

REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
AGENDA
JUNE 15, 2026, AT 9:00 A.M.
STATE CAPITOL, ROOM 303
HELENA, MT

ADMINISTRATIVE ITEMS

Approval of the June 15th Land Board Agenda
Approval of the May 18th Land Board Meeting Minutes

ACTION ITEMS

- 0626-1 Department of Labor: Final Approval for Building Sale APPROVED: 4-1**
Benefits: N/A (non-trust land)
Location: Yellowstone County
- 0626-2 Department of Administration: Land Donation APPROVED: 4-0; ABSTAINED: 1**
Benefits: N/A (non-trust land)
Location: Lewis & Clark County
- 0626-3 Department of Corrections: Land Exchange Final Approval APPROVED: 5-0**
Benefits: N/A (non-trust land)
Location: Powell County
- 0626-4 Timber Sales: Comers Butte APPROVED: 5-0**
Location: Cascade County
Benefits: Common Schools
- 0626-5 Oil and Gas Lease Sale APPROVED: 5-0**
Location: Dawson, McCone, and Roosevelt Counties
Benefits: Common Schools
- 0626-6 Commercial Lease: Template Draft APPROVED: 5-0**
Location: Montana
Benefits: All
- 0626-7 Land Exchange: Preliminary Approval for Fitch Inc. Land Exchange APPROVED: 5-0**
Location: Garfield County
Benefits: Common Schools
- 0626-8 Easements APPROVED: 5-0**
Location: Broadwater, Cascade, Flathead, Gallatin, Hill, Prairie, Roosevelt, and Wibaux Counties
Benefits: Common Schools, Public Land Trust, and MSU-Eastern/UM-Western
- 0626-9 Approval to File Objections on Water Rights (executive session) APPROVED: 4-1**
Location: Ravalli County
Benefits: MT Tech
- 0626-10 Lincoln Shooting Range Tabled**
Location: Lewis & Clark County
Benefits: Common Schools

PUBLIC COMMENT

For all Trust Lands questions please contact: Ryan Weiss, Deputy Administrator
email: ryanweiss@mt.gov or 406-444-5576
Complete agenda at <https://dnrc.mt.gov/TrustLand/about/land-board>

**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
MINUTES
MAY 18, 2026, AT 9:00 A.M.
STATE CAPITOL, ROOM 303
HELENA, MT**

Members Present

Greg Gianforte, Governor
Susie Hedalen, Superintendent of Public Instruction
Austin Knudsen, Attorney General
James Brown, Commissioner of Securities and Insurance
Christi Jacobsen, Secretary of State
Brenda Johnson, Land Board Secretary

Members Absent

None

Testifying Staff

Amanda Kaster, DNRC Director
Ryan Weiss, DNRC Trust Lands Deputy Administrator
Parker Osterloh, Land Sections Supervisor

Attachments

Related Materials, Attachment 1 – Sign-in-Sheet
Related Materials, Attachment 2 – Montana Land Exchange Policy
Related Materials, Attachment 3 – Andrea Hastings Complaint
Related Materials, Attachment 4 – Cross Four Ranch

Call to Order

00:00:05 Governor Gianforte called the meeting to order.

Adopt Proposed Agenda

00:00:40 Austin Knudsen, Attorney General, moved to approve the May agenda. The motion was seconded by Christi Jacobsen, Secretary of State and carried unanimously.

Adopt Prior Months Meeting Minutes

00:00:58 Austin Knudsen, Attorney General moved to approve the April 20, 2026, minutes. The motion was seconded by Christi Jacobsen, Secretary of State and carried unanimously.

Business Considered

0526-1 Agriculture and Grazing Leases: Competitive Bid Hearings

00:01:13 Amanda Kaster, DNRC Director, gave an overview of the item.

A. Lease No. 10791 – Tyler Noll, et at. (Lessee)/Chad Follmer (Bidder)

Public Comment: N/A

00:05:39 Christi Jacobsen, Secretary of State moved to approve item 0526-1A. The motion was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

00:05:48 Greg Gianforte, Governor

00:06:18 The motion to approve item 0526-1A carried unanimously.

B. Lease No. 10590 – Allen Denzer, et al. (Lessee)/Z & Z Farms LLC (Bidder)

Public Comment: N/A

00:07:24 Christi Jacobsen, Secretary of State moved to approve item 0526-1B. The motion was seconded by Austin Knudsen, Attorney General, and carried unanimously.

C. Lease No. 5183 – Kenneth Judisch (Lessee)/Anthony Nickol (Bidder)

Public Comment:

00:08:44 Anthony Nickol, High Bidder on State Lease

00:10:26 Susie Hedalen, Superintendent of Public Instruction moved to approve item 0526-1C. The motion was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

00:10:36 Austin Knudsen, Attorney General

00:10:51 Amanda Kaster, DNRC Director

00:11:05 Parker Osterloh, Land Section Supervisor

00:11:37 Austin Knudsen, Attorney General

00:12:13 Greg Gianforte, Governor

00:12:36 Parker Osterloh, Land Section Supervisor

00:12:58 The motion to approve item 0526-1C carried unanimously.

D. Lease No. 1092 – Madison River Ranch Assoc. Inc (Lessee)/Andrea Hastings (Bidder)

Public Comment:

00:14:24 Andrea Hastings, High Bidder

00:18:01 John Hastings, High Bidders Spouse

00:19:01 Mark Juranek, Representative from the Madison River Ranch Assoc (Lessee)

00:20:21 Susie Hedalen, Superintendent of Public Instruction moved to approve item 0526-1D. The motion was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

00:20:35 Austin Knudsen, Attorney General

00:21:10 Amanda Kaster, DNRC Director

00:22:53 Parker Osterloh, Land Section Supervisor

00:23:52 Greg Gianforte, Governor

00:24:02 Parker Osterloh, Land Section Supervisor

00:24:29 Greg Gianforte, Governor

00:24:36 Parker Osterloh, Land Section Supervisor

00:24:55 James Brown, Commissioner of Securities and Insurance

00:29:50 Austin Knudsen, Attorney General

00:30:16 Andrea Hastings, High Bidder

00:30:38 Susie Hedalen, Superintendent of Public Instruction

00:31:04 Andrea Hastings, High Bidder

00:31:20 Amanda Kaster, DNRC Director

00:31:39 Parker Osterloh, Land Section Supervisor

00:32:15 Greg Gianforte, Governor
00:32:42 Amanda Kaster, DNRC Director
00:33:06 Parker Osterloh, Land Section Supervisor
00:34:12 Greg Gianforte, Governor
00:34:26 Parker Osterloh, Land Section Supervisor
00:34:38 Amanda Kaster, DNRC Director
00:35:19 Austin Knudsen, Attorney General
00:36:36 Susie Hedalen, Superintendent of Public Instruction

00:38:16 The motion to approve item 0526-1D failed 1-4.

00:38:28 James Brown, Commissioner of Securities and Insurance made a motion to reverse the vote of item 0526-1D and a new motion to approve the lease to the high bidder Andrea Hastings and was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

00:38:53 Amanda Kaster, DNRC Director
00:38:59 James Brown, Commissioner of Securities and Insurance
00:39:00 Amanda Kaster, DNRC Director
00:39:04 James Brown, Commissioner of Securities and Insurance

00:39:16 Susie Hedalen, Superintendent of Public Instruction made an amendment to have a stipulation that there is a plan in place for the sagebrush management.

00:39:56 The motion to approve the amendment carried 4-1.

0526-2 Easements

00:40:26 Amanda Kaster, DNRC Director, gave an overview of the item.

Public Comment: N/A

00:41:09 Austin Knudsen, Attorney General moved to approve item 0526-2. The motion was seconded by Christi Jacobsen, Secretary of State and carried unanimously.

Board Discussion/Comments: N/A

0526-3 Request for Approval of Land Exchange Policy Update

00:41:26 Amanda Kaster, DNRC Director, introduced agenda item 0526-3 and handed over to Commissioner Brown and his staff to give an outline of his agenda item.

00:41:52 James Brown, Commissioner of Securities and Insurance
00:42:38 Jack Connors, State Auditors Office, Chief Legal Counsel
00:47:43 Greg Gianforte, Governor
00:49:15 Ryan Weiss, DNRC Trust Lands Deputy Administrator

Public Comment:

00:51:09 Russell Fruits, Montana Chapter of Backcountry Hunters and Anglers.
00:54:39 Steve Platt, Private Citizen
00:55:00 Greg Gianforte, Governor
00:55:01 Steve Platt, Private Citizen
00:55:07 James Brown, Commissioner of Securities and Insurance

00:55:20 Steve Platt, Private Citizen
00:57:25 Jeff Herbert, Montana Sportsman's Alliance
01:00:15 Clayton Elliott, Montana Trout Unlimited
01:02:55 Tom Jacobson, Private Citizen
01:04:48 Raylee Honeycutt, Montana Stock Growers Association
01:06:55 Carly Johnson, Montana Farm Bureau Federation
01:08:59 Ben Lamb, Montana Conservation Society
01:11:54 Kevin Ferrin, Montana Wildlife Federation

01:15:026 James Brown, Commissioner of Securities and Insurance moved to approve item 0526-3. The motion was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

01:15:31 James Brown, Commissioner of Securities and Insurance
01:28:24 Austin Knudsen, Attorney General
01:29:22 Susie Hedalen, Superintendent of Public Instruction

01:31:00 Greg Gianforte, Governor moved to amend motion 0526-3, request for approval of land exchange policy to a 30-day public scoping and place the land exchange policy on the July 2026 agenda for approval. The motion was seconded by Christi Jacobsen, Secretary of State.

Board Discussion/Comments:

01:32:00 James Brown, Commissioner of Securities and Insurance

01:34:39 The amended motion failed 2-3.

01:35:22 The motion to approve item 0526-3 carried 3-1. Abstained 1

01:35:51 Christi Jacobsen, Secretary of State made a motion to add consideration of the shooting range near Lincoln, Montana to the June Land Board agenda. The motion was seconded by Austin Knudsen, Attorney General.

Board Discussion/Comments:

01:37:15 Greg Gianforte, Governor
01:37:21 Amanda Kaster, DNRC Director
01:37:36 Austin Knudsen, Attorney General
01:37:42 Amanda Kaster, DNRC Director
01:38:20 Greg Gianforte, Governor
01:38:24 Christi Jacobsen, Secretary of State
01:38:27 Amanda Kaster, DNRC Director
01:38:56 Christi Jacobsen, Secretary of State
01:38:58 Amanda Kaster, DNRC Director
01:39:02 Greg Gianforte, Governor
01:39:08 Amanda Kaster, DNRC Director
01:39:09 Greg Gianforte, Governor
01:39:29 Austin Knudsen, Attorney General
01:39:50 Amanda Kaster, DNRC Director
01:40:08 Ryan Weiss, DNRC Trust Lands Deputy Administrator
01:40:53 Greg Gianforte, Governor
01:41:01 James Brown, Commissioner of Securities and Insurance

01:41:42 The motion carried unanimously.

General Public Comment N/A

Adjournment

01:42:08 Adjournment

PRESIDENT

ATTEST

/s/ _____ Date
Greg Gianforte, Governor

/s/ _____ Date
Amanda Kaster, DNRC Director

Please note: *The Land Board has adopted the audio recording of its meetings as the official record, as allowed by [2-3-212, MCA](#). These minutes provide an abbreviated summary of the Land Board discussion, public testimony, action taken, and other activities. The time designations listed are approximate and may be used to locate the referenced discussion on the audio recording of this meeting. You may access the minutes and the audio recording on our website: <https://dnrc.mt.gov/TrustLand/About/LandBoardMeetingArchive>.*

DRAFT

0626-1

Department of Labor:

Final Approval for Building Sale

**Land Board Agenda Item
June 15, 2026**

0626-1 Department of Labor and Industry: Final Approval for Building Sale

Location: Yellowstone County

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary:

The Department of Labor & Industry (DLI) is requesting final approval for sale of the Unemployment Insurance call center building in Billings. DLI came before the Land Board on December 18, 2023, and received preliminary approval for the sale.

The legal description of the property is Lots 9-14, Block 270, Billings, First Addition, City of Billings, Yellowstone County, State of Montana.

The building is subject to state and federal equity as follows:

UI State Funds:	31.2%
Reed Act:	36.2%
UI/ES Federal Equity:	32.6%

At the time of preliminary approval, DLI received two appraisals for an average fair market value of \$865,000. Over the course of the last two years, DLI was unsuccessful in obtaining bids at this price. The Department of Administration's A&E Division inspected the building and prepared repair estimates of \$796,659. After considering these estimates in a reappraisal of the building, the fair market value was reduced to \$240,000. The U.S. Department of Labor agreed to this value and the building was sold at public auction on May 8, 2026, for \$240,000.

DLI comes before the Land Board to receive final approval for the sale.

Recommendation:

The Department of Labor and Industry recommends the Land Board grant final approval to sell the Unemployment Insurance call center building.





0626-2

Department of Administration:
Land Donation

**Land Board Agenda Item
June 15, 2026**

0626-2 Land Donation – Hauser Residence – 720 Madison Avenue

Location: City of Helena, Lewis & Clark County

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

Susan K. Gianforte and Greg R. Gianforte, as trustees of their respective revocable trusts, have proposed donating the historic Samuel T. Hauser Residence at 720 Madison Avenue in Helena to the State of Montana for use as the governor’s executive residence. The property includes a 0.519-acre tract located in Helena’s historic west side, consisting of Lots 4, 5, and 6 of Block 7 of the Hauser Addition. Built in 1885 for Montana’s first territorial governor and later owned by Governor Tim and First Lady Betty Babcock, the residence carries significant value in terms of Montana’s heritage.

The Department of Administration recommends acceptance of the donation because the current residence at 2 Carson Street is no longer viable without approximately \$5 million in repairs and years of construction, making it unavailable for the beginning of the next governor’s term. In contrast, the Hauser Residence is in excellent condition, move-in ready, and suitable for both residential living and official functions. The donation provides substantial value to the State, with the property appraised at \$5 million and improvement costs projected to be over \$3 million less than the cost of repairing 2 Carson Street—resulting in an estimated total benefit of over \$8 million to taxpayers. Its historic significance and long-standing connection to Montana’s leadership further support its use as a permanent executive residence.

Appraisal, HazMat, Public Notice

The property has been appraised and a copy of the appraisal is provided. Because the donors intend to make a gift, the State is not required to provide any compensation.

A Phase I environmental study was completed on the property in May 2026. The report did not identify any major issues or concerns regarding hazardous materials. The only environmental concern associated with this property was a 564 gallon underground storage tank containing no more than 20 gallons of heating oil and sludge. While there is no requirement for remediation, DOA estimates the tank could be closed (pumped and filled with gravel) at a cost of approximately \$13,000.

Public notice for the donation of this parcel was published in the *Helena Independent Record* the week of June 1 and the week of June 8, 2026.

DOA is requesting permission from the Land Board to pursue actions necessary to acquire fee title in and to the property to be incorporated in the capitol complex managed by the DOA.

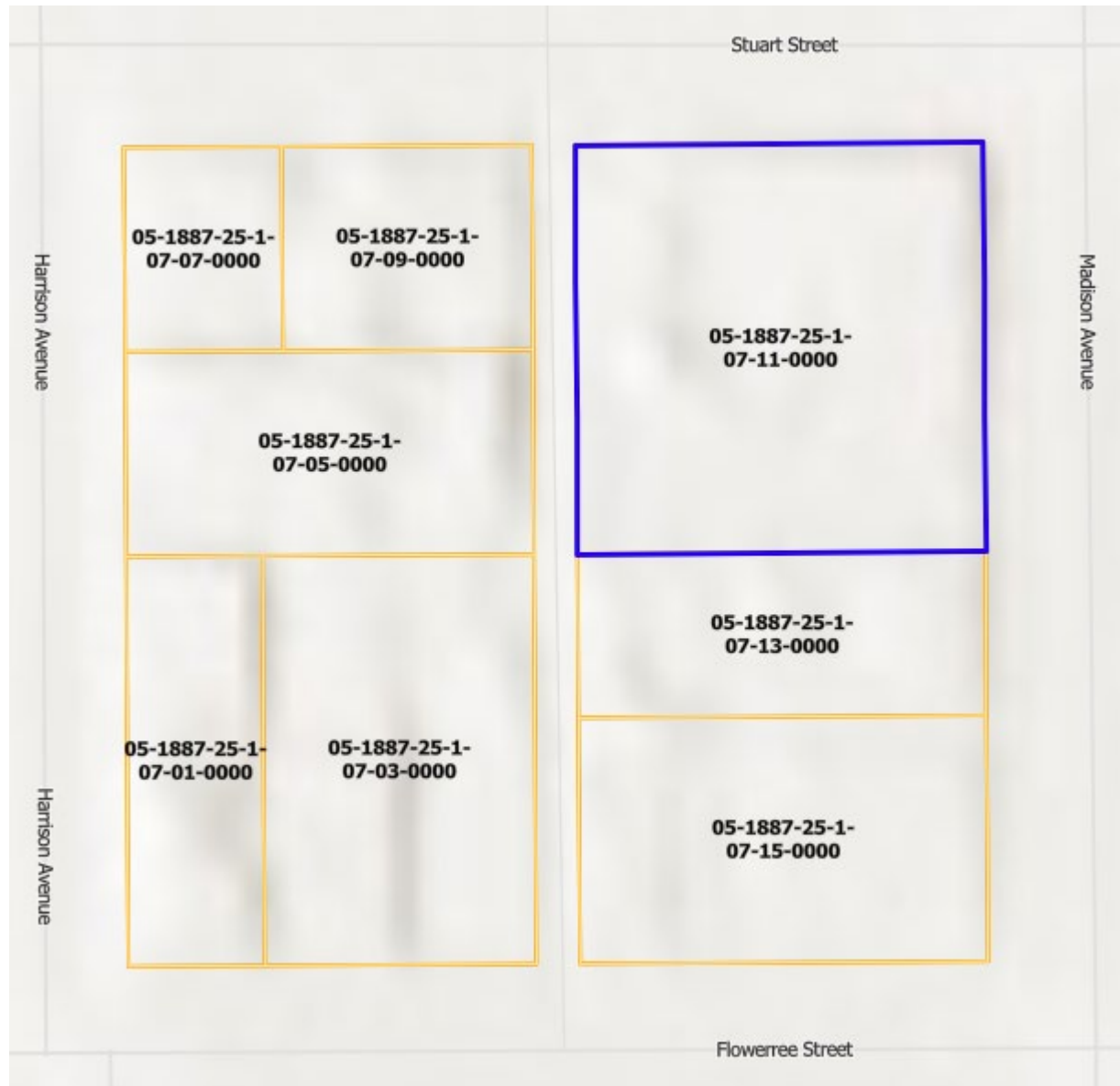
Charitable Gift Agreement

If the donation is accepted by the Board, the Department of Administration (DOA) will enter into a charitable gift agreement offered by the Donors. The Board may accept a donation of real property subject to conditions pursuant to 17-3-1001(1), MCA and 77-1-213(1), MCA. If the donation is accepted, DOA will manage and operate the property for use as the executive residence of the governor as part of the capitol complex defined in 2-17-801(2), MCA.

DOA Recommendation

The Department of Administration recommends the Land Board approve the donation of the Hauser Residence for use as the executive residence.





February 12, 2003

**BOARD OF LAND COMMISSIONERS'
LAND DONATION POLICY**

Whereas the Board of Land Commissioners' may need information for consideration of real property consisting of land or an interest in land (i.e., minerals, timber, water, etc.) and any building, structure or improvement located thereon which may be received by the State (other than State Trust Lands and lands received under other statutory authority) by virtue of estates and lands to be donated or transferred in lieu of monetary compensation due for fines and any other forfeitures or land donations; and

Whereas the Board of Land Commissioners has authority, direction and control over the care, management and disposition of state lands;

Whereas §77-1-211 thru 214, MCA, authorize the Board of Land Commissioners, on behalf of the state, to accept certain lands from the federal government and from any natural person as a result of gifts, donations, legacies, devises and other grants;

Whereas some agencies have independent statutory authority to accept real property for specific purposes and need not submit such transactions to the Board for approval unless the specific statutory authority so requires; and

Whereas certain information is needed by the Board to aid them in determining whether lands proposed for donation or transfer to the state are of a nature and condition that they will not be a burden should they be accepted and that they will be free and clear of any objectionable title encumbrances;

Unless the transfer is expressly provided for by other statutory provisions, the following information must be supplied and submitted to the Board, without cost to the Board or the DNRC; however, the managing agency of the state may elect to pay certain costs associated with the transfer as an enhancement to the offeror:

APPRAISALS: In accordance with §77-1-202(3), MCA, a current appraisal must be conducted by a qualified appraiser. Said appraiser shall be properly licensed and certified in the State of Montana to conduct said appraisal. An appraisal will be considered current that is no more than six (6) months old at the time the matter of the land acceptance is presented to the Board for its consideration and one (1) year old at the time the property is transferred to the state. In some instances the board approval process takes longer than a year to complete, and in that case, the decision will be left to the managing agency to determine if an updated appraisal is necessary depending upon the type of property and circumstances. Said appraisal may be reviewed and approved by a qualified appraiser at the discretion of the proposed managing agency.

LAND SURVEYS: If the lands are an existing or legally established lot, tract, parcel, section or aliquot part of a section, an encroachment survey showing all monumented corners and the legal boundaries of the lands will be required. If the lands constitute a new break out or subdivision or are not able to be described as an existing legal subdivision (full section, aliquot part greater than 160 acres in size or a parcel already surveyed and legally platted and recorded), then a full survey and approval through the appropriate local County and state review processes will be required. The survey must be reviewed and approved by the proposed managing agency prior to recording.

HAZARDOUS WASTE AND MATERIALS INVENTORY: No lands will be considered for acceptance by the Board on which any non-removable or non-satisfactorily reclaimable materials, substances or contaminations exist. At a minimum, a current Phase I Hazardous Materials Survey (Haz Mat) shall be conducted by a state certified person or company and report provided to the state. A Haz Mat survey will be considered current that is no more than six (6) months old at the time the matter of the land acceptance is presented to the Board for its consideration. In some instances the board approval process takes longer than a year to complete, and in that case, the decision will be left to the managing agency to determine if an updated Phase I Survey is necessary depending upon the type of property and/or type of contamination and circumstances. Said survey must be reviewed and approved by the proposed managing agency. Any and all objectionable materials (i.e. dilapidated buildings, junk or abandoned vehicles, old

tires, debris piles, etc.), substances or contaminations may be required to be removed from the property, at the discretion of the proposed managing agency, prior to the matter being presented to the Board for approval.

TITLE REPORTS: A current title report or title commitment in the name of the State of Montana as the proposed insured must be provided showing the current status of the ownership of the lands and all easements, leases, licenses, contracts for sale, liens, judgments, tax status, mineral rights or reservations, and all other matters of record which may affect the title to the property. A full copy of any and all easements, leases, licenses, contracts for sale, liens, judgments, tax notices, mineral rights or reservations, and all other matters of record that affect title will accompany the report or commitment. (A title report is a written ownership & encumbrance [O&E] report and is only good as of the certification date.) A title report or commitment is considered current if it is certified to a date within 2 months prior to the time the matter of the property is presented to the Board for its consideration. In some instances the board approval process takes longer than a year to complete, and in that case, the decision will be left to the managing agency to determine if an updated title report or commitments is necessary depending upon the type of property and circumstances. A special mineral title opinion issued by a qualified attorney may also be required. Objectionable matters may be required to be cleared before the state will agree to accept title in and to the property. On the day of the recordation of the title transfer document, an updated title report or commitment will also be required, certifying through the date and time of that recordation and showing that clear title is vested in the State of Montana.

PUBLIC NOTICE: A notice shall be published in a newspaper of general distribution in the area within the County where the lands are located notifying the public of the proposed donation or transfer. Public notice must include the legal description of the property and advise the public of the date, time, and place of the meeting of the Board of Land Commissioners in which the matter will be presented for their approval.

The public notice must be run at least once a week for two consecutive weeks, within the 30 days prior to the Board's meeting date. The managing agency is exempt from this requirement if they had already gone through the equivalent notice in the MEPA process. The proposing managing agency must also notify the Board of County Commissioners in the county or counties in which the property is located when receiving buildings or lands, so the tax rolls can be changed to show that the property is then tax exempt.

The following additional information must be supplied and submitted to the Board by the proposed managing agency, without cost to the Board or the DNRC; however, the managing agency of the state may elect to pay certain costs associated with the transaction as an enhancement to the offeror:

PROPERTY INSPECTION REPORT: To determine the suitability of the property for ownership by the State, the proposed managing agency must conduct an on-site, physical inspection of the property proposed as well as research and review historic and current records related to the ownership and use of the property and shall report to the Board the findings of the inspection and the research and review of the land use records. When conducting the physical inspection of the property, the proposed managing agency shall also observe and make note of the type and condition of the access to the lands (i.e., state highway, county road, city street, private road, etc.) and the land uses on adjoining and surrounding vicinity lands. The records research shall include, but is not limited to, past aerial photos, land ownership and survey records, and City, County and/or State land use records regarding the lands proposed for acceptance.

SPECIAL CONSIDERATIONS FOR ACCEPTING DONATIONS: In considering the acceptance of buildings, lands and interests in lands, special consideration must be given to the following:

a) Conditions benefiting the donor or transferor, if any. These may include restrictions as to the type of use or access that may restrict or defeat a proposed managing agency's program purpose. Some examples may include a reservation of hunting rights or access to the donor; or stipulations of no hunting, no development, no vehicular access, timbering or no timbering, etc. Restrictions or reservations must be considered and negotiated on a case-by-case basis and must be allowed under the donation authority used.

b) Costs necessary to develop, manage, and maintain the property to meet objectives, satisfy special conditions, and to make revenue sharing payments. Such costs should be evaluated with benefits received by the proposed managing agency and the public.

c) Significant future problems of administration if a donation is accepted subject to conditions imposed by the donor such as no hunting, no public access, etc.

d) Legislative approval for certain federal lands in accordance with §77-1-211, MCA.

ANTICIPATED USE: An agency or department of the state proposing to receive lands must provide the Board with a statement of intent to accept the lands that outlines all of the above factors and indicates the proposed managing agency's anticipated use and management of the lands. Said donations shall be consistent with the mission of the agency or department involved and with applicable agency or departmental land-use plans. Upon acceptance of title, all lands accepted and acquired by the Board shall become public lands of the state and shall be subject to all applicable laws, rules and regulations for the administration of the same.

TITLE TRANSFER DOCUMENTS: All deeds and documents transferring title to the state must be reviewed and approved by the proposed managing agency's legal counsel before being recorded with the County Clerk & Recorder. Documents transferring title may not be placed of record until after securing the approval of the Board.

*G:\LANDS\SURFACE\SPLUSES\Land Donation Policy
Revised: 02/12/2003 11:00 a.m. jlw*

APPRAISAL REPORT

Samuel T. Hauser Mansion

720 Madison Avenue | Helena, Montana 59601
Lewis and Clark County | NRHP No. 79001404



PREPARED FOR Department of Administration	REPORT DATE May 29, 2026
INTENDED USE Evaluation of Proposed Donation to the State of Montana	PREPARED BY Matthew B. Dalton MT REA-RAR-LIC-378

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Section I — Executive Summary

The purpose of this analysis is to examine the property's potential value and usefulness as an official residence for the Governor of the State of Montana. In addition to the property's physical characteristics, this report considers its governmental functionality, historic significance, long-term public benefit, and potential cost savings to the State.

This report is based on a Use Value or Institutional Utility Value approach rather than a traditional Market Value or Fair Market Value appraisal as defined under the Uniform Standards of Professional Appraisal Practice (USPAP). The analysis is intended to support the Montana State Land Board in considering whether the property may be suitable for acceptance, acquisition, or designation as an official gubernatorial residence.

Because official executive residences are unique properties that are rarely bought or sold on the open market, there are very few truly comparable sales available for analysis. As a result, this report considers a broader range of factors beyond traditional real estate comparisons, including governmental utility, historic preservation considerations, institutional use patterns, and cost-avoidance benefits.

In preparing this analysis, the appraiser relied upon publicly available property records, historic preservation documentation, governmental and institutional examples from other jurisdictions, architectural and construction cost information, and general real estate and appraisal principles applicable to historic and governmental properties.

The final estimate of use value to the state of Montana as the official governor's residence is

\$5,000,000 (Five Million Dollars) as of May 12, 2026

Section II — Intended Use and Intended User

The intended user of this analysis is the Montana State Land Board, a constitutionally established governmental body vested with authority over certain state-owned and state-managed real property assets. No other party is an intended user of this report, and no reliance by any other party is authorized or appropriate.

The intended use of this analysis is to support governmental deliberation and decision-making regarding: (a) the potential acceptance or acquisition of the subject property as a donated or transferred asset; (b) the designation of the subject property as the official executive residence for the Governor of the State of Montana; and (c) the evaluation of institutional utility, fiscal prudence, and public benefit associated with such acceptance or acquisition relative to alternative courses of action available to the State.

This report is not intended to, and does not, establish a Market Value or Fair Market Value opinion under any recognized appraisal standard, including but not limited to those promulgated under USPAP. The analytical framework applied herein is that of Use Value or Institutional Utility Value, which reflects the value of the property in its specific anticipated governmental use, rather than the price that a hypothetical willing buyer and willing seller might agree upon in a hypothetical open-market transaction.

This analysis is further intended to assist the Land Board in evaluating the relative economics of alternative scenarios, including the continued absence of an official gubernatorial residence, the rehabilitation of the existing official gubernatorial residence at 2 Carson Street, and the acceptance of the Hauser Mansion as a ready or near-ready executive residential asset.

Section III — Definition of Use Value

Use Value, as applied within this analysis, represents the value of a specific property to a specific user for a specific purpose, independent of the property's hypothetical exchange value in the open market. Use Value is recognized within appraisal theory as a legitimate and appropriate basis for valuation when the subject of analysis is a specialized asset that does not routinely transact in the open market and whose primary significance lies in its functional, institutional, or programmatic utility to a specific owner or user, rather than in its exchangeability among anonymous market participants.

In the context of governmental real property, Use Value is frequently the most analytically coherent and administratively relevant measure of a property's significance. Official executive residences, historic governmental facilities, and purpose-adapted institutional structures frequently exhibit Use Values that diverge materially from their Market Values, because their highest and best use from the perspective of the governmental user — who derives institutional, ceremonial, representational, and continuity-of-government benefits that cannot be readily quantified in market terms — is intrinsically different from any use to which a private-sector buyer might put the property.

For purposes of this analysis, Use Value is further understood to encompass the following distinct but interrelated components:

- Governmental Residential Utility — the direct functional value of the property as a habitable executive residence adequate for the needs of the Governor of Montana;
- Institutional Utility — the property's value as a quasi-public asset capable of serving ceremonial, representational, and public-engagement functions on behalf of the State;
- Historic Preservation Utility — the value associated with preserving and maintaining a nationally and locally significant historic architectural resource in continuous productive use; and
- Cost-Avoidance Utility — the quantifiable and estimable economic benefit realized by the State through the avoidance of acquisition, construction, or adaptive-reuse expenditures that would otherwise be necessary to secure a functionally equivalent governmental asset.

The Use Value opinion developed in this report should be understood as representing the rational maximum that a prudent governmental body — here, the State of Montana acting through the Land Board — should reasonably be willing to pay or to accept in lieu of payment, to secure the bundle of institutional benefits represented by the subject property. It is explicitly not a prediction of the price at which the property would transact between a hypothetical buyer and seller in the open market.

Section IV — Scope of Work and Assignment Elements

4.1 Scope of Work Determination

The USPAP Scope of Work Rule requires the appraiser to determine the scope of work necessary to develop credible assignment results. Credible assignment results require support by relevant evidence and logic. The scope of work is not necessarily the most extensive work possible; rather, it is the work that a reasonable appraiser would perform given the intended use, intended users, type of value, characteristics of the subject property, and applicable assignment conditions.

In determining the appropriate scope of work for this assignment, the appraiser considered the following factors:

- **Intended use and users:** The appraisal serves a public purpose — a governmental land board’s evaluation of a proposed property donation — requiring a high standard of credibility and transparency.
- **Type of property:** The Subject is a large, complex, historically significant residential property listed on the National Register of Historic Places. Its rarity, age (141 years), and specialized architectural character require more extensive research and analysis than a standard residential appraisal.
- **Type of value:** Use Value for Governor’s residence and ceremonial location.

Based on the foregoing factors, the appraiser determined that the scope of work described in subsection 4.2 below is necessary and sufficient to produce credible assignment results consistent with the requirements of USPAP and the expectations of the intended users.

4.2 Assignment Elements Summary

Client / Intended User	Montana State Land Board
Intended Use	Evaluation of proposed donation of the Hauser Mansion to the State of Montana; support for Land Board decision-making regarding acceptance of the donation
Property Rights Appraised	Fee Simple Interest, subject to NRHP listing restrictions and all easements, restrictions, and encumbrances of record
Type and Definition of Value	Use Value analysis (governmental residential use) — see Section 2.3

Effective Date of Value	May 12, 2026
Report Date	May 29, 2026
Scope of Inspection	Full interior and exterior inspection of all accessible areas of the subject property
Extraordinary Assumptions	None that would alter conclusions if found to be false
Hypothetical Conditions	None
USPAP Compliance	This appraisal conforms with the 2026 edition of USPAP

4.3 Use Value Definition

Use Value analysis pursuant to the client’s request for a governmental-use assessment. “Use Value,” as employed in this supplemental section, refers to the value a specific property contributes to a particular user or for a specified use, which may differ from its Market Value as recognized in the open and competitive marketplace.

The specified use is the potential utilization of the subject property by the State of Montana as an official governmental executive residence and related ceremonial facility. This Use Value opinion is intended solely for use by the Montana State Land Board and should not be construed as Market Value, Fair Market Value, or an opinion of probable sale price in the open market.

4.4 Research and Data Scope

The scope of work for this assignment included the following:

- Physical inspection of the subject property, including all accessible interior and exterior areas
- Review and analysis of all deeds, title documents, and chain of ownership records from February 1997 through 2024
- Analysis of the NRHP nomination form (NRHP No. 79001404) and HABS MT-23 survey documentation
- Review of Lewis and Clark County assessor records, GIS data, and deed history
- Research and analysis of comparable sales of historic, large-scale residential properties in Helena, Lewis and Clark County, and comparable Montana markets
- Analysis of governor’s mansion comparable properties nationally for Use Value support
- Use Value analysis for governmental residential purposes

Section V — Property Identification, Legal Description, and Chain of Title

5.1 Property Identification

Full Address	720 Madison Avenue, Helena, Montana 59601
County	Lewis and Clark County, Montana
Tax Parcel Number	05-1887-25-1-07-11-0000
Legal Description	Lots 4, 5, and 6 in Block 7 of the Hauser Addition to the City of Helena, Lewis and Clark County, Montana
NRHP Reference Number	79001404 (Listed February 12, 1979)
HABS Survey Number	HABS MT-23 (Library of Congress)
Zoning	To be confirmed with City of Helena Community Development — subject to historic overlay district requirements

5.2 Deed History and Chain of Title

The following chain of title has been reconstructed from deeds recorded with the Lewis and Clark County Clerk and Recorder. Full deed record images are included in Appendix B of this report.

Date	Grantor	Grantee	Instrument	Book/Page
Feb. 14, 1997	Betty L. Babcock	Tim M. & Betty L. Babcock, Trustees (Tim & Betty Babcock 1996 Living Trust)	Trust Transfer Deed	M18 / 9503
Aug. 7, 1997	Tim & Betty Babcock 1996 Living Trust	Gary Rapaport & Debora D. Rapaport (Joint Tenants)	Warranty Deed	M19 / 5508
Aug. 14, 1997	Gary M. Rapaport	Debra D. Rapaport	Quit Claim Deed	M19 / 5730
Aug. 22, 2019	Debra D. Rapaport & Gary Rapaport	Morgan Stanley Private Bank, N.A. (Trustee)	Deed of Trust	M55 / 9412 (MTG)
Jan. 3, 2024	Debra D. Rapaport (prior owner)	Cat-Griz, LLC	Warranty Deed / Purchase	M62 / 8425
June 28, 2024	Cat-Griz, LLC	Greg R. Gianforte & Susan K. Gianforte	Special Warranty Deed	M63 / 3166

Section VI — Neighborhood Description and Market Area Analysis

6.1 Geographic Context: Helena, Montana

Helena, the capital city of Montana, is situated at the base of the Rocky Mountain Front in Lewis and Clark County, approximately 60 miles northeast of Missoula and 95 miles south of Great Falls. The city was founded on July 14, 1864, following the discovery of gold at Last Chance Gulch by the ‘Four Georgians.’ Within two decades, Helena had become one of the wealthiest cities per capita in the United States, with approximately 50 millionaires in residence by 1888 — a concentration that drove an extraordinary period of mansion construction on the city’s west side.

Montana achieved statehood in 1889, and Helena defeated rival Anaconda to remain the permanent state capital in an 1894 vote — an election in which original mansion owner Samuel T. Hauser played a significant role. Today Helena is home to approximately 33,000 residents and serves as the administrative, governmental, and legal center of the state. Its economy is anchored by state government employment, healthcare, legal services, and a growing tourism sector driven by proximity to outdoor recreation and the state’s rich history.

6.2 West Side Mansion District

The subject property is situated in Helena’s West Side Mansion District, one of the finest concentrations of architecturally significant 19th-century residential properties in the American West. The neighborhood was developed primarily during the 1880s by Helena’s gold- and silver-enriched elite. Its development was abruptly halted by the Silver Panic of 1893, effectively freezing the neighborhood in time and preserving its remarkable Victorian character.

The district features historic Western Clay brick sidewalks, mature boulevard trees, and a consistent architectural vocabulary of Queen Anne, Italianate, and Richardsonian Romanesque structures. The neighborhood surrounds the subject property at the intersection of Madison Avenue and Stuart Street, providing a setting that directly enhances the mansion’s historical authenticity and market appeal.

6.3 Lewis and Clark County Real Estate Market Conditions

Per the Bureau of Business and Economic Research (BBER) at the University of Montana, the Lewis and Clark County real estate market can be understood through three distinct economic periods:

Period	Years	Characteristics
The Before Times	2017–2019	4% mortgage rates; steady appreciation; ambient second home activity; normal migration patterns
Interesting Times	2020–2022	Sub-3% mortgage rates; historic domestic in-migration; cash buyers; unprecedented housing cost appreciation
The Aftermath	2023–2025	Return to normal migration; elevated prices; 6%+ mortgage rates; rate lock suppressing inventory; Lewis and Clark County showed strong growth of approximately 7% annually — ranking among the top performers statewide

The Lewis and Clark County rental index as of early 2026 stood at approximately \$1,450/month, reflecting continued upward rental pressure driven by population growth and insufficient housing supply. Single-family permits in Lewis and Clark County trailed 12-month reached 286 as of the most recent data — down from a peak of approximately 390 during 2021–2022, but still elevated relative to pre-pandemic norms.

The BBER’s three-year outlook (2026–2028) anticipates that higher-cost markets will experience slower price appreciation, affordability challenges will persist but gradually improve, and migration will stabilize at elevated levels, continuing to exert upward pressure on housing costs. This environment is generally supportive of values for trophy and historic properties, which attract a narrower but financially capable buyer pool.

6.4 Market Context for Historic and Luxury Properties

The subject occupies a fundamentally different market stratum than the Lewis and Clark County median sale. At the \$4–\$6 million price range, the effective buyer pool consists of high-net-worth individuals, institutional purchasers, government entities, and preservation-focused buyers. This segment is national in scope rather than local, meaning that the relevant comparable market extends well beyond Helena or Lewis and Clark County.

The BBER data confirms that higher-priced markets in Montana experienced the most dramatic appreciation during 2020–2022 and are now experiencing moderation. However, truly irreplaceable historic assets — particularly those with NRHP designation, extraordinary architectural pedigree, and direct political significance — maintain value resilience due to their fundamental scarcity.

Section VII — Site and Improvement Description

7.1 Site Description

GPS Coordinates	46° 35.717' N, 112° 2.663' W
Lot Size	0.52 acres (approximately 22,651 square feet)
Frontage	Madison Avenue (primary) and Stuart Street (secondary)
Topography	Generally level, gently sloping — consistent with west-side neighborhood
Utilities	All public utilities available and connected (water, sewer, gas, electric)
Street Improvements	Historic Western Clay brick sidewalks; mature boulevard trees
Outbuildings	Original carriage house (converted to garage)
Flood Zone	Zone X (minimal hazard)
Environmental Concerns	No visible evidence of environmental contamination observed; Phase I ESA recommended prior to donation acceptance
Access and Security	Corner lot providing excellent vehicular access; multiple setbacks suitable for security perimeter

7.2 Improvement Description

Year Built	c. 1884–1885 (primary construction); subsequent work 1890
Architectural Style	Victorian / Queen Anne with Romanesque influences
Architect	Wallace & Thornburg
Construction Type	Brick masonry with locally quarried porphyry stone trim
Stories	3 stories plus basement
Total Rooms	29 rooms
Bedrooms	9
Bathrooms	4 full
Gross Living Area	12,560 square feet includes the basement and garage
Roof	Composite Shake

Foundation	Masonry/stone — typical for period construction
Heating/Cooling	Gas Hot Water
Fireplaces	Nine (9) fireplaces, including one with a ceramic hearth depicting Hauser family scenes
Windows	Wood double-hung 1/1 lights with squared heads; brick arches on first and second floors; tall grouped windows in front parlor

7.3 Character-Defining Features

The following features are considered architecturally and historically significant, materially affect value, and must be preserved in accordance with the Secretary of the Interior’s Standards for Rehabilitation:

Feature	Description and Appraisal Significance
German Stained Glass Panels (2)	Commissioned 1915 by Bishop Carroll; crafted by the same designer who created the stained glass for St. Helena Cathedral. Irreplaceable — reproduction cost would be extraordinary.
Nine Fireplaces	Original to the 1885 construction. One features a ceramic hearth depicting Hauser family scenes. Period-authentic restoration would be required for any damaged units.
Black Walnut Wainscoting	Throughout principal rooms. Reclaimed or period-authentic reproduction walnut wainscoting commands significant premium over standard materials.
Parquet Floors (Cherry/Walnut/Oak)	Original parquet floors in principal rooms represent extraordinary craftsmanship; cannot be adequately replicated with modern materials at standard cost.
Carved Oak Grand Staircase	Central architectural feature of the grand hall. Period-authentic carved millwork of this scale commands extreme reproduction cost premium.
Porphyry Stone Trim	Locally quarried volcanic porphyry stone — a signature Helena material. Window surrounds and exterior trim reflect the distinctive regional character of the period.
Square Turret (Southeast Corner)	Defining exterior feature identified in the NRHP nomination; critical to the property’s Victorian / Queen Anne character.
Grand Reception Room	Sufficient scale for governmental and ceremonial functions — directly relevant to Use Value analysis for governmental residential purposes.
Original Carriage House	Period outbuilding on the property — adds to the estate character and historical completeness of the parcel.

7.4 Condition and Deferred Maintenance

The overall condition of the property is good to very good based on publicly available information and the property's ownership history. The Babcock family undertook a comprehensive restoration in 1969 following the Sisters of Charity's occupancy, and the property received a Burlington House Award for American Homes in 1975 recognizing the quality of that restoration.

Section VIII — Historical Significance and NRHP Designation

8.1 Property History and Ownership Chronology

720 Madison Avenue represents one of the most historically significant private residential properties in the State of Montana. The following chronology summarizes key ownership and historical periods:

Period	Owner / Use and Significance
1885–1913	Samuel T. Hauser and Ellen Farrar Hauser — Montana Territorial Governor (1885–1887), banker, miner, railroad investor, and conservationist. First Montana resident appointed to the governorship. The home served as the de facto territorial executive residence.
1913–1969	Roman Catholic Diocese of Helena — Episcopal residence for Bishop John P. Carroll and three successor bishops. The Sisters of Charity of Leavenworth occupied the property as a convent following the 1935 earthquakes. During this period the 32-room convent conversion occurred.
1969–c. 2000s	Governor Tim Babcock (16th Montana Governor) and Betty Babcock — Comprehensive restoration to residential use; 1975 Burlington House Award. Direct telephone line to the White House installed.
c. 2000s–2023	Gary and Debra Rapaport — Private residential ownership; listed at \$6,180,000.
2024–Present	Governor Greg Gianforte and Susan Gianforte — Purchased for \$4,100,000 with announced intention to donate to the State of Montana. Third governor to reside in the property.

Section IX — Highest and Best Use Analysis

9.1 Methodology

Highest and Best Use (HBU) is defined as the reasonably probable use of property that results in the highest value. The four criteria that must be met sequentially are: (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive. The appraiser must apply these four tests to both the land as though vacant and the property as improved.

9.2 As Though Vacant

If the site were vacant, the legally permissible uses under the current zoning classification (to be confirmed with City of Helena), combined with the NRHP listing constraints and historic overlay district requirements, would govern the development envelope. Given the property’s location in the West Side Mansion District and its historic designation, redevelopment or subdivision would be legally constrained. The financially feasible and maximally productive use of the vacant site, given all legal constraints, would be development of a single large-scale residential or institutional structure consistent with the neighborhood character. This analysis is largely academic given the presence of the existing landmark structure.

9.3 As Improved — Alternative Use Analysis

The following alternative uses were evaluated against the four HBU tests:

Use	Legally Permissible	Physically Possible	Financially Feasible	Maximally Productive
Official State Residence (Governor’s Mansion)	Yes	Yes— 29 rooms, grand public spaces	Yes— with state funding	HIGH—maximizes public benefit and historic stewardship
Museum / Heritage Interpretive Center	Likely Yes	Yes— grand public rooms	Yes— grants, admissions, events	HIGH—strong alignment with historic significance
Boutique Historic Inn / B&B	Verify	Yes— 32-room convent precedent	Likely— Helena capital traffic	MODERATE—viable but requires hospitality operations

Use	Legally Permissible	Physically Possible	Financially Feasible	Maximally Productive
Private Event Venue / Wedding Hall	Verify	Yes— grounds and reception rooms	Yes— thin overhead model	MODERATE—meaningful revenue; limited public benefit
Nonprofit / Foundation Headquarters	Likely Yes	Yes— offices in historic fabric	Yes— institutional subsidy model	MODERATE—preserves structure, modest productivity
Continued Private Residential	Yes	Yes	Challenging— high carrying costs	LOW—lowest value extraction for a 29-room structure
Subdivision / Redevelopment	No—NRHP	No— demolition prohibited	N/A	N/A—legally and physically excluded

9.4 HBU Conclusion

HIGHEST AND BEST USE CONCLUSION

As Improved: The highest and best use of 720 Madison Avenue as improved is its continued use as a large-scale historic residential property or, maximally, its conversion to an official governmental executive residence or heritage/cultural institution use. The as-improved conclusion reflects the extraordinary investment in irreplaceable historic fabric, the legal constraints of NRHP designation, the property’s ceremonial-scale public rooms, and the significant gap between replacement cost and market value that renders demolition economically irrational. The current intended use as a donated state executive residence is consistent with the highest and best use conclusion.

Section X — Valuation Approaches

Because properties utilized as official governmental executive residences rarely transact in the open market, limited directly comparable market evidence exists. Accordingly, the Use Value opinion relies in part upon qualitative utility analysis, cost considerations, cost analysis of alternative housing in lieu of accepting the gift, prior sale and capital improvement of the subject and analysis of institutional comparability, rather than exclusively upon matched market transactions

10.1 Governmental Utility Assessment

The following factors were analyzed to assess the property’s functional utility for official governmental residential purposes:

Factor Rating Analysis

Factor	Rating	Analysis
Proximity to State Capitol	Superior	Located in the west-side Mansion District, approximately 0.5 miles from the Montana State Capitol — ideal walking/driving proximity for official duties
Official Function / Reception Capacity	Superior	Grand reception room, 29 rooms, nine fireplaces, and 0.52-acre grounds support large-scale state functions; Burlington House Award (1975) attests to interior quality
Security Setback and Perimeter	Good	Corner lot at Madison and Stuart provides perimeter separation; existing grounds allow for security infrastructure; no significant physical barriers observed
Architectural Prominence	Superior	Recognized as one of Montana’s finest Victorian mansions; NRHP-listed; historically associated with territorial governance
Historic and Symbolic Significance	Superior	Built by and associated with two prior Montana governors (Hauser and Babcock); Gianforte would be the third; no property in Montana carries stronger gubernatorial provenance
Separation of Public/Private Areas	Good	First-floor public reception rooms are naturally separated from upper-floor residential quarters; adaptable for staff/security operations without major structural alteration
Parking and Controlled Access	Fair	Corner lot allows for vehicular circulation; formal parking and controlled gate infrastructure would require addition; feasible within the existing lot configuration
ADA Accessibility	Below Avg	Three-story structure with original stairs presents ADA compliance challenges for the public spaces; remediation is feasible per SHPO standards
Long-Term Maintenance Burden	Moderate	Period-authentic systems and materials require specialized contractors; maintenance cost per sq ft will significantly exceed a modern comparably-sized structure
Adaptability for Governmental Use	Superior	Prior use as episcopal residence (2 decades) and convent (30+ years) demonstrates the building’s adaptability for institutional residential purposes

10.2 Existing Executive Housing Deficiency in Montana

The State of Montana currently lacks a functioning, designated, and habitable official executive residence for its Governor. This deficiency represents an institutional gap of meaningful consequence, both from a practical operational standpoint and from a governmental continuity perspective. The absence of a permanent official residence imposes costs upon successive governors in the form of private housing arrangements, creates inconsistency and inefficiency in the provision of executive security and communications infrastructure, and deprives the State of a permanent venue suitable for official and ceremonial functions of the executive branch.

The existence of a stable, state-owned executive residence is a feature common to the overwhelming majority of American states and reflects a broadly shared governmental judgment that the provision of suitable housing for the chief executive of a state is a legitimate and important public function. An official residence serves not merely as private accommodations for an individual officeholder but as a continuing institutional asset that supports the effective exercise of executive authority, provides a stable platform for official functions and public engagements, and projects an appropriate degree of institutional permanence and seriousness on behalf of the State.

The practical consequences of the current deficiency are particularly acute in the context of gubernatorial transitions. When a new Governor takes office, the absence of a designated executive residence means that the incoming administration must address private housing arrangements at the very moment when institutional and administrative demands on the Governor's time and attention are at their highest. The potential for the State to find itself without any suitable gubernatorial residence at the time of a gubernatorial transition is not merely theoretical; it is a foreseeable and consequential operational risk that the Land Board has both the authority and the institutional responsibility to address through prudent asset management decisions.

10.3 Analysis of 2 Carson Street Rehabilitation Costs

The property located at 2 Carson Street, Helena, is the State of Montana's existing official gubernatorial residence — the formally designated and state-owned executive home of the Governor. The current Governor, having determined that the 2 Carson Street property is insufficient for continued habitation in its present condition, has vacated the residence and has privately acquired alternative housing at personal expense, with the expressed intention of donating that privately acquired property to the State of Montana as a replacement executive residence.

The scope of rehabilitation reportedly required at 2 Carson Street is understood to include major systems replacement or upgrade, structural remediation, code compliance work, interior renovation, and site improvements necessary to meet the functional, security, and representational requirements of an official gubernatorial residence. The magnitude of this investment — even at the

estimated minimum threshold of three million dollars — raises a threshold question for the Land Board: whether the expenditure of public funds at this level in a property of uncertain functionality and limited institutional character represents the most prudent available use of State resources, particularly when a potentially superior alternative asset is available for acceptance.

The avoided costs associated with not needing to rehabilitate 2 Carson Street to an equivalent standard of utility — a rehabilitation estimated to require expenditures in excess of three million dollars — represent the most directly quantifiable cost-avoidance benefit available to the Land Board in this analysis. The acceptance of the Hauser Mansion as a functionally superior alternative to the rehabilitation of 2 Carson Street preserves a minimum of three million dollars in State expenditures that would otherwise be obligated, representing a public benefit of direct and material fiscal consequence.

10.4 Prior Sale and Capital Improvement Analysis

The subject property's prior sale at approximately \$4.1 million provides meaningful market evidence due to its relative recency and arm's-length nature. This transaction establishes a baseline of market recognition for the property's value in private ownership. Subsequent to the prior sale, expenditures totaling approximately \$600,000 were reportedly made in connection with the property, encompassing both deferred maintenance remediation and selective capital improvements. The cumulative effect of these investments appears to have materially enhanced both the property's marketability and its functional utility.

It must be emphasized that the prior sale evidence, while relevant context, does not define the Use Value of the property to the State of Montana. The prior sale reflects the perspective of a private buyer acquiring the property for private residential use; it does not capture the institutional utility premium, the cost-avoidance benefits, the historic preservation value, or the continuity-of-government considerations that are the defining elements of the Use Value analysis applicable to the State's prospective acceptance.

10.5 Comparable Selection Methodology

Given the extraordinary scale and historic designation of the subject, truly comparable local sales do not exist in the Helena or Lewis and Clark County market. The appraiser must expand the search to include: (1) large historic residential properties in comparable Montana markets; (2) NRHP-listed residential properties nationally that have transacted; and (3) governor's mansion or state executive residence properties where transaction data is available. Transparency regarding this expanded search is required per USPAP Standards Rule 1-1(b).

10.6 Prior Sale Analysis

The subject’s prior sale at \$4,100,000 in January 2024 is a significant data point. While questions of arm’s-length motivation exist given the donation intention, the transaction nonetheless reflects the price at which a sophisticated, high-net-worth buyer was willing to transact for this specific property.

10.7 National Governor’s Mansion Comparables

The following governor’s mansion and comparable institutional residential properties provide a reference framework for the Use Value analysis. Note that most state-owned executive residences have never transacted on the open market, making direct sales comparison extremely limited.

XI. Selected National Comparable Executive Residences

The following narrative summaries present selected gubernatorial residences from across the United States, each of which shares meaningful institutional, architectural, historical, or governmental utility characteristics with the Samuel T. Hauser Mansion. These properties are presented as institutional comparables that illustrate the national pattern of gubernatorial residential asset characteristics within which the Hauser Mansion is appropriately situated.

Comparable 1 — Virginia Executive Mansion, Richmond, Virginia

Approx. Year Built	1813
Architectural Style	Federal / Neoclassical
Historic Register Status	National Register of Historic Places; Virginia Landmarks Register; oldest continuously occupied state executive residence in the United States

The Virginia Executive Mansion, completed in 1813 and situated on Capitol Square adjacent to the Virginia State Capitol designed by Thomas Jefferson, is the oldest continuously occupied official gubernatorial residence in the United States. Its construction in the Federal style — a restrained, symmetrical Neoclassical idiom reflecting the civic values of the early Republic — established a precedent for gubernatorial residential architecture that influenced the approach of states across the country throughout the nineteenth century. The mansion is formally listed on the National Register of Historic Places and the Virginia Landmarks Register, and its historic significance has been recognized through sustained investment in preservation and restoration.

The Virginia Executive Mansion’s relationship to the Capitol is among the most direct of any gubernatorial residence in the nation: the two structures share Capitol Square grounds. The similarities between the Virginia Executive Mansion and the Hauser Mansion are primarily institutional and analytical in character: both carry formal historic designation; both serve representational and ceremonial functions that extend well beyond private residential utility; and both derive their value primarily from their institutional roles.



Virginia Executive Mansion — Exterior Facade | Richmond, Virginia | Federal / Neoclassical, 1813 | National Register of Historic Places



Virginia Executive Mansion — Principal Entrance or Formal Reception Room | Ceremonial and representational utility

Comparable 2 — Missouri Governor’s Mansion, Jefferson City, Missouri

Approx. Year Built	1871
Architectural Style	Renaissance Revival / Second Empire
Historic Register Status	National Register of Historic Places; Missouri State Historic Site

The Missouri Governor’s Mansion, completed in 1871 in Jefferson City, represents one of the finest examples of nineteenth-century governmental residential architecture in the American Midwest. Constructed in the Renaissance Revival style with Second Empire influences — characterized by bold massing, projecting cornices, decorative window surrounds, and formal grandeur consistent with its institutional purpose — the mansion was designed to serve simultaneously as a private residence and a public venue worthy of Missouri’s stature as one of the nation’s most populous and economically significant states.

The Missouri mansion is listed on the National Register of Historic Places and designated as a Missouri State Historic Site. It has undergone multiple significant restoration campaigns, supported by state appropriations and the Missouri Governor’s Mansion Preservation Foundation — a public-private partnership model that has proven effective in maintaining the property to a standard consistent with its institutional importance.



Missouri Governor’s Mansion — Exterior Facade | Jefferson City, Missouri | Renaissance Revival / Second Empire, 1871



Missouri Governor’s Mansion — Grand Staircase or Formal Reception Room

Comparable 3 — Illinois Executive Mansion, Springfield, Illinois

Approx. Year Built	1855 (comprehensively restored 2019)
Architectural Style	Italianate / Second Empire (as significantly remodeled)
Historic Register Status	National Register of Historic Places; Illinois State Historic Site

The Illinois Executive Mansion in Springfield, completed in its original form in 1855 and significantly modified and expanded in subsequent decades, stands among the most historically resonant of American gubernatorial residences by virtue of its proximity to the Lincoln legacy and its association with more than a century and a half of Illinois political history. The mansion is listed on the National Register of Historic Places and underwent a comprehensive restoration completed in 2019, at a reported cost exceeding \$15 million, funded through state appropriations and private donations. This restoration investment illustrates a principle of direct relevance to the Land Board’s deliberations: that the State’s investment in the preservation and maintenance of an official executive residence is consistently judged to be warranted by the institutional, representational, and historic preservation value of the asset.



Illinois Executive Mansion — Post-Restoration Exterior | Springfield, Illinois | Post-2019 Restoration



Illinois Executive Mansion — Restored Formal Interior | Scale and quality of preservation investment

Comparable 4 — Ohio Governor’s Residence and Heritage Garden, Columbus, Ohio

Approx. Year Built	1925 (acquired by State of Ohio 1957)
Architectural Style	English Tudor Revival
Historic Register Status	National Register of Historic Places; contributing resource within the Bexley Historic District

The Ohio Governor’s Residence, a distinguished English Tudor Revival structure completed in 1925 in the Bexley neighborhood of Columbus, represents an example of gubernatorial residential architecture chosen not for its original governmental purpose but for its institutional suitability. The State of Ohio acquired the property in 1957 after it had been constructed and occupied as a private residence of exceptional quality. This circumstance is of particular analytical relevance to the Land Board’s consideration of the Hauser Mansion: it illustrates that the acquisition or acceptance of a privately constructed historic residence for adaptation and use as an official executive residence is a well-precedented governmental practice.

The Ohio residence is listed on the National Register of Historic Places and contributes to the Bexley Historic District. The Heritage Garden, developed over several gubernatorial administrations, illustrates the manner in which an official executive residence can accumulate layers of institutional significance over time that deepen its public meaning and enhance its value as a governmental asset.



Ohio Governor’s Residence — Exterior | National Register of Historic Places



Ohio Governor's Interior — Heritage Garden

Comparable 5 — Florida Governor’s Mansion, Tallahassee, Florida

Approx. Year Built	1956 (current structure; incorporating earlier 1907 elements)
Architectural Style	Colonial Revival / Southern Antebellum-Inspired
Historic Register Status	National Register of Historic Places

The Florida Governor’s Mansion in Tallahassee is listed on the National Register of Historic Places and serves as one of the most actively programmed official executive residences in the country, situated within two blocks of the Florida State Capitol. The mansion functions as a venue for a wide range of official, ceremonial, and public engagement activities fundamental to the Governor’s role as the public face of state government. Florida’s experience illustrates the public programming potential of an official executive residence — a function available to the Hauser Mansion in Helena by virtue of its historic significance, architectural distinction, and civic location.



Florida Governor’s Mansion — Front of Mansion



Florida Governor's Mansion — Interior | National Register of Historic Places

Comparable 6 — Georgia Governor’s Mansion, Atlanta, Georgia

Approx. Year Built	1967
Architectural Style	Greek Revival / Neoclassical
Historic Register Status	National Register of Historic Places

The Georgia Governor’s Mansion in Atlanta, completed in 1967, represents a deliberate governmental investment in a structure designed from its inception to serve the full range of official executive residential functions. The mansion’s Greek Revival and Neoclassical design reflects an architectural tradition deeply rooted in Georgia’s antebellum heritage. The mansion is listed on the National Register of Historic Places and is noted for its significant collection of Federal period antiques assembled through the Georgia Decorative Arts Program. The acceptance of the Hauser Mansion — potentially at little or no acquisition cost to the State — represents an opportunity to secure comparable institutional utility at a fraction of the cost that a new construction approach would entail.



Georgia Governor’s Mansion — Front of Mansion



Georgia Governor's Mansion — Dining Area

Comparable 7 — Executive Mansion of North Carolina, Raleigh, North Carolina

Approx. Year Built	1891
Architectural Style	Queen Anne Victorian
Historic Register Status	National Historic Landmark; National Register of Historic Places

The Executive Mansion of North Carolina in Raleigh, completed in 1891, is among the most directly comparable executive residences to the Samuel T. Hauser Mansion in Helena from an architectural perspective. Both structures were constructed in the Queen Anne style during the same decade of the late nineteenth century, and both represent high-quality expressions of the architectural vocabulary — characterized by asymmetrical massing, elaborate exterior ornamentation, projecting bays, decorative gabling, and the rich material palette typical of the style at its height. The North Carolina Executive Mansion carries the highest level of federal historic recognition available: designation as a National Historic Landmark by the National Park Service, demonstrating that the Queen Anne style has been formally recognized at the highest national level as an appropriate and distinguished architectural idiom for an official executive residence.



North Carolina Governor's Mansion — Front of Mansion



North Carolina Executive Mansion — Interior

Section XII — Reconciliation and Value Conclusions

12.1 Reconciliation

The analyst has considered the sale records of historic residential properties in Helena’s established neighborhoods to the extent that such records provide general context for the valuation of properties sharing relevant physical characteristics with the subject. This review indicates that the Helena market for historic residential properties of quality and scale comparable to the Hauser Mansion is thin, with very few transactions occurring in any given multi-year period.

This thinness of the market is itself analytically significant in the Use Value context. A property for which the open market provides limited transactional evidence is precisely the type of asset for which Use Value analysis — which focuses on the specific utility of the property to the specific user for the specific intended purpose — is most appropriate and most analytically reliable. The scarcity of comparable transactions does not undermine the Use Value framework; it validates it.

The analyst further notes that the institutional comparability approach, while less precise than a matched-sale approach, provides meaningful analytical support for the Use Value opinion developed herein. Other states that have invested in the acquisition, rehabilitation, or construction

of official executive residences have committed resources at levels that are broadly consistent with the Use Value range indicated by the cost-avoidance analysis applied to the subject property.

The basis of the final opinion considers all of the influences of value - qualitative utility analysis, cost considerations, cost analysis of alternative housing in lieu of accepting the gift, prior sale and capital improvement of the subject and analysis of institutional comparability, rather than exclusively upon matched market transactions. The final opinion of Use Value is weighted on the previous sale and improvements equaling \$4,700,000 plus a \$300,000 Prestige Premium, based on its design, appeal and ceremonial use.

12.2 Use Value Conclusion

USE VALUE CONCLUSION

720 Madison Avenue, Helena, Montana

Based on the governmental utility analysis, avoided cost framework, institutional comparability matrix, and the property's extraordinary alignment with the functional requirements of an official State of Montana executive residence, it is the appraiser's opinion that the Use Value of 720 Madison Avenue for the specific governmental residential purpose identified herein is:

\$5,000,000 as of 5/12/2026

This Use Value opinion is intended solely for the Montana State Land Board and reflects the specific utility of this property for the identified governmental purpose. It should not be construed as Market Value or used for any other purpose.

Section XIII — Certification and Limiting Conditions

13.1 Appraiser Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification

13.2 Assumptions and Limiting Conditions

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared for the exclusive benefit of the Montana State Land Board as the intended user. No other party may rely on this appraisal for any purpose.
- The property is appraised as though free and clear of all encumbrances except those specifically noted herein, including the National Register of Historic Places (NRHP) listing restrictions and deed restrictions of record.
- No responsibility is assumed for matters of a legal nature affecting the property. Title is assumed to be good and marketable.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable but is not guaranteed.
- All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated.

- The appraiser is not qualified to detect the presence of toxic or hazardous substances and does not purport to perform environmental assessments. The existence of hazardous materials may affect the value of the property; such existence was not observed during the inspection.
- This is a special-purpose, historic property. Due to the absence of directly comparable sales, the value conclusions herein reflect the appraiser's best professional judgment supported by available market evidence, cost analysis, and qualitative utility analysis.

USPAP COMPLIANCE NOTE

This appraisal has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation, including the ETHICS RULE, SCOPE OF WORK RULE, COMPETENCY RULE, and Standards Rules 1 and 2. The work file supporting this report is retained per USPAP requirements for a minimum of five years from the report date or two years after final judicial disposition, whichever is later.

Section XIV — Sources and References

720 Madison Avenue (Hauser Mansion) • Helena, Montana | NRHP Reference No. 79001404 | Lewis and Clark County

This document lists all primary sources consulted to support a defensible appraisal of the Hauser Mansion, a National Register of Historic Places property. All documents should be compiled into a work file retained for a minimum of five years per USPAP requirements.

14.1 Federal Sources

National Park Service / National Register of Historic Places

The NRHP nomination form is foundational — it contains the official architectural description, historical significance narrative, period photographs, and boundary maps.

- [NRHP Nomination Form — Hauser Mansion \(NRHP No. 79001404\)](#) — Full nomination form authored by John N. DeHaas Jr., February 9, 1979
- [NPS Asset Detail — Hauser Mansion](#) — Official NPS property record and NRIS entry
- [NPS National Register Information System \(NRIS\)](#) — Search all NRHP listings nationwide
- [NPS Tax Incentives for Historic Preservation](#) — Federal 20% rehabilitation tax credit guidance

Historic American Buildings Survey (HABS)

The Library of Congress holds the HABS MT-23 survey of 720 Madison Avenue, including measured drawings, photographs, and historical data pages compiled after 1933.

- [HABS MT-23 — Samuel T. Hauser House \(Library of Congress\)](#) — Full HABS record with photographs of hallway, grand reception room, and library
- [HABS MT-23 Photo Gallery](#) — Historic photographs from the 1933 survey

IRS — Charitable Donation & Qualified Appraisal Compliance

If this appraisal supports a charitable contribution deduction, strict compliance with the following IRS authorities is mandatory.

- [IRS Publication 561 — Determining the Value of Donated Property](#) — Core guidance for valuing donated non-cash property
- [Treasury Regulation 1.170A-17 — Qualified Appraisal and Qualified Appraiser](#) — Defines qualified appraisal requirements and appraiser credentials
- [IRS Form 8283 — Noncash Charitable Contributions](#) — Form donor must file; appraiser signature required on Section B
- [IRC Section 170\(f\)\(11\) — Qualified Appraisal Requirement](#) — Statutory requirement for qualified appraisals of donated property
- [IRS Notice 2006-96 — Guidance on Qualified Appraisals](#) — IRS guidance implementing the Pension Protection Act appraisal requirements
- [IRC Section 6695A — Substantial and Gross Valuation Misstatements](#) — Appraiser penalty provisions — up to 125% of underpayment

14.2 State of Montana Sources

Montana SHPO

- [Montana SHPO — Official Website](#) — Property files, survey forms, and preservation guidance
- [Historic Montana — Samuel T. Hauser Mansion](#) — Montana State Historic Preservation Office property record
- [Montana DOR — Property Tax](#) — Property appraisal notices, AB-26 review forms, and valuation methodology

- [Montana Legislature — Official Website](#) — Search session laws, appropriations, and committee records
- [Montana Legislature — Bill Search](#) — Search for appropriation bills related to the Hauser Mansion renovation

14.3 County and City Sources

- [Lewis and Clark County Clerk & Recorder — Deed Records](#) — Chain of title, recorded easements, and deed restrictions
- [Lewis and Clark County Assessor / Tax Records](#) — Parcel search, assessed values, and property characteristics
- [Lewis and Clark County GIS / Parcel Map](#) — Aerial photography, parcel boundaries, and GIS mapping
- [City of Helena — Community Development / Planning](#) — Zoning confirmation, comprehensive plan, and design review requirements
- [FEMA Flood Map Service Center](#) — Obtain official FIRM flood zone determination for the parcel

14.4 Historical and Archival Sources

- [Montana Memory Project — Hauser Residence Historic Photographs](#) — Historic photographs of 720 Madison Ave from 1885–1895
- [Montana Historical Society Library and Archives](#) — Access to manuscript collections, photographs, and city directories
- [Library of Congress — Sanborn Maps Collection](#) — Free access to digitized Sanborn maps including Helena, Montana

14.5 Appraisal, Market, and News Sources

- [CoStar — Commercial Property Database](#) — Subscription required; institutional and special-use comparable transactions
- [NPS — Federal Historic Tax Credit Program](#) — Federal 20% rehabilitation tax credit — eligibility and application
- [RSMMeans Construction Cost Data](#) — Subscription; restoration and historic construction cost benchmarks
- [Associated Press — Gianforte Hauser Mansion Purchase \(January 2024\)](#) — January 2024 AP report on the \$4M purchase and donation intention

- [Helena Independent Record](#) — Local coverage of renovation plans, legislative appropriation, and property history
- [Clio — Samuel T. Hauser House Historical Entry](#) — Documented ownership chain and historical background

Appendix A — Appraisal Document Sources Quick Reference

720 Madison Avenue (Hauser Mansion) • Helena, Montana | NRHP Reference No. 79001404 | Lewis and Clark County

This appendix provides a quick-reference table of all primary sources to be compiled into the appraisal work file retained per USPAP requirements.

Category	Source	Contact / URL
Federal — NRHP	NPS National Register of Historic Places	npgallery.nps.gov/NRHP
Federal — HABS	Library of Congress HABS MT-23	loc.gov/item/mt0016
IRS / Treasury	IRS Publication 561; Form 8283; IRC §170; §6695A	irs.gov
Montana SHPO	State Historic Preservation Office	mhs.mt.gov/Shpo (406) 444-7715
Montana DOR	Department of Revenue — Property Tax	mtrevenue.gov/taxes/property-tax/
Montana Legislature	Session Laws & Appropriations	leg.mt.gov
Lewis & Clark County	Clerk & Recorder; Assessor; GIS	lccountymt.gov
City of Helena	Community Development / Planning	helenamt.gov
Historical / Archival	Montana Historical Society; Montana Memory Project	mhs.mt.gov/Research
Sanborn Maps	Library of Congress Sanborn Collection	loc.gov/collections/sanborn-maps
Market Data	BBER University of Montana; RSMMeans; CoStar	bber.umt.edu rsmeans.com
Media	Associated Press; Helena Independent Record; KTVH	apnews.com helenair.com ktvh.com

Appendix B — Chain of Title Deed Records

720 Madison Avenue, Helena, Montana | NRHP No. 79001404

Lewis and Clark County Clerk and Recorder | Chain of Title: February 1997 – January 2024

The following deed records document the complete chain of title for the subject property from February 1997 through the January 2024 purchase by Governor and Mrs. Gianforte. These records were reconstructed from instruments on file with the Lewis and Clark County Clerk and Recorder and are cross-referenced in Section 5.2 of this report.

3419581 B: M62 P: 8425 DEED
01/03/2024 02:22:07 PM Page 1 of 2 Fees: \$16.00
Amy Reeves, County Recorder
Lewis & Clark County, MT

L & C 1110815
Return to
Flying S Title & Escrow
PO Box 251
Helena, MT 59624

AND WHEN RECORDED MAIL TO:

Filed for Record at Request of:

Space Above This Line for Recorder's Use Only

Flying S Title and Escrow of Montana, Inc.
Order No.: 1110815
Parcel No.: 274

WARRANTY DEED

FOR VALUE RECEIVED,
Debra D. Rapaport

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto
Cat-Griz, LLC, a Colorado limited liability company

whose address is
720 Madison Avenue, Helena, MT 59601

Hereinafter called the Grantee, the following described premises situated in Lewis and Clark County,
Montana, to-wit:

Lots 4,5, and 6 in Block 7 of the Hauser Addition to the City of Helena, Lewis and Clark County,
Montana.

SUBJECT TO covenants, conditions, restrictions, provisions, easements and encumbrances apparent or of
record.

TO HAVE AND TO HOLD the said premises, with its appurtenances unto the said Grantees and to
the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said
Grantee, that the Grantor is the owner in fee simple of said premises; that said premises are free from all
encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations,
restrictions, easements of record, and easements visible upon the premises, and that Grantor will warrant
and defend the same from all lawful claims whatsoever.

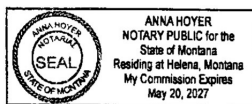
3419581 B: M62 P: 8425 DEED
01/03/2024 02:22:07 PM Page 2 of 2

Dated: 1-3-24

Debra D. Rapaport
Debra D. Rapaport

STATE OF Montana)
COUNTY OF Lewis & Clark) ss.

This instrument was acknowledged before me on 1-3-24 by Debra D. Rapaport.



Anna Hoyer
Notary Public for the State of Montana
Residing at:
My Commission Expires:

Warranty Deed / Purchase — January 3, 2024 | Debra Rapaport to Cat-Griz, LLC | Book M62 / Page 8425

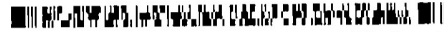
Return to:
HELENA ABSTRACT & TITLE CO.
PO BOX 853
HELENA, MT 59624-0853

HA-#T-C # L06-10709

AFTER RECORDING RETURN TO:

Greg R. Gianforte
Susan K. Gianforte
1320 Manley Road
Bozeman, MT 59715

3424958 B: M63 P: 3166 DEED
06/28/2024 04:09 PM Pages: 1 of 3 Fees: 24.00
Amy Reeves Clerk & Recorder, Lewis & Clark MT



SPECIAL WARRANTY DEED

FOR VALUABLE CONSIDERATION, the receipt of which is acknowledged, the undersigned, Cat-Griz, LLC, a Colorado Limited Liability Company, Grantor, of 8 South Idaho Street, Suite A, Dillon, Montana 59725, hereby grants unto Greg R. Gianforte of the Greg R. Gianforte Revocable Trust & Susan K. Gianforte of the Susan K. Gianforte Revocable Trust, of 1320 Manley Road, Bozeman, Montana 59715, all of its interest in the real property situated in Lewis and Clark County, Montana, and more particularly as follows:

Lots 4, 5 and 6 of Block 7 of the Hauser Addition to the City of Helena, Lewis and Clark County, Montana

TOGETHER WITH all improvements, fixtures and appurtenances situate on the above-described property.

FURTHER TOGETHER WITH all easements or interest in easements appurtenant to the real property which are or have been utilized in conjunction with the property for Grantor's benefit.

FURTHER TOGETHER WITH all and singular the hereinbefore described premises, together with all tenements, hereditaments, and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rent, issues and profits thereof; and also all the estate, right, title, interest, possession, claim and demand whatsoever, as well in law as in equity, of the Grantor, of, in or to the said premises, and every part and parcel thereof, with appurtenances thereto belonging.

TO HAVE AND TO HOLD unto the Grantee, and to their heirs, personal representatives and/or assigns, forever, SUBJECT TO THE FOLLOWING:

- a) Reservations and exceptions in patents from the United States and the State of Montana.
- b) Any and all existing covenants, conditions, restrictions, exceptions, reservations, encumbrances, easements and rights of way, whether or not of record.

3424958 B: M63 P: 3166 DEED
06/28/2024 04:09:14 PM Page 2 of 3 Fees: \$24.00

- c) Any and all mineral and royalty reservations or conveyances of records, oil and gas leases of record, and mineral leases of record.
- d) County road rights-of-way not recorded and indexed as a conveyance in the office of the Clerk and Recorder of Lewis and Clark County, Montana.
- e) Rights of the public in and to that portion of the premises described herein taken or used for road purposes, if any.
- f) Covenants, conditions, restrictions and reservations contained in all prior deeds of record with respect to the real property described above or any portion thereof.
- g) Liens for any personal property taxes of the vestee or taxes due upon improvements upon said real property that may be a lien upon the real property described herein as provided by Title 15, Chapter 16, Part 4, Montana Code.
- h) Taxes and assessments for 2024 and subsequent years.

Grantor, for itself and its successors and assigns, expressly limits the covenants of this deed to those herein expressed, and warrants and covenants to Grantee only that prior to the execution of this deed, and except as to those encumbrances and conveyances made by Grantor which are included within exceptions (a) through (h) above, Grantor has not conveyed the above-described property, or any right, title or interest therein, to any person other than the Grantee, and that the above-described property is free from encumbrances done, made or suffered by the Grantor or any person claiming under it. Grantor, its successors and assigns, does hereby covenant with the Grantee, their heirs, personal representatives and/or assigns, to warrant and defend the title to the premises hereby conveyed but only the express terms of this special warranty deed, against the claim of every person whatsoever, claiming by, through or under the said Grantor.

Except for the warranties of title contained herein and subject to limitations hereon contained in this conveyance, Grantee agrees by acceptance of this Special Warranty Deed and its delivery and recording in Gallatin, Montana, that it expressly accepts the property described above and all of its improvements, fixtures and appurtenances, "as is", "where is", and "with all faults" and without any warranty, express or implied, including the implied warranties of merchantability and fitness for a particular purpose.

DATED EFFECTIVE this 28th day of June, 2024.

GRANTOR:

Cat-Griz, LLC
A Colorado Limited Liability Company
By: Accruit Exchange Accommodation Services LLC,
Sole Member

By Shanda Turner
Shanda Turner, Senior Exchange Officer

Special Warranty Deed — June 28, 2024 | Cat-Griz, LLC to Greg R. Gianforte & Susan K. Gianforte

Book M63 / Page 3166

Appendix C — Appraiser Qualifications and Résumé



Matthew Dalton

CERTIFIED RESIDENTIAL APPRAISER

About Me

As a dedicated real estate appraiser based in Helena, Montana. I bring over 30 years of industry experience and strong market knowledge of Helena, Butte, Bozeman, and surrounding areas.

Alongside my professional work, I am actively involved with community boards and local organizations, reflecting my strong belief in giving back to the community.

Education

CARROLL COLLEGE

Bachelor of Arts in Finance and Economics

REAL ESTATE COURSES

Since 1993, I have taken numerous approved courses from Principles of Real Estate to Yield Capitalization Techniques. A full list is available upon request.

Experience

- Dalton Appraisal Service** 1993 - PRESENT
Owner / Appraiser
 - Certified residential appraiser and mentor in the state of Montana.
 - Current member of the Montana State Board of Real Estate Appraisers.
 - Successfully trained and mentored 11 aspiring appraisers throughout career.
- Montana State Board of Real Estate Appraisers** 2022 - PRESENT
Industry Board Member
 - Regulatory board for the real estate appraisal profession.
 - Appointed by Montana Governor Gianforte.
- Helena Housing Authority** 2018 - PRESENT
Board Chair
 - Manages all Public Housing and Section 8 Voucher programs in Helena
 - Appointed by Helena Mayor Collins.
- Helena Symphony Orchestra** 2018 - PRESENT
Vice President
 - Nonprofit organization that brings Symphonic Music to the Helena area.
- Boyd Andrew Community Services** 2005 - PRESENT
Vice Chair
 - Nonprofit organization that Manages the Helena Pre-Release, Elkhorn Treatment Center and Chemical Dependency Services in the Helena area.
- Helena Board of Adjustments** 2009- 2015
Board Member
 - Served as a member of the city board, reviewing zoning variance requests, conditional use permits, and land-use appeals.

Contact

Dalton Appraisal Service
62 South Last Chance Gulch
Suite 3
Helena, MT 59601

(406)449-6139

matt@daltonappraisal.com

Appendix D — Photo Addenda





Appendix E — National Register of Historic Places Inventory – Nomination Form

Form No. 10-300 REV. (9/77)

PH0663697

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

FOR OFFICIAL USE ONLY
RECEIVED JAN 29 1979
DATE ENTERED FEB 9 1979

NATIONAL REGISTER OF HISTORIC PLACES INVENTORY -- NOMINATION FORM

SEE INSTRUCTIONS IN *HOW TO COMPLETE NATIONAL REGISTER FORMS*
TYPE ALL ENTRIES -- COMPLETE APPLICABLE SECTIONS

1 NAME

HISTORIC HAUSER MANSION

AND/OR COMMON

BABCOCK MANSION

2 LOCATION

STREET & NUMBER 720 MADISON AVENUE

CITY, TOWN

HELENA

NOT FOR PUBLICATION
CONGRESSIONAL DISTRICT
WESTERN

STATE

MONTANA

VICINITY OF
CODE
30

COUNTY CODE
LEWIS & CLARK 49

3 CLASSIFICATION

CATEGORY	OWNERSHIP	STATUS	PRESENT USE
<input type="checkbox"/> DISTRICT	<input type="checkbox"/> PUBLIC	<input checked="" type="checkbox"/> OCCUPIED	<input type="checkbox"/> AGRICULTURE <input type="checkbox"/> MUSEUM
<input checked="" type="checkbox"/> BUILDING(S)	<input checked="" type="checkbox"/> PRIVATE	<input type="checkbox"/> UNOCCUPIED	<input type="checkbox"/> COMMERCIAL <input type="checkbox"/> PARK
<input type="checkbox"/> STRUCTURE	<input type="checkbox"/> BOTH	<input type="checkbox"/> WORK IN PROGRESS	<input type="checkbox"/> EDUCATIONAL <input checked="" type="checkbox"/> PRIVATE RESIDENCE
<input type="checkbox"/> SITE	PUBLIC ACQUISITION	ACCESSIBLE	<input type="checkbox"/> ENTERTAINMENT <input type="checkbox"/> RELIGIOUS
<input type="checkbox"/> OBJECT	<input type="checkbox"/> IN PROCESS	<input type="checkbox"/> YES: RESTRICTED	<input type="checkbox"/> GOVERNMENT <input type="checkbox"/> SCIENTIFIC
	<input type="checkbox"/> BEING CONSIDERED	<input type="checkbox"/> YES: UNRESTRICTED	<input type="checkbox"/> INDUSTRIAL <input type="checkbox"/> TRANSPORTATION
		<input checked="" type="checkbox"/> NO	<input type="checkbox"/> MILITARY <input type="checkbox"/> OTHER:

4 OWNER OF PROPERTY

NAME MR. & MRS. TIM BABCOCK

STREET & NUMBER 720 MADISON AVENUE

CITY, TOWN

HELENA

VICINITY OF

STATE
MONTANA 59601

5 LOCATION OF LEGAL DESCRIPTION

COURTHOUSE, REGISTRY OF DEEDS, ETC. LEWIS & CLARK COUNTY COURTHOUSE

STREET & NUMBER

CITY, TOWN

HELENA

STATE
MONTANA 59601

6 REPRESENTATION IN EXISTING SURVEYS

TITLE HABS PHOTOGRAPH DATA BOOK REPORT

DATE

1967

FEDERAL STATE COUNTY LOCAL

DEPOSITORY FOR SURVEY RECORDS

LIBRARY OF CONGRESS

CITY, TOWN

WASHINGTON, D. C.

STATE

7 DESCRIPTION

CONDITION		CHECK ONE	CHECK ONE
<input checked="" type="checkbox"/> EXCELLENT	<input type="checkbox"/> DETERIORATED	<input type="checkbox"/> UNALTERED	<input checked="" type="checkbox"/> ORIGINAL SITE
<input type="checkbox"/> GOOD	<input type="checkbox"/> RUINS	<input checked="" type="checkbox"/> ALTERED	<input type="checkbox"/> MOVED DATE _____
<input type="checkbox"/> FAIR	<input type="checkbox"/> UNEXPOSED		

DESCRIBE THE PRESENT AND ORIGINAL (IF KNOWN) PHYSICAL APPEARANCE

The Samuel T. Hauser Mansion, erected in 1885, is located in the Hauser Addition to the City of Helena, Block 7, Lots 4, 5, and 6. The stately two-story red brick structure has a steep gable and hip roof containing an attic. The building has a full basement of dressed granite partially raised above grade to allow for basement windows. The approximate square footage of the building is 3,000 square feet on each of the two floors.

The building faces to the east on Madison Avenue. Access is gained by a flight of nine steps leading to the entry porch. Due to the height of the first floor, the basement is lighted by relatively tall double hung windows. There is a square turret on the southeast corner of the building and the porch is set between this turret and the rectangular projection of the front parlor located on the northeast. Another wooden porch is located on the north side of the building alongside the front parlor and terminates in the dining room bay projection.

The windows are wood double-hung units of 1/1 lights with squared heads. Those on the first and second floors, either grouped or single units, are set in brick arches. The tall windows of the front parlor on the east are in a group of three units. The center unit is wider than the windows that flank it. Each unit has a transom light of stained glass. The basement windows beneath this follow the same basic spacing but are only a little more than half as tall as the windows of the first floor and lack the transom lights. The windows on the second floor of the front facade are grouped in pairs of two. They have no transom lights but are set in arched openings. The windows of the attic do not have the arched frame and are square-headed. Some of these fixed units are divided into small square panes of glass, such as the group of four windows in the gable above the entry where there are two tall central windows having flanking smaller windows. The intermediate landing of the main staircase is lighted by a 9-unit stained glass window. The master bedroom on the second floor has three stained glass windows featuring The Nativity, St. Margaret of Scotland and St. John. These were installed by Bishop Carroll about 1915; he used the room as a chapel.

The main entry has two large paneled oak doors with a rectangular stained glass transom. The doors themselves each have a single vertical stained glass light. The vestibule doors are similar to the entry doors. There is a grand entry hall centrally located that has dark oak paneled wainscoting. The wainscoting of recessed panels is also carried up the main stairs to the second floor. All of the ornate trim on the first floor is of oak. Especially noteworthy are the carved newel posts and the staircase itself.

To the left of the main hall is the front living room. It has a projecting square bay on the southeast corner and a fireplace on the south wall. Beyond the living room to the west is the library or den; it has a fireplace on the west wall. The main hall also has a fireplace. The front parlor which is located on the northeast corner of the building has a fireplace on the south wall. Beyond the front parlor to the west is a spacious dining room with a fireplace in the main hall. All of the fireplaces have decorative ceramic tile hearths and facings. One of them features eight custom-made tiles showing scenes from the life of the Hauser family surrounding the opening.

Farther back to the west are to be found the pantry, the kitchen that has been modernized, stairs to the basement and the rear or servants' staircase to the upper floors. The second floor contains nine bedrooms, a study and an office. There are six rooms on the third (attic) floor. No doubt some were originally servants' quarters while the remainder was probably a ballroom. The house has a total of twenty-nine rooms with eight storerooms and pantries, five bathrooms and eight fireplaces.

Form No. 10-300a
(Rev. 10-74)

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

**NATIONAL REGISTER OF HISTORIC PLACES
INVENTORY -- NOMINATION FORM**

FOR NPS USE ONLY	
RECEIVED	JAN 29 1979
DATE ENTERED	FEB

CONTINUATION SHEET 1 ITEM NUMBER 7 PAGE 1

The tall impressive brick structure has stone window trim, brick mouldings, stained glass, leaded and frosted glass, and a steep wood shingled combination and gable roof--the latter having dormer windows. It is crowned with ornate chimney pots. The corner site is well landscaped. A one-story brick carriage house is located behind the house.

During the time the house served as a convent the bedrooms were partitioned into two, three or four smaller rooms; it had a total of 32 bedrooms. Tim and Betty Babcock, its present owners have had the partitions removed and the house restored. The fine finish of the interior sets this handsome late - 19th century mansion apart in a city that boasts numerous outstanding mansions.

8 SIGNIFICANCE

PERIOD	AREAS OF SIGNIFICANCE -- CHECK AND JUSTIFY BELOW			
<input type="checkbox"/> PREHISTORIC	<input type="checkbox"/> ARCHEOLOGY-PREHISTORIC	<input type="checkbox"/> COMMUNITY PLANNING	<input type="checkbox"/> LANDSCAPE ARCHITECTURE	<input checked="" type="checkbox"/> RELIGION
<input type="checkbox"/> 1400-1499	<input type="checkbox"/> ARCHEOLOGY-HISTORIC	<input type="checkbox"/> CONSERVATION	<input type="checkbox"/> LAW	<input type="checkbox"/> SCIENCE
<input type="checkbox"/> 1500-1599	<input type="checkbox"/> AGRICULTURE	<input type="checkbox"/> ECONOMICS	<input type="checkbox"/> LITERATURE	<input type="checkbox"/> SCULPTURE
<input type="checkbox"/> 1600-1699	<input checked="" type="checkbox"/> ARCHITECTURE	<input type="checkbox"/> EDUCATION	<input type="checkbox"/> MILITARY	<input type="checkbox"/> SOCIAL/HUMANITARIAN
<input type="checkbox"/> 1700-1799	<input type="checkbox"/> ART	<input type="checkbox"/> ENGINEERING	<input type="checkbox"/> MUSIC	<input type="checkbox"/> THEATER
<input checked="" type="checkbox"/> 1800-1899	<input type="checkbox"/> COMMERCE	<input type="checkbox"/> EXPLORATION/SETTLEMENT	<input type="checkbox"/> PHILOSOPHY	<input type="checkbox"/> TRANSPORTATION
<input type="checkbox"/> 1900-	<input type="checkbox"/> COMMUNICATIONS	<input type="checkbox"/> INDUSTRY	<input checked="" type="checkbox"/> POLITICS/GOVERNMENT	<input type="checkbox"/> OTHER (SPECIFY)
		<input type="checkbox"/> INVENTION		

SPECIFIC DATES 1885 BUILDER/ARCHITECT ARCHITECTS WALLACE & THORNBURG

STATEMENT OF SIGNIFICANCE

The Hauser-Babcock Mansion was built in 1885, one of the earliest of the big homes on the west side of the city of Helena. At the same time, its owner, Samuel T. Hauser, was appointed Governor of the Territory of Montana by President Cleveland. The Territory did not possess a "Governor's Mansion"; so this house served that function.

Hauser was a Montana pioneer and one of the men most responsible for the development of this vast area into a state. He had been born and educated in Kentucky. In 1854, he moved to St. Louis, Missouri, where he worked as a civil engineer for several railroads. In 1862, he traveled up the Missouri River to Fort Benton and tried prospecting for gold in the Idaho-Montana area. He wintered in Bannack. The following spring he joined the "Yellowstone Expedition" to explore down the Yellowstone River looking for gold. Indian attacks forced the party back; when they returned, they found that another big gold discovery had been made in Alder Gulch, not far from Bannack. Hauser moved there and prospered. In 1865, in partnership with N. P. Langford, he organized a bank at Virginia City under the firm name of S. T. Hauser & Co. The next year, he organized the First National Bank of Helena, and eventually, the First National Bank of Butte, the First National Bank of Fort Benton and the First National Bank of Missoula.

Hauser had retained connections with friends in Missouri and became an intermediary for investments of St. Louis money in Montana. In 1866, he organized the St. Louis Mining Company at Philipsburg, later the Hope Mining Company. The first silver mill in the Territory was erected there. The ties with St. Louis were strengthened in 1871, when he married Ellen Farrar, daughter of a physician in St. Louis.

As capitalist, financier and builder of the state, Hauser was associated with the building of a number of small railroads in Montana, among them the: Helena & Boulder Valley, Helena & Jefferson County, Drummond & Philipsburg, Helena & Red Mountain, Helena Northern, and Missouri & Bitter Root Valley. He also was an organizer of the Helena & Livingston Smelting and Refining Company.

In 1870, a number of prominent citizens of Montana banded together to explore the area now known as Yellowstone National Park. This became known as the Washburn-Langford-Doane Expedition & from this group came the inspiration for setting aside and preserving this natural wonderland for the use of all the people. Samuel T. Hauser was one of the members of this expedition.

Hauser was a Democrat, and in 1884, was a delegate to the Democratic National Convention. In July, 1885, President Grover Cleveland named him to be governor of the Territory of Montana. He was the first resident of the Territory to become governor; the other chief executives had been sent out from the east. Hauser served in this capacity until February 7, 1887.

9 MAJOR BIBLIOGRAPHICAL REFERENCES

An Illustrated History of the State of Montana, Joaquin Miller, Lewis Publishing Co., Chicago, 1894, pp. 126-7.
Progressive Men of Montana, A. W. Bowen & Co., n. d., pp. 202-3.
Helena Weekly Herald (newspaper), Helena, Montana, Feb. 26, 1885.
Helena Illustrated, Frank L. Thresher, publ. by author, Minneapolis, 1890.

10 GEOGRAPHICAL DATA

ACREAGE OF NOMINATED PROPERTY 0.52 Acres
 QUADRANGLE NAME Helena, Montana QUADRANGLE SCALE 1:62,500
 UTM REFERENCES
 A 11 2 4 20 02 15 5 1 60 5 00 B
 ZONE EASTING NORTHING ZONE EASTING NORTHING
 C D
 E F
 G H

VERBAL BOUNDARY DESCRIPTION

The Hauser Mansion is located in the Hauser Addition, Block 7, Lots 4, 5, and 6. It is bound on the east by Madison Avenue and on the north by Stuart Street.

LIST ALL STATES AND COUNTIES FOR PROPERTIES OVERLAPPING STATE OR COUNTY BOUNDARIES

STATE	CODE	COUNTY	CODE
STATE	CODE	COUNTY	CODE

11 FORM PREPARED BY

NAME / TITLE JOHN N. DeHAAS, JR., ARCHITECT DATE JULY 28, 1977
 ORGANIZATION _____ DATE _____
 STREET & NUMBER 1021 S. TRACY TELEPHONE 406-486-2276
 CITY OR TOWN BOZEMAN STATE MONTANA 59601

12 STATE HISTORIC PRESERVATION OFFICER CERTIFICATION

THE EVALUATED SIGNIFICANCE OF THIS PROPERTY WITHIN THE STATE IS:
 NATIONAL STATE XX LOCAL

As the designated State Historic Preservation Officer for the National Historic Preservation Act of 1966 (Public Law 89-665), I hereby nominate this property for inclusion in the National Register and certify that it has been evaluated according to the criteria and procedures set forth by the National Park Service.

STATE HISTORIC PRESERVATION OFFICER SIGNATURE [Signature] DATE 1/23/79
 TITLE STATE HISTORIC PRESERVATION OFFICER

FOR NPS USE ONLY
 I HEREBY CERTIFY THAT THIS PROPERTY IS INCLUDED IN THE NATIONAL REGISTER
[Signature] DATE 2-9-79
 KEEP ER OF THE NATIONAL REGISTER
 ATTEST: William H. Brackham DATE 2-7-79
 CHIEF OF ADMINISTRATION

Form No. 10-300a
(Rev. 10-74)

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

**NATIONAL REGISTER OF HISTORIC PLACES
INVENTORY -- NOMINATION FORM**

FOR NPS USE ONLY	
RECEIVED	JAN 29 1979
DATE ENTERED	FEB 9 1979

CONTINUATION SHEET 2 ITEM NUMBER 8 PAGE 1

In 1913, Hauser deeded the house to his daughter, Ellen Hauser Thatcher. She and her husband sold it to the Roman Catholic Bishop of Helena, John P. Carroll. Carroll, Second Bishop of Helena, used the mansion as a residence and Chancery Office. Following the death of Bishop Carroll in 1925, the mansion was occupied by successive Bishops and their Chancellors until 1935. During the Christmas holidays of 1935-36, the teaching Sisters of Charity of Leavenworth, Kansas, moved in and the building served as their convent until 1969.

The mansion was purchased by former Governor Tim and Betty Babcock in 1969. They have carried out a thorough restoration, removing partitions, fixing fireplaces, etc. It was chosen to receive one of the 1975 Burlington House Awards for American Homes for taste and ingenuity in the furnishing of the interiors.

Lieutenant Governor Babcock, a Republican, succeeded to the office of governor in January, 1962, following the death of Governor Donald Nutter in a plane crash. Babcock won election to a full term of office in 1964, so he served as Governor of Montana from 1962 to 1969.

This mansion, then, has been the residence of two governors of Montana, has housed four Bishops of the Roman Catholic Church of Montana, and for some thirty-five years, was a convent for a group of nuns engaged in education in the state. It's history is interwoven with the history of Montana.

END OF REPORT

720 Madison Avenue | Helena, Montana 59601 | Samuel T. Hauser Mansion
NRHP No. 79001404 | Report Prepared May 2026 |



Donation of 720 Madison Avenue

Frequently Asked Questions



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Background

What property is being donated?

The property donated is the Hauser Residence, located at 720 Madison Avenue, in the heart of Helena's historic mansion district. The home's previous owners and occupants include territorial Governor Samuel T. Hauser, Bishop John P. Carroll of the Roman Catholic Diocese of Helena, and Governor Tim and First Lady Betty Babcock.

Who are the donors and current owners?

The donors are Governor Greg Gianforte and First Lady Susan Gianforte through their trusts.

Who is the recipient?

The donors intend to give the Hauser Residence to the State of Montana and its people for use as the governor's residence. If accepted by the State, the Hauser Residence will be managed by the Department of Administration.

What is the purpose of the gift?

The Governor and First Lady have a deep appreciation for the people of Montana and would like to provide a home suitable for the governors elected to serve them. The current executive residence located at 2 Carson Street is not in a habitable condition.

Charitable Gift Agreement

What is a charitable gift agreement?

A charitable gift agreement is the document describing the terms and conditions of the donors' transfer of the Hauser Residence to the State. It is similar to a buy-sell agreement in a real estate purchase.

What is the status of the charitable gift agreement?

The donors and their attorneys and the Department of Administration and its attorneys have created a charitable gift agreement describing the parties' intentions if the Montana Board of Land Commissioners ("Land Board") accepts the Hauser Residence donation. If the Land Board approves the donation, the donors and the Department of Administration expect to sign the charitable gift agreement, which would set in motion the requirements and activities it describes.

Does either party currently have obligations under the charitable gift agreement?

No. The draft agreement has not been signed. Neither the donors nor the State are bound by the draft agreement.

What are the conditions included in the charitable gift agreement?

The donation is conditioned on the State's use of the Hauser Residence as the executive residence of the governor.

What happens if the conditions are not met?

If the conditions are not met, the donors intend that the Residence will transfer to another not-for-profit tax-exempt entity.

Between the date of the transfer to the State and the condition release date (December 31, 2056), the conditions must be continually met. If the contingent beneficiary believes a condition is not met, it would notify the State, and the State would have 30 days to comply with the conditions. If a condition remains unmet after 30 days, the State would be required to deed and transfer the Hauser Residence (and any subsequent improvements made to it) to the contingent beneficiary. At that time, the State would no longer have any interest in the Hauser Residence.

Do the conditions last forever?

No. The conditions will be released on December 31, 2056. After the conditions are released, there will no longer be any limitations or restrictions on the State's use of the Residence. The future interests of the contingent beneficiaries would be extinguished. The

State would no longer be required to use it exclusively as the governor's residence. The State could sell the Hauser Residence or use it for another purpose, like any other State property. However, the Hauser Residence was built before Montana's statehood, it is built to last, and all parties expect it can and will continue to serve the people of Montana for many years.

What does it mean to say the Hauser Residence will be used as the governor's residence?

It will be the place where the governor of Montana lives during his or her term of office. A temporary absence of less than 24 months is excused. This will accommodate times of transition, such as when a new governor takes office, when the Residence is unavailable for maintenance or repairs, or when the governor spends time away for official or personal travel. If, for some reason, the governor does not choose to live in the Hauser Residence, the condition will be satisfied as long as the State continues to use the Residence to host official events.

If the Board accepts the donation, when would the charitable gift agreement be signed and take effect?

The donors and Department of Administration officials intend to sign the charitable gift agreement soon after the Land Board accepts the donation. The parties will set a closing date, when the transfer will actually take place, soon after the agreement is signed. Unless there are unanticipated issues, the transfer should occur before the end of summer 2026.

Land Board

What is the role of the Land Board?

The Land Board is comprised of five statewide constitutional elected officials: the Governor, Secretary of State, Attorney General, State Auditor/Commissioner of Securities and Insurance, and Superintendent of Public Instruction. The Land Board primarily provides strategic direction and oversight for activities on state trust lands.

The Land Board is also the public body charged with responsibility and authority to accept “gifts, donations, grants, legacies, and devises” of land to the State of Montana. Statute provides that donated property is to be used in accordance with the purpose of the donor and “managed as other state lands.”

Do the conditions in the charitable gift agreement create any issues?

No. State statute allows the Land Board to accept gifts subject to conditions.

Does the Land Board have a policy regarding donation of real property?

Yes. The Land Board has a [Land Donation Policy](#).

Has the Department of Administration complied with the Land Board’s policy?

Yes. The policy requires the agency receiving a donation of land to submit information to the Land Board for consideration. The required information includes an appraisal, survey, hazardous materials inventory, title reports, and a property inspection. In addition, the Department of Administration is required to provide notice of the proposed donation to the public and the county where the property is located. The Department has met or will meet all policy requirements prior to the Land Board meeting.

The Hauser Residence

What will the Hauser Residence ultimately be used for, and how will the public benefit?

The Hauser Residence, located in Helena’s historic mansion district at 720 Madison Avenue, will serve as the official Executive Residence for the Governor of Montana and as a residence for the sitting governor or first family. This gift will result in the preservation of a historic property and provide a permanent, state-owned residence and event space for future governors that benefit the public.

Who will manage the property?

Montana Code Annotated (2-17-811, MCA) directs the Department of Administration to manage all state-owned buildings in the Capitol Complex. The department is also responsible for establishing policies governing the maintenance and beautification of the Capitol, Executive Residence, and Original Governor's Mansion (2-17-806, MCA).

What is the current condition of the Hauser Residence?

The property is a privately-owned home. It is already in use as a residence, and it is in excellent condition. Although the home is well-suited for a family home, if the donation is accepted by the Land Board, the State will likely need to make some improvements to prepare it for use as a public building. Public buildings must meet stricter code requirements than private residences. The Department of Administration operates all of its buildings, regardless of use, to meet these more stringent standards including those regarding Americans with Disabilities Act (ADA) compliance, fire/life safety codes, security, historic preservation, and fair access.

A hazardous material inspection revealed the presence of an underground heating oil storage tank that is no longer in use. A small amount of oil and sludge remains in the tank (approx. 20 gal.). While regulations do not require removal or remediation, the Department of Administration intends to have the fluids removed and permanently close the tank by filling it with pea gravel. The Department has funds available to pay the \$13,000 estimated cost of closure.

What inspections/assessments have been conducted?

- a. Structural/Mechanical/Electrical/Plumbing (SMEP)
- b. Facilities condition assessment
- c. Physical security assessment
- d. ADA assessment
- e. Historic preservation consultation
- f. Property boundary survey
- g. Hazardous waste and materials inventory
- h. Property appraisal
- i. Title report

What improvements are being considered?

The State may add fencing, improve accessibility, and make minor upgrades to electrical and ventilation systems. As always, the Department of Administration will follow standard procedures to ensure these improvements meet design, permitting, and construction requirements.

How will these improvements be funded and what is the cost?

Public funds are available to make these improvements. The Department expects the cost to be under \$2 million. These funds are not the same as the funding the Legislature previously appropriated for renovations to 2 Carson Street. After receiving bids to complete the 2 Carson Street renovations, the Department learned the appropriated funds were not sufficient to restore that property to a suitable condition for use as the governor's residence. The appropriation for 2 Carson Street is specific to a residence renovation for that building only and would need to be reauthorized by the Legislature for a different building or different purpose.

How will ongoing maintenance and operations be funded?

Building maintenance and upkeep for all state buildings is funded through a rate and appropriations approved by the Montana Legislature. The Department of Administration determines its ongoing costs for operation and maintenance of its buildings in the Capitol Complex and submits those rates every legislative session through House Bill 2 for approval. The rate is charged equally to all agencies based on square footage occupied.

What is the anticipated ongoing cost?

The Department of Administration determines its ongoing costs for operation and maintenance of its buildings in the Capitol Complex and submits those rates every legislative session through House Bill 2 for approval. The rate is charged equally to all agencies based on square footage occupied. The residence is currently budgeted for \$270,250.00 for this biennium. The cost will be paid out of the Governor's Office budget.

Will the State pay property tax on the property?

The State is exempt from paying property tax. The State pays city and county fees and assessments (and utilities).

Can I tour the residence?

No, the residence is a private home and is not open to the public for tours. The 2 Carson Street residence when in use by previous governors was also not open to the public for tours.

Are there protections in place to preserve the historic nature of the building?

The home is listed on the National Register of Historic Places. Anticipated projects and repairs will take historic preservation into account when planning and completing the projects.

Will there be regular public meetings to discuss events and projects in the building?

No. The residence will be operated as a private residence for the First Family, as the prior two executive residences were. Projects involving upgrades, modifications, or renovations will follow current practice where the Department of Administration submits proposals to the legislature for approval/funding through the Long-Range Building Program.

Does the state have plans to acquire more land adjacent to the property?

No, the State has no plan to acquire additional property adjacent to the residence. Any acquisition would have to be approved through the long-range building and legislative process.

Current Executive Residence

What is the official executive residence?

There is no official executive residence designated in Montana statute or rule. However, the residence located at 2 Carson Street was built for and previously used by the State as the governor’s residence. If the Land Board approves and accepts the donation of the Hauser Residence, the Department of Administration would work with the Capitol Complex Advisory Council to create policies regarding use of the Hauser Residence as the executive residence.

Why doesn't the State continue to use the 2 Carson Street residence as the governor's residence?

The residence at 2 Carson Street would need extensive and expensive repairs and upgrades before it can be used again as a residence. Additional costly renovations driven by building and fire code requirements would be necessary to realign the building for something other than a residence.

The deferred maintenance needs that must be addressed are extensive, including:

- Asbestos abatement
- Roof replacement
- Extensive exterior repairs are needed (e.g., soffits, trim, etc., have rotted)
- Complete demolition and replacement of the mechanical / HVAC / plumbing systems (including exterior sewer lines) - current HVAC system can only cool half of the home at a time
- Complete demolition and replacement of the electrical systems
- All bathrooms, kitchen area, etc. have damage and need upgrades
- No ADA access or ADA-compliant restroom on the lower level (one ADA-compliant ½-bath on the upper level)
- There are extensive interior finishes in need of upgrade/replacement:
- Carpet (20+ years old)
- Most bathroom fixtures must be replaced (original equipment)
- Oven (one out of two non-functioning)
- Stove top (cracked cooking surface)
- Refrigerator (not working properly)
- Dishwashers (end of life)
- Family room flooring (worn out)

Who is involved in deciding what happens to the 2 Carson Street Property?

The Department of Administration is ultimately responsible for determining the space required by State agencies (2-17-101, MCA) and caring for and maintaining all buildings in the capitol complex (2-17-806, MCA). The Capitol Complex Advisory Council advises the Department on the master plan for the capitol complex and policies governing the maintenance and beautification of the Capitol, executive residence, and original governor's mansion (2-17-806, MCA). The Land Board has the responsibility to exercise general

authority, direction, and control over the care, management, and disposition of state lands (77-1-202, MCA).

What is the role of the Department of Administration and the Capitol Complex Advisory Council?

The Department of Administration is responsible for the care and maintenance of all State buildings within a 10-mile radius of the Capitol building (also known as the “capitol complex”). The Department will assume responsibility for the Hauser Residence if the Land Board accepts the donation and the charitable gift agreement is executed.

The Capitol Complex Advisory Council advises the Department on the master plan for the capitol complex and policies governing the maintenance and beautification of the Capitol, executive residence, and original governor’s mansion. If the Board accepts the donation, the Council will advise the Department on use of the Hauser Residence as the executive residence.

Can 2 Carson Street be repurposed for use by a state agency or as a residence for another government official?

The building at 2 Carson Street would need extensive and expensive repairs and upgrades to be used as a residence or as a public building. Additional costly renovations driven by building and fire code requirements would be necessary to realign the building for something other than a residence.

The deferred maintenance needs that must be addressed are extensive, including:

- Asbestos abatement
- Roof replacement
- Extensive exterior repairs are needed (e.g., soffits, trim, etc., have rotted)
- Complete demolition and replacement of the mechanical / HVAC / plumbing systems (including exterior sewer lines) - current HVAC system can only cool half of the home at a time
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- Oven (one out of two non-functioning)
- Stove top (cracked cooking surface)
- Refrigerator (not working properly)
- Dishwashers (end of life)
- Family room flooring (worn out)

What engagement has the Department of Administration done to ensure public input in the future of the property at 2 Carson Street?

The Department of Administration conducted public outreach in 2025 through mailings to neighbors, appearances at public meetings, and hosting two open house events at 2 Carson Street. The subject of 2 Carson Street has also been on the public agenda of the Capitol Complex Advisory Council.

Why wasn't the 2 Carson Street Property kept up to date on maintenance? Why did it fall into its current state?

Historically, the Governor's Residence has not received funding for operations and maintenance, like other state-owned buildings, through a legislatively approved rate. Administrations have typically prioritized workspace occupied by State employees over the residence that they occupy when deciding where to spend state funds. In the past 20 years small projects have been funded with state and private funding, including a boiler replacement, flooring replacement, and a bathroom upgrade. DOA has funding for operations and maintenance of the residence at 720 Madison through the start of the next biennium and will seek funding for ongoing operations and maintenance through the State's normal budgeting process.

What is the plan to ensure a maintenance backlog does not happen with the Hauser Residence?

The former residence (2 Carson Street) did not receive adequate funding for operations and maintenance. The residence at 720 Madison will have a funding source to be used by DOA for operations and maintenance. The Department of Administration determines its ongoing costs for operation and maintenance of its buildings in the Capitol Complex and submits

those rates every legislative session through House Bill 2 for approval. The rate is charged equally to all agencies based on square footage occupied.

What happened to the funding dedicated to the 2 Carson renovation?

Of the \$2,340,500 appropriated, there is a remaining balance of \$2,090,930.50.

0626-3

Department of Corrections:

Land Exchange: Final Approval

**Land Board Agenda Item
June 15, 2026**

0626-3 Department of Corrections Land Exchange: Final Approval

Location: Powell County

Trust Beneficiaries: N/A

Trust Revenue: N/A

Item Summary:

The Department of Corrections (DOC) requests final approval of a land exchange proposal with Powell County and the City of Deer Lodge (collectively Sponsors of the Deer Lodge City – County Airport). This land exchange involves 5.24 acres of Department of Corrections-owned land located at the Montana State Prison that is adjacent to the Deer Lodge City – County Airport. All lands proposed in this exchange are located in Powell County.

Acres:

State Land (DOC)			
County	Legal Description	Trust	Acres
Powell	SE1/4NW1/4 of S08, T07N, R09W	N/A	0.72
Powell	NE1/4NW1/4 & N1/2 of S06, T07N, R09W	N/A	4.52
		Total acres:	5.24

Sponsors Land		
County	Legal Description	Acres
Powell	SE1/4NW1/4 of S06, T07N, R09W	5.24
		Total acres:
		5.24

Public Involvement Process and Results:

The Project has been in discussion since around 2013. Ongoing environmental and planning review has been an extensive discussion item in monthly public Airport Board meetings, Capital Improvement Plan meetings with the City of Deer Lodge and Powell County, and annual grant and loan applications processes to the Montana Department of Transportation-Aeronautics Division. The parcels were specifically identified within the 2020 Airport Master Plan and Airport Layout Plan document. Since this proposed project involves the Federal Aviation Administration, it is also subject to the review under the National Environmental Policy Act (NEPA) requiring environmental review. An Environmental Assessment (EA) and Findings of No Significant Impact (FONSI) was completed for the project on August 27, 2025. As part of that environmental review process, this project went through a 30-day public review process from July 5th through August 4th, 2025. Notice of Public Comment Period went out to the agency contact lists on July 7th, 2025 and was publicly advertised. No agency or public comments were received on the draft EA within the notice and comment period. For additional information on where and how notices were published and posted, this information is contained in the final EA.

Exchange Criteria Analysis:

The following review documents how the land exchange meets or exceeds the land exchange criteria and accrues benefits to the State of Montana.

1. Equal or Greater Value

The proposed land exchange for 5.24 acres of State Land located within the Montana State Prison facility property is deeded to the Montana Department of Corrections.

The State Land and Sponsor Land were appraised initially in October of 2023, with an updated valuation date done May 9, 2024. The State Land to be exchanged appraised fair market value is \$37,040.00. The Sponsor Land to be exchanged appraised fair market value is \$44,540.00. The appraised values of land are a net gain to the state of \$7,500.00.

Meets criteria.

2. State Land Bordering on Navigable Lakes and Streams

N/A – There are no navigable lakes or streams bordering on either the State Land or Sponsor Land.

Meets criteria.

3. Equal or Greater Income to the Trust

N/A – This is not state trust land.

Meets criteria.

4. Equal Or Greater Acreage

The land exchange proposes to exchange 5.24 acres of Sponsor Land for 5.24 acres of State Land resulting in no gain or loss of State Land in the exchange.

Meets criteria.

5. Consolidation of State Land

The proposed land exchange would exchange two, smaller State Land parcels for one, larger Sponsor Land parcel resulting in the consolidation of state land. It would not fractionalize state land holdings any further. All parcels involved remain adjacent to state land. There are no known mineral estate(s) that would be severed from a surface estate as a result of this proposed exchange.

Meets criteria.

6. Potential for Long-Term Appreciation

No restrictions are known on Sponsor Land that would prevent long-term appreciation. As part of the land exchange, land improvements such as the relocation of a road, drainage ditch and fence are to be included on the proposed Sponsor Land to meet the needs of Montana State Prison operations, including agricultural uses (hay production and/or pasture). It is anticipated there is potential for long-term appreciation of the lands involved in this proposed exchange.

Meets criteria.

7. Access

There are no road uses presently on State Land that will be discontinued and/or relocated. Golf Course Road is presently on Sponsor Land but looking to relocate it to Parcel 15. No general public road access is intended due to the nature of operating a prison facility and an airport on these properties. The State Land is currently utilized for agricultural hay production and pasture.

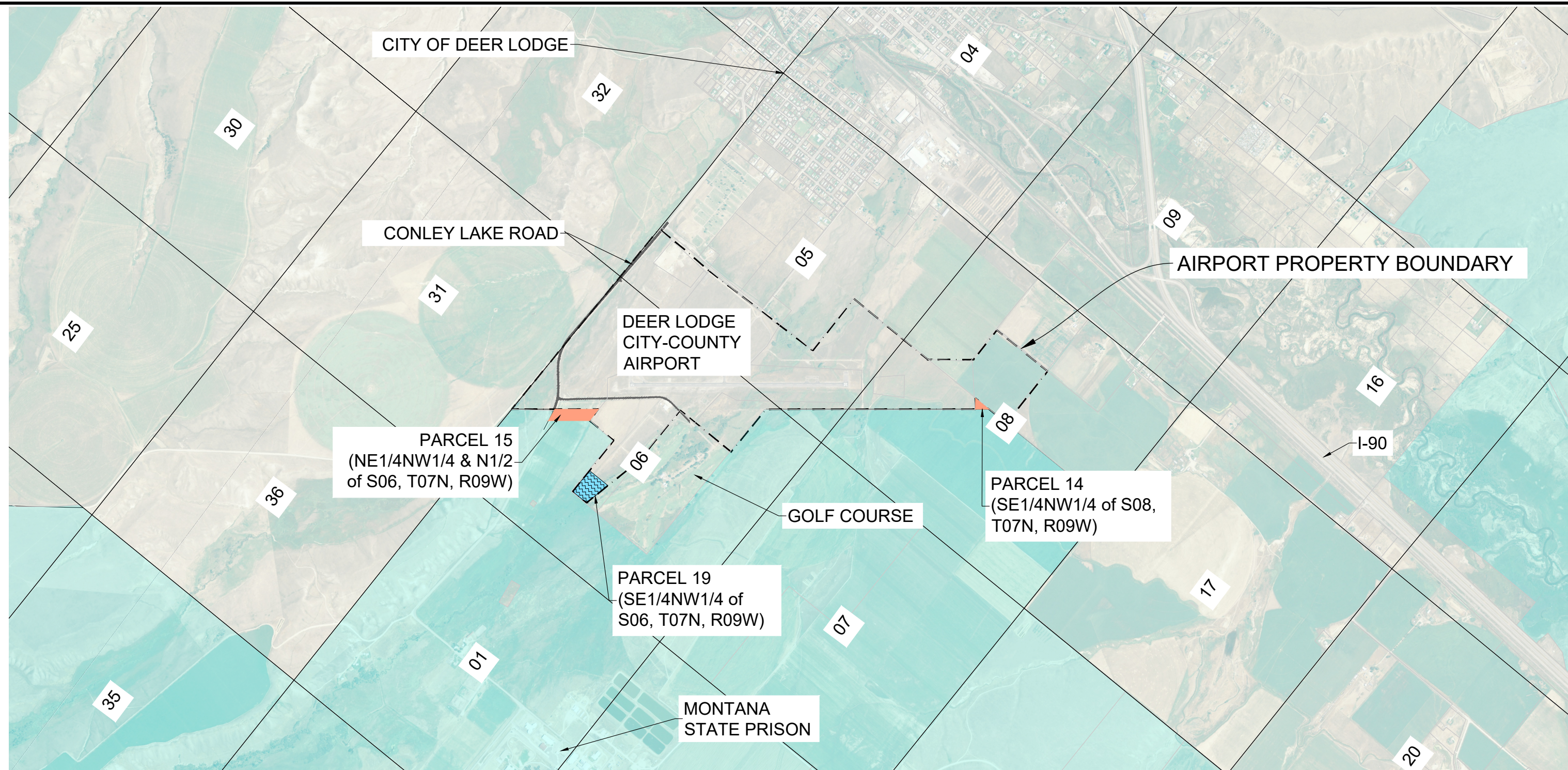
Meets criteria.

Agency Recommendation:

The DOC Director recommends that the Land Board approve the exchange due to the opportunity to gain manageable lands while consolidating state lands and increasing state land value.

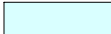


Enclosure:

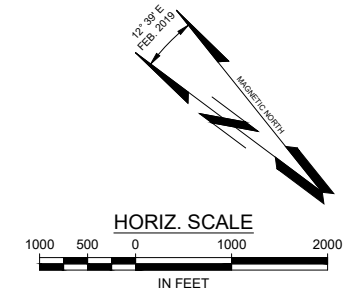
1. FIG. 1: Land Exchange Project Site Map
2. FIG. 2: Sponsor Land Subject to Exchange Site Map
3. FIG. 3: State Land Subject to Exchange Site Map
4. FIG. 4: Notice of Public Hearing for Land Transfer Between State of Montana and Powell County and City of Deer Lodge as Sponsors of the Deer Lodge City – County Airport
5. FIG. 5: Meeting Minutes for Public Hearing



Parcel 14 - SE1/4NW1/4 OF S08, T07N, R09W - State of Montana - 0.72 acres
 Parcel 15 - NE1/4NW1/4 & N1/2 of S06, T07N, R09W - State of Montana - 4.52 acres
 Parcel 19 - SE1/4NW1/4 of S06, T07N, R09W - 5.24 Acres (Area Equal to Parcel 14 and 15)

LEGEND

	STATE LAND
	STATE LAND - SUBJECT TO EXCHANGE
	SPONSOR LAND - SUBJECT TO EXCHANGE



REVISIONS		BY	DATE
NO.	DESCRIPTION		

VERIFY SCALE!
 THESE PRINTS MAY BE REDUCED.
 LINE BELOW MEASURES ONE INCH
 ON ORIGINAL DRAWING.
 MODIFY SCALE ACCORDINGLY!

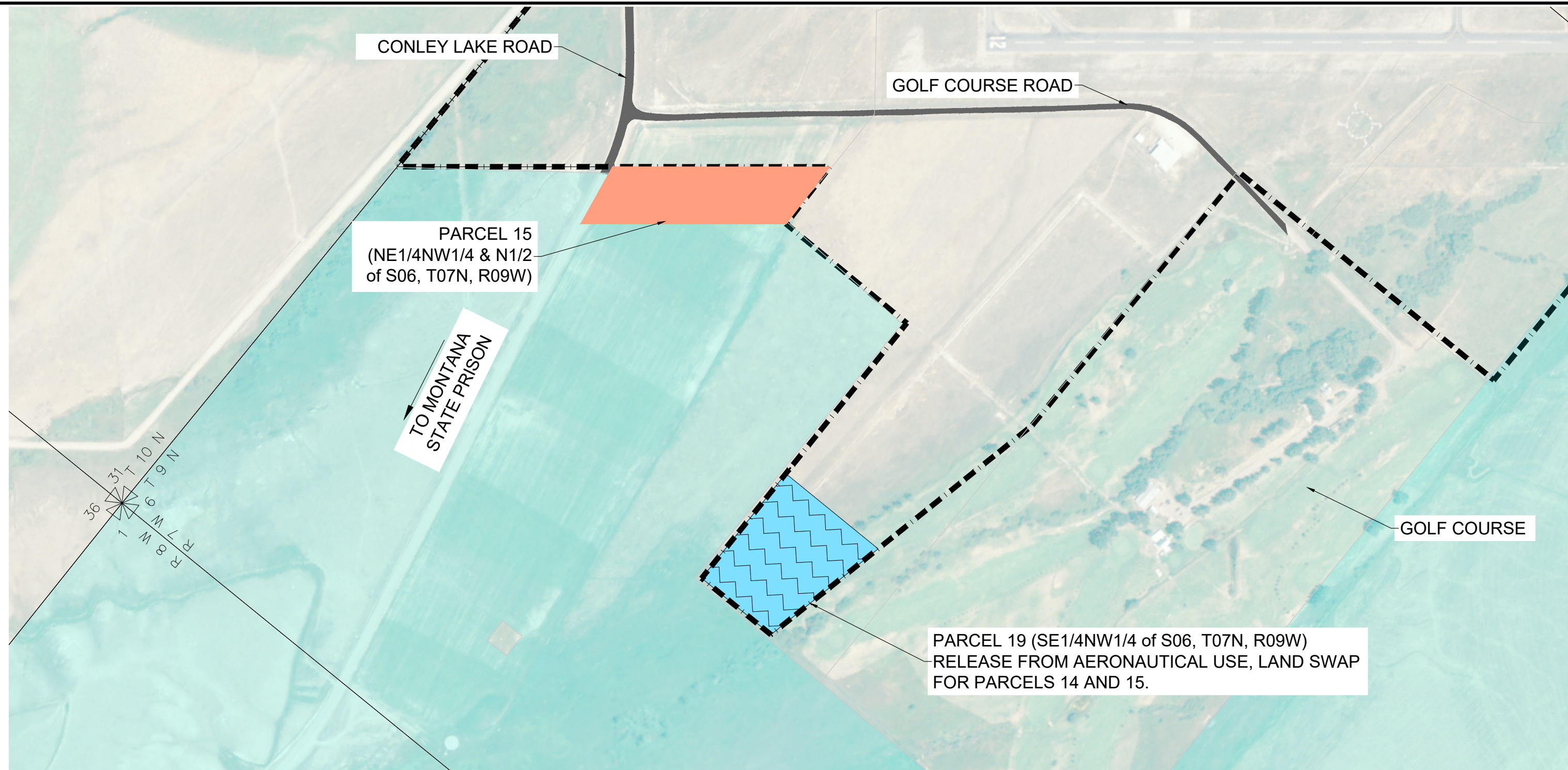


Morrison Maierle
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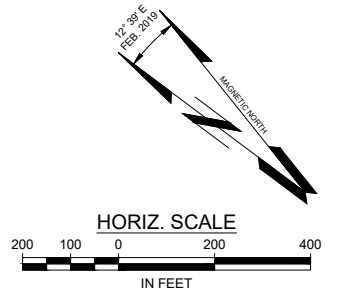
DRAWN BY: CJB	DEER LODGE CITY - COUNTY AIRPORT LAND EXCHANGE	PROJECT NUMBER 0841.015
CHKD. BY:		SHEET NUMBER 1 OF 1
APPR. BY:	DEER LODGE	MOTANA
DATE: 04/2026		DRAWING NUMBER 94FIG.1
Q.C. REVIEW BY:	LAND EXCHANGE PROJECT SITE MAP	
DATE:		



Parcel 19 - SE1/4NW1/4 of S06, T07N, R09W - 5.24 Acres (Area Equal to Parcel 14 and 15)

LEGEND

- STATE LAND
- STATE LAND - SUBJECT TO EXCHANGE
- SPONSOR LAND - SUBJECT TO EXCHANGE



VERIFY SCALE!		REVISIONS	
NO.	DESCRIPTION	BY	DATE

THESE PRINTS MAY BE REDUCED.
LINE BELOW MEASURES ONE INCH
ON ORIGINAL DRAWING.

MODIFY SCALE ACCORDINGLY!

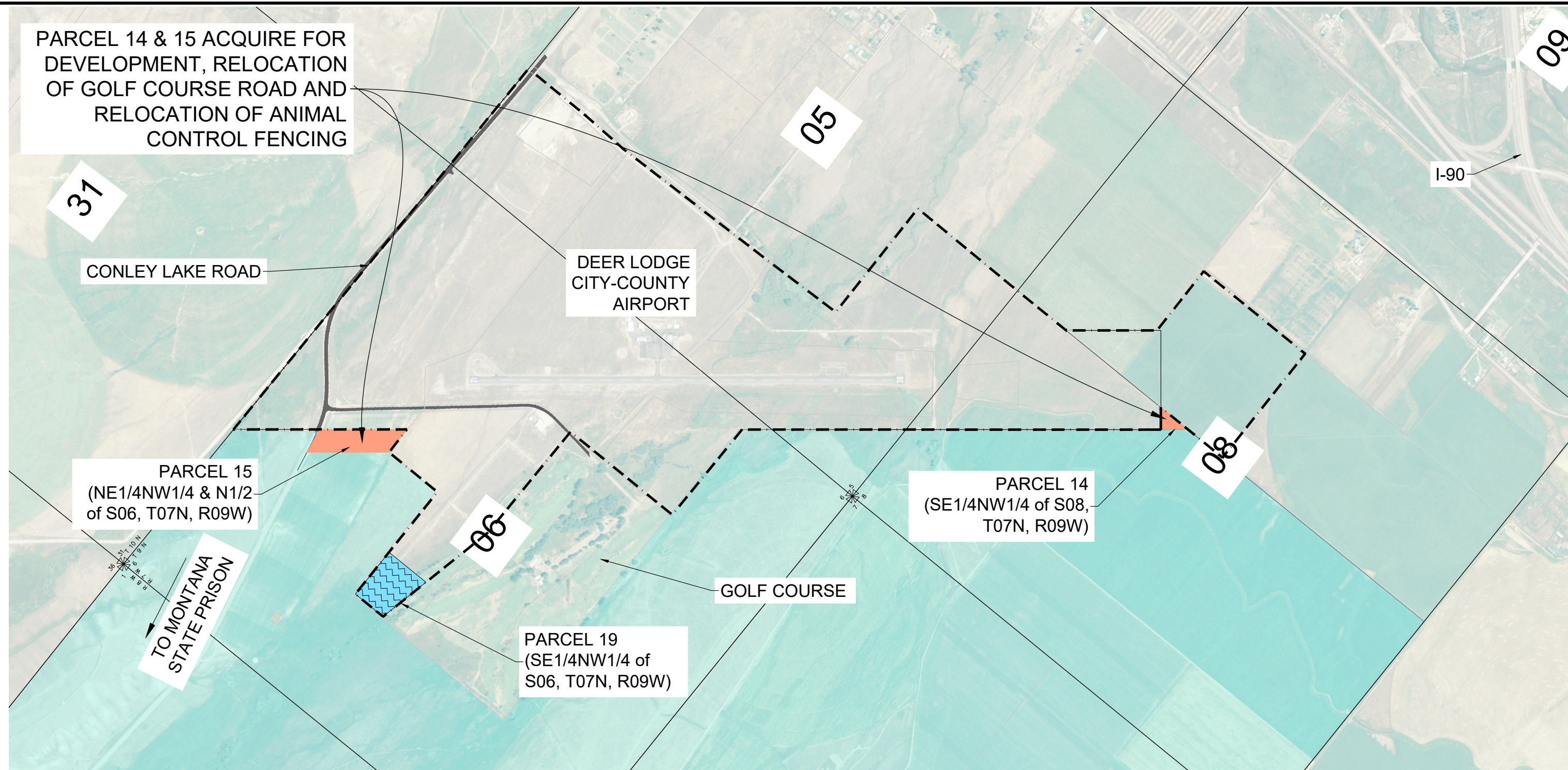
**Morrison
Maierle**
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406.587.0721
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DRAWN BY: CJB	DEER LODGE CITY - COUNTY AIRPORT LAND EXCHANGE	PROJECT NUMBER 0841.018
CHKD. BY:		SHEET NUMBER 2 OF 3
APPR. BY:	SPONSOR LAND SUBJECT TO EXCHANGE SITE MAP	DRAWING NUMBER 99FIG.2
DATE: 04/2026		MOTANA
Q.C. REVIEW BY:		
DATE:		

N:\0841\017 - 2022 LAND ACQUISITION\ACAD\EXHIBITS\LAND ACQUISITION EXHIBITS.DWG PLOTTED BY: CARTER BIGNELL ON Apr/27/2026



PARCEL 14 & 15 ACQUIRE FOR DEVELOPMENT, RELOCATION OF GOLF COURSE ROAD AND RELOCATION OF ANIMAL CONTROL FENCING

CONLEY LAKE ROAD

DEER LODGE CITY-COUNTY AIRPORT

PARCEL 15 (NE1/4NW1/4 & N1/2 of S06, T07N, R09W)

PARCEL 14 (SE1/4NW1/4 of S08, T07N, R09W)

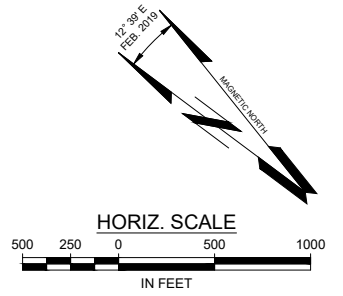
TO MONTANA STATE PRISON

GOLF COURSE

PARCEL 19 (SE1/4NW1/4 of S06, T07N, R09W)

LEGEND

- STATE LAND
- STATE LAND - SUBJECT TO EXCHANGE
- SPONSOR LAND - SUBJECT TO EXCHANGE



Parcel 14 - SE1/4NW1/4 OF S08, T07N, R09W - State of Montana - 0.72 acres
 Parcel 15 - NE1/4NW1/4 & N1/2 of S06, T07N, R09W - State of Montana - 4.52 acres

VERIFY SCALE!		REVISIONS	
NO.	DESCRIPTION	BY	DATE

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 MODIFY SCALE ACCORDINGLY!

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DRAWN BY: CJB CHKD. BY: APPR. BY: DATE: 04/2026 Q.C. REVIEW BY: DATE:	DEER LODGE CITY - COUNTY AIRPORT LAND EXCHANGE DEER LODGE STATE LAND SUBJECT TO EXCHANGE SITE MAP	PROJECT NUMBER 0841.018 SHEET NUMBER 3 OF 3 DRAWING NUMBER 94FIG.3
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N:\0841\017 - 2022 LAND ACQUISITION\ACAD\EXHIBITS\LAND ACQUISITION EXHIBITS.DWG PLOTTED BY: CARTER BIGNELL ON Apr/27/2026

Notice of Public Hearing for Land Transfer Between State of Montana and Powell County and City of Deer Lodge as Sponsors of the Deer Lodge City – County Airport

Pursuant to Montana Code Annotated 2025, Title 77 *State Lands*, Chapter 2 *Transfers and Reservations of Property Interests*, Part 4 *Transfer of Federal Land or Easements*, Powell County and the City of Deer Lodge are conducting a public hearing for the transfer of land between the State of Montana and Powell County and the City of Deer Lodge for the Deer Lodge City – County Airport.

Powell County and the City of Deer Lodge, as Sponsors for the Deer Lodge City – County Airport, propose to undertake airport improvements at the Deer Lodge City - County Airport. The intent is to transfer equal acreage (5.42 acres) of Deer Lodge City – County Airport property (jointly owned by Powell County and City of Deer Lodge) described as Parcel 19 located in the SE ¼ NW ¼ of Section 6, Township 7 North, Range 9 West, PMM, to the State of Montana in exchange for equal acreage (5.42 acres) of State of Montana property described as Parcel 14 in the SE ¼ NW ¼ of Section 8, Township 7 North, Range 9 West, PMM, Powell County, and Parcel 15 in the NE ¼ NW ¼ & N ½ of Section 6, Township 7 North, Range 9 West, PMM, currently utilized as pasture and grazing by the Department of Corrections (prison) for the relocation of Golf Course Road, animal control fencing, and necessary grading and drainage improvements.

These improvements are further identified and reviewed as part of larger airport related improvements for environmental impacts within the final Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) EAXX-021-12-ARP-1755170391 that can be reviewed at the Powell County ‘News and Public Notice’ webpage at <https://www.powellcountymt.gov/airport-board/page/airport-environmental-assessment-and-finding-no-significant-impact>.

Morrison-Maierle, Inc. on behalf of Powell County and the City of Deer Lodge will provide an overview of the proposed land exchange at a public hearing Wednesday, June 3rd, 2026 at 2:30 p.m. at the Powell County Court House (Commissioner’s office, 409 Missouri Avenue, Deer Lodge, MT 59602). The event will provide information to the public about the proposed improvements and the proposed land transfer. It will also provide an opportunity for the public to comment on the land exchange for further consideration of the land transfer by State departments. The Powell County Commission will record the public hearing.

The responsible FAA official for information purposes is Jake Goettle, P.E., Project Manager, FAA, Helena Airports District Office (406) 441-5405, jeremy.j.goettle@faa.gov.

If you have any questions, please feel free to contact Travis Eickman with Morrison-Maierle at 406-579-9612 or teickman@m-m.net.

Signed: /s/ Dan Sager

Chairman, Powell County Commission
Address: 409 Missouri Avenue
Deer Lodge, Montana 59722

SILVER STATE POST:

First Publication: Wednesday, May 20th, 2026

Second Publication:

Wednesday, May 27th, 2026

Public Hearing for Land Transfer between State of Montana and Powell County and City of Deer Lodge as Sponsors of the Deer Lodge City – County Airport: **Minutes, recorded by Andy Galen 6/3/2026**

Three Forks

1. Board meeting agenda to Pat Green NLT 6/5
2. Board meeting attendance on 6/10 at 5:30 p.m.
3. MMI / Williams pay request recommendation for Spencer signature
4. Keep CIP moving

Deer Lodge

1. Public hearing with County Commission
 - i. Wednesday, June 3rd at 2:30 p.m., Powell County Courthouse Commissioner's Office
 - ii. County to record meeting in event that DNRC wants to reference later
 1. Erin Fouche, Administrative Assistant for the Powell County Commission began recording the meeting.
 - a. One member of the public, Wade Murphy (wadeandlonnie@hotmail.com) was present and signed in on the official sign-in sheet.
 2. Commissioner Dan Sager Opened the meeting and introduced Andy Galen of Morrison-Maierle.
 - iii. Andy to provide brief to audience about project
 1. Andy handed out Fig 1-2, showing the land parcels that are proposed to be transferred. And then went through the following items that pertain to the proposed land transfer:
 2. Overview of proposed transfer
 - a. Parcel 14 – 0.72 acres owned by State
 - b. Parcel 15 – 4.52 acres owned by State
 - c. Parcel 19 – equal acreage of 5.24 acres - Airport – Powell County/City of DL owned
 3. Need for land transfer – per 2020 Master Plan, identified that airport has not met FAA design standards for classification of aircraft using 38S for at least the last 15 years. Improvements needed to meet standards for FAA 14 CFR Part 77 imaginary surfaces (transitional and close in approach surfaces) include but not necessarily limited to: relocation of Golf Course Road and animal control fencing per Section 2.2.2.2 of the Final EA – text provided herein for quick reference:

2.2.2.2 Need to Relocate Golf Course Road and Farm Fencing

Currently, a 2,565 LF portion of Golf Course Road and associated 2,680 LF of 4 feet tall barb wire farm fence north and west of the runway is situated approximately 250 feet from the runway centerline and elevated on existing terrain making it an obstruction to 14 CFR Part 77 transitional surface and close in approach surface for existing B-II and future C-II conditions. Therefore, Golf Course Road and fencing in this area needs to be moved to the southwest. Golf Course Road (County road) and the associated fencing (both on Airport property jointly owned by Sponsors of the Airport - Powell County and the City of Deer Lodge) is proposed to be relocated in a similar alignment, offset approximately 250 feet to the southwest (further from the runway). The road and fence are proposed to be relocated onto property that will be acquired with this project (Parcel 15) as well as a portion of existing Airport property. Road ownership and maintenance will remain with the County upon relocation. The existing portion of the road to be relocated and proposed realignment will all be on Airport property once Parcel 15 is acquired.

Table 2-1: Land Acquisition Parcel Information

Parcel	Acreage	Location	Ownership	Existing Use	Future Use	Acquisition Type	Need
14	~0.71	Sec. 8, T7N, R9W	State of Montana	MT State Prison - unimproved pasture and hay production	Airport fence realignment and runway/drainage grading	Land swap for Parcel 19	Facilitate runway extension improvements
15	~4.51	Sec. 6, T7N, R9W	State of Montana	MT State Prison - improved pasture and hay production	Golf Course Road, irrigation main, fence realignment(s)	Land swap for Parcel 19	Relocate ROFA obstructions to meet FAA design standard
16a	~10.17	Sec. 8, T7N, R9W	Private	Improved pasture and hay production	Initial RPZ for C-II per FAA standards	Fee or Avigation Easement	Approach Protection
16b	~6.05	Sec. 8, T7N, R9W	Private	Improved pasture and hay production	Ultimate RPZ for C-II per FAA standards	Fee or Avigation Easement	Approach Protection
17a	~0.53	Sec. 8, T7N, R9W	Private	Unimproved pasture and hay production	Initial RPZ for C-II per FAA standards	Fee or Avigation Easement	Approach Protection
17b	~3.12	Sec. 8, T7N, R9W	Private	Unimproved pasture and hay production	Ultimate RPZ for C-II per FAA standards	Fee or Avigation Easement	Approach Protection
18a	~3.61	Sec. 8, T7N, R9W	Private	Improved pasture and hay production	Initial RPZ for C-II per FAA Standards	Fee or Avigation Easement	Approach Protection
18b	~1.15	Sec. 8, T7N, R9W	Private	Improved pasture and hay production	Ultimate RPZ for C-II per FAA standards	Fee or Avigation Easement	Approach Protection

19*	-5.22	Sec. 6, T7N, R9W	Airport Sponsor(s)	Unimproved pasture	Improved pasture/hay production	Land swap for Parcel 14 and 15	Equitable parcel to land swap for Parcels 14 & 15
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4. Coordination with DOC staff since 2022 – Gayle Butler (retired) and Ross Wagner, as well as DOC legal predecessor(s) to Charity Yonker
5. Appraisals and review appraisals completed – negotiations reflect intent to transfer equal acreage for equal acreage, with State benefitting in value as Airport property valued slightly higher. Administrative settlement for fencing/irrigation materials for Prison to install with inmate labor at their request.
6. Environmental Assessment completed – FAA FONSI 8/27/25
7. Certificate of Survey and associated exhibits prepared
8. Title work – DOC is not anticipating any need for as government entity to government entity transfer
9. Public hearing being held to collect any comments for DNRC Land Board consideration.
10. **Andy closed** the presentation and opened it to public comment – hearings are to collect comments. **Wade Murphy stated that he had no public comment. Commissioner Sager then requested any additional public comment before formally closing the hearing.**

0626-4

Timber Sales: Comers Butte

**Land Board Agenda Item
June 15, 2026**

0626-4 Timber Sale: Comers Butte

Location: Cascade

Trust Beneficiaries: Common Schools

Trust Revenue: \$36,556 (estimated, minimum)

Item Summary:

Location: The Comers Butte Timber Sale is located approximately 10 miles northeast of Belt, Montana.

Size and Scope: The sale includes 8 harvest units (*78 acres*) of tractor logging.

Volume: The estimated harvest volume is 4,907 tons (*699 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$7.45 per ton, which would generate approximately \$36,556 for the Common Schools Trust and approximately \$5,732 in forest improvement fees.

Prescription: This sale would utilize shelterwood and overstory removal harvest prescriptions designed to improve forest health and vigor, reduce risk of insect and disease outbreaks and reduce fuel loading and wildfire risk.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 0.8 miles of road construction, 0.3 miles of road reconstruction and 2.4 miles of road maintenance.

Access: Access is obtained through county and state-owned roads.

Public Comments: Two comments were received from neighboring landowners. One landowner expressed concerns about harvest operations causing damage to his fence. DNRC assured the landowner that operators would avoid damaging the fence and if damage to the fence occurred during harvest operations, the fence would be appropriately repaired. Another landowner expressed general support for the project but also expressed concerns about impacts to the viewshed and wildlife habitat. These concerns were addressed in the environmental assessment document.

DNRC Recommendation:

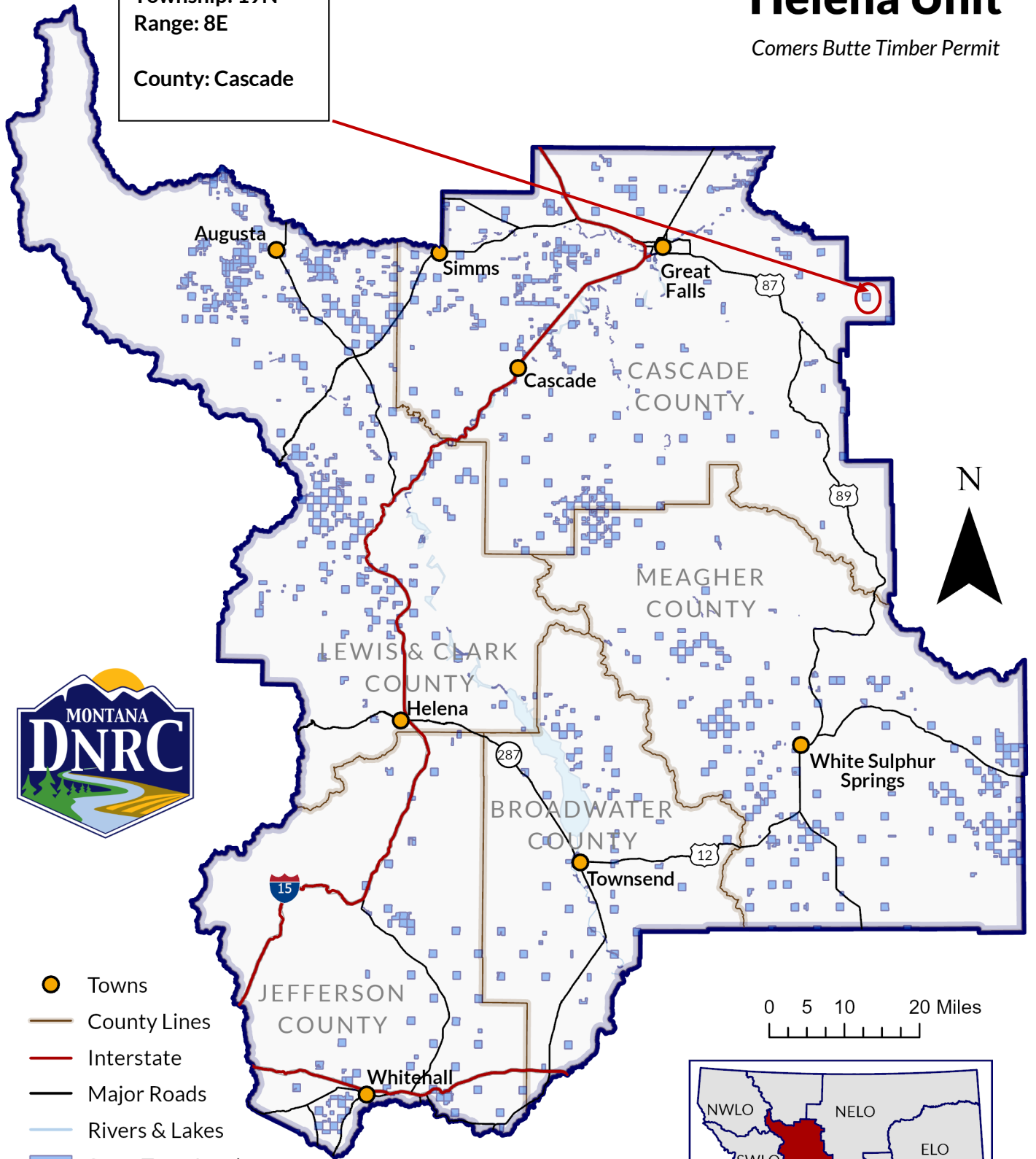
The DNRC recommends that the Land Board direct DNRC to sell the Comers Butte Timber Sale.

State Trust Land Vicinity Map

Helena Unit

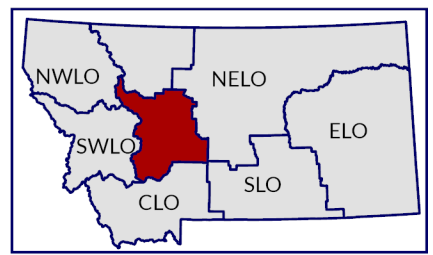
Comers Butte Timber Permit

Section: 16
Township: 19N
Range: 8E
County: Cascade

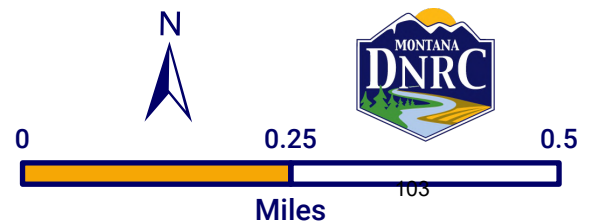
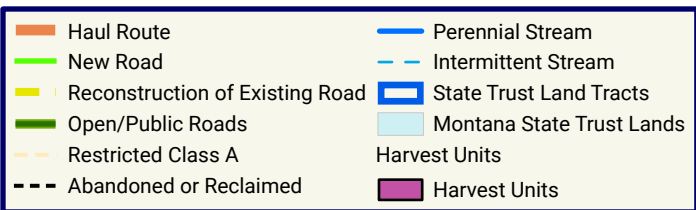
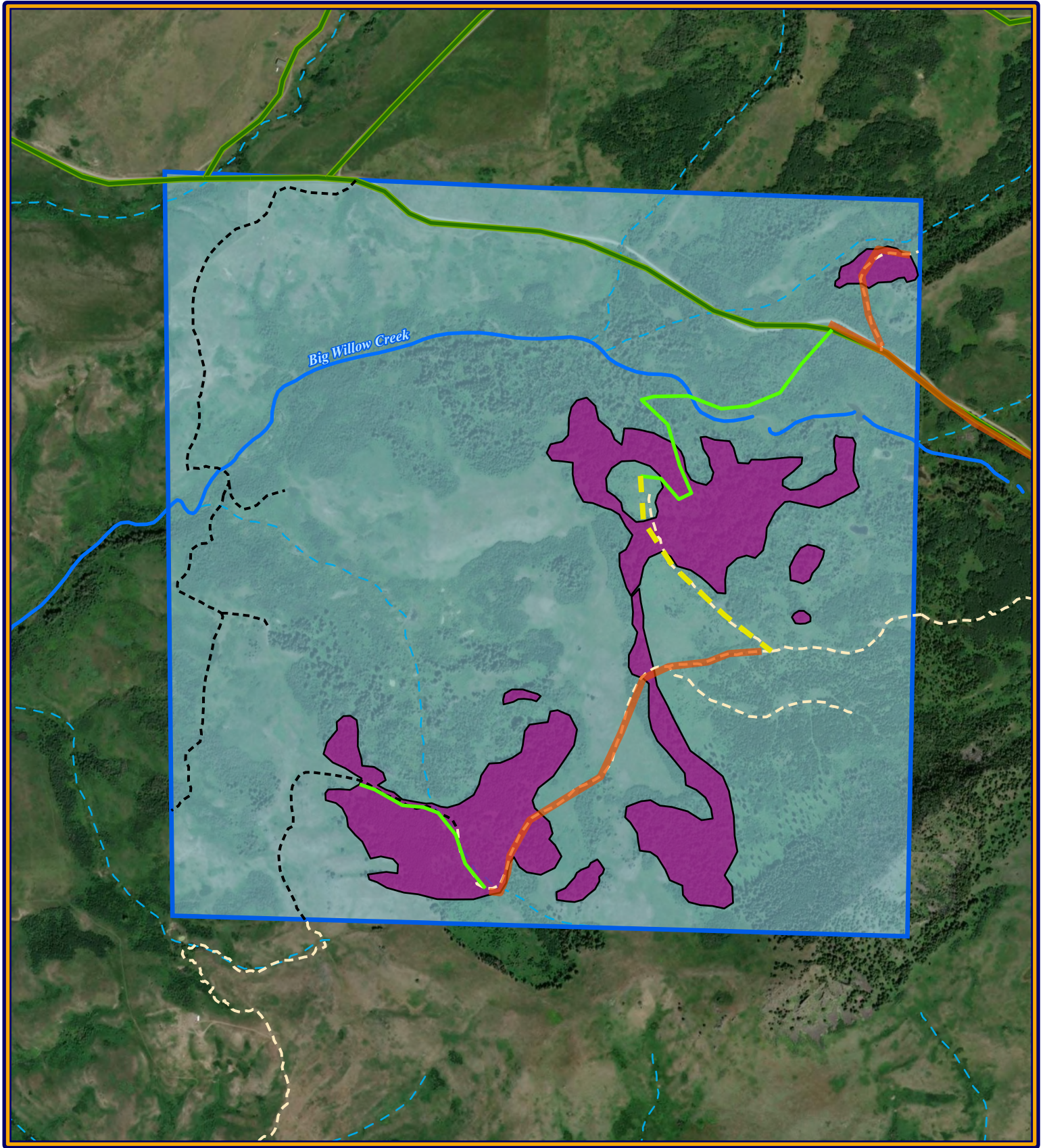


- Towns
- County Lines
- Interstate
- Major Roads
- Rivers & Lakes
- State Trust Land

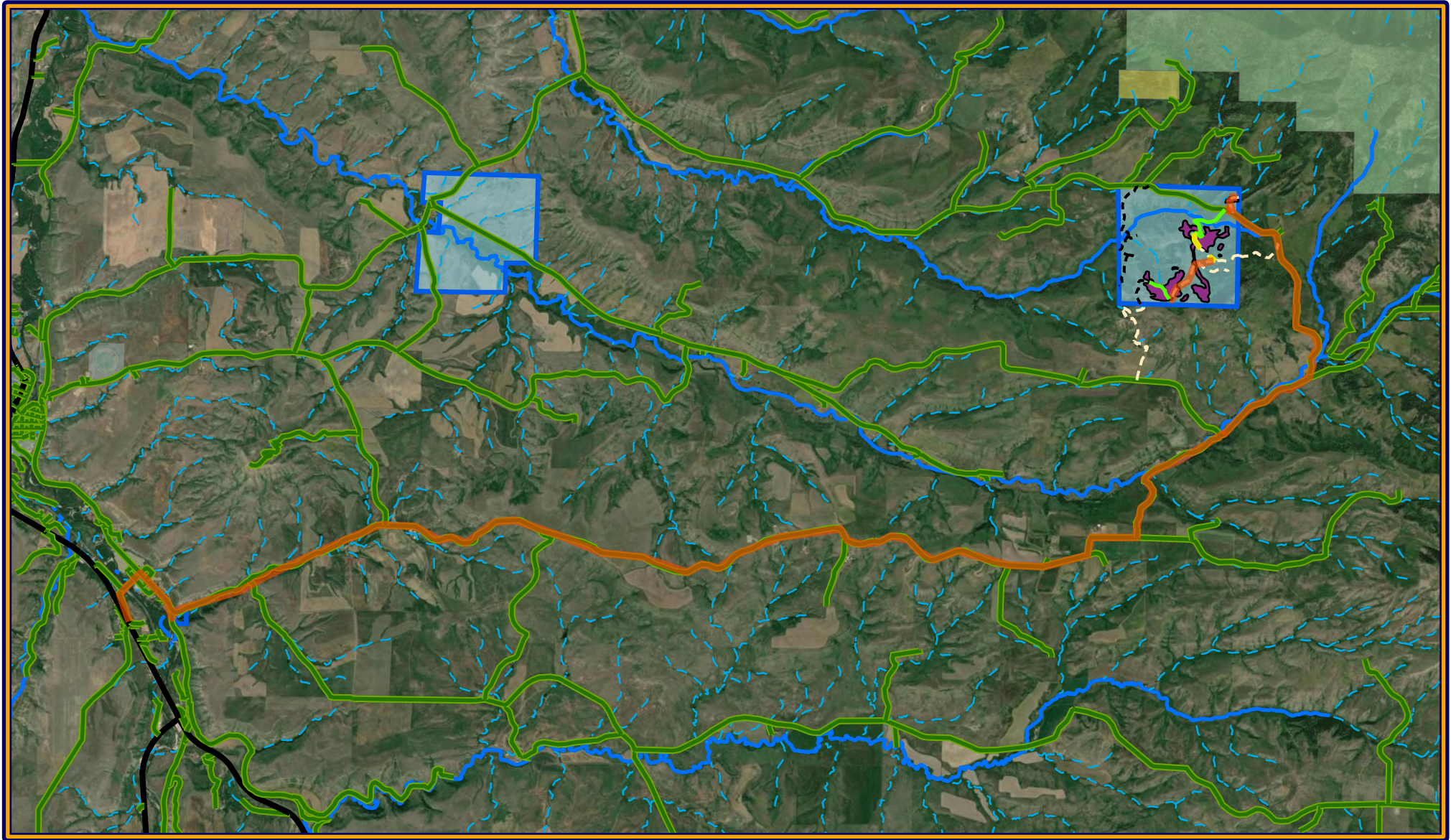
Produced by Montana Department of Natural Resources and Conservation – 2025
NAD 1983 State Plane



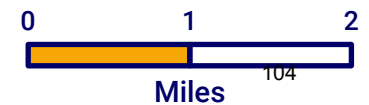
Comers Butte Timber Sale Harvest Units



Comers Butte Timber Sale Haul Route



Haul Route	Abandoned or Reclaimed	State of Montana Misc
New Road	Perennial Stream	Montana State Trust Lands
Reconstruction of Existing Road	Intermittent Stream	Local Government
Highway	State Trust Land Tracts	Harvest Units
Open/Public Roads	Bureau of Land Management	Harvest Units
Restricted Class A	US Forest Service	



0626-5

Oil and Gas Lease Sale

**Land Board Agenda Item
June 15th, 2026**

0626-5 Oil and Gas Lease Sale (May 27th – June 2nd, 2026)

Location: Dawson, McCone, and Roosevelt

Trust Beneficiaries: Common Schools

Trust Revenue: Common Schools: \$925,978

Item Summary:

The Department of Natural Resources and Conservation (DNRC) held an online oil and gas lease sale that opened on May 27th and closed on June 2nd, 2026, using the online auction platform, Efficient Markets, previously known as EnergyNet. A total of 33 tracts were offered for lease. Tract #30 in Richland County was postponed until the September Oil and Gas Lease Sale. Thirty-three tracts were leased for a total of \$925,978.10 that all goes to the Common Schools trust revenue. The thirty-three tracts that were sold covered a total of 15,484.17 acres. The average bid per acre was \$59.80.

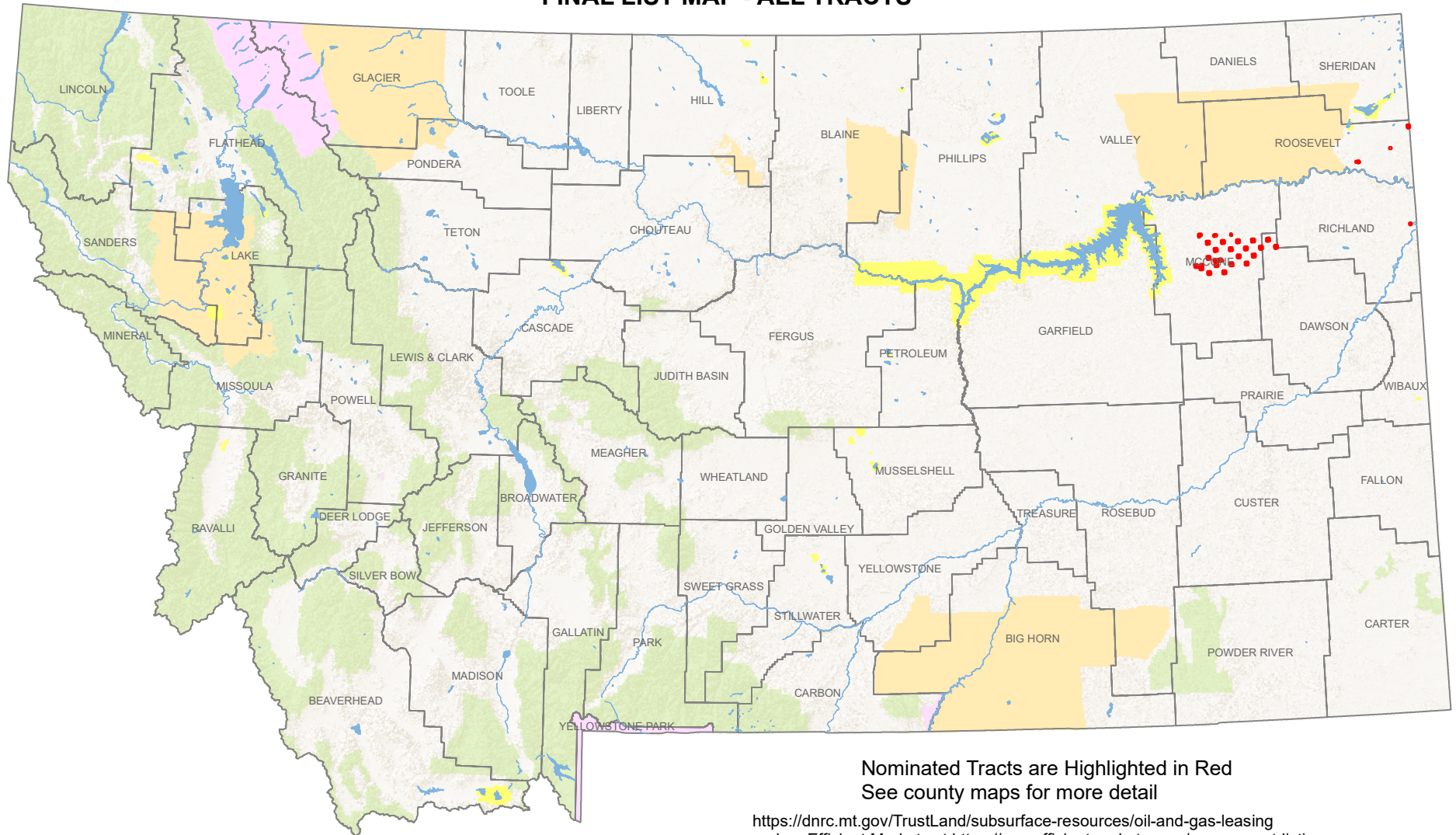
The high competitive bid for the June 2, 2026 lease sale was \$4,505.00 per acre and the largest total bid was \$360,400.00 for Tract 33 in Roosevelt County.

DNRC Recommendation:

The DNRC recommends that the Land Board approve to issue the leases auctioned in the May 27th through the June 2nd lease sale.

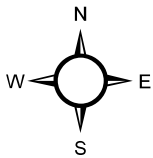
STATE OF MONTANA MAY 27 - JUNE 2, 2026 OIL AND GAS ONLINE LEASE SALE

Hosted by Efficient Markets
FINAL LIST MAP - ALL TRACTS



Nominated Tracts are Highlighted in Red
See county maps for more detail

<https://dnrc.mt.gov/TrustLand/subsurface-resources/oil-and-gas-leasing>
and on Efficient Markets at <https://app.efficientmarkets.com/government-listings>



**State of Montana
Oil & Gas Lease Sale - June 2, 2026
Lease Sale Results**

The following described lands were offered for oil and gas leasing through an online bidding service, Efficient Markets, previously known as EnergyNet, opened on May 27, 2026 and closed on June 2, 2026.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Dawson									
1	1, 2, 3, 4, 5, 6, 7, 9	23.N	50.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
2	1, 2, 3, 4, 5, 6, 7, 9, 12	23.N	50.E	36	ALL	* 640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
McCone									
3	1, 2, 3, 4, 5, 6, 7, 9, 10	21.N	45.E	1	S2	320.00	\$1.50	\$480.00	COLORADO LAND MANAGEMENT LLC
4	1, 2, 3, 4, 5, 6, 7, 9, 10	21.N	46.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
5	1, 2, 3, 4, 5, 6, 9, 14	21.N	47.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
6	1, 2, 3, 4, 5, 6, 7, 9, 10	22.N	45.E	34	NW4, NW4NE4, S2NE4, S2	600.00	\$1.75	\$1,050.00	PETRO-SENTINEL LLC
7	1, 2, 3, 4, 5, 6, 7, 9, 10	22.N	45.E	36	E2W2, E2	480.00	\$1.50	\$720.00	COLORADO LAND MANAGEMENT LLC
8	1, 2, 3, 4, 5, 6, 7, 9, 10	22.N	46.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
9	1, 2, 3, 4, 5, 6, 9, 10	22.N	46.E	23	E2SE4	80.00	\$1.50	\$120.00	COLORADO LAND MANAGEMENT LLC
10	1, 2, 3, 4, 5, 6, 9, 10	22.N	46.E	24	SW4	160.00	\$1.50	\$240.00	COLORADO LAND MANAGEMENT LLC
11	1, 2, 3, 4, 5, 6, 9, 10	22.N	46.E	25	N2NW4	80.00	\$1.50	\$120.00	COLORADO LAND MANAGEMENT LLC
12	1, 2, 3, 4, 5, 6, 7, 9, 10	22.N	46.E	36	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
13	1, 2, 3, 4, 5, 6, 9, 10	22.N	47.E	19	LOT 3, S2NE4, SE4, E2SW4	357.93	\$1.50	\$536.90	COLORADO LAND MANAGEMENT LLC
14	1, 2, 3, 4, 5, 6, 9, 10	22.N	47.E	20	S2NW4, N2SW4, SE4SW4, S2SE4	280.00	\$1.50	\$420.00	COLORADO LAND MANAGEMENT LLC
15	1, 2, 3, 4, 5, 6, 9	22.N	47.E	36	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
16	1, 2, 3, 4, 5, 6, 9	22.N	48.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
17	1, 2, 3, 4, 5, 6, 9, 13	22.N	48.E	36	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
18	1, 2, 3, 4, 5, 6, 7, 9, 13	22.N	49.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
19	1, 2, 3, 4, 5, 6, 7, 9, 11	23.N	46.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
20	1, 2, 3, 4, 5, 6, 7, 9, 10	23.N	46.E	36	ALL	640.00	\$1.75	\$1,120.00	PETRO-SENTINEL LLC
21	1, 2, 3, 4, 5, 6, 7, 9, 10	23.N	47.E	16	E2, SW4, N2NW4, SE4NW4	600.00	\$1.50	\$900.00	COLORADO LAND MANAGEMENT LLC
22	1, 2, 3, 4, 5, 6, 9	23.N	47.E	36	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
23	1, 2, 3, 4, 5, 6, 7, 9	23.N	48.E	16	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
24	1, 2, 3, 4, 5, 6, 9	23.N	48.E	36	ALL	* 640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
25	1, 2, 3, 4, 5, 6, 9	23.N	49.E	16	ALL	* 640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
26	1, 2, 3, 4, 5, 6, 9	23.N	49.E	36	ALL	640.00	\$1.50	\$960.00	COLORADO LAND MANAGEMENT LLC
27	1, 2, 3, 4, 5, 6, 7, 9, 11	24.N	45.E	36	N2, SW4SW4	360.00	\$1.50	\$540.00	COLORADO LAND MANAGEMENT LLC
28	1, 2, 3, 4, 5, 6, 9, 10	24.N	46.E	36	S2	320.00	\$1.50	\$480.00	COLORADO LAND MANAGEMENT LLC
29	1, 2, 3, 4, 5, 6, 8, 9	24.N	47.E	36	E2SE4	80.00	\$1.50	\$120.00	COLORADO LAND MANAGEMENT LLC

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Richland									
30		24.N	59.E	36	LOTS 1, 2, N2SW4, BELOW THE BASE OF THE MISSION CANYON, EXCLUDING THE DUPEROW FORMATION	* 163.00			TRACT WITHDRAWN
Roosevelt									
31	1, 2, 3, 4, 5, 6, 9, 15, 16	28.N	56.E	20	N2N2, SE4NE4	200.00	\$775.00	\$155,000.00	KRAKEN OIL & GAS LLC
32	1, 2, 3, 4, 5, 6, 7, 9, 16	28.N	56.E	21	W2NW4	80.00	\$2,355.00	\$188,400.00	KRAKEN OIL & GAS LLC
33	1, 2, 3, 4, 5, 6, 9, 16	29.N	58.E	30	N2SE4	80.00	\$4,505.00	\$360,400.00	KRAKEN OIL & GAS LLC
34	1, 2, 3, 4, 5, 6, 9, 13, 16	30.N	59.E	16	LOTS 1, 2, 3, 4, W2	526.24	\$380.00	\$199,971.20	IRISH OIL & GAS, INC.

* Part or all of tract is not state-owned surface

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	15,484.17	33

Oil and Gas Lease Sale Summary

Total Tracts	34
Total Acres	15,484.17
Total Bid Revenue	\$925,978.10
Average Bid Per Acre	\$59.80

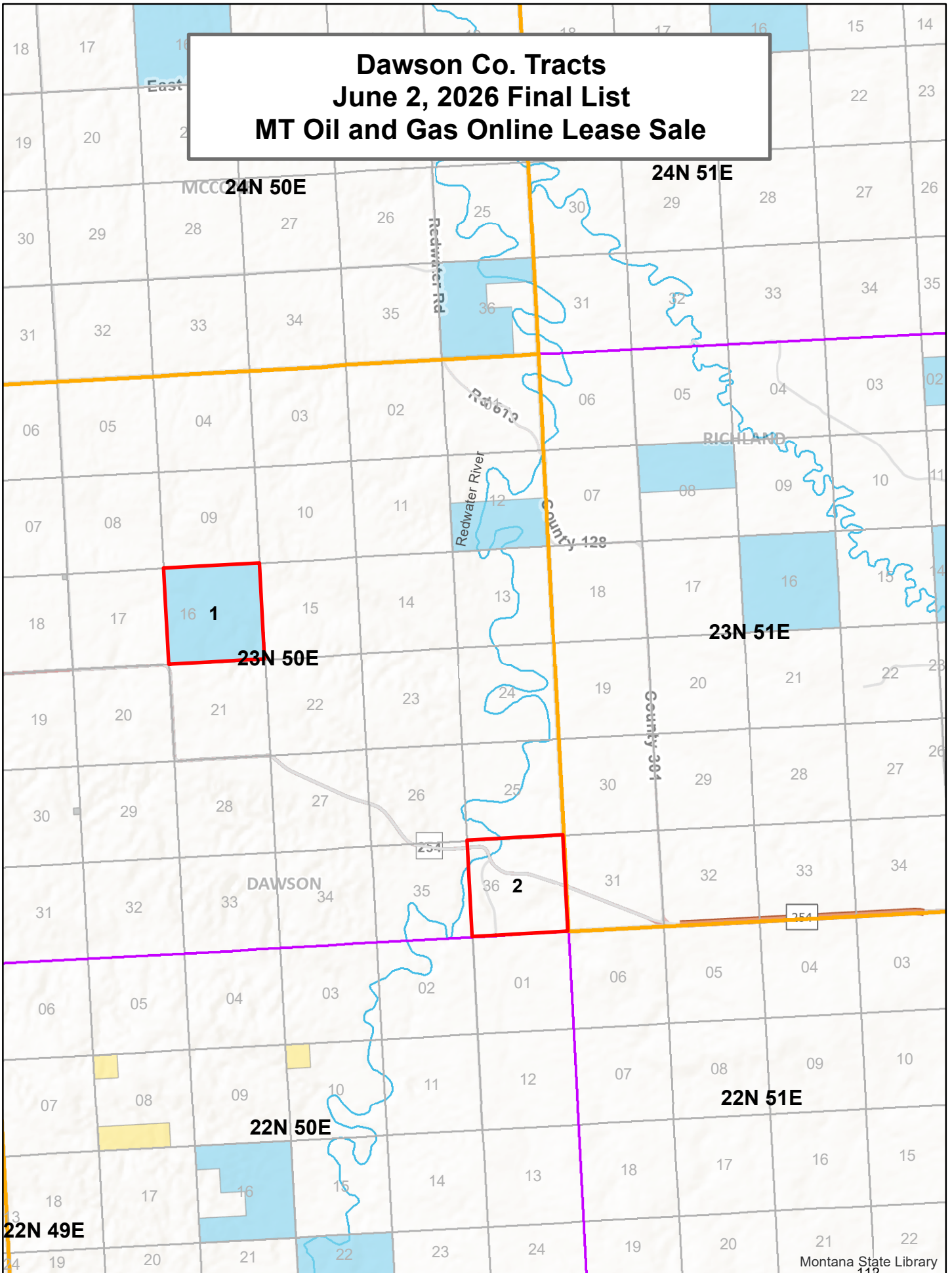
State of Montana
Oil and Gas Lease Sale - June 2, 2026
Stipulations

- 1 Lessee shall notify and obtain approval from the Department's Forestry and Trust Lands Division (FTLD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in FTLD's approval.
- 2 Prior to the drilling of any well on or into the lease premises, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Forestry and Trust Lands Division (FTLD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to FTLD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to FTLD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the FTLD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
- 3 The FTLD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the FTLD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
- 4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises. The lessee's methods of control shall be reviewed and approved by the Department's Unit Office that has jurisdiction for that locale.
- 5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
- 6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to FTLD.
- 7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
- 8 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
- 9 If production from (a) well(s) on this tract is/are put to private use, (for example, farm taps) the Lessee is responsible for installation of (a) meter(s) and documentation of gas used as recorded by said meter(s). Documentation will be provided to the Department. Lessee will have (a) meter(s) installed within 45 days prior to gas production, or of the decision to use the well(s) as (a) tap well(s), or written notification of FTLD of this decision, whichever comes first. The Lessee shall work with MMB every year that the tap well is in use to pay royalties on the average price of gas. MMB will calculate a contract gas price annually based on projected AECO Index price. Non-compliance with this stipulation will result in lease cancellation.
- 10 This lease is located within designated sage grouse general habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the FTLD prior to preparing a project proposal.

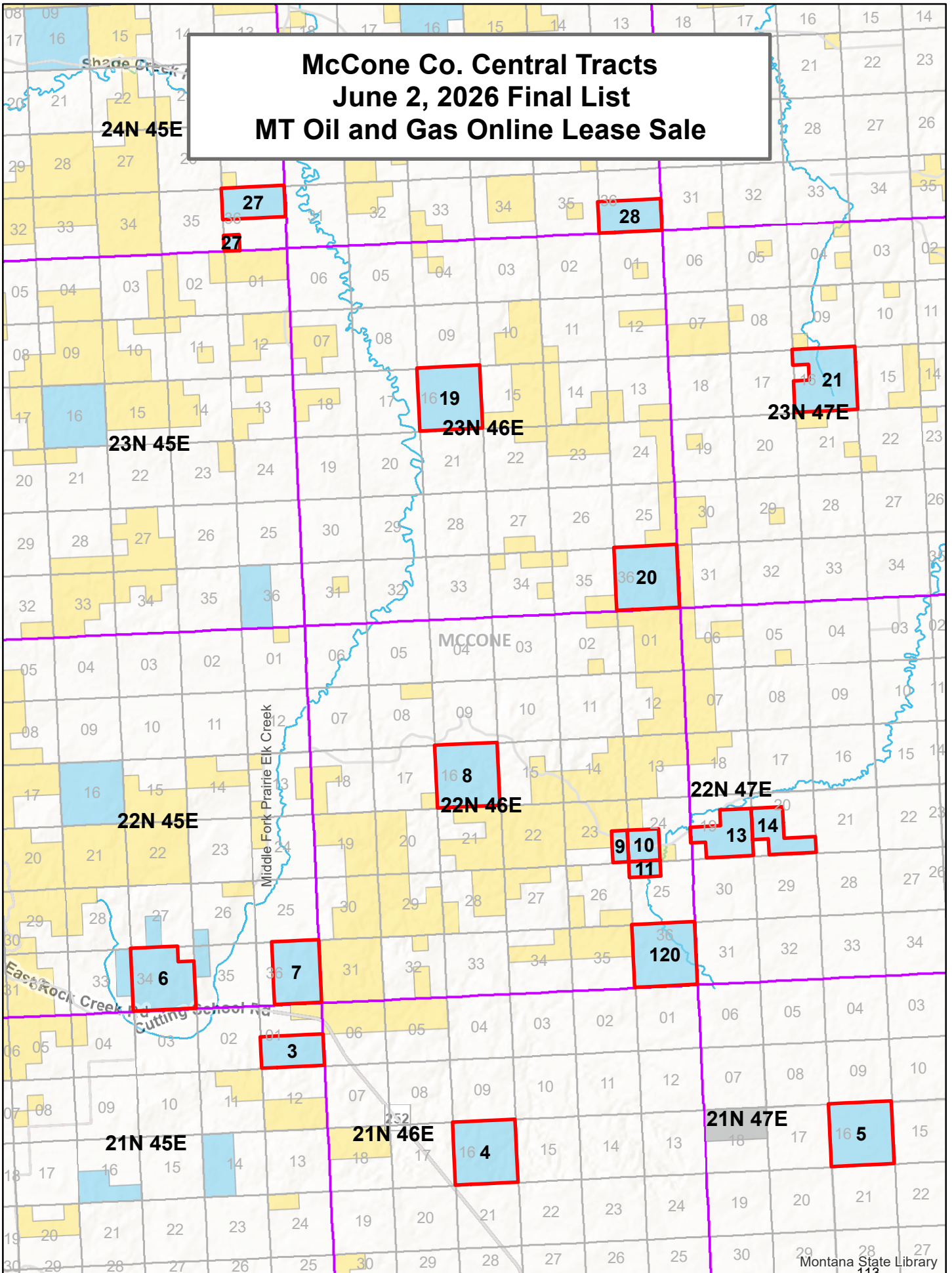
- 11 This lease is located within designated sage grouse core habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the FTLD prior to preparing a project proposal.
- 12 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct perennial tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 13 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 14 No surface occupancy of the school area and/or related facilities is permitted without written approval of FTLD.
- 15 This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well(s) and any existing facilities. The lessee may not enter the well(s) until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation. The(se) well(s) must be returned to commercial production or plugged and the well site(s) reclaimed within 6 months from the effective date of this lease.
- 16 If whooping cranes are observed on-site, construction and/or maintenance activities shall be suspended until birds leave the area.

**Dawson Co. Tracts
June 2, 2026 Final List
MT Oil and Gas Online Lease Sale**



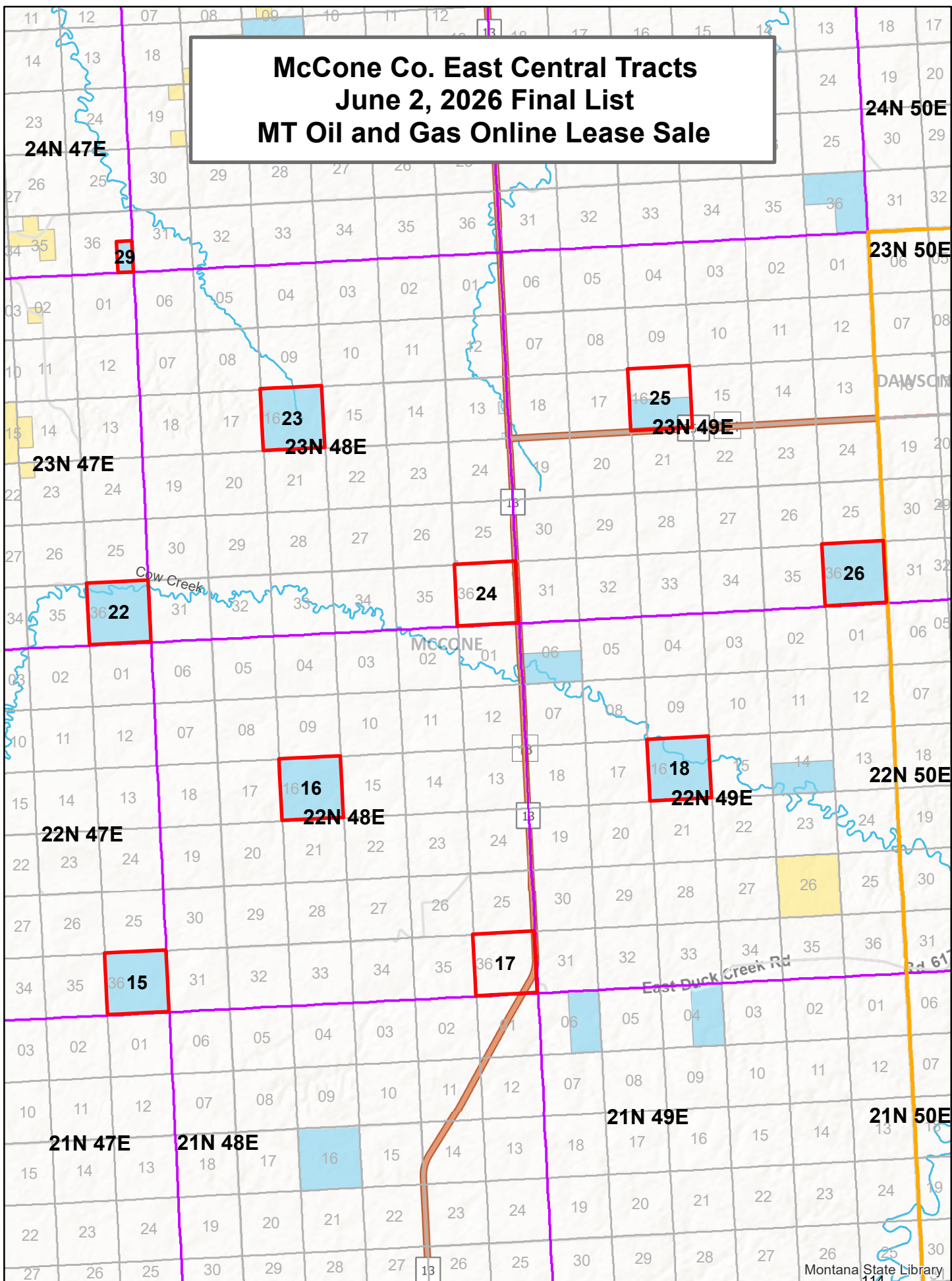
Map 1

**McCone Co. Central Tracts
June 2, 2026 Final List
MT Oil and Gas Online Lease Sale**



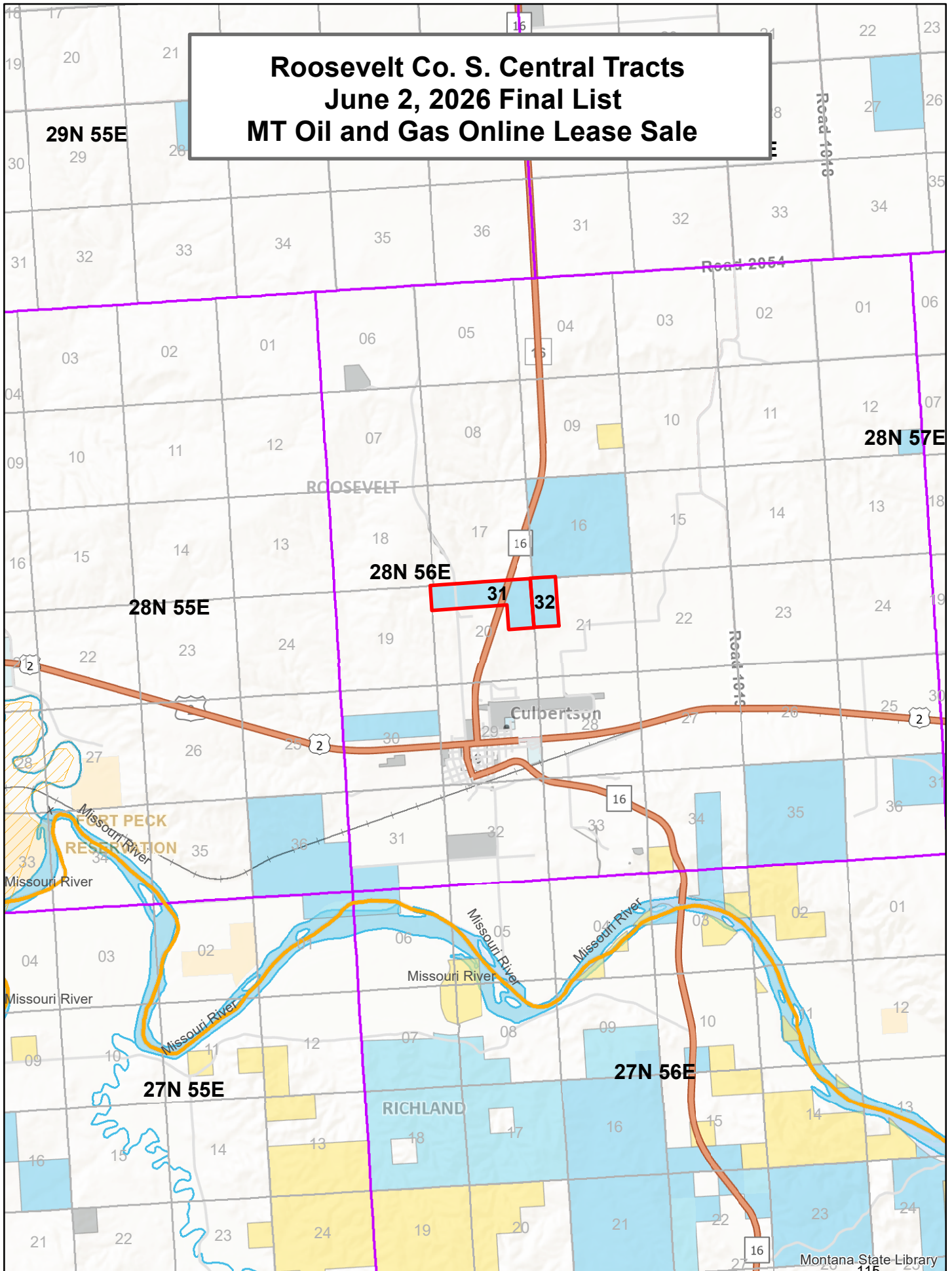
Map 2

McCone Co. East Central Tracts June 2, 2026 Final List MT Oil and Gas Online Lease Sale



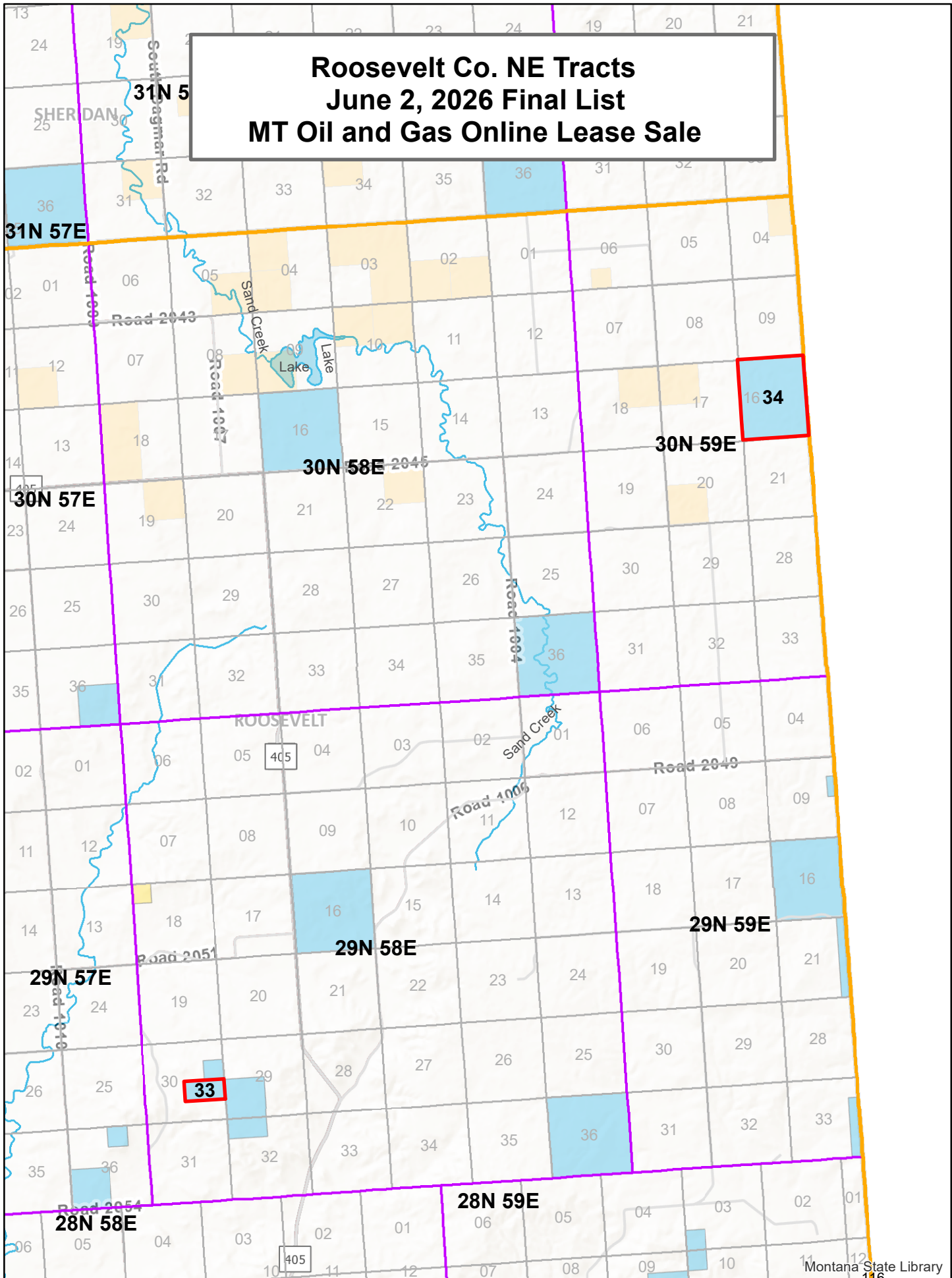
Map 3

**Roosevelt Co. S. Central Tracts
June 2, 2026 Final List
MT Oil and Gas Online Lease Sale**



Map 4

**Roosevelt Co. NE Tracts
June 2, 2026 Final List
MT Oil and Gas Online Lease Sale**



Map 5

0626-6

Commercial Lease: Template Draft

**Land Board Agenda Item
June 15, 2026**

0626-6 Commercial Lease Template Draft

Location: N/A

Trust Beneficiaries: N/A

Trust Revenue: N/A

Item Summary:

At the January 2026 Land Board meeting, the DNRC was directed to work with the Board to update the Commercial Lease Template for future agreements. At the March 2026 Land Board Meeting, the DNRC was directed to have a final draft for approval for the June 2026 meeting. The Real Estate Management Bureau has met with several Land Board members and their staff to refine the document for the Board's consideration.

DNRC Recommendation:

The DNRC recommends approval of the Commercial Lease Template.

EXHIBIT ENTER EXHIBIT NUMBER



(TENANT)

PROPERTY NAME
CITY, MONTANA

LEASE NO. XXXXXXXX

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COMMERCIAL LEASE

THIS COMMERCIAL LEASE (this “Lease”) is entered into as of the _____ day of _____, (the “Commencement Date”), by and between the **Montana State Board of Land Commissioners**, whose address is P.O. BOX 201601 Helena, MT 59620-1601 (hereinafter referred to as “Lessor”), and _____, a Montana company whose address is _____ (hereinafter referred to as the “Lessee”).

1. LEASE TERMS AND PROPERTY DESCRIPTION

Lease Number	Commencement Date	Term of Lease	Expiration Date

Land Located in _____ County

Description	Sec.	Twp.	Rge.	Acres

2. BASE RENT SCHEDULE

Lease Year	Calendar Period	Adjustment Period Escalator	Adjusted Base Rent
1	1 st 12 calendar months	0	\$xx,xxx
Supplemental Billing period	# months to reach Feb 28	0	\$ xx,xxx
2	March 1 – February 28	x%	\$ xx,xxx
3	March 1 – February 28	x%	\$ xx,xxx
4	March 1 – February 28	x%	\$ xx,xxx
5	March 1 – February 28	x%	\$ xx,xxx
6	March 1 – February 28	x%	\$ xx,xxx
7	March 1 – February 28	x%	\$ xx,xxx
8	March 1 – February 28	x%	\$ xx,xxx
9	March 1 – February 28	x%	\$ xx,xxx
10	March 1 – February 28	x%	\$ xx,xxx
11	March 1 – February 28	x%	\$ xx,xxx
12	March 1 – February 28	x%	\$ xx,xxx
13	March 1 – February 28	x%	\$ xx,xxx
14	March 1 – February 28	x%	\$ xx,xxx
15	March 1 – February 28	x%	\$ xx,xxx

3. **PURPOSE.**

The purpose of this lease is for [REDACTED]. *(The actual purpose will be inserted and made part of this lease upon proposal selection).*

4. **DEFINITIONS.**

In this Lease, the following defined terms have the meanings set forth for them below:

“Adjustment Period” is a multi-year Lease period, as specified in the Base Rent Schedule in Section 2 of this lease, during which an Adjustment Period Escalator is applied annually to the prior year’s Base Rent.

“Adjustment Period Escalator” is **X.X%** compounded annually and applied to the prior year’s Base Rent as demonstrated in the Base Rent Schedule. The Adjustment Period Escalator will not be applied to Base Rent for the First Lease Year and the first year that any Market Adjustment is applied (i.e. Year 16, 31, 46, 61...etc...). *(The minimum adjustment period escalator is established in the Request for Proposal and is not to be less than 2%. An actual number will be inserted and made part of this lease upon proposal selection).*

“Base Rent” means the amount obtained by multiplying the Land Value by the Lease Rate Percentage and as periodically adjusted by the Adjustment Period Escalator.

“Building” means any enclosed building constructed or installed upon the Land.

“Commencement Date” means the date this Lease goes into effect, legally binding the Lessor and Lessee to the terms of the Lease.

“Commercial Purpose” per MCA 77-1-902(3)(a) means an industrial enterprise, retail sales outlet, business and professional office building, warehouse, motel, hotel, hospitality enterprise, commercial or concentrated recreational use, multifamily residential development, and other similar business.

“Default Rate” shall mean 1% compounded monthly.

“Department” means the Montana Department of Natural Resources and Conservation.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any Environmental Law (hereafter, “Claims”) or any permit issued under any such Environmental Law, including, without limitation (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Laws” means any existing and future Laws relating to, or imposing liability or standards of conduct concerning the protection of human health, the environment or natural resources, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling, Releases or threatened Releases of Hazardous Substances, including, without limitation, The Comprehensive Environmental Cleanup and Responsibility Act, 75-10-701, et seq., MCA; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et

seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.; the Clean Air Act, 42 U.S.C. § 7401, et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300(f), et seq.

“First Lease Year” means the first twelve month period starting on the Commencement Date.

“Foreclosure Transferee” means any foreclosure purchaser or other transferee of Lessee’s interest under this Lease who acquires such interest at the sale conducted by virtue of, or otherwise in connection with, a foreclosure of any Leasehold Mortgage or any conveyance in lieu of such foreclosure.

“Hazardous Substances” means any and all substances, materials or wastes that are declared to be, or defined or regulated as, hazardous or toxic in CECRA, Section 75-10-701, et seq., MCA, or under any Environmental Law.

“Improvements” mean any Buildings, structures, pavement, landscaping, lighting fixtures or other improvements now or later installed or constructed upon the Land.

“Land” means the real property described in paragraph 1.

“Land Value” means the full market value of the Land as determined by the applicable appraisal.

“Laws” means any and all present or future federal, state or local laws (including common law), statutes, ordinances, rules, regulations, orders, decrees or requirements of any and all governmental or quasi-governmental authorities having jurisdiction over the Land described in this Lease.

“Lease Rate Percentage” means **X.XX%**, as bid in the proposal response. The Lease Rate Percentage is applied to the Land Value to determine the initial Base Rent for the First Lease Year and for the first year after a Market Adjustment. This percentage may not be less than the rate provided in 77-1-905, MCA, and may be modified accordingly as part of a scheduled Market Adjustment. *(The minimum is established in the Request for Proposal and is not to be less than that determined by Lessor in accordance with MCA 77-1-905. An actual number will be inserted and made part of this lease upon proposal selection.)*

“Lease Year” means, after the First Lease Year, each successive Lease Year is the one-year period during the Term from March 1 to the last day of February.

“Leasehold Mortgage” means any mortgage, deed of trust, assignment of rents, assignment of leases, security agreement or other hypothecating instrument encumbering Lessee’s interest under this Lease or the leasehold estate in the Premises hereby created, Lessee’s rents and other sums due from any Sublessees, Lessee’s rights under Subleases and any other agreements executed in connection with Lessee’s use or operation of the Premises, or Lessee’s interest in any fixtures, machinery, equipment, Land, Buildings, Improvements or other property constituting a part of the Premises.

“Leasehold Mortgagee” means the holder(s) of any promissory note or the obligee(s) of any other obligation secured by a Leasehold Mortgage.

“Lessee’s Address” means:

Lessee’s Address

“Lessor’s Address” means:

Montana Department of Natural Resources and Conservation
Attn: Real Estate Management Bureau Property Mgmt Section
1539 Eleventh Avenue
PO BOX 201601
Helena, MT 59620-1601

“Market Adjustment” means a review of current Base Rent factors, conducted at scheduled intervals during the term of the lease, which will be used to determine the Base Rent Schedule for the next period. It includes consideration of the minimum Lease Rate Percentage at the time, as well as an appraisal process to update the lease area land value. The Market Adjustment Schedule and Provisions are found in **Exhibit #**.

“Premises” means the Land and all Improvements.

“Qualified Mortgagee” means any Leasehold Mortgagee who notifies Lessor in writing of its name, its address for notices and the fact that it is a Leasehold Mortgagee and includes with such notice a copy of any Leasehold Mortgage by virtue of which it became a Leasehold Mortgagee.

“Release” means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing or the like, into or upon any land, surface water, groundwater or air, or otherwise entering into the environment.

“Rent” means Base Rent and all other amounts required to be paid by Lessee under this Lease.

“Security Deposit” means a dollar amount equal to **Insert amount that is the greater of 1/3 Base Rent or \$10,000**.

“Sublease” means a sublease, license, concession or other agreement (whether written or oral) according to which Lessee grants any party the right to use or possess all or any portion of the Premises.

“Sublessee” means any party to whom Lessee grants the right to possess all or any portion of the Premises according to a Sublease.

“Substantial Damage” means harm to Improvements that renders the Premises inoperable for its intended use for more than 180 days.

“Substantial Taking” means a Taking of at least 15% of the Land or Improvements which, in Lessee’s and Lessor’s reasonable judgment, will materially and adversely interfere with any development or use of the Premises that Lessee is then conducting or intends in good faith to conduct in the future.

“Taking” means the taking of all or any portion of the Premises as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale or conveyance of all or part of the Premises under the threat of condemnation.

“Taking Date” means, with respect to any Taking, the date on which physical possession of the portion of the Premises that is the subject of such Taking is transferred to the condemning authority.

“Term” means the duration of this Lease as set forth in paragraph 1.

5. EXHIBITS.

The Exhibits listed below are attached to and incorporated into this Lease. In the event of any inconsistency between such Exhibits and the terms and provisions of this Lease, the terms and provisions of the Lease will control. The Exhibits to this Lease are:

Exhibit A - Map

Exhibit B –Market Adjustment Schedule and Provisions

6. LEASE TERM.

6.1 Lease.

Subject to the terms, covenants, conditions and provisions of this Lease, Lessor leases to Lessee and Lessee leases from Lessor the Land for the Term of **XX** years (*Minimum term is established in request for proposal. An actual number will be inserted and made part of this lease upon proposal selection*) starting on the Commencement Date.

6.2 Renewal Option.

If all Rent due under this lease has been paid when due and Lessee is not in default, after opportunity to cure, of any terms of this Lease, Lessee may renew the Lease for an additional **XX** (*Specifications established in request for proposal. Actual numbers will be inserted and made part of this lease upon proposal selection*) year Term and subsequently additional **XX** year Terms. The Base Rent will be adjusted at renewal according to the process outlined in **Exhibit #**.

6.3 Lessor and Lessee Covenants.

Lessor covenants that Lessee will have quiet and peaceful possession of the Premises subject only to the terms and conditions of this Lease, and to observe and perform all of the terms, covenants and conditions applicable to Lessor in this Lease. Lessee covenants to pay the Rent when due, and to observe and perform all of the terms, covenants and conditions applicable to Lessee in this Lease.

6.4 Condition of Premises.

Except as expressly set forth in this Lease, Lessee accepts possession of the Premises on the Commencement Date in their then-current condition on an “AS IS, WHERE IS AND WITH ALL FAULTS” basis.

7. RENT.

7.1 Base Rent.

All Rent due to Lessor will be paid in lawful money of the United States of America, at Lessor’s Address, post-marked on or before the due date, without notice or demand and without right of deduction, abatement or setoff.

7.2 Terms of Payment.

Per MCA 77-1-905(1), the First Lease Year is the twelve month period beginning on the Commencement Date. The First Lease Year Rent must be paid by cashier's check, drawn upon a Montana bank, and payment is due upon execution of the lease. Failure to pay the First Lease Year's Rent at the time of lease execution will result in the cancellation of the lease and forfeiture of all money paid.

Following the First Lease Year, a Lease Year will be March 1st – February 28th and Rent for the Lease Year will be payable annually, in advance, on or before the first day of March. If the First Lease Year does not end on February 28, there will be a supplemental billing period prorated at the First Lease Year's Rent for the difference in time between the end of the First Lease Year and February 28. See Base Rent Schedule.

7.3 Late Charge.

Lessee hereby acknowledges that late payment by Lessee to Lessor of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if Lessor does not receive the full amount of any Rent postmarked on or before the due date, Lessee shall pay a late charge to Lessor. The late charge will be an amount equal to 10% of any overdue Rent for Lessor's cost of collecting and handling such late payment due as additional Rent. If payment of the Rent and late charge are not made in full within 30 days of the due date, the outstanding balance of the unpaid Rent and the late fee shall accrue interest at the Default Rate. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. Lessor retains sole discretion to apply payments received to past due Rent, including any late charge(s) and interest, before applying a payment to current Rent. The parties hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of the late payment by Lessee.

7.4 Lien for Unpaid Rent.

Lessor shall have a lien upon all Lessee Improvements for payment of all Rent specified herein.

7.5 Additional Rent.

This Lease is what is commonly called a "triple-net" Lease. It is the intent of the parties that the Base Rent provided in this Lease will be a net payment to Lessor and that Lessor will not be required to pay any costs or expenses or provide any services in connection with the Premises. Accordingly, Lessee covenants and agrees to separately pay, in addition to the Base Rent, all utilities and services, taxes and special assessments, and for all maintenance and repairs of the Premises.

8. IMPROVEMENTS AND ALTERATIONS.

8.1 Improvements and Alterations.

Lessee shall not construct, install, alter, or demolish and remove, any Improvements without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. All expenses of constructing, installing, altering, or demolishing any Improvements shall be the sole responsibility of Lessee. Lessee shall at all times comply with all Laws, including any applicable city and state building codes and fire codes. Lessee shall provide Lessor copies of all project related permits. Lessor will have the right to post notices of non-responsibility or similar notices on the Premises in order to protect the Land against any liens resulting from such work. Upon completion of the initial Improvements for the Premises Lessee shall deliver to Lessor an engineer's certificate for the Premises and, if available, an electronic "as-built" survey of the Premises in both AutoCAD and .pdf format.

8.2 Title to Improvements.

During the Term, Lessee or its designated, Department approved, Sublessees will be deemed to own, and hold title to all Improvements subject only to the Lessor's reversionary interest in the Improvements upon the expiration or termination of the Lease. Lessee shall have the right to grant liens or other security interests in the Improvements. Upon the expiration or earlier termination of the Lease, title to all Improvements then held by Lessee, except moveable personal property not constituting fixtures, will automatically vest in Lessor without representation or warranty per MCA §77-1-906(2).

9. USE AND ENVIRONMENTAL COMPLIANCE.

9.1 Use and Compliance.

Lessee shall use the Premises in a manner that does not reduce the value of the Land. The Lessee agrees to comply with all applicable laws, rules, and regulations in effect upon the Commencement Date of this Lease and those laws, rules, and regulations which may be enacted or adopted thereafter from time to time and which do not impair or impede the obligations of this Lease and which do not deprive the Lessee of an existing property right recognized by law. Lessee shall keep the Premises in good repair, including necessary repairs to the interior, exterior and structure of any Buildings, mowing of grass and general landscaping, and contract for the same in Lessee's own name and pay all costs and expenses in connection therewith. Lessee shall not commit waste or permit impairment or deterioration of the Premises, ordinary wear and tear and damage by casualty and condemnation excepted.

9.2 Compliance with Title 77 MCA.

Lessor and Lessee specifically acknowledge that the Land is State school trust land managed by the Montana Board of Land Commissioners and agree that this Lease is subject to the provisions of Title 77 of the Montana Code Annotated and all associated Administrative Rules of Montana.

9.3 Weed Management.

The Lessee shall be responsible for controlling any noxious weeds on the Lease Premises. The Lessee shall comply with the Montana County Noxious Weed Management Act

9.4 Environmental Matters.

Lessor has made no representations to Lessee concerning the presence of Toxic or Hazardous Substances within the definition of the Montana Comprehensive Environmental Cleanup and Responsibility Act (CECRA) on the Land. Lessee agrees as follows: Lessee will (a) comply with all Environmental Laws applicable to the operation or use of the Premises by Lessee or the construction, installation, alteration or demolition of any Improvements by Lessee; (b) use reasonable efforts to cause all Sublessees and other persons occupying the Premises to comply with all Environmental Laws; (c) immediately pay or cause to be paid all costs and expenses incurred by Lessee in such compliance; and (d) keep or cause the Premises to be kept free and clear of any liens arising from Lessee's use and occupancy of the Premises imposed thereon pursuant to any Environmental Laws.

Lessee will not generate, use, treat, store, Release or dispose of, or permit the generation, use, treatment, storage, Release or disposal of, any Hazardous Substances on the Premises, or transport or permit the transportation of any Hazardous Substances to or from the Premises, in each case in any quantity or manner which violates any Environmental Law.

If Lessor has knowledge of any pending or threatened Environmental Claim against Lessee or the Premises or has good reason to believe that Lessee or the Premises are in violation of any Environmental Law, at Lessor's written request (such request shall describe the basis for such request in reasonable detail), at any time and from time to time, Lessee will provide to Lessor an environmental site assessment report concerning the Premises, prepared by an environmental consulting firm reasonably approved by Lessor, indicating the presence or absence of Hazardous Substances and the potential cost of any removal or remedial action in connection with any Hazardous Substances on the Premises. Any such environmental site assessment report will be conducted at Lessee's sole cost and expense. If Lessee fails to deliver to Lessor any such environmental site assessment report within 90 days after being requested to do so by Lessor pursuant to this Section, Lessor may obtain the same, and the cost of such assessment (together with interest thereon at the Default Rate) will be payable by Lessee on demand.

Lessor may, at its option, at any time and from time to time, obtain at its sole cost and expense an environmental site assessment report for the Premises.

At its sole expense, Lessee will conduct any investigation, study, sampling or testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Substances from the Premises, which are on the Premises as a result of Lessee's activities under the Lease, which must be so removed or cleaned up in accordance with the requirements of any applicable Environmental Laws, to the reasonable satisfaction of a professional environmental consultant selected by Lessor, and in accordance with all such requirements and with orders and directives of all governmental authorities.

9.5 Lessee Indemnity for Environmental Compliance.

Lessee agrees to defend (with attorneys reasonably satisfactory to Lessor), protect, indemnify and hold harmless Lessor from and against any and all liabilities, obligations (including removal and remedial actions), losses, damages penalties, actions, judgments, suits, claims, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) of any kind or nature whatsoever that may at any time be incurred by, imposed on or asserted against Lessor directly or indirectly based on, or arising or resulting, in whole or in part, from: (i) the actual or alleged presence of Hazardous Substances on the Premises Released by Lessee or anyone acting by, through or under Lessee in any quantity or manner which violates Environmental Law, or the removal, handling, transportation, disposal or storage of such Hazardous Substances by Lessee or anyone acting by, through or under Lessee; or (ii) any Environmental Claim with respect to Lessee or the Premises resulting from a Release by Lessee or anyone acting by, through or under Lessee regardless of when such indemnified matters arise.

9.6 Survival of Indemnification.

The remedial indemnification and reimbursement obligations under this Section 9 will survive the expiration or earlier termination of this Lease.

10. UTILITIES AND REPAIRS.

10.1 Installation and Repairs.

Lessee will install any water, sewer, storm water, electric, communication lines, natural gas lines, roads, sidewalks, and/or any other infrastructure as required for the development of the leased land, subject to the provisions in section 8.1. Lessee will maintain, repair, replace and keep the Premises in reasonably good condition and repair.

10.2 Utilities.

Lessee will pay before delinquent all water, sewer, natural gas, electricity, telephone and any other utility charges related to the Premises including, without limitation, those which, if not paid, may be asserted as a lien or charge against the Premises.

10.3 Sidewalks.

(a) Maintenance. Lessee agrees to assume full responsibility for maintenance of the bike and pedestrian paths within the project, whether or not any portion of those sidewalks or bike paths were constructed, reconstructed, or repaired in connection with the project. Maintenance shall include all things ordinarily associated with sidewalk and bike and pedestrian path maintenance (including but not limited to, grinding or milling down sidewalk displacements, surface patching, crack sealing, replacing small portions of damaged sidewalk, sweeping, cleaning, washing, the removal of snow, debris and other obstructions or impediments to safe pedestrian travel, and any and all other normally accepted maintenance practices). Lessee will inspect the sidewalks/paths at regular and reasonable intervals, determined solely by Lessee to be adequate, to determine what, if any, maintenance needs to be performed. Lessee shall enforce its contract

provisions to recover all costs associated with its maintenance activities from sublessors who lease property adjacent to the sidewalks/paths and/or who receive the benefit of the maintenance performed. Lessee agrees to accomplish maintenance in the future and will not, in the event of later claims or litigation, allege that it was in any way the Lessor's responsibility to maintain them. Lessee will maintain or cause the maintenance of these sidewalks/paths for the life of these sidewalks/paths.

(b) Indemnification. Lessee will protect, indemnify, defend and save harmless Lessor (including its elected officials, employees, agents, and contractors) against and from all claims, liabilities, demands, causes of action, judgments (with any costs and attorney's fees that might be awarded), and losses to them arising in favor of or asserted by any person or entity (including Lessee itself) on account of personal injury, death or damage to property which in any way, in whole or in part, results from, arises out of, involves or is connected to the use of these sidewalks/paths or Lessee's performance or failure to perform future sidewalk/path maintenance (including, but not limited to, its performance or failure to perform regular and reasonable inspections of the sidewalks/paths). Lessee agrees that this indemnification will be fully binding on Lessee, whether it is insured for such claims or not, even if its insurance carrier refuses to be bound by the indemnification or otherwise fails or declines for any reason whatsoever to defend and indemnify Lessor. Lessee's duty to defend Lessor includes payment or reimbursement of all attorney's fees and costs Lessor incurs, with legal counsel employed or hired by Lessor to be reimbursed at prevailing hourly market rates.

11. TAXES.

11.1 Payment of Taxes.

Lessee will pay before delinquent, directly to the taxing authority, all Taxes that accrue during or are attributable to any part of the Term, including privilege taxes, also known as beneficial use taxes, per MCA 15-24-1203.

11.2 Special Assessments.

Lessee will pay all special assessments (i.e. SIDs, RIDs, etc.) and other like impositions levied, assessed, or attributable to the Land during the Term.

11.3 Notice and Acknowledgment of Assessments.

Pursuant to MCA 77-1-911, the lessee shall furnish to the department an officially certified description of all state trust land included within the boundaries of a city or county improvement district and a description and listing of the amount of assessments and charges of every character made against the leasehold interest of the lessee and the leasehold interest of the state, as soon as the assessments or charges are levied. Lessee hereby covenants and warrants to timely pay all charges so assessed. If any such assessment is not paid when due, the nonpayment shall constitute a breach of this lease.

12. INSURANCE.

12.1 Acquisition of Insurance Policies.

Lessee shall, at its sole cost and expense, procure and maintain, or cause to be procured and maintained during the entire Term, the insurance described in this Section 12 issued by an insurance company(ies) licensed to do business in the State of Montana that are reasonably satisfactory to Lessor.

12.2 Types of Required Insurance.

Lessee shall procure and maintain, or cause one or more of its Sublessees to provide and keep in force and name Lessor as an additional insured, the following during the Term:

a) **Liability Insurance.** Comprehensive or commercial general liability insurance covering claims arising out of the ownership, operation, maintenance, condition or use of the Premises, for personal and bodily injury and death, and damage to others' property, with limits of not less than **\$1,000,000.00** for any one accident or occurrence. Lessee may obtain some portion of this required coverage in the form of an excess liability policy. Lessor will be named as an additional insured in the policy(ies) providing such liability insurance, which will include cross liability and severability of interests clauses.

b) **Property Insurance.** All-risk fire and extended coverage insurance (including standard extended endorsement perils, leakage from fire protective devices and other water damage) covering loss or damage to the Improvements on a full replacement cost basis, excluding existing architectural and engineering fees, undamaged excavation, footings and foundations.

c) **Workers' Compensation Insurance.** Workers' compensation and employer's liability insurance covering Lessee's employees, officers, agents and representatives employed at the Premises.

12.3 Terms of Insurance.

The policies required above, shall name Lessor as an additional insured and Lessee shall provide promptly to Lessor certificates of insurance evidencing the policies obtained by Lessee hereunder as hereinafter described. Proof of insurance ("Proof") shall consist of either (a) an insurance binder or premium payment receipt, (b) a copy of the policy, or (c) an "ACORD 27 Evidence of Property Insurance" or "ACORD 25 Certificate of Liability Insurance," whichever is appropriate (or such other similar certificates), issued by Lessee's insurer with respect to each required policy. Lessee shall deliver Proof before the Lease is executed. Thereafter, during the Term, within 30 days after the renewal date of each policy, the issuance of a new policy or on such other date as Lessor reasonably requires, Lessee will deliver a copy of the latest Proof to Lessor. Each policy of insurance will require the issuer of the insurance policy to give Lessor 30 days' advance written notice of the termination or modification of the policy. Further, all policies of insurance described above, shall:

a) be written as primary policies not contributing with and not in excess of coverage that Lessor may carry;

b) contain an endorsement providing that such insurance may not be materially changed, amended or canceled except after 30 days' prior written notice from insurance company to Lessor;

c) expressly provide that Lessor shall not be required to give notice of accidents or claims and that Lessor shall have no liability for premiums; and

d) not have a deductible in excess of \$20,000.00.

13. DAMAGE OR DESTRUCTION.

In the event of any Substantial Damage to the Premises from any causes whatsoever, Lessee shall promptly give written notice thereof to Lessor. Lessee shall promptly repair or restore the Premises as nearly as possible to its condition immediately prior to such damage or destruction unless Lessor and Lessee mutually agree in writing that such repair and restoration is not feasible, in which event this Lease shall thereupon terminate upon Lessee completion of a remediation plan developed by the Department. Lessee's duty to repair any damage or destruction of the Premises shall not be conditioned upon the availability of insurance proceeds from which the cost of repairs may be paid. Unless this Lease is so terminated by mutual agreement, there shall be no abatement or reduction in Rent during such period of repair and restoration. If a Default by Lessee shall have occurred and be continuing at the time such damage or destruction occurs,

Lessor may elect to terminate this Lease by providing written notice of such election to Lessee and Lessee shall forfeit the Security Deposit.

14. CONDEMNATION.

14.1 Notice.

If either Lessor or Lessee learns that all or any portion of the Premises has been or is proposed to be subjected to a Taking, such party will immediately notify the other of such Taking.

14.2 Termination Option on Substantial Taking.

If a Substantial Taking occurs during the Term, Lessee may, at its option, terminate this Lease by giving notice to Lessor on or before 60 days after the Taking Date. In such event this Lease will terminate 30 days after the date of Lessee's notice of termination and all Base Rent and other Rent will be apportioned to the date Lessee surrenders possession.

14.3 Continuation of Lease.

If a Taking occurs during the Term that is not a Substantial Taking, then this Lease will remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease will terminate automatically as to the portion of the Premises that is the subject of such Taking and Base Rent will be adjusted to reflect the reduced Land remaining after the Taking. If a Substantial Taking occurs but Lessee does not exercise its termination option this Lease will remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease will terminate automatically as to the portion of the Premises that is the subject of such Taking and Base Rent after the Taking Date will be adjusted to reflect the reduced Land remaining after the Taking.

14.4 Awards for Permanent Taking.

If there is compensation paid as a result of any permanent Taking of the Premises, the award will be allocated as follows: Lessee will be entitled to receive an amount equal to the then current appraised fair market value of the Improvements placed by the Lessee upon the Premises and Lessor will be entitled to the balance of the award.

14.5 Award for Temporary Taking.

If all or any portion of the Premises shall be taken for temporary use or occupancy, the foregoing provisions shall not apply and the Lessee shall continue to pay the full amount of Rent and the Lessee shall perform and observe all of the other terms, covenants, conditions and obligations of this Lease as though the temporary Taking had not occurred, subject to any order of the condemning authority. In the event of a temporary Taking, Lessee shall be entitled to receive the entire amount of the compensation award for such taking, unless the period of temporary use or occupancy shall extend beyond the Expiration Date in which case the compensation shall be apportioned between the Lessor and the Lessee as of the Expiration Date.

15. ASSIGNMENT, SUBLETTING AND FINANCING

15.1 Assignment.

Lessee shall not assign its interest under this Lease, in whole or in part, without Lessor's prior written consent. Such consent shall be determined in Lessor's sole and absolute discretion. Lessor's consent will not be required for any transfer of Lessee's interest under this Lease to a Foreclosure Transferee. Lessor will recognize any Foreclosure Transferee as a substitute Lessee under this Lease and will honor all rights and interest of such substitute Lessee as if the substitute Lessee was the initial Lessee under this Lease and such Foreclosure Transferee shall be bound by the terms and conditions of this Lease. Additionally, if the Foreclosure Transferee is a Qualified Mortgagee, such Qualified Mortgagee shall have the right to assign its interest under this Lease without the consent of Lessor and, upon such assignment, Lessor shall recognize

the assignee as a substitute Lessee under this Lease and the Qualified Mortgagee shall be released of any further liability under the Lease. If Lessee assigns its rights in this Lease, as permitted pursuant to this Section, and the assignee assumes, in writing, Lessee's obligations hereunder which arise on or after the date of such assignment, then Lessee shall be relieved of all liabilities hereunder accruing from and after the date of such assignment, but this Lease shall otherwise remain in full force and effect.

15.2 Subletting.

Lessee may sublease the Premises or portions thereof in accordance with the terms of this section. Lessee shall require any sublessees to maintain the Premises pursuant to the terms and conditions contained in this Lease. Lessee shall inform Lessor of all subleases by delivering a copy of the sublease to the Lessor, addressed as follows: DNRC, Real Estate Management Bureau Chief, P.O. Box 201601, Helena, MT 59620. No sublease shall be effective until a valid sublease agreement with a valid attornment provision is delivered to the Lessor, as hereinafter provided. Upon receipt of copy of the sublease by Lessor, Lessor shall have thirty (30) days in which to object to the sublease. Lessor hereby reserves the right to object to any sublease arrangement for any reason, in the sole discretion of the Lessor. All subleases shall include an attornment provision whereby upon the early termination of this Lease or repossession of the Premises by Lessor, the sublessee shall attorn to the Lessor as its landlord. Such attornment shall be effective and self-operative immediately upon Lessee's termination. Sublessee shall agree to execute, acknowledge and deliver to Lessor any document that Lessor reasonably requests to confirm such attornment.

15.3 Financing.

a) Lessee's Right to Encumber. Throughout the Term, Lessee may from time to time and without Lessor's consent execute and deliver one or more Leasehold Mortgages securing any indebtedness or other obligation of Lessee. Without limiting the generality of the foregoing, Lessee may execute and deliver Leasehold Mortgages to secure promissory notes evidencing construction, interim or permanent financing for the Premises or to secure Lessee's obligations under development, reimbursement or other agreements with governmental or quasi-governmental entities, utility companies or other third parties concerning matters such as sales or property tax abatement or rebate programs, public improvements or utilities.

b) Qualified Mortgagees' Cure Rights. Prior to terminating this Lease or exercising any other right or remedy hereunder for a Default by Lessee, Lessor will give each Qualified Mortgagee notice of such Default by Lessee and afford it a period of 30 days after such notice is given in which to cure such Default by Lessee; provided, however, that (i) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured within such 30-day period, then so long as any Qualified Mortgagee commences a cure within such 30-day period (and notifies Lessor that it has done so), its cure period will be extended for as long as reasonably necessary for it to diligently pursue the cure to completion; (ii) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured until the Qualified Mortgagee obtains possession of the Premises, then so long as any Qualified Mortgagee commences to obtain possession of the Premises within such 30-day period (and notifies Lessor that it has done so), its cure period will be extended for as long as reasonably necessary for it to obtain possession of the Premises and then promptly commence and thereafter diligently pursue the cure to completion.

c) Prohibition Against Mutual Rescission. No mutual termination, cancellation, rescission or modification of a material provision of this Lease by Lessor and Lessee will be effective unless and until the same is approved in writing by each Qualified Mortgagee. All rights and remedies of the Qualified Mortgagee hereunder will be cumulative with, in addition to and non-exclusive of one another.

15.4 Assignment by Lessor.

If Lessor sells or otherwise transfers the Land, or if Lessor assigns its interest in this Lease, such purchaser, transferee or assignee thereof shall be deemed to have assumed Lessor's obligations hereunder which arise on or after the date of sale or transfer, and Lessor shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer or assignment, but this Lease shall otherwise remain in full force and effect.

16. DISPUTE RESOLUTION.

16.1 Issues Subject to Administrative Hearing.

Any controversy which may arise between Lessor and Lessee regarding the provisions hereof shall be resolved by an administrative contested case hearing before the Department under the Montana Administrative Procedures Act.

16.2 Administrative Hearing Procedure.

All administrative hearings hereunder shall be conducted in the offices of the Department in Helena, Montana. The findings of fact, conclusions of law, and proposed decision of the hearing examiner shall be rendered within sixty (60) days of the completion of the hearing and submission of any briefs. Either party may file exceptions to the hearing examiner's findings, conclusions, and proposed decision with the Department's Director. The Lessee may, as permitted by the Department's administrative rules, petition for judicial review of the final administrative decision of the Department. Fees of the respective counsel engaged by the parties, and fees of expert witnesses or other witnesses called for the parties shall be paid by the respective party engaging such counsel or calling or engaging such witness.

17. LEASE EXPIRATION.

17.1 Condition at End of Lease.

Upon vacating the Premises on the Expiration Date, Lessee shall leave the Premises in good condition and shall peaceably surrender the same to Lessor. Lessee shall remove all of its personal property on or before the Expiration Date. All personal property remaining on the Premises on the day after the Expiration Date shall be conclusively deemed abandoned by the Lessee and shall become property of Lessor without further notice to Lessee.

17.2 Holding Over.

If the Premises are not surrendered on the Expiration Date, Lessee shall immediately indemnify Lessor against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claims made by any succeeding Lessee founded on such delay. Should the Lessee remain in possession of the Premises after the Expiration Date or termination without a written agreement providing for the same, Lessee will, at Lessor's option be deemed to be a Lessee from month to month, at a monthly Base Rent, payable in advance, equal to 150% of monthly Base Rent payable during the last full "Lease Year" prior to the Expiration Date or termination of this Lease, and Lessee will be bound by all of the other terms, covenants and agreements of this Lease as the same may apply to a month-to-month tenancy.

18. LIENS AND ESTOPPEL CERTIFICATES.

18.1 Liens.

Lessee will not allow any liens to be recorded, filed, claimed or asserted against the Premises. In the event a lien is recorded, filed, claimed or asserted, the Lessee will cause the same to be released or discharged within 30 days thereafter. If the Lessee defaults under the foregoing covenant, then the Lessor may, upon written notice to Lessee, cause any such claimed lien to be released of record by bonding or payment or

any other means available. All sums paid and costs and expenses incurred by the Lessor in connection therewith, together with interest on all such sums at the Default Rate from the date incurred until paid, will be due and owing from the Lessee to the Lessor upon demand therefore.

18.2 Lien Contests.

If Lessee has a good faith dispute as to any lien for which Lessee is responsible, Lessee may contest the same by appropriate proceedings so long as Lessee bonds over the lien or deposits with Lessor security in an amount acceptable to Lessor (but in no event more than the amount required by applicable Laws) which may be used by Lessor to release such lien and pay interest and costs if Lessee's contest is abandoned or is unsuccessful. Upon final determination of any permitted contest, Lessee will promptly pay any judgment rendered and cause the lien to be released.

18.3 Estoppel Certificates.

Lessor and Lessee agree that at any time and from time to time (but on not less than 10 business days' prior request by the other party), each party will execute, acknowledge and deliver to the other a certificate indicating any or all of the following: (a) the date on which the Term commenced and the date on which it is then scheduled to expire; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification); (c) the date, if any, through which Rent had been paid; (d) that no Default by Lessor or Default by Lessee exists which has not been cured, except as to defaults stated in such certificate; (e) that the responding party has no existing defenses or set-offs to enforcement of this Lease, except as specifically stated in such certificate; and (f) such other matters as may be reasonably requested by the requesting party. Any such certificate may be relied upon by the requesting party, and will be provided by the requesting party.

19. DEFAULTS BY LESSEE AND LESSOR'S REMEDIES.

19.1 Defaults by Lessee.

Each of the following events, which continue beyond any applicable notice and cure period, will constitute a "Default by Lessee" under this Lease:

a) Failure to Pay Rent. Lessee fails to pay any Base Rent or any other Rent, including late charges and interest accruing thereon, payable by Lessee under the terms of this Lease when due, and such failure continues for 30 days after written notice from Lessor to Lessee of such failure.

b) Failure to Perform Other Obligations. Lessee breaches or fails to comply with any provision of this Lease applicable to Lessee other than a covenant to pay Rent, and such breach or noncompliance continues for a period of 30 days after written notice thereof from Lessor to Lessee; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period, Lessee does not commence to cure such breach or noncompliance within such 30-day period and thereafter pursue such cure in good faith to completion.

c) Execution and Attachment Against Lessee. Lessee's interest under this Lease or in the Premises is taken upon execution or by other process of law directed against Lessee, or is subject to any attachment by any creditor or claimant against Lessee and such attachment is not discharged or disposed of within 30 days after levy; provided, however, that this provision shall not apply in the event of a foreclosure or transfer in lieu of foreclosure under a Leasehold Mortgage by a Qualified Mortgagee or to a transfer of Lessee's interest in this Lease and the Premises to a Foreclosure Transferee.

d) Fraud or Misrepresentation. Lessee's fraud or misrepresentation, or concealment of material facts relating to its issue, which if known would have prevented its issue in the form or to the party issued.

e) Unauthorized Use of Premises. Lessee's use, or knowledge or permission of someone else's use, of the Premises for any unlawful or unpermitted purpose, and such unlawful use continues for 30 days after written notice from Lessor to Lessee to cease such use.

19.2 Lessor's Remedies.

Time is of the essence. If any Default by Lessee occurs, Lessor will have the right, at Lessor's election, then or at any later time, to exercise any one or more of the remedies described below. Exercise of any of such remedies will not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Lessor at law or in equity.

19.3 Remedies.

a) Cure by Lessor. In the event of a Default by Lessee, Lessor may, at Lessor's option but without obligation to do so, and without releasing Lessee from any obligations under this Lease, make any payment or take any action as Lessor deems necessary or desirable to cure any Default by Lessee in such manner and to such extent as Lessor in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessor notifies Lessee in writing of Lessor's intention to do so and affords Lessee at least 10 days in which to make such payment or take such action. Lessee will pay Lessor, upon written demand, all advances, costs and expenses of Lessor in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessor.

b) Termination of Lease. In the event of a Default by Lessee, Lessor may terminate this Lease, effective at such time as may be specified by written notice to Lessee, and demand (and, if such demand is refused, recover) possession of the Premises from Lessee. In such event, Lessor will be entitled to recover from Lessee such damages as are allowable by applicable Laws.

c) Repossession and Reletting. In the event of a Default by Lessee, Lessor may reenter and take possession of all or any part of the Premises, without additional demand or notice, and repossess the same and expel Lessee and any party claiming by, through or under Lessee, and remove the effects of both, without being liable for prosecution for such action or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Premises by Lessor will be construed as an election by Lessor to terminate this Lease unless a notice of termination is given to Lessee. No notice from Lessor or notice given under a forcible entry and detainer statute or similar Laws will constitute an election by Lessor to terminate this Lease unless such notice specifically so states. Lessor reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Lessee such notice, in which event the Lease will terminate as specified in such notice. After recovering possession of the Premises, Lessor will use reasonable efforts to relet the Premises on commercially reasonable terms and conditions. Lessor may make such repairs, alterations or improvements as Lessor considers appropriate to accomplish such reletting, and Lessee will reimburse Lessor upon demand for all reasonable costs and expenses, which Lessor may incur in connection with such reletting. Lessor may collect and receive the rents for such reletting but Lessor will in no way be responsible or liable for any inability to relet the Premises or to collect any rent due upon such reletting. Regardless of Lessor's recovery of possession of the Premises, so long as this Lease is not terminated Lessee will continue to pay on the dates specified in this Lease, the Base Rent and other Rent which would be payable if such repossession had not occurred, less a credit for any payments actually received by Lessor through any reletting of the Premises.

d) Receiver. To properly effectuate the recovery of damages and other sums owing from Lessee to Lessor hereunder following a Default by Lessee, Lessor, in conjunction with any dispossession proceeding commenced pursuant to this Lease may seek an appointment of a receiver by a court of competent jurisdiction to the extent provided for in and compliance with the requirements of Title 25, Chapter 14, Part 2 of the Montana Code Annotated and Rule 66 of the Montana Rules of Civil Procedure, as they may be amended. In no event will Lessor be obligated to post a bond in connection with the appointment of a receiver.

e) Bankruptcy Relief. Nothing contained in this Lease will limit or prejudice Lessor's right to obtain adequate assurances of the Lessee's future performance under 11 USC Section 365 or other applicable laws, or any other legal rights, in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding.

20. DEFAULTS BY LESSOR AND LESSEE'S REMEDIES.

20.1 Defaults by Lessor.

The following event, which continues beyond the applicable notice and cure period, will constitute a "Default by Lessor" under this Lease: Lessor breaches or fails to comply with any provision of this Lease applicable to Lessor, and such breach or noncompliance continues for a period of 30 days after notice thereof from Lessee to Lessor; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period and Lessor does not commence to cure such breach or noncompliance within such 30-day period and does not thereafter pursue such cure in good faith to completion.

20.2 Lessee's Remedies.

If any Default by Lessor occurs, Lessee will have the right, at Lessee's election, then or at any later time, to exercise the remedy described below. Exercise of such remedy will not prevent the concurrent or subsequent exercise of any other remedy otherwise available to Lessee at law or in equity. Lessee may, at Lessee's option but without obligation to do so, and without releasing Lessor from any obligations under this Lease, make any payment or take any action as Lessee deems necessary or desirable to cure any Default by Lessor in such manner and to such extent as Lessee in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessee notifies Lessor of Lessee's intention to do so and affords Lessor at least 10 days in which to make such payment or take such action. Lessor will pay Lessee, upon demand, all advances, costs and expenses of Lessee in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessee.

21. SECURITY DEPOSIT

To secure compliance with the terms of this Lease, on or before the Commencement Date, the Lessee shall deposit with Lessor a \$xx Security Deposit, to be held by Lessor without interest. Lessor shall not be required to segregate the Deposit from other funds of Lessor. In the event Lessor assigns or transfers Lessor's interest in this Lease, Lessor shall transfer the Security Deposit to Lessor's successor-in-interest, whereupon Lessor shall be automatically deemed released from all liability in connection with the Security Deposit.

21.1 Security Deposit upon the Expiration Date.

Upon the Expiration Date of this Lease, Lessor may deduct the amount necessary from the Security Deposit to compensate Lessor for all tangible loss, injury or deterioration of the Premises caused by Lessee, or Lessee's guests, plus all unpaid Rent and the Department's costs to reclaim the Land. Within sixty (60) days following Lessee's departure, Lessor will deliver to Lessee a written list of all deductions from the Security Deposit and pay the remaining balance (if any) to Lessee. Said list and payment will be mailed to Lessee's Address unless Lessee provides Lessor of a new address in writing. If the Security Deposit is

insufficient to satisfy the damages, reclamation charges and unpaid Rent, Lessor may collect the deficiency from Lessee.

21.2 Security Deposit Upon Early Termination by Lessee.

Upon early termination of this Lease by Lessee for any reason other than a Taking or Substantial Damage, the parties acknowledge and agree that the Lessor will suffer damages the exact amount of which will be extremely difficult to ascertain. Accordingly, Lessee shall forfeit the entire amount of the Security Deposit and the parties hereby agree that such forfeiture represents a fair and reasonable estimate of the costs that Lessor will incur by reason of Lessee's early termination. If the Security Deposit is insufficient to satisfy the damages, reclamation charges and unpaid Rent, Lessor may collect the deficiency from Lessee.

21.3 Security Deposit Upon Default of Lessee.

Upon a Default by Lessee, Lessor may, but without obligation to do so or prejudice to or waiver of any other remedy available to Lessor, use or apply the Security Deposit in the manner and to the extent deemed appropriate or necessary by Lessor, in its sole discretion (an "Application") to remedy, cure, or otherwise address the Default by Lessee, which Application shall not cure or waive such Event of Default and shall be restored to its original amount upon request by Lessor.

22. MISCELLANEOUS

22.1 Notices.

All notices required under this Lease must be in writing and will be deemed properly given and received (a) when actually given and received, if delivered in person to a party who acknowledges receipt in writing; or (b) one business day after deposit with a private courier or overnight delivery service with a written acknowledgment of receipt; or (c) 5 business days after the date postmarked on the cover of any correspondence or notice when deposited in the United States mail, certified – return receipt requested, with postage prepaid. All such notices shall be sent to the noticee's address shown in this Lease unless the party giving notice has been notified, in writing, of a more recent address for the noticee. In the case of notices to a Qualified Mortgagee, to the address set forth in its most recent notice to Lessor.

22.2 Binding Effect.

Each of the provisions of this Lease will extend to bind or inure to the benefit of, as the case may be, Lessor and Lessee, and their respective heirs, successors and assigns.

22.3 Modifications.

This instrument contains the entire agreement between the parties, and no statement, promises or inducements made by either party, or agents of either party, which are not contained in this Lease shall be valid or binding. All modifications to this Lease must be in writing and signed by the Lessor and the Lessee. If executed properly under this section, modifications of this Lease do not need independent consideration to be legally enforceable.

22.4 Enforcement Expenses.

Regardless of any statutory rights, each party agrees to bear their own costs, charges and expenses, including the fees and out-of-pocket expenses of attorneys, agents and others retained, incurred in successfully enforcing the other party's obligations under this Lease.

22.5 No Waiver.

No waiver of any provision of this Lease will be implied by any failure of either party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently. No express waiver will affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

22.6 Captions.

The captions of sections are for convenience of reference only and will not be deemed to limit, construe, affect or alter the meaning of such sections.

22.7 Severability.

If any provision of this Lease is declared void or unenforceable by a final judicial or administrative order, this Lease will continue in full force and effect, except that the void or unenforceable provision will be deemed deleted and replaced with a provision as similar in terms to such void or unenforceable provision as may be possible and be valid and enforceable.

22.8 Waiver of Jury Trial.

Lessor and Lessee waive trial by jury in any action, proceeding or counterclaim brought by Lessor or Lessee against the other with respect to any matter arising out of or in connection with this Lease, Lessee's use and occupancy of the Premises, or the relationship of Lessor and Lessee.

22.9 Authority to Bind.

The individuals signing this Lease on behalf of Lessor and Lessee represent and warrant that they are empowered and duly authorized to bind Lessor or Lessee, as the case may be, to this Lease according to its terms.

22.10 Only Lessor/Lessee Relationship.

Lessor and Lessee agree that neither any provision of this Lease nor any act of the parties will be deemed to create any relationship between Lessor and Lessee other than the relationship of Lessor and Lessee.

22.11 Reservation of Oil, Gas, and Minerals.

Lessor expressly excepts and reserves from this Lease all rights to all oil, gas and other minerals in, on or under the Land and that might be produced or mined from the Land; provided, however, that no drilling, mining or other surface disturbance will be undertaken on the surface of this Lease, nor shall the Lessor interfere with the Lessee's right to subjacent support, during the Term of this Lease.

22.12 Reservation of Rights-Of-Way.

Lessor expressly excepts and reserves from this Lease and retains the right to grant rights-of-way on the Land for other purposes to third-parties.

22.13 Right of Inspection.

Lessor, or its authorized representatives, may, at any reasonable hour, enter upon and inspect the Premises to ascertain compliance with this Lease. Any inspection or examination of the Buildings and Improvements shall not interfere with Lessee's use of the Premises or the business conducted therein.

22.14 Reasonableness.

At any time during this Lease, if either party is to use reasonable judgment, it shall be deemed to mean ordinary business judgment.

22.15 Governing Law; Venue and Jurisdiction.

This Lease will be governed by and construed according to the laws of the State of Montana. Venue and jurisdiction for any dispute arising under this Lease shall be before the Lessor as a contested case proceeding under the Montana Administrative Procedures Act before the Department.

22.16 Time of Essence.

Time is expressly declared to be of the essence of this Lease.

22.17 Broker.

Lessor represents and warrants that no broker or agent negotiated, or was instrumental in negotiating or consummating this Lease on behalf of Lessor. Lessee will indemnify and hold Lessor harmless from all damages paid or incurred by the Lessee from any claims asserted against Lessor by brokers or agents claiming through the Lessee.

Having read and intending to be bound by the terms and provisions of this Lease, Lessor and Lessee have signed it as of the date first stated above.

EXHIBIT A

Site Plan/Plat

EXHIBIT B
MARKET ADJUSTMENT
SCHEDULE AND PROVISIONS

MARKET ADJUSTMENT PROVISIONS

Base Rent for the Land shall be subject to Market Adjustments determined in accordance with these provisions. The Market Adjustments will apply in Lease Year 16, 31, 46, 61, 76 and 91. The process for the Market Adjustment will commence on the date that is 90 days after the first day of Lease Years 15, 30, 45, 60, 75, and 90 as applicable (the "Market Date").

The Market Adjustment will be determined by appraisal in accordance with the following provisions:

SELECTION OF APPRAISERS

Lessor and Lessee shall each hire an appraiser meeting the qualifications set forth in these provisions and shall instruct such appraiser to prepare an appraisal of the market value of the Land based upon the assumptions and meeting the requirements set forth these provisions. The appraiser so retained by Lessor is herein referred to as "Lessor's Appraiser," and the appraisal prepared by Lessor's Appraiser is herein referred to as "Lessor's Appraisal." The appraiser so retained by Lessee is herein referred to as "Lessee's Appraiser," and the appraisal prepared by Lessee's Appraiser is herein referred to as "Lessee's Appraisal." Each appraiser shall be subject to the approval of the other party, which approval will not be unreasonably withheld. Lessor's Appraiser and Lessee's Appraiser shall each be instructed to complete their respective appraisals and deliver their results to both Lessor and Lessee.

DETERMINATION OF BASE RENT

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is equal to or less than 10%, then the Land Value shall be deemed to be the mathematical average of the two appraisals. See the following example of a scheduled Market Adjustment for a 50,000 square foot lease, at a 6% lease rate with two different appraisal values:

Lessor Appraisal = \$6.50 per square foot
Lessee Appraisal = \$6.10 per square foot
Land Value= \$6.30 per square foot

New Annual Base Rent = \$6.30 x 50,000 (or applicable square footage) x 6% (or applicable Lease Rate) = \$18,900.

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is greater than 10%, then:

- a) Lessor and Lessee shall have 30 days from the Appraisal Report Date within which to agree upon the Land Value between the two appraisals; OR
- b) If Lessor and Lessee are unable to agree on the Land Value within such 30 day period, then Lessor and Lessee shall jointly select a third appraiser to prepare an appraisal of the market value of the Land utilizing the same scope of work from the Lessor's Appraisal and the Lessee's Appraisal. The third appraiser shall be provided copies of both appraisals. The third appraisal shall be prepared and delivered to both Lessor and Lessee. The Land Value shall be the mathematical average of the two appraisals that are closest in dollar amount.

The Land Value determined in accordance with the foregoing provisions shall be binding and conclusive on the parties. Base Rent for the land, as adjusted by the Market Adjustment, shall be amount obtained by multiplying the Land Value by a percentage determined in accordance with 77-1-905, MCA, or the rate bid in the lease proposal, whichever is higher.

QUALIFICATIONS OF APPRAISERS; REPLACEMENT

Each of Lessor’s Appraiser, Lessee’s Appraiser and any third appraiser must (a) have an MAI designation by the Appraisal Institute (or similar designation available on the Market Date); (b) be a Certified General Appraiser licensed in the State of Montana; and (c) have appraised similar types of uses in the three years prior to such Market Date. If any appraiser designated to serve in accordance with these provisions shall fail, refuse, or otherwise become unable to act, a new appraiser shall be appointed by the contracting party.

SCOPE OF WORK

The Lessor shall draw up the scope of work that meets the statutory requirements at the time, and supply the scope of work to all appraisers. All appraisals conducted during a Market Adjustment shall be subject to the same scope of work.

BRIEFING SESSION

Lessor’s Appraiser and Lessee’s Appraiser, should either so elect, shall be entitled to require a briefing session, to be held at Lessor’s offices on a day and at a time mutually acceptable to Lessor, Lessee, Lessor’s Appraiser and Lessee’s Appraiser but in all events not earlier than 10 nor later than 15 days following the Market Date. At such session, both such appraisers shall be present and each shall be entitled to ask such questions of Lessor and Lessee.

PAYMENT

Lessor shall pay all costs, fees and expenses of Lessor’s Appraiser, and Lessee shall pay all costs, fees and expenses of Lessee’s Appraiser. If a third appraiser is required, Lessor and Lessee shall share equally all costs, fees and expenses of such third appraiser.

MARKET ADJUSTMENT SCHEDULE

Lease Year	Schedule
16	“Market Adjustment”
17 through 30	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
31	“Market Adjustment”
32 through 45	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
46	“Market Adjustment”
47 through 60	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
61	“Market Adjustment”
62 through 75	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
76	“Market Adjustment”
77 through 90	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
91	“Market Adjustment”
92 through 99	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.

EXHIBIT ENTER EXHIBIT NUMBER



**(TENANT)
PROPERTY NAME
CITY, MONTANA**

LEASE NO. XXXXXXXX

DRAFT

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COMMERCIAL LEASE

THIS COMMERCIAL LEASE (this “Lease”) is entered into by and between the **Montana State Board of Land Commissioners** (“**Board**”), acting by and through the Montana Department of Natural Resources and Conservation whose address is P.O. Box 201601 Helena, MT 59620-1601 (hereinafter referred to as “Lessor”), and _____, a Montana company whose address is _____ (hereinafter referred to as the “Lessee”).

1. LEASE TERMS AND PROPERTY DESCRIPTION.

Lease Number	Commencement Date	Term of Lease	Expiration Date ¹

Subject to the terms and conditions stated in this Lease, Lessee agrees to lease from Lessor real property Section __, Township __, Range __, _____ County, Montana, (approximately __ acres) which is more particularly described as follows:

[Legal description for the parcel based on a recorded document, if possible. If the parcel is described in a recorded Plat or Certificate of Survey, the Plat or COS should be attached as Exhibit A. If the Plat or COS will be recorded with the clerk and recorder after the execution of the lease but before the commencement date, Exhibit A should be the preliminary site plan, and the legal description should state that once the Plat/COS is approved by the Lessor and duly recorded with the local clerk and recorder, the recorded document should be attached to the lease and replace Exhibit A as the formal legal description for the parcel subject to the lease.]

2. RENT SCHEDULE.

[SELECT EITHER OPTION #1 OR OPTION #2 AS APPROPRIATE]

RENT SCHEDULE [OPTION #1 – BASE RENT W/ ESCALATOR]

The rental for any given year shall be the **Base Rent** as increased annually by the Adjustment Period Escalator. See table below:

Lease Year	Calendar Period	<i>Adjustment Period Escalator</i>	Adjusted Rent
1	1 st 12 calendar months	0	\$<u>xx,xxx</u>
Supplemental Billing period	# months and days between the first 12 months of the lease and Feb 28	0	\$ <u>xx,xxx</u>
2	March 1 – February 28	<i>x%</i>	\$ <u>xx,xxx</u>
3	March 1 – February 28	<i>x%</i>	\$ <u>xx,xxx</u>
4	March 1 – February 28	<i>x%</i>	\$ <u>xx,xxx</u>
5	March 1 – February 28	<i>x%</i>	\$ <u>xx,xxx</u>

¹ The contents of this table are for general information purposes only, and the specific details in this Lease concerning the term of lease and expiration date shall control.

6	March 1 – February 28	x%	\$ xx,xxx
7	March 1 – February 28	x%	\$ xx,xxx
8	March 1 – February 28	x%	\$ xx,xxx
9	March 1 – February 28	x%	\$ xx,xxx
10	March 1 – February 28	x%	\$ xx,xxx
11	March 1 – February 28	x%	\$ xx,xxx
12	March 1 – February 28	x%	\$ xx,xxx
13	March 1 – February 28	x%	\$ xx,xxx
14	March 1 – February 28	x%	\$ xx,xxx
15	March 1 – February 28	x%	\$ xx,xxx

RENT SCHEDULE [OPTION #2 – MARKET VALUE RATE]

The rental for any given year shall be the **Market Value Rate** as increased annually by the Adjustment Period Escalator. See table below:

Lease Year	Calendar Period	<i>Adjustment Period Escalator</i>	Adjusted Rent
1	1 st 12 calendar months	0	\$ <u>xx,xxx</u>
Supplemental Billing period	# months and days between the first 12 months of the lease and Feb 28	0	\$ xx,xxx
2	March 1 – February 28	x%	\$ xx,xxx
3	March 1 – February 28	x%	\$ xx,xxx
4	March 1 – February 28	x%	\$ xx,xxx
5	March 1 – February 28	x%	\$ xx,xxx
6	March 1 – February 28	x%	\$ xx,xxx
7	March 1 – February 28	x%	\$ xx,xxx
8	March 1 – February 28	x%	\$ xx,xxx
9	March 1 – February 28	x%	\$ xx,xxx
10	March 1 – February 28	x%	\$ xx,xxx
11	March 1 – February 28	x%	\$ xx,xxx
12	March 1 – February 28	x%	\$ xx,xxx

13	March 1 – February 28	x%	\$ xx,xxx
14	March 1 – February 28	x%	\$ xx,xxx
15	March 1 – February 28	x%	\$ xx,xxx

3 PURPOSE.

The purpose of this Lease is for _____. *(The actual purpose will be inserted and made part of this lease upon proposal selection. If appropriate, the clause can include a list of non-permitted uses).*

4 DEFINITIONS.

In this Lease, the following defined terms have the meanings set forth for them below:

- 4.1. “Adjustment Period” is a multi-year Lease period, as specified in the Rent Schedule in Section 2 of this lease, during which an Adjustment Period Escalator is applied annually to the prior year’s Rent.
- 4.2. “Adjustment Period Escalator” is X.X% compounded annually and applied to the prior year’s [INSERT EITHER BASE RENT OR MARKET VALUE RATE AS APPROPRIATE] as demonstrated in the Rent Schedule. The Adjustment Period Escalator shall not be applied to [BASE RENT OR MARKET VALUE RATE] for the First Lease Year and the first year that any Market Adjustment is applied (i.e. Year 16, 31, 46, 61...etc...). *(The minimum adjustment period escalator is established in the Request for Proposal. An actual number will be inserted and made part of this lease upon proposal selection).*
- 4.3. **[INCLUDE ONLY “BASE RENT” OR “MARKET VALUE RENTAL” DEFINITION DEPENDING ON SELECTION IN PARAGRAPH 2]** “Base Rent” means \$[INSERT BASE RENT AMOUNT], obtained by multiplying the Land Value by the Lease Rate Percentage and as periodically adjusted by the Adjustment Period Escalator.
- 4.4. “Building” means any enclosed building constructed or installed upon the Land.
- 4.5. “Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings.
- 4.6. “Commencement Date” means the date listed in Section 1, which is legally binding the Lessor and Lessee to the terms of the Lease.
- 4.7. “Commercial Purpose” per MCA 77-1-902(4)(a) means an industrial enterprise, retail sales outlet, business and professional office building, warehouse, motel, hotel, hospitality enterprise, commercial or concentrated recreational use, single-family or multifamily residential development authorized under a lease with a master lessee, including a lease executed with a nonprofit corporation for the purposes of developing attainable workforce housing, the

development of mobile home parks or multiple manufactured housing units for lease or rent, and other similar business.

- 4.8. “Default Rate” shall mean 1% compounded monthly.
- 4.9. “Department” means the Montana Department of Natural Resources and Conservation.
- 4.10. “Environmental Claims” means any and all Claims relating in any way to any Environmental Law or any permit issued under any such Environmental Law, including, without limitation (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to health, safety or the environment.
- 4.11. “Environmental Laws” means any Laws relating to, or imposing liability or standards of conduct concerning the protection of human health, the environment or natural resources, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling, Releases or threatened Releases of Hazardous Substances, including, without limitation, The Comprehensive Environmental Cleanup and Responsibility Act, 75-10-701, et seq., MCA; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.; the Clean Air Act, 42 U.S.C. § 7401, et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300(f), et seq.
- 4.12. “First Lease Year” means the first twelve month period starting on the Commencement Date and ending on the anniversary thereof.
- 4.13. “Foreclosure Transferee” means any foreclosure purchaser or other transferee of Lessee’s interest under this Lease who acquires such interest at the sale conducted by virtue of, or otherwise in connection with, a foreclosure of any Leasehold Mortgage or any conveyance in lieu of such foreclosure.
- 4.14. “Hazardous Substances” means any and all substances, materials or wastes that are declared to be, or defined or regulated as, hazardous, deleterious, or toxic in CECRA, Section 75-10-701, et seq., MCA, or under any Environmental Law.
- 4.15. “Improvements” mean any Buildings, structures, installations, additions, alterations, fixtures, affixed upon the Land, or incidental or appurtenant thereto, and other property of a permanent or semi-permanent nature located on or affixed to the Land, whether initially classified as fixtures or movable personal property under applicable Law. For purposes of this Lease, “Improvements” include semi-permanent trade fixtures or equipment that, although detachable, are intended for long-term use and integration with the Premises. “Improvements” do not include movable furniture, inventory, supplies, or other items of Lessee’s personal property that are not affixed to the Premises and are readily removable without material injury to the Premises.
- 4.16. “Land” means the real property described in Section 1.

- 4.17. "Land Value" means the full market value of the Land as determined by that certain appraisal dated [INSERT DATE], attached hereto as Exhibit "[EXHIBIT NUMBER]," or in a subsequent appraisal conducted for purposes of performing a Market Adjustment pursuant to Exhibit "B" attached hereto.
- 4.18. "Laws" means any and all federal, state or local laws (including common law), statutes, ordinances, rules, regulations, orders, decrees or requirements of any and all governmental or quasi-governmental authorities having jurisdiction over the Land described in this Lease.
- 4.19. "Lease Rate Percentage" means X.XX%, as bid in the proposal response. The Lease Rate Percentage is applied to the Land Value to determine the initial Rent for the First Lease Year and for the first year after a Market Adjustment. This percentage may not be less than the rate provided in § 77-1-905, MCA, and may be modified accordingly as part of a scheduled Market Adjustment. *(The minimum is established in the Request for Proposal and is not to be less than that determined by Lessor in accordance with MCA § 77-1-905. An actual number will be inserted and made part of this lease upon proposal selection.)*
- 4.20. "Lease Year" means, after the First Lease Year, a one-year period during the Term from March 1 to the last day of February in the following calendar year.
- 4.21. "Leasehold Mortgage" means any mortgage, deed of trust, assignment of rents, assignment of leases, security agreement or other hypothecating instrument encumbering Lessee's interest under this Lease or the leasehold estate in the Premises hereby created, Lessee's rents and other sums due from any Sublessees, Lessee's rights under Subleases and any other agreements executed in connection with Lessee's use or operation of the Premises, or Lessee's interest in any fixtures, machinery, equipment, Land, Buildings, Improvements or other property constituting a part of the Premises.
- 4.22. "Leasehold Mortgagee" means the holder(s) of any promissory note or the obligee(s) of any other obligation secured by a Leasehold Mortgage.
- 4.23. "Lessee's Address" means:

[INSERT LESSEE ADDRESS]
- 4.24. "Lessor's Address" means:

Montana Department of Natural Resources and Conservation
 Attn: Real Estate Management Bureau Property Mgmt Section
 1539 Eleventh Avenue
 PO BOX 201601
 Helena, MT 59620-1601
- 4.25. "Market Adjustment" means a review of current Rent factors, conducted at scheduled intervals during the term of the Lease, which shall be used to determine the Rent Schedule for the next period. It includes consideration of the minimum Lease Rate Percentage, as well as an appraisal process to update the lease area land value. The Market Adjustment Schedule and Provisions are found in **Exhibit B**.
- 4.26. **[INCLUDE ONLY "BASE RENT" OR "MARKET VALUE RENTAL" DEFINITION DEPENDING ON SELECTION IN PARAGRAPH 2]** "Market Value Rate" means

\$ _____ which is an amount determined by identification, comparison and research of rental rates charged for other leases of private lands in the relevant market area and for state trust lands in this and other states. In setting the Market Value Rate the Lessor has considered, without limitation: consultation with state trust land commercial leasing programs in other states; developers of commercial properties in the same geographical area as this Lease; and information provided by current or former lessees or developers of other trust lands managed by Lessor. The Market Value Rate is subject to periodic adjustment in accordance with the Adjustment Period Escalator.

- 4.27 “Performance Bond” means a surety bond, letter of credit, or other form of security acceptable to Lessor, issued by a financial institution, licensed to do business in the State of Montana, and satisfactory to Lessor which guarantees Lessee’s full and timely performance of its obligations under this Lease (including without limitation the payment of rent and the performance of all non-monetary covenants).
- 4.28 “Premises” means the Land and all Improvements.
- 4.29 “Qualified Mortgagee” means any Leasehold Mortgagee who notifies Lessor in writing of its name, its address for notices and the fact that it is a Leasehold Mortgagee and includes with such notice a copy of any Leasehold Mortgage by virtue of which it became a Leasehold Mortgagee.
- 4.30 “Release” means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing or the like, into or upon any land, surface water, groundwater or air, or otherwise entering into the environment.
- 4.31 “Rent” means [BASE RENT or MARKET VALUE RATE] and all other amounts required to be paid by Lessee under this Lease.
- 4.32 “Sublease” means a sublease, assignment, license, concession or other agreement (whether written or oral) according to which Lessee grants any party the right to use or possess all or any portion of the Premises.
- 4.33 “Sublessee” means any party to whom Lessee grants the right to possess all or any portion of the Premises according to a Sublease.
- 4.34 “Substantial Damage” means permanent harm to Improvements that renders the Premises inoperable for its intended use.
- 4.35 “Substantial Taking” means a Taking of at least 15% of the Land or Improvements which, in Lessee’s and Lessor’s reasonable judgment, will materially and adversely interfere with any development or use of the Premises that Lessee is then conducting or intends in good faith to conduct in the future.
- 4.36 “Supplemental Billing Period” means the period beginning the day after conclusion of the First Lease Year and ending on the next ensuing February 28.
- 4.37 “Taking” means the taking of all or any portion of the Premises as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale or conveyance of all or part of the Premises under the threat of condemnation.

- 4.38 “Taking Date” means, with respect to any Taking, the date on which physical possession of the portion of the Premises that is the subject of such Taking is transferred to the condemning authority.
- 4.39 “Term” means the duration of this Lease, beginning on the Commencement Date and concluding on the Expiration Date, as set forth in Section 1.
- 4.40 “Utilities and Services” means electric, gas, communication, internet, water, sewage, and garbage disposal.

5 EXHIBITS.

The Exhibits listed below are attached to and incorporated into this Lease. In the event of any inconsistency between such Exhibits and the terms and provisions of this Lease, the terms and provisions of the Lease shall control. The Exhibits to this Lease are:

Exhibit A – [Plat, Certificate Of Survey, or Site Plan For Legal Description].

Exhibit B –Market Adjustment Schedule and Provisions

6 LEASE TERM.

6.1 Lease.

Subject to the terms, covenants, conditions and provisions of this Lease, Lessor leases to Lessee and Lessee leases from Lessor the Land for the Term.

6.2 Renewal Option.

If all Rent due under this lease has been paid when due and Lessee is not in default of any terms of this Lease, Lessee may renew the Lease for an additional XX (*Specifications established in request for proposal. Actual numbers will be inserted and made part of this lease upon proposal selection*) year Term and subsequent additional XX year Terms upon terms and conditions mutually agreeable to lessor and lessee. In no event shall the Term, together with any renewal terms, in the aggregate, exceed 99 years.

6.3 Lessor and Lessee Covenants.

Lessor covenants that Lessee shall have quiet and peaceful possession of the Premises subject only to the terms and conditions of this Lease, and to observe and perform all of the terms, covenants and conditions applicable to Lessor in this Lease. Lessee covenants to pay the Rent when due, and to observe and perform all of the terms, covenants and conditions applicable to Lessee in this Lease.

6.4 Condition of Premises.

Except as expressly set forth in this Lease, Lessee accepts possession of the Premises on the Commencement Date in their then-current condition on an “AS IS, WHERE IS AND WITH ALL FAULTS” basis. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty, express or implied, regarding the condition of the Premises or its suitability for Lessee’s intended use.

7 RENT.

7.1 Rent.

Lessee shall pay to Lessor, on or before the date due, the Rent, in lawful money of the United States of America, at Lessor’s Address, post-marked on or before the due date, without notice or demand and without right of deduction, abatement or setoff. The [Base Rent OR Market Value Rate] shall each be subject to Market Adjustment pursuant to **Exhibit B** attached hereto.

7.2 Terms of Payment.

Per MCA 77-1-905(1), the First Lease Year Rent must be paid by cashier's check or electronic funds transfer, as defined in MCA 32-6-103, , and payment is due upon execution of this Lease. Failure to pay the First Lease Year's Rent at the time of lease execution shall result in the cancellation of this Lease and forfeiture of all money paid.

Following the First Lease Year, Rent for a Lease Year shall be payable annually, in advance, on or before the first day of March. If the First Lease Year does not end on the last day of February in the calendar year immediately following the year of the Commencement Date, there shall be a Supplemental Billing Period prorated at the First Lease Year Rent for the difference in time between the end of the First Lease Year and the next ensuing final day of February. See Rent Schedule in Section 2.

7.3 Late Charge.

Lessee hereby acknowledges that late payment of Rent by Lessee to Lessor will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if Lessor does not receive the full amount of any Rent postmarked, or electronically transfer initiated on or before the due date, Lessee shall pay a late charge to Lessor. The late charge shall be an amount equal to 10% of any overdue Rent for Lessor's cost of collecting and handling such late payment due as additional Rent. The parties hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of the late payment by Lessee. If payment of the Rent and late charge are not made in full within 30 days of the Rent due date, the outstanding balance of the unpaid Rent and the late fee shall accrue interest at the Default Rate. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. Lessor retains sole discretion to apply payments received to past due Rent, the late charge and interest, before applying a payment to current Rent.

7.4 Lien for Unpaid Rent.

Lessor shall have a lien upon all Improvements for payment of all Rent specified herein, which may be publicly recorded. Lessor may foreclose upon the lien according to the Laws of the State of Montana.

7.5 Additional Rent.

This Lease is what is commonly called a "triple-net" Lease. It is the intent of the parties that Lessor shall not be required to pay any costs or expenses or provide any services in connection with the Premises. Accordingly, Lessee shall separately pay, in addition to the Rent, all Utilities and Services, insurance, tax assessments, and special assessments, maintenance of the Premises, and repairs of the Premises directly to the applicable vendor, service provider, taxing authority, or other entity to which any such payment is due. Any amounts payable by Lessee under this Lease other than Rent shall constitute "additional rent" and a failure to pay any such amount when due shall have the same consequences as a failure to pay Rent.

8 IMPROVEMENTS AND ALTERATIONS.

8.1 Improvements and Alterations.

Lessee shall not construct, install, alter, demolish, or remove, any Improvements, including Improvements previously made by Lessee, without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. All expenses of constructing, installing, altering, or demolishing any Improvements shall be the sole responsibility of Lessee. Lessee, in its Lessor-approved installation, alteration, demolition and/or removal of Improvements, shall at all times comply with all Laws, including any applicable city and state building codes and fire codes. Lessee shall provide Lessor copies of all project-related permit applications and permit approvals. Lessor shall have the right to post notices of non-responsibility or similar notices on the Premises in order to protect the Land against any liens resulting from such work. Upon completion of any Improvements to the Premises Lessee shall deliver to Lessor an

engineer's certificate for the Premises and, if available, "as-built" surveys of the Premises in both AutoCAD and .pdf formats.

8.2 Title to Improvements.

During the Term, Lessee or its designated, Sublessee, approved pursuant to Paragraph 16.2 hereof, shall own, and hold title to all Improvements subject only to the Lessor's reversionary interest in the Improvements upon the expiration or termination of the Lease. Lessee shall have the right to grant liens or other security interests in the Improvements, so long as they are expressly subordinate to the State's reversionary interest in the Improvements upon termination of the Lease. Upon the expiration or earlier termination of the Lease, title to all Improvements and fixtures then held by Lessee, except moveable personal property, shall automatically vest in Lessor without representation or warranty pursuant to MCA §77-1-906(2).

9 USE AND ENVIRONMENTAL COMPLIANCE.

9.1 Use and Compliance.

The Lessee agrees to comply with all applicable Laws in effect upon the Commencement Date and those Laws which may be enacted or adopted thereafter from time to time and which do not impair or impede the obligations of this Lease or deprive the Lessee of an existing property right recognized by Law. Lessee shall keep the Premises in good condition and repair, including, without limitation, any necessary repairs, maintenance, and/or replacement to the interior, exterior and structure of any Buildings, or other Improvements, mowing of grass and general landscaping, and to contract for the same in Lessee's own name and to pay all costs and expenses in connection therewith. Lessee shall not commit waste or permit waste, impairment or deterioration of the Premises, ordinary wear and tear and damage by casualty or condemnation excepted.

9.2 Compliance with Title 77 MCA.

Lessor and Lessee specifically acknowledge that the Land is State school trust land managed by the Board and agree that this Lease is subject to the provisions of Title 77 of the Montana Code Annotated and all associated Administrative Rules of Montana. To the extent any provisions of State Law conflict with the terms of this Lease, the provision of State Law or regulations shall control.

9.3 Weed Management.

Lessee shall be responsible for controlling any noxious weeds on the Premises. Lessee shall comply with the Montana County Noxious Weed Management Act, MCA Title 7, Chapter 22, Part 21.

9.4 Environmental Matters.

Lessor has made no representations to Lessee concerning the presence any Hazardous Substances on the Land. Lessee agrees as follows: Lessee shall (a) comply with all Environmental Laws applicable to the operation or use of the Premises by Lessee or the construction, installation, alteration or demolition of any Improvements by Lessee; (b) use reasonable efforts to cause all Sublessees, assignees, permittees, licensees, and other persons occupying the Premises to comply with all Environmental Laws; (c) immediately pay or cause to be paid all costs and expenses incurred by Lessee in such compliance; and (d) keep or cause the Premises to be kept free and clear of any liens arising from Lessee's use and occupancy of the Premises imposed thereon pursuant to any Environmental Laws.

Lessee shall not generate, use, treat, store, Release or dispose of, or permit the generation, use, treatment, storage, Release or disposal of, any Hazardous Substances on the Premises, or transport or permit the transportation of any Hazardous Substances to or from the Premises, in each case in any quantity or manner which violates any Environmental Law.

If Lessor has knowledge of any pending or threatened Environmental Claim against Lessee or the Premises or has good reason to believe that Lessee or the Premises are in violation of any Environmental Law, at Lessor's written request (such request shall describe the basis for such request in reasonable detail), at any time and from time to time, Lessee shall provide to Lessor an environmental site assessment report concerning the Premises, prepared by an environmental consulting firm reasonably approved by Lessor, indicating the presence or absence of Hazardous Substances and the potential cost of any removal or remedial action in connection with any Hazardous Substances on the Premises. Any such environmental site assessment report shall be conducted at Lessee's sole cost and expense. If Lessee fails to deliver to Lessor any such environmental site assessment report within 90 days after being requested to do so by Lessor pursuant to this Section, Lessor may obtain the same, and the cost of such assessment (together with interest thereon at the Default Rate) shall be payable by Lessee on demand.

Lessor may, at its option, at any time and from time to time, obtain at its sole cost and expense an environmental site assessment report for the Premises.

At its sole expense, Lessee shall conduct any investigation, study, sampling or testing, and undertake any cleanup, removal, remedial or other action necessary to remove and/or remediate all Hazardous Substances from the Premises, which are on the Premises as a result of Lessee's activities under the Lease, which must be so removed and/or remediated in accordance with the requirements of any applicable Environmental Laws, to the reasonable satisfaction of a professional environmental consultant selected by Lessor, and in accordance with all such requirements and with orders and directives of all governmental authorities.

9.5 Lessee Indemnity for Environmental Compliance.

Lessee shall defend (with attorneys reasonably satisfactory to Lessor), protect, indemnify and hold harmless Lessor from and against any and all liabilities, obligations (including removal and remedial actions), losses, damages penalties, Claims, judgments, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) of any kind or nature whatsoever that may at any time be incurred by, imposed on, or asserted against Lessor directly or indirectly based on, or arising or resulting, in whole or in part, from: (i) the actual or alleged presence of Hazardous Substances on the Premises Released by Lessee or anyone acting by, through or under Lessee in any quantity or manner which violates Environmental Law, or the removal, handling, transportation, disposal or storage of such Hazardous Substances by Lessee or anyone acting by, through or under Lessee; or (ii) any Environmental Claim with respect to Lessee or the Premises resulting from a Release by Lessee or anyone acting by, through or under Lessee regardless of when such indemnified matters arise.

9.6 Survival of Indemnification.

The remedial indemnification and reimbursement obligations under this Section 9 shall survive the expiration or earlier termination of this Lease.

10 UTILITIES AND REPAIRS.

10.1 Installation and Repairs.

Lessee shall install, at Lessee's cost and expense, any necessary infrastructure for Utilities and Services, storm water drainage infrastructure, roads, sidewalks, and/or any other infrastructure as required for the development of the Land, subject to the provisions in section 8.1. Lessee shall maintain, repair, replace and keep the Premises in reasonably good condition and repair.

10.2 Utilities.

Lessee shall pay, or arrange for payment by its approved sublessees, before delinquent all fees, costs, assessments or other payments associated with Utility and Services related to the Premises including, without limitation, those which, if not paid, may be asserted as a lien or charge against the Premises. This

provision is without regard to any agreements regarding payment of utility charges, whether written or verbal, between Lessee and any Sublessees.

10.3 Sidewalks (If applicable).

Lessee shall assume full responsibility for maintenance of any sidewalks or bike and pedestrian paths within the project, whether or not any portion of those sidewalks or bike and pedestrian paths were constructed, reconstructed, or repaired in connection with the project. Maintenance shall include all things ordinarily associated with sidewalk and bike and pedestrian path maintenance (including but not limited to, grinding or milling down sidewalk displacements, surface patching, crack sealing, replacing small portions of damaged sidewalk, sweeping, cleaning, washing, removing snow, debris and other obstructions or impediments to safe pedestrian travel, and any and all other normally accepted maintenance practices). Lessee shall inspect the sidewalks/paths at regular and reasonable intervals, determined solely by Lessee to be adequate, to determine what, if any, maintenance and or repair is reasonably necessary. Lessee shall enforce its contract provisions to recover all costs associated with its maintenance activities from sublessors who lease property adjacent to the sidewalks/paths and/or which receive the benefit of the maintenance performed.

11 TAXES.

11.1 Payment of Taxes.

Lessee shall pay before delinquent, directly to the taxing authority, all taxes that accrue during or are attributable to any part of the Term, including privilege taxes, also known as beneficial use taxes, pursuant to MCA § 15-24-1203.

11.2 Special Assessments.

Lessee shall pay all assessments, including special assessments (e.g. SIDs, RIDs) and other like impositions levied, assessed, or attributable to the Land during the Term.

11.3 Notice and Acknowledgment of Assessments. Pursuant to Mont. Code Ann. § 77-1-911, Lessee shall do the following:

Lessee Deliveries. Lessee shall promptly furnish to the Department the following:

an officially certified description of all state trust land included within the boundaries of a city or county improvement district that is the subject of this Lease;

a description and listing of the amount of assessments and charges of every character made against the leasehold interest of Lessee and the leasehold interest of the state, as soon as the assessments or charges are levied.

Payment of Assessments. Lessee shall make timely payment of all assessment charges as contemplated in this Paragraph 11.3.

Non-Payment. If any such assessment is not paid when due, the nonpayment shall constitute a breach of this lease.

12 INSURANCE.

12.1 Acquisition of Insurance Policies.

Lessee shall, at its sole cost and expense, procure and maintain, or cause to be procured and maintained during the entire Term, the insurance described in this Section 12 issued by an insurance company(ies) licensed to do business in the State of Montana that are reasonably satisfactory to Lessor.

12.2 Types of Required Insurance.

Except as provided in Section 12.4, below, Lessee shall procure and maintain, or cause one or more of its Sublessees to provide and keep in force, the following during the Term:

a) Liability Insurance. Comprehensive or commercial general liability insurance covering claims arising out of the ownership, operation, maintenance, condition or use of the Premises, for personal and bodily injury and death, and damage to others' property, with limits of not less than **\$2,000,000.00** for any one accident or occurrence and \$2,000,000 in the aggregate. The foregoing liability insurance policy(ies) shall include cross liability and severability of interests clauses.

b) Property Insurance. All-risk fire and extended coverage insurance (including standard extended endorsement perils, leakage from fire protective devices and other water damage) covering loss or damage to the Improvements on a full replacement cost basis, excluding existing architectural and engineering fees, undamaged excavation, footings and foundations.

c) Workers' Compensation Insurance. Workers' compensation and employer's liability insurance covering Lessee's employees, officers, agents and representatives employed at the Premises.

12.3 Terms of Insurance.

The policies required above, shall name Lessor as an additional insured at all times during the Term. Lessee shall promptly provide, to Lessor, certificates of insurance evidencing the policies obtained by Lessee hereunder as hereinafter described. Proof of insurance ("Proof") shall consist of either (a) an insurance binder or premium payment receipt, (b) a copy of the policy, or (c) an "ACORD 27 Evidence of Property Insurance" or "ACORD 25 Certificate of Liability Insurance," whichever is appropriate (or such other similar certificates), issued by Lessee's insurer with respect to each required policy. Lessee shall deliver Proof before the Lease is executed. Thereafter, during the Term, within 30 days after the renewal date of each policy, the issuance of a new policy or on such other date as Lessor reasonably requires, Lessee shall deliver a copy of the latest Proof to Lessor. Each policy of insurance shall require the issuer of the insurance policy to give Lessor 30 days' advance written notice of the termination or modification of the policy. Further, all policies of insurance described above, shall:

a) be written as primary policies not contributing with and not in excess of coverage that Lessor may carry;

b) contain an endorsement providing that such insurance may not be materially changed, amended or canceled except after 30 days' prior written notice from insurance company to Lessor;

c) expressly provide that Lessor shall not be required to give notice of accidents or claims and that Lessor shall have no liability for premiums; and

d) not have a deductible in excess of \$20,000.00.

12.4 Review of Insurance Coverages and Liability Limits.

The types and amounts of insurance provided for in this Section 12 shall be subject to amendment under any renewal or extension of this Lease contemplated by Section 6 hereof. At least 90 days, but no more than 180 days, prior to commencement of any renewal term of this Lease, Lessor shall deliver to Lessee written notice of any revision to the types or amounts of insurance required for any renewal term hereof. Any such revision to the insurance requirements under this Lease shall be made in the sole discretion of Lessor and shall be for the purpose of complying with insurance requirements then in effect for similar leases to which Lessor is a party, and to comply with any applicable Laws in effect at the time of renewal hereof. If Lessee elects to renew the Lease pursuant to Paragraph 6.2, any new insurance requirements shall automatically replace and supersede the Insurance provisions in Section 12 (except for this paragraph, which shall carry forward) when the lease is renewed and Lessor shall append a copy of the Insurance provisions to any renewal lease

13 INDEMNIFICATION.

Lessee shall protect, defend, indemnify, and save harmless Lessor its elected and appointed officials, agents, and employees, from and against all Claims, liabilities, demands, causes of action, judgments, penalties, fines, and losses, including all costs of defense and reasonable attorney fees, arising in favor of or asserted by Lessee's employees and agents, its subcontractors, its subcontractor's employees and agents, or third parties relating to property damage, personal injury, bodily injury, death, violation of or non-compliance with any Laws, or financial or other loss or obligation of any kind that in any way, directly or indirectly, arise or allegedly arise out of, in connection with, or on account of this Lease, any act or omission of Lessee, or any act or omission of Lessee's officers, agents, employees, or subcontractors.

Notwithstanding the foregoing, Lessee shall not be required to indemnify Lessor to the extent any Claims are the result of the gross negligence or willful misconduct of Lessor. The obligations contained in this Section 13 shall survive expiration or earlier termination of this Lease.

Lessor shall give Lessee prompt notice, in writing, of any Claim, liability, demand, cause of action, judgment, penalty, fine, or loss and shall, at Lessee's expense, cooperate in the defense thereof by Lessee. Lessee acknowledges that under the laws of the State of Montana, the Montana Attorney General may participate in an action involving the State of Montana.

If Lessee fails to comply with its obligations under this Section 13, Lessor may undertake its own defense. If Lessor undertakes its own defense, Lessee shall reimburse Lessor for all: (i) losses, liabilities, damages, judgments, settlements, penalties and fines arising from the Claim, and (ii) costs arising from defense of the Claim, including but not limited to attorney fees, court costs, and costs of investigation, discovery, and experts. Lessee shall reimburse Lessor within 30 days after receiving Lessor's justification for such expenditures.

14 DAMAGE OR DESTRUCTION.

In the event of any Substantial Damage to the Premises from any causes whatsoever, Lessee shall give written notice thereof to Lessor as soon as reasonably possible following discovery of Substantial Damage by Lessee. Lessee shall promptly repair or restore the Premises as nearly as possible to its condition immediately prior to such damage or destruction unless Lessor and Lessee mutually agree in writing that such repair and restoration is not feasible, in which event this Lease shall thereupon terminate upon Lessee's completion of remediation work, provided in a remediation plan developed by the Department. Lessee's duty to repair any damage or destruction of the Premises shall not be conditioned upon the availability of insurance proceeds from which the cost of repairs may be paid. Unless this Lease is so terminated by mutual agreement, there shall be no abatement or reduction in Rent during such period of repair and

restoration. If a Default by Lessee shall have occurred and be continuing at the time such damage or destruction occurs, Lessor may elect to terminate this Lease by providing written notice of such election to Lessee and Lessor shall have the right, but not the obligation, to make demand upon and draw upon the Performance Bond as provided in Paragraph 21, hereafter. All insurance proceeds payable with respect to any damage or destruction of Improvements shall be applied to the cost of repair and restoration, and Lessee shall be responsible for any deficiency.

15 CONDEMNATION.

15.1 Notice.

If either Lessor or Lessee learns that all or any portion of the Premises has been or is proposed to be subjected to a Taking, such party shall immediately notify the other of such Taking.

15.2 Termination Option on Substantial Taking.

If a Substantial Taking occurs during the Term, Lessee may, at its option, terminate this Lease by giving notice to Lessor on or before 60 days after the Taking Date. In such event this Lease shall terminate 30 days after the date of Lessee's notice of termination and all Rent and other Rent shall be prorated on a per diem basis through and including the date Lessee surrenders possession.

15.3 Continuation of Lease.

If a Taking occurs during the Term that is not a Substantial Taking, then this Lease shall remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease shall terminate automatically as to the portion of the Premises that is the subject of such Taking and Rent due and owing after the Taking Date shall be reduced by a proportion equal to the total value of the surface acres subject to the Taking as it bears to the total value of the Premises. If a Substantial Taking occurs but Lessee does not exercise its termination option, this Lease shall remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease shall terminate automatically as to the portion of the Premises that is the subject of such Taking and Rent due and owing after the Taking Date shall be reduced by a proportion equal to the total value of the surface acres subject to the Substantial Taking as it bears to the total value of the Premises .

15.4 Awards for Permanent Taking.

If there is compensation paid as a result of any permanent Taking of the Premises, the award shall be allocated as follows: Lessee shall be entitled to receive an amount equal to the then current appraised fair market value of the Improvements placed by the Lessee upon the Premises pursuant to Section 8 of this Lease, and Lessor shall be entitled to the balance of the award.

15.5 Award for Temporary Taking.

If all or any portion of the Premises shall be taken for temporary use or occupancy, the foregoing provisions shall not apply and the Lessee shall continue to pay the full amount of Rent and the Lessee shall perform and observe all of the other terms, covenants, conditions and obligations of this Lease as though the temporary Taking had not occurred, subject to any order of the condemning authority. In the event of a temporary Taking, Lessee shall be entitled to receive the entire amount of the compensation award for such taking, unless the period of temporary use or occupancy shall extend beyond the Expiration Date in which case the compensation shall be apportioned on a per diem basis with Lessee being entitled to that portion of any compensation award equal to the proportion the days of temporary use or occupancy during the Term or any renewal thereof bears to the total number of days of temporary use or occupancy.

16 ASSIGNMENT, SUBLETTING AND FINANCING

16.1 Assignment.

Lessee shall not assign its interest under this Lease, in whole or in part, without Lessor's prior written consent. Such consent may be withheld in Lessor's sole and absolute discretion. Any direct or indirect transfer of voting control of Lessee, or of substantially all of Lessee's assets, shall be deemed an assignment of this Lease requiring Lessor's prior written consent. Lessor's consent shall not be required for any transfer of Lessee's interest under this Lease to a Foreclosure Transferee. Lessor shall recognize any Foreclosure Transferee as a substitute Lessee under this Lease and shall honor all rights and interests of such substitute Lessee as if the substitute Lessee was the initial Lessee under this Lease and such Foreclosure Transferee shall be bound by the terms and conditions of this Lease. Additionally, if the Foreclosure Transferee is a Qualified Mortgagee, such Qualified Mortgagee shall have the right to assign its interest under this Lease without the consent of Lessor and, upon such assignment, Lessor shall recognize the assignee as a substitute Lessee under this Lease and the Qualified Mortgagee shall be released of any further liability under the Lease. If Lessee assigns its rights in this Lease, as permitted pursuant to this Section, and the assignee assumes, in writing, Lessee's obligations hereunder which arise on or after the date of such assignment, then Lessee shall be relieved of all liabilities hereunder accruing from and after the date of such assignment, but this Lease shall otherwise remain in full force and effect.

16.2 Subletting.

Lessee may sublease the Premises or portions thereof in accordance with the terms of this section. Lessee shall require any sublessees to maintain the Premises pursuant to the terms and conditions contained in this Lease. Lessee shall inform Lessor of all Subleases by delivering a copy of the sublease to Lessor. No Sublease shall be effective until a valid Sublease agreement with a valid attornment provision is delivered to Lessor, as hereinafter provided. Upon receipt, by Lessor, of a copy of the Sublease, along with a description of the proposed sublessee's intended use of the portion of the Land subject to the Sublease, Lessor shall place consideration of said Sublease on the agenda for the next available scheduled meeting for the Board, and the Board shall have forty-five (45) days from the date of receipt of said Sublease by Lessor in which to disapprove the Sublease. The Board hereby reserves the right to disapprove any Sublease arrangement for any reason in the sole discretion of the Board. All Subleases shall include an attornment provision whereby upon the early termination of this Lease or repossession of the Premises by Lessor, the sublessee shall attorn to the Lessor as its landlord. Such attornment shall be effective and self-operative immediately upon Lessee's termination. All sublessees shall agree to execute, acknowledge and deliver to Lessor any document that Lessor reasonably request to confirm such attornment.

Lessee shall be fully responsible for the acts and omissions of any sublessee to the same extent as if such acts or omissions were the acts or omissions of Lessee itself. Any act or omission of a sublessee that, if performed or omitted by Lessee, would constitute a breach or default of this Lease, shall be deemed a breach or default of this Lease by Lessee, without the need for any separate notice to such Sublessee. Lessor may enforce any remedy for default hereunder against Lessee based on such act or omission by a sublessee, and Lessee's obligations and liabilities under this Lease shall in no way be diminished, waived, or released by reason of any sublease or occupancy by a sublessee. Notwithstanding anything herein to the contrary, no sublease or other occupancy agreement shall be construed to create any direct contractual relationship between Lessor and any sublessee.

16.3 Financing.

a) Lessee's Right to Encumber. Throughout the Term, Lessee may from time to time and without Lessor's consent execute and deliver one or more Leasehold Mortgages securing any indebtedness or other obligation of Lessee, however, all such Leasehold Mortgages must be expressly subject to the Lessor's reversionary interest in the Premises upon the expiration or termination of the Lease. Without limiting the generality of the foregoing, Lessee may execute and deliver Leasehold Mortgages to secure promissory

notes evidencing construction, interim or permanent financing for the Premises or to secure Lessee's obligations under development, reimbursement or other agreements with governmental or quasi-governmental entities, utility companies or other third parties concerning matters such as sales or property tax abatement or rebate programs, public improvements or utilities.

b) Qualified Mortgagees' Cure Rights. Prior to terminating this Lease or exercising any other right or remedy hereunder for a Default by Lessee, Lessor shall give each Qualified Mortgagee notice of such Default by Lessee and afford it a period of 30 days after such notice is given in which to cure such Default by Lessee; provided, however, that (i) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured within such 30-day period, then so long as any Qualified Mortgagee commences a cure within such 30-day period (and notifies Lessor that it has done so), its cure period shall be extended for as long as reasonably necessary for it to diligently pursue the cure to completion; (ii) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured until the Qualified Mortgagee obtains possession of the Premises, then so long as any Qualified Mortgagee commences to obtain possession of the Premises within such 30-day period (and notifies Lessor that it has done so), its cure period shall be extended for as long as reasonably necessary for it to obtain possession of the Premises and then promptly commence and thereafter diligently pursue the cure to completion.

c) Prohibition Against Mutual Rescission. No mutual termination, cancellation, rescission or modification of a material provision of this Lease by Lessor and Lessee shall be effective unless and until the same is approved in writing by each Qualified Mortgagee. All rights and remedies of the Qualified Mortgagee hereunder shall be cumulative with, in addition to and non-exclusive of one another.

16.4 Assignment by Lessor.

If Lessor sells or otherwise transfers the Land, or if Lessor assigns its interest in this Lease, such purchaser, transferee or assignee thereof shall be deemed to have assumed Lessor's obligations hereunder which arise on or after the date of sale or transfer, and Lessor shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer or assignment, but this Lease shall otherwise remain in full force and effect.

17 DISPUTE RESOLUTION.

17.1 Issues Subject to Administrative Hearing.

Any controversy which may arise between Lessor and Lessee regarding the provisions hereof shall be resolved by an administrative contested case hearing before the Department under the Montana Administrative Procedures Act.

17.2 Administrative Hearing Procedure.

All administrative hearings hereunder shall be conducted in the offices of the Department in Helena, Montana. The findings of fact, conclusions of law, and proposed decision of the hearing examiner shall be rendered within sixty (60) days of the completion of the hearing and submission of any briefs. Either party may file exceptions to the hearing examiner's findings, conclusions, and proposed decision with the Department's Director. The Lessee may, as permitted by the Department's administrative rules, petition for judicial review of the final administrative decision of the Department.

18 LEASE EXPIRATION.

18.1 Condition at End of Lease.

Upon vacating the Premises on the Expiration Date or upon early termination of this Lease, Lessee shall surrender the Premises to Lessor in good order, condition, and repair, ordinary wear and tear excepted; free

of all occupants ; and with all Lessee-caused environmental conditions remediated to the standard required by applicable Environmental Laws. Lessee shall remove all of its personal property on or before the Expiration Date and shall cause all Sublessees, if any, to remove their personal property. All personal property remaining on the Premises on the day after the Expiration Date shall be conclusively deemed abandoned by Lessee, or Sublessees as the case may be, and shall become property of Lessor without further notice to Lessee or any Sublessees. Lessor may, at its discretion, remove, store, or dispose of such property in any manner deemed appropriate. Lessee shall be responsible for all costs incurred by Lessor in connection with such removal, storage, or disposal. Lessor may apply all or any portion of the Performance Bond provided for in Section 22.4, hereafter, to reimburse itself for such costs without prior notice to Lessee.

18.2 Holding Over.

If the Premises are not surrendered on the Expiration Date or earlier termination date, Lessee shall immediately indemnify Lessor against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claims made by any succeeding Lessee founded on such delay. Should the Lessee remain in possession of the Premises after the Expiration Date or earlier termination without a written agreement providing for the same, Lessee shall, at Lessor's option be deemed to be a Lessee from month to month, at a monthly Rent, payable in advance, equal to 150% of monthly Rent payable during the last full "Lease Year" prior to the Expiration Date or early termination of this Lease, and Lessee shall be bound by all of the other terms, covenants and agreements of this Lease as the same may apply to a month-to-month tenancy. This remedy is not exclusive of any other remedies available to Lessor under applicable Law.

19 LIENS AND ESTOPPEL CERTIFICATES.

19.1 Liens.

Lessee shall not allow any liens to be recorded, filed, claimed or asserted against the Premises. In the event a lien is recorded, filed, claimed or asserted against the Premises, Lessee shall cause the same to be released, satisfied, or discharged within 30 days thereafter. If Lessee fails to timely release, satisfy, and/or discharge any such lien pursuant to this Paragraph 18.1, then Lessor may, upon written notice to Lessee, cause any such claimed lien to be released of record by bonding or payment or any other means available. All sums paid and costs and expenses incurred by Lessor in connection therewith, together with interest on all such sums at the Default Rate from the date incurred until paid, shall be due and owing from Lessee to Lessor upon demand therefore.

19.2 Lien Contests.

If Lessee has a good faith dispute as to any lien for which Lessee is responsible, Lessee may contest the same by appropriate proceedings so long as Lessee bonds over the lien or deposits with Lessor security in an amount acceptable to Lessor (but in no event more than the amount required by applicable Laws) which may be used by Lessor to release such lien and pay interest and costs if Lessee's contest is abandoned or is unsuccessful. Upon final determination of any permitted contest, Lessee shall promptly pay any judgment rendered and cause the lien to be released.

19.3 Estoppel Certificates.

Lessor and Lessee agree that at any time and from time to time (but on not less than 10 business days' prior request by the other party), each party shall execute, acknowledge and deliver to the other a certificate indicating any or all of the following: (a) the date on which the Term commenced and the date on which it is then scheduled to expire; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification); (c) the date, if any, through which Rent had been paid; (d) that no Default by Lessor or Default by Lessee exists which has not been cured, except as to defaults stated in such certificate; (e) that

the responding party has no existing defenses or set-offs to enforcement of this Lease, except as specifically stated in such certificate; and (f) such other matters as may be reasonably requested by the requesting party. Any such certificate may be relied upon by the requesting party, and shall be provided by the requested party.

20 DEFAULTS BY LESSEE AND LESSOR'S REMEDIES.

20.1 Defaults by Lessee.

Each of the following events, which continue beyond any applicable notice and cure period, shall constitute a "Default by Lessee" under this Lease:

a) Failure to Pay Rent. Lessee fails to pay any Rent or any other Rent, including late charges and interest accruing thereon, payable by Lessee under the terms of this Lease when due, and such failure continues for 30 days after such Rent is due.

b) Failure to Perform Other Obligations. Lessee breaches or fails to comply with any provision of this Lease applicable to Lessee other than a covenant to pay Rent, and such breach or noncompliance continues for a period of 30 days after written notice thereof from Lessor to Lessee; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period, Lessee does not commence to cure such breach or noncompliance within such 30-day period and thereafter diligently pursue such cure in good faith to completion.

c) Execution and Attachment Against Lessee. Lessee's interest under this Lease or in the Premises is taken upon execution or by other process of law directed against Lessee, or is subject to any attachment by any creditor or claimant against Lessee and such attachment is not discharged or disposed of within 30 days after levy; provided, however, that this provision shall not apply in the event of a foreclosure or transfer in lieu of foreclosure under a Leasehold Mortgage by a Qualified Mortgagee or to a transfer of Lessee's interest in this Lease and the Premises to a Foreclosure Transferee.

d) Fraud or Misrepresentation. Lessee's fraud or misrepresentation, or concealment of material facts relating to issuance of this Lease, which if known would have prevented issuance of this Lease in the form or to the party so issued.

e) Unauthorized Use of Premises. Lessee's use, or knowledge or permission of someone else's use, of the Premises for any unlawful or unpermitted purpose, and such unlawful use continues for 30 days after written notice from Lessor to Lessee to cease such use.

f) Bankruptcy or Insolvency. If Lessee files for bankruptcy or an involuntary bankruptcy petition is filed involving Lessee. Further, if a Court of competent jurisdiction determines that Lessee is insolvent.

g) Dissolution. If at any time during the Term or any renewals, Lessee is voluntarily or involuntarily dissolved or otherwise is no longer in good standing as a legal entity.

20.2 Lessor's Remedies.

If any Default by Lessee occurs, Lessor shall have the right, at Lessor's election, then or at any later time, to exercise any one or more of the remedies described below. Exercise of any such remedies shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Lessor at law or in equity.

20.3 Remedies.

a) Cure by Lessor. In the event of a Default by Lessee, Lessor may, at Lessor's option but without obligation to do so, and without releasing Lessee from any obligations under this Lease, make any payment or take any action as Lessor deems necessary or desirable to cure any Default by Lessee in such manner and to such extent as Lessor in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessor notifies Lessee in writing of Lessor's intention to do so and affords Lessee at least 10 days in which to make such payment or take such action. Lessee shall pay Lessor, upon written demand, all advances, costs and expenses of Lessor in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessor.

b) Performance Bond. In the event of any Default by Lessee, Lessor may make demand, and draw upon, the Performance Bond provided for in Paragraph 21, hereafter, and to apply any proceeds received therefrom to (i) the payment of any sums then due and owing to Lessor under this Lease; (ii) the cost of curing any Default by Lessee or performing any obligation of Lessee that Lessee has failed to perform; and (iii) any other loss, damage, cost, or expense (including reasonable attorneys' fees) incurred by Lessor as a result of such Default by Lessee.

c) Termination of Lease. In the event of a Default by Lessee, Lessor may terminate this Lease, effective at such time as may be specified by written notice to Lessee, and demand possession of the Premises from Lessee. In such event, Lessor shall be entitled to recover from Lessee such damages as are allowable by applicable Laws.

d) Repossession and Reletting. In the event of a Default by Lessee, Lessee grants permission to Lessor to reenter and take possession of all or any part of the Premises, without additional demand or notice, and repossess the same and expel Lessee and any party claiming by, through or under Lessee, and remove the effects of both, without being liable for prosecution for such action or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or right to bring any proceeding for breach of covenants or conditions of this Lease. No such reentry or taking possession of the Premises by Lessor shall be construed as an election by Lessor to terminate this Lease unless a notice of termination is given to Lessee. No notice from Lessor or notice given under a forcible entry and detainer statute or similar Laws shall constitute an election by Lessor to terminate this Lease unless such notice specifically so states. Lessor reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Lessee such notice, in which event the Lease shall terminate as specified in such notice. After recovering possession of the Premises, Lessor shall use reasonable efforts to relet the Premises on commercially reasonable terms and conditions. Lessor may make such repairs, alterations or improvements as Lessor considers appropriate to accomplish such reletting, and Lessee shall reimburse Lessor upon demand for the actual costs and expenses, which Lessor may incur in connection with such reletting. Lessor may collect and receive the rents for such reletting but Lessor shall in no way be responsible or liable for any inability to relet the Premises or to collect any rent due upon such reletting. Regardless of Lessor's recovery of possession of the Premises, so long as this Lease is not terminated Lessee shall continue to pay on the dates specified in this Lease, the Rent and other Rent which would be payable if such repossession had not occurred, less a credit for any payments actually received by Lessor through any reletting of the Premises.

e) Receivership. To properly effectuate the recovery of damages and other sums owing by Lessee to Lessor hereunder following a Default by Lessee, Lessor, in conjunction with any dispossession proceeding commenced pursuant to this Lease may seek the appointment of a receiver by a court of competent jurisdiction to the extent provided for in and compliance with the requirements of Title 25, Chapter 14, Part 2 of the Montana Code Annotated and Rule 66 of the Montana Rules of Civil Procedure,

as they may be amended. In no event shall Lessor be obligated to post a bond in connection with the appointment of a receiver.

f) Bankruptcy Relief. Nothing contained in this Lease shall limit or prejudice Lessor's right to obtain adequate assurances of Lessee's future performance under 11 USC Section 365 or other applicable Laws, or any other legal rights, in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding.

21 DEFAULTS BY LESSOR AND LESSEE'S REMEDIES.

21.1 Defaults by Lessor.

The following event, which continues beyond the applicable notice and cure period, shall constitute a "Default by Lessor" under this Lease: Lessor breaches or fails to comply with any provision of this Lease applicable to Lessor, and such breach or noncompliance continues for a period of 30 days after notice thereof from Lessee to Lessor; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period and Lessor does not commence to cure such breach or noncompliance within such 30-day period and does not thereafter diligently pursue such cure in good faith to completion.

21.2 Lessee's Remedies.

If any Default by Lessor occurs, Lessee shall have the right, at Lessee's election, then or at any later time, to exercise the remedy described below. Exercise of such remedy shall not prevent the concurrent or subsequent exercise of any other remedy otherwise available to Lessee at law or in equity. Lessee may, at Lessee's option but without obligation to do so, and without releasing Lessor from any obligations under this Lease, make any payment or take any action as Lessee deems necessary or desirable to cure any Default by Lessor in such manner and to such extent as Lessee in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessee notifies Lessor of Lessee's intention to do so and affords Lessor at least 10 days in which to make such payment or take such action. Lessor shall pay Lessee, upon demand, all advances, costs and expenses of Lessee in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessee.

22 PERFORMANCE BOND.

Prior to execution of this Lease, as a condition to Lessee's right to enter onto and occupy the Premises, Lessee shall furnish, to Lessor, and maintain in full force and effect throughout the Term, including any renewal term of this Lease, a Performance Bond. The Performance Bond shall name Lessor as obligee; be in an amount not less than [AMOUNT]; and guarantee Lessee's full and timely performance of each and every of its obligations under this Lease. Lessee shall deliver to Lessor evidence of any renewal or replacement of the Performance Bond at least 30 days prior to its expiration, so that the Performance Bond remains continuously in effect throughout the Term and any renewal term hereof. Failure, by Lessee, to deliver or maintain the Performance Bond as required hereunder shall constitute an event of default under this Lease and in such event Lessor shall have the right to procure a substitute bond or other security and to pay the cost thereof, in which event, Lessee shall reimburse Lessor upon Lessor's demand for any and all premiums and related expenses incurred by Lessor as additional rent. Lessor's acceptance of any Performance Bond shall not limit or waive any other rights or remedies under this Lease or at law or in equity.

23 MISCELLANEOUS.

23.1 Notices.

All notices required under this Lease must be in writing and shall be deemed properly given and received (a) when actually received, if delivered in person to a party who acknowledges receipt in writing; or

(b) one business day after deposit with a private courier or overnight delivery service with a written acknowledgment of receipt; or (c) 5 business days after the date postmarked on the cover of any correspondence or notice when deposited in the United States mail, certified with return receipt requested, and postage prepaid. All such notices shall be sent to Lessor's Address when directed to Lessor and to Lessee's Address when directed to Lessee, unless the party to whom notice is directed has requested, in writing, that notice be provided to a different address. In the case of notices to a Qualified Mortgagee, notice shall be sent to the address set forth in that Qualified Mortgagee's most recent notice to Lessor.

23.2 Binding Effect.

Each of the provisions of this Lease shall extend to, bind, and inure to the benefit of, as the case may be, Lessor and Lessee, and their respective heirs, successors and assigns.

23.3 Modifications.

This instrument contains the entire agreement between the parties, and no statement, promise or inducement made by either party, or agents of either party, which are not contained in this Lease shall be valid or binding. All modifications to this Lease must be in writing and signed by the Lessor and the Lessee. If executed properly under this section, modifications of this Lease do not need independent consideration to be legally enforceable.

23.4 Enforcement Expenses.

In any action, proceeding, or dispute arising out of or relating to this Lease, including, without limitation, administrative proceedings initiated under Section 16 hereof, each party shall bear its own attorneys' fees, expert fees, court costs, and all other expenses incurred, regardless of which party prevails or whether any such action or proceeding is prosecuted to judgment.

23.5 No Waiver.

No waiver of any provision of this Lease shall be implied by any failure of either party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently. No express waiver shall affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

23.6 Captions.

The captions and/or headings of sections are for convenience of reference only and shall not be deemed to limit, construe, affect or alter the meaning of such sections.

23.7 Severability.

If any provision of this Lease is declared void or unenforceable by a final judicial or administrative order, this Lease shall continue in full force and effect, except that the void or unenforceable provision shall be deemed deleted and replaced with a provision as similar in terms to such void or unenforceable provision as may be possible and be valid and enforceable.

23.8 Waiver of Jury Trial.

Lessor and Lessee waive trial by jury in any action, proceeding or counterclaim brought by Lessor or Lessee against the other with respect to any matter arising out of or in connection with this Lease, Lessee's use and occupancy of the Premises, or the relationship of Lessor and Lessee.

23.9 Authority to Bind.

The individuals signing this Lease on behalf of Lessor and Lessee represent and warrant that they are empowered and duly authorized to bind Lessor or Lessee, as the case may be, to this Lease according to its terms.

23.10 Only Lessor/Lessee Relationship.

Lessor and Lessee agree that neither any provision of this Lease nor any act of the parties shall be deemed to create any relationship between Lessor and Lessee other than the relationship of Lessor and Lessee.

23.11 Reservation of Oil, Gas, and Minerals.

Lessor expressly excepts and reserves from this Lease all rights to all oil, gas and other minerals in, on or under the Land and that might be produced or mined from the Land; provided, however, that no drilling, mining or other surface disturbance shall be undertaken on the surface of this Lease, nor shall the Lessor interfere with the Lessee's right to subjacent support, during the Term of this Lease.

23.12 Reservation of Rights-Of-Way.

Lessor expressly excepts and reserves from this Lease and retains the right to grant rights-of-way on the Land for other purposes to third-parties.

23.13 Right of Inspection.

Lessor, or its authorized representatives, may, at any reasonable hour and without notice, enter upon and inspect the Premises to ascertain compliance with this Lease. Any inspection or examination of the Buildings and Improvements shall not interfere with Lessee's use of the Premises or the business conducted therein.

23.14 Reasonableness.

At any time during this Lease, if either party is to use reasonable judgment, it shall be deemed to mean ordinary business judgment.

23.15 Governing Law; Venue and Jurisdiction.

This Lease shall be governed by and construed according to the Laws of the State of Montana. Venue and jurisdiction for any dispute arising under this Lease shall be before the Department as a contested case proceeding under the Montana Administrative Procedures Act . Any legal action related to, or arising out of, this Lease, must be filed with the Montana First Judicial District Court in Lewis and Clark County.

23.16 Time of Essence.

Time is expressly declared to be of the essence of this Lease and each and every term hereof.

23.17 Broker.

Lessor represents and warrants that no broker or agent negotiated, or was instrumental in negotiating or consummating this Lease on behalf of Lessor. Lessee shall indemnify and hold Lessor harmless from all damages paid or incurred by the Lessee from any claims asserted against Lessor by brokers or agents claiming through Lessee.

23.18 Further Assurances.

Each party shall, upon the reasonable request of the other and without additional consideration (but without incurring material out-of-pocket expense unless reimbursed), execute, acknowledge, and deliver such further documents and instruments, and take such additional actions, as may be reasonably necessary or desirable to carry out the intent and purposes of this Lease and to give full effect to its terms.

23.19 Counterparts and Electronic Signatures.

This Lease may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures delivered by facsimile, PDF, or other reliable electronic means shall be deemed original signatures for all purposes, and the parties agree that this Lease may be executed and delivered by electronic signature in a manner permitted by applicable Law.

23.20 Neutral Construction.

This Lease is the result of negotiations between the parties and shall be deemed to have been jointly drafted by them. Accordingly, any rule of construction that ambiguities are to be resolved against the drafting party (including the doctrine of contra proferentem) shall not apply to the interpretation of this Lease or any amendments hereto.

23.21 No Third-Party Beneficiaries.

This Lease is entered into solely for the benefit of Lessor and Lessee and their respective permitted successors and assigns. Nothing in this Lease, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Lease, as a third-party beneficiary or otherwise.

Having read and intending to be bound by the terms and provisions of this Lease, Lessor and Lessee have signed it as of the date first stated above.

EXHIBIT A

COS/Plat

EXHIBIT B
MARKET ADJUSTMENT
SCHEDULE AND PROVISIONS

MARKET ADJUSTMENT PROVISIONS

Rent for the Land shall be subject to Market Adjustments determined in accordance with these provisions. The Market Adjustments shall apply in Lease Years [MARKET ADJUSTMENT YEARS TO BE INSERTED BASED ON NEGOTIATION WITH LESSEE]. The process for the Market Adjustment will commence on the date that is 90 days after the first day of Lease Years [INSERT THE YEAR PRIOR TO MARKET ADJUSTMENT YEARS].

The Market Adjustment shall be determined by appraisal in accordance with the following provisions:

SELECTION OF APPRAISERS

Lessor and Lessee shall each hire an appraiser meeting the qualifications set forth in these provisions and shall instruct such appraiser to prepare an appraisal of the market value of the Land based upon the assumptions and meeting the requirements set forth these provisions. The appraiser so retained by Lessor is herein referred to as "Lessor's Appraiser," and the appraisal prepared by Lessor's Appraiser is herein referred to as "Lessor's Appraisal." The appraiser so retained by Lessee is herein referred to as "Lessee's Appraiser," and the appraisal prepared by Lessee's Appraiser is herein referred to as "Lessee's Appraisal." Each appraiser shall be subject to the approval of the other party, which approval shall not be unreasonably withheld. Lessor's Appraiser and Lessee's Appraiser shall each be instructed to complete their respective appraisals and deliver their results to both Lessor and Lessee.

DETERMINATION OF RENT

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is equal to or less than 10%, then the Land Value shall be deemed to be the mathematical average of the two appraisals. See the following example of a scheduled Market Adjustment for a 50,000 square foot lease, at a 6% lease rate with two different appraisal values:

Lessor Appraisal = \$6.50 per square foot
Lessee Appraisal = \$6.10 per square foot
Land Value= \$6.30 per square foot

New Annual Rent = \$6.30 x 50,000 (or applicable square footage) x 6% (or applicable Lease Rate)
= \$18,900.

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is greater than 10%, then:

- a) Lessor and Lessee shall have 30 days from the Appraisal Report Date within which to agree upon the Land Value between the two appraisals; OR
- b) If Lessor and Lessee are unable to agree on the Land Value within such 30 day period, then Lessor and Lessee shall jointly select a third appraiser to prepare an appraisal of the market value of the Land utilizing the same scope of work from the Lessor's Appraisal and the Lessee's Appraisal. The third appraiser shall be provided copies of both appraisals. The third appraisal shall be prepared and delivered to both Lessor and Lessee. The Land Value shall be the mathematical average of the two appraisals that are closest in dollar amount.

The Land Value determined in accordance with the foregoing provisions shall be binding and conclusive on the parties. Rent for the land, as adjusted by the Market Adjustment, shall be the amount obtained by multiplying the Land Value by the Lease Rate Percentage determined in accordance with 77-1-905, MCA.

QUALIFICATIONS OF APPRAISERS; REPLACEMENT

Each of Lessor’s Appraiser, Lessee’s Appraiser and any third appraiser must (a) have an MAI designation by the Appraisal Institute (or similar designation available on the Market Date); (b) be a Certified General Appraiser licensed in the State of Montana; and (c) have appraised similar types of uses in the three years prior to such Market Date. If any appraiser designated to serve in accordance with these provisions shall fail, refuse, or otherwise become unable to act, a new appraiser shall be appointed by the contracting party.

SCOPE OF WORK

The Lessor shall draw up the scope of work that meets the statutory requirements at the time, and supply the scope of work to all appraisers. All appraisals conducted during a Market Adjustment shall be subject to the same scope of work.

BRIEFING SESSION

Lessor’s Appraiser and Lessee’s Appraiser, should either so elect, shall be entitled to require a briefing session, to be held at Lessor’s offices on a day and at a time mutually acceptable to Lessor, Lessee, Lessor’s Appraiser and Lessee’s Appraiser but in all events not earlier than 10 nor later than 15 days following the Market Date. At such session, both such appraisers shall be present and each shall be entitled to ask such questions of Lessor and Lessee.

PAYMENT

Lessor shall pay all costs, fees and expenses of Lessor’s Appraiser, and Lessee shall pay all costs, fees and expenses of Lessee’s Appraiser. If a third appraiser is required, Lessor and Lessee shall share equally all costs, fees and expenses of such third appraiser.

MARKET ADJUSTMENT SCHEDULE

Table to be completed upon negotiation with Lessee

Lease Year	Schedule
INITIAL MARKET ADJUSTMENT YEAR	“Market Adjustment”
[LEASE PERIOD UNDER MARKET ADJUSTMENT NO. 1]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
2 ND MARKET ADJUSTMENT YEAR	“Market Adjustment”
[MARKET ADJUSTMENT PERIOD NO. 2]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.

[3 RD MARKET ADJUSTMENT YEAR]	“Market Adjustment”
MARKET ADJUSTMENT PERIOD NO. 3]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
[4 TH MARKET ADJUSTMENT YEAR]	“Market Adjustment”
[MARKET ADJUSTMENT PERIOD NO. 4]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
[5 TH MARKET ADJUSTMENT YEAR]	“Market Adjustment”
[MARKET ADJUSTMENT PERIOD NO. 5]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.
[6 TH MARKET ADJUSTMENT YEAR]	“Market Adjustment”
[MARKET ADJUSTMENT PERIOD NO. 6]	“Adjustment Period” applied to Base Rent resulting from previous Market Adjustment.

0626-7

Land Exchange Preliminary Approval:
Fitch Land Exchange

**Land Board Agenda Item
June 15, 2026**

0626-7 Land Exchange: Preliminary Approval for Fitch Inc. Land Exchange

Location: Garfield County

Trust Beneficiaries: Common Schools

Trust Revenue: N/A

Item Summary:

The Department of Natural Resources and Conservation (DNRC or Department) requests preliminary approval of a land exchange proposal with Fitch Inc. involving 640± acres of state trust land for 640± acres of private land all located in Garfield County.

State Trust Land (DNRC)			
County	Legal Description	Trust	Acres
Garfield	All of Section 16, T15N, R35E	Common Schools	640±
Fitch Inc.			
County	Legal Description	Acres	
Garfield	All of Section 25, T15N, R34E	640±	

PUBLIC INVOLVEMENT PROCESS AND RESULTS

A scoping letter requesting public comment was sent April 10, 2026, and the comment period ran through May 15, 2026. The letter was sent to neighboring landowners, interested parties, special interest groups, and the Garfield County Commissioners. In addition, a public scoping notice was posted on the DNRC website, published in the Miles City Star Newspaper, and sent via email to the department’s land exchange GovDelivery list. No comments were received.

EXCHANGE CRITERIA ANALYSIS

The following preliminary review describes how the land exchange meets or exceeds the land exchange criteria and could benefit the trust beneficiaries, Common Schools.

1. EQUAL OR GREATER VALUE

The estimated value of the state trust lands and lands to be acquired are each \$550 per acre. If preliminary approval is received an appraisal by a Montana General Certified appraiser will be conducted.

- *Preliminarily Meets Criteria*

2. STATE LAND BORDERING ON NAVIGABLE LAKES AND STREAMS

There are no navigable lakes or streams bordering on either the state trust land or the exchange parcels.

- *Preliminarily Meets Criteria*

3. EQUAL OR GREATER INCOME TO THE TRUST

The proposed acquisition land is expected to generate similar, or slightly greater, income than the state trust land to be exchanged.

- *Preliminarily Meets Criteria*

4. EQUAL OR GREATER ACREAGE

The proposed exchange is 640 acres of state trust land for 640 acres of private land and is neutral in its net effect.

- *Preliminarily Meets Criteria*

5. CONSOLIDATION OF STATE LAND

The proposed exchange would add 640 acres of state land to an existing block of state land.

- *Preliminarily Meets Criteria*

6. POTENTIAL FOR LONG-TERM APPRECIATION

The proposed acquisition parcels have the potential for greater appreciation as part of a larger contiguous block of state ownership. In addition, legal access provides more potential due to potential competitive lease bids in the future.

- *Preliminarily Meets Criteria*

7. ACCESS

This exchange would increase the amount of access to state lands. The land proposed to be acquired by the state would be legally accessible, whereas the state trust land to be exchanged is currently not accessible.

- *Preliminarily Meets Criteria*

The DNRC believes this proposed land exchange would benefit the Trust beneficiary and the State of Montana. If approved by the Board, DNRC would execute a non-binding Agreement to initiate the land exchange with Fitch Inc. and would begin a detailed evaluation, including an environmental assessment.

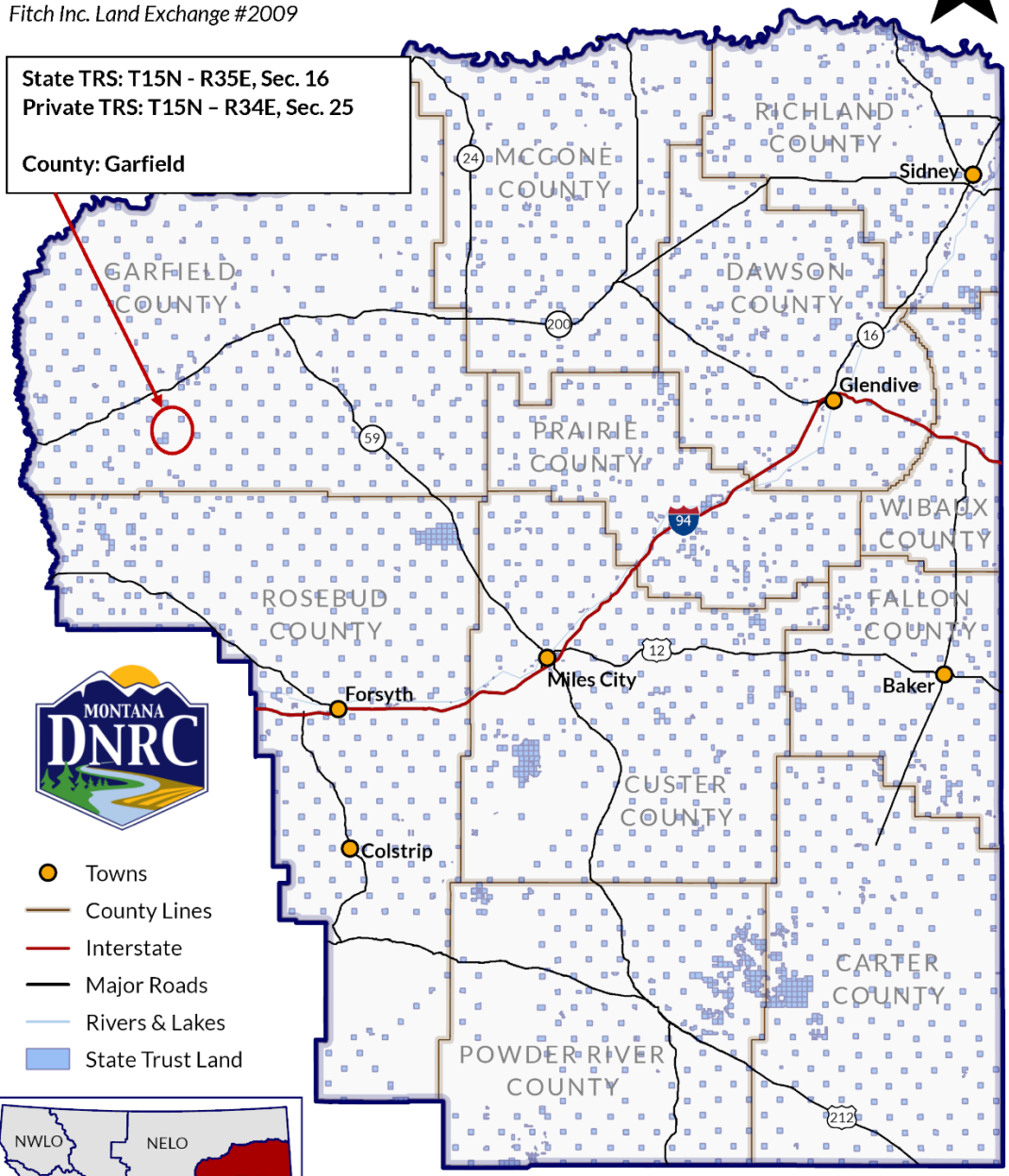
DNRC Recommendation:

The DNRC recommends that the Land Board grant preliminary approval of this proposed land exchange.

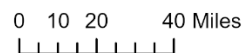
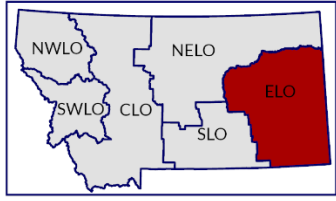
State Trust Land Vicinity Map Eastern Land Office

Fitch Inc. Land Exchange #2009

State TRS: T15N - R35E, Sec. 16
Private TRS: T15N - R34E, Sec. 25
County: Garfield



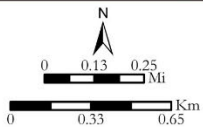
- Towns
- County Lines
- Interstate
- Major Roads
- Rivers & Lakes
- State Trust Land



Produced by Montana Department of Natural Resources and Conservation – 2025
NAD 1983 State Plane



State Trust Land Proposed to be Exchanged - Garfield County

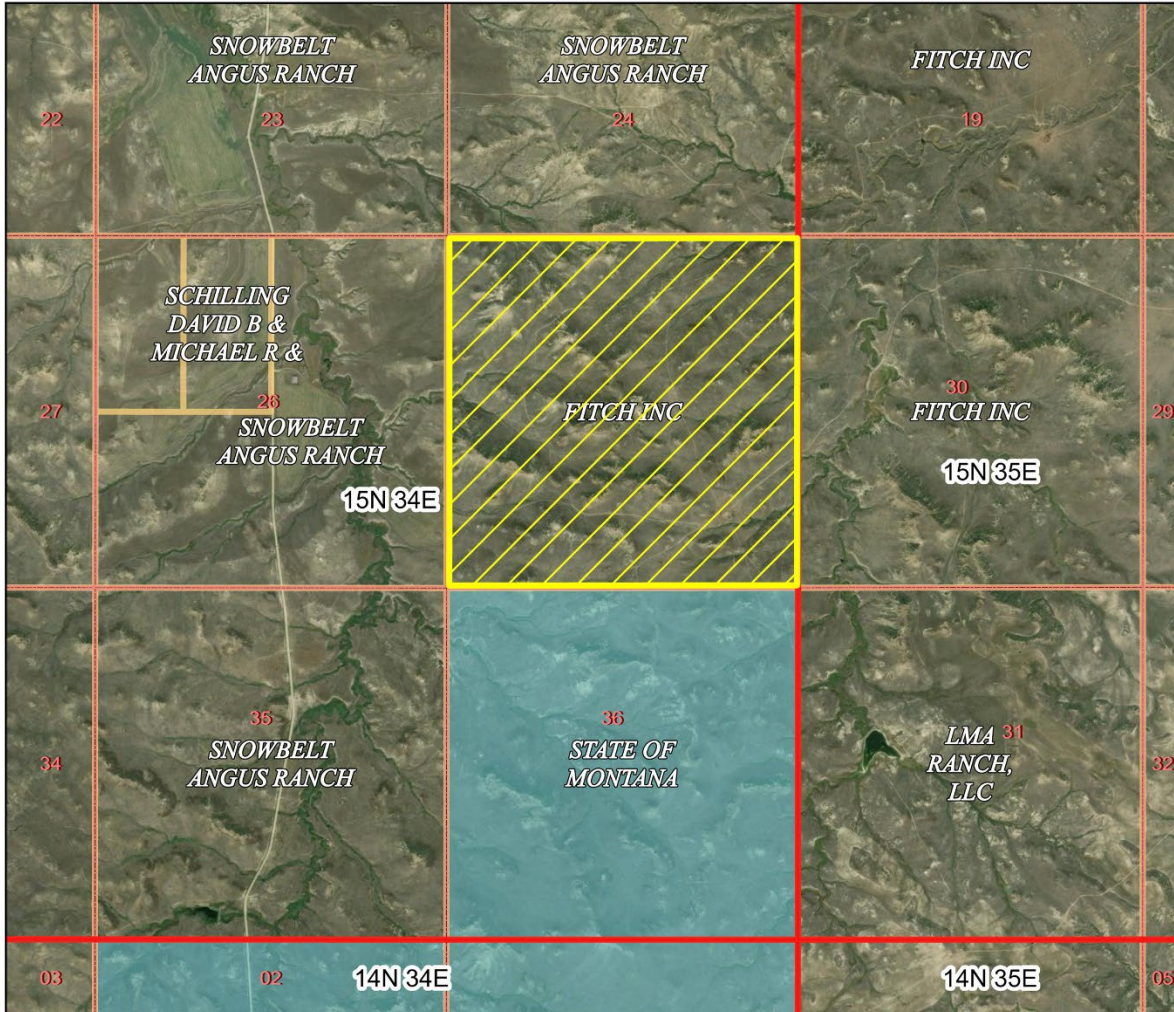


Township 15 North, Range 35 East
All of Section 16, 640ac.

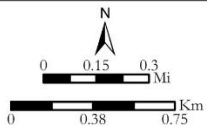
Legend

- Township & Range
- Section
- Ownership Parcels
- Montana State Trust Lands
- Lands To Be Exchanged

Map created by REMB staff March 2026



Private Land Proposed to be Acquired - Garfield County



Township 15 North, Range 34 East
All of Section 25, 640ac.

Legend

- Township & Range
- Section
- Ownership Parcels
- Montana State Trust Lands
- Lands To Be Acquired

Map created by REMB staff March 2026

0626-8

Easements

**Land Board Agenda Item
June 15, 2026**

0626-8 Easements

**Location: Broadwater, Cascade, Flathead, Gallatin, Hill, Prairie, Roosevelt, and
Wibaux Counties**

**Trust Beneficiaries: Common Schools, Public Land Trust, and
MSU-Eastern/UM-Western**

**Trust Revenue: Common Schools \$86,339, Public Land Trust \$6,276, and
MSU-Eastern/UM-Western \$37,570**

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
NorthWestern Corporation	Electric Transmission Line	Permanent	186-187 198-199
Paula Truman	Private Access Road	Permanent	188-189
Wibaux County	Public County Road	Permanent	190-191
Prairie County	Public County Road	Permanent	192-193
Hiland Crude, LLC	Buried Crude Pipeline	30-Year	194-195
North Central Montana Regional Water Authority	Buried Water Pipeline	Permanent	196-197
Spectrum Pacific West, LLC	Buried Fiber Optic Cable	Permanent	200-201
Northwestern Energy	Buried Natural Gas Pipeline	30-Year	202-203

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation
11 East Park Street
Butte, MT 59701

Application No.: 17782 (Amended)
R/W Purpose: an overhead 230 kV electric transmission line
Lessee Agreement: N/A (Navigable River)
Acreage: 0.20
Compensation: \$2,125.00
Legal Description: 30-foot strip across the Missouri River in NE4NW4, Sec. 35,
Twp. 21N, Rge. 4E, Cascade County

Trust Beneficiary: Public Land Trust

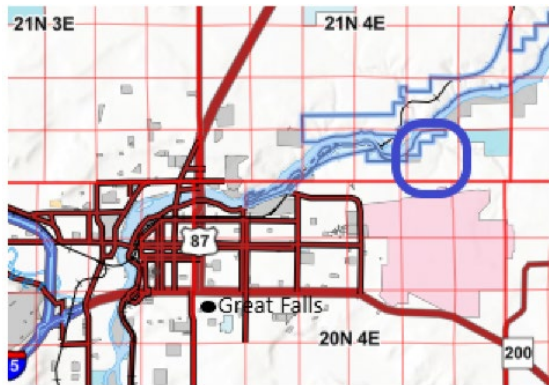
Item Summary:

Northwestern Corporation is requesting an amendment to an existing historic easement for the purpose of upgrading the voltage. Currently, the historic line carries a capacity of 100kV and the proposal is to rebuild the line to the higher voltage from the Great Falls switchyard to the Highwood switchyard.

DNRC Recommendation:

The DNRC recommends approval of the application of NorthWestern Corporation.

Application #17782 (Amended)



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Paula Truman
3224 West Woodland Blvd
Spokane, WA 99224

Application No.: 19950
R/W Purpose: a private access road to a single-family residence and associated outbuildings and to conduct normal farming and ranching operations and timber management

Lessee Agreement: N/A (Historic)
Acreage: 2.21
Compensation: \$37,570.00
Legal Description: 30-foot strip through S2SW4, SW4SE4, Sec. 15, Twp. 30N, Rge. 22W, Flathead County

Trust Beneficiary: MSU-Eastern/UM-Western

Item Summary:

Paula Truman is requesting a historic easement for a private access road for the purpose of accessing a single family residence and to conduct farming and ranching operations. This application is made pursuant to amendments of §77-2-101, MCA for recognition of historic uses across state trust land. The road, Rifle Range Road, was thought to be a county road when only a segment of the road was issued an easement to the property now owned by Truman. However, it was discovered later that the entire road was not a public road and while other landowners successfully applied for and received easements on the entirety of the road, the predecessor in interest to Truman was serving in the military and was unaware of the findings. It was discovered after the death of the previous owner that the full access was not secured. This request will complete full legal access to the Truman property.

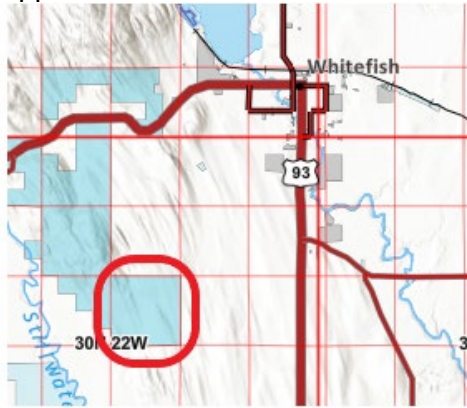
Paula Truman's private land to be accessed is described as follows:

- NW4SE4, NE4SE4, Section 22, Township 30 North, Range 22 West

DNRC Recommendation:

The DNRC recommends approval of the application of Paula Truman.

Application #19950



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Wibaux County
PO Box 199
Wibaux, MT 59353

Application No.: 19951
R/W Purpose: a public county road
Lessee Agreement: N/A (Historic)
Acreage: 7.13
Compensation: \$5,169.00
Legal Description: 60-foot strip through N2SE4, NE4SW4, S2SW4, Sec. 16,
Twp. 12N, Rge. 57E, Wibaux County

Trust Beneficiary: Common Schools

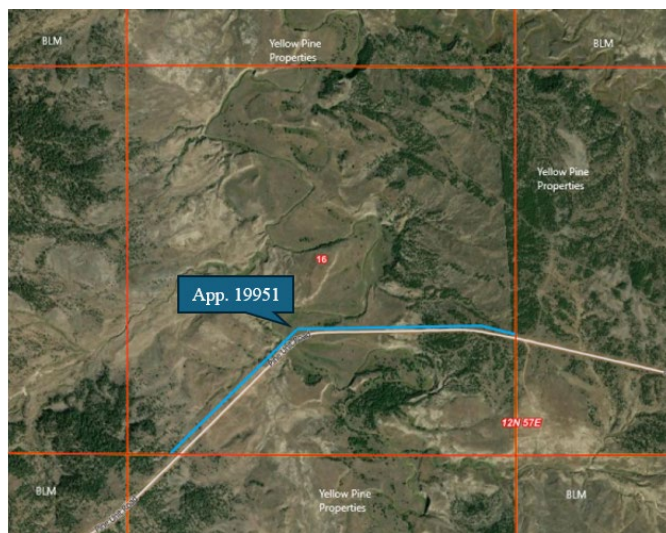
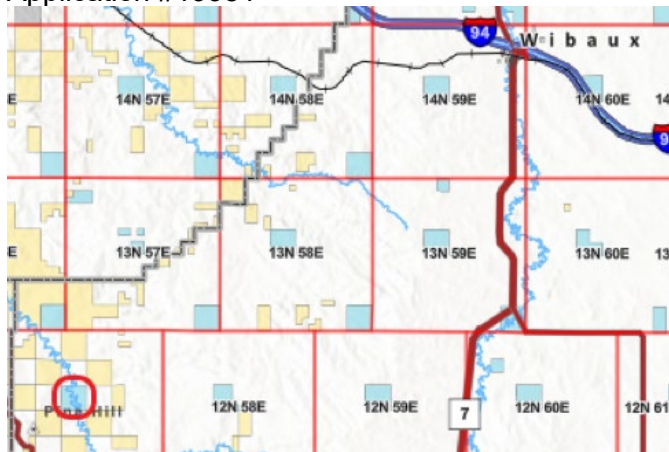
Item Summary:

Wibaux County is requesting a historic easement for a public county road, which includes a bridge crossing of Cedar Creek (non-navigable stream). This application is made pursuant to amendments of §77-2-101, MCA for recognition of historic uses across state trust land.

DNRC Recommendation:

The DNRC recommends approval of the application of Wibaux County.

Application #19951



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Prairie County
PO Box 125
Terry, MT 59349

Application No.: 19952
R/W Purpose: a public county bridge
Lessee Agreement: N/A (Navigable River)
Acreage: 1.00
Compensation: \$1,450.00
Legal Description: 60- foot strip across the Yellowstone River in NE4SE4,
Sec. 22, Twp. 12N, Rge. 50E, Prairie County

Trust Beneficiary: Public Land Trust

Item Summary:

Prairie County is requesting a historic easement for a public county bridge. This application is made pursuant to amendments of §77-2-101, MCA for recognition of historic uses across state trust land.

DNRC Recommendation:

The DNRC recommends approval of the application of Prairie County.

Application #19952



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hiland Crude, LLC
1001 Louisiana Street
Houston, TX 77002

Application No.: 19953
R/W Purpose: a buried 4-inch steel crude pipeline
Lessee Agreement: ok
Acreage: 1.44
Compensation: \$76,165.00
Legal Description: 25-foot strip through N2NE4, SE4NE4, Sec. 16, Twp. 28N,
Rge. 58E, Roosevelt County

Trust Beneficiary: Common Schools

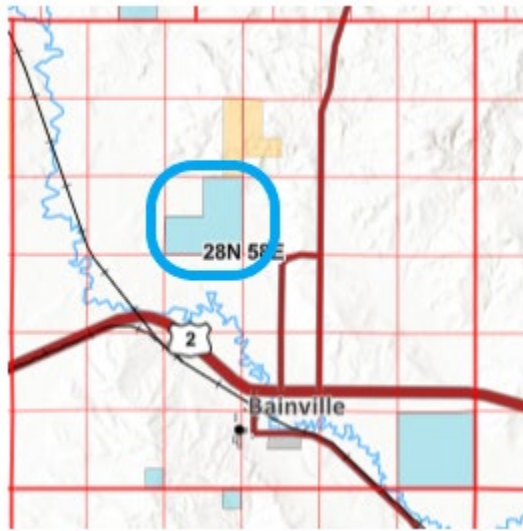
Item Summary:

Hiland Crude, LLC has requested an easement to install a buried 4-inch steel crude pipeline to connect a well pad to existing pipeline facilities. This pipeline will gather crude from the Kraken-Northern Pad off state land. The proposed route is the most direct route between terminuses. Consistent with other natural gas and oil pipelines, a 30-year term is recommended.

DNRC Recommendation:

The DNRC recommends approval of the application of Hiland Crude, LLC as a 30-year term easement.

Application #19953



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: North Central Montana Regional Water Authority
PO Box 2456
Havre, MT 59501

Application No.: 19954
R/W Purpose: a buried 24-inch water pipeline
Lessee Agreement: ok
Acreage: 3.12
Compensation: \$3,588.00
Legal Description: 50-foot strip through E2SE4, Sec. 16, Twp. 32N, Rge. 15E,
Hill County

Trust Beneficiary: Common Schools

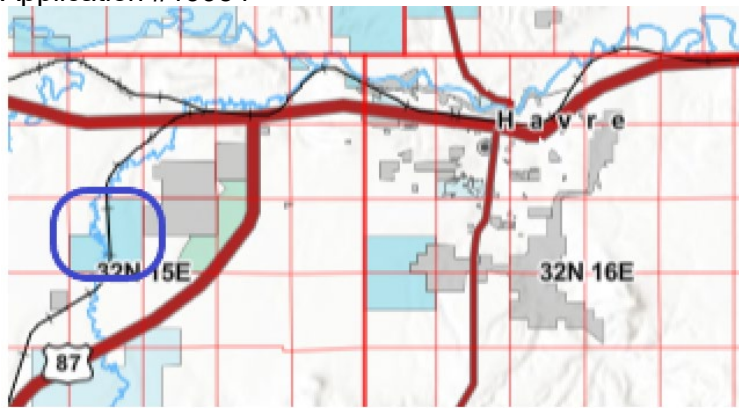
Item Summary:

North Central Montana Regional Water Authority has requested an easement for a 24-inch water pipeline to provide safe and reliable drinking water to the Rocky Boy Reservation and surrounding counties. The selected route will follow the west side of an existing two-track road and is the most cost effective route across state trust lands. Other routes were considered and eliminated for topographical, environmental, and economic reasons.

DNRC Recommendation:

The DNRC recommends approval of the application of North Central Montana Regional Water Authority.

Application #19954



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation
11 East Park Street
Butte, MT 59701

Application No.: 19955
R/W Purpose: an overhead 230kV power transmission line
Lessee Agreement: ok
Acreage: 0.63
Compensation: \$1,417.00
Legal Description: 100-foot strip through NW4NW4, Sec. 36, Twp. 21N, Rge. 4E,
Cascade County

Trust Beneficiary: Common Schools

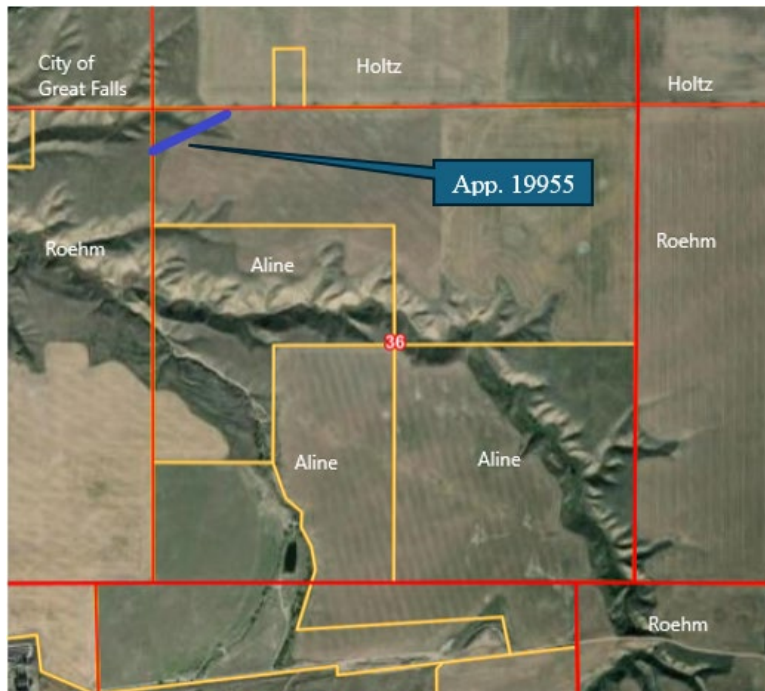
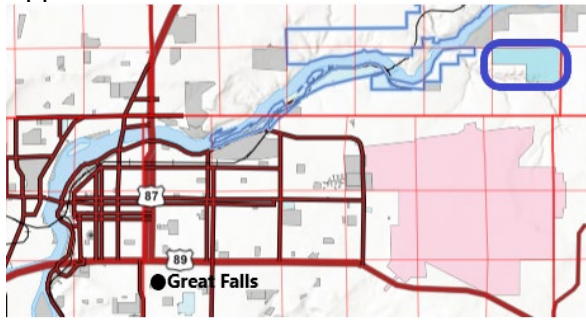
Item Summary:

NorthWestern Corporation is requesting an easement to rebuild an existing overhead electric line constructed in the 1910's. The new proposed line will carry a capacity of 230kV in order to provide additional capacity for service. The proposed route is the most cost effective route as it follows existing powerline corridor and alternative routes would require miles of new easements, risking the ability to construct the powerline in a timely manner. The rebuild consists of approximately 9 miles of new overhead transmission line construction.

DNRC Recommendation:

The DNRC recommends approval of the application of NorthWestern Corporation.

Application #19955



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Spectrum Pacific West, LLC
1860 Monad Road
Billings, MT 59102

Application No.: 19956
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.18
Compensation: \$2,001.00
Legal Description: 20-foot strip across the Missouri River in SW4NE4, Sec. 5,
Twp. 19N, Rge. 2E, Cascade County

Trust Beneficiary: Public Land Trust

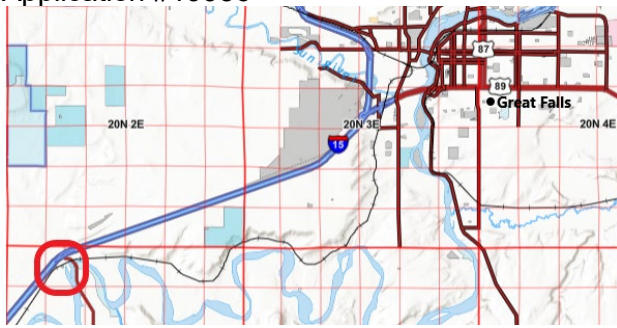
Item Summary:

Spectrum Pacific West, LLC is requesting an easement to install a buried fiber optic telecommunications cable to provide reliable telephone and broadband services to unserved and underserved homes in the area surrounding Ulm, Montana. The proposed route is the most direct route between terminus locations while also providing accessibility for construction and maintenance since it is located primarily along existing roadways.

DNRC Recommendation:

The DNRC recommends approval of the application of Spectrum Pacific West, LLC.

Application #19956



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Energy
1903 South Russell Street
Missoula, MT 59801

Application No.: 19957
R/W Purpose: a buried 16-inch natural gas pipeline
Lessee Agreement: N/A (Navigable River)
Acreage: 0.28
Compensation: \$700.00
Legal Description: 50-foot strip under the Missouri River in SE4SE4, Sec. 23,
Twp. 3N, Rge. 2E, Broadwater and Gallatin Counties

Trust Beneficiary: Public Land Trust

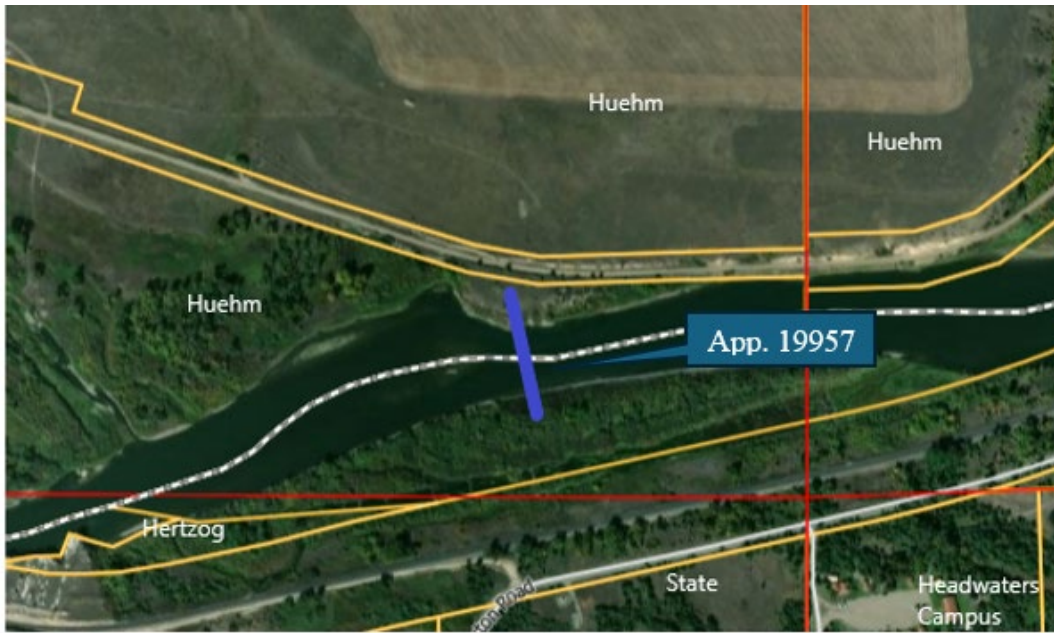
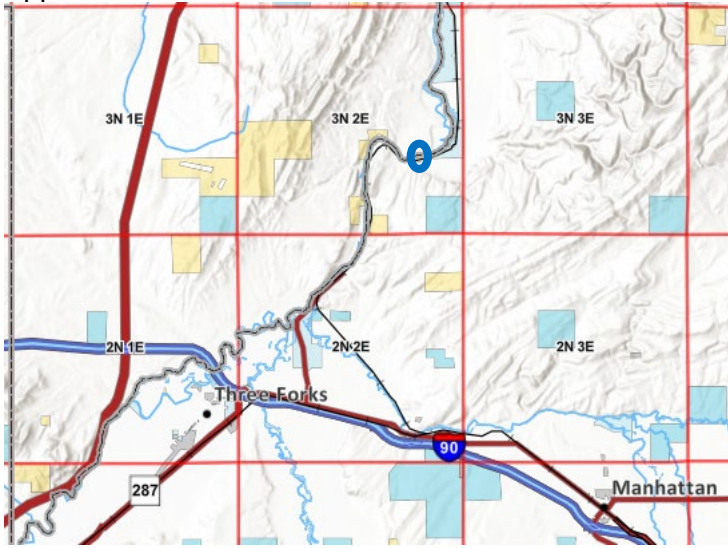
Item Summary:

Northwestern Energy is requesting an easement to install a buried 16-inch natural gas pipeline under the Missouri River. This pipeline is intended to fulfil the need for additional natural gas delivery infrastructure as it has become critical with the steady population growth and increasing energy demands in Montana. The Bozeman area is the furthest point from the primary gas supply, and with increasing demands combined with Montana’s harsh winter conditions, the necessity is great for a robust gas transmission and compression system. This will serve to enhance system capacity, improve resiliency, and balance the statewide gas loads. Consistent with other natural gas and oil pipelines, a 30-year term is recommended.

DNRC Recommendation:

The DNRC recommends approval of the application of NorthWestern Energy as a 30-year term easement.

Application #19957



0626-9

Approval to File Objections on Water Rights

**Land Board Agenda Item
June 15, 2026**

0626-9 Approval to File Objections on Water Rights

Location: Ravalli

Trust Beneficiaries: Montana Tech

Trust Revenue: N/A

Item Summary:

In the examination of Basin 76H, during the Montana water adjudication process, department staff identified two (2) statements of claim with at least one point of diversion located off state trust lands and at least one place of use on state trust lands. The State Board of Land Commissioners is not currently listed as an owner or co-owner on these water rights, even though it appears that a portion of each water right is appurtenant to state trust lands. The owner of the water rights were notified that their water right would be heard on the June Land Board agenda via certified mail dated April 13, 2026.

A table summarizing the claims grouped by claim type, owner, land description and supplemental rights is below.

Water Right Number	Type	Purpose	Total POU's	POUs on TL	Objection Acres
76H 148266 00	Surface	Stock	3	1	N/A
76H 148261 00	Surface	Irrigation	11	2	10

Pursuant to MCA 2-3-203(4), the board may go into closed session to discuss litigation strategy in relation to these statements of claim.

DNRC Recommendation:

The DNRC recommends the Land Board approve the request and grant the authority to file these objections through the Water Court.

0626-10

Lincoln Shooting Range

**Land Board Agenda Item
June 15, 2026**

0626-10 Lincoln Shooting Range

Location: Lewis & Clark

Trust Beneficiaries: Unknown

Trust Revenue: Unknown

Item Summary:

At the May 18, 2026 Land Board meeting, Secretary of State Jacobsen made a motion to consider the Lincoln Shooting Range at the June 15, 2026 Land Board Meeting. DNRC has not received an application to authorize a shooting range in Lincoln.

Background:

In 2013, 2014, and 2021, the Lincoln Sportsman's Club inquired of DNRC about a shooting range authorization on state trust lands in the Lincoln area of Lewis and Clark County. They did not, however, submit an application for authorizing such use. A timeline of inquiries is attached as Exhibit A.

Authority:

Depending on the type of authorization sought for a shooting range, numerous statutes, rules, provisions of the Montana Constitution and conditions of the Enabling Act may apply. A one-page checklist for three different options to authorize a shooting range on state trust land is attached, along with a detailed summary as Exhibit B, broken down by type of authorization.

Options to authorize a shooting range on state trust land

SALE OR TRANSFER OF LAND:

Sale: The property could potentially be sold at a public auction for full market value (Enabling Act, Constitution, MCA).

- Nomination of the property for sale by the Land Board, DNRC or current lessee (ARM)
- DNRC Evaluation of proposed sale (MCA, ARM)
- MEPA Analysis required (MCA, ARM)
- Preliminary Sale Approval by Land Board (MCA, ARM)
- Appraisal (MCA, ARM)
- Minimum Bid Set by Land Board (MCA, ARM)
- Notification of Auction (MCA, ARM)
- Offer to Purchase and Bid Deposit Receipt (ARM)
- Public Auction of land (Enabling Act, MCA, ARM)
- Final Approval of Sale by the Land Board (MCA, ARM)
- Compensation for improvements to licensee (MCA, ARM)
- Funds submitted for purchase of property, plus sale processing costs (Constitution, MCA, ARM)

EASEMENT FOR PERPETUAL USE:

Easement: A public entity, such as Montana Fish Wildlife and Parks or Lewis & Clark County, could apply for an easement for public use. (MCA)

- Obtain public entity commitment to serve as easement holder
- Survey the boundary requested for an easement (MCA)
- Settlement of damages with surface lessee (MCA)
- Submit a completed application to the DNRC (includes survey and statement of necessity) (MCA, ARM)
- Appraisal contracted to determine land/easement value (Enabling Act, MCA, ARM)
- MEPA Analysis required (MCA)
- Public entity final approval/commitment to hold easement through public process (i.e. public commission meeting)
- Land Board decision (MCA)
- Easement signed by grantee, and
- Funds submitted to pay for the Easement (Enabling Act, Constitution, MCA, ARM)
- Easement Executed

LEASE OF THE LAND, NOT TO EXCEED 99 YEARS:

Commercial Lease: Lincoln Sportsman's Club could indicate interest in a commercial lease agreement. (MCA, ARM)

- Letter of interest to the DNRC (Commercial Lease Process)
- Notification of Conservation Interest (ARM)
- Appraisal contracted to determine land value (MCA, ARM)
- Request for Proposal (RFP) open to the public for 90 days (MCA)
- DNRC scores proposals based on RFP Criteria (MCA)
- MEPA Analysis required (MCA)
- Land Board decision (Enabling Act, MCA, ARM)
- Lease payment made to DNRC annually (MCA)
- Lease or Option to Lease agreement executed

A Proposal to the Montana State Land Board

by the

Lincoln Sportsmen's Club, Inc.

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I. Introduction

The Lincoln Sportsmen's Club (LSC) proposes that the Land Board make one section of state land near Lincoln, Montana, in Lewis and Clark County, available for perpetual use as a shooting facility to serve the needs of the Lincoln area, nearby people and communities, and people traveling to attend events at this proposed facility. There are currently no established shooting facilities to serve the people of the Lincoln area.

The Montana Shooting Sports Association (MSSA) joins the LSC in advancing this proposal.

The terrain included in this request is relatively flat mountain foothills. At about 5,200 feet in elevation, it is high, has mixed tree, brush and grass coverage, and is only modestly useful for other purposes.

In a separate section, the LSC will suggest several alternative ways the Land Board could satisfy this request.

II. The Lincoln Sportsmen’s Club. Inc.

The Lincoln Sportsmen’s Club (LSC) is an organization of firearm owners and sportsmen in the Lincoln, Montana area. This area is in Lewis and Clark County. The LSC is a Montana nonprofit corporation, first incorporated in 2014 (D248398, see Exhibit A). However, the LSC is the successor to the Lincoln Gun Club, first registered in 1971. LSC is approved as a 501(C) (3), tax exempt entity under IRS rules (See Exhibit B).

The officers, Board of Director members of the LSC are as follows:

Brian Patzer: President
Scott Skerlock: Vice President
Brian T. Jennings: Secretary
William Yeager: Treasurer
Ron Shortridge: Board Member

The Registered Agent for the LSC is:

Brian T. Jennings
215 8th Ave
Lincoln, MT 59639

The Montana Shooting Sports Association, Inc.

The Montana Shooting Sports Association is a Montana nonprofit corporation and statewide organization that was founded in 1990 to be and has become the primary political advocate for Montana firearm owners (see <https://www.mtssa.org/leadership/>). MSSA has now achieved passage of 73 pro-firearms bills, including the Shooting Range Protection Act (76-9-101, M.C.A., et. seq.), the Shooting Range Development Act (87-1-276, M.C.A., et. Seq.), that shooting ranges are not “nuisances” under law, and to allow use of easements to secure shooting range safety zones (see <https://www.mtssa.org/successes/>).

Officers

President – Gary Marbut - 406-549-1252
Vice President – Randy Pinocci
Secretary – Soren Koford
Treasurer – James M. McDonald

Directors

Dr. Annie Bukacek
Rep. Ed Byrne
Matt Egloff
Soren Koford
Rick LePage
Rep. Brandon Ler
Gary Marbut
Randy Pinocci
Peter Reiss

III. The Parcel

The parcel being requested is one section (640 acres) and is described as: Section 16 T15N R07W, near Lincoln in Lewis and Clark County.

It has a geocode of:

05-2442-16-1-01-01-0000

At about 5,200 feet in elevation, Section 16 is a relatively flat area in rolling foothills, is separated about 1/3 – 2/3 by Alice Creek, and is served by the Alice Creek Road. This section is about 10 miles northeast of Lincoln, and about 2 miles north by northwest of the intersection of highways 200 and 279. It is about 2.5 miles off of Highway 200 via Alice Creek Road.

It is unknown if the State of Montana has this section leased for any purpose. This section does not contain any developed infrastructure such as highways, power lines, pipelines, irrigation ditches, gravel pits, businesses, or residences or other buildings. It is bare, undeveloped land. There are no known archaeological, historical, or heritage features on this parcel. There are no known wildlife or plants unique to this parcel.

Why 640 acres? There are several reasons. The LSC intends to eventually develop a 1,000-yard shooting bay as a part of this range. 1,000 yards is more than 1/2 mile, not including parking behind the bay firing line and road access to the bay.

Also, one significant challenge all shooting ranges face is having an adequate safety fan around a range. That is an area where other access can be excluded for safety reasons. It is because of an inadequate safety zone that the Montana Law Enforcement Academy range in Bozeman was closed. This was from poor initial planning by whoever initially located that range without an adequate safety zone.

Finally, there are a variety of shooting opportunities planned by the LSC for their shooting range evolution. For safety reasons, these different activities will need space for separation.

In this location and given the available terrain, it will require a full section to meet the long term needs of the LSC (See Exhibit C).

IV. Reasons for Land Board Cooperation

There is currently no dedicated, safe, and suitable place for the people of the Lincoln area to shoot, to sight in hunting arms, to hold shooting competitions, or to educate young shooters. The absence of a managed shooting facility in the Lincoln area results in dispersed recreational shooting on unmanaged lands. Such dispersion increases the potential for trespass, fire risk, litter, and administrative burden. Establishment of a managed facility under responsible local control concentrates activity in a controlled environment and reduces impacts elsewhere.

Montana has a very high incidence of firearms ownership. Because of this, Montana also has challenges providing safe and suitable places for people to shoot. Montana has express policy about this challenge at 76-9-101, M.C.A., which says:

“Policy. It is the policy of the state of Montana to provide for the health, safety, and welfare of the citizens of the state by promoting the safety and enjoyment of the shooting sports among the citizens of the state and by protecting the locations of and investment in shooting ranges for shotgun, archery, rifle, and pistol shooting.”

The proposed facility, when developed, would accommodate rifle, pistol, shotgun, and archery shooting. It would also provide a safe and suitable place for hunter sight-in, for youth firearms safety education, and for shooting competitions. It would be eligible for support under the Montana Shooting Range Development Program”

87-1-276. Purpose. The purpose of 87-1-277 through 87-1-279 and this section is to create a continuing program and mechanism to provide funding, through the department [DFWP], to private shooting clubs, private organizations, local governments, and school districts for the establishment and improvement of a system of shooting ranges throughout Montana.

With the high incidence of firearms ownership and use in Montana, it is no surprise that under-served localities can experience land use conflicts associated with shooting. These conflicts can include trespass, litter, damage, and safety issues. A classic example is the problems DNRC has been struggling with in the Bozeman area, especially south of I-90 near the Logan exit. It would be much better for Montana to be proactive with opportunities such as this LSC proposal.

The places where such problems do NOT occur or are minimal are where adequate safe shooting facilities are provided and are actively managed by engaged local clubs on property the club controls and is therefore motivated to manage well. Having committed members of a local club to manage an adequate local shooting facility is key to reducing area land use conflicts related to shooting. This LSC proposal is an attempt to address such land use conflicts in advance. A safe and suitable place for

these people to shoot will contribute to the safety of the community and will minimize unsafe shooting at undeveloped locations.

State law countenances using public lands for shooting ranges.

87-1-279... (6) The department [DFWP] shall promote the use of publicly owned land for shooting range facilities. The department may negotiate with federal, state, and local agencies to encourage land trades, shared or specific use designations, and other mechanisms to provide land for shooting range facilities.”

Precedent. In 2006, the Land Board granted a shooting range easement to the Wilderness Sportsman’s Club for a community shooting range in Seeley Lake.

Constitutional issues. The Montana Constitution’s direction that state lands be used for the school trust will be discussed. Because youth safety and hunter education will be conducted at the proposed shooting facility, this will also aid education in Montana. Further, the Montana Constitution at Article VI, Section 13 declares that “The militia forces shall consist of all able-bodied citizens of the state except those exempted by law.” The U.S. Constitution assigns to the states the mission of training the militia - “... reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia ...” The proposed shooting facility will aid in fulfilling this constitutional role.

V. Support

This proposal has broad support. See the attached letter of support from the Lewis and Clark County Commissioners (See Exhibit D), and another from the Lewis and Clark County Sheriff (See Exhibit E).

We support the Lincoln Sportsmen's Club's Land Board Proposal to obtain a section of state land near Lincoln for a community shooting range:

Senator Matt Regier
Senator Barry Usher
Senator Mark Noland
Senator Carl Glimm
Senator Mike Yakawich
Senator Greg Hertz
Senator Gayle Lammers
Senator Becky Beard
Senator Bob Phalen
Senator Daniel Zolnikov
Senator Denley Loge
Senator Theresa Manzella

The following 125 people of Lincoln, MT and Upper Blackfoot Valley area signed the Montana Shooting Sports Association Letter (petition) dated July 29, 2025, indicating their support to petition the Land Board for permanent use of a section of State land for the Lincoln Sportsmen's Club to establish a safe and suitable place for area people to shoot:

Zach Muse, Fire Chief LRFD
Gavin Roselles, Powell County Sheriff
Brian Patzer, President Lincoln Sportsmen's Club (LSC)
Marshall Visger, Pastor Lincoln Baptist Church
Wendell Weaver, Vice President LSC (2025)
Ernie Lundberg, Area Chair Ducks Unlimited
Bruce West, Board Member LSC (2025)
Brian T. Jennings, Secretary LSC
William L. Yaeger, Treasurer LSC
Dennis Hefti, Range Master LSC
Scott Skerlock, Vice President LSC (2026)
Ron Shortridge, Board Member LSC (2026)

Tim Sowa	Steven Copenhaver	Quinton Grantier
Mark Sowa	John Felciano	Teresa Castagne
Donna Copenhaver	Gary Smith	Kelly Hagan
Debbie Patzer	Patrick Bickel	Taylor Jennings
Richard Cosner, NLG Arms	Aaron Massey	Jennifer Jennings
Sheryl Peterson	Scott McCaughtry	James Reynolds
Kevin Forkan	Cynthia Sowa	Lisa Reynolds
David Brandow	Kinley Cooley	Olivia Dietz
Denise Vandermark-Brandow	Trenton Grantier	Tahne Jo Raynor

Shane Raynor
Todd Copenhagen
John Manley
John T. Manley
Andrew Gomez
Thomas Applegate
Chris Caldwell
Jeff Jorgensen
Cole Orth
Cory Garneau
Robert T. Browne
Bill Baker
Cody Baker
Cody Dailey
Becky Dailey
Scott Zarske
Julie Zarske
Ashley Eddington
Fred Valiton
Tony Tams
Denise Browne
Grant Slaght
Mary Delaney Slaght
Dave McKee
Bille Jo Baker
Andrew Patterson
Carver Thompson
Kynslee Thompson
Emily Patterson

Alyssa Daniels
Ty Daniels
Bri Cunha
Daniel Schatz
David Van Dyke
Keven Patzer
Wyatt Jorgensen
Trey Phillips
Joshua Spatig
Fran Heath
Amanda Hallsted
Tim Welker
Forrest Rogers
Linda Shadel
Norine L. Joyce
Walt Joyce
Jon Lamson
Melaya Joyce
Logan Joyce
Chad Sutej
Clarence Stine
Billy J. Bratcher
Lynda Mosher
Donna Forkan
Chris Joyce
Kelley Patzer
Mary Patzer
Judy Hefti
Brenda Henwood

Gerry B. Malek
Michael T. Hagen
Kasey Reisbeck
Tabatha Reisbeck
Nancy L. Duel
Dave Duel
Stephanie G. Weaver
Emmett L. Weaver
Don LaRoque
Tamara Jordan
Norma Hughes
Irene E. Weaver
Katherine A. Schweiterman
Mike Schweiterman
Frank J. Malek
Renee Lundberg
Sandra Nobi
Laszlo Nobi
Louie W. Bouma
Mishayla Fallis
Bridger Reisbeck
Alex Haas
Kathy Tams
Cindy Bettinelli
Jid Bettinelli
Michelle Mattick
Tim Mattick
Melissa L. Youderian

VI. Lincoln Sportsmen's Club's Commitment

The LSC is willing to agree to the following terms as a part of this proposal, if control of the parcel in question can be transferred to the LSC.

Hunter education. LSC agrees to allow the shooting range to be established on the parcel to be used for training by FWP Hunter Education instructors and the FWP Hunter Education Program, as needed, forever.

State to retain timber rights. The LSC is willing to accept that the State retain timber rights to the land in question, thereby minimizing any loss to the state school trust fund (understanding that the LSC will need to clear some portions of the land for ranges, parking and other facilities, but that such clearing will be kept to a minimum).

Fire hazard reduction. The LSC will actively engage in a fire hazard reduction program on the land in question.

Weed management. The LSC will actively pursue weed management on the parcel in question.

Accept covenants. The LSC will accept covenants with the land specifying that the land may only be used for the purpose of a shooting range, together with the necessary adjuncts thereto.

Survey and transfer costs. The LSC will pay the costs associated with transferring the property, including the cost of a survey of the property.

Operate and maintain range. The LSC will operate and maintain the shooting range in perpetuity, paying all costs of operation, liability insurance and improvements, and allowing any member of the general public to become a member of the LSC if the applicant is eligible to purchase a Montana hunting license, and pays dues that are a reasonable share of the cost of LSC business.

VII. Alternatives

The Montana Shooting Sports Association strongly advises that local firearms owners attempting to establish a shooting range, or to manage or develop a range, **must** own the land for the range. Without ownership, or secure, long term control, members and volunteers simply will lack the motivation to contribute the money and long hours needed to develop and maintain a decent and safe range. LSC has recently been ousted from an unsecured range location with no notice, a location in which it had invested hundreds of man and equipment hours.

Also, shooting ranges must have a considerable footprint, not only for the developed portion of the range, but for a safety fan around the shooting areas.

Shooting ranges are not profit-making operations. They are break-even propositions because range operators plow all available income back into development. This is also why a local club cannot afford to pay competitive lease rates for shooting range property. Thus, the cost of adequate land for a range is a major barrier to shooting range establishment. This is why the enacted policy of the State of Montana to encourage safe and suitable places to shoot is so vital.

Alternative 1. (Preferred alternative). The State deeds Section 16 to the LSC, with conditions that the parcel may only be used for a shooting range and that the parcel reverts to the State if it should fall into dis-management or if the LSC should become inactive.

Alternative 2. The State deeds Section 16 to Lewis and Clark County with the understanding that the County hand either deed or secured indefinite use to LSC for a shooting range.

Alternative 3. The state grants an easement to LSC for the perpetual use of Section 16 as a shooting range.

Alternative 4. The State enters into contract with LSC to allow LSC to use Section 16 for a shooting range for \$1 per year for a minimum of 50 years.

VIII. Impact Analysis

A. Financial Impact Analysis

Estimated grazing revenue for Section 16 (low-productivity rangeland):
640 acres \times 0.043 AUM/acre \approx 27.5 AUM annually.

27.5 AUM \times \$25/AUM \approx \$687 annual grazing lease value (approximate).

This represents the approximate annual revenue potentially forgone if grazing is displaced.

B. No Net Loss Comparative Table (Estimated Annual Values)

Category	Estimated Annual Value	Notes
Grazing Lease Revenue	(\$687)	Approximate forgone revenue
Fire Hazard Reduction	\$200–\$600	Fuel mitigation, defensible space, volunteer labor value
Weed Control & Monitoring	\$100–\$500	Ongoing treatment & compliance
Active Site Stewardship & Maintenance	\$300–\$700	Road maintenance, litter removal, supervision
Net Estimated Impact	Neutral to Positive	Stewardship offsets grazing revenue

C. Legal Analysis

Where the trust corpus is protected, timber rights retained, reversionary provisions included, and long-term stewardship enhances land condition, the Board may reasonably conclude that the arrangement secures legitimate and reasonable advantage to the trust.

The relatively modest grazing value, compared with active management and reduction of unmanaged recreational impacts, supports a finding that the proposal does not materially impair trust revenue and is in the public interest.

D. Risk Mitigation Protections

- - Retained timber rights.
- - Recorded use covenants limiting purpose.
- - Reversion clause for non-use or mismanagement.
- - Liability insurance.

IX. Conclusion

For the reasons stated above, the LSC requests that the Land Board make the described real property available to the LSC for the purpose of establishing a community shooting range in the Lincoln area. Such action by the Land Board would serve the public interest in a significant way. The LSC requests that the State Land Board direct the Department of Natural Resources and Conservation to execute documents consistent with Land Board findings and the terms of this proposal.

Exhibit A

From the Montana Secretary of State website:

Lincoln Sportsmen's Club

Request Information

*Filing Number***D248398**
*Entity Type***Domestic Non-Profit Corporation**
*Entity SubType***Public Benefit Corporation with members**
*Status***Active-Good Standing**
*Formed In***Montana**
*Principal Address***2866 SPRUCE LANE LINCOLN, MT 59639**
*Mailing Address***PO BOX 114 LINCOLN, MT 59639**
*Registration Date***05/01/2014**
*AR Due Date***04/15/2027**
*Registered Agent***Noncommercial RA1600709 Brian Jennings 215 8TH AVE LINCOLN, MT 59639**

Exhibit B

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **DEC 22 2014**

LINCOLN SPORTSMENS CLUB
PO BOX 114
LINCOLN, MT 59639

Employer Identification Number:
46-5588911
DLN:
17053266360004
Contact Person:
GERRY R MCLAUGHLIN ID# 31115
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
509(a)(2)
Form 990 Required:
Yes
Effective Date of Exemption:
May 1, 2014
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

Exhibit C

Lincoln Sportsmen's Club
Proposed Range Development





BOARD OF COUNTY COMMISSIONERS

Andy Hunthausen Candace Payne Tom Rolfe
City County Building 316 North Park Helena, Montana 59623 406.447.8304 Fax: 406.447.8370

November 13, 2025

To Whom It May Concern,

The people of the Lincoln and upper Blackfoot Valley area need and do not currently have a permanent, safe and suitable place to shoot. The Lincoln Sportsmen's Club is an organization of Lincoln area people and a Montana non-profit corporation. The Lincoln Sportsmen's Club will soon petition the Land Board for permanent use of a section of State land for the club to establish a safe and suitable place for Lincoln and upper Blackfoot Valley area people to shoot.

The Lewis and Clark County Commission supports these efforts.

Sincerely,

Lewis and Clark County
Board of Commissioners

Candace Payne, Chair
Tom Rolfe, Vice Chair
Andy Hunthausen, Member



Lewis & Clark County Sheriff's Office

406 Fuller Ave. • Helena, MT 59601

Office 406-447-8235

Fax 406-449-8452

Sheriff-Coroner Leo C. Dutton

Undersheriff Brent S. Colbert

Leo C. Dutton
Sheriff/Coroner
Lewis & Clark Sheriff's Office
406 Fuller Avenue
Helena, MT 59601
sheriffsoffice@lccountymt.gov
(406) 447-8204

September 8, 2025

To Whom It May Concern,

I am writing to express my full support for the Lincoln Sportsman Club in their efforts to establish a safe and suitable shooting range in Lincoln and Blackfoot Valley area. I have had the opportunity to observe their work and can attest to their professionalism, dedication, and positive impact on the community.

Their commitment to excellence and collaborative spirit makes them an asset to any initiative. I am confident that a shooting range will contribute and lead to meaningful outcome and lasting benefits for the community.

Please feel free to contact me if further information is needed.

Sincerely,

A handwritten signature in black ink that reads "Leo C. Dutton". The signature is written in a cursive style.

Leo C. Dutton
Sheriff/ Coroner

Exhibit A

History of Shooting Range Proposals in the Lincoln Area

2006 Shooting Range proposal in the Seeley Lake Area. This was a different shooting sports club in a different community, but there are similarities in their approach to the Land Board.

- Wilderness Sportsman's Club: The Club held a special lease on state trust land near the Seeley Lake airport for shooting range purposes.
 - In February 2006 Gary Marbut submitted a similar "proposal" to the Office of Public Instruction regarding transferring up to 60 acres of land to the Wilderness Sportsman's Club, espousing the same reasoning for a transfer (i.e. State would be allowed to continue to manage timber, club would take care of weeds, fire, etc.). The lease to the Club at that time was 5 acres.
 - Mr. Marbut, a representative of the Wilderness Sportsman's Club and a representative of the North Valley Sportsman's Club, appeared before the Board in February 2006 regarding the rising rental rates for leases. Gary Marbut verbally requested the land be transferred over to the clubs and if that couldn't be done, he asked that the department come up with a proposal.
 - Mr. Marbut was advised in a letter from then Director Sexton of the unconstitutionality of a land transfer as he proposed and offered alternatives of a permanent easement; purchase of the property at public auction; the County purchases a permanent easement on behalf of the club; the club explore options with DFWP; the club secures a lease with the Forest Service and moves the shooting range.
- It appears that because the use was under lease authorization, a decision was made administratively that the Wilderness Sportsman's Club could convert the lease to an easement.
- The Wilderness Sportsman's Club holds 3 easements in the Seeley area for the shooting range, because they expanded the shooting range a couple of times. They paid a total of \$116,900 for the easements, ranging in size from 2.51 to 5 acres in size, for a total of 11.69 acres. They paid \$10,000 per acre for each easement.

Shooting Range proposals in the Lincoln Area

2007

March 29, 2007: Keep Cool Hills Cooperative Hunting Access and Recreation Management Area Landowners' Agreement signed by Sieben Ranch Company, The Nature Conservancy, Inc., DFWP and DNRC establishing a recreation plan for hunting and fishing with special regulations. The Cooperative Management Area was dissolved due to noncompliance on the part of the public.

2013

August 15, 2013: email from Lincoln Sportsman Club to SWLO Planner requesting a piece of property for a shooting range: **Section 12, T14N-R8W**, approximately 10 acres.

October 1, 2013: email from SWLO Planner to SWLO staff summarizing an internal meeting and next steps, including flagging an area for a gun range site.

October 15, 2013: email from Lincoln Field Office describing a discussion with the Club about next steps regarding a potential easement.

October 18, 2013: email from SWLO planner to REMB confirming the correct authorization for a shooting range.

October 23, 2013: email from SWLO planner confirming that an easement is the preferred option; noting a change in location for the project (new location unknown). Also, discussion about a meeting with Newmont regarding the McDonald project where residential lessee and grazing licensee expressed opposition to the proposed shooting range. They were informed that public comment would be gathered if the proposal proceeded.

2014

Club members reached out to Kristen Baker-Dickinson, Clearwater Unit – Lincoln Field Office Unit Manager (Unit Manager), and Bill Cyr, Lincoln Field Office Assistant Fire Management Officer (retired December 31, 2024), regarding a proposed shooting range in **Section 12, T14N-R8W**.

August 28, 2014: Public scoping letter sent out.

After public scoping, DNRC initially declined the project proposal because it would not be compatible with current authorized uses of the parcel, and it would not be consistent with management direction in general for state trust lands. DNRC did reconsider and propose a LUL with conditions. Bob Storer, Mike O'Herron, and Kristen Baker-Dickinson met with 2 representatives

of the club, Bob Wood and Calvin Johnson, on site on November 25, 2014. The parties discussed the LUL proposal at that time. The club did not move forward with a LUL application.

2021

January 19, 2021: the Unit Manager provided Lincoln Field Office Assistant Fire Management Officer a Land Use License (LUL) application for the Lincoln Sportsman's Club to fill out for preliminary consideration of one or more parcels for a shooting range. She advised him to inform the Club of possible restrictions to prevent conflicts with existing uses. No LUL application was received from the Club.

2025

September 24, 2025: the Unit Manager was contacted by the grazing licensee in another parcel, **Section 16, T15N-R7W**, GA Adventures LLC representative Greg Hendrix, reporting that a member of the Club claimed that the Club was going to put a shooting range on the section. The Unit Manager had not been previously contacted by the Club regarding a proposal in this location.

November 7, 2025: the Unit Manager, attended the monthly Government Day in Lincoln and was made aware of a letter of support written by the Montana Shooting Sports Association, Inc. and the Club (attached). Members from the Club asked the Lewis and Clark County Commissioners for their support in petitioning 'the Land Board for permanent use of a section of state trust land for the club to establish a safe and suitable place for Lincoln and upper Blackfoot Valley area people to shoot.' It is the first time that the local manager had heard of a proposal to approach the Land Board.

The Unit Manager noted to attendees that it was the first time she had heard of the proposal to approach the Land Board and encouraged the members to reach out to her as the local land manager. Afterwards, the Unit Manager followed up by emailing Brian Patzer, president of the Club, and encouraged him to work with her. 'Good afternoon. As I noted in the Government meeting today, I'm the local land manager for DNRC's Clearwater Unit and Lincoln Field Office. Please feel free to contact me at this email or 406-396-0701 regarding your proposal to place a shooting range on DNRC ground in the Lincoln area. I look forward to hearing from you.' No response was received.

When approached by the Unit Manager, Jim Yarborough, Lincoln District Ranger, noted that he had been previously approached by the Club members who requested he sign a letter of support for a shooting range on DNRC's **Section 16 T15N-R7W** in Alice Creek.

2026

January 29, 2026: the Unit Manager emailed Brian Patzer again. 'I'm reaching out again as the local DNRC land manager to see if you'd like to discuss your proposal to place a shooting range on DNRC ground in the Lincoln area. Please feel free to contact me at this email or 406-396-0701. Thank you for your time.' No response was received.

May 18, 2026: Secretary of State Jacobsen made a motion to put the issue of a Lincoln area shooting range on the June Land Board agenda.

EXHIBIT B
LINCOLN SPORTSMEN'S CLUB
MONTANA SHOOTING SPORTS ASSOCIATION
Lewis & Clark County

A summary of the statutes, rules, provisions of the Montana Constitution and conditions of the Enabling Act that apply to various authorizations that could be used to create a shooting range in the Lincoln area.

SALE OR TRANSFER OF LAND TO A PUBLIC OR PRIVATE ENTITY:

- Enabling Act of February 2, 1889, Section 11 and Amendment of May 7, 1932:
 - Prescribes that lands may only be sold at public sale after advertising
- Montana Constitution, Article X, Sections 4, 11(1)(2)
 - Describes the duties of the State Board of Land Commissioners
 - Provides that no interest or estate of trust lands may be disposed of until the full market value of the interest has been paid and secured by the State
- Montana Code Annotated, §77-1-202, Powers & Duties of Board
 - Authorizes the Board to exercise control over state lands; secure the largest measure of legitimate and reasonable advantage to the state; provide for the long-term financial support of education
- Montana Code Annotated, §77-1-204, Power to Sell, Lease, or Exchange
 - Authorizes the board to sell, lease or exchange state trust lands when, in its judgement, it is advantageous to do so in the highest orderly development and management
- Montana Code Annotated, §77-1-301, Powers & Duties of the Department
 - Provides that under the board's direction the department has charge of selecting, exchanging, classifying, appraising, leasing, managing, selling or authorizing other disposition of state lands; and shall perform other duties the board directs, the purpose of the department demands, or the statutes require
- Montana Code Annotated, §77-2-303, Restrictions on Land Available for Sale
 - Provides that if, in the judgement of the department, land is likely to contain valuable deposits of valuable mineral deposits it cannot be subject to sale of either the surface land or any of the mineral deposits
- Montana Code Annotated, §77-2-321, Sales to be at Public Auction
 - Directs that all sales of state lands shall only be at public auction
- Montana Code Annotated, §77-2-322, Notice of Sale
 - Requires the department to give notice of sale by publication in a newspaper within the county where the sale is to be held for 4 consecutive weeks preceding the date of sale. The notice must include the appraised value

- Montana Code Annotated, §77-2-323, Sale Procedure and Limitation
 - Directs that state land must be offered for sale at auction and to the highest qualified bidder; state land may not be sold for less than the value determined by the board after appraisal by a qualified land appraiser
- Montana Code Annotated, §77-2-363, Land Banking Sales – Sale Preparation Costs
 - Provides that the Board may not sell or dispose of more than 250,000 acres of state land, with 75% of the acreage sold being isolated parcels that do not have legal access by the public. Also provides direction as to bid deposits due before auction and that costs of preparing the parcel for sale must be paid to the department not more than 10 days after preliminary approval for sale by the board
- Montana Code Annotated, §75-1-208, Environmental Review Procedure
 - Requires agency compliance with environmental review of the proposal, giving 60 days to publicly scope the proposal and 90 days to complete a review. Provides for 180 days to produce an environmental impact statement if necessary
- Administrative Rules of Montana, 36.2.1002 – Sale of State Land
 - Provides for sale of land when it is the best interest of the state as determined by the Board. Inquiries may be addressed to the director; application requirements prescribed by the department not inconsistent with law and rules of the board
- Administrative Rules of Montana, 36.25.128 – Sales
 - Provides notification to the lessee prior to sale and at least 6 months prior to possession being given to the purchaser; provides for compensation for improvements to the lessee/licensee; delays possession by purchaser until March 1 next succeeding the date of sale unless the lease or license expires prior to that date or the lessee/licensee and purchaser agree to another date in writing
- Administrative Rules of Montana, 36.25.805 – Procedures for Nomination/Evaluation
 - Provides the board, department or current lessee may nominate land for sale; nominations must be on forms issued by the department and sent to appropriate department office
 - Requires notification to any licensee on the parcel; trust beneficiary representative; and lessee if parcel is board or department nominated
 - Authority with department to determine if parcel meets suitability requirements for sale; if department determines it is not suitable, it may eliminate the parcel from further review without board approval; any person may appeal the removal to the board within 15 days of the department posting its report on the website
 - Rule outlines process of MEPA, appraisal by a Montana licensed certified general appraiser; setting minimum bid; and further notification process
- Administrative Rules of Montana, 36.25.808 – Procedures for Conducting Sales
 - Details the process for advertisement/auction. Requires bid deposit no later than 20 days before date of auction; land sold to highest bidder; costs to be paid by purchaser (appraisal, title insurance, filing fees, survey, water rights transfer, etc.). Details process if bidder/purchaser fails to consummate the transaction

- Administrative Rules of Montana, 36.25.809 – Settlement for Improvements
 - If parcel sold is under an agricultural or grazing lease or license at the time of sale the purchaser is required to compensate the lessee/licensee for the value of the improvements
- Administrative Rules of Montana, 36.25.810 – Final Board Approval – Conveyance
 - Action by the board to approve or disapprove the sale; land sold “as is”

EASEMENT FOR PERPETUAL USE:

- Enabling Act of February 2, 1889, Section 11, Amendments of August 11, 1921 & May 7, 1932:
 - Provides for the grant of easements over state trust land as may be acquired over private lands by virtue of eminent domain
 - Provides that no interest or estate of trust lands may be disposed of unless full market value as ascertained in a manner by law, has been paid or secured by the state
- Montana Constitution, Article X, Sections 4, 11(1)(2)
 - Describes the duties of the State Board of Land Commissioners
 - Provides that no interest or estate of trust lands may be disposed of until the full market value of the interest has been paid and secured by the State
- Montana Code Annotated, §77-1-202, Powers & Duties of Board
 - Authorizes the Board to exercise control over state lands; secure the largest measure of legitimate and reasonable advantage to the state; provide for the long-term financial support of education
- Montana Code Annotated, §77-1-301, Powers & Duties of the Department
 - Provides that under the board’s direction the department has charge of selecting, exchanging, classifying, appraising, leasing, managing, selling or authorizing other disposition of state lands; and shall perform other duties the board directs, the purpose of the department demands, or the statutes require
- Montana Code Annotated, §77-2-101, Easements for Specific Uses
 - Authorizes the board to grant easements for specific purposes on state lands upon proper application as described in 77-2-102(1). This list does not include shooting ranges, however this statute provides for the grant of an easement for public uses as described in §70-30-102, MCA
 - §70-30-102, MCA – Eminent Domain – Public Uses Enumerated
 - Provides for public uses authorized by the legislature and public use for the benefit of a county, city or town, which could include shooting ranges
 - Condemnation by eminent domain is an action by a public authority, therefore easements for public uses must be held by a public entity, such as county or local government

- Montana Code Annotated, §77-2-102, Application for Easement
 - Provides that an application for an easement on state land must be made to the department and must describe the proposed right of way according to survey, show the necessity of the easement and give any additional information that the department requires. Additionally requires two copies of the official plat of the easement, verified by affidavit of an engineer or surveyor
- Montana Code Annotated, §77-2-103, Processing of Application
 - Provides that upon filing of an application and plats the department shall examine the proposed right of way and report to the board; the board shall consider the application and take action, including the fixing of compensation and damages, the compensation must be the full market value of the easement and damages must be actual damages resulting to the remaining land as nearly as they can be ascertained
- Montana Code Annotated, §77-2-106, Charge for Granting of Easement
 - Directs the board to charge and collect the full market value of the grant of any easement
- Montana Code Annotated, §75-1-208, Environmental Review Procedure
 - Requires agency compliance with environmental review of the proposal, giving 60 days to publicly scope the proposal and 90 days to complete a review. Provides for 180 days to produce an environmental impact statement if necessary
- Administrative Rules of Montana, 36.25.135 – Easements
 - Requires applicants to make application to the department on a form prescribed by the department; requires the applicant to pay full market value for the easement; provides for termination for non-use; prohibits assignment/transfer without being approved and recorded on the prescribed forms issued by the department; provides easement must be put to use within 5 years or is subject to forfeiture upon written notice
- Administrative Rules of Montana, 36.25.917 – Appraisal of Land
 - Provides for valuation of an easement through appraisal or limited valuation; appraisal to be contracted with a Montana-licensed certified general appraiser; requires appraisals for easements to be updated if the appraisal is older than one year

LEASE OF THE LAND, UP TO 99 YEARS:

- Enabling Act of February 2, 1889, Section 11, Amendments of May 7, 1932 & April 13, 1948:
 - Provides that state trust lands may be leased under regulations prescribed by the legislature
- Montana Code Annotated, §77-1-202, Powers & Duties of Board
 - Authorizes the Board to exercise control over state lands; secure the largest measure of legitimate and reasonable advantage to the state; provide for the long-term financial support of education

- Montana Code Annotated, §77-1-204, Power to Sell, Lease, or Exchange
 - Authorizes the board to sell, lease or exchange state trust lands when, in its judgement, it is advantageous to do so in the highest orderly development and management
 - Specifies that a lease period for uses other than agriculture, grazing, timber harvest or mineral production; power and school site leases, may not be longer than 99 years
- Montana Code Annotated, §77-1-209, Leasing Rules
 - Authorizes the board to prescribe rules related to leasing as it considers necessary so that the use and proceeds may contribute
- Montana Code Annotated, §77-1-301, Powers & Duties of the Department
 - Provides that under the board's direction the department has charge of selecting, exchanging, classifying, appraising, leasing, managing, selling or authorizing other disposition of state lands; and shall perform other duties the board directs, the purpose of the department demands, or the statutes require
- Montana Code Annotated, §77-1-903, Board to Determine Development
 - Provides that the board shall determine how the development of state trust land for commercial purposes is to proceed before offering land for lease and describes factors for consideration
- Montana Code Annotated, §77-1-904, Commercial Leasing Authorized
 - Authorizes leases of trust land for a term not to exceed 99 years for commercial purposes to the highest and best bidder responding to a department request for proposals for use of a specified tract; allows the board to enter into contracts upon terms and conditions that are determined to be in the best interests of the beneficiary
- Montana Code Annotated, §77-1-905, Rental Provisions for Commercial Leasing
 - Provides that the annual rental payment is full market value and may not be less than the product of the land value multiplied by a rate that is 2 percentage points a year less than the rate of return of the investment program administered by the board of investments. A commercial lease may include a rental adjustment formula established by the board that adjusts the annual rental payment as specified in the lease
- Montana Code Annotated, §77-1-907, Qualifications for Commercial Lessees - Bonds
 - Provides that prior to accepting an offer for a commercial lease the board shall establish the financial capability of the person seeking the lease; further provides that where the commercial purpose includes the use of a hazardous substance as defined in statute, bonding must occur to ensure a degree of cleanup for protection of public health, safety and welfare and of the environment to protect the long-term financial interest of the beneficiaries
- Montana Code Annotated, §75-1-208, Environmental Review Procedure
 - Requires agency compliance with environmental review of the proposal, giving 60 days to publicly scope the proposal and 90 days to complete a review. Provides for 180 days to produce an environmental impact statement if necessary

- Administrative Rules of Montana, 36.25.904 – General Development Standards
 - Provides for pursuit of commercial, industrial, residential and conservation uses to increase revenue on trust lands; prioritizes projects with the highest financial return per acre; describes development standards for selecting, prioritizing, designing and implementing real estate projects on state trust lands
 - Requires board approval for any commercial, industrial or residential lease expected to generate annual revenue in excess of \$50,000 annually; board delegated authority to issue leases generating less than \$50,000 annually to the department, but reserved the right to review the issuance of such leases

- Administrative Rules of Montana, 36.25.906 – Site Specific Evaluation
 - Provides for the department to conduct a site-specific evaluation to assess suitability of the tract for a real estate project. Factors include topography, influence of floodplains and/or wetlands; cultural resources, proximity to public or private lands under conservation easement; access, encumbrances, nearby development, etc.
 - Provides for analysis of local, federal and state land use regulations, plans, policies

- Administrative Rules of Montana, 36.25.907 thru 910 – Project Identification
 - Requires staff to develop a site selection report that describes the proposed project, how it conforms to rule, rate of return, estimated costs and timeline, etc.
 - Establishes a project identification team and review committee of department staff to review proposals and make recommendations
 - Requires new real estate projects be subject to a 60-day period of time for conservation entities to propose a conservation use of the site in lieu of a residential, industrial or commercial use. Any entity proposing conservation must apply within an additional 45 days for a lease, license, easement or other agreement, and another 12 months to secure the conservation use authorization. The right to approve or deny a proposal for conservation use is reserved to the department.

- Administrative Rules of Montana, 36.25.915 – Minimum Lease Calculation
 - Refers back to MCA regarding the minimum annual rental calculation that is tied to the full market value of the land

- Administrative Rules of Montana, 36.25.917 – Appraisal of Land
 - Provides for valuation of a lease through appraisal or limited valuation; appraisal to be contracted with a Montana-licensed certified general appraiser; requires appraisals for leases to be updated if the appraisal is older than two years

ADDITIONAL SHOOTING RANGE STATUTE:

- Montana Code Annotated, §76-9-105, Closure Of Shooting Ranges -- Limitations -- Relocation Cost
 - Limits the ability of a state agency to close an established shooting range.
 - Requires the state to pay the shooting club the market value of the land and buy their improvements.
 - Requires the state to pay relocation costs in the event of a closure due to safety hazards.