

LEASE AGREEMENT

1. PARTIES

This lease Agreement (AGREEMENT) is made by and between The University of Montana, located at 32 Campus Drive, Missoula, Montana 59812 (LESSEE) and Peak Health and Wellness Center, LLC dba Peak Racquet Center, located at 5000 Blue Mountain Road, Missoula, Montana, 59804 (LESSOR).

2. PURPOSE

LESSEE needs to lease premises in Missoula, Montana for the LEESSEE men's and women's varsity tennis program. LESSOR has premises available for lease which meet this purpose.

3. PREMISES DESCRIPTION

The area to be leased includes up to five (5) tennis courts pursuant to the schedule attached to this AGREEMENT as Exhibit A; use of all common areas in the Peak Racquet Center.

4. TERM

The term of this AGREEMENT shall be for five (5) years, commencing 1st day of January 2012, and terminating on the 31st of December 2016, unless earlier terminated or extended pursuant to this AGREEMENT.

5. RENEWAL OPTIONS

The parties to this AGREEMENT shall have the option to renew this AGREEMENT for up to two (2) additional five (5) year terms upon the mutual consent of both parties.

6. CONSIDERATION

LESSEE shall pay LESSOR Five Thousand, Three Hundred Dollars (\$5,300.00) in equal quarterly payments within thirty (30) days following the first day of January 2012 and April 1, 2012. On July 1, 2012, and on October 1, 2012 each quarterly payment will be increased to Six Thousand, Two Hundred and Fifty Dollars (\$6,250.00). Beginning January 1, 2013 and through the remaining term (December 31, 2016) the total annual lease amount will increase by the change in the Consumer Price Index for the previous twelve (12) months, and continue to paid quarterly. These quarterly payments will continue to be paid within thirty (30) days following the first day of each calendar year quarter (January 1, April 1, July 1 and October 1). This amount shall constitute the sole amount owed by LESSEE to LESSOR during the term of this AGREEMENT, including any renewal hereof, absent a mutually executed separate agreement for any other amount.

7. UTILITIES AND SERVICES

LESSOR shall furnish and pay all utilities including water, gas, electricity, garbage removal and sewage charges. LESSOR shall also have sole responsibility for providing and maintaining interior lighting needed for LESSEE tennis activities. In addition LESSEE shall have reasonable access to LESSOR telephone (for local and LESSEE calling card calls only) and at least one LESSOR computer, at LESSOR expense. LESSEE'S telephone and computer use shall not interfere with the operations of PEAK. In addition, LESSOR shall be responsible at all time for maintaining and cleaning the tennis courts to be utilized by LESSEE.

8. PARKING SPACE

LESSEE will park in available parking spaces.

9. PARKING AREA AND SIDEWALK MAINTENANCE

LESSOR shall keep the parking area and sidewalks in good repair, and shall timely remove snow and ice form the parking area and sidewalk.

10. NOTICE PROTOCOL

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered, or when mailed by first class mail, postage prepaid, to the addresses specified in this section.

LESSOR'S address and contact person for purposes of receiving notice or demand are:

Mr. Charlie Eiseman
Peak Health and Wellness Center
3565 Pattee Canyon Road
Missoula, Montana 59803
Phone: 406-549-9861

LESSEE'S address and contact person for the purpose of receiving notice or demand are:

Jim O'Day, Director
Intercollegiate Athletics
The University of Montana
32 Campus Drive
Missoula, Montana 59812
Phone: 406-243-5348

11. QUIET ENJOYMENT

LESSEE, shall peaceably and quietly have, hold and enjoy the leased premises and all rights, easement, covenants, and privileges belonging or in any way appertaining there, during the term of this AGREEMENT.

12. MAINTENANCE OF PREMISES

LESSOR shall, at its own cost and expense, make repairs, keep the leased premises including all tennis court used by LESSEE, in a fit and usable condition and maintain in good working order and condition the exterior of the premises including the roof, the interior, all fixtures, and all related electrical, plumbing, sanitary, heating, ventilating, and air-conditioning owned by LESSOR.

13. CASUALTY OR FIRE DAMAGE

In the event the leased premises becomes twenty-five percent (25%) or more destroyed or made uninhabitable or unusable for LESSEE tennis activities by fire or other casualty, or if the premises are condemned by a proper authority, this AGREEMENT may be terminated by either party.

If the premises are less than twenty-five percent (25%) destroyed, or made uninhabitable or unusable for LESSEE tennis activities by fire or other casualty, the rent shall be reduced by the proportion of the premises that have been rendered uninhabitable or declared unsafe. For purposes of this section, other casualty includes but is not limited to vandalism.

If the premises are not restored, or cannot be restored, and returned to proper condition for use and occupancy within thirty (30) days of the casualty, LESSOR or LESSEE may terminate the AGREEMENT upon then (10) days written notice to the other party.

Upon written notice of termination pursuant to this section, LESSOR shall refund any unearned rent paid and LESSEE shall have no further obligation to LESSOR under this AGREEMENT. LESSOR shall continue to insure the premises until LESSEE personal property is removed from the premises. LESSEE shall have thirty (30) days after termination of this AGREEMENT to remove its property from the premises.

14. ALTERATIONS TO TENNIS COURTS

LESSEE agrees to make no substantial alteration to the tennis courts without the prior written consent of LESSOR. Permanent improvements or alterations shall remain the property of the LESSOR at the termination of this AGREEMENT. In addition, LESSOR agrees to make no substantial alteration to other facilities used by LESSEE, in a manner materially detrimental to the purpose of this AGREEMENT and any LESSEE activities conducted hereto.

LESSEE shall surrender the premises at the end of the AGREEMENT term, including any renewal thereof, in a condition substantially similar to the condition of the premises at the commencement of the AGREEMENT, notwithstanding alterations agreed to by LESSOR, reasonable wear and tear alone excepted.

15. SIGNS

LESSEE shall not place signs on the premises without LESSOR'S prior consent and approval. If LESSOR allows signage and LESSEE wishes to advertise its location in the building, LESSEE shall pay LESSOR for installation of a suitable sign on the exterior of the premises at a location mutually agreeable to LESSOR and LESSEE.

16. HOLD HARMLESS AND INDEMNIFICATION

LESSOR agrees to protect, defend, and save LESSEE, and its agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of LESSOR employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of LESSOR and its agents, employees, representatives, assigns, and sub-tenants under this AGREEMENT.

LESSEE also agrees to assume the same duties and responsibilities specified above in defending and holding LESSOR and its agents, and employees harmless from all claims or causes of action arising out of services performed or omissions of services or in any way resulting from the acts or omissions of LESSEE and its agents, employees, representatives, assigns and sub-tenants. LESSEE does hereby indemnify, hold harmless and agree to defend LESSOR and LESSOR's agents for claims arising from LESSEE's use of the leased premises including any and all claims by LESSEE's agents, employees, and students or student athletes, and all other invitees of LESSEE.

17. INSURANCE SPECIFICATIONS

At its sole cost and expense, LESSOR shall maintain property insurance upon the leased premises and LESSOR fixtures for the term of this AGREEMENT against the following hazards:

Loss or damage by fire and such other risks (not including earthquake damage) in an amount sufficient to permit such insurance to be written at all times on a replacement cost basis. This may be insured against by attachment of standard form extended coverage endorsement to fire insurance policies.

Loss or damage from leakage or sprinkler systems now or hereafter installed in any building on the premises.

Loss or damage by explosion of team boilers, pressure vessels, and oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building or buildings on the premises.

LESSOR shall also maintain for the duration of the AGREEMENT, at its cost and expense, public liability insurance with combined single limits of \$750,000 per occurrence / \$1.5 million aggregate per year against claims for injuries to persons or damages to property which are caused by any negligent act or omission by LESSOR, its agents, employees, representatives, or assigns. This insurance must be from an insurer licensed to do business in Montana or by a domiciliary state and with a Best's rating of no less than A

LESSEE shall maintain its own insurance on the contents of the leased premises and its own property and LESSOR shall not be liable for any damage or loss of personal property belonging to LESSEE or its employees or agents for damage or loss to LESSEE arising from any acts of negligence by LESSEE, its employees or agents. LESSEE also agrees to maintain for the duration of the AGREEMENT, at its cost and expense, public liability insurance against claims for injuries to persons or damages to property which are caused by any negligent act or omission by LESSEE, its agents, employees, representatives, or assigns. The State of Montana does not purchase commercial insurance, rather the state is self-insured and provides coverage in accordance with the Tort Claims Act, Title, 2, Section 9, Chapters 1-3, Montana Code Annotated as respects the negligence of the state. Coverage limits are for Tort Liability (including Auto) in the amounts of \$750,000 per claim \$1,500,000 per occurrence.

18. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

LESSEE and LESSOR agree to comply with applicable federal, state and local laws, regulations and ordinances affecting the use of the premises and to assume all legal responsibility for any charges or damages for non-observance.

LESSOR agrees to provide, upon reasonable request, access to any LESSOR records relating to this AGREEMENT; and to create and retain records relating to this AGREEMENT lease for a period of three (3) years from its termination or the conclusion of any claim, litigation or exception relating to the AGREEMENT.

19. ENVIROMENTAL HAZARDS

LESSOR represents that, to the best of its knowledge, any use, storage, treatment or transportation or hazardous substances which has occurred in or on the premises prior to the lease date has been in compliance with all applicable federal, state and local laws, regulations and ordinances.

LESSOR further represents that, to the best of its knowledge, no release, leak, discharge, spill, disposal or emission of hazardous substance has occurred in, on or

under the premises and that the leased premises are free of hazardous substances as of the AGREEMENT date.

If either party to this agreement discovers that a release, leak, discharge, spill, disposal, or emission of hazardous substances has occurred in, on or under the premises or that the premises are not free from hazardous substances, the party shall immediately notify the other party.

If LESSEE determines at any time that the leased premises pose a significant environmental hazard to its employees, LESSEE may terminate the AGREEMENT with a written thirty (30) day notice.

20. DEFAULT

The failure of either party to this AGREEMENT to fully perform under any or all of the terms and conditions shall constitute a breach of this lease, entitling the non-defaulting party to take any and all such actions as may be provided by law.

Any breach or default alleged under this AGREEMENT shall be occasioned by a thirty (30) day written notice of the same to the defaulting party. If at the end of such thirty (30) day period, the defaulting party has not cured the breach, the non-defaulting party may take any and all such actions as may be provided by law.

At the expiration or termination of this AGREEMENT or any extension hereto, LESSEE will vacate and surrender the premises to LESSOR in as good condition and repair as when it took possession, reasonable wear and tear excepted. All property placed in the leased premises by LESSEE shall be removed by LESSEE within thirty (30) days of such expiration or termination. Any failure to remove said property shall be an admission by LESSEE that said property is abandoned.

21. SEVERABILITY

It is understood and agreed by the parties hereto that if any term or provision of this lease is held to be illegal, void or in conflict with any applicable legal requirement, the validity of the remaining terms and conditions shall not be affected. The rights and obligations of the parties shall be construed and enforced as if this AGREEMENT did not contain the particular term, condition, or provision held to be invalid.

22. VENUE AND INTERPRETATION

This AGREEMENT shall be governed and interpreted according to the laws of the State of Montana. In the event of a dispute arising over this AGREEMENT, the proper venue for the hearing of the case is the District Court of the Fourth Judicial District of the State of Montana, in and for the County of Missoula. Each party shall be responsible for its own attorney's fees and costs.

23. SUCCESSORS

All rights and liabilities herein given to and or imposed upon both parties shall extend to, be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

24. ENTIRE AGREEMENT

This AGREEMENT contains the entire agreement between LESSEE and LESSOR. Any agreement hereafter made shall not be effective to modify this AGREEMENT unless such agreement is in writing and signed by both parties.

25. SUBLEASE AND ASSIGNMENT


LESSEE agrees that it will not assign or sublet in whole or part any portion of the leased premises.

26. SMOKE FREE ENVIRONMENT

LESSOR shall make the portions of the building occupied by LESSEE smoke-free. "Smoke" means smoke from a lighted cigar, cigarette, or pipe or any other lighted tobacco product as defined in MCA 50-40-202.

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

LESSOR

By:  Date: 1/4/2012

LESSEE

By:  Date: 1/3/2012