

Parking Lot Lease

This PARKING LOT LEASE (“Lease” or “Agreement”) is entered into as of the ___ day of _____, 2025 (the “Effective Date”) by and between the CITY OF BILLINGS, of 316 North 26th Street, Billings, MT 59101 (“Lessor”) and HONAKER REALTY, LLC, of 2812 First Avenue North, P.O. Box 2094, Billings, MT 59103 (“Lessee”).

Recitals

WHEREAS, Lessor and Lessee are parties to that certain Real Estate Purchase Agreement, originally dated March 16, 2024 (the “Purchase Agreement”) whereby Lessor is selling, and Lessee is purchasing, certain property situated in Yellowstone County, Montana, more particularly described as Lots 5-6 & 8, 9, & 10, Block 92, of the Original Town and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12, Block 58 of the Original Town.

WHEREAS, pursuant to accommodating the Purchase Agreement, Lessor has agreed to lease to Lessee the existing parking lot located on Lots 8-10, Block 92, Original Townsite of Billings, Montana, located in Yellowstone County, Montana (the “Premises”), pursuant to the terms and conditions herein.

Agreement

In consideration of the rents and mutual covenants and conditions set forth in this Lease, and in consideration of the mutual covenants and conditions of the Purchase Agreement, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the “Premises” (as hereinafter defined) upon the following terms and conditions:

1. **Property Leased.** Lessor hereby leases and permits the use to Lessee and Lessee hereby leases from Lessor the Premises.
2. **Term.** The term of this Agreement shall commence on April 15, 2025 and shall terminate upon the Closing Date as defined in the Purchase Agreement or the termination of the Purchase Agreement, whichever occurs first (the “Term”).
3. **Rent.** The rent due under this Agreement shall be \$1,887.00 monthly.
4. **Permitted Uses.** Lessee (including its employees, customers, and contractors) has the right to use the Premises for the purpose of off-street parking and demolition of adjacent properties for the duration of the Term. Furthermore, in anticipation of the future development by Lessee, Lessor agrees to allow Lessee to demolish and remove all improvements, to include asphalt, signage and any other improvement currently existing on the Premises. In the event conditions exist that prevent the Lessee from the Closing on the Purchase Agreement, Lessee agrees to replace any improvement removed or damaged during the Term to the same or better condition.
5. **Utilities; Repair and Maintenance.** Lessor agrees to pay for all charges of electricity or other utilities and commodities if used on the Premises. Lessee shall be responsible for all normal cleaning, maintenance, and upkeep of the Property during the term of this Agreement, and Lessee shall remove trash and debris at its own expense.
6. **Taxes.** Lessor is responsible for all taxes or special assessments assessed against or levied upon the Premises, improvements and fixtures on the premises, and personal property located and used on the Premises.

7. **Insurance.**

a. **Liability Insurance.** Lessee agrees to carry at its own expense throughout the Lease Term, Commercial General Liability Insurance covering the Premises and Lessee's use thereof, with companies authorized to do business in the State of Montana, in the amount of not less than Two Million Dollars (\$2,000,000) on account of bodily injury or property damage as a result of any one occurrence, and to furnish to Lessor a certificate or statement attesting such coverage by Lessee. The Commercial General Liability Insurance policy, shall name Lessor as an additional insured subject to the indemnification provisions of this Lease.

b. **Fire and Casualty Insurance.** Lessor shall keep the Premises insured against loss or damage by fire, with the usual extended coverage endorsements and such other insurance as from time to time the Lessor shall require or deem advisable, in amounts not less than one hundred percent (100%) of the replacement value of all improvements located on the Premises with reasonable deductibles as determined by Lessor. Lessee shall reimburse Lessor for the cost of all insurance obtained under this Paragraph upon Lessor submitting the invoice for premiums to Lessee for full reimbursement. All insurance proceeds paid as a result of a loss shall be paid to Lessor. Lessee shall be responsible for the payment of any deductibles and co-insurance related to the loss.

8. **Lessor's Rights.** If Lessee shall be in default under this Lease, then Lessor shall have the right to make any payment or perform any act required by Lessee under any provision of this Lease, and, in exercising such right, to incur necessary and incidental costs and expenses, including reasonable counsel fees. All payments made and all costs and expenses incurred by Lessor in connection with any exercise of such right, together with interest thereon at the maximum rate of interest permitted by law from the respective dates of the making of such payments or the incurring of such costs and expenses, shall be reimbursed by Lessee immediately upon demand. Notwithstanding the foregoing, nothing herein shall imply any obligation on the part of Lessor to make any payment or perform any act required by Lessee.

9. **Lessor's Remedies.** In the event of default by Lessee under this Lease which shall remain uncured after ten (10) days' notice of the default, or three (3) days in the case of non-payment of rent or any other sum due under the Lease, with or without notice of default from Lessor, Lessor may at once or at any time subsequently during the existence of such breach or default: (1) enter into and upon the Property or any part thereof and repossess the same, expelling and removing therefrom all persons and property (which property may be removed and stored at the cost of, and for the account of Lessee), using such force as may be necessary, and (2) terminate this Lease, holding Lessee for damages for its breach.

10. **Indemnification.**

a. By Lessee. Lessee hereby indemnifies and agrees to hold Lessor harmless from and against any and all actions, claims and demands arising out of the use, occupancy, or non-use of the Premises by Lessee including, without limitation of the foregoing, any carelessness, negligence, improper conduct or breach of this Lease by Lessee or its agents, employees, patrons, suppliers or licensees, and any and all costs, expenses and fees, including attorneys' fees, incurred by Lessor incident thereto. Notwithstanding the foregoing, Lessee shall not indemnify nor save Lessor harmless from any such action, claim or demand arising out of Lessor's failure to perform its obligations under this Lease.

b. By Lessor. Lessor hereby indemnifies and agrees to hold Lessee harmless from and against any and all actions, claims and demands arising out of the use, occupancy, or non-use of the

Premises prior to delivery of possession by Lessor in addition to any carelessness, negligence, improper conduct or breach of this Lease by Lessor or its agents, employees, patrons, suppliers or licensees, and any and all costs, expenses and fees, including attorneys' fees, incurred by Lessee incident thereto. Notwithstanding the foregoing, Lessor shall not indemnify nor save Lessee harmless from any such action, claim or demand arising out of Lessee's failure to perform its obligations under this Lease.

11. **Quiet Enjoyment.** Lessee shall at all times have, hold and enjoy the Premises without any manner of suit, trouble or hindrance of or from Lessor or any person or persons under the control of Lessor, provided Lessee is not in default hereunder. Lessor shall not permit nor allow to permit any use of the Premises, without Lessee's written consent, that would interfere with Lessee's permitted use of the Premises.

12. **Waiver.** A waiver of any breach or default shall not be claimed or pleaded to excuse a future breach or default. Lessor's or Lessee's consent to, or approval of, any act by the other party requiring Lessor's or Lessee's consent or approval shall not be deemed to waive or render unnecessary Lessor's or Lessee's consent to or approval of any subsequent similar act by the other party.

13. **Headings.** The headings as to the contents of particular articles and sections herein are inserted only for convenience and are in no way to be construed as part of this Lease Agreement or as a limitation on the scope of the particular articles or sections to which they refer.

14. **Notices.** Any and all options, notices, requests or demands required hereunder shall be in writing and shall be delivered in person or sent by United States certified or registered mail addressed to the party at its address as set forth above. Notice served by mail shall be deemed complete when deposited in the United States Post Office, postage prepaid. Any change in address shall not be effective unless served upon the party to be notified in the manner set forth above.

15. **Binding Effect; Successors and Assigns.** This Lease Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal representatives, administrators, successors and assigns.

16. **Attorney's Fees.** Should either party incur any costs or expenses, including reasonable attorney fees, in enforcing any of the provisions of this Lease, then the other or unsuccessful party shall reimburse the prevailing party on demand.

17. **Severability.** Should any provision of this Lease be or become invalid, void, illegal or unenforceable, it shall be considered separate and severable from this Lease, and the remaining provisions shall remain in force and be binding upon the parties hereto as though such invalid, void, illegal or unenforceable provision had not been included.

18. **Entire Agreement and Modifications.** This Lease and the covenants and agreements set forth herein are and shall constitute the entire agreement between the parties. None of the terms, covenants or agreements of this Lease shall in any manner be altered, waived or changed, except by written instrument signed and delivered by the parties hereto.

19. **Applicable State Law.** This Lease is being executed and delivered, and is intended to be performed in the state of Montana, and the laws of such state and the applicable federal laws of the United States of America shall govern the validity, construction, enforcement, and interpretation of this Lease. The parties hereto consent and agree that venue of any action brought under or in relation to this Lease shall be in Yellowstone County, Montana.

Lessor

CITY OF BILLINGS

By _____
Its _____

Lessee

HONAKER REALTY, LLC, a Montana
limited liability company

By _____
Its _____