transportation (DOT). There will be four total meetings. They have moved two of them to the west so that they can be a day meeting which is extremely important for those of us in the west. The focus is on pilot training, essential air service, small community air service grants and funding of smaller airports and what that means for maintaining and attracting air service. We have already seen some positives in that and we believe through the relationship with the DOT we can extend the Dallas Fort Worth grant a little longer than next February. That might be important in extending that service and adding additional months to get to year round service.

There is currently an air service bill going through the legislature that is essentially a 1% tax on car rental income. Right now the lodging tax and TBID's contribute greatly to marketing and revenue guarantees and the rental car companies have generally not participated in that. It appears that there is actually some support from even the rental car companies. Mr. Mathis asked Mr. Sprenger if he had a bill number. Mr. Sprenger said no but they can get it for him. They have asked for support from various groups including airports. Our biggest concern is that if structured incorrectly it could be really good for Bozeman but

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not for a smaller community that can't get it. It appears they have addressed that very well and still allows communities like ours to access it.

The snow removal equipment timed out well for this particular winter. It has made a big difference in clearing ramps. It has been well received by staff. It previously took several hours to clear the ramp and now we are clearing the ramp by 8am. The back hangar area is being cleared in about 50% of the time it took previously.

Runway 12/30 will be rehabilitated next spring. We have worked with our engineers to come up with a viable plan that minimizes the impact on our community. The new runway will minimize impact on general aviation, corporate aviation and our freight operations. The airlines will be the biggest challenge. We are proposing an April 30th-May 19th timeframe with a 12:30 to 23:00 main runway closure. It will take about eight straight days of paving. We plan to have two hot plants and two active paving crews plus backup. It is eight days of critical paving but a 20-day overall period which allows for weather contingency. We may pave the terminal ramp like we did the last time. Grooving of the runway will occur later in the year with a 30 day minimum. The budget is about \$6 million. We are expecting to use one year's entitlement funds of \$3.2 million and \$2.1 million in discretionary funds. We have worked with the FAA to get \$1 million this fall because once we are in place and we have scheduled the airlines, we are at the mercy of congress. Discretionary funding has to be in hand before we can do the work. Entitlement funds don't have that restriction. We have emphasized that with the FAA and they have been very receptive.

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Big Sky lodging tax collections for the summer of 2016 equaled the winter collections of 2005. The summer season is growing substantially at Big Sky.

The pilot meeting has been rescheduled for April 12th at 6pm which is the day before the April board meeting. We are working on our next newsletter and including that as well.

Mr. Sprenger reported on a conceptual topic that he felt everyone should be aware of. The passenger facility charge (PFC) that we currently collect is \$4.50. There is significant push in congress to remove the cap and allow airports to decide what they want to charge. That over the past few years has been met with quite a bit of resistance. While our airport organization is in support of it, we disagree with it. While it can be good for funding airport related projects, the challenge is that the majority of our passengers will pay this PFC 4 times. They will pay it once out of Bozeman, two times at connecting airports and then at another connecting airport or at their return airport. Right now Denver collects \$9 on a typical round trip. If you remove that cap and they increase it to \$20, Denver is getting \$40 from our passengers and the ticket prices have increased. That is a big concern. It penalizes the small communities that require connections.

The new administration is high on tax reform and infrastructure which are both good things. But here is a solution to lower federal taxes, increase infrastructure's funding but it is going to be funded locally. Then we see the impact of our airfares go up. Staff is not opposed to a reasonable increase but to remove the cap would put a burden on our passengers and smaller communities around the country. This is one of the key items I will be bringing to the small community group. The airline industry has said traditionally that if

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you raise the price 1% you would see 1% decline in demand. Generally this would have a negative impact on demand for smaller airports. Not all airports would react the same but it could have a significant impact on us. In the last few days we have seen more acceptance even on the republican side which had originally opposed it.

Mr. Switzer asked if there is any way to change the structure so that if you are a small airport and you have these connecting flights that you could restructure it. Mr. Sprenger said one possible way to accomplish that is that the originating amount could be different. It would not tie into the connecting airport. The larger airports are driving this. Larger airports are saying they will take less or no AIP money and give it to the smaller airports. Our strength is going to be in the senate. There are a lot of smaller states. But most states have one major airport and not the same impact of ours.

Mr. Lehrkind asked about how the building is holding up over the interesting winter we have been having and if the roof has had any issues. Mr. Sprenger said no they haven't seen any issues. There was one window leak to address but otherwise no.

Mr. Mathis asked for the schedule to open Runway 3/21. It was opened this morning.

9. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Kelleher seconded the motion. All board members voted aye and the motion carried unopposed.

10. Adjourn

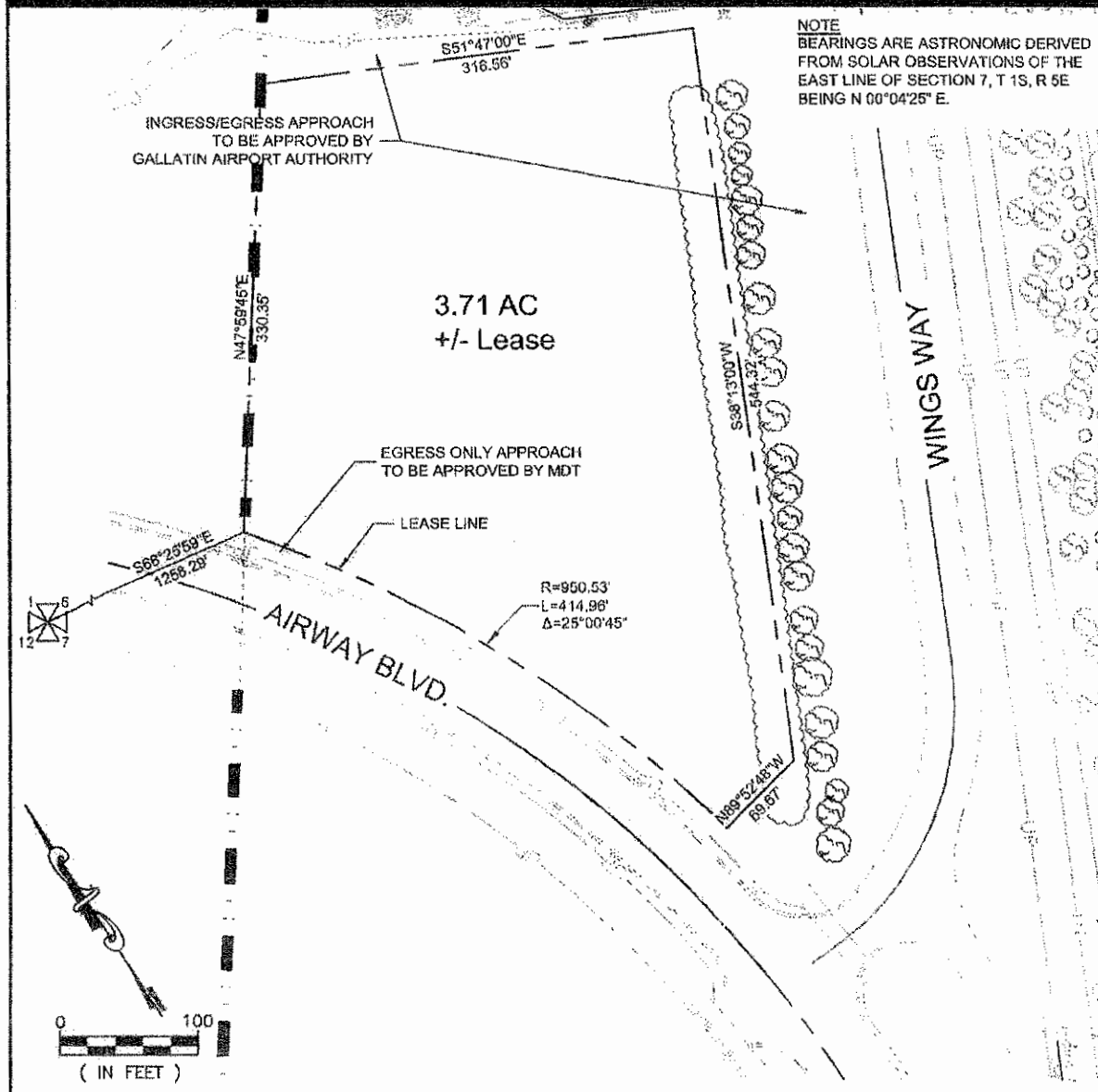
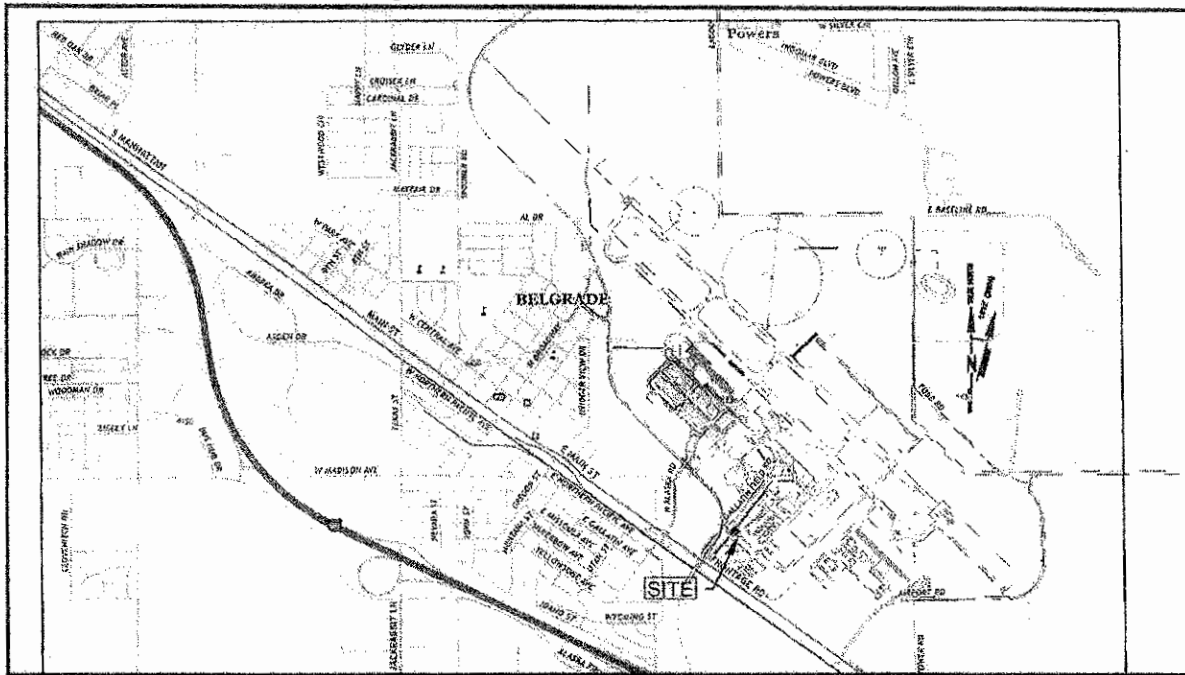
The meeting was adjourned at 3:17 p.m.

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Ted Mathis, Chairman



NOTE
BEARINGS ARE ASTRONOMIC DERIVED
FROM SOLAR OBSERVATIONS OF THE
EAST LINE OF SECTION 7, T 1S, R 5E
BEING N 00°04'25" E.

<p>Morrison Maierle engineers • surveyors • planners • scientists</p>	<p>2RBA Technology Blvd - West Bozeman, MT 59718 Phone: (406) 987-0721 Fax: (406) 922-6797</p>	<p>DRAWN BY: <u>DS</u> DSGN BY: <u>MJM</u> APPR BY: <u>MJM</u> DATE: <u>09/20/17</u></p>	<p>BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT BELGRADE MT</p>	<p>PROJECT NO. 0701 020</p>
		<p>LEASE LEGAL CENTRAL VALLEY FIRE</p>	<p>FIGURE NUMBER EX. A</p>	

**GROUND LEASE AGREEMENT
GALLATIN AIRPORT AUTHORITY AND CENTRAL VALLEY FIRE DISTRICT**

THIS GROUND LEASE AGREEMENT ("Lease") is made and entered into this 14th day of September, 2017 by and between Gallatin Airport Authority ("Landlord"), and Central Valley Fire District, a Montana Rural Fire District ("Tenant") (collectively the "Parties").

RECITALS

A. Landlord owns fee simple title to certain real property located at the Bozeman Yellowstone International Airport, and legally described as shown on Exhibit "A", which includes an area consisting of approximately 3.5 acres of land (the "Property").

B. Tenant desires to lease the Property and all Improvements (as defined below) and make additional Improvements which together shall be referred to as the "Leased Premises" for the purposes and uses stated in Section 3 below. Tenant endeavors to complete most of Tenant's additional Improvements to the Property by the end of 2019.

C. Landlord and Tenant desire to enter into a written ground lease agreement setting forth the terms, conditions and restrictions under which the Leased Premises is to be leased.

D. Landlord and Tenant are entering into an Interlocal Agreement whereby Tenant agrees to provide the fire and emergency services described in the Interlocal Agreement to Landlord as payment for this Lease. This Lease shall be an exhibit to, and incorporated in, the Interlocal Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and promises contained herein, Landlord and Tenant agree as follows:

1. Lease of Property and Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Property and Leased Premises together with all necessary right, title and interest thereto to carry out the uses and intent of this Lease. The location and acreage of the Property are set forth in Exhibit A. The Parties agree that, upon design of Tenant's facilities and Improvements, it may be necessary to modify the Property boundaries to facilitate the best design for Tenant's improvements. In such instance, the parties will work together in good faith to modify the description of the Property. The new description of the Property shall be substantially within or near the exterior boundary of that set forth in Exhibit A. Upon either (1) confirmation that Exhibit A will be the final Property description; or (2) mutual agreement on a new description of the Property, the Initial Term as set forth below shall commence ("Property Acceptance Date").

To further define the Leased Premises, the following definitions, apply throughout this Lease:

- a. "Abandon" or "Abandonment": (including non-capitalized uses): An absolute, intentional relinquishment of the known rights set forth herein by the Tenant

including the vacating, or ceasing operations or the uses set forth herein with no intention of returning.

- b. "Improvements": All buildings and other improvements now located, or hereafter erected on the Property by any party or person, together with all fixtures now or in the future installed or erected in or upon the Property and owned or leased by Tenant (including HVAC equipment, permanently attached lighting fixtures, electric switch boxes, plumbing, restroom fixtures, floor coverings, boilers, compressors, equipment, machinery, pipes, conduit, wiring, septic systems and wells and other like items which are permanently affixed to the Property commonly known as fixtures). Improvements shall also include improvements to the site and grounds of the Property including but not limited to landscaping, pavement and concrete flat work. Improvements additionally are contained or will be contained in independent freestanding structure(s) located entirely within the boundaries of the Property.
- c. "Trade Fixtures": Tenant's machinery and equipment that can be removed without doing material damage to the Leased Premises.
- d. "Tenant's Property": Trade Fixtures, inventory, goods and effects including equipment, machinery, furnishings, signs, and other articles of personal property owned by Tenant and not belonging to Landlord.
- e. "Term": When used in this Lease "Term" means the applicable Initial Term, the First Renewal Term or the Second Renewal Term, either of which may be referred to as a "Renewal Term" herein.

2. Term.

a. Initial Term. The term of this Lease shall be for a period of forty (40) years (the "Initial Term"), commencing on the Property Acceptance Date, and ending forty years thereafter.

b. Option to Renew. If neither of the Parties are in default of their obligations under this Lease, the Parties, upon mutual consent, shall have the option to renew this Lease for an additional twenty (20) year renewal term ("First Renewal Term"). The First Renewal Term, if created, shall end twenty (20) years after its commencement. If neither of the Parties are in default of their obligations under the Lease during the First Renewal Term, the Parties, upon mutual consent, shall have the option to renew the Lease for an additional twenty (20) years ("Second Renewal Term"). If created, the Second Renewal Term shall end twenty (20) years after its commencement. The Parties shall be bound to the same conditions provided in this Lease during the First or Second Renewal Term.

The Parties shall give written notice to each other of their intent to exercise or not exercise the option to renew at least three (3) years prior to the expiration of any Term. If a party fails to provide the required written notice, that party shall be deemed to have exercised their option to renew.

c. Surrender. Tenant shall surrender the Leased Premises to Landlord on expiration of any Term pursuant to the terms and conditions herein.

3. Use of Leased Premises. Without the written consent of the Landlord, Tenant may use the Leased Premises and shall use and occupy the Leased Premises only for fire station facilities and administrative offices to conduct Tenant's business and for no other purpose. Such uses may include living and training facilities for on-duty firefighters and first responders, offices for the everyday operations of the Tenant, storage, training areas for Tenant operations, on-site medical triage and treatment facilities, bays for firefighting and emergency equipment including maintenance, cleaning and decontamination. Additional possible uses include areas for small community events and recreation, so long as such uses do not interfere with Airport operations and such events must remain within the Leased Premises, including any parking for such events.

In any event, Tenant shall be solely responsible for the security of the Leased Premises. Landlord shall provide Tenant reasonable ingress and egress at all times to and from the Leased Premises for these stated uses, including egress from at least two locations and ingress from at least one location. Currently these are located at Airway Boulevard and Wings Way and generally identified on Exhibit A but the locations may be changed by mutual written agreement by the Parties no later than the Property Acceptance Date. Both parties acknowledge that all locations for ingress and egress are subject to approval by MDOT. Landlord shall provide all maintenance for the reasonable ingress and egress to the Leased Premises including priority snow plowing in order for Tenant to be able to provide emergency services to the Landlord and the residents of its District, provided, however, Tenant acknowledges that snow removal services on Airway Boulevard are the responsibility of the MDOT and not Landlord.

4. Rent.

a. Monthly Rent. Tenant shall pay rent to Landlord based on a rental value of \$.40 per square foot for the acreage of the Property pursuant to the terms and conditions of the Interlocal Agreement executed by the parties contemporaneously with this Lease. Improvements made to the Property shall not be grounds to increase any rent. Because Landlord and Tenant agree that rent is credited from the Landlord to the Tenant, pursuant to the Tenant performing the services stated in the Interlocal Agreement, no actual rent payments shall be made and no place for payment of Rent is necessary to be determined.

5. Payment of Utilities.

Tenant agrees to make its own arrangements, at its sole cost and expense, for, and shall pay or cause to be paid before delinquency all charges, claims, or liens of water, gas, electricity, sewer, telephone service, steam, cable television and any other commodities or services furnished to or for the Leased Premises, or any part thereof, during the Term.

6. Tenant's Construction.

Tenant shall commence and thereafter diligently prosecute to completion the construction on the Leased Premises, at Tenant's sole cost and expense, of Improvements consistent with the uses set forth in Section 3 above.

All repairs, maintenance, restoration, construction, reconstruction, demolition, removal, replacement and alteration of the Leased Premises or any part thereof required or permitted to be made by Tenant under this Lease (collectively hereinafter called "Tenant's Work"), including the construction of the Improvements by Tenant, shall be made in accordance with the following:

a. Tenant shall comply with all applicable laws, ordinances, rules and regulations (including, but not limited to, all safety rules and regulations) relating to or governing the Tenant's Work and, without limitation on the generality of the foregoing, shall procure and maintain all permits and authorizations required to be obtained from any governmental authority in connection therewith.

b. All Tenant's Work shall be performed diligently and in a good and workmanlike manner, free from defects of any kind and nature, and free from liens or claims of any kind and nature.

c. Construction by Tenant of Improvements shall be made in accordance with plans and specifications and cost estimates (prepared and approved in writing by an architect or engineer selected by Tenant and approved in writing by Landlord, which approval shall not be unreasonably withheld). Landlord shall in writing approve or disapprove the plans and specifications within ten (10) days of receipt thereof. If Landlord disapproves of the plans and specifications, Landlord shall give Tenant an itemized statement of the reasons therefore, and Tenant shall make reasonably necessary changes and resubmit the plans and specifications for approval prior to the commencement of construction.

d. Tenant shall maintain a complete set of "as built" structural, mechanical and similar plans and specifications with respect to Improvements and any other of Tenant's Work and an "as built" survey showing the location of all improvements on the Premises and shall, upon written request of Landlord, deliver a copy thereof to Landlord, at no cost to Landlord. Tenant shall also deliver to Landlord, upon written request of Landlord and at no cost to Landlord, a copy of any and all other reports which Tenant may have related to the Leased Premises, including, but not limited to, environmental surveys and assessments.

e. Landlord will provide reasonable access to its generator systems to Tenant to generate back-up/emergency electricity for Tenant's Improvements. Such access shall be without cost to Tenant except for Tenant's costs for connection to the Landlord's generator systems. Tenant acknowledges that Landlord is making no representations or warranties regarding Landlord's

generator system and Landlord shall have no liability to Tenant for any failures or disruptions in service of the generator system.

7. Compliance with Laws. Tenant shall not bring or cause or permit to be brought or kept on the Leased Premises anything which will in any way conflict with any law, ordinance, rule, or regulation, or commit or suffer to be committed any waste upon the Leased Premises, or use or allow the Leased Premises to be used for any unlawful purpose and will not, during the lease term permit the same to be used for any illegal purposes, businesses or occupations. Tenant must operate its affairs on the premises in a businesslike and lawful manner. Tenant will not conduct its affairs in a manner that will cause discredit, harm or loss to the businesses conducted by the Landlord and its other tenants, vendees or assigns.

8. Tenant's Signs. The Tenant may place signs on the Leased Premises with Landlord's prior written consent, not to be unreasonably withheld, provided that such signs comply with governmental and Landlord's rules, regulations and ordinances which are attached hereto and incorporated by reference.

9. Lease Termination. Tenant shall vacate the Leased Premises at the expiration or other termination of this Lease, and shall remove all Tenant's Property as set forth below. Title to Improvements that now, or may from time to time constitute a part of the Leased Premises, or that are now, or may from time to time be constructed, used, or intended to be used in connection with the Leased Premises shall be and remain in Tenant until the termination of any Term of this Lease as follows:

a. Landlord Non-Renewal: If Landlord chooses to not exercise the option to renew the Lease for any Renewal Term then title to all Improvements (excluding, Tenant's Property) shall pass to and vest in Landlord at the fair market value of Improvements as determined by the process set forth in Section 9.j.

b. Tenant Non-Renewal After Initial Term: If Tenant chooses to not exercise the option to renew the Lease for the First Renewal Term, then title to all Improvements (excluding, Tenant's Property) shall pass to and vest in Landlord at no cost to Landlord. Tenant shall have no liability or duty to remove any of the Improvements, provided that Tenant has reasonably maintained such Improvements in good and useful condition. If Tenant has failed to reasonably maintain any Improvements in good and useful condition, Landlord shall identify such Improvements and Tenant shall be liable, at its sole expense, to remove the identified Improvements from the Premises.

c. Tenant Non-Renewal After First Renewal Term or Termination After Commencement of Second Renewal Term: If Tenant chooses to not exercise the option to renew the Lease for the Second Renewal Term, or if this Lease is terminated at any time after the commencement of the Second Renewal Term for any reason, disposition of the Improvements (excluding, Tenant's Property) shall be as follows:

- i. Landlord shall have the option to provide a listing of Improvements which Tenant may leave on the Leased Premises and to which Landlord may retain and take title, at no cost, upon termination of this Lease;
- ii. Tenant shall thereafter have the duty, at its sole expense, to remove all remaining Improvements (not selected by Landlord) prior to the termination of this Lease. Any Improvements (not selected by Landlord) which are not removed by Tenant as of termination of this Lease may be removed by Landlord and Tenant shall be liable, upon notice in writing to Tenant, for all expenses of Landlord in removing such Improvements. Any of Tenant's Property not removed within sixty (60) days following the expiration or earlier termination of this Lease shall be deemed abandoned by Tenant and, at Landlord's option, shall become the property of Landlord.

d. Termination for Tenant's Default Prior to Second Renewal Term: If, during the Initial Term or the First Renewal Term, Landlord terminates this Lease due to Tenant's uncured default (other than termination or breach of the Interlocal Agreement), then title to all Improvements (excluding, Tenant's Property) shall pass to and vest in Landlord at no cost. Tenant shall have no liability or duty to remove any of the Improvements, provided that Tenant has reasonably maintained such Improvements in good and useful condition. If Tenant has failed to reasonably maintain any Improvements in good and useful condition, Landlord shall identify such Improvements and Tenant shall be liable, at its sole expense, to remove the identified Improvements from the Premises.

e. Tenant, on termination of this Lease, shall execute and deliver any and all deeds, bills of sale, assignments and other documents which in Landlord's sole judgment may be necessary or appropriate to transfer, to evidence or to vest in Landlord clear title to any of the property and Improvements described in the foregoing subsections (a), (b), (c) and (d), located on the Premises at the time of such termination.

f. Tenant, in addition, shall deliver to Landlord on termination of this Lease originals or copies of any plans, reports, contracts or other items relating to the buildings, structures and improvements of the Premises, to the extent that Tenant has the same in its possession.

g. Notwithstanding anything contained herein to the contrary, Landlord acknowledges and agrees that Tenant's Property now located or hereafter placed or installed in, on, or about the Leased Premises shall be and remain the property of Tenant (except as hereinafter otherwise provided). Tenant shall have the right, at any time during the Term, at Tenant's sole cost and expense, to install and affix in, to, or on the Leased Premises, such Trade Fixtures for use in Tenant's trade or business as Tenant, in its sole and absolute discretion, may deem advisable. Trade Fixtures may be removed or replaced by Tenant at any time or times prior to the expiration or earlier termination of this Lease.

h. Tenant, at its sole cost and expense, immediately shall repair any damage occasioned to the Leased Premises by the removal of personal property and Trade Fixtures. Upon the expiration or earlier termination of this Lease, Tenant shall leave the Premises in a neat and clean condition, free of debris, normal wear and tear excepted.

i. From time to time, some or all of Tenant's Property may be financed or owned by someone other than Tenant. To the extent that any of Tenant's Property is financed or owned by someone other than Tenant, Landlord agrees that such Tenant's Property is not Landlord's property no matter how the same is affixed to the Premises or used by Tenant and agrees to recognize the rights of the lender, owner or secured creditor of Tenant's Property. Landlord hereby waives any claim arising by way of any lien (whether created by statute or by contract but excluding any judgment lien) or otherwise with respect to Tenant's Property and agrees to waive the same, if confirmation of said waiver is requested by Tenant or a secured party.

j. Fair Market Value of Improvements. In any instance under this Agreement which requires a determination of fair market value of the Improvements, such fair market value shall be determined by a Montana licensed appraiser mutually agreed upon by Landlord and Tenant. If the Landlord and Tenant cannot agree on an appraiser, the fair market value of the Improvements shall be determined upon the average of the appraised values determined by one Montana licensed appraiser chosen by Landlord and one Montana licensed appraiser chosen by Tenant.

10. Termination or Violation of Interlocal Agreement: In the event that the Interlocal Agreement is terminated or Tenant fails to provide services required by the Interlocal Agreement, Landlord shall have the option, in its sole discretion to:

- a. Terminate this Lease and pay to Tenant the fair market value of all Improvements in accordance with Section 9,j above ; or
- b. To continue the terms of this Lease with Tenant paying the fair market value of the Property as determined by the rates charged at the time by Landlord to other similarly situated ground Lessees. In such event, all other terms of this Lease shall remain in full force and effect.

11. General Maintenance and Repair. Throughout any Term, Tenant shall, at Tenant's sole cost and expense, maintain the Leased Premises in good condition and repair and in accordance with all applicable laws, rules, ordinances, orders, and regulations of federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. Such repair and maintenance shall include that to all landscaping, sidewalks, alleys and passages surrounding the same and each and every part thereof in good, first class, orderly, clean, safe and sanitary state of decor, repair and condition and as otherwise required by this Lease. Tenant will not take any action or omit to take any action required of Tenant hereunder, the taking or omission of which adversely impairs the value or usefulness of the Property or causes waste with respect thereto.

Landlord shall maintain the ingress and egress to the Leased Premises in accordance with the terms and conditions herein.

12. Governmental Authorities. During the Term, Tenant shall promptly comply with all applicable laws, regulations, ordinances, requirements, and orders of governmental authorities relating to the Leased Premises.

13. Estoppel Certificate. Tenant shall, within ten (10) days after Landlord's request, execute and deliver to Landlord an estoppel certificate in favor of Landlord and such other persons as Landlord shall request setting forth the following: (a) a ratification of this Lease; (b) the commencement date and expiration date; (c) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (d) that all conditions under this Lease to be performed by Landlord have been satisfied or, in the alternative, those claimed by Tenant to be unsatisfied; (e) that no defenses or offsets exist against the enforcement of this Lease by Landlord or, in the alternative, those claimed by Tenant to exist; (f) the amount of advance rent, if any (or note if such is the case), paid by Tenant; (g) the date to which rent has been paid; and (h) such other information as Landlord may request. Landlord's mortgage lenders and purchasers shall be entitled to rely on any estoppel certificate executed by Tenant.

14. Insurance and Indemnification.

a. Liability Insurance. Throughout the Term, at Tenant's sole cost and expense, Tenant shall keep or cause to be kept in force, for the mutual benefit of Landlord and Tenant, comprehensive broad form general public liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, or maintenance of the Leased Premises, improvements, or adjoining areas or ways, providing protection of at least One Million Dollars (\$1,000,000) for bodily injury or death to any one person, at least Two Million Dollars (\$2,000,000) for any one accident or occurrence. Landlord shall be named as an additional insured on such policies.

b. Property Insurance. Tenant shall maintain property insurance for the full replacement cost covering the Improvements and Tenant's Property insuring against (a) all risks, including fire, other risks and losses caused by explosion of boilers and other pressurized equipment.

c. Tenant shall be responsible to insure at all times during construction of Improvements, contingent or protective liability insurance covering claims not covered by the liability insurance described above and for property damage and builder's risk insurance insuring against "all risks."

d. Policy Form; Content; Insurer. All insurance required by express provisions of this Lease shall be carried only by responsible insurance companies licensed to do business in the State of Montana. Tenant shall furnish Landlord with certificates evidencing the insurance.

Landlord shall be included as an insured, as its interests may appear, under any policy required by this Lease. In addition, all insurance carried by Tenant under this Lease shall be primary and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only.

e. Indemnification. Tenant agrees to defend, indemnify, and hold Landlord harmless together with all of its servants, agents, or employees, from and against all liability, loss or costs incurred, including reasonable attorneys' fees, arising out of or relating to injuries or deaths of persons or damages to property or to the Leased Premises caused by Tenant's acts or omissions to act, use of, or occupancy of the Leased Premises, or as the result of Tenant's operations on the Leased Premises or for a breach of any warranty or promise set forth herein. Such indemnification, however, shall not extend to liability or loss arising out of Landlord's negligent or willful misconduct.

Landlord agrees to defend, indemnify, and hold Tenant harmless together with all of its servants, agents, or employees, from and against all liability, loss or costs incurred, including reasonable attorneys' fees, arising out of or relating to injuries or deaths of persons or damages to property or to the Leased Premises caused by Landlord's acts or omissions to act, use of, or occupancy of the Leased Premises, or as the result of Landlord's operations on the Leased Premises or for a breach of any warranty or promise set forth herein. Such indemnification, however, shall not extend to liability or loss arising out of Tenant's negligent or willful misconduct.

15. Destruction of the Premises. Should the Leased Premises be destroyed by fire or other casualty and if in the judgment of Tenant, commencement of restoration of the Leased Premises within a period of six (6) months from the date of the damage is possible, Tenant may restore the Leased Premises with insurance proceeds and any other funding that Tenant deems appropriate. To the extent insurance proceeds are available to Landlord based on any damage or destruction of the Property or Leased Premises, Tenant shall have the option to use such insurance proceeds to restore the Leased Premises. If the Leased Premises are unusable, in whole or in part, during such restoration, Landlord will endeavor to provide facilities for Tenant to fulfill its responsibilities under the Interlocal Agreement that provide the basis for Rent. Tenant will reasonably approve such facilities and utilize the same during the period of restoration. If restoration is not possible, within the foresaid six-month period, Tenant may terminate this Lease by giving written notice thereof to the Landlord.

16. Condemnation. If the whole of the Leased Premises shall be taken for any public or quasi-public purpose or use under any statute, or by right of eminent domain, or by private purchase by any public authority in lieu of the exercise of the right of eminent domain or if any part of the Leased Premises is so taken and the part not so taken is insufficient for the reasonable operation of Tenant's business, then, in either of such events, this Lease shall cease and expire on the date when possession shall be taken thereunder of the Leased Premises or part thereof and all rents, taxes, and other charges shall be prorated and paid to such date.

In the event that only a part of the Leased Premises is so taken and, in Tenant's sole discretion, the part not so taken shall be sufficient for the reasonable operation of the Tenant's business, this Lease shall remain unaffected except Tenant shall be entitled to a portion of any condemnation award based on fair market value or otherwise or proceeds of any taking of the Leased Premises, including any interest earned. Tenant shall be entitled to claim and recover from the condemning authority or Landlord an amount equal to the fair market value of the Improvements on the Premises at the time of condemnation as determined by the court or other authority determining just compensation. Tenant also reserves its claims against the condemning party for business damage and all relocation expenses.

17. Liens. In the event any mechanics' or other liens or orders for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labor, material furnished or alleged to have been furnished, or to be furnished to, for or at the request of, Tenant or its agents or contractor on the Leased Premises, Tenant shall, within fifteen (15) days after it receives notice or knowledge thereof, either pay or bond against the same or provide for the discharge thereof in such manner as may be provided by law. Tenant shall also defend on behalf of Landlord at Tenant's sole expense, any action, suit or proceeding which may be brought thereon, or for the enforcement of such liens or orders, and Tenant shall pay any damage and discharge any judgment entered therein and save harmless Landlord from any and all claims or damages resulting therefrom. Landlord reserves the right, however, to defend or to direct the defense of any such suit or proceedings. Tenant shall pay all expenses of such defense, including reasonable attorneys' fees, and shall pay any damage and discharge any judgment entered therein and save Landlord harmless from any and all claims or damages resulting therefrom.

18. Waiver of Subrogation. Without affecting any other rights or remedies, Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss of or damage to the other arising out of or incident to the perils required to be insured against by the provisions of this Lease to the extent of the limits of any such policy. The parties agree to give each insurance company which has issued coverage written notice of the terms of said waiver immediately and shall have said insurance policies properly endorsed with a waiver of subrogation.

19. Property Taxes. Landlord shall be responsible for paying all real property taxes or assessments on the Property. Tenant shall be responsible for payment of all taxes or assessments, including real property taxes, attributable to any Improvements or Tenant's Property.

20. Default Provisions; Remedies. Each of the following shall be deemed an event of default by Tenant and a breach of this Lease:

a. Consideration as Rent. If Tenant shall default in failing to provide the services set forth in the Interlocal Agreement, and shall not have fully corrected the same within five (5) days after written notice thereof has been sent by Landlord to Tenant.

b. Other Covenants or Conditions. If Tenant shall default in the performance or observance of any other covenant or condition of this Lease to be performed or observed by Tenant, and Tenant shall not have fully corrected the same within thirty (30) days after written notice thereof has been sent by Landlord to Tenant, provided, however, if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for cure of such default, then Tenant shall not be deemed to be in default if Tenant diligently and in good faith commences such cure within such thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion.

c. Remedies in Default. In the event of any uncured default by Tenant, Landlord may exercise the following remedies after satisfactory notice as set forth above:

i. Terminate the Lease and Tenant's Rights to Possession. By additional written notice to Tenant, Landlord may terminate this Lease, re-enter the Leased Premises by process of law, remove all parties in possession thereof therefrom and repossess said Leased Premises.

ii. Continue the Lease. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Leased Premises. In such event, Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover the monthly rent and any other charges as may become due hereunder;

iii. Cure by Landlord on behalf of the Tenant. It is further agreed that Landlord, at any time after Tenant commits a default, may cure the default at Tenant's cost, and otherwise take such action with respect thereto as Landlord shall deem reasonably necessary and Landlord shall have no liability therefor. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sums, or if Landlord incurs any expense, including payment for obtaining the services outlined in the Interlocal Agreement from another source, and including attorneys' fees, in instituting proceedings, or defending any action or proceeding instituted by reason of any default of Tenant hereunder, the sum or expense paid by Landlord, with all interest, costs and damages, shall be due immediately from Tenant to Landlord at the time the same is paid, and if not so immediately paid by Tenant, shall bear interest as hereinafter provided.

iv. Other Remedies. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Montana.

d. Removal of Tenant's Property. In the event Landlord lawfully re-enters the Leased Premises as provided herein, Landlord shall have the right, but not the obligation, to remove all the Tenant's Property located therein and to place such property in storage at the expense and risk of owners thereof, with the right to sell such stored property, after it has been stored for a period

of thirty (30) days or more, the proceeds of such sale to be applied first to attorneys' fees, second to the cost of such sale, third to the payment of the charges for storage, if any, and fourth to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof, the balance, if any, to be paid to Tenant.

e. Remedies Cumulative. Landlord's remedies hereunder are cumulative and the Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or to alter, affect or prejudice any right or remedy which Landlord may have under this Lease or by law or in equity. Neither the acceptance of Rent nor any other acts or omission of Landlord at any time after the happening of any event authorizing the cancellation or forfeiture of this Lease, shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof, or to deprive Landlord of its right to cancel or forfeit this Lease upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as to stop Landlord from promptly exercising any other option, right or remedy that it may have under this Lease, at law or in equity.

21. Abandoning Premises or Personal Property. Tenant shall not vacate or abandon the premises during a Lease Term, nor shall it cease to operate its affairs on the Premises. Abandonment, vacating, or ceasing operations shall be a default of this lease. If Tenant does vacate or abandon the premises or is dispossessed by process of law, or ceases operation, any personal property belonging to Tenant and left on the premises shall be deemed abandoned at the option of Landlord and may become the property of Landlord as set forth herein.

22. Environmental Provisions.

a. Definitions. The following terms have the following meanings in this Lease:

i. "Environmental Laws" means all laws or decisions relating to the management, storage, use, generation, manufacture, installation, release, discharge, emission, disposal, removal or remediation of Substances.

ii. "Substance" or "Substances" means (A) petroleum in any form, (B) asbestos in any form, (C) polychlorinated biphenyls, (D) radioactive materials, (E) paint containing lead, (F) radon gas, (G) urea formaldehyde foam insulation, and (H) any liquid, solid, or gaseous chemicals, materials, wastes, products or substances whose Release or threatened Release may pose a risk to human health or the environment or impairment of property value, or which is defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "hazardous pollutants," "extremely hazardous substances," "restricted hazardous waste," "toxic substance," or words of similar meaning, under any applicable Environmental Laws.

iii. "Release" means the presence, storage, disposal, discharge, seepage, uncontrolled loss, infiltration, placement, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Substance) of any Substance at, on, in, or under the Leased Premises.

b. Covenants of Tenant. Tenant covenants as follows:

i. Tenant shall not cause Substances to be brought upon, stored, or used at the Leased Premises outside of the permitted uses herein. If Tenant obtains knowledge of the actual or suspected Release or threatened Release of a Substance at the Leased Premises, then Tenant shall promptly notify Landlord of such actual or suspected Release or threatened Release.

ii. Tenant shall indemnify, defend and hold harmless Landlord (and its employees, agents, officers, directors, successors, assigns) from all claims resulting from, arising out of, or based upon a Release or threatened Release of Substances at, on, in, or under the Leased Premises in violation of any Environmental Laws that is caused by Tenant (or its invitees, employees or agents). This indemnity shall include, with regard to any Release or threatened Release resulting from Tenant's violation of any Environmental Laws, without limitation, (A) any damage, liability, fine, penalty, punitive damage, cost, or expense arising from or out of any claim, action, suit, or proceeding for personal injury (including, without limitation, sickness, disease, or death or fear of same), tangible property damage, nuisance, pollution, contamination, leak, spill, release, or other effect on the environment, and (B) the cost of any required, necessary or appropriate response, investigation, repair, clean-up, treatment, removal, remediation, or detoxification of the Leased Premises or other properties affected by such Release or threatened Release, and the preparation and implementation of any other required, necessary or appropriate actions in connection with the Leased Premises or other properties affected by such Release or threatened Release. Tenant's obligations under this Section shall survive the termination of this Lease.

iii. Upon the occurrence of a Release or threatened Release in violation of applicable Environmental Laws that is caused by Tenant (or its invitees, employees or agents), Tenant shall at Tenant's sole cost and expense promptly, and in any event within thirty (30) days after the occurrence of the Release, commence and diligently pursue any and all lawful actions as are necessary or advisable (including any necessary or advisable investigation, repair, clean-up, treatment, or appropriate response, remediation, or detoxification) in order to abate the Release or threatened Release caused by Tenant (or its invitees, employees or agents), remove the Substance, and minimize, mitigate and remedy any resulting environmental harm, regardless of whether such abatement,

removal, minimization, mitigation or remediation is required by the Environmental Laws and regardless of whether such actions are required by any governmental authority. If Tenant shall fail to comply with any of the requirements of the preceding sentence, or any of the requirements of the Environmental Laws, within any applicable time period, Landlord may at its election, but without the obligation to do so: (A) give such notices and/or cause such work to be performed at the Leased Premises; and/or (B) take any and all other actions as Landlord shall reasonably deem necessary or advisable in order to abate a Release that is caused by Tenant, remove the Substance, or minimize, mitigate and remedy any resulting environmental harm, or cure the Tenant's noncompliance. All out-of-pocket costs reasonably incurred and paid by Landlord pursuant to the preceding sentence of this Subsection shall be payable by Tenant to Landlord upon presentation of appropriate invoices and receipts.

c. Landlord Environmental Covenant and Warranty. Prior to the signing of this Lease, Landlord covenants and warranties it has not caused or permitted persons with whom it has contracted to cause, or has any knowledge of any violation of any Environmental Laws related to environmental conditions on or about the Property or Leased Premises, including, but not limited to soil and groundwater conditions. Subject to the above covenants and warranties, Landlord is making no representation as to the environmental condition of the Property. Tenant acknowledges that it is Tenant's responsibility to perform any environmental testing it deems appropriate. If Tenant's environmental testing produces unsatisfactory results, Tenant shall have the option to terminate this Lease.

23. Assignment and Subletting. This Lease and any rights herein, shall not be assigned in whole or in part, nor shall the Leased Premises be sublet, without Landlord's prior written consent, which consent shall not be unreasonably withheld. Any assignment of sublease in violation of this provision, whether voluntary or involuntary, shall be void.

24. Subordination, Attornment and Non-Disturbance.

a. Subordination. Tenant accepts this Lease, and the tenancy created hereunder, subject and subordinate to any mortgages, deeds of trust or other security interests now or hereafter encumbering the Leased Premises or any part thereof. Tenant shall, at any time hereafter, on request, execute any instruments or other documents that may be reasonably required by any mortgagee, deed of trust beneficiary, or other secured party to subordinate Tenant's interest hereunder to the lien of any such mortgage, deed or other security interest so long as such instrument provides for non-disturbance so long as no default (and the passage of any applicable cure period) shall have occurred which would entitle Landlord to terminate Tenant's right of occupancy under this Lease.

b. Attornment and Non-Disturbance. Tenant agrees that upon any termination of Landlord's interest in the Leased Premises, Tenant will, upon request, attorn to the person then holding title to the reversion of the Leased Premises (referred to herein as the "Successor") and

to all subsequent Successors, and shall pay to the Successor the rents and other monies required to be paid by Tenant hereunder and perform the other terms, covenants, conditions and obligations contained in this Lease; provided, however, that Tenant shall not be so obligated to attorn unless, if Tenant shall so request in writing, such Successor shall have (a) executed and delivered to Tenant an instrument wherein such Successor agrees that Tenant's occupancy of the Leased Premises shall not be disturbed by any such Successor so long as no default (and the passage of any applicable cure period) shall have occurred which would entitle Landlord to terminate Tenant's right of occupancy under this Lease, and (b) assumed the obligations of Landlord under this Lease.

25. Miscellaneous Provisions.

a. Peaceful Enjoyment. Tenant, on paying the rent herein reserved and performing the covenants and provisions hereof on its part to be performed, shall peacefully and quietly have and enjoy the Leased Premises, during the Term.

b. Inspection by Landlord. Upon 24 hours' notice (except in cases of emergency, where no notice is required), and subject to Tenant's normal security procedures, Landlord may enter upon the Leased Premises at any reasonable time for the purpose of determining the condition of the Leased Premises.

c. No Partnership. Nothing in this Lease shall be construed to render Landlord in any way or for any purpose a partner, joint venturer, or associate in any relationship with Tenant other than that of landlord and tenant, nor shall this Lease be construed to authorize either to act as agent for the other except as expressly provided to the contrary in this Lease. Neither the method of computation of rent nor any other provision of this lease shall be deemed to create any relationship between the parties hereto other than that of Landlord and Tenant.

d. Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

e. Force Majeure. In the event that either party shall be delayed or hindered or prevented from the performance of any act required hereunder by reason of any strike, lock-out, civil commotion, war-like operation, invasion, rebellion, or riot, hostility, military, or usurped power, sabotage, governmental restrictions (including the ability to obtain permits for access to the Property), or regulations or natural disasters like hurricanes, floods, earthquakes, and weather disturbances or other "acts of God" or for any other cause beyond the control of the Landlord or Tenant, the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for the period necessary to complete performance after the end of the period of such delay.

f. Covenant for Further Assurance. Landlord and Tenant covenant, each with the other, their respective heirs, personal representatives, and assigns, that when and so often as may be necessary, the parties, their heirs, personal representatives and assigns, will

execute such documents, do such things, and give such assurances as may be reasonably required to perfect the implied and expressed covenants, warranties and conditions herein set forth, reserved and contained to be kept and performed on the part of the parties hereto.

g. Waiver. It is agreed and understood by and between the parties hereto that a waiver by the Landlord or Tenant of any breach of any term, covenant or condition herein set forth, reserved and contained to be kept and performed on the part of a party shall not act as a bar or a precedent, nor shall any of the other terms, covenants and conditions herein set forth, reserved and contained, to any subsequent action by the other party.

h. Interference. Tenant shall not use the premises in any way which interferes with the use of the property located near the premises after the commencement of this Lease. Landlord shall have the same obligation to not interfere with Tenant's use of the Leased Premises. Such interference shall be considered a material breach of this Lease and, upon notice the offending party shall be immediately responsible for terminating said interference. In the event that such interference does not cease promptly, the parties acknowledge that continued interference may cause irreparable injury and therefore, a party shall have the right, in addition to any other rights that it may have at law or in equity, to bring an action to enjoin such interference or to terminate this Lease immediately.

i. Rules of Construction. Landlord and Tenant acknowledge and agree that each has negotiated and reviewed the terms of this Lease, assisted by such counsel as they desired, and has contributed to its revisions. The parties further agree that the rule of construction that any ambiguities are resolved against the drafting party will be subordinated to the principle that the terms and provisions of this Lease will be construed fairly as to all parties and not in favor of or against any party.

j. Authority. Each individual executing this Lease on behalf of an entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity, in accordance with the partnership agreement, operating agreement, and other governing documents or a duly adopted resolution of the governing body of said entity authorizing and consenting to this Lease and specifically authorizing the designated representative signing this Lease to execute, acknowledge and deliver the said Lease without the consent of any other person or entity resolving that such action and execution is in accordance with the governing documents of said entity; and, resolving that this Lease is binding upon said parties in accordance with its terms.

k. Controlling Law. This Lease shall be deemed to be made and shall be construed in accordance with the laws of the State of Montana. Venue for any action shall be in the Eighteenth Judicial District, State of Montana.

l. Brokers. Landlord and Tenant each represent to the other that it has dealt with no real estate broker in connection with this Lease. Landlord and Tenant each agree to indemnify the other and to hold each other harmless from any and all claims of any broker resulting from a breach by such party of this representation.

m. Successors. This Lease shall bind and inure to the benefit of any heirs, successors or assigns of Landlord and any successors or permitted assignees of Tenant, whether resulting from any merger, consolidation, reorganization, assignment, foreclosure, or otherwise.

n. Headings. The article and section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

o. Notices. All notices required to be given to either party under the terms of this Lease shall be given by certified mail, return receipt requested, postage prepaid, or by recognized overnight courier service, addressed to such party at such party's address set forth below, or at such other address as such party may designate in writing delivered to the other:

If to Landlord: Gallatin Airport Authority
850 Gallatin Field Road, Suite 6
Belgrade, MT 59714
Attention: Airport Director

And a copy to: Trent M. Gardner
Goetz, Baldwin & Geddes, P.C.
PO Box 6580
Bozeman, MT 59771-6580

If to Tenant: Central Valley Fire District
205 East Main Street
Belgrade, MT 59714
Attention: Fire Chief

And a copy to: Gray Law Office
PO Box 1065
Bozeman, MT 59771

A notice shall be deemed given and shall be effective as of the date of delivery of such notice to a party or, if delivery is refused, upon the date of such refusal.

p. Attorneys' Fees. In the event of any controversy, claim or dispute affecting or relating to the subject matter or performance of this Lease, and the prevailing party employs an attorney to enforce the terms hereof, such prevailing party shall recover reasonable attorney's fees from the non-prevailing party.

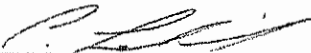
q. Recording. Tenant shall have the option to record any memorandum or "short form" version of this Lease without Landlord's prior written consent.

r. Severability. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

s. Entire Agreement; Modification To Be In Writing. This Lease contains all agreements of the parties with respect to any matters contained herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified only in writing and signed by the parties in interest at the time of the modification.

IN WITNESS WHEREOF, the parties have caused this Ground Lease Agreement to be executed as of the above stated date.

LANDLORD:
Gallatin Airport Authority

By: 
Its: Carl Sedelmaier, Chairman

TENANT:
Central Valley Fire District

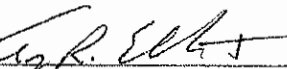
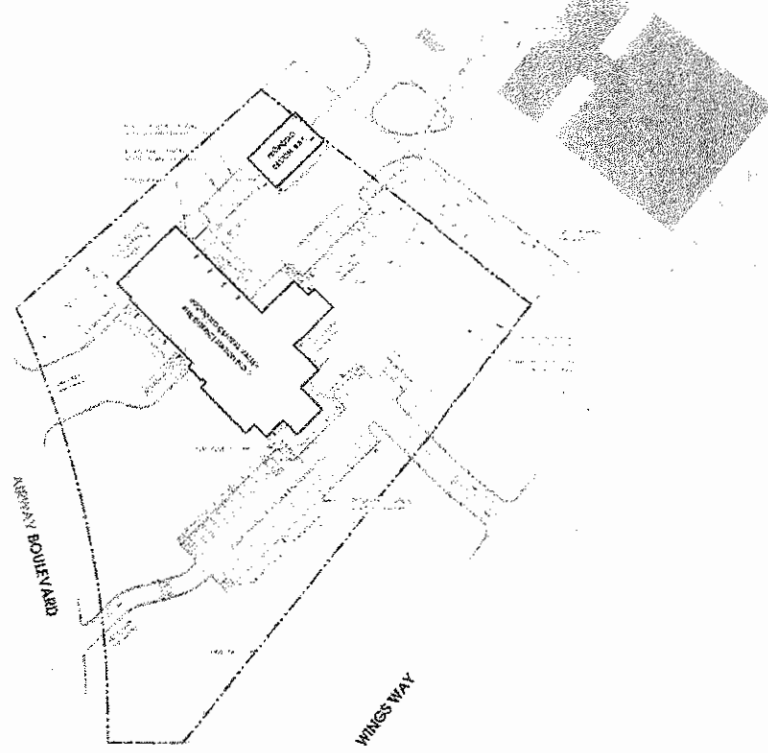
By: 
Its: Vice Chairman

EXHIBIT A

A parcel of land as set forth on this Site Plan Drawing generally located in the NW1/4 Section 7, T1S, R5E, MPM, Gallatin County Montana.

The extent of the boundary of the Property is included in the area described as both the "Lease Line" and "Proposed Lease Line Extension."



100% CONSTRUCTION DOCUMENTS
 100% CONSTRUCTION DOCUMENTS
 100% CONSTRUCTION DOCUMENTS

SITE PLAN



CENTRAL VALLEY FIRE DISTRICT
CENTRAL VALLEY FIRE DISTRICT STATION 1
 100% CONSTRUCTION DOCUMENTS
SITE PLAN



PRELIMINARY
 DRAWINGS
 NOT FOR
 CONSTRUCTION

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**ADDENDUM TO GROUND LEASE AGREEMENT
GALLATIN AIRPORT AUTHORITY AND CENTRAL VALLEY FIRE DISTRICT**

THIS ADDENDUM TO GROUND LEASE AGREEMENT ("Addendum") is made and entered into this 22nd day of August, 2017 by and between Gallatin Airport Authority ("Landlord"), and Central Valley Fire District, a Montana Rural Fire District ("Tenant") (collectively the "Parties") for the purpose of clarifying and supplementing certain provisions of that certain GROUND LEASE AGREEMENT between the Parties, dated ~~February 14th~~ September 2017.

RECITALS

A. Landlord was required to obtain comments and approval on the Ground Lease Agreement from the FAA before executing that document.

B. Landlord has now received such comments and the FAA is requiring clarification and supplementation of certain provisions of the Ground Lease Agreement.

NOW, THEREFORE, the Parties now agree to the following terms as an Addendum to the Ground Lease Agreement:

1. Sponsor's Assurance Subordination: The Ground Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Landlord and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Bozeman Yellowstone International Airport ("Airport"). This paragraph does not constitute a waiver of Tenant's rights under paragraph 16 of the Ground Lease Agreement.

2. Acknowledgement of Airport Activities and Waiver: Tenant acknowledges that the Premises are located within the boundaries of the Airport and that Airport is a busy, commercial airport, with corresponding overflight by aircraft and associated noise, vibration, dust and other disturbances. Tenant expressly waives any and all claims related to normal Airport operations and related disturbances. Tenant also acknowledges that it may not employ or use any communications systems, lighting or other equipment that conflicts or interferes with Airport and aircraft operations.

3. Periodic Review of Financial Terms: The Parties agree that, every ten years, they shall jointly review the financial terms of the Ground Lease Agreement, including the trading of services for rent, to ensure that each Party is in compliance with any rules or regulations applicable to each Party. The Landlord shall be responsible for giving notice to the Tenant of initiation of such review.

4. Clarification of Uses for "Living": As described in paragraph 3 of the Ground Lease Agreement, the use of the Leased Premises for "living" shall be limited to on-duty firefighters and first responders and the Premises shall not be used as permanent living facilities for any person.

5. Clarification of Uses for "Small Community Events": As described in paragraph 3 of the Ground Lease Agreement, the use of the Leased Premises for "small community events" does not include any revenue generating events. Revenue generating events are not allowed on the Leased Premises.

6. Tenant's Construction: In addition to the provisions of paragraph 6 of the Ground Lease Agreement regarding construction, all of Tenant's construction will be shown on the Airport Layout Plan and is subject to FAA airspace reviews and NEPA.

7. Access to Generator: Tenant's access to the Landlord's generator system for emergency or backup power, as described in paragraph 6.e., shall be limited to Landlord's surplus generator and Tenant shall only be allowed to connect to a circuit connected to such surplus generator. Tenant shall not be allowed to connect to any generator which is acquired pursuant to the Airport Improvement Program and which is still serving its intended purpose under such program.

EXCEPT AS MODIFIED OR SUPPLEMENTED HEREIN, ALL OTHER PROVISIONS OF THE GROUND LEASE AGREEMENT REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have caused this Addendum to Ground Lease Agreement to be executed as of the above stated date.

LANDLORD:
Gallatin Airport Authority

By [Signature]
Its: Chair

TENANT:
Central Valley Fire District

By [Signature]
Its: Chair, AVEP Board of Trustees