

**FIRST AMENDMENT TO
DEVELOPMENT AGREEMENT**

This First Amendment to Development Agreement (the “Amendment”) dated as of the ____ day of January, 2013, is made by and between **ZOOTIST HOTEL, LLC**, a Montana limited liability company whose address is 19 North Broadway, Billings, MT 59101 (the “Developer”), and the **CITY OF BILLINGS**, a municipality of the State of Montana whose address is 210 North 27th Street Billings, Montana 59103 (the “City”) (Developer and City are collectively the “Parties”).

WITNESSETH:

WHEREAS, the City and Developer entered into a Development Agreement dated May 31, 2011 in connection with Developer’s rehabilitation and redevelopment of the Northern Hotel (“Agreement”).

WHEREAS, pursuant to the Agreement, City agreed to reimburse Developer for certain Qualified Improvements for the Northern Hotel project on a periodic basis from Adjusted District Tax Increment Revenue as defined in the Agreement.

WHEREAS, City has authorized two loans in the aggregate maximum amount of \$3,200,000 plus interest from the City’s General Fund to the North 27th Tax Increment Fund for the Empire Garage project pursuant to Billings City Resolution 12-19234 (attached), which loans are to be reimbursed from District Tax Increment Revenue (such loans, in the original aggregate amount plus interest, and excluding any extensions, increases or refinancing thereof, are collectively referred to as the “Loans”).

WHEREAS, the Empire Garage project is intended in part to provide parking for the Northern Hotel and to benefit the Northern Hotel project which was declared as an urban renewal project pursuant to Montana Code Annotated, Title 7, Chapter 15, Sections 42 and 43, and Ordinance No. 11-5539.

WHEREAS, City and Developer wish to enter into an amendment to the Agreement whereby they will share equally in the Adjusted District Tax Increment Revenue otherwise allocated to reimburse Developer until such time as the Loans are repaid in full.

NOW THEREFORE, City and Developer agree, covenant and represent as follows:

1. Capitalized terms used herein shall be the same as such terms are defined the in the Agreement.

2. The Agreement is hereby amended to provide that any Annual Reimbursement Payment payable to Developer as determined pursuant to the Agreement shall be paid one-half to Developer and one-half to City, until such time as the original principal amount of the Loans plus interest, regardless of the source of repayment, is repaid in full.

3. Loan payments shall not reduce the total amount of reimbursement for Qualified Improvements that would otherwise be payable to Developer pursuant to the Agreement and following the repayment in full of the original principal amount of the Loans plus interest, regardless of the source of repayment, the Developer shall be entitled to the full Annual Reimbursement Payment, subject to the terms and conditions of the Agreement.

4. City and Developer acknowledge and reaffirm the provisions of the Agreement not modified or amended herein.

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

CITY OF BILLINGS

By: _____
Mayor

Attest: _____
City Clerk

“DEVELOPER”

By: _____

Its, _____

ACKNOWLEDGEMENT

STATE OF MONTANA)
 :ss
County of Yellowstone)

This instrument was acknowledged before me on the ___ day of _____,
2013, by _____ and _____,
respectively as Mayor and City Clerk of the City of Billings.

SEAL

Sign: _____
Print Name: _____
Notary Public for the State of Montana
Residing at Billings, MT
My Commission expires: _____

STATE OF MONTANA)
 :ss
County of Yellowstone)

This instrument was acknowledged before me on the ___ day of _____,
2013, by _____, the _____,

SEAL

Sign: _____
Print Name: _____
Notary Public for the State of Montana
Residing at Billings, MT
My Commission expires: _____