

**ADDENDUM#1 TO LEASE BETWEEN HAMILTON SCHOOL DISTRICT
AND THE UNIVERSITY OF MONTANA**

The existing agreement dated _____, 2015 is amended as follows:

RECITALS

WHEREAS, to meet Lessee's current and future premises needs Lessor agrees to renovate, at Lessee expense, the Premises leased pursuant to this Agreement according to the renovation plan, requirements and specifications set forth in Attachment A to this Addendum #1; and

WHEREAS, all renovation work must be completed in a reasonable and timely manner allowing for occupancy by Lessee's employees and students for Fall Semester 2015.

THEREFORE, in consideration of the parties' promises and representations, the parties agree as follows:

1. Construction Work

Lessor shall complete renovation work on the Premises that Lessee currently leases in the Westview High School facility located in Hamilton, Montana. This work is described in Attachment A hereto and incorporated by reference. Lessor shall hire the architect and construction company of its choice to complete the project. The work shall be done in a manner consistent with the accepted standards of the construction industry with the proper building permits/codes.

Lessee shall reimburse Lessor the sum not to exceed \$500,000 for the Leasehold Improvements in accordance with Section 2 below. Lessor shall contribute a sum not to exceed \$50,000 toward any improvements, including any asbestos abatement. Lessor's contribution may be less than but shall not exceed \$50,000 except as set forth in Section 2(h).

2. Inspection of Work and Payment

- a. Within five (5) business days following execution of this Addendum #1, Lessee shall transfer to Lessor one-third of the total cost of the Leasehold Improvements to be paid by Lessee.
- b. Within five (5) business days following the mid-way point of construction, Lessee shall transfer to Lessor an additional one-third of the total cost of the Leasehold Improvements to be paid by Lessee.
- c. Within five (5) business days following the completion of construction, Lessee shall transfer to Lessor an additional one-third of the total cost of the Leasehold Improvements.

- d. Once Lessor determines that the work has been completed, Lessor shall notify Lessee. Within a reasonable time of the receiving the notice from Lessor, Lessee, through its authorized representative, shall review the work to determine if the work meets Lessee's needs as promised. Lessee, through its authorized representative, shall also have the right to inspect contractor's work in progress at reasonable times while such work is underway and until it is completed.
- e. If Lessee accepts the work as evidenced by a letter of acceptance sent to Lessor, Lessor shall pay contractor the invoiced amount for work completed within five (5) business days of the date of Lessee's acceptance letter, subject to the payment terms in the construction agreement between Lessor and contractor. If Lessee determines the work is unsatisfactory within the terms of the Agreement between Lessor and contractor, then Lessor shall arrange for completion of the work until Lessee deems the work satisfactory as reflected in the acceptance letter, within the terms of the construction agreement between Lessor and contractor. Lessee agrees and understands that corrective work will be performed by contractor.
- f. Lessee's total payment for the work is a maximum of \$500,000. Lessee shall make the payment to Lessor as described above. Lessee shall not have to pay Lessor any more money if Lessor is required to make corrections based upon Lessee's inspection; so long as corrections do not constitute a change as defined by the construction agreement between Lessor and Contractor.
- g. If Lessee requests additional work, the parties shall sign a change order reflecting the additional work and the change(s) for that work. Payment shall be made and any change orders completed in accordance with the construction agreement between Lessor and Contractor.
- h. If, after the parties have signed a lease, latent defects in the work arise, then Lessor shall repair the defects at Lessor's sole cost.

3. Entire Agreement/Amendment

This Addendum #1 is merged with the original lease. This Addendum #1 controls over any conflicting or inconsistent prior agreements, understanding, or representations. Otherwise, the _____, 2015 agreement between the parties shall remain in full effect. The _____, 2015 and its Addendum #1 may only be amended if done so in writing by the parties.

4. Notice

Unless the parties otherwise agree, all notices under this Agreement must be in writing and shall be deemed given if delivered personally, or within two business days after deposit in the U.S. Mail postage prepaid.

