

April 11, 2013

City of Billings
c/o Brent Brooks
Billings City Attorney
PO Box 1178
Billings, Montana 59103

Ladies and Gentlemen:

Hello.

The Babcock LLC needs to request an extension of the transfer of ownership of the Theatre portion of The Babcock Building as required by the Development Agreement for same between The Babcock LLC and the City.

Why an extension is required

- The renovation of the Babcock was heavily dependent upon utilizing historic preservation tax credits. These were possible only by placing the building on the National Register of Historic Places. The rules involved in the utilization of these tax credits require that we own the property for five (5) years after the date of placing the project "in service". This "in service" date is required to be after everything that is being claimed for tax credits is complete. In our case most of the building was complete and fully occupied but there were still a few smaller projects to complete as we could verify remaining budgets, etc. The "in service" date for The Babcock ended up as February 29, 2012. Thus we cannot transfer the ownership to the City until early March of 2017.

We would request that the Development Agreement be modified to change the required date for transfer of ownership of the theatre from April 1, 2016 to on or before March 15, 2017. This delay of a little less than one year is of critical importance to the financial success of the project.

We would expect to be obligated to continue to maintain and operate the theatre in full compliance with the development agreement for this extended period. It is also our continued goal to establish or recruit a nonprofit entity to operate the theatre before this revised date.

Per the end of paragraph 2 of the attached letter from the Downtown Billings Partnership, they approved this extension back in May of 2012.

Thank you for your consideration and continued support.

The Babcock, LLC



Don Olsen AIA
President



Mike Mathew
Vice President



Kim Olsen AIA
Secretary



Kay Foster
Treasurer

CC: Downtown Billings Partnership, via e-mail
Jeff Hunnes, via e-mail



May 25, 2012

The Babcock, LLC
Attn: Michael S. Mathew
115 N. 28th St., #515
Billings, MT 59101

Dear Babcock, LLC:

Pursuant to section 3.8 of the Development Agreement signed by all parties and executed on 9/26/2008, the Downtown Billings Partnership, Inc., hereby provides this document as a Certificate of Completion of Phase 3 of the project.

Action was proposed and approved by voice vote at the regular meeting of the Board of Directors on May 25, 2012 to issue this document to The Babcock, LLC both as required by the Agreement and as a statement of satisfaction and pride regarding the renewal project. Further, as part of the same Board Action, approves an extension of the date of transfer of the Babcock Theater unit to the City of Billings from April 1, 2016 to March 1, 2017. The Board understands that this change may require an amendment to the agreement and relies upon the City of Billings to bring such action forward.

Finally, this letter shall also serve as a Certificate of Completion of Phases 1 and 2 along with Phase 3. Thus, pursuant to Section 4.8 of the Development Agreement, the Downtown Billings Partnership, Inc. hereby grants the Babcock, LLC a Certificate of Satisfaction and notes only two remaining obligations:

1. Theater Maintenance and Operation as noted and described in Section 5.1 of the Development Agreement.
2. Conveyance of the Babcock Theater Unit to the City of Billings or its assignee.

Congratulations on a job well done.

Sincerely,



Greg A. Krueger
Development Director

CC: Tina Volek
Jeff Hunnes, Via Email
Matt Robertson, Via Email