ATTENTION

The City Council meeting will be held in a hybrid format that may include both in-person AND virtual attendance via Zoom. Unless they have cause to appear virtually, Councilmembers will attend the meeting in person in Council Chambers, fifth floor of City Hall, 316 N. 26th Street. In order to honor the Right of Participation and the Right to Know in Article II, Sections 8 and 9, of the Montana Constitution, the City of Billings and City Council are making every effort to meet the requirements of the open meeting laws.

Citizens are invited to:

- Review the Agenda Packet on the City's website at: www.billingsmt.gov and click on "Your Government," "City Council," and "Agendas & Minutes".
- View the meeting:
  - On Community 7 TV - Channel 7 or Channel 507 -- Spectrum Cable. *(On evenings when there is a conflict with School District No. 2 Board meetings, the City Council meeting will be broadcast on Channel 8 - Spectrum Cable.)* Channel 7 or Channel 978 - TDS Fiber.
  - Online at www.comm7tv.com and click on the "Watch Live" icon. Community 7 also has links to their Facebook page and YouTube channel.
  - On the City's website at www.billingsmt.gov and click on "Watch Meetings Online" on the homepage.
  - In-Person.

Citizens may submit public comment via the following methods:

- Mail: City Clerk, P.O. Box 1178, Billings, MT 59103
- Email: Council@billingsmt.gov.
  - Emails received after 3:00 PM on the day of the meeting, may be posted on the Council's webpage the following day for public viewing.
- Attend the meeting in person

Please contact Denise Bohlman, City Clerk, at bohlmand@billingsmt.gov, or at 406.657.8210, with any questions.

CITY OF Billings

VISION STATEMENT:
"The Magic City: A diverse, welcoming community where people prosper and business succeeds."

WORK SESSION AGENDA

COUNCIL CHAMBERS **FEBRUARY 17, 2026** **5:30 P.M.**

CALL TO ORDER: Mayor Nelson

PUBLIC COMMENT ON ALL ITEMS. This is the time to comment on any matter (Agenda or Non-Agenda) falling within the scope of the Billings City Council. You may only speak once for each item during the meeting.

Please note, the City Council cannot take action on any item of significant interest to the public that does not appear on the agenda. Comments are limited to three (3) minutes during each public comment period or as set by the Mayor. **Speaker sign-in required.** Please sign the roster at the cart located at the back of the Council chambers or at the podium.

1. **W.O. 24-37 Stagecoach Trail Design Update.**
2. **Montana Avenue Update.**
3. **Proposed Building Permit Fees.**
4. **Babcock Theater Discussion.**
5. **Montana Land Use Planning Act Update.**

HIGHLIGHT UPCOMING AGENDA ITEMS OF COUNCIL INTEREST:

COUNCIL DISCUSSION:

PUBLIC COMMENT on "NON-AGENDA ITEMS". Speaker Sign-in required. (*Restricted to ONLY items not on this printed agenda. Comments are limited to 3 minutes or as set by the Mayor. Please sign the roster at the cart located at the back of the Council chambers or at the podium.)*

ADJOURN:

Note:

- This meeting is an "informal" meeting of the City Council. The content of the Agenda is subject to change at the meeting.
- In the event there is a Closed Executive Session, the sole purpose is to discuss litigation strategy. The other parties to the case(s) discussed are not public bodies or associations as described in Section 2-3-203(1) and (2), MCA. The meeting is closed, as allowed by Section 2-3-203(4)(a), MCA, "to discuss a strategy to be followed with respect to litigation when an open meeting would have a detrimental effect on the litigating position" of the City of Billings.

City Council Work Session **1.**
Meeting Date: 02/17/2026
TITLE: W.O. 24-37 Stagecoach Trail Design Update
PRESENTED BY: Mac Fogelsong, City Engineer
Department: Public Works
Presentation: Yes
Legal Review: Not Applicable
Project Number: N/A

RECOMMENDATION

This item is presented for informational purposes only. No formal action is requested at this time.

EXECUTIVE SUMMARY

The presentation will provide a progress update on the Stagecoach Trail project, including an overview of design options with estimated costs; the anticipated design and construction schedule; and a summary of the project budget.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

Stagecoach Trail is a key segment of the planned Marathon Loop, providing a critical connection between Highway 3 and the Billings Heights area to the West End of Billings. The City was awarded a Transportation Alternatives Grant for the project, and a Local Agency Agreement (LAG) between the City and the Montana Department of Transportation (MDT) was executed in February 2024. HDR was selected as the project's design consultant, and the design contract was approved in February 2025. The project is currently at a 30-percent design stage and is ready to advance to final design and bidding later this year. Staff will present a design progress update on route alternatives, a preferred route, and a short summary of public input received to-date.

FISCAL EFFECTS

The project is funded with $4,799,183 in Federal Transportation Alternatives (TA) grant funds and a required 13.42% City match of $743,875. The match consists of Billings Trailnet ($100,000), Trails Stewardship ($100,000), and Parks and Recreation General funds ($543,875). Design services have encumbered $788,773 to-date.

STAKEHOLDERS

ALTERNATIVES

This item is presented for informational purposes only to update Council on the recommended design route. No formal action is required at this time. Council may:

- Provide feedback, or;
- Request additional information

Attachments

Presentation



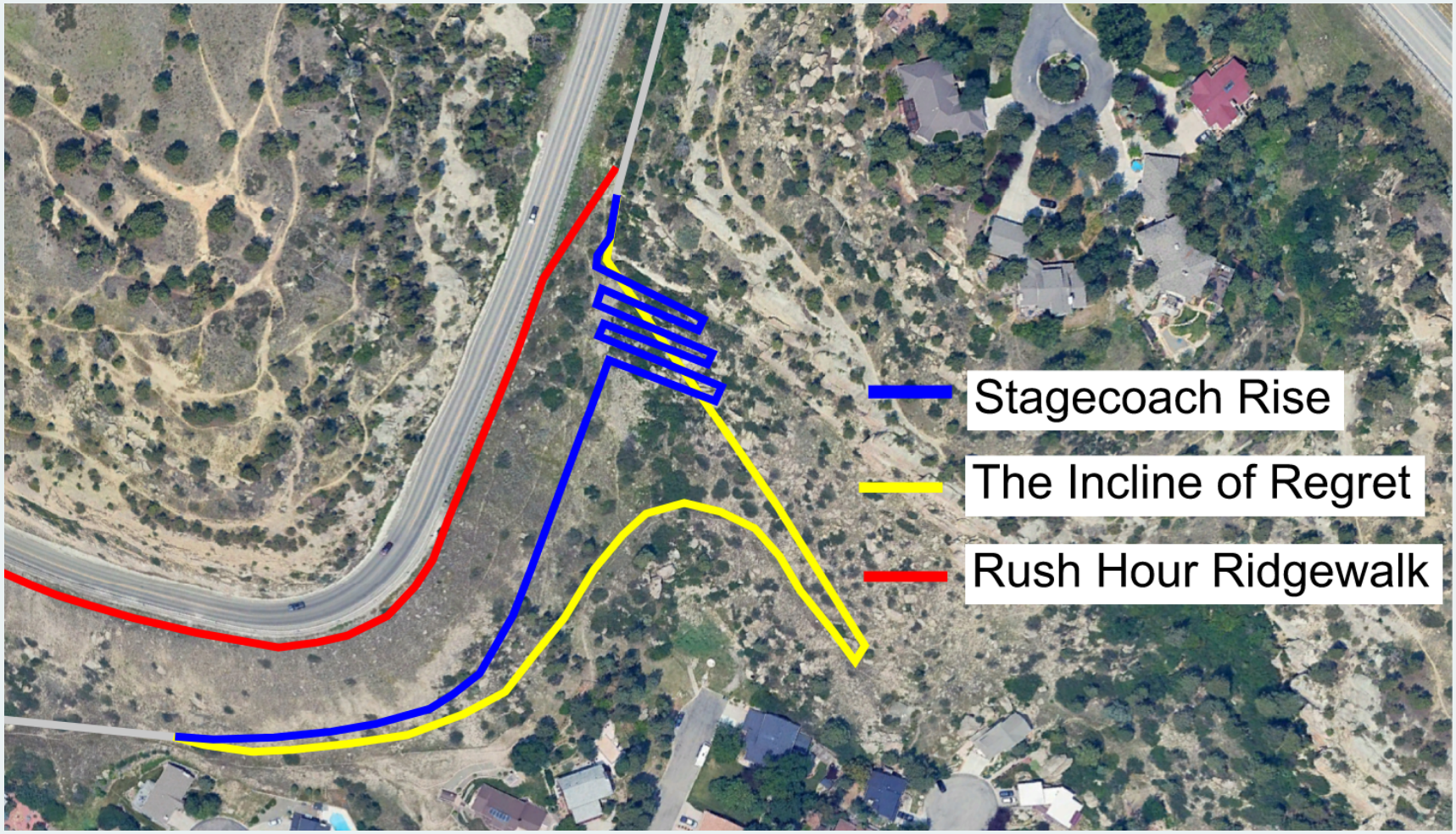
Stagecoach Trail
30% Design Update

Budget Reminder

Funding Summary

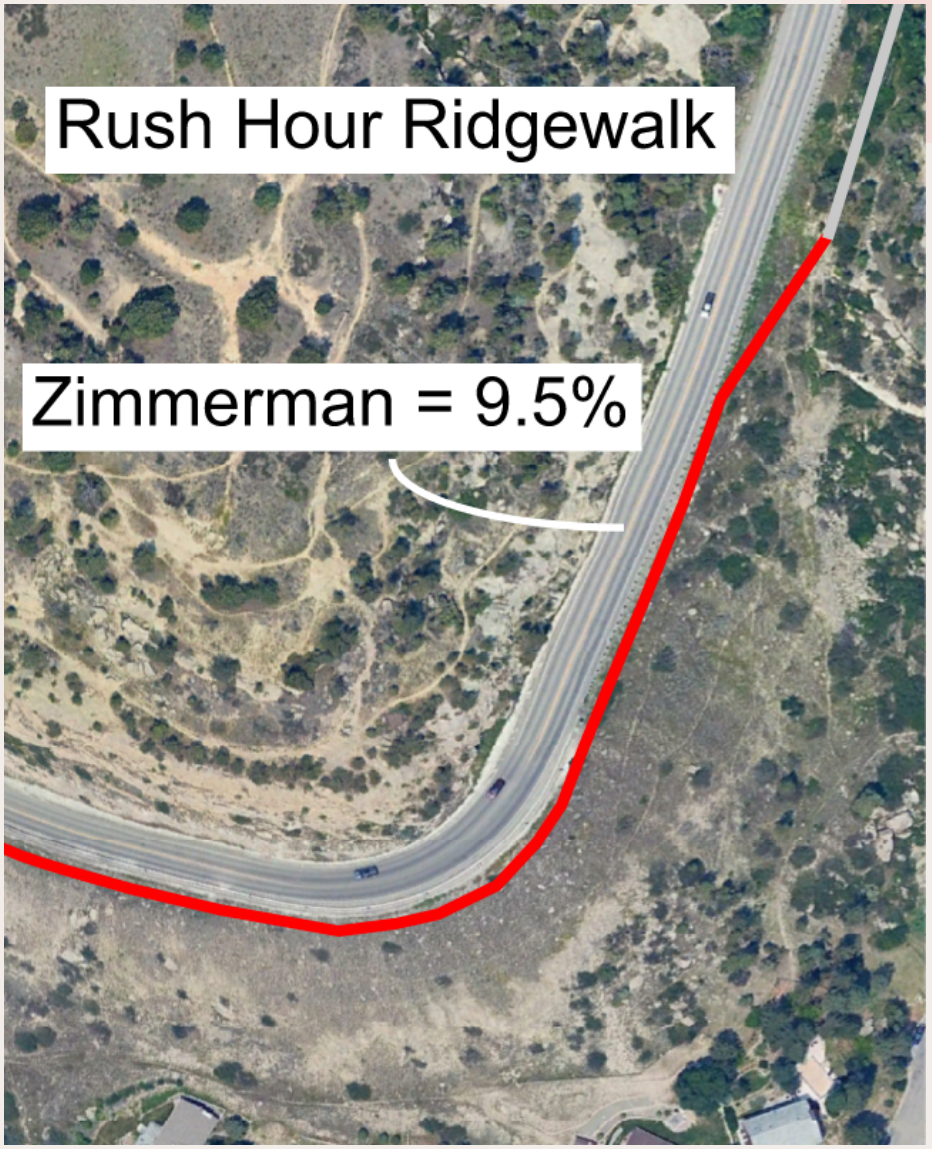
- $4.8M Transportation Alternatives Grant
- City Match Sources:
  - Billings Trailnet - $100k
  - Trails Stewardship - $100k
  - Parks and Recreation/General Fund - $543,875
- Remaining Construction Budget $4,754,289

Routes to Gain 120 Feet



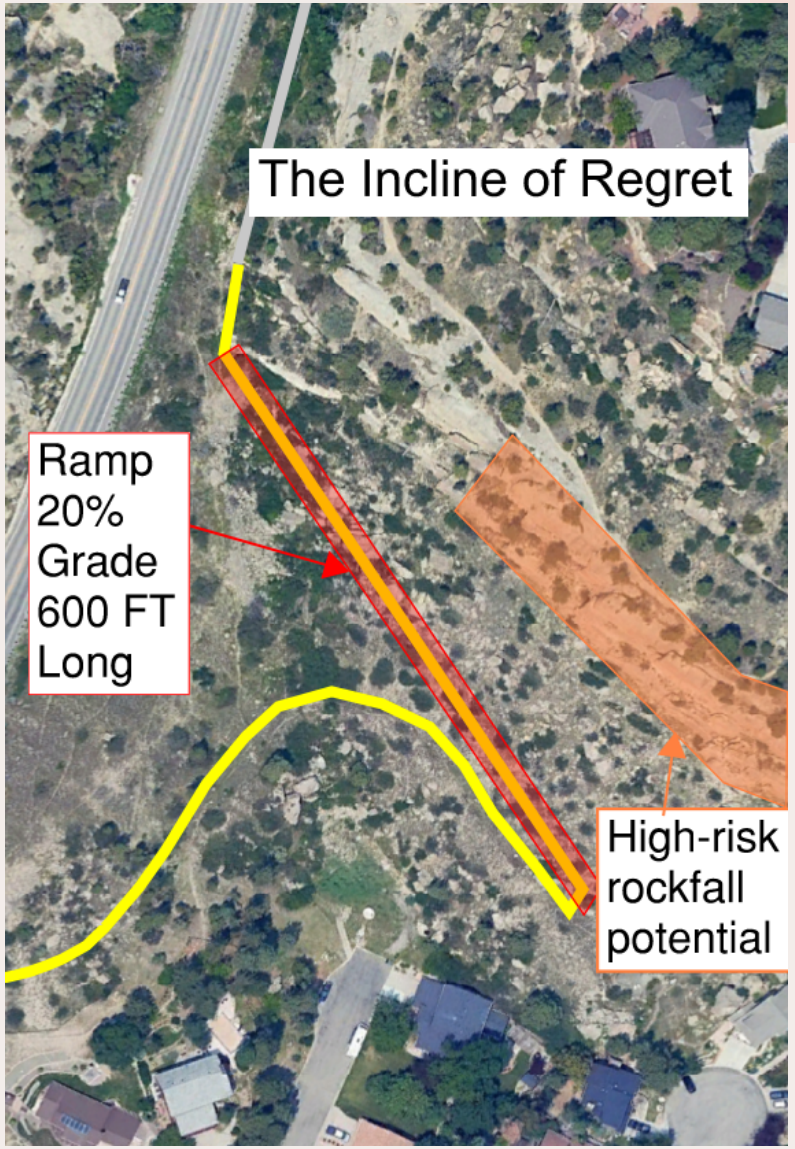
Rush Hour Ridgewalk

- Max Grade: ~9.5% matches Zimmerman
- Costly retaining walls out in fill = $$$
  - Feasible for slope stability?
- Partial shutdowns of Zimmerman Trail during construction
- Reduced user experience due to nearby vehicular traffic
- Order-of-Magnitude Cost ~ $7.3M—More?



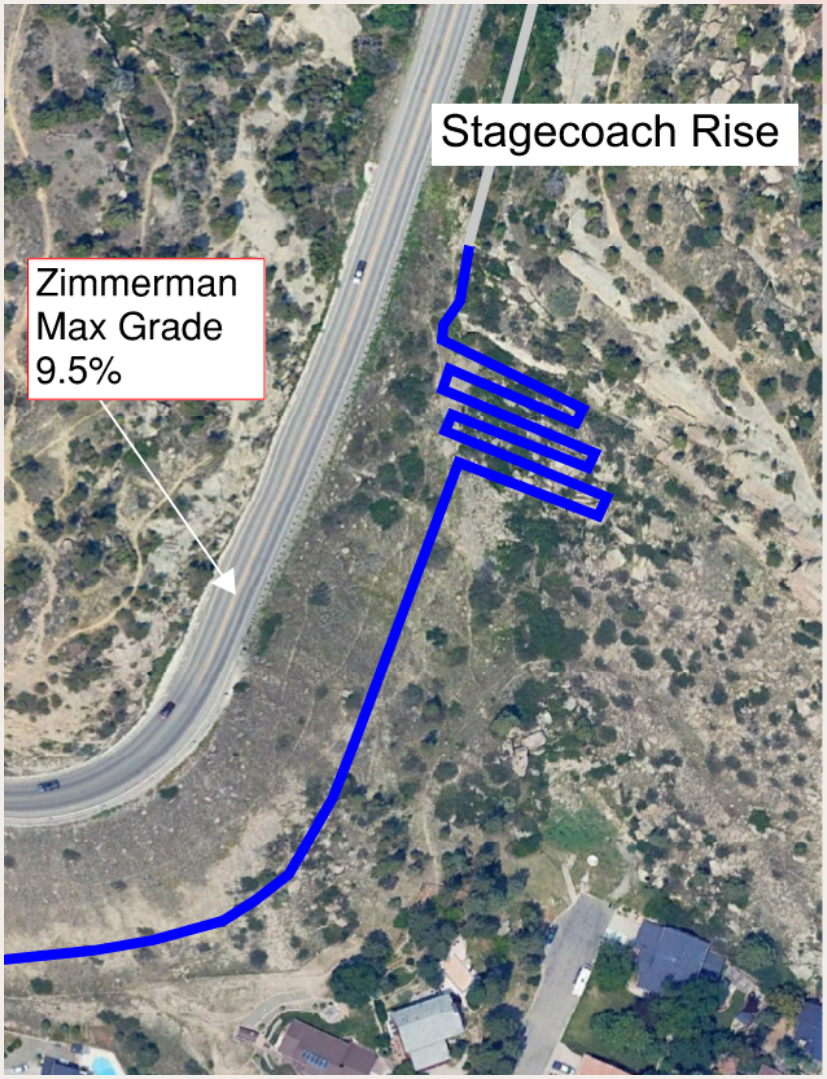
The Incline of Regret

- Max Grade: ~20% for 600 feet (120 Foot Rise)
- Rock Fall Risk: Exposure to high-risk rock face
  - Large block failure potential
  - High frequency / high energy events
- Property Impacts: Proximity concerns at switchback; anticipated landowner pushback
- Order-of-Magnitude Cost ~ $5.9-7.9M



Stagecoach Rise

- Max Grade: ~8.5% on ramps (90-foot rise in 1150 feet)
  - Less than steepest part of Zimmerman – 9.5%)
  - Steepest Swords Park Trail 8% (1/3 mile long)
- Landings: 15 feet x 20 concrete at switchbacks
- Rock Fall Risk:
  - Smaller block failure potential
  - Natural rockfall protection from catch benches and top ditch grading
- Order-of-Magnitude Cost ~ $5M
- Least steep, most affordable option

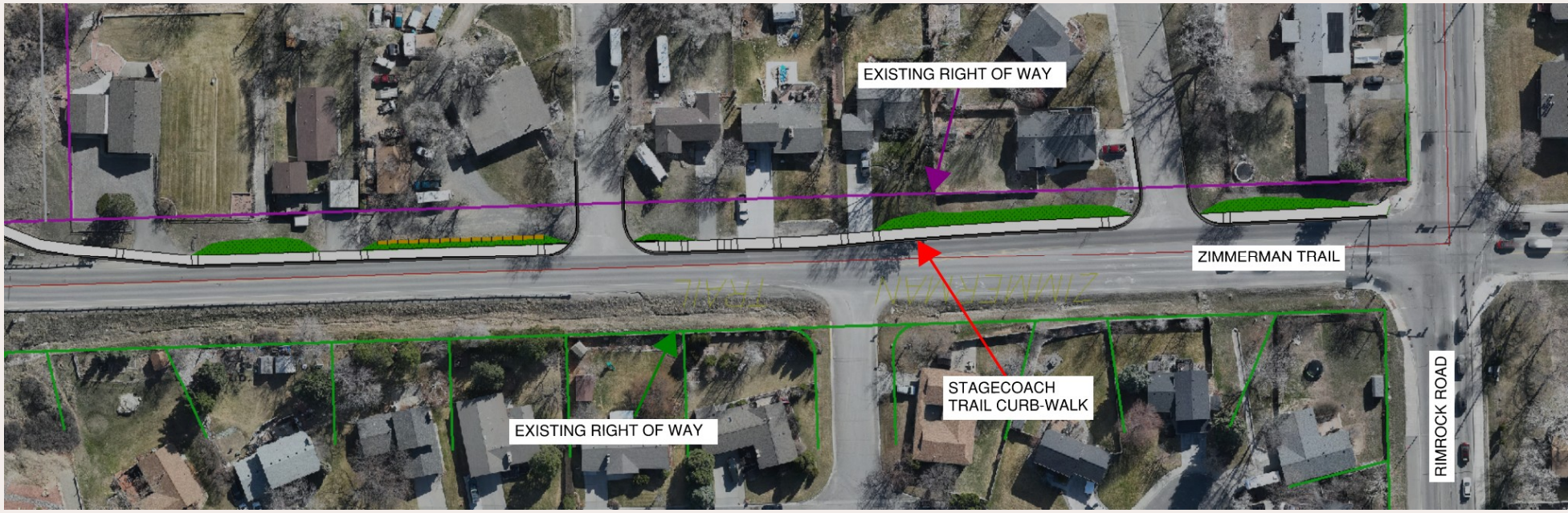


Swords Park for Comparison

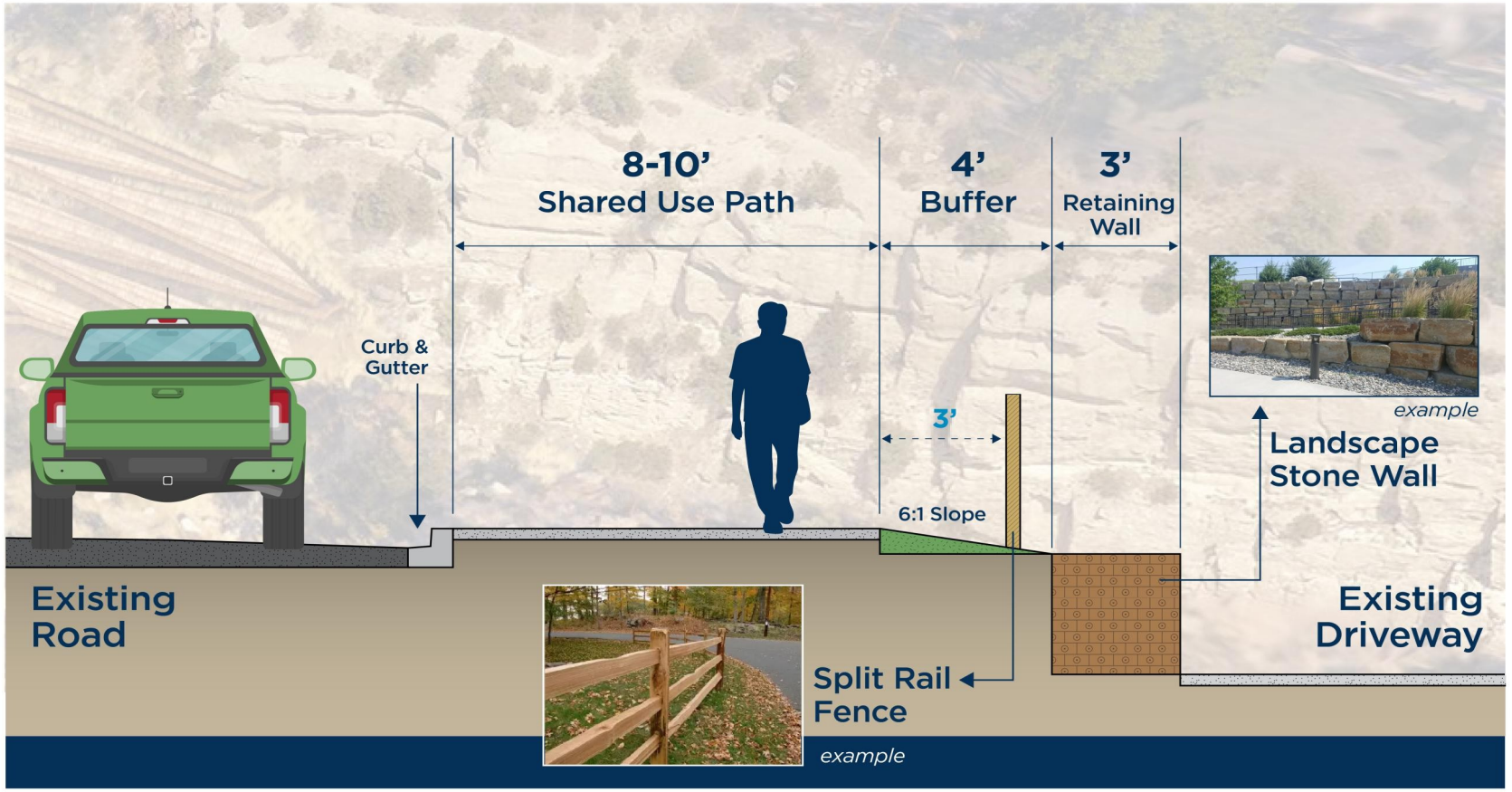
- Grade: ~8%
- 1/3 Mile



Lower Trail Along the Frontage of Zimmerman Trail



Lower Trail Along the Frontage of Zimmerman Trail



Public Input – Key Themes

Meetings

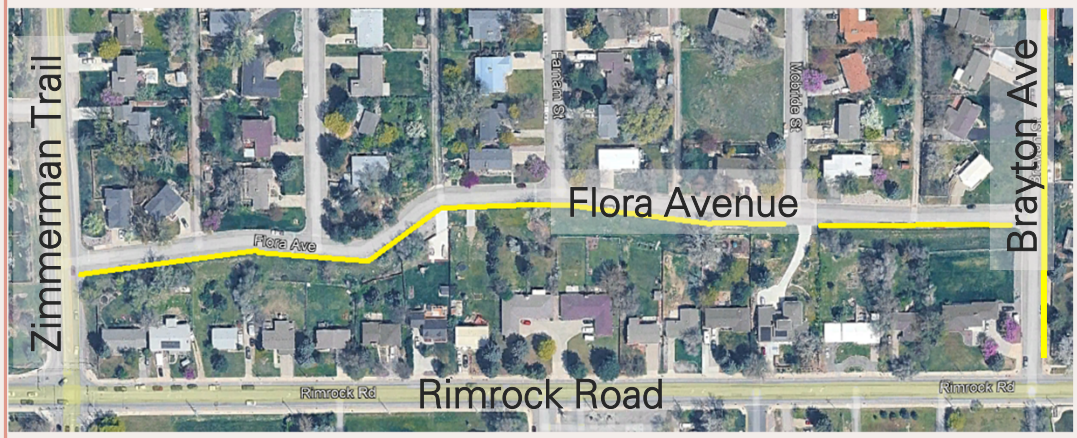
- Friends of Trailnet Meeting – November 12, 2025
- Rimrock Task Force Meeting – November 19, 2025
- Individual property owner meetings

Primary Comments

- **Parking:** Location, additional parking, traffic concerns
- **Maintenance:** ~$8k/mile annually (≈1.2 miles)
- **Funding:** Project cost and ability to build with current budget
- **Privacy:** Trail is above homes--visibility

Potential Streetside Parking

- Brayton Avenue
  - East side faces rear of properties with no driveways
  - End of street is open to access trail
- Flora Avenue
  - South side mostly without approaches

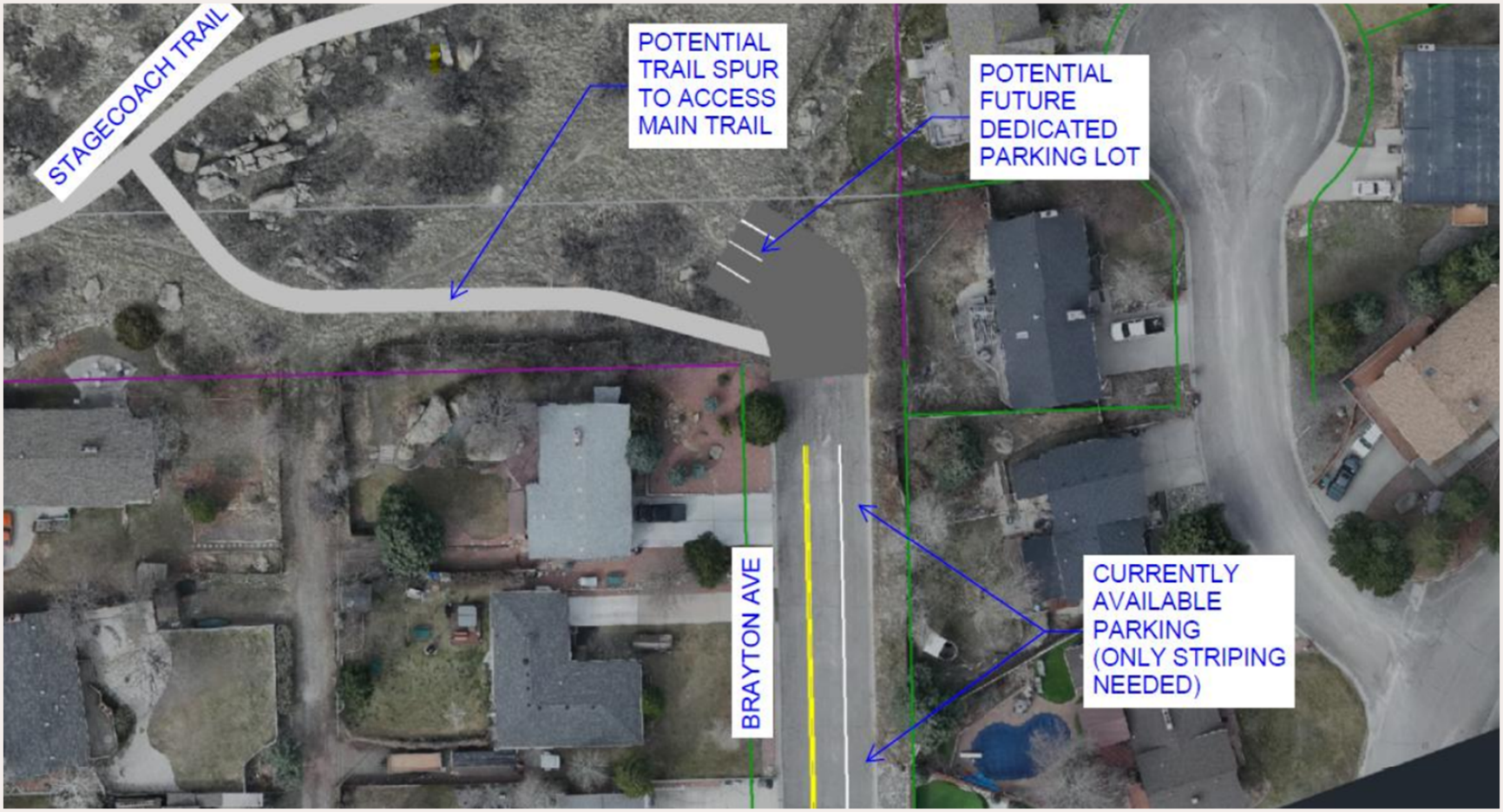


Flora Avenue

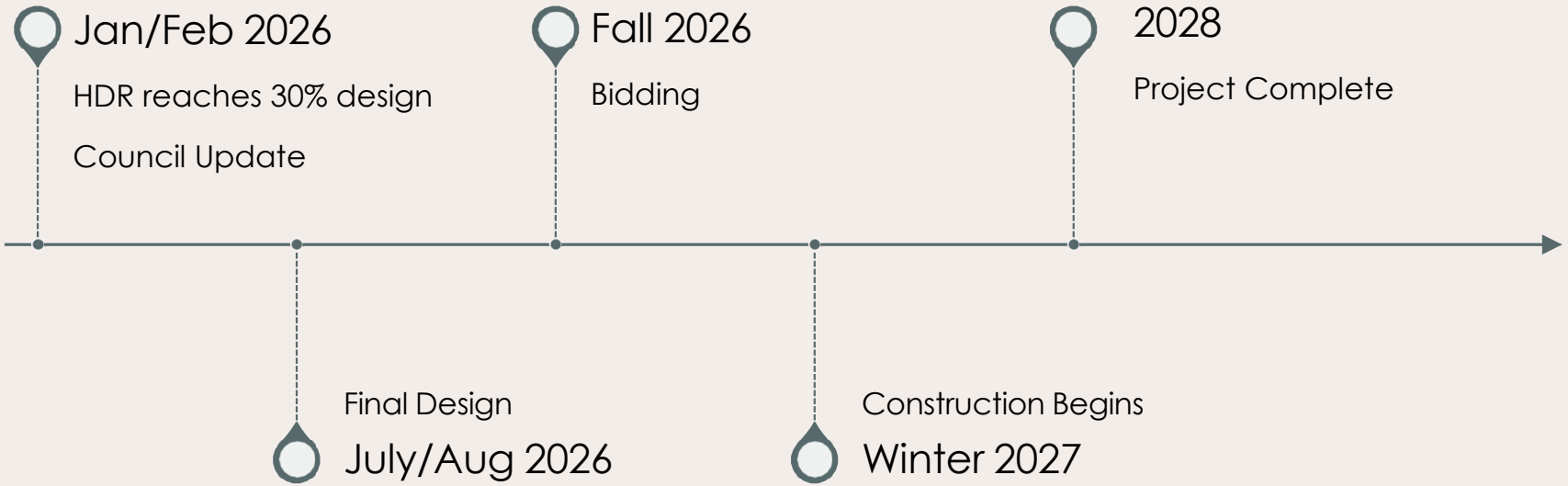


Brayton Avenue

Future Parking Lot? – End of Brayton Ave

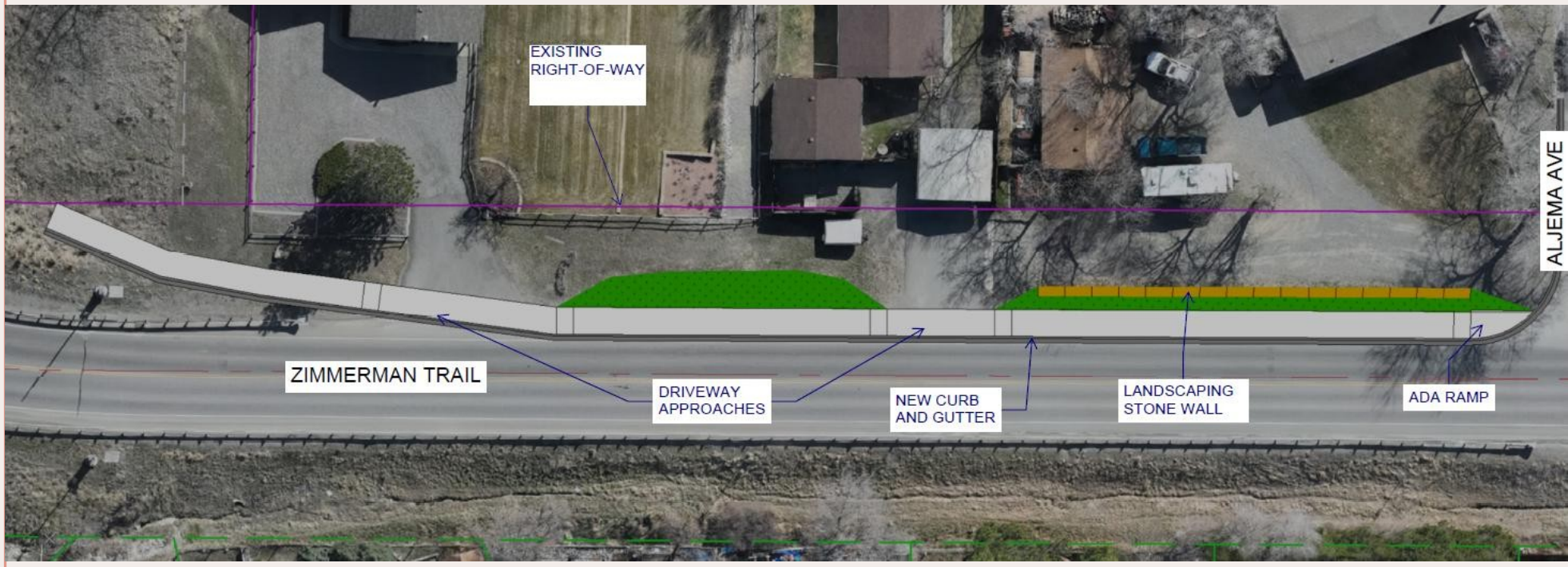


What's Next?

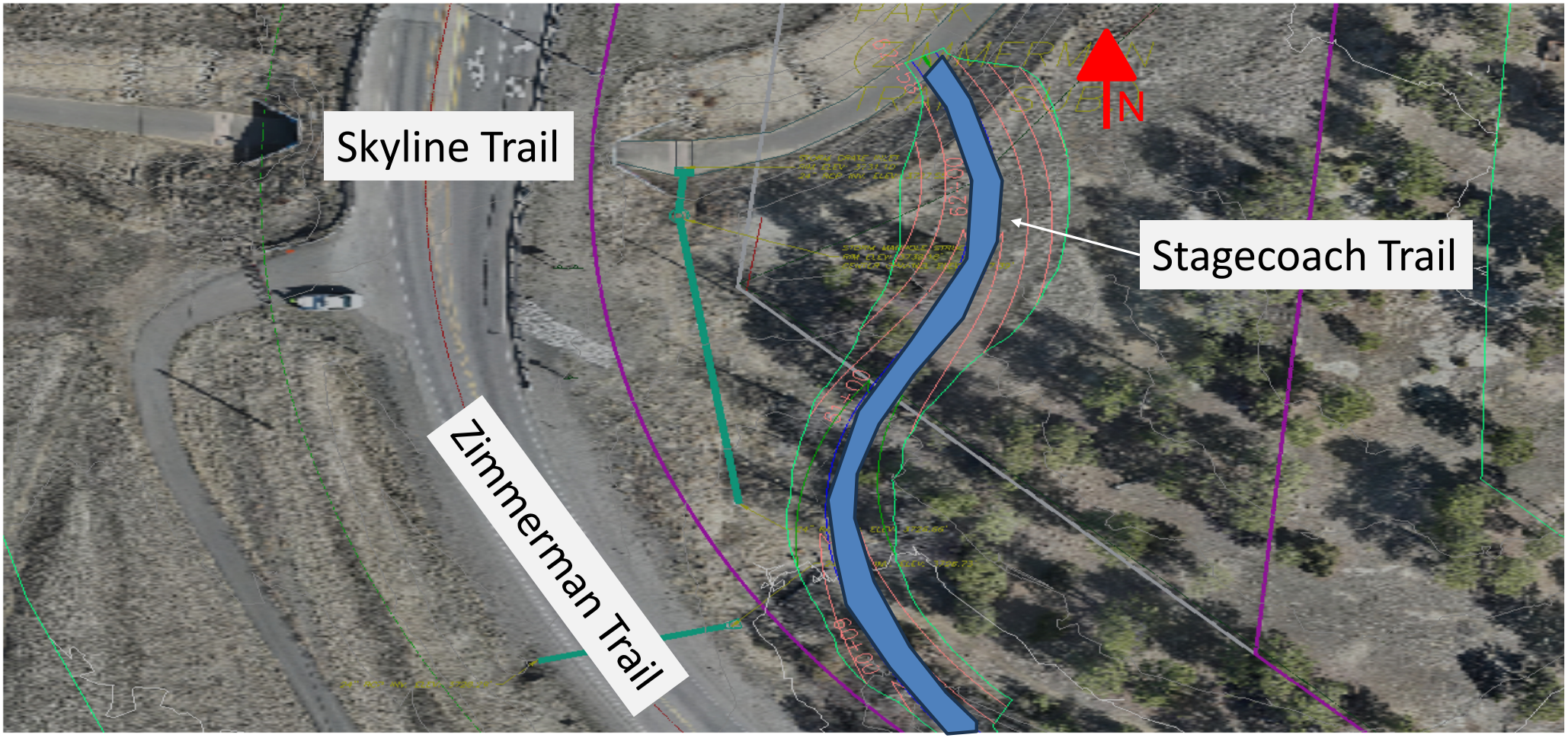


*Final and future dates subject to change

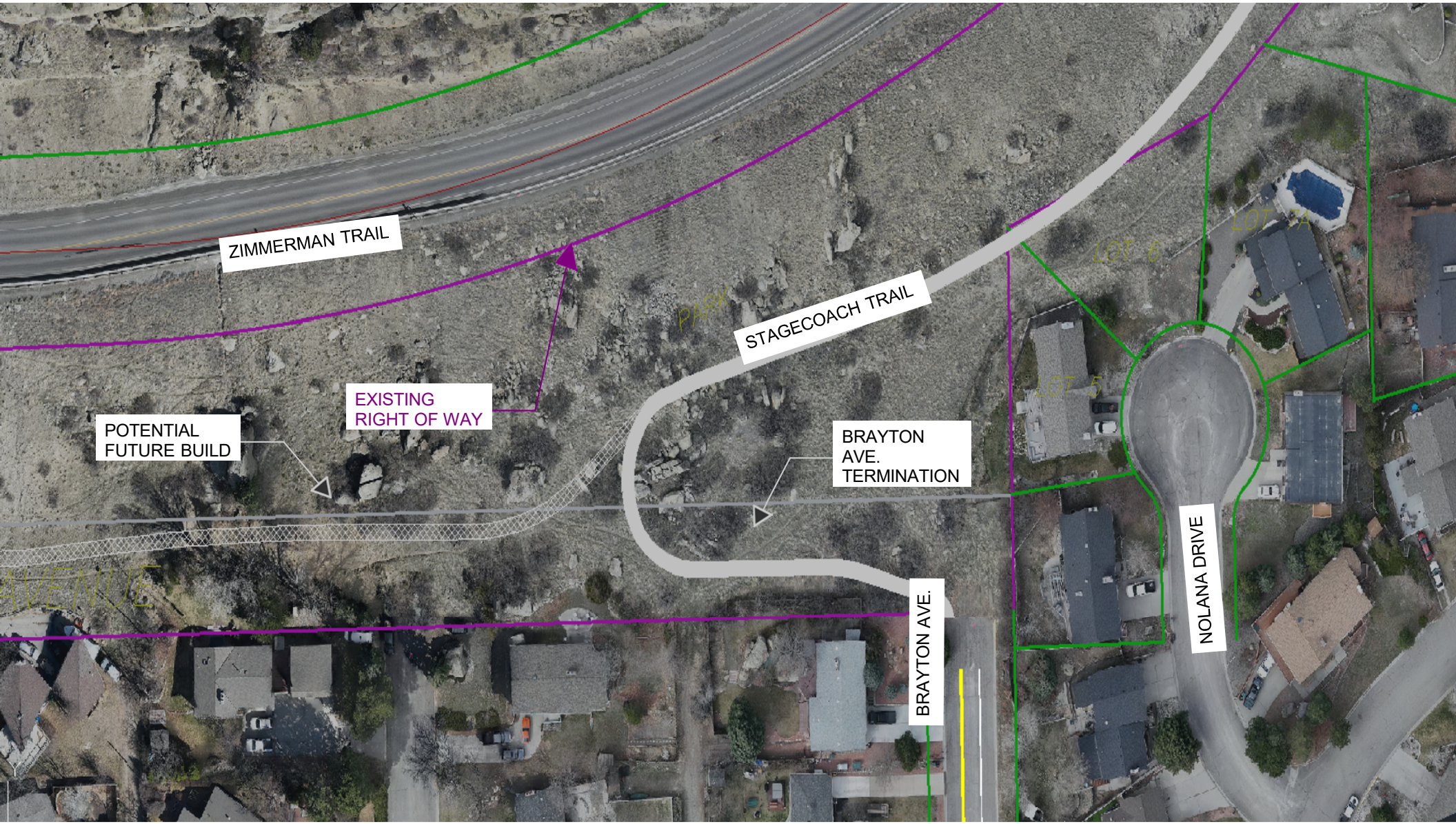
Questions and Discussion


EXISTING
RIGHT-OF-WAY
ALJEMA AVE
ZIMMERMAN TRAIL
DRIVEWAY
APPROACHES
NEW CURB
AND GUTTER
LANDSCAPING
STONE WALL
ADA RAMP


ALJEMA AVE
EXISTING
RIGHT-OF-WAY
FLORA AVE
RIMROCK ROAD
ZIMMERMAN TRAIL
ADA RAMP
DRIVEWAY
APPROACHES
NEW CURB
AND GUTTER
ADA RAMP



CONNECTION OF STAGECOACH TRAIL AT SKYLINE TRAIL


ZIMMERMAN TRAIL
STAGECOACH TRAIL
EXISTING
RIGHT OF WAY
POTENTIAL
FUTURE BUILD
BRAYTON
AVE.
TERMINATION
BRAYTON AVE.
NOLANA DRIVE
LOT 6
LOT 7A
LOT 5
PARK

City Council Work Session **2.**
Meeting Date: 02/17/2026
TITLE: Montana Avenue Update
PRESENTED BY: Mac Fogelsong, City Engineer
Department: Public Works
Presentation: Yes
Legal Review: No
Project Number: N/A

RECOMMENDATION

This is a discussion item and does not require council action at this time.

EXECUTIVE SUMMARY

Public Works is providing an update to City Council regarding Montana Avenue between North 27th Street and North 21st Street. The Montana Department of Transportation (MDT) will be completing a pavement preservation (chip seal) project in 2027. The City has been coordinating with MDT on pavement marking options for the roadway.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

Montana Department of Transportation (MDT) will complete a pavement preservation (chip seal) project on Montana Avenue, which is anticipated to be bid later this year and constructed in 2027. Montana Avenue is an NHS non-interstate route and is within MDT's jurisdiction, however, the section of Montana Avenue between North 27th Street and North 21st Street has previously been studied by the City of Billings for potential traffic-calming interventions. This update will be focused on Montana Avenue east of North 27th Street.

History:

Montana Avenue serves as a critical commuter connection between the west end, the heights, and communities east of Billings, along with 1st Avenue North, 4th Avenue North, and 6th Avenue North. Montana Avenue differs in character from the other one-way commuter streets downtown. Many businesses front the roadway and Montana Avenue tends to have more pedestrian activity. Traffic-calming has been discussed on Montana Avenue since at least 2004, at which time a study was completed by the City to evaluate potential traffic-calming measures. The 2004 study identified a preferred alternative, which included a "road diet" on Montana Avenue east of N 27th Street (reduction in travel lanes, in this case from 3 to 2). The preferred alternative also included curb extensions to narrow the width of the pavement and back-in angle parking to utilize the space gained from the reduction in the travel lane. MDT completed a study in 2017 to evaluate pedestrian and motorist safety. The 2017 study found the southern lane to be underutilized, and a road diet was investigated. However, concerns with the operation of the North 27th Street intersection were identified.

The City further studied the feasibility of a road diet in the 2019 Downtown Traffic Study and found a road diet to be feasible from a traffic operation standpoint. With the understanding that a pavement preservation project on Montana Avenue was upcoming, the City included design of a road diet in the scope of work for the Downtown Two-Way Restoration Project (WO 23-11). A more detailed traffic study was completed with WO 23-11, and the study found that Montana Avenue and the intersection of North 27th Street would operate with additional delay, but at acceptable levels with a road diet. Staff updated City Council on the progression of the Montana Avenue road diet during the Two-Way Restoration Project design update at the July 14th, 2023 work session.

Current Design Efforts:

The MDT project on Montana Avenue will include pavement preservation, repair of some sections of curb and sidewalk, repair or replacement of the concrete crosswalks, and new pavement markings. The City has been coordinating with MDT on signing and striping options that could be completed within the scope of the MDT project. The following options were considered:

- Road diet with back-in angle parking and parallel parking: This has been the preferred alternative from an operational standpoint, primarily for the ability to see oncoming traffic while pulling out of a back-in angle parking stall. This is particularly critical on a road like Montana Avenue with higher traffic volumes and operating speeds. Back-in angle parking was installed on North 29th Street and North 30th Street in 2021 in anticipation of adding back-in angle parking on Montana Avenue. However, based on feedback from downtown business owners, Council directed staff to remove the back-in angle parking with the 2025 two-way restoration project. Based on recent conversations with MDT, back-in angle parking is still an option that could be considered, but it is not preferred due to the lack of consistency with the rest of downtown. MDT would likely require back-in parking to be located on the south side of the roadway, further increasing pedestrian crossings of the travel

lanes. Due to community feedback, location of the angle parking on the south side of the roadway, and the inconsistency with the rest of downtown, it is not recommended to pursue this option.

- Road diet with pull-in angle parking and parallel parking: Based on community feedback of back-in angle parking, pull-in angle parking was also considered on Montana Avenue. This alternative would include pull-in angle parking on the north side of the road and parallel parking on the south. Pull-in angle parking is not preferred operationally, primarily because of the inability of a driver to see oncoming road users while backing out of a parking stall. This is particularly problematic on Montana Avenue based on the characteristics of the roadway. Montana Avenue has around 10,000 Average Daily Traffic (ADT) and 85th percentile speeds between 31 and 38 mph. A typical street downtown with pull-in angle parking (2nd Avenue North, for comparison) has around 2,000 ADT and 85th percentile speed of 23 mph. Based on the roadway characteristics and the operational concerns, it is not recommended to pursue this option with a signing and striping solution alone.
- Road diet with parallel parking on both sides of the roadway: This option would include removal of a travel lane but no addition of on-street parking. Without a use for the 12-feet of space created by the road diet, the two travel lanes may feel wider to a driver. Lanes that feel wider may not result in lower operating speeds, even with the reduction in a travel lane. It is not recommended to pursue this option with a signing and striping solution alone.
- Status quo: This option would leave the lane configuration and parking as-is but would include all the improvements MDT is already planning to complete. Note that Rectangular Rapid Flashing Beacons (RRFBs) have been added to the crosswalks at North 26th through North 22nd Street, five in total, to enhance pedestrian visibility and increase driver awareness of the existing crosswalks.

Based on the considerations noted above, it is recommended to support MDT's current pavement marking plan, leaving the lane configuration and parking as it is today. Other project options exist that would align more closely with the 2004 traffic-calming plan and could include curb extensions, sidewalk widening, and other improvements that do not fit within the scope of MDT's current project. More substantial improvements may better achieve the desired traffic-calming effects. Improvements to this scale are not currently funded. However, a CIP project specific to the road diet that would include more substantial improvements such as curb extensions and sidewalk widening, will be developed for future prioritization.

FISCAL EFFECTS

There are no fiscal impacts currently being considered.

STAKEHOLDERS

ALTERNATIVES

No formal action will be taken. City Council may provide feedback to staff on the recommendations.

Attachments

Presentation



Montana Ave Road Diet Update

City Council Work Session - February 17, 2026

Montana Avenue Road Diet - 27th Street to 21st Street

- Montana Avenue: NHS Non-Interstate route → MDT Jurisdiction → MDT planning to resurface Montana Ave
- Traffic calming on Montana Avenue has been discussed since at least 2004
- Traffic analysis and design of a road diet included in Downtown Two-Way Conversion scope of work
- Found the intersection of N 27th St & Montana Ave will operate with additional delay but at an acceptable level

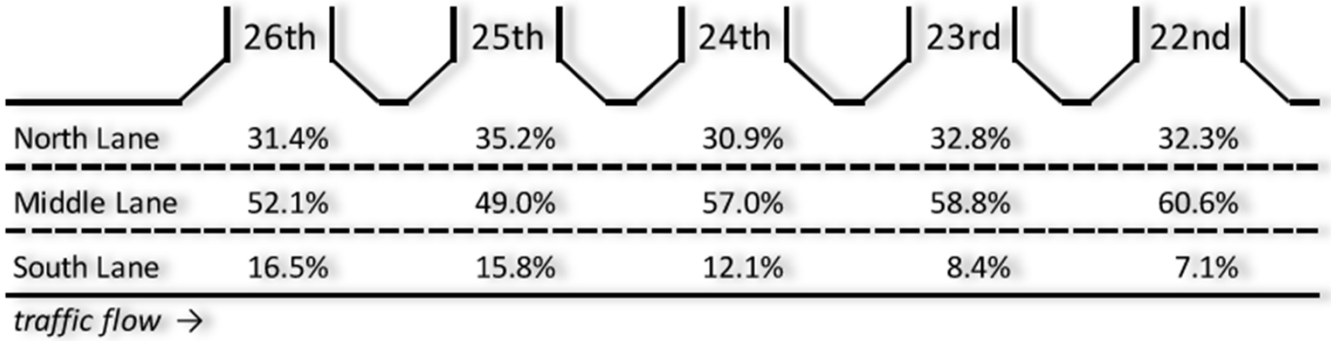


Figure 5. Lane Distribution

Montana Avenue Road Diet – 27th Street to 21st Street

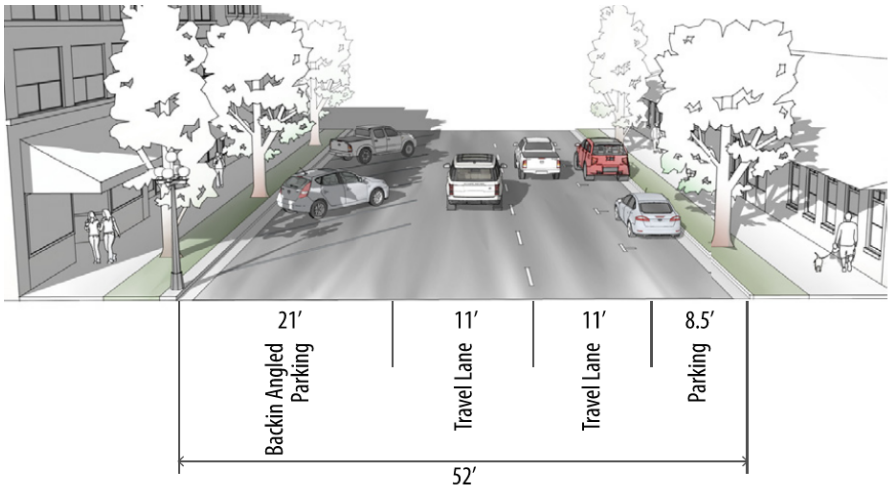
- Existing Condition: 3 travel lanes, parallel parking
- MDT Proposed Improvements: maintain 3 travel lanes, parallel parking
  - Pavement preservation (chip seal)
  - Repair of some sections of curb and gutter, some concrete sidewalks
  - New pavements markings
  - Resurfacing existing crosswalks
    - RRFBs added to crosswalks in 2025 → 5 total

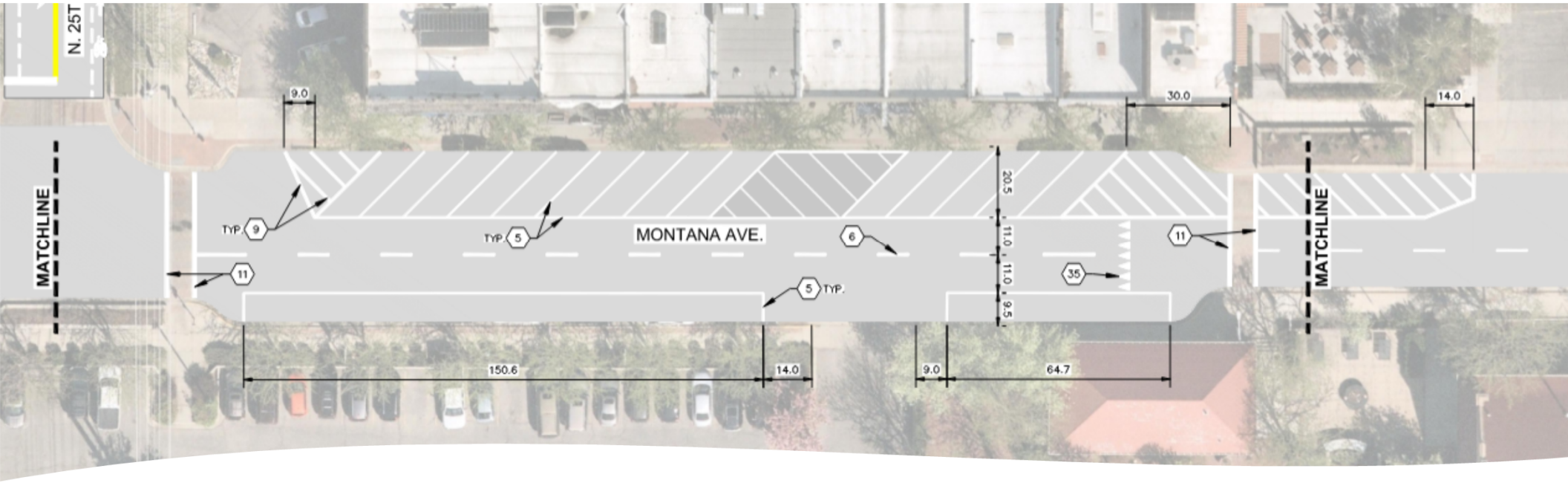


Montana Avenue Road Diet – 27th Street to 21st Street

Road Diet Options:

- Back-In Angle Parking: 2 lanes of traffic, parallel and back-in angle parking
  - MDT prefers back-in angle parking on the south side of the roadway
  - Received community & business feedback on N 29th St and N 30th St
  - Not Recommended

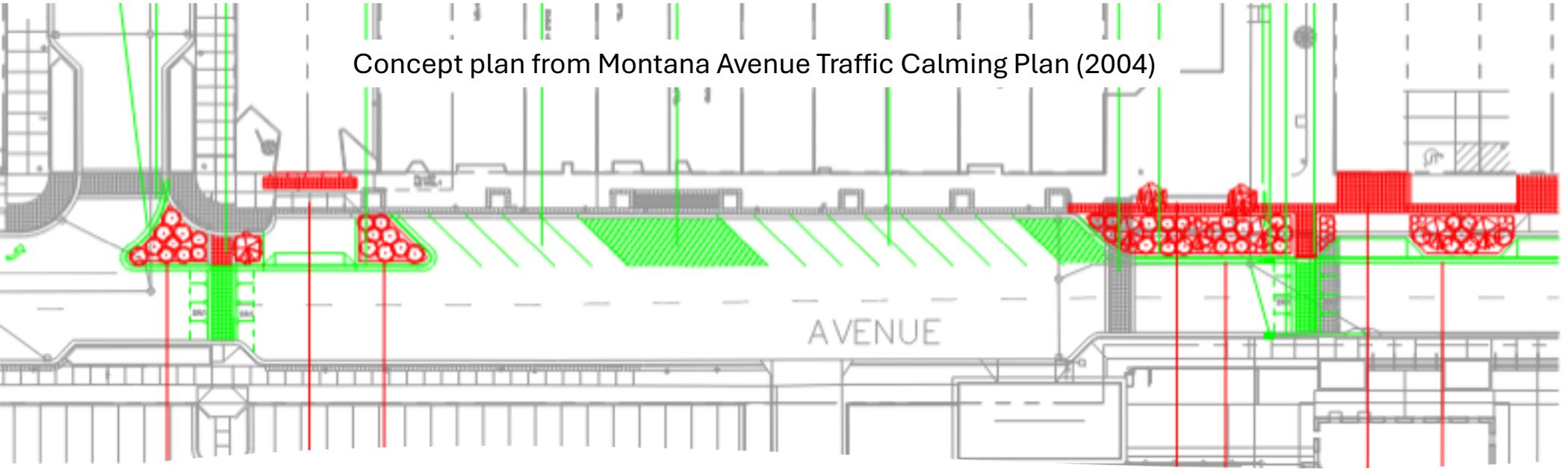




Montana Avenue Road Diet – 27th Street to 21st Street

Road Diet Options Cont.

- Pull-In Angle Parking: 2 lanes of traffic, parallel, and pull-in angle parking
  - **No other roadways in Billings with angle parking that have similar volume & speed characteristics**
  - Not Recommended
- Parallel Parking & Lane Reduction:
  - Traffic calming unlikely to be achieved with only signing & striping
  - Not Recommended



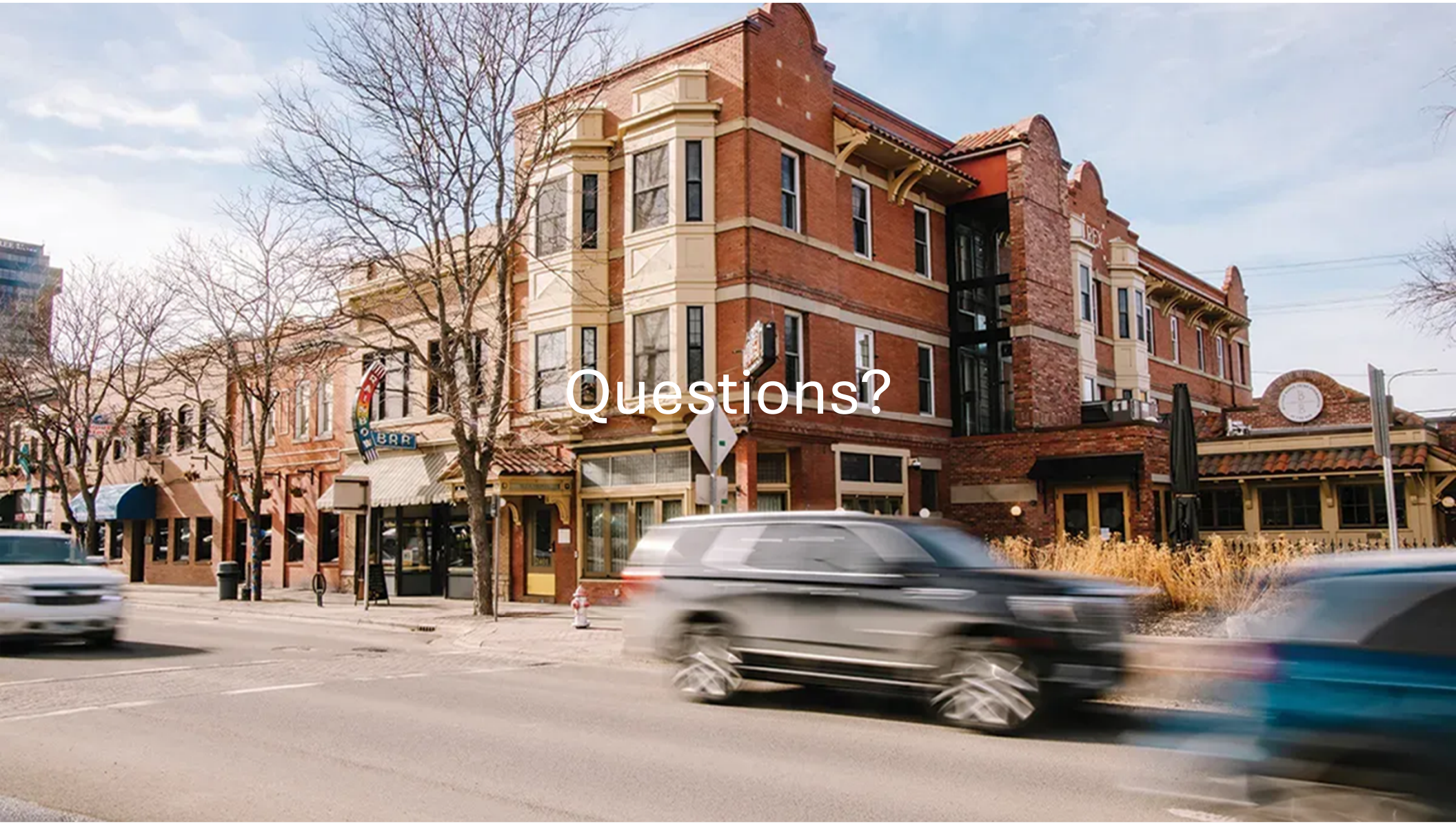
Concept plan from Montana Avenue Traffic Calming Plan (2004)

Montana Avenue Road Diet – 27th Street to 21st Street

Takeaway: there does not appear to be a road diet & traffic calming solution that can be accomplished with signing and striping

Recommendations:

- Support MDT's current pavement marking plan for Montana Avenue → Summer 2027 construction
- Pursue a traffic calming solution on Montana Avenue that may incorporate curb extensions, sidewalk widening, etc. → CIP project


Questions?
BAR

City Council Work Session **3.**
Meeting Date: 02/17/2026
TITLE: Review Proposed Building Permit Fees
PRESENTED BY: Jessica Fust, Building Official
Department: City Hall Administration
Presentation: Yes
Legal Review: No
Project Number: N/A

RECOMMENDATION

Staff recommends Council review proposed fees and provide feedback prior to the resolution being presented for approval at the February 23rd Council Meeting.

EXECUTIVE SUMMARY

This resolution will repeal and replace Resolution 11-19068, which was the last time fees were adjusted.
Building permit fees for both commercial and residential building projects are a function of the project valuation. Due to the significant increase in construction costs over the last few years, the revenues collected from permit fees have outpaced the Building Division's operating costs. Therefore, we are generally reducing the building permit and plan review fees that are based on valuations. Some flat fees have a nominal increase due to the increase of hourly costs to the division, and we have eliminated fees for revisions and deferred submittals.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

Building permit fees for both commercial and residential building projects are a function of the project valuation. The project valuations are determined either by the cost provided by the applicant or calculated by the plans examiner based on estimated building costs published semi-annually by the International Code Council, which takes into account the type of construction and use of the building. Due to the significant increase in construction costs over the last few years, the revenues collected from permit and plan review fees have outpaced the Building Division's operating costs. While several of these projects are multi-year projects where the fees are collected up front, based on the continued projected construction growth, the fees need to be adjusted so that the revenues do not continue to significantly outpace the division's expenses.

MCA 50-60-106 requires that Building Divisions do not hold more than 36 months' operating expenses in reserves. Currently, we are estimated to have about 22 months' operating expenses in reserves. The state allows up to 36 months primarily for smaller jurisdictions that may have inconsistent revenues, yet need to provide services for multi-year projects. All fees are collected up front before construction starts, so it is critical to budget those fees for the lifespan of the project. With the proposed fee reductions, we have taken into account the operating funds needed for the lifetime of projects currently in review and under construction. Our intent is to draw down reserves over the next couple of years and may need to come back to council with a new resolution to stabilize fees once reserves have been adequately reduced. Our goal is to have no more than a 10-12 month reserve, while taking into account continual operating expenses needed for projects under review or construction.

FISCAL EFFECTS

We expect the fee changes to reduce our FY27 revenues by around $750,000 - $1,000,000. Due to the uncertainties around construction project planning, we cannot estimate a more exact amount. Overall, our customers will see a reduction in permit fees of 23-31%.

STAKEHOLDERS

ALTERNATIVES

Alternatives include:
- Keeping the resolution as-is with current fees
- Reducing fees by a different amount than proposed

Attachments

Permit Fee Resolution

RESOLUTION NO. 26-_____

A RESOLUTION SETTING BUILDING, ELECTRICAL, PLUMBING MECHANICAL AND FIRE SYSTEMS PERMIT FEES

WHEREAS, the City of Billings adopted Resolution No. 11-19068 on June 13, 2011 to establish valuation-based fees for building permits issued by the Building Division;

WHEREAS, the City of Billings has experienced a substantial increase in construction project valuations, along with several large projects, leading to a corresponding increase in revenue from building permits issued by the Building Division; and

WHEREAS, the increase in fees for building permits has resulted in the Building Division collecting revenue in excess of its projected expenditures for the previous and current fiscal year; and

WHEREAS, the City Council finds it both fiscally responsible and in the public interest to reduce fees for building permits to benefit the community and promote continued investment and reinvestment in new and existing properties; and

WHEREAS, the City seeks to balance financial stewardship with encouraging residential and commercial improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA:

1. BUILDING PERMIT FEES. Residential and Commercial Building Permit fees are to be charged on the higher of total bid price values or based on the most recent valuation table established in the International Code Council Building Safety Journal and in accordance with the schedule as follows:

COMMERCIAL AND RESIDENTIAL BUILDING PERMIT FEES

VALUATION	FEE
$1 - $2,000	45.00
$2,001 - $25,000	45.00 for the first $2,000 Plus 8.00 for each additional $1000 or fraction of
$25,001 to $50,000	229.00 for the first $25,000 Plus 5.00 for each additional $1,000 or fraction of

$50,001 to $100,000	354.00 for the first $50,000 Plus 3.50 for each additional $1,000 or fraction of
$100,001 to $500,000	529.00 for the first $100,000 Plus 2.50 for each additional $1,000 or fraction of
$500,001 to $1,000,000	1,529.00 for the first $500,000 Plus 2.00 for each additional $1,000 or fraction of
$1,000,001 to $5,000,000	2,529.00 for the first $1,000,000 Plus 1.75 for each additional $1,000 or fraction of
$5,000,001 and over	9,529.00 for the first $5,000,000 Plus 1.50 for each additional $1,000 or fraction of

COMMERCIAL PLAN REVIEW FEE SHALL BE ASSESSED AT 60% OF THE PERMIT FEE

2. ELECTRICAL PERMIT FEES. Electrical Permit fees are to be charged as follows:

A. Single Family Dwelling (includes garage wired at same time)		
	100 to 300 amp service	130.00
	301 or more amp service	200.00
B. Interior Rewire Only or New Addition to Home		40.00
C. Residential Change of Service		25.00
D. Private Property Accessory Building (Garages, Barns, Sheds, Etc.)		
	To 200 amp service	40.00
	201 to 300 amp service	100.00
	301 or more amp service	130.00
E. Modular Home - No basement and/or garage		40.00
Modular Home - With basement and/or garage		65.00
F. Mobile Home located in a court		25.00
Mobile Home located outside of a court		40.00
G. Livestock Wells, Irrigation Wells		40.00
H. Irrigation Pump or Machines, per unit (one pump or one pivot)		35.00
I. Temporary Construction Service (ADDITIONAL FEE)		25.00
J. New service only		40.00
K. Multi-family Dwellings Per Building+>		100.00
Plus per unit, up to and including 12 units>		40.00
[$100.00 per bldg. Fee does not apply to remodel/rewire projects only. Over 12 units under one roof will use commercial fee]		
L. Mobile Home Courts and/or Recreational Vehicle Parks up to 3 spaces		45.00
(Audit. spaces at same time plus per space) - >		5.00

COMMERCIAL ELECTRICAL PERMIT FEES:

Project Cost	
$ 0 - $ 500	30.00
$ 501 - $ 1,000	30.00 for first $500 plus 6% of balance
$ 1,001 - $10,000	60.00 for first $1,000 plus 2% of balance
$10,001 - $50,000	240.00 for first $10,000 plus 0.5% of balance
$50,001 - or more	440.00 for first $50,000 plus 0.3% of balance

3. PLUMBING PERMIT FEES

For the issuance of each permit	20.00

UNIT FEE SCHEDULE

A. For each plumbing fixture or trap or set of fixtures on one trap	7.00
(including water, drainage piping, and backflow protection)	15.00
B. For each building sewer and each trailer park sewer	7.00
C. Rainwater systems - per drain (inside building)	25.00
D. For each cesspool (where permitted)	40.00
E. For each private sewage disposal system	7.00
F. For each water heater and/or vent	5.00
G. For each gas-piping system of one to five outlets	1.00
H. For each additional gas piping system outlet, per outlet	
I. For each industrial waste pretreatment interceptor including its trap and vent, excepting kitchen-type grease interceptors functioning as fixture traps	7.00
J. For installation, alteration, or repair of water piping and/or water-treating equipment, each	7.00
K. For each repair or alteration of drainage or vent piping, each fixture	7.00
L. For each lawn sprinkler system on any one meter, including backflow protection devices	7.00
M. For atmospheric-type vacuum breakers not included in Item L:	
1 to 5	5.00
Over 5, each	1.00
N. For each backflow protective device other than atmospheric-type Vacuum breakers:	
2 inch diameter and smaller	7.00
over 2 inch diameter	15.00

4. MECHANICAL PERMIT FEES

Mechanical Permit fees are to be charged as follows:

Permit Issuance [MINIMUM FEE PLUS THE CHARGES BELOW]: $20

RESIDENTIAL FEES (1&2-Family and Townhomes)

For new installation, repair or replacement of each piece of equipment or system:

A. Furnace	20.00
B. Kitchen Exhaust	5.00
C. Bathroom Exhaust	5.00
D. Other Exhaust Fan	5.00
E. Dryer Vent	10.00
F. Unit Heater	20.00
G. Air Conditioner	10.00

COMMERCIAL AND MULTI-FAMILY

For new installation, repair or replacement of each piece of equipment or system:

A. Boiler	30.00
B. Kitchen Hood	30.00
C. Furnace	20.00
D. Rooftop Unit	30.00
E. Unit Heater	20.00
F. Air Conditioner	10.00
G. Air Handler	10.00
H. Exhaust Fan	5.00
I. Other	10.00

5. FIRE SYSTEM PERMIT FEES:

   Includes the installation, repair, and/or replacement of fire protection and alarm systems. For each system:

PROJECT COST	PERMIT FEE
$0 - $500	45.00
$501 - $ 1,000	90.00
$ 1,001 - $10,000	180.00
$10,001 - $50,000	250.00
$50,001 - $100,000	500.00
$100,001 - $1,000,000	1,000.00
$1,000,000 and over	2,000.00

6. OTHER INSPECTIONS AND FEES $ 75.00 per hour
   A. Inspections outside of normal business hours (Minimum charge- two hours)
   B. Re- inspection (Minimum charge- one hour)
   C. Inspections for which no fee is specifically indicated (Minimum charge- one hour)
   D. Additional plan review required by changes, additions, or revisions to approved plans (minimum charge – ½ hour)

7. EFFECTIVE DATE. This resolution shall be effective immediately upon passage.

8. REPEALER. All resolutions inconsistent herewith, including Resolution 11-19068, are hereby repealed.

9. SEVERABILITY. If any provision of this resolution or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect the other provisions of this resolution which may be given effect without the invalid provisions or application, and, to this end, the provisions of this resolution are declared to be severable.

ADOPTED AND APPROVED by the City Council of the City of Billings, Montana on the ___ day of _____, 2026.

CITY OF BILLINGS

By: _____
Mike Nelson, Mayor

ATTEST:

By: _____
Denise R. Bohlman, City Clerk

City Council Work Session **4.**
Meeting Date: 02/17/2026
TITLE: Babcock Theater Discussion
PRESENTED BY: Tricia Mae
Department: City Hall Administration
Presentation: Yes
Legal Review: No
Project Number: N/A

RECOMMENDATION

Staff is seeking Council's recommendation of next steps for the Babcock Theater. The Babcock Improvement Committee has met twice in 2026 and is recommending the transfer of ownership of the Babcock Theater (Units 1A and 1B) to Art House Management LLC under the following terms:

- **Sale Price:** $1.00
- **City Contribution:** A one-time payment of $500,000 for capital repairs, payable upon closing. *When the lease RFP was issued in 2017, the City Council had approved $500,000 for capital repairs/improvements for FY2018 and discussed budgeting another $500,000 for FY2019. However, the second payment was not budgeted nor sent.*
- **Insurance Support:** Payment of a $100,000 deductible related to the May 2025 ceiling collapse.

This proposal represents the most fiscally responsible path forward for the City. By completing this transfer, the City will fully divest from all future maintenance, utility, and insurance obligations associated with the Babcock Theater. Based on the Cushing Terrell Condition Assessment, the facility requires an estimated $3.045 million in repairs and upgrades. Retaining ownership would expose the City to these costs and ongoing liability. In contrast, the proposed transaction results in an estimated **$2.545 million in avoided expenses**, while ensuring the theater remains an active cultural venue under experienced management.

The primary objective of this recommendation is to complete the transfer with a one-time capital contribution, after which the property will be accepted without further City obligation. This approach aligns with the findings of the Babcock Improvement Committee, which met twice in early 2026 to evaluate all available options. Their review included:

- **Document Analysis:** Examination of Art House's Letter of Intent and the First Amendment to Agreement to Lease
- **Facility Condition Assessment:** Cushing Terrell report identifying $3.045 million in facility needs
- **Formal Recommendation:** Unanimous support for a sale/transfer to Art House, contingent on the capital payment of $500,000.

The Committee concluded that this strategy offers the most practical and cost-effective solution for the City while preserving the theater's role as a community asset.

EXECUTIVE SUMMARY

The Babcock Theater is a historically significant property that has served as a cultural anchor in downtown Billings for more than a century. However, its current condition and escalating maintenance needs present a substantial financial and operational challenge for the City. The Cushing Terrell Condition Assessment identifies $3.045 million in required repairs and upgrades--costs the City would bear if ownership is retained. Previous efforts to solicit purchase interest through an Invitation for Bid process yielded no viable bids, underscoring the limited market demand for this asset. The proposed transfer of ownership to Art House Management LLC for $1.00, combined with a one-time $500,000 capital repair and a $100,000 insurance deductible payment, offers the most fiscally responsible solution. This approach eliminates the City's long-term liability, avoids approximately $2.545 million in future expenditures, and ensures the theater remains an active community venue under experienced private management. The recommendation is supported by the Babcock Improvement Committee following a comprehensive review of all available options. In short, this transaction represents a strategic exit for the City--converting an open-ended financial exposure into a fixed, predictable cost while preserving the historic and cultural value of the Babcock Theater for the community.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

The Babcock Theater Building, located on 2nd Avenue North in the heart of Billings' Central Business District, is a historically

significant two-story brick structure that has retained much of its original architectural character since its construction in 1907. Recognizing its cultural and historical value, the building was listed on the National Park Service's National Register of Historic Places on April 9, 2013.

In March 2017, the City of Billings purchased the Babcock Theater with the intent of preserving its historic integrity while ensuring its continued use as a community asset. Following the acquisition, the City Council directed staff to issue both an Invitation for Bid (IFB) for the purchase of the property and a Request for Proposals (RFP) for management services. This dual approach was intended to explore whether private ownership or a long-term management agreement would best serve the public interest.

The results of the 2018 Invitation for Bid and Request for Proposal process were clear: while the City received no bids to purchase the property, two entities, Art House Cinema & Pub and Vintage Theater Partners--submitted competitive proposals to lease and manage the theater. After careful evaluation, Art House Cinema & Pub was selected as the most suitable operator based on its experience, vision for the facility, and alignment with community goals. Art House entered into a 15-year lease agreement with the City and assumed operational control of the theater in July 2018.

To support the building's ongoing viability, the City Council appropriated $500,000 in Fiscal Year 2018 for necessary repairs and improvements. At that time, Council also expressed its intent to appropriate an additional $500,000 in Fiscal Year 2019 to continue addressing deferred maintenance and structural concerns. However, the second appropriation was not made, leaving several critical projects incomplete.

Since the execution of the lease, the Babcock Theater has continued to serve as a cultural venue under Art House's management. However, the physical condition of the building has deteriorated significantly over time. Most notably, in May 2025, a ceiling collapse underscored the urgent need for substantial capital investment to address structural and safety concerns. These issues have raised questions about the long-term sustainability of the current arrangement and the feasibility of alternative ownership models.

It is important to note that the lack of purchase interest during the 2018 Invitation for Bid process remains a relevant consideration. Given the building's age, maintenance challenges, and recent structural failures, staff anticipate similar--or even less--interest than before. Furthermore, pursuing a sale at this time could risk alienating the current operator, who has invested resources and effort into maintaining programming and community engagement despite the building's limitations. On December 9, 2025, Art House Management LLC, a Montana nonprofit limited liability company, submitted a Letter of Intent to purchase the historic Babcock Theater located at 2812 2nd Avenue North in Billings, Montana. The proposed purchase price is one dollar ($1.00) in cash, with the amount deposited into escrow upon opening and becoming non-refundable upon execution of the Purchase and Sale Agreement. Title will be conveyed by Warranty Deed, and the Seller will provide a standard Owner's Title Insurance policy, with escrow and title services selected by the Seller. The Buyer will have a 180-day due diligence period, with up to three 30-day extensions, to review title, secure appraisal and financing, and obtain City Council approval for \$1.5 million in funding through a combination of general funds, CIP, TIF, and endowment sources. Closing will occur within thirty days of executing the Purchase and Sale Agreement, with customary allocation of closing costs. During escrow, the Buyer will have inspection rights and may assign its interest with written notice. In the event of Buyer default, the Seller retains the deposit as liquidated damages; in the event of Seller default, the Buyer may pursue damages or specific performance. The LOI is non-binding except for exclusive provisions, and no broker commission will be paid.

FISCAL EFFECTS

The proposed transfer of the Babcock Theater to Art House Management LLC for \$1.00, coupled with a one-time \$500,000 capital repair payment and a $100,000 insurance deductible payment, represents a strategic financial decision that significantly reduces the City's long-term liabilities. Under the current ownership model, the City faces an estimated \$3.045 million in documented facility deficiencies, as identified in the Cushing Terrell Condition Assessment. These costs include structural repairs, mechanical upgrades, and safety improvements necessary to maintain the building in a functional and compliant state.

By approving this transfer, the City will avoid approximately **$2.545 million in future expenditures** compared to retaining and repairing the facility. In addition to direct capital savings, the transaction eliminates ongoing obligations for utilities, maintenance, and insurance--expenses that would otherwise continue indefinitely. This approach converts an open-ended financial exposure into a fixed, one-time cost, providing budget certainty and freeing resources for other priority projects. While the City will incur an immediate outlay of $600,000 (capital repair plus deductible), this investment serves as a "buyout" of future liabilities and ensures the theater remains operational under private management. The fiscal impact is

therefore strongly positive when viewed against the backdrop of escalating repair needs and the absence of viable purchase interest in a prior Invitation for Bid cycle. In summary, the proposed action is the most cost-effective solution available, aligning with the City's responsibility to safeguard public funds while preserving a historic community asset.

Insurance Coverage Position
City: Did not have coverage on the Babcock Theater

Arthouse: Genstar
Following the May 2025 ceiling collapse at the Babcock Theater, Art House Cinema & Pub submitted a property loss claim under its policy with General Star Indemnity Company (Policy #IMA429087A, effective March 12, 2025 -- March 12, 2026). On October 13, 2025, General Star issued a formal coverage position letter denying the claim. The denial was based on the insurer's investigation, which concluded that the collapse resulted from long-term deterioration rather than a sudden and accidental event. Specifically, the engineering report cited expansion and contraction of the wood ceiling framing, inadequate ventilation, and nail withdrawal over time as contributing factors. These conditions fall under policy exclusions for wear and tear, deterioration, latent defects, faulty maintenance, and collapse as defined in the Causes of Loss -- Special Form (CP1030). Additionally, the policy included an endorsement excluding **pre-existing damage**, further reinforcing the denial. Because the loss was attributed to excluded causes rather than a covered peril, the insurer determined that neither property damage coverage nor business income coverage was triggered.

BW Real Estate LLC (Wydmer-Condo Owner): AmTrust
The recent AmTrust insurance estimate following the May 2025 ceiling collapse underscores the magnitude of these liabilities. The estimate calculated a **replacement cost value of $569,638.16** for collapse-related repairs, including extensive plaster replacement, balcony seating restoration, scaffolding, and emergency stabilization measures. After depreciation and deductible, the net claim payment was **$287,543.23**, but the scope of work highlights the complexity and expense of even a single catastrophic event. Notably, scaffolding alone accounted for over $202,000 before depreciation, and balcony seating replacement was estimated at nearly $199,000. These figures illustrate the financial exposure the City would continue to face if ownership is retained.
Scope of Damage:
The estimate covers extensive cleaning, repairs, and replacements across multiple areas of the theater, including:

- **Ground Floor/Main Level:** Entry, Sub Lobby, Lobby, Theater Room, Stage
- **Second Floor:** Balcony, stairwells, landings, and cross sections
- **Special Systems:** Electrical repairs and fire suppression system
- **General Conditions:** Emergency services, scaffolding, project management, and debris removal

Major Cost Drivers:

- **Theater Room & Stage Repairs:** Acoustic plaster replacement, ceiling/wall restoration, painting, and curtain replacement
- **Balcony Repairs:** Carpet removal/replacement, painting, and **theater seating replacement (340 seats)**
- **General Conditions:** Scaffolding bid alone estimated at **$202,300.80** before depreciation
- **Special Systems:** Electrical repairs ($12,996) and fire suppression system ($11,015.72)

Financial Summary:

- **Replacement Cost Value (RCV):** $569,638.16
- **Depreciation:** $182,094.93
- **Actual Cash Value (ACV):** $387,543.23
- **Deductible:** $100,000
- **Net Claim Payment:** $287,543.23
- **Recoverable Depreciation (if claimed):** $182,094.93
- **Potential Total Recovery:** $469,638.16

Key Observations:

- The largest single expense category is general conditions and scaffolding, accounting for nearly $226,068 before depreciation.
- Balcony seating replacement is a significant cost driver ($198,900 before depreciation).
- The estimate does not include hidden damages that may be discovered later.

STAKEHOLDERS

City of Billings City Council, City of Billings Administration Department, Art House Management LLC, Babcock Improvement Committee, Downtown Billings Partnership, BW Real Estate LLC

ALTERNATIVES

OPTION 1: RETAIN CITY OWNERSHIP

- Path A: Repair & Reopen
  - Immediate Costs: $1.7M (High Priority) + $1.345M (Deferred Maintenance) + $100k (Deductible). SEE ATTACHED CUSHING TERRELL CONDITION ASSESSMENT
  - Ongoing Annual Costs: $20,000 (Utilities) + $2,200 (Insurance).
  - Operational Burden: The continuation of the current management firm under new ownership remains uncertain and would be determined by the parties following transfer.
- Path B: Keep "As-Is"
  - Ongoing Annual Costs: $20,000 (Utilities) + $2,200 (Insurance).
  - Risks: Accelerated structural decay and significant public liability/safety risks.

OPTION 2: NEGOTIATED SALE

- Historical Context: An Invitation for Bid was issued in 2018 produced zero interest from potential buyers.
- Primary Risk: Possibility that Art House Management LLC walks away from the facility immediately.
- Consequence: The City would be forced back into Option 1B incurring all utility and insurance costs while the building deteriorates.

Because of deferred maintenance, the property's current un-occupiable condition, and the complexities of the condominium lease, the sale of the Babcock Theater differs significantly from typical transactions based on historical data. Two comparable examples illustrate this point:

- **Garfield High School** -- Closed by the school district in 2001, purchased by Yellowstone Boys and Girls Ranch in 2007, and later acquired by Hobby Lobby in 2019 before being donated to the Billings Praise Center. Completing this transaction required more than $1 million in uplift to make the property viable for its new use.
- **Old NorthWestern Energy Building** (Butte) -- Inherited by Butte-Silver Bow County in 2016 and sold in 2020 for $1. This nominal price was contingent upon a substantial private investment, with the buyer committing to an uplift of over $10 million to rehabilitate and re-purpose the building

Attachments

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BABCOCK THEATRE DISCUSSION

BILLINGS CITY COUNCIL WORK SESSION

2-17-2026

BABCOCK THEATRE & CITY PARTNERSHIP TIMELINE

- **Pre-2018:** City gains ownership of theater in 2018 as a condition of a 2008 TIF grant.
- **Jan 2018:** Staff memo recommends Art House for the lease.
- **May 2018:** City gains ownership.
- **Nov 2018:** Art House lease begins; a draft lease amendment proposes expense abatement (status unclear).
- **Mar 2024:** Staff memo outlines substantial maintenance needs and clarifies lease responsibilities.
- **Aug 2024:** DBP recommends against $300k TIF funding for repairs; City Administrator calls for an alternative funding plan.
- **Late 2024:** City Council approves $250k TIF for marquee repairs (ongoing project, separate from the Aug 2024 request).
- **May 2025:** Ceiling collapse forces temporary closure; Art House works with insurance on repairs.
- **Current:** Art House presents an LOI to purchase the theater for $1, contingent on the City funding $1.5M in repairs.

CEILING COLLAPSE OF MAY 2025



COLLAPSED CEILING REPAIR COST ESTIMATES

ITEM	LOW COST ESTIMATE	HIGH COST ESTIMATE
FULL CEILING REPLACEMENT	**$115,000**	**$187,000**
SCAFOLDING/SHORING, DEMO CEILING, GENERAL CONDITIONS, CLEANING	**$396,000**	**$415,000**
REMOVE SPRAY FOAM WALLS, MATCH NEW CEILING	**$52,000**	**$90,000**
BALCONY WIDEN AISLES, ADD RAILINGS, UPDATE CARPET	**$375,000**	**$425,000**
TOTAL	**$938,000**	**$1,117,000**

HIGH PRIORITY or CODE DEFICIENCIES ITEMS

	LOW	HIGH
EXTERIOR: Roof: Roofing Replacement (Red Single Ply)	$ 275,000.00	$ 350,000.00
EXTERIOR: Arch: Concrete Landings at Alley Exits (2)	$ 4,000.00	$ 6,000.00
EXTERIOR: Fire Protection: Missing Coverage	$ 1,800.00	$ 3,000.00
ALL: Fire Alarm System Upgrade (Triggered for major remodel)	$ 120,000.00	$ 125,000.00
STAGE: Struct: IMMEDIATE ACTION: Concrete Joist Repair Under Stage	$ 2,400.00	$ 2,600.00
STAGE: Arch: Proscenium Fire Curtain	$ 85,000.00	$ 95,000.00
STAGE: Arch: Modify Stage Alley Door for Egress Exit	$ 4,000.00	$ 5,000.00
STAGE: Arch: Stage West Door Thru Proscenium Replaced	$ 2,500.00	$ 3,500.00
STAGE: Arch: Add Handrails to Stage to Basement Stairs	$ 1,500.00	$ 2,000.00
THEATRE: Langlas: Full Ceiling Replacement	$ 115,000.00	$ 187,000.00
THEATRE: Langlas: Scafolding/Shoring, Demo Ceiling, Gen. Conditions, Cleaning	$ 396,000.00	$ 415,000.00
THEATRE: Langlas: Remove Spray Foam Walls, Match New Ceilling	$ 52,000.00	$ 90,000.00
THEATRE: Arch: Add Stage Stair Railings	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Major Renovation Triggers Elevator Add	unknown at this time	unknown at this time
THEATRE: Arch: Projection Booth Entry Door Replacement	$ 2,000.00	$ 2,500.00
THEATRE: Arch: Projection Booth Threshold Repair	$ 500.00	$ 1,000.00
THEATRE: Arch: Projection Storage Windows Replacement or Infill	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Upper Projection Booth Asbestos Tile Abatement/Replace	$ 1,500.00	$ 3,000.00
THEATRE: Arch: Upper Projection Booth Door Replace	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Upper Projection Booth Windows Replace or Infill	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Mezzanine Restroom Toilet Stall Handrails	$ 500.00	$ 1,000.00
THEATRE: Fire Protection: Ceiling Collapse Damaged Items	$ 700.00	$ 1,000.00
THEATRE: Elec: Replace Exit Signs, Add Egress Illumination, Lighting Replace	$ 40,000.00	$ 50,000.00
THEATRE: Struct: Balcony Railings (const. cost only, no design fee)	$ 17,000.00	$ 19,000.00
LOBBY: Arch: Stair Hand Railings fr. Lobby to Balcony Replaced	$ 12,000.00	$ 24,000.00
LOBBY: Arch: Wider Entry Doors & Sidelites	$ 20,000.00	$ 26,000.00
LOBBY: Fire Protection: Missing Ceiling at Upper Lobby	$ 1,000.00	$ 2,000.00
LOBBY: Mech: Mezzanine Restroom/Janitor New Exhaust Syst.	$ 4,000.00	$ 6,000.00
LOBBY: Plumb: Mezzanine Restroom Sink Piping Insulation for ADA	$ 700.00	$ 900.00
LOBBY: Arch: Side Rooms Thresholds Modifications	$ 1,000.00	$ 2,000.00
BASEMENT: Arch: Basement North Stair Treads Replaced	$ 1,500.00	$ 2,000.00
BASEMENT: Struct: Postitive Connections at Wood Columns	$ 1,900.00	$ 2,100.00
BASEMENT: Elec: Emergency Panel Replace (not to code)	$ 168,000.00	$ 176,000.00
BASEMENT: Mech: Combustibles in Air Plenum (Add Ducted Path)	$ 19,000.00	$ 21,000.00
BASEMENT: Mech: Booster Fan for Boiler Room	$ 4,000.00	$ 6,000.00
BASEMENT: Plumb: Insultate Piping in Boiler Room (and more)	$ 2,300.00	$ 2,500.00
GREEN ROOM: Arch: Add Wheelchair Lift or Stair Climber for Accessibility	$ 15,000.00	$ 25,000.00
GREEN ROOM: Arch: North Bathroom Threshold Hazard, Repair	$ 1,000.00	$ 1,500.00
GREEN ROOM: Mech: Add Ventilation Air/Ductwork	$ 29,000.00	$ 31,000.00
GREEN ROOM: Fire Protection: Missing Coverage	$ 4,200.00	$ 6,000.00
Total High Priority Project Costs	**$ 1,411,500.00**	**$ 1,703,100.00**

MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS

	LOW	HIGH
EXTERIOR: Mech: Fluid Cooler Maintenance & Inspection	$ 900.00	$ 1,000.00
EXTERIOR: Envel: Wall Removal of Failing Concrete Skim Coat/Paint	$ 100,000.00	$ 110,000.00
ALL: Elec: Demo Existing Switchboard/Replace with New Switchboard	$ 64,000.00	$ 68,000.00
ALL: Mech: Scheduled Yearly Maint. of Filters, Rainwater, Glycol, Sump Pump	$ 48,000.00	$ 52,000.00
THEATRE: Langlas: Balcony Widen Aisles, Add Railings, Update Carpet	$ 375,000.00	$ 425,000.00
THEATRE: Arch: Plaster at Exit Door Heads Patched & Repainted	$ 1,000.00	$ 2,000.00
THEATRE: Arch: New Seating in Theatre (Main & Balcony)	$ 275,000.00	$ 375,000.00
THEATRE: Arch: Acoustic Treatment for Walls & Ceiling	$ 55,000.00	$ 75,000.00
THEATRE: Arch: Plaster Cove Repair	$ 50,000.00	$ 75,000.00
THEATRE: Arch: Plaster Repair at Air Diffuser/Return	$ 900.00	$ 1,100.00
THEATRE: Arch: Balcony Decking Replacement	$ 8,000.00	$ 20,000.00
THEATRE: Arch: Balcony Wall Plaster Patching	$ 1,000.00	$ 5,000.00
THEATRE: Arch: Projection Booth Landing Surface Replace	$ 500.00	$ 1,000.00
THEATRE: Arch: Projection Booth Wall Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Projection Booth Ceiling Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Projection Storage Floor Repair	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Projection Storage Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Upper Projection Booth Restroom Update	$ 2,500.00	$ 3,500.00
THEATRE: Arch: Upper Projection Booth Plaster Patching	$ 1,000.00	$ 1,500.00
STAGE: Arch: Flooring Uneven, Repair/Replace	$ 10,000.00	$ 60,000.00
LOBBY: Arch: Canopy & Ticket Booth Insulation Reinstalled	$ 800.00	$ 1,200.00
LOBBY: Arch: Janitor Closet Floor Replacement	$ 1,000.00	$ 2,000.00
LOBBY: Arch: Mezzanine Restroom Floor Fastening	$ 800.00	$ 1,200.00
LOBBY: Arch: Mezzanine Restrooms Increased Widths, New Stalls	$ 8,000.00	$ 10,000.00
LOBBY: Arch: Mezzanine Restrooms New Finishes	$ 15,000.00	$ 20,000.00
LOBBY: Arch: Mezzanine Janitor Closet (Green) Plaster & Tile Patching	$ 3,000.00	$ 4,000.00
LOBBY: Arch: Mezzanine East Storage (Blue) Plaster Patching	$ 1,500.00	$ 3,000.00
BASEMENT: Arch: General Wall Repairs and Concrete Floor Patching	$ 5,500.00	$ 9,000.00
BASEMENT: Struct: Beam Notch Field Remediations	$ 3,400.00	$ 3,600.00
GREEN ROOM: Arch: Terrazzo Flooring Grinding, Reduce Hazard	$ 500.00	$ 1,000.00
ENTIRE INTERIOR SPACE CLEANING ALLOWANCE	$ 5,500.00	$ 8,500.00
Total Moderate Priority Project Costs	**$ 1,042,300.00**	**$ 1,345,100.00**

OPPORTUNITIES or FUTURE UPGRADES

	LOW		HIGH	
EXTERIOR: Elec: Replace Exterior Lights w/ LEDs		$ 6,000.00		$ 8,000.00
TICKET BOOTH: Mech: Steam Heater Temperature Verification		$ 900.00		$ 1,100.00
ALL: Mech: Retro-Commissioning (Ensure all mech units optimal perform.)		$ 14,000.00		$ 16,000.00
THEATRE: Elec: Replace Lobby & Restroom Lights w/ LEDs		$ 20,000.00		$ 25,000.00
THEATRE: Elec: Replace Ceiling Cove Lights w/ LEDs		$ 5,000.00		$ 7,000.00
THEATRE: Struct: Speaker Support Framing		$ 1,800.00		$ 2,600.00
THEATRE: Interiors: Main Theatre Repaint Walls		= $ 28,350.00		$ 47,250.00
THEATRE: Interiors: Main Theatre New Flooring		$ 22,600.00		$ 30,000.00
THEATRE: Interiors: Balcony Repaint Walls		= $ 12,060.00		$ 20,100.00
THEATRE: Interiors: Balcony New Flooring		$ 20,000.00		$ 29,500.00
STAGE: Elec: Update Stage Lighting & Power for Live Performance		$ 500,000.00		$ 550,000.00
STAGE: Interiors: New Flooring		$ 25,000.00		$ 35,000.00
STAGE: Interiors: Repaint Walls		$ 28,260.00		$ 47,100.00
STAGE: Interiors: New Curtains		$ 160,000.00		$ 180,000.00
LOBBY: Interiors: Entry & Lobby Repaint Walls		$ 7,905.00		$ 13,175.00
LOBBY: Interiors: Entry & Lobby Restore Polish historic Terrazzo		$ 2,700.00		$ 4,500.00
LOBBY: Interiors: Entry & Lobby Add 3 Part Walk Off Entry Flooring System		$ 12,500.00		$ 17,000.00
LOBBY: Interiors: Entry & Lobby New Flooring Carpet at POS area		$ 1,650.00		$ 2,200.00
LOBBY: Interiors: Entry & Lobby FF&E Foyer Seating + storage solutions		$ 5,500.00		$ 7,000.00
LOBBY: Mech: Westinghouse Supplem. Air Handler Replacement		$ 29,000.00		$ 31,000.00
LOBBY: Mech: Radiant Heaters Temperature Verification		$ 900.00		$ 1,100.00
LOBBY: Plumb: Mezzanine Restroom Fixtures Replacement		$ 10,000.00		$ 12,000.00
BASEMENT: Interiors: Archival Shelving		$ 4,800.00		$ 7,800.00
BASEMENT: Plumb: Heat Pump Loop System Replacement		$ 14,000.00		$ 16,000.00
BASEMENT: Plumb: Boiler Circulation Pump Replacement		$ 5,000.00		$ 7,000.00
GREEN ROOM: Interiors: Update finishes/Accents	1,500 sf x $ 55.00 / sf =	$ 82,500.00	1,500 sf x $ 75.00 / sf =	$ 112,500.00
GREEN ROOM: Interiors: FF&E		$ 20,000.00		$ 28,000.00
GREEN ROOM: Elec: Update Power and Lighting		$ 25,000.00		$ 28,000.00
GREEN ROOM: Mech: Add Heating/Cooling Units as Needed (price per unit)		$ 5,400.00		$ 5,600.00
VARIOUS AREAS: Spec. Systems: New CAT6 Cable		$ 27,000.00		$ 31,000.00
Total Opportunities Project Costs		**$ 1,097,825.00**		**$ 1,322,525.00**

SUMMARY

	LOW	HIGH
HIGH PRIORITY or CODE DEFICIENCIES ITEMS	$ 1,411,500.00	$ 1,703,100.00
MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS	$ 1,042,300.00	$ 1,345,100.00
OPPORTUNTIES or FUTURE UPGRADES	$ 1,097,825.00	$ 1,322,525.00
Total Project Costs	**$ 3,551,625.00** **	**$ 4,370,725.00**
***Not included:*		
Design Fees (Arch, Interiors, Roof/Envelope, Structural, MEP, Fire Protection, IT)	*$200,000*	*250,000*
Acoustical Consultant	*unknown at this time*	*unknown at this time*
Insurance/Permit/GC Fee	*unknown at this time*	*unknown at this time*
Construction Contingency	*unknown at this time*	*unknown at this time*
Legal and Admin	*unknown at this time*	*unknown at this time*

BABCOCK THEATRE BUILDING

POTENTIAL PHASING FOR THIS WORK:

Here are some phasing options we've outlined, which can be adjusted to fit your priorities and timeline. We understand your goal was to gain a clear picture of everything that needs attention in the building—along with our design recommendations and associated pricing. This summary is intended as a starting point to guide decision-making and help you plan next steps effectively.

Potential Phase 1 – Address Life Safety & Code Compliance
Focus: Ceiling remediation, roof replacement, emergency electrical panel, fire alarm system.
Why: These items mitigate immediate risk and ensure compliance with life safety codes.
Investment: $1.41M–$1.70M (per assessment).
Action: Prioritize funding and schedule these first to stabilize the building and meet code.

Potential Phase 2 – Tackle Deferred Maintenance & Operational Improvements
Focus: Balcony/seating upgrades, envelope repairs, switchboard replacement, scheduled mechanical maintenance.
Why: Improves functionality, comfort, and longevity; can be sequenced during operational windows.
Investment: $1.04M–$1.34M.
Action: Plan these as a second wave after life safety work, bundling for efficiency and minimal disruption.

Potential Phase 3 – Bundle Enhancements with Future Remodel
Focus: LED lighting upgrades, lobby/interior refresh, stage systems, green room improvements.
Why: Enhances member experience, aesthetics, and energy performance; most are discretionary and align well with a full remodel.
Investment: $1.09M–$1.32M.
Action: Incorporate these into future remodel scope for cost savings and design cohesion.

Owner Guidance:
Immediate: Approve Phase 1 scope and budget to address critical safety/code issues.
Near Term: Develop a phased schedule for Phase 2 items that align with operational downtime.
Long Term: Integrate Phase 3 upgrades into the strategic remodel plan for maximum value.

AmTrust Insurance Estimate
Scope of Damage

The estimate covers extensive cleaning, repairs, and replacements across multiple areas of the theater, including:

- **Ground Floor/Main Level:** Entry, Sub Lobby, Lobby, Theater Room, Stage
- **Second Floor:** Balcony, stairwells, landings, and cross sections
- **Special Systems:** Electrical repairs and fire suppression system
- **General Conditions:** Emergency services, scaffolding, project management, and debris removal

AmTrust Insurance Estimate
Major Cost Drivers

- **Theater Room & Stage Repairs:** Acoustic plaster replacement, ceiling/wall restoration, painting, and curtain replacement
- **Balcony Repairs:** Carpet removal/replacement, painting, and theater seating replacement (340 seats)
- **General Conditions:** Scaffolding bid alone estimated at **$202,300.80** before depreciation
- **Special Systems:** Electrical repairs ($12,996) and fire suppression system ($11,015.72)

AmTrust Insurance Estimate Financial Summary

- **Replacement Cost Value (RCV):** $569,638.16
- **Depreciation:** $182,094.93
- **Actual Cash Value (ACV):** $387,543.23
- **Deductible:** $100,000
- **Net Claim Payment:** $287,543.23
- **Recoverable Depreciation (if claimed):** $182,094.93
- **Potential Total Recovery:** $469,638.16

AmTrust Insurance Estimate
Key Observations

- The largest single expense category is general conditions and scaffolding, accounting for nearly $226,068 before depreciation.
- Balcony seating replacement is a significant cost driver ($198,900 before depreciation).
- The estimate does not include hidden damages that may be discovered later.

ARTHOUSE INVESTMENT INTO THE BABCOCK 2018-2025

Building Repairs	$400,943
Building Equipment (Stays)	$10,258
Architect & Assessment	$24,330
Ceiling Collapse Repairs TD	$3,436
TOTAL	**$438,967**

This does not any include funds given by the city.
All funds shown earned through operations or donations.

This does not include operation or annual maintenance costs.

12-9-2025 Letter of Intent (LOI) Key Details

- **Proposed Purchase Price:** $1.00 cash, with the deposit becoming non-refundable upon full execution of a Purchase and Sale Agreement (PSA) (p. 1).

- **Contingencies:** The agreement is highly contingent on several items, notably:
  - **City Council Approved Funds:** $1.5 million (one million, five hundred thousand dollars) in funds to be allocated to the Buyer (Art House Management LLC) (p. 1).
  - **Funding Sources:** Funds to come from a combination of City general funds, CIP, TIF funds, and/or a new endowment, with exact allocation to be mutually agreed upon (p. 1).
  - **Due Diligence Period:** A 180-day due diligence/contingency period for the Buyer, with three optional 30-day extensions (p. 1).

- **Non-Binding:** The letter itself is a non-binding agreement, except for a clause that the Seller (City of Billings) will not consider other offers during the negotiation period (p. 2).

First Amendment to Agreement to Lease Abatement Period & Expense Relief

•**Term:** Landlord (City) to grant the Tenant (Art House) up to three years of expense relief (the "Abatement Period") (p. 1).

•**Conditions:** The Abatement Period begins on the execution date of the amendment and includes two one-year renewals, which require mutual approval from both Landlord and Tenant (p. 1).

•**Updates:** The Tenant is required to provide biannual updates on its reopening and remodel project to City Staff and Council during this period (p. 1).

•**Termination Right:** The Tenant has a one-time right to terminate the lease without penalty during the Abatement Period by providing 90 days' written notice (p. 1).

First Amendment to Agreement to Lease Financial Responsibilities

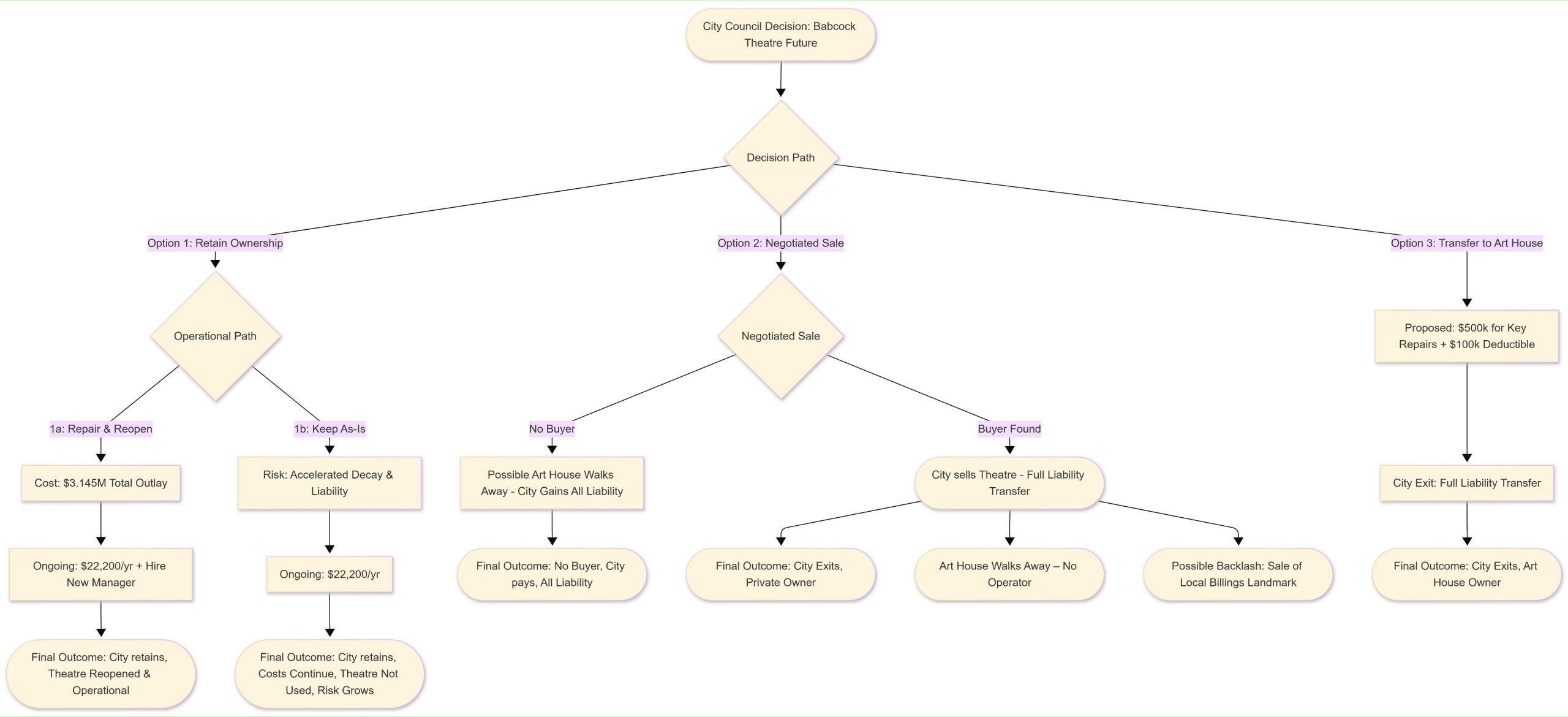
During the entire Abatement Period or until the Tenant reopens normal operations (whichever is sooner), the Landlord is responsible for the following expenses:

•**Taxes and Assessments:** The Landlord is to pay all taxes and assessments named in Section 13 of the original lease (p. 1).

•**Utilities:** The Landlord is to pay all utilities and expenses, including common expenses, named in Section 14 (p. 1).

•**Insurance (Landlord):** Commencing March 1, 2026, the Landlord is responsible for all property insurance coverage and related premiums outlined in Section 16, Subsection A, and must name the Tenant as an additional insured (p. 1).

•**Insurance (Tenant):** The Tenant must maintain its own liability insurance, naming the Landlord as an additional insured (p. 1). The Tenant is also to remove the Lease Liquor liability insurance throughout the Abatement Period (p. 2).


City Council Decision: Babcock Theatre Future
Decision Path
Option 1: Retain Ownership
Option 2: Negotiated Sale
Option 3: Transfer to Art House
Operational Path
Negotiated Sale
Proposed: $500k for Key Repairs + $100k Deductible
1a: Repair & Reopen
1b: Keep As-Is
No Buyer
Buyer Found
Cost: $3.145M Total Outlay
Risk: Accelerated Decay & Liability
Possible Art House Walks Away - City Gains All Liability
City sells Theatre - Full Liability Transfer
City Exit: Full Liability Transfer
Ongoing: $22,200/yr + Hire New Manager
Ongoing: $22,200/yr
Final Outcome: No Buyer, City pays, All Liability
Final Outcome: City Exits, Private Owner
Art House Walks Away – No Operator
Possible Backlash: Sale of Local Billings Landmark
Final Outcome: City Exits, Art House Owner
Final Outcome: City retains, Theatre Reopened & Operational
Final Outcome: City retains, Costs Continue, Theatre Not Used, Risk Grows

THIS PACKET WAS PROVIDED BY

ARTHOUSE AND CONTAINS THE

CUSHING TERREL CONDITION ASSESSMENT IN ITS ENTIRETY

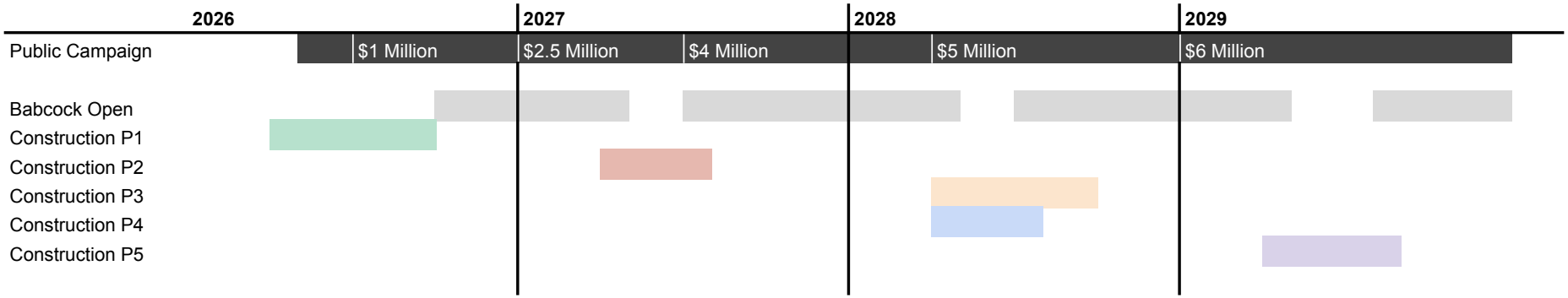
Phase 1 (2026)	**$841,610**
Reopen Babcock with minimum requirements	
Replace entire theater ceiling	
Handrails in basement	
Clean up and quick fix broken items	
Sources of Income	
Art House Cash	$175,000
City TIF (for Marquee)	$100,000
Widmyer Insurance	$286,000
City Cover Insurance Deductible	$100,000
LEFT TO FUND	**$180,610**
Phase 2	**$1,555,260**
Stage Rehab	
Sound/Lighting	
Some quality of life improvements	
Phase 3	**$412,905**
Major infastructure investment	
Some finishes and bigger quality of life	
New Roof	
HVAC investment/upgrades	
Phase 4	**$531,000**
Mechanical Upgrades	
Fire Protection Upgrades	
Electric and Other Needs	
Bathroom Remodel	
Phase 5	**$1,498,350**
Final finishing touches	
Flooring/Carpet Refresh	
New theater seats	
Green Room Remodel/Fix	
Projection Booth Rehab	
TOTAL FUNDING NEEDS	
CONSTRUCTION TOTAL	$4,839,125
CONTIGENCY (10%)	$483,913
STAFF HIRES/TRAINING	$150,000
BABCOCK ENDOWMENT	$500,000
TOTAL	**$5,973,038**

PHASE 1					
Phase 1 Langlas Total	$668,700	Architectural	$668,000	All	$73,000
Phase 1 AH Total	$172,910	Interiors	$65,410	Basement	$3,400
Phase 1 Total	**$841,610**	Mechanical	$48,000	Exterior	$0
		Structural	$59,500	Green Room	$0
		Fire Protection	$700	Lobby	$1,900
		Electical	$0	Stage	$2,400
		Plumbing	$0	Theater	$760,910
		Spec Systems	$0	Ticket Booth	$0
		Roof	$0		
		Envelope	$0		
PHASE 2					
Phase 2 Langlas Total	$0	Architectural	$140,000	All	$77,000
Phase 2 AH Total	$1,555,260	Interiors	$388,260	Basement	$0
Phase 2 Total	**$1,555,260**	Mechanical	$0	Exterior	$0
		Structural	$0	Green Room	$0
		Fire Protection	$0	Lobby	$0
		Electical	$500,000	Stage	$1,477,260
		Plumbing	$0	Theater	$1,000
		Spec Systems	$527,000	Ticket Booth	$0
		Roof	$0		
		Envelope	$0		
PHASE 3					
Phase 3 Langlas Total	$0	Architectural	$4,400	All	$14,000
Phase 3 AH Total	$412,905	Interiors	$15,405	Basement	$23,800
Phase 3 Total	**$412,905**	Mechanical	$96,800	Exterior	$275,900
		Structural	$0	Green Room	$0
		Fire Protection	$0	Lobby	$96,305
		Electical	$0	Stage	$0
		Plumbing	$21,300	Theater	$2,900
		Spec Systems	$0	Ticket Booth	$0
		Roof	$275,000		
		Envelope	$0		
PHASE 4					
Phase 4 Langlas Total	$0	Architectural	$36,300	All	$234,000
Phase 4 AH Total	$531,000	Interiors	$50,000	Basement	$0
Phase 4 Total	**$531,000**	Mechanical	$4,000	Exterior	$7,800
		Structural	$0	Green Room	$0
		Fire Protection	$127,000	Lobby	$223,700
		Electical	$303,000	Stage	$0
		Plumbing	$10,700	Theater	$65,500
		Spec Systems	$0	Ticket Booth	$0
		Roof	$0		
		Envelope	$0		
PHASE 5					
Phase 5 Langlas Total	$0	Architectural	$962,300	All	$200,000
Phase 5 AH Total	$1,498,350	Interiors	$194,750	Basement	$5,500
Phase 5 Total	**$1,498,350**	Mechanical	$216,300	Exterior	$104,000
		Structural	$0	Green Room	$143,400
		Fire Protection	$0	Lobby	$42,950
		Electical	$25,000	Stage	$4,000
		Plumbing	$0	Theater	$997,600
		Spec Systems	$0	Ticket Booth	$900
		Roof	$0		
		Envelope	$100,000		
CONSTUCTION TOTAL	**$4,839,125**	Architectural	$1,811,000	All	$598,000
		Interiors	$713,825	Basement	$32,700
Contingency (10%)	$483,913	Mechanical	$365,100	Exterior	$387,700
Staff Hires/Training	$150,000	Structural	$59,500	Green Room	$143,400
Babcock Endowment	$500,000	Fire Protection	$127,700	Lobby	$364,855
		Electical	$828,000	Stage	$1,483,660
CAMPAIGN TOTAL	**$5,973,038**	Plumbing	$32,000	Theater	$1,827,910
		Spec Systems	$527,000	Ticket Booth	$900
		Roof	$275,000		
		Envelope	$100,000		
TIF Ask	$959,208	20% of building work minus Stage Sound/Lighting			

PHASE	AREA	LOCATION	TRADE	CTA	ITEM	COST
1	ALL:	ALL	Interiors:	D	Cleaning for reopen	$25,000
1	THEATER:	BALCONY	Struct:	A	Balcony Railings	$50,000
1	BASEMENT:	BASEMENT	Struct:	B	Beam Notch Field Remediations	$3,400
1	ALL:	HVAC	Mech:	B	Scheduled Yearly Maint. of Filters, Rain, Glycol, Sump Pump	$48,000
1	LOBBY:	LOBBY	Struct:	A	Positive Connections at Wood Columns	$1,900
1	THEATER:	SOUND	Struct:	C	Speaker Support Framing	$1,800
1	STAGE:	STAGE	Struct:	A	Concrete Joist Repair Under Stage	$2,400
1	THEATER:	THEATER	Arch:	A	Full Ceiling Replace	$115,000
1	THEATER:	THEATER	Arch:	A	Scoffolding/Shoring, Demo, Gen Cond, Cleaning	$396,000
1	THEATER:	THEATER	Arch:	A	Remove Spray From Walls, Match new Ceiling	$52,000
1	THEATER:	THEATER	Arch:	B	Acoustic Treatment for Walls and Ceiling	$55,000
1	THEATER:	THEATER	Arch:	B	Plaster Cove Repair	$50,000
1	THEATER:	THEATER	Fire Protection:	A	Ceiling callapse damaged items	$700
1	THEATER:	THEATER	Interiors:	C	Main Theatre Repaint Walls	$28,350
1	THEATER:	BALCONY	Interiors:	C	BalconyRepaint Walls	$12,060
2	ALL:	SOUND	Interiors:	D	FFE	$50,000
2	ALL:	SOUND	Spec. Systems:	C	New CAT6 Cable	$27,000
2	STAGE:	SOUND	Spec. Systems:	D	Lighting/Sound Equipment	$500,000
2	STAGE:	STAGE	Arch:	A	Proscenium Fire Curtain	$85,000
2	STAGE:	STAGE	Arch:	A	Modify Stage Alley Door for Egress	$4,000
2	THEATER:	STAGE	Arch:	A	Add stage stair ralings	$1,000
2	STAGE:	STAGE	Arch:	B	Flooring Uneven, Repair/Replace	$50,000
2	STAGE:	STAGE	Electric:	C	Update Stage Lighting and Power for Live Performance	$500,000
2	STAGE:	STAGE	Interiors:	C	New Flooring	$50,000
2	STAGE:	STAGE	Interiors:	C	New Curtains	$160,000
2	STAGE:	STAGE	Interiors:	D	Side Stage Curtains	$80,000
2	STAGE:	STAGE	Interiors:	D	Portable Stages	$20,000
2	STAGE:	STAGE	Interiors:	C	Repaint Walls	$28,260
3	THEATER:	BALCONY	Arch:	B	Balcony Wall Plaster Patching	$1,000
3	BASEMENT:	BASEMENT	Interiors:	C	Archival Shelving	$4,800
3	LOBBY:	HVAC	Mech:	A	Add Ventilation Air/Ductwork	$29,000
3	LOBBY:	HVAC	Mech:	A	Combustibles in Air Plenum	$19,000
3	LOBBY:	HVAC	Mech:	A	Booster Fan for Boiler Room	$4,000
3	EXTERIOR:	HVAC	Mech:	B	Fluid Cooler Maintenance and Inspection	$900
3	ALL:	HVAC	Mech:	C	Retro-Commissioning (Ensure all mech units optimal perfom.)	$14,000
3	LOBBY:	HVAC	Mech:	C	Radiant Heaters Temperature Verification	$900
3	LOBBY:	HVAC	Mech:	C	Westinghouse Supplem. Air Handler Replacement	$29,000
3	LOBBY:	HVAC	Plumb:	A	Insulate Piping in Boiler room	$2,300
3	BASEMENT:	HVAC	Plumb:	C	Heat Pump Loop System Replacment	$14,000
3	BASEMENT:	HVAC	Plumb:	C	Boiler Circulation Pump Replacement	$5,000
3	LOBBY:	LOBBY	Interiors:	C	Entry and Lobby Repaint Walls	$7,905
3	LOBBY:	LOBBY	Interiors:	C	Entry and Lobby Restor Polish historic Terazzo	$2,700
3	LOBBY:	MEZZANINE	Arch:	B	Mezzanine East Storage (Blue) Plaster Patching	$1,500
3	EXTERIOR:	ROOF	Roof:	A	Roof Replacement	$275,000
3	THEATER:	THEATER	Arch:	B	Plaster at Exit Door Heads Patched and Repainted	$1,000
3	THEATER:	THEATER	Arch:	B	Plaster repair at Air Diffuser/Return	$900

PHASE	AREA	LOCATION	TRADE	CTA	ITEM	COST
4	ALL:	ALL	Fire Protection:	A	Fire Alarm System Upgrade	$120,000
4	EXTERIOR:	ALL	Fire Protection:	A	Missing Coverage	$1,800
4	ALL:	BASEMENT	Electric:	B	Demo Existing Switchboard/Replace with new Switchboard	$64,000
4	THEATER:	BATHROOM	Arch:	A	Mezzanine restroom toilet stall handrails	$500
4	LOBBY:	BATHROOM	Arch:	B	Mezzanine Restroom Floor Fastening	$800
4	LOBBY:	BATHROOM	Arch:	B	Mezzanine Restrooms Incresed Widths, New Stalls	$8,000
4	LOBBY:	BATHROOM	Arch:	B	Mazzanine Restrooms New Finishes	$15,000
4	LOBBY:	BATHROOM	Mech:	A	Mezzanine Restroom/Janitor New Exhaust System.	$4,000
4	LOBBY:	BATHROOM	Plumb:	A	Mezzanine Restroom Sink Piping INsulation	$700
4	LOBBY:	BATHROOM	Plumb:	C	Mezzanine Restroom Fixtures Replacement	$10,000
4	EXTERIOR:	EXTERIOR	Electric:	C	Replace Exterior Lights w/LED's	$6,000
4	LOBBY:	LOBBY	Arch:	A	Stair Hand Railings fr. Lobby to Balcony Replaced	$12,000
4	LOBBY:	LOBBY	Electric:	A	Emergency Panel Replace	$168,000
4	LOBBY:	LOBBY	Fire Protection:	A	Missing Coverage	$4,200
4	LOBBY:	LOBBY	Fire Protection:	A	Missing Ceiling at Upper Lobby	$1,000
4	ALL:	LOBBY	Interiors:	D	FFE	$50,000
4	THEATER:	THEATER	Electric:	A	Replace Exit Signs, Add egress illumination, lighting replace	$40,000
4	THEATER:	THEATER	Electric:	C	Replace Ceiling Cove lights with LEDs	$5,000
4	THEATER:	THEATER	Electric:	C	Replace Lobby and Restroom Lights w/LEDs	$20,000
5	THEATER:	BALCONY	Arch:	B	Balcony Decking Replacement	$8,000
5	THEATER:	BALCONY	Interiors:	C	Balcony New Flooring	$50,000
5	STAGE:	BASEMENT	Arch:	A	Add Handrails to Stage to Basement Stairs	$1,500
5	LOBBY:	BASEMENT	Arch:	A	Basement North Stair Treads Replaced	$1,500
5	BASEMENT:	BASEMENT	Arch:	B	General Wall Repairs and Concrete Floor Patching	$5,500
5	LOBBY:	BATHROOM	Arch:	A	North Bathroom Threshold Hazard, Repair	$1,000
5	LOBBY:	ENTRY	Arch:	B	Canopy & Ticket Botth Insulation Reinstalled	$800
5	EXTERIOR:	EXTERIOR	Arch:	A	Concret Landings at Alley Exits (2)	$4,000
5	EXTERIOR:	EXTERIOR	Envelope:	B	Wall Removal of Failing Concrete Skim Coat	$100,000
5	GREEN ROOM:	GREEN ROOM	Arch:	B	Terrazzo Flooring Grinding, Reduce Hazard	$500
5	GREEN ROOM:	GREEN ROOM	Electric:	C	Update Power and Lighting	$25,000
5	GREEN ROOM:	GREEN ROOM	Interiors:	C	Update finsishes/accents	$82,500
5	GREEN ROOM:	GREEN ROOM	Interiors:	C	FF&E	$20,000
5	GREEN ROOM:	GREEN ROOM	Mech:	C	Add Heating/Cooling Units as Needed	$5,400
5	GREEN ROOM:	GREEN ROOM	Mech:	D	Tech for Green Room	$10,000
5	ALL:	HVAC	Mech:	D	Mech Systems Upgrades	$200,000
5	LOBBY:	LOBBY	Arch:	A	Side Rooms Thresholds Modifications	$1,000
5	LOBBY:	LOBBY	Arch:	A	Add Wheelchair lift or stair climber for accessiblity	$15,000
5	LOBBY:	LOBBY	Arch:	B	Janitor Closet Floor Replacement	$1,000
5	LOBBY:	LOBBY	Interiors:	C	Entry and lobby add 3 part walk off entry flooring system	$12,500
5	LOBBY:	LOBBY	Interiors:	C	Entry and lobby New flooring carpet at POS area	$1,650
5	LOBBY:	LOBBY	Interiors:	C	Entry and Lobby FF&E Foyer Seating + Storage Solutions	$5,500
5	LOBBY:	MEZZANINE	Arch:	B	Mezzanine Janitor Closet (Green) Plaster and Tile Patching	$3,000
5	THEATER:	PROJECTION	Arch:	A	Projection booth entry door replace	$2,000
5	THEATER:	PROJECTION	Arch:	A	projectoin booth threshold repair	$500
5	THEATER:	PROJECTION	Arch:	A	Projection storage windows replace	$1,500
5	THEATER:	PROJECTION	Arch:	A	upper projection asbestos tile abatement	$1,500

PHASE	AREA	LOCATION	TRADE	CTA	ITEM	COST
5	THEATER:	PROJECTION	Arch:	A	Upper projection door replace	$1,500
5	THEATER:	PROJECTION	Arch:	A	Upper projection booth windows replace	$1,500
5	THEATER:	PROJECTION	Arch:	B	Projection Booth Wall Plaster Patching	$1,000
5	THEATER:	PROJECTION	Arch:	B	Projection Booth Ceiling Plaster Patching	$1,000
5	THEATER:	PROJECTION	Arch:	B	Projection Storage Plaster Patching	$1,000
5	THEATER:	PROJECTION	Arch:	B	Upper Projection Booth Plaster Patching	$1,000
5	THEATER:	PROJECTION	Arch:	B	Projection Booth Landing Surface Replace	$500
5	THEATER:	PROJECTION	Arch:	B	Projection Storage Floor Repair	$1,500
5	THEATER:	PROJECTION	Arch:	B	Upper Projection Booth Restroom Update	$2,500
5	STAGE:	STAGE	Arch:	A	Stage West Door Thru Proscenium Replaced	$2,500
5	THEATER:	THEATER	Arch:	B	New Seating in Theatre	$750,000
5	THEATER:	THEATER	Arch:	D	Update Carpet	$150,000
5	THEATER:	THEATER	Interiors:	C	Main Theatre New Flooring	$22,600
5	TICKET BOOTH:	TICKET	Mech:	C	Steam Heater Temperature Verification	$900
		TICKET				
					CONSTRUCTION TOTAL	**$4,839,125**
					CONTIGENCY (10%)	$483,913
					STAFF HIRES/TRAINING	$150,000
					BABCOCK ENDOWMENT	$500,000
					CAPITAL CAMPAIGN TOTAL	**$5,973,038**


2026
2027
2028
2029
Public Campaign
$1 Million
$2.5 Million
$4 Million
$5 Million
$6 Million
Babcock Open
Construction P1
Construction P2
Construction P3
Construction P4
Construction P5

MONTHLY AVERAGES OVER A 3 YEAR SPAN BROKEN DOWN BY QUARTERS

3 YEAR AVERAGE	
Q1 Average	**$1,677.72**
Water/Sewer	$284.41
Gas	$934.94
Electric	$279.32
Garbage	$179.05
Q2 Average	**$1,360.03**
Water/Sewer	$301.79
Gas	$557.68
Electric	$317.64
Garbage	$182.92
Q3 Average	**$1,205.78**
Water/Sewer	$432.22
Gas	$178.99
Electric	$387.68
Garbage	$206.89
Q4 Average	**$1,426.80**
Water/Sewer	$336.37
Gas	$582.48
Electric	$338.94
Garbage	$169.01
Yearly Average	**$1,677.72**
Water/Sewer	$284.41
Gas	$934.94
Electric	$279.32
Garbage	$179.05

INVOICES WHILE CLOSED AFTER CEILING COLLAPSE

This was created to track our utilities costs while the Babcock is closed.
We have turned off everything we can, unplugged appliances and flipped breakers to limit costs. We have been surprised to see how little we have been impacting the utilities on the Babcock Building (as shown here: our expenses have not changed much.
Our agreement laid out in the Condo Documents is the Babcock Theater is responsible to pay for 41% of building wide utilities.

June 2025	**$1,326.06**						
Water/Sewer	$345.06						
Gas	$413.59						
Electric	$369.77						
Garbage	$197.64						
July 2025	**$1,025.34**	**August 2025**	**$1,302.24**	**September 2025**	**$1,192.14**		
Water/Sewer	$317.17	Water/Sewer	$532.82	Water/Sewer	455.87		
Gas	$204.75	Gas	$133.10	Gas	146.72		
Electric	$305.78	Electric	$430.83	Electric	384.06		
Garbage	$197.64	Garbage	$205.49	Garbage	205.49		
October 2025	**$1,164.53**	**November 2025**	**$1,309.98**	**December 2025**	**$0.00**		
Water/Sewer	$303.68	Water/Sewer	$242.48	Water/Sewer			
Gas	$342.60	Gas	$582.70	Gas			
Electric	$312.76	Electric	$279.31	Electric			
Garbage	$205.49	Garbage	$205.49	Garbage			
2025 Closed Aver.	**$1,220.05**						
Water/Sewer	$366.18						
Gas	$303.91						
Electric	$347.09						
Garbage	$202.87						

		2023	2024	2025	TOTAL
HVAC Maintenance	Air Controls	$1,169.52	$2,158.86	$4,061.24	$7,389.62
Building Utilities	Alarm Control	$611.60	$2,139.40	$2,380.51	$5,131.51
	AH - Northwestern Energy	$5,376.70	$19,579.01	$9,869.19	$34,824.90
	Widmyer Utilities (41%)	$22,067.87	$16,027.49	$15,540.87	$53,636.23
Insurance	Widmyer Insurance (41%)	$5,000.00	$9,554.64	$9,554.64	$24,109.28
	AH Insurance (both Bab and AH)	$30,345.97	$41,727.51	$42,626.00	$114,699.48
		$64,571.66	**$91,186.91**	**$84,032.45**	**$239,791.02**

This is to show what our utilities and insurance costs have been at the Babcock Theater these past three years. This was shared with City Staff to give understanding to what potential cost would be associated with The City taking over utilities and insurance costs while the theater is closed (as desired through our Lease Amendment Proposal (attached in this document)).

BABCOCK INVESTMENT TO DATE (2018-2025)

Building Repairs	$400,943
Building Equipment (Stays)	$10,258
Architect & Assessment	$24,330
Ceiling Collapse Repairs TD	$3,436
TOTAL	**$438,967**

This does not any include funds given by the city.
All funds shown earned through operations or donations.

This does not include operation or annual maintenance costs.

CUSHING TERRELL REPORT

After the ceiling collapsed in 2025, Art House Billings spent $20,000+ for Cushing Terrell to do a full building assessment to best understand where other building issues may be present.

Our hope is to create a plan and path for the future of the theater.

We want to continue to invest in this community jewel, but also go into this project with our eyes fully open to as many issues as we can find.

All of our fundraising and capital campaign plans are driven by this data.

You will find the following document breaks down what Cushing Terrell has labeled as major/critical issues that must be addressed now all the way to potential dreams and upgrades to the theater.



Where *design* meets you.

BABCOCK THEATRE

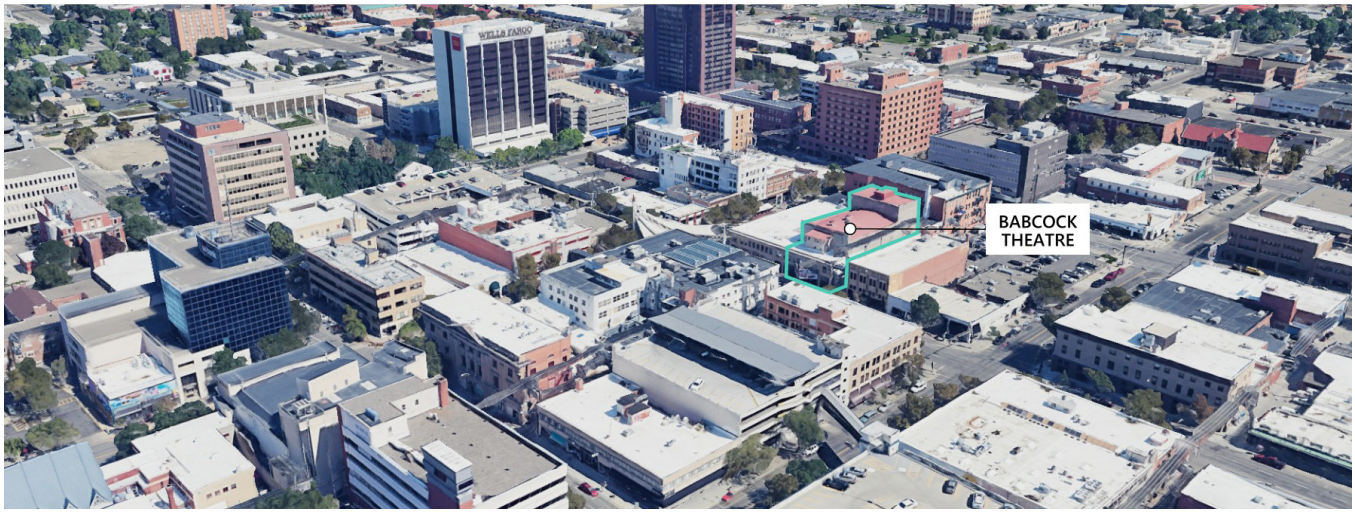
BUILDING ASSESSMENT REPORT

December 5, 2025

Cushing Terrell

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Cushing Terrell



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Exhibit A: *Babcock Theatre Speaker Support Structural Report & Details.pdf*
Exhibit B: *Kevin Hodgson of K2 "Babcock Theatre Site Survey and Audio System Recommendations - 2023.pdf*
Exhibit C: *Langlas & CT - Babcock Ceiling Collapse - Recommendations & Pricing - 06.18.2025*

BABCOCK THEATRE BUILDING

GOAL OF THIS ASSESSMENT:

This assessment represents a critical first step in evaluating the feasibility of a comprehensive refresh of the Babcock Theatre. Initiated in response to proposed upgrades identified by Art House, the effort is led by a local, multi-disciplinary team—including architecture, interiors, structural, envelope, civil, MEP, special systems, and fire protection—who will assess the theatre spaces from their respective lenses. The scope includes identifying code deficiencies, deferred maintenance, and providing recommendations, along with a range of cost estimates across disciplines to support informed decision-making.

GENERAL INFORMATION:

Building – Babcock Theatre

Address – 2812 2nd Avenue North, Billings, Montana 59101

Building Description – The Babcock Theatre Building is a two-story mixed-use commercial structure located in downtown Billings, Montana, originally constructed in 1907 following the loss of the city's opera house to fire. Designed by Edwin W. Houghton, the building showcases early 20th-century commercial architecture with a steel and heavy timber structural framework, 20-inch-thick concrete theatre walls, and brick masonry façades accented with cast stone detailing. The theatre roof is supported by wood bow trusses and finished with a modern membrane system.

The interior of the theatre features a traditional proscenium layout, including a sloped auditorium floor, balcony, and fly loft. Key character-defining elements include decorative plasterwork, historic lighting fixtures, a prominent marquee, and lobby and vestibule spaces that reflect mid-century design influences introduced during later renovations.

The building has undergone several major updates, notably in 1927, 1935 (significant rebuild after a fire in 1that damaged the stage and roof), and 1955, each reflecting shifts in entertainment technology and architectural style. While the structure includes retail spaces, apartments, and an arcade, this assessment is limited to the theatre spaces only. The theatre retains much of its architectural integrity and continues to serve as a cultural and historic landmark in the heart of Billings.

Size – Approx 21,000 square feet building footprint

Original Construction Date – 1907, designed by Edwin W. Houghton

- Significant updates in 1927, 1935, and 1955

Occupancy Class / Use – A / Assembly / Performing Arts Venue

Clear Heights – Varies, 80 ft +/-

Building Assessment Report

Cushing Terrell.

Dec 5, 2025

BABCOCK THEATRE BUILDING

PRIORITIZED MENU & COSTS of UPGRADES

HIGH PRIORITY or CODE DEFICIENCIES ITEMS

	LOW	HIGH
EXTERIOR: Roof: Roofing Replacement (Red Single Ply)	$ 275,000.00	$ 350,000.00
EXTERIOR: Arch: Concrete Landings at Alley Exits (2)	$ 4,000.00	$ 6,000.00
EXTERIOR: Fire Protection: Missing Coverage	$ 1,800.00	$ 3,000.00
ALL: Fire Alarm System Upgrade (Triggered for major remodel)	$ 120,000.00	$ 125,000.00
STAGE: Struct: IMMEDIATE ACTION: Concrete Joist Repair Under Stage	$ 2,400.00	$ 2,600.00
STAGE: Arch: Proscenium Fire Curtain	$ 85,000.00	$ 95,000.00
STAGE: Arch: Modify Stage Alley Door for Egress Exit	$ 4,000.00	$ 5,000.00
STAGE: Arch: Stage West Door Thru Proscenium Replaced	$ 2,500.00	$ 3,500.00
STAGE: Arch: Add Handrails to Stage to Basement Stairs	$ 1,500.00	$ 2,000.00
THEATRE: Langlas: Full Ceiling Replacement	$ 115,000.00	$ 187,000.00
THEATRE: Langlas: Scafolding/Shoring, Demo Ceiling, Gen. Conditions, Cleaning	$ 396,000.00	$ 415,000.00
THEATRE: Langlas: Remove Spray Foam Walls, Match New Ceilling	$ 52,000.00	$ 90,000.00
THEATRE: Arch: Add Stage Stair Railings	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Major Renovation Triggers Elevator Add	unknown at this time	unknown at this time
THEATRE: Arch: Projection Booth Entry Door Replacement	$ 2,000.00	$ 2,500.00
THEATRE: Arch: Projection Booth Threshold Repair	$ 500.00	$ 1,000.00
THEATRE: Arch: Projection Storage Windows Replacement or Infill	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Upper Projection Booth Asbestos Tile Abatement/Replace	$ 1,500.00	$ 3,000.00
THEATRE: Arch: Upper Projection Booth Door Replace	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Upper Projection Booth Windows Replace or Infill	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Mezzanine Restroom Toilet Stall Handrails	$ 500.00	$ 1,000.00
THEATRE: Fire Protection: Ceiling Collapse Damaged Items	$ 700.00	$ 1,000.00
THEATRE: Elec: Replace Exit Signs, Add Egress Illumination, Lighting Replace	$ 40,000.00	$ 50,000.00
THEATRE: Struct: Balcony Railings (const. cost only, no design fee)	$ 17,000.00	$ 19,000.00
LOBBY: Arch: Stair Hand Railings fr. Lobby to Balcony Replaced	$ 12,000.00	$ 24,000.00
LOBBY: Arch: Wider Entry Doors & Sidelites	$ 20,000.00	$ 26,000.00
LOBBY: Fire Protection: Missing Ceiling at Upper Lobby	$ 1,000.00	$ 2,000.00
LOBBY: Mech: Mezzanine Restroom/Janitor New Exhaust Syst.	$ 4,000.00	$ 6,000.00
LOBBY: Plumb: Mezzanine Restroom Sink Piping Insulation for ADA	$ 700.00	$ 900.00
LOBBY: Arch: Side Rooms Thresholds Modifications	$ 1,000.00	$ 2,000.00
BASEMENT: Arch: Basement North Stair Treads Replaced	$ 1,500.00	$ 2,000.00
BASEMENT: Struct: Postitive Connections at Wood Columns	$ 1,900.00	$ 2,100.00
BASEMENT: Elec: Emergency Panel Replace (not to code)	$ 168,000.00	$ 176,000.00
BASEMENT: Mech: Combustibles in Air Plenum (Add Ducted Path)	$ 19,000.00	$ 21,000.00
BASEMENT: Mech: Booster Fan for Boiler Room	$ 4,000.00	$ 6,000.00
BASEMENT: Plumb: Insultate Piping in Boiler Room (and more)	$ 2,300.00	$ 2,500.00
GREEN ROOM: Arch: Add Wheelchair Lift or Stair Climber for Accessibility	$ 15,000.00	$ 25,000.00
GREEN ROOM: Arch: North Bathroom Threshold Hazard, Repair	$ 1,000.00	$ 1,500.00
GREEN ROOM: Mech: Add Ventilation Air/Ductwork	$ 29,000.00	$ 31,000.00
GREEN ROOM: Fire Protection: Missing Coverage	$ 4,200.00	$ 6,000.00
Total High Priority Project Costs	**$ 1,411,500.00**	**$ 1,703,100.00**

Items listed in GREEN are from the 6/2026 Ceiling Collapse Pricing Estimates by Langlas

MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS

	LOW	HIGH
EXTERIOR: Mech: Fluid Cooler Maintenance & Inspection	$ 900.00	$ 1,000.00
EXTERIOR: Envel: Wall Removal of Failing Concrete Skim Coat/Paint	$ 100,000.00	$ 110,000.00
ALL: Elec: Demo Existing Switchboard/Replace with New Switchboard	$ 64,000.00	$ 68,000.00
ALL: Mech: Scheduled Yearly Maint. of Filters, Rainwater, Glycol, Sump Pump	$ 48,000.00	$ 52,000.00
THEATRE: Langlas: Balcony Widen Aisles, Add Railings, Update Carpet	$ 375,000.00	$ 425,000.00
THEATRE: Arch: Plaster at Exit Door Heads Patched & Repainted	$ 1,000.00	$ 2,000.00
THEATRE: Arch: New Seating in Theatre (Main & Balcony)	$ 275,000.00	$ 375,000.00
THEATRE: Arch: Acoustic Treatment for Walls & Ceiling	$ 55,000.00	$ 75,000.00
THEATRE: Arch: Plaster Cove Repair	$ 50,000.00	$ 75,000.00
THEATRE: Arch: Plaster Repair at Air Diffuser/Return	$ 900.00	$ 1,100.00
THEATRE: Arch: Balcony Decking Replacement	$ 8,000.00	$ 20,000.00
THEATRE: Arch: Balcony Wall Plaster Patching	$ 1,000.00	$ 5,000.00
THEATRE: Arch: Projection Booth Landing Surface Replace	$ 500.00	$ 1,000.00
THEATRE: Arch: Projection Booth Wall Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Projection Booth Ceiling Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Projection Storage Floor Repair	$ 1,500.00	$ 2,000.00
THEATRE: Arch: Projection Storage Plaster Patching	$ 1,000.00	$ 1,500.00
THEATRE: Arch: Upper Projection Booth Restroom Update	$ 2,500.00	$ 3,500.00
THEATRE: Arch: Upper Projection Booth Plaster Patching	$ 1,000.00	$ 1,500.00
STAGE: Arch: Flooring Uneven, Repair/Replace	$ 10,000.00	$ 60,000.00
LOBBY: Arch: Canopy & Ticket Booth Insulation Reinstalled	$ 800.00	$ 1,200.00
LOBBY: Arch: Janitor Closet Floor Replacement	$ 1,000.00	$ 2,000.00
LOBBY: Arch: Mezzanine Restroom Floor Fastening	$ 800.00	$ 1,200.00
LOBBY: Arch: Mezzanine Restrooms Increased Widths, New Stalls	$ 8,000.00	$ 10,000.00
LOBBY: Arch: Mezzanine Restrooms New Finishes	$ 15,000.00	$ 20,000.00
LOBBY: Arch: Mezzanine Janitor Closet (Green) Plaster & Tile Patching	$ 3,000.00	$ 4,000.00
LOBBY: Arch: Mezzanine East Storage (Blue) Plaster Patching	$ 1,500.00	$ 3,000.00
BASEMENT: Arch: General Wall Repairs and Concrete Floor Patching	$ 5,500.00	$ 9,000.00
BASEMENT: Struct: Beam Notch Field Remediations	$ 3,400.00	$ 3,600.00
GREEN ROOM: Arch: Terrazzo Flooring Grinding, Reduce Hazard	$ 500.00	$ 1,000.00
ENTIRE INTERIOR SPACE CLEANING ALLOWANCE	$ 5,500.00	$ 8,500.00
Total Moderate Priority Project Costs	**$ 1,042,300.00**	**$ 1,345,100.00**

OPPORTUNTIES or FUTURE UPGRADES

	LOW	HIGH
EXTERIOR: Elec: Replace Exterior Lights w/ LEDs	$ 6,000.00	$ 8,000.00
TICKET BOOTH: Mech: Steam Heater Temperature Verification	$ 900.00	$ 1,100.00
ALL: Mech: Retro-Commissioning (Ensure all mech units optimal perform.)	$ 14,000.00	$ 16,000.00
THEATRE: Elec: Replace Lobby & Restroom Lights w/ LEDs	$ 20,000.00	$ 25,000.00
THEATRE: Elec: Replace Ceiling Cove Lights w/ LEDs	$ 5,000.00	$ 7,000.00
THEATRE: Struct: Speaker Support Framing	$ 1,800.00	$ 2,600.00
THEATRE: Interiors: Main Theatre Repaint Walls	= $ 28,350.00	$ 47,250.00
THEATRE: Interiors: Main Theatre New Flooring	$ 22,600.00	$ 30,000.00
THEATRE: Interiors: Balcony Repaint Walls	= $ 12,060.00	$ 20,100.00
THEATRE: Interiors: Balcony New Flooring	$ 20,000.00	$ 29,500.00
STAGE: Elec: Update Stage Lighting & Power for Live Performance	$ 500,000.00	$ 550,000.00
STAGE: Interiors: New Flooring	$ 25,000.00	$ 35,000.00
STAGE: Interiors: Repaint Walls	$ 28,260.00	$ 47,100.00
STAGE: Interiors: New Curtains	$ 160,000.00	$ 180,000.00
LOBBY: Interiors: Entry & Lobby Repaint Walls	$ 7,905.00	$ 13,175.00
LOBBY: Interiors: Entry & Lobby Restore Polish historic Terrazzo	$ 2,700.00	$ 4,500.00
LOBBY: Interiors: Entry & Lobby Add 3 Part Walk Off Entry Flooring System	$ 12,500.00	$ 17,000.00
LOBBY: Interiors: Entry & Lobby New Flooring Carpet at POS area	$ 1,650.00	$ 2,200.00
LOBBY: Interiors: Entry & Lobby FF&E Foyer Seating + storage solutions	$ 5,500.00	$ 7,000.00
LOBBY: Mech: Westinghouse Supplem. Air Handler Replacement	$ 29,000.00	$ 31,000.00
LOBBY: Mech: Radiant Heaters Temperature Verification	$ 900.00	$ 1,100.00
LOBBY: Plumb: Mezzanine Restroom Fixtures Replacement	$ 10,000.00	$ 12,000.00
BASEMENT: Interiors: Archival Shelving	$ 4,800.00	$ 7,800.00
BASEMENT: Plumb: Heat Pump Loop System Replacement	$ 14,000.00	$ 16,000.00
BASEMENT: Plumb: Boiler Circulation Pump Replacement	$ 5,000.00	$ 7,000.00
GREEN ROOM: Interiors: Update finishes/Accents	1,500 sf x $ 55.00 / sf = $ 82,500.00	1,500 sf x $ 75.00 / sf = $ 112,500.00
GREEN ROOM: Interiors: FF&E	$ 20,000.00	$ 28,000.00
GREEN ROOM: Elec: Update Power and Lighting	$ 25,000.00	$ 28,000.00
GREEN ROOM: Mech: Add Heating/Cooling Units as Needed (price per unit)	$ 5,400.00	$ 5,600.00
VARIOUS AREAS: Spec. Systems: New CAT6 Cable	$ 27,000.00	$ 31,000.00
Total Opportunties Project Costs	**$ 1,097,825.00**	**$ 1,322,525.00**

SUMMARY

	LOW	HIGH
HIGH PRIORITY or CODE DEFICIENCIES ITEMS	$ 1,411,500.00	$ 1,703,100.00
MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS	$ 1,042,300.00	$ 1,345,100.00
OPPORTUNTIES or FUTURE UPGRADES	$ 1,097,825.00	$ 1,322,525.00
Total Project Costs	**$ 3,551,625.00** **	**$ 4,370,725.00**
***Not included:*		
Design Fees (Arch, Interiors, Roof/Envelope, Structural, MEP, Fire Protection, IT)	*$200,000*	*250,000*
Acoustical Consultant	*unknown at this time*	*unknown at this time*
Insurance/Permit/GC Fee	*unknown at this time*	*unknown at this time*
Construction Contingency	*unknown at this time*	*unknown at this time*
Legal and Admin	*unknown at this time*	*unknown at this time*

BABCOCK THEATRE BUILDING

POTENTIAL PHASING FOR THIS WORK:

Here are some phasing options we've outlined, which can be adjusted to fit your priorities and timeline. We understand your goal was to gain a clear picture of everything that needs attention in the building—along with our design recommendations and associated pricing. This summary is intended as a starting point to guide decision-making and help you plan next steps effectively.

Potential Phase 1 – Address Life Safety & Code Compliance
Focus: Ceiling remediation, roof replacement, emergency electrical panel, fire alarm system.
Why: These items mitigate immediate risk and ensure compliance with life safety codes.
Investment: $1.41M–$1.70M (per assessment).
Action: Prioritize funding and schedule these first to stabilize the building and meet code.

Potential Phase 2 – Tackle Deferred Maintenance & Operational Improvements
Focus: Balcony/seating upgrades, envelope repairs, switchboard replacement, scheduled mechanical maintenance.
Why: Improves functionality, comfort, and longevity; can be sequenced during operational windows.
Investment: $1.04M–$1.34M.
Action: Plan these as a second wave after life safety work, bundling for efficiency and minimal disruption.

Potential Phase 3 – Bundle Enhancements with Future Remodel
Focus: LED lighting upgrades, lobby/interior refresh, stage systems, green room improvements.
Why: Enhances member experience, aesthetics, and energy performance; most are discretionary and align well with a full remodel.
Investment: $1.09M–$1.32M.
Action: Incorporate these into future remodel scope for cost savings and design cohesion.

Owner Guidance:
Immediate: Approve Phase 1 scope and budget to address critical safety/code issues.
Near Term: Develop a phased schedule for Phase 2 items that align with operational downtime.
Long Term: Integrate Phase 3 upgrades into the strategic remodel plan for maximum value.

BABCOCK THEATRE BUILDING

DISCIPLINE SECTIONS:

ARCHITECTURE:

General Observations:

Due to the age of the building there are many areas that do not meet current building code. Since this is an existing historic building, we can look to the International Existing Building Code (IEBC) for direction on required upgrades. The IEBC categorizes alterations into three levels:

Level 1 Alterations: Involves simple repairs, such as replacing a window or repairing a small section of a wall. No significant space reconfiguration is involved.

Level 2 Alterations: Includes more extensive space reconfiguration, but the work area does not exceed 50 percent of the aggregate building area. Examples include rearranging walls within a floor plan.

Level 3 Alterations: Applies to the most extensive work, where the alteration work area is 50 percent or more of the aggregate area of the building. This level requires a more comprehensive assessment and may trigger upgrades to other systems in the building, even those outside the immediate work area, such as the sprinkler system or means of egress.

Depending on how alternations/upgrades will be made, we foresee the work being mainly at Level 1 or Level 2.

The following are areas noted to not meet current code or are in need of repair, but are not necessarily items needing to be addressed immediately. Some items may need further investigation or discussion with the local code official (AHJ).

High Priority or Code Deficiencies: = CODE
Moderate Priority or Deferred Maintenance: = DM

EXTERIOR

- CODE: Slope from sidewalk through entry into lobby without landings likely doesn't meet accessibility and maximum slope at doors requirements.
    - Accessible entrance can be designated through the shared building entrance and hallway. With confirmation with the AHJ, likely the entry slopes can remain as-is.
    - Assume no cost at present
- CODE: Exit doors to the alley do not have landing or stoops on either side of the door. These conditions could possibly be made better but may be difficult, especially from the inside theater area. This may be a condition to discuss with the AHJ

BABCOCK THEATRE BUILDING





- Concrete Landings - exterior: - $2,000 - $3,000

ENTRY / LOBBY

- CODE: The current entry double doors are 60 inches wide total. Egress doors are required to have a 32 inch minimum clearance per door leaf. Each single door is 30 inches so total clearance is about 28 inches. Wider doors could be installed to meet egress requirements.
    - Entry Doors and sidelites: - $20,000- $26,000
- CODE: Handrails at stairs do not meet current requirements for height, grasp ability, and guardrail opening.
    - This may possibly be grandfathered for historic places.
    - Railings Lobby to balcony: - $12,000 - $24,000
- CODE: The thresholds of the doorways to the two side rooms off the lobby (electrical and utility) are abrupt. Although these spaces may not be made fully accessible, the thresholds should be modified to minimize trip hazard and ease wheeling items in and out.
    - Side Rooms Thresholds: - $1,000- $2,000
- DM: At the time of the assessment, it was observed that some of the insulation had been removed from the walls out to the exterior ticket booth / canopy area. This was due to current work being done on the marquee. It should be verified that the insulation will be reinstalled properly to close off exterior exposure to the building.
    - Canopy & Ticket Booth Insulation Reinstalled: $800 - $1,200
- DM: The original Janitor Closet floor has water damage and should be replaced and finished with durable flooring. Walls have various holes or removed plaster. These should be patched or refinished.
    - Janitor Closet Floor: $1,000 - $2,000

BABCOCK THEATRE BUILDING



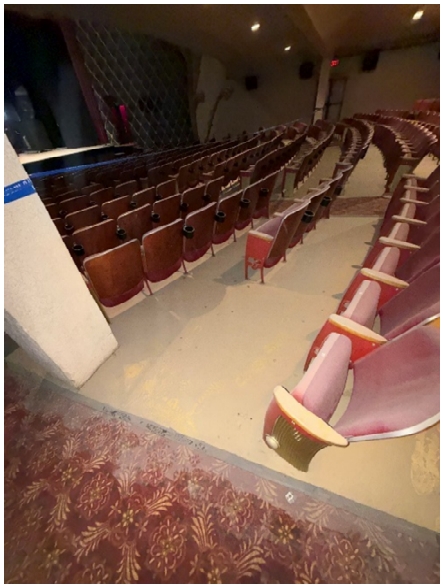


THEATRE

- CODE: Verify accessible seating requirements are accommodated in the theater. Several locations appear to be left open for wheelchairs, so it is likely this has been deemed acceptable. If seating replacement is implemented, additional measures can be made, such as seats with transfer arms and removable seats.
    - Part of overall Seating cost
- CODE: As stated above – The exit door to the alley as well as the side exit to the shared building hallway do not have proper landings. This could be discussed with the AHJ as pre-existing, historic conditions.
    - Assume no cost at present
- DM: There is some plaster damage at the exit door heads that could be patched and repainted.
    - Plaster at Exit Door Heads Patched & Repainted - $1,000 - $2,000
- CODE: The stairs up to the stage do not have handrails. These should be added to one side of each stair.
    - Add Stage Stair Railings: $1,000 - $1,500
- DM: The theater seating on the main floor is in fair condition. Some seats are in need of repair. However, due to the recent ceiling collapse, it is all very dirty and would require extensive cleaning. This, in combination with the balcony seating condition, new seating is recommended. This would allow for adjustments in the seating layout, provide updates accessibility, and ensure aisle seat lighting is correct and functioning.
    - New Seating in Theatre, all seats: $275,000 - $375,000
- DM: With the recent ceiling section collapse, the treatment of the ceiling needs to be addressed. Just the damaged section could be repaired, or the entire ceiling (as well as walls) could be upgraded. The existing acoustic treatment could be removed and replaced with modern, lighter acoustic systems. An acoustic testing assessment would help determine proper finishes.
    - Acoustic treatment – Walls / Ceiling: Covered in Langlas pricing from June 2025

BABCOCK THEATRE BUILDING

- DM: The ceiling collapse also damaged some of the plaster cove along the walls. We recommend having these restored to the original condition.
    - Plaster cove repair $50,000 - $75,000
- DM: There is water damage around an air diffuser/return at the back of the theater above the sound platform. The source of the damage should be investigated further and the plaster damage repaired and painted.
    - Plaster repair at diffuser - $1,000











BABCOCK THEATRE BUILDING

THEATRE (BALCONY)

- CODE: The balcony is not fully accessible. In order to provide this, a major renovation would be required, likely incorporating an elevator.
    - Assume no cost at present, listed on cost menu as "unknown at this time."
- CODE: There are no handrails in the balcony rows. These should be added for safety/code.
    - Balcony Railings: $6,000 - $10,000
- DM: The floor deck / seat platform of the upper balcony has some damage throughout. This should be replaced or repaired.
    - Balcony decking: $8,000 - $20,000
- DM: As stated above, the balcony seating received more damage from the ceiling collapse. Installing new seating is recommended. This would allow for adjustments in the seating layout and ensure aisle seat lighting is correct and functioning.
    - Included in previous overall seat cost
- DM: There is some cracking in the plaster walls at the upper corners. This could be cleaned up with patching and painting.
    - Balcony Wall Plaster Patching $1,000 - $5,000
- DM: There are general minor wall chips throughout. These could be patched and repainted.
    - Part of overall plaster patch cost
- CODE: The door to the Projection Booth is difficult to operate. This door should be replaced with properly functioning hardware.
    - Booth Mezzanine entry door: $2,000 -$2,500





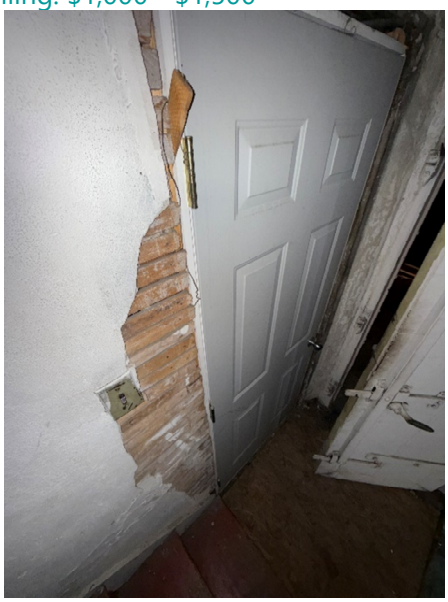


Projection Booth Mezzanine

- CODE: The threshold at the door is abrupt and uneven this should be leveled to reduce the trip hazard.
    - Booth Mezzanine Threshold: $500 - $1,000
- DM: The landing inside the door is bare sheathing. A durable wear surface should be installed.
    - Booth Mezzanine Landing: $500 - $1,000

BABCOCK THEATRE BUILDING

- DM: There are several areas of plaster walls that need patching and painting.
    - Booth Mezzanine Plaster patch: $1,000 - $1,500
- DM: The plaster ceiling at the roof appears to have had water damage and fallen away. The source for the damage should be investigated and patched. The plaster should be patched and all repainted.
    - Booth Mezzanine Ceiling: $1,000 - $1,500


Lower Projection/Storage

- DM: The floor has patches of missing floorboards. The floorboards are also cupped to give an uneven surface. These should be replaced with a durable wear finish.
    - Projection Storage Floor Repair: $1,500 - $2,000
- DM: There are several areas of plaster walls that need patching and painting.
    - Projection Storage Plaster Patch: $1,000 - $1,500
- CODE: The windows are single-pane steel framed, which are very inefficient. These should be filled in or replaced with more efficient windows
    - Projection Storage Windows: $1,500 - $2,000

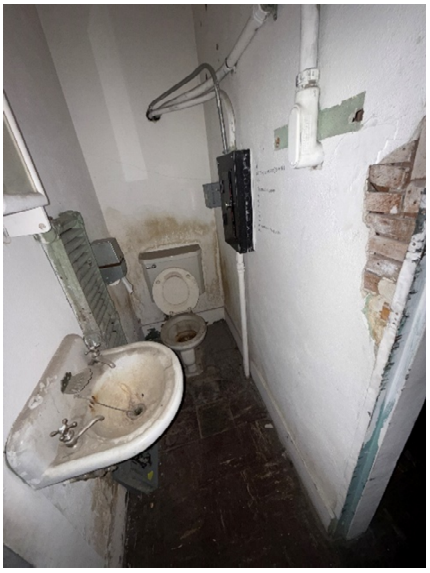
BABCOCK THEATRE BUILDING



Upper Projection Booth

- DM: The restroom is very dated and appears to be dysfunctional. A full update is recommended if this is intended to be usable.
    - Projection Restroom Update: $2,500 – $3,500
- CODE: The floor appears to have asbestos tile. This could be abated or possibly left in place with new flooring installed over the top. Further investigation and recommendations should come from a hazardous materials investigation.
    - Projection Asbestos tile abatement and replacement: $1,500 - $3,000
- CODE: The door into the booth does not have proper operating hardware. This should be replaced.
    - Projection Booth Door: $1,500 - $2,000
- DM: There are several areas of plaster walls that need patching and painting.
    - Projection Booth Plaster Patch: $1,000 - $1,500
- CODE: The windows are single-pane steel framed, which are very inefficient. These should be filled in or replaced with more efficient windows
    - Projection Booth Windows: $1,500 - $2,000

BABCOCK THEATRE BUILDING





Restroom Mezzanine

DM: The mezzanine floor feels loose/bouncy in some areas. This should be investigated more and tightened up with new fastening.

- Restroom Mezzanine Floor Fastening: $800 - $1,200

Restrooms

- CODE: The doors and door openings into the restrooms are all undersized at 30 inches wide. Current code is 32 inches clear.
  - This may possibly be grandfathered for historic places.
  - Assume no cost at present
- CODE: There are no ADA accessible stalls. Since the mezzanine level is not fully accessible, fully accessible restrooms are not necessary. However, handrails could be installed in the largest stalls to provide some help. This would be similar to ambulatory stalls.
  - Toilet Stall Handrails: $500 - $1,000
- DM: The stalls are small. Potential modifications could be made to increase the size.
  - New restroom Stalls: $8,000-$10,000
- DM: Fixtures and Finishes appear to be in satisfactory condition. Updates may be warranted.
  - New restroom Finishes: $15,000 - $20,000

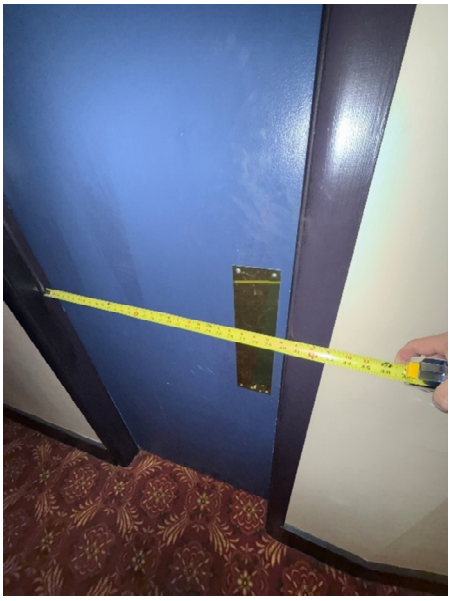
West Janitor Closet (Green)

- DM: The plaster walls and ceilings have several cracks and peels. These should be patched and repainted.
  - Janitor Closet Plaster Patch: $1,500 - $2,000
- DM: There is some missing tile. These should be replaced to help with durability and prevent water damage to walls.
  - Janitor Closet Tile Patch: $1,500 - $2,000

East Storage (Blue)

- DM: The ceiling plaster and lath has partially been removed. This should be reinstalled and repainted.
  - East Storage Plaster Patch: $1,500 - $3,000

BABCOCK THEATRE BUILDING







STAGE

- CODE: Proscenium wall may need to have a fire curtain if there is not a smoke control system for the stage. 1935 drawings show “Emergency Smoke Draft Doors” at the top of the fly loft and a label for a fire curtain. Current code may have an exception to the fire curtain if the stage has a smoke control system, but seating area does not. Further verification should be made to confirm if the smoke doors exist for either the stage or seating area, or if there are provisions for a fire curtain.
    - Proscenium Fire Curtain: $85,000 - $95,000

BABCOCK THEATRE BUILDING

- CODE: The occupancy load for the stage requires two exits out. These currently would be the door to the east shared hallway and the door to the west alley. Since the occupancy load is over 50, the doors need to have panic hardware and swing out. The alley doors do not have either of these. Egress doors should also have proper landings on both sides with minimal slope. The alley doors do not have this either. These modifications should be made to meet code. Or an additional egress door should be installed.
    - Modify Stage Alley Door: $4,000-$5,000
- DM: The stage flooring is uneven in some areas. This could be repaired or replaced.
    - Stage Flooring Repair/Replace: $10,000 - $60,000
- CODE: The stage west door through the proscenium wall is short. A taller door should be installed to meet code.
    - Replace Stage door: $2,500 - $3,500
- CODE: The stairs down to the basement from the stage do not have handrails. These should be installed to meet code.
    - Stage basement stair railings: $1,500 - $2,000





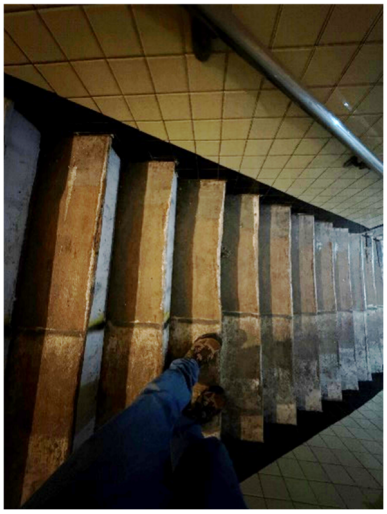
BASEMENT

- The basement is not fully accessible, but its current function is for HVAC and storage
    - Assume no cost at present
- CODE: The north stair (from the lobby) treads are worn and uneven. The treads should be replaced for safety.
    - Basement North Stair Treads: $1,500 - $2,000
- DM: There are various areas of damaged/worn wall finishes, floors, and ceilings. Repairs and upgrades will be dependent on desired function and level of finish. Total: $5,500 - $9,000
    - Plaster/tile damage at marquee sign storage
        - Wall repairs: $10/SF
    - Damaged concrete floor at the electrical meters

BABCOCK THEATRE BUILDING

- This should be repaired for safety and longevity.
- Concrete Floor Patch: $1,500 - $2,000

- Some concrete spalling at the fire sprinkler piping
  - Concrete Floor Patch: $1,500 - $2,000
- Plaster wall crumbling near HVAC equipment
  - Basement Plaster Wall Patch/Replace: $2,500 -$4,000









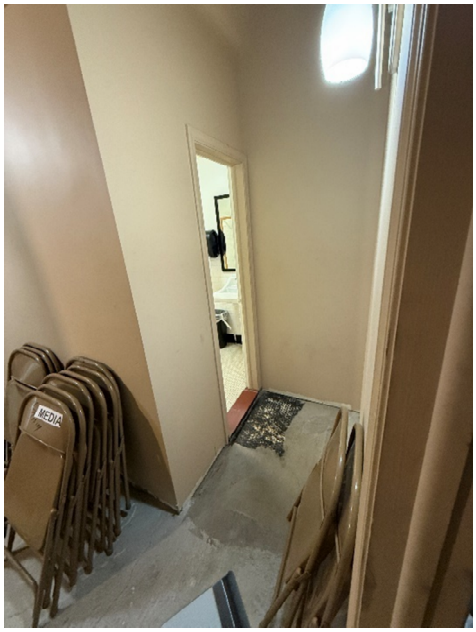
GREEN ROOM

- CODE: The basement is not fully accessible
  - An accessible lift could possibly be installed to provide full accessibility depending on building space availability.
  - Wheelchair lift or Stair climber: $15,000 - $25,000
- DM: The terrazzo floor is heaved in the west room. This should be ground down and filled to reduce the trip hazard.
  - Terrazzo grinding: $500 - $1,000

BABCOCK THEATRE BUILDING

- CODE: Threshold at north bathroom could be modified to reduce trip hazard. Possibly the hallway floor could be sloped to the door and a sloped threshold installed.
    - $1,000 - $1,500
- DM: General finishes could be updated – stained floors, paint, chipped walls
    - Covered in finishes Costs





INTERIORS

General Observations + Vision:

The state of the interior finishes, materials and furniture elements currently within the Babcock Theater allow a foundation to restore and reimagine the interior as a period-inspired performance environment that captures the grandeur of the Skouras Brothers' cinematic style while meeting present-day technical, accessibility, and comfort expectations. The Skouras Brothers theater style (1930s–1940s) represents a transitional period between Art Deco and early Moderne design. Characterized by soft ornamentation, gilded embellishments, and atmospheric lighting, this aesthetic provides an appropriate reference for the Babcock Theater's revitalization. The design intent is to:

- Reinstate luxurious, warm color palettes (deep reds, golds, and ivory tones)
- Restore or reinterpret plaster ornamentation and decorative detailing
- Integrate period-appropriate lighting including neon and concealed cove systems
- Use historic-quality materials (velvet, terrazzo, brass, and wood) to reinforce authenticity
- Deliver an environment that balances historic preservation and modern comfort

High Priority or Code Deficiencies: None

Moderate Priority or Deferred Maintenance: None

BABCOCK THEATRE BUILDING

Opportunities or Future Upgrades:

ENTRY & LOBBY:

- Full repaint in historically appropriate palette.
  - Estimated Cost: $7,905 - $13,175.00
- Restore/polish terrazzo flooring; confirm level transitions (ADA).
  - Estimated Cost: $2,700 - $4,500
- Add walk-off entry flooring system.
  - Estimated Cost: $12,500 - $17,000
- Add Carpeted flooring with associated transitions and base.
  - Estimated Cost: $1,650 - $2,200
- **FF&E** Introduce appropriate foyer seating and queuing layout and functional storage for Point-of-sale and ticketing.
  - Estimated Cost: $5,500 - $7,000

THEATRE:

- Repaint walls & trim in Skouras palette.
  - Estimated Cost: $28,350 - $47,250
- Install new flooring with appropriate transitions between materials with ADA compliant flooring transitions/ feathering sub floor may be applicable in select locations.
  - Estimated Cost: $22,600 - $30,000

STAGE

- Repaint walls, dryfall ceiling & trim.
  - Estimated Cost: $28260 - $47,100
- Install new stage flooring with appropriate transitions between materials.
  - Estimated Cost: $25,000 - $35,000
- New Curtains: Pleated stage curtains, backdrop/ wing curtains, and backdrop curtains.
  - Estimated Cost: $160,000 - $180,000

BALCONY:

- Repaint walls/trims in continuity with main theater.
  - Estimated Cost: $12,060 - $20,100
- Replace/overlay balcony flooring with durable decorative surfaces, transitions, and finishes.
  - Estimated Cost: $20,000 - $29,500

GREEN ROOM:

- Provide surfaces treatments, accents, décor to create an intimate, comfortable, and atmospheric backstage space that offers hospitality and refinement consistent with a traveling performer's green room.
  - Estimated Cost: $82,500 – 112,000
- **FF&E** Provide historically influenced furniture, lighting, mirrors, and storage.
  - Estimated Cost: $20,000 - $28,000

BABCOCK THEATRE BUILDING

RESTROOMS – Mezzanine Level:

- Full remodel for fixtures, partitions, and finishes. Utilize historic-inspired materials: subway tile, brass hardware, mosaic flooring
    - Estimated Cost: See Architectural Narrative

BASEMENT:

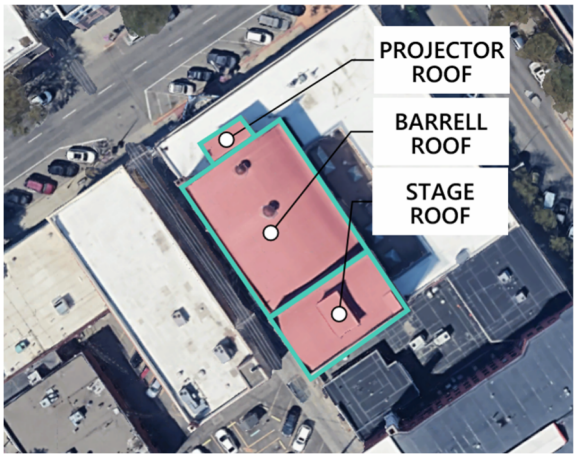
- Add archival shelving and organized storage.
    - Estimated Cost: $4,800 - $7,800
- Update lighting in targeted areas.
    - Estimated Cost: See Electrical Narrative

ROOFING

General Observations:

The main theatre roof areas over the theatre portion of the building, stage and projector room were installed using a mechanically fastened, Hypalon, single ply membrane. The roof areas are insulated between the Hypalon membrane and the roof deck using flat stock insulation. The membrane roof in all three of these areas was found in poor condition with visible open membrane laps and tears at the membrane seams. Several other membrane detail areas at drains and roof edges appear to have been poorly installed to begin with and most likely currently allow water infiltration into the building. The single ply roofing assemblies above the theatre portions of the building are all in need of replacement.

Adjacent roofing areas which cover the remaining portions of the building, areas not above the theatre, were found in better condition. These roof areas are covered by a newer thermoplastic polyolefin (TPO) single ply membrane. The TPO roof is visibly newer than the theatre Hypalon sections and was found in good condition.



High Priority or (Code Deficiencies: None)

- Roofing Membrane Replacement (Red Single Ply): Total = $313,750 (mid range)*
    - Stage Roof: 2,200 SF @ $45/sf = $99000
    - Barrell: 5,150 SF @ $40/sf = $206,000
    - Projector Roof: 350 SF @ $25/sf = $8,750

  (*Low range total = $275,000, High range total = $350,000)

BABCOCK THEATRE BUILDING

Moderate Priority or Deferred Maintenance:
None

Opportunities or Future Upgrades:
None

ENVELOPE

General Observations:
Exterior masonry and concrete walls on the upper east, west alley and upper south exposures of the building were previously coated with a concrete skim coat. In several areas throughout these exposures, this skim coat has cracked, become deteriorated and in many places fallen off the building. The falling skim coat is causing damage to the roofing areas below the wall exposures. Further falling material could cause the roof systems below to begin to leak, causing more damage. The falling debris could also pose a safety hazard to those walking through the alley on the West side of the building. Wall materials behind this skim coat appear to be in fair condition given the building's age. The exterior wall coatings of the East, West and South exposures should be removed with finishes or paint installed throughout.

The exterior masonry on the North facing exposure of the building appears in much better condition. The brick remains in fair condition with only minor repairs potentially needed throughout.

The theatre portion of the building only has very few wall openings. A couple of these openings contain glass block masonry while many wall openings were previously infilled. Exit doors appear aged. While still functioning these doors are likely due for replacement.

Adjacent the theatre spaces, older, single pane windows remain in place. These windows are inefficient by today's standards and also most likely leak. These windows don't affect theatre operations and belong to the building areas separate from the theatre.

High Priority or Code Deficiencies:
None

Moderate Priority or Deferred Maintenance:
Wall Removal of Skim Coat/paint
10,400 SF @ $10/sf = $104,000

Opportunities or Future Upgrades:
None

BABCOCK THEATRE BUILDING

CIVIL

General Observations:

Existing Site is located at 2812 2nd Ave N, Billings, MT 59101. The property is further described as Historic Babcock Building (11), S03, T01S, R26E Unit 1A, 41% Common Area Interest, Located @ Lots 7-12 and fraction of lot 6, Block 93, Billings Original Townsite. The existing zoning is Central Business District (CBD). Of note in the CBD is that no off-street parking or loading spaces are required.

In general, the current site is fully developed and served by municipal utilities (water, sewer, stormwater) owned and operated by the City of Billings. While exact capacities of the municipality's utilities are not known, existing public records indicate that the property is served by an existing 12" water main, a 10" sewer main and a 10" stormwater main which are all generally adequate to serve the needs of existing building and surrounding uses.

Access to the site is provided on 2nd Ave South via on-street parking and right of way sidewalks. The existing sidewalks directly adjacent to the Babcock Theatre are in excellent condition, though abut older existing sidewalks that are showing age (minor cracking and spalling). In general, though the existing sidewalks and parking provide adequate access to the Theatre. Accessible parking is additionally located at the SW quadrant of the 2nd Ave North and North Broadway intersection.

High Priority or Code Deficiencies:

Exits from the building to the alley do not have a stoop for egress, though limited space is available.

- Price included in Architectural section

Moderate Priority or Deferred Maintenance:

None

Opportunities or Future Upgrades:

None

STRUCTURAL

General Observations:

STAGE

The stage floor consists of concrete joists at approximately 1'-4" centers, with a monolithic concrete slab above. Concrete Girders are located at approximately 20'-0", span approximately 11'-6" and support the stage joists. Girders are supported by one-foot square concrete columns. The concrete joists are infilled with hollow clay tile.

A new ramp from the stage to the back alley was added by the theatre prior to the assessment. The new ramp consists of wood and plywood and is supported by the stage floor.

Allowable Man Lift Parameters at the Main Stage:

At the request of the Theatre, the existing stage framing was analyzed to determine allowable man lift parameters. Based on the concrete joist and deck framing, the current and anticipated loading conditions of

the stage, and the existing demand on the stage floor joists from the fire riser piping, there is a hard limit to what the floor joists and girders can take.

The reinforcement in the concrete girders was not observed while on site, nor was it scanned to determine the actual amount of steel reinforcement present. However, based on the steel observed in the joists and area of steel in the girders was assumed to run the man lift checks. A single man lift with a maximum self-weight equal to or less than 1000lb is permitted on the stage floor. A single unit at any one time is permitted; multiple units concurrently on the stage floor is not permitted. Associated with the use of the man lift is the general condition that the rest of the stage is not being heavily loaded. In our analysis we assumed a 40 pounds per square foot (psf) live load on the surrounding stage floor, which is consistent with a typical maintenance loading threshold.

Flyloft Framing Analysis:

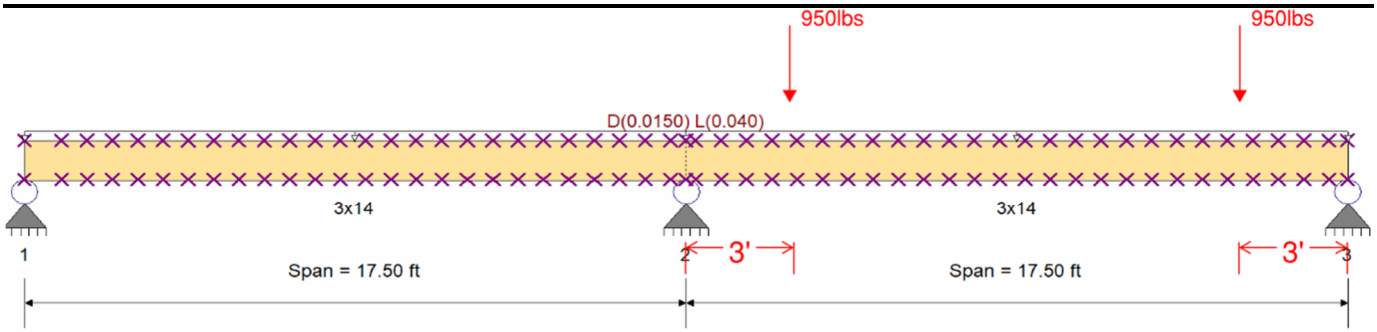
The existing flyloft framing consists of wood beams, 2-1/2"X14-3/4", spaced at 12" on center. The typical beams generally frame in the north to south direction. In the east to west direction there is a girder located in the approximate middle between the front and back stage walls. The girder consists of a wood beam with actual dimensions of 5-1/2"X15". Built-up wood trusses spaced at approximately 12'-0" on center, oriented in the north to south direction, make up the roof framing and support the girders with hanging 1"-1 ½" diameter steel rods. Around the perimeter of the flyloft the typical infill beams are supported by a steel angle ledger with post installed concrete anchors. The girders are supported by the concrete wall directly through a chipped out bearing seat in the wall.

All of the flyloft framing was constructed in the 1930's, after the original roof the original theatre burnt down. At the time of the site assessment the condition of the wood appeared very good for the age of the material. There were no major signs of distress, checking, cracking, or another other visual deformation that would allude to deterioration of the framing.

Based on framing member sizes, spacing, and connections, the following capacity guidelines were determined for the existing flyloft.

Allowable Uniform Load: 40 pounds per square foot (psf)
Allowable Point Load(s): 950 pound individual load
Minimum spacing between loading locations of 12'-0"; two loads permitted per joist.
Point loads must be located within 3'-0" of Front Stage Wall, and within 3'-0" of middle girder support, maximum two point loads per flyloft joist (see below).

BABCOCK THEATRE BUILDING



Allowable Beam Loading

It is recommended that Cushing Terrell be given the opportunity to check any future rigging layouts to verify existing structure capacities. Rigging layouts can be complex, and likely will not fit perfectly into the guidelines set forth in this report. The intent of the provided capacities is to give a general magnitude idea of what the existing flyloft can support, but actual rigging loads and layouts should be verified before applied to the existing framing.

Proscenium Wall Speaker Supports:

Cushing Terrell was notified that the Babcock Theatre intends to hang two RCF HDL 20-A speakers.
**See attached, Exhibit A: *Babcock Theatre Speaker Support Structural Report and Details*

There were three support options that were compared and presented to the Theatre, in which one was chosen for both cost implications and ease of install. We looked at supporting the speakers off the concrete front stage wall, supporting the speakers from the roof with steel members on the exterior side of the roof membrane, and we looked at supporting the speakers with wood framing that spans from the concrete front stage wall to the first roof truss to the north. In the end, the third option was chosen. In the provided details, two variations have been included. The first indicates a glued-laminated beam support, and the second indicates a built-up 2x12 support. Either can be utilized by the Theatre.

Attached to this assessment report are the calculations and connection details for the speaker's support. The intent of the details is to allow a field tolerance as far as exact positioning of support framing. There will be some conflicts from existing framing and proscenium bracing that will need to be worked around without damage, but the intent is that the support beams can be located wherever the speakers are desired between the front concrete stage wall and the first roof truss to the north.

This analysis has not incorporated any mechanical rigging or motorized units for raising and lowering the speaker equipment. Please notify Cushing Terrell if that becomes a desire, and the details and analysis can be verified and modified to incorporate changes.

THEATRE

The balcony consists of a combined framing system of wood 2x joists and larger steel rivetted girders. The 2x framing in the balcony is in good condition. The steel girders cantilever out to pick up the upper balcony. Wood joists are sloped to match the upper balcony. Future railings in the upper balcony space would need to

be supported by the main 2x joists as attachment directly to the decking would not be sufficient for code prescribed loads. Joists are spaced at approximately 15" to 18", so additional detailing may be required in order to align proper support with desired railing location.

The roof framing consists of built-up barrel trusses. The roof deck consists of straight board planking. There was no observed damaged to the roof trusses, nor to the 2x ceiling framing aligned with the truss bottom chords at the time of the assessment. The trusses clear span the theatre from exterior wall to exterior wall. They are oriented East to West through the main theatre; trusses over the flyloft area are oriented in the North-South direction.

Six to seven months prior to the assessment there was a partial ceiling collapse that occurred in the theatre. A section of the plaster ceiling fell from the 2x ceiling support joists in the upper roof. During the site assessment the ceiling failure was still evident, but there is no concern for structural member integrity at this time. The integrity of the ceiling plaster attached to structure is unknown, however.

LOBBY

The janitor's room floor on the first floor is rotted due to previous water exposure. The straight board subfloor and the plywood cover board are both damaged and should be replaced. In the same area the floor is severely sloped. Potentially due to the water damage and deterioration of the straight board but could have been caused by other factors as well. The decking should be stripped out and replaced with plywood. A self-leveling compound should then be used to flush out floor elevations with the adjacent hallway.

Future Storage Discussion:

Based on the desire for additional storage, the existing building was assessed for space to allocate towards potential future storage. The best location for additional storage from an existing building structural perspective is the basement. The basement consists of a concrete slab on grade, which would be adequate for the light storage expected of the allocated space. There is slight damage to the existing slab surface throughout the basement, so some remediations may be needed based on the desired look of the space and the requirements of the storage shelving units. But otherwise, the basement space would fill the need for additional storage space with minimal structural work and associated cost.

Based on the analysis performed on the stage framing, it is not recommended to allocate and/or repurpose stage floor space to future storage. The stage flooring is at maximum capacity under its current loading designation (100psf) and does not have the capacity for the required light storage design loading criteria (125psf). The stage has always been a stage, so the framing members are grandfathered in from a loading perspective as there is no change of use or occupancy for the space. If the use changed to storage, it would trigger a structural analysis, which would require structural upgrades to the concrete joists and girders supporting the stage.

The rest of the building, including the first floor and the middle corridor floor adjacent to the bathrooms, is framed with 2x wood joists. Based on the 125psf demand associated with light storage, it is not recommended to allocate those spaces for future storage. Significant structural upgrades would be associated with the occupancy change.

BABCOCK THEATRE BUILDING

BASEMENT

Typical first floor framing of the theatre consists of wood 2x joists and built-up wood post and beam supports. Most of the wood framing observed was in good condition, but in a few locations excessive notches have been made in the beams. These notches are generally out of conformance with permitted thresholds and are detrimental to the capacity of the affected members.

The wood girders are supported by various sizes of wood columns. Some columns are reinforced with additional wood members, some are not. All observed locations are missing positive connections between bottom of column and concrete base, as well as some locations missing positive connections between top of column and girder.

The boiler room framing in the basement has had structural upgrades completed. Within the last five years prior to this report the Theatre contracted with a local contractor to reinforce the first-floor framing with new 2x wood joists, a structural steel wide flange girder, and steel pipe columns.

*The costing summaries provided below are intended to represent construction costs. For the individual items that require design assistance, the design fees associated with that work would be in addition to the numbers provided.

Immediate Action Required:

There are two concrete joists under the stage in which the joists are cut mid span. These joists should be fixed prior to any full use of the stage beyond maintenance activities, such as those currently being conducted on the stage. They are existing conditions that have been load tested under typical stage activities since the holes were cut, but there is no analysis justification to support the integrity of the floor in the affected areas with the current joist conditions. It is recommended that Cushing Terrell be contracted to analyze and detail a field fix for these locations.

- Concrete Joist Fixes Under the Stage: $2,500

High Priority or Code Deficiencies:

Balcony Railings should be added long the stairs of the upper balcony.

- Balcony Railings: $18,000 total construction cost
    - Assuming approximately 60 feet of new railing (single row of railing along each ~30ft of stairs), the total estimated cost of adding railing would be:
        - $2,000 steel cost
        - $16,000 labor cost

Positive attachments from column bases to concrete supports need to be provided. Verification of all positive attachments from top of columns to supported girders should be included.

- Positive Connections at Wood Columns: $2,000

Moderate Priority or Deferred Maintenance:

Remove the water damaged / rotted decking in the janitor's closet on first floor and replace with new decking. Provide level finished floor with an approved self-leveling compound.

BABCOCK THEATRE BUILDING

- Janitor/Closet Floor Replacement: $1,000 total construction cost
  (Based on approximately 56sf)
  $300 demolition cost
  $300 new sheathing cost
  $400 for self-leveling compound

All beam notches should be verified to prevent future deterioration and potential failure. The notches observed during the assessment did not give immediate concern and did not show signs of overstressing, however it should be made a priority to go through and verify adequacy of affected members with actual notch geometries throughout the building (basement in particular).

- Beam Notch Field Remediations: Total $3,500
  $1,000 + $500 for each beam requiring notch remediation.
  Assumed 5 total locations throughout entire basement / first floor framing would result in an estimated $3,500 cost.

Basement concrete slab should be repaired if the space is going to be repurposed or utilized in the future. If the intention is to designate storage space in the basement, a clean surface should be provided for stacking as well as for manufactured storage shelving units.

- Basement Slab Repair:
  $30 / sf for slab demo and replacement.
  Anticipated square footage based on amount of storage desired. For estimating purposes, the assumed square footage of 100 sf would result in an estimated $3,000 cost.

Opportunities or Future Upgrades:

- Speaker Support Framing: $1,800 for 2x12 option, and $2,600 for Glued Laminated Beam option

FIRE PROTECTION

General Observations:

- The Babcock Theatre is fully protected by a wet-pipe fire sprinkler system that was installed in 2009. A 6" fire water supply main pipe was brought into the building's basement storage room off 2nd Avenue N. with the Fire Department Connection accessible in the alley. There are two fire sprinkler zone risers in the basement storage room. The 6" fire sprinkler zone riser supplies water throughout the theatre including the Entry Vestibule, Upper and Lower Lobby, the Green Room, the Theatre seating areas, Stage, Flyloft and Attic space, and the 4" fire riser supplies the basement storage room, and the adjacent tenant spaces. The 2009 fire sprinkler system as-built drawings showing the fire sprinkler layout have been located.
- The front entry vestibule and lower lobby are protected by sidewall sprinklers and pendent sprinklers installed in 2009.
- Upper lobby is protected by sidewall sprinklers.
- The Stage is fully sprinkled with hose connections on each side of the stage.
- The Projection Room is fully sprinkled using sidewall sprinkler on exposed piping.

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High Priority or Code Deficiencies:

GREEN ROOM / BASEMENT

- The Green Room is fully sprinklered, except for, basement hallway area near kitchen and restrooms. Additional sprinklers will need to be provided in this area for proper coverage in accordance with NFPA 13. (Photo #1)
- Ceiling tiles are missing in the Kitchen area and need to be reinstalled. The effectiveness of the pendent sprinklers is compromised by the missing ceiling tiles delaying the sprinkler activation by allowing heat to escape. (Photo #2)
- Pendent sprinklers in kitchen area are missing the escutcheon. (Photo #2)



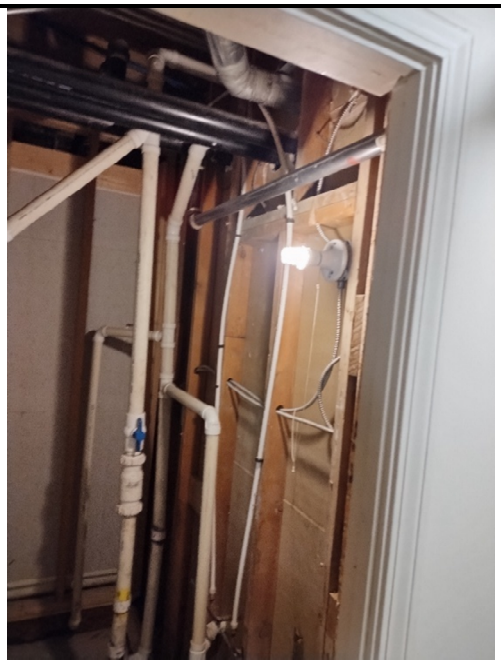
(Photo #1)



(Photo #2)

- The Plumbing equipment closet off basement hallway near kitchen and restrooms does not have sprinkler protection. If room remains without a ceiling, upright sprinklers will need to be added to this room in accordance with NFPA 13. If a ceiling is installed, a pendent sprinkler will need to be added in accordance with NFPA 13. (Photo #3)
    - $4,200 addition sprinklers, piping & fittings.

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(Photo #3)

THEATRE

- Due to the partial ceiling collapse, four of the pendent sprinklers in the upper ceiling have deflectors that are missing or damaged. The pendent sprinklers will need to be replaced due to the ceiling failure. (Photo #4) Several pendent sprinkler escutcheons are also missing at various locations throughout theatre seating area.
    - $700 Total of 4 Pendent sprinklers and escutcheons.



(Photo #4)

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LOBBY

- The closet located adjacent to the upper lobby is missing the ceiling. The ceiling in the closet needs to be replaced as the effectiveness of the pendent sprinkler is compromised by the missing ceiling, delaying the sprinkler activation by allowing heat to escape. A new escutcheon for the pendent sprinkler will also need to be installed. (Photo #5)



(Photo #5)

EXTERIOR

- At the exterior entry to the main floor lobby, sprinklers are not installed in the combustible concealed space above exterior entry. The concealed space either needs to be protected by a dry-pipe fire sprinkler system, or the concealed space shall be filled entirely with insulation in accordance with NFPA 13. (Photo #6)
- The dry sidewall sprinklers are missing under the exterior entry canopy. The dry sidewall sprinkler will need to be installed for proper coverage in accordance with NFPA 13. (Photo #6)
    - $1,800 dry sidewall sprinklers, piping & escutcheons
- All wet-pipe sprinkler piping, feeding the dry sidewall sprinklers under exterior entry canopy need to be protected from freezing conditions. The wet-pipe sprinkler system shall be maintained above 40 degrees F. Heat and Insulation will need to be provided to maintain the temperature requirement to prevent sprinkler piping from freezing. (Photo #7)

BABCOCK THEATRE BUILDING


(Photo #6)


(Photo #7)

Moderate Priority or Deferred Maintenance:
None

Opportunities or Future Upgrades:
None

MECHANICAL and PLUMBING

General Observations:

- Ductwork and piping appears to be in good condition. A duct smoke detector is installed on the return air connection at the air handler. The outside air ductwork is insulated and economizer cooling appears to be installed. Relief air is indicated to be controlled with a roof-mounted exhaust fan. Motorized dampers on the outside air and return air duct modulate to maintain occupied minimum ventilation and perform economizer cooling controls sequences.
- Main air handler and supply fan appear to be in good working condition. A VFD serves the supply fan.
- Water-source heat pumps appear to be in good condition. These heat pumps are approximately 16 years old, and the ASHRAE estimated life of a water-to-air heat pump is approximately 19 years. These heat pumps serve the theater air handler.
- An Evapco fluid cooler is mounted on the side of the building in the alley and is not easily accessible. It is approximately 16 years old, and the ASHRAE estimated life of fluid coolers is approximately 20 years. This cooler serves the closed-loop heat pump loop. This heat pump loop serves much of the building's heating and cooling needs including adjacent businesses and apartments.
- Two Taco in-line pumps serve the heat pump water system. These pumps are approximately 16 years old, and the ASHRAE estimated life for in-line pumps is 10 years. These pumps should be monitored for replacement.
- One Taco base-mounted pump serves the fluid cooler spray water. It is approximately 16 years old, and the ASHRAE estimated life for base-mounted pumps is 20 years.

BABCOCK THEATRE BUILDING

- The heating water system serves the heat pump loop and provides heat to adjacent businesses and apartments as well as the theater water-source heat pumps.
- Two natural-gas fired boilers serve the indirect domestic water heater as well as heat injection into the heat pump loop system. One boiler is a fire-tube boiler and approximately 16 years old. The other boiler is a water-tube boiler and is older. The ASHRAE estimated life of water-tube and fire-tube boilers serving heating water applications is approximately 25 years.
- Both boiler circulation pumps appear to be approximately 16 years old, and the ASHRAE estimated life expectancy of in-line pumps is approximately 10 years. These circulating pumps should be monitored for replacement.
- Two base-mounted Taco pumps serve the heating water loop. These pumps are approximately 16 years old, and the ARHAE estimated life for base-mounted pumps is 20 years.
- An 18-gallon glycol feeder provides makeup water for the heat pump system loop. It appears to be in serviceable condition.
- A 113-gallon indirect water heater uses the heating water to produce domestic hot water for the building. This water heater is approximately 16 years old, and the estimated useful life of an indirect water heater is 15-20 years.
- A Westinghouse supplemental air handler serves the heating requirements of the lobby and vestibule area utilizing the heating water loop. This unit appears to be very old and should be monitored for replacement.
- Supplemental radiant heaters provide heat to the lobby area from the separate heating water loop. These units should be verified that they can provide adequate heat to the space utilizing the heat pump loop temperatures as they appear to be steam units.
- The ticket booth utilizes what appears to be an original steam radiant heater that is connected to the heating water loop. This unit should be verified that it can produce adequate heat for the space using the heating water loop temperatures.
- The green room area exhaust requirements are served from an in-line exhaust fan and inlets in each of the shower and restroom spaces.
- The green room spaces utilize some spot cooling units and some electrical radiant heat units, but much of the area does not have HVAC. Ventilation air is not provided for much of the green room occupied space.
- The mezzanine restrooms appear to have exhaust grilles, but it has been indicated that the exhaust needs some attention in these spaces. A janitor's closet in the mezzanine area does not appear to have exhaust.

High Priority or Code Deficiencies:

- Address combustibles in return air plenum: ROM $20,000 excluding any deficiencies uncovered during return air path investigation.
    - The return air plenum path to the main air handler in the basement contains combustible materials. Additionally, the basement space is used as a return air plenum and also contains combustible materials. The water-source heat pumps in the basement space use this return air plenum as well during calls for heating or cooling in the theater space.
    - Code does not allow combustible materials in return plenums including plastics and wood.
    - Fully ducting the return air path to the back of the water-source heat pumps and the return air opening does not appear to be feasible with existing piping and other restrictions. For this

reason, it is recommended that the water-source heat pumps and return air path in the basement be separated by a wall from the rainwater catchment basins and the majority of PVC piping in the basement air handling room. The remainder of the PVC piping within this new room will need to be insulated for plenum installation.

- The return air path from the theater will need to be ducted or lined with gyp. As part of this effort, the quantity and pathway of the return air path should be verified to ensure adequate return air back to the air handler. Previous drawings indicate approximately three return air paths, at least one of which does not exist currently.





- Insulate heating water piping and domestic hot water in boiler room and elsewhere as is feasible: ROM $12/linear foot of piping insulation. Boiler room approximately 200 ft of pipe = $2400 for insulating exposed piping in boiler room. As additional pipe is uncovered or can be accessed, it should be insulated.
  - The heating water piping in the boiler room is not insulated. It is assumed that much of the existing heating water piping throughout the building is uninsulated. For energy efficiency, all piping conveying liquids above 105 deg F should be insulated which includes the heating water piping.
  - Similarly, all domestic hot water piping should be insulated.

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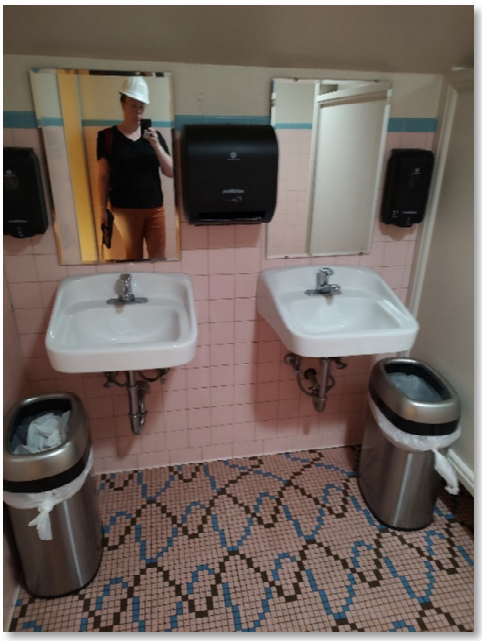


- A portion of the intake combustion air pipe on the boilers is open to the boiler room. ROM $5000 if booster fan is needed.
    - Verify that adequate transfer air is provided for boilers to utilize the volume of the space for combustion air. If not, verify adequate sizing and routing of the intake combustion air from the outdoors and design a booster fan if needed.



- Ventilation air is not provided for much of the green room occupied space. ROM $30,000 excluding architectural ceiling replacement or soffits for new ductwork routing
    - It is recommended that an energy recover ventilator (ERV) be installed to bring in outside air as well as exhaust air from the bathroom spaces. This type of system will transfer heat between the incoming outside air and exhaust air to temper the incoming ventilation air in all seasons.
- Mezzanine restroom and janitor room exhaust: ROM $5000
    - It has been indicated that the mezzanine restrooms and janitor room need a new exhaust system. Each space could be retrofitted with stand-alone ceiling exhaust fans to serve each space. Each fan would terminate on the roof with a gooseneck.
- The mezzanine p-traps and hot water connections on the public lavatories should be insulated with True-bro insulation kits or equal if these are considered accessible restrooms. ROM $200 each, 4 lavatories, total $800

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- It was mentioned that the plumbing system utilizes a stormwater catchment tank for toilet flushing in the building. This application should be verified and proper signage should be installed at locations of fixtures that utilize reclaimed water.

Moderate Priority or Deferred Maintenance:

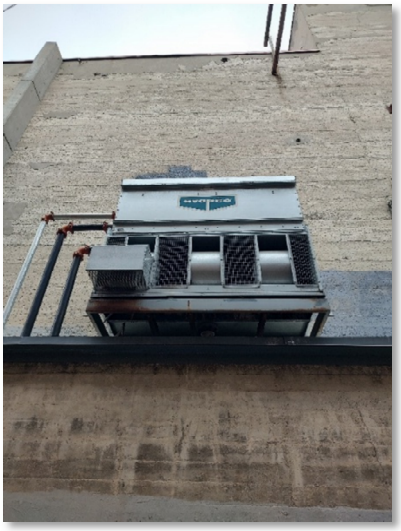
- Replace condensate neutralization kits on boilers
    - Condensate neutralization kits change the PH of the boiler condensate to avoid acidic condensate terminating at the floor drains and eroding the drain fixture or drain piping.
    - The existing condensate neutralization kits appear to be well-used and should be replaced or cleaned and reinstalled with new media.



- General fluid cooler maintenance and inspection: ROM $1000, not including remedying any invasive deficiencies if found

BABCOCK THEATRE BUILDING

- Fluid coolers are notorious for buildup even in a closed-loop system using stormwater. This equipment is outside, exposed to the elements, and in this case is difficult to access.
- We recommend that the fluid cooler be inspected and general maintenance performed from an approved Evapco service technician to ensure optimal performance.



- Continue scheduled maintenance of filter changes, strainer cleanouts, rainwater dust trap cleanouts, glycol feeder fills, sump pump maintenance, equipment maintenance, sensor calibration, etc.
  - ROM $50,000/year

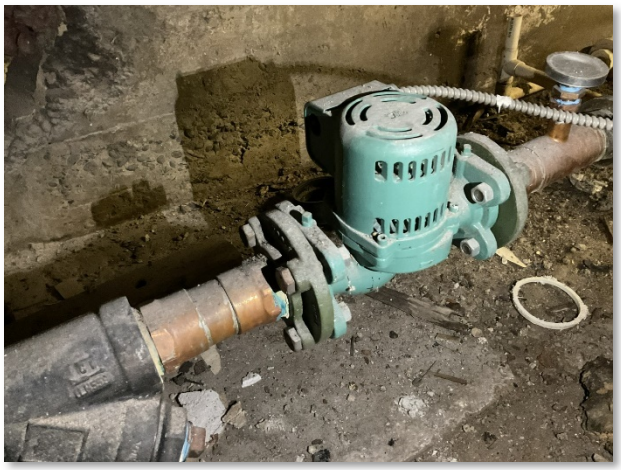
Opportunities or Future Upgrades:

- Monitor heat pump loop system pumps PU-HP-1&2 for replacement: ROM $15,000
  - The two heat pump loop system pumps are past their estimated useful life and should be monitored for future replacement.



BABCOCK THEATRE BUILDING

- Monitor boiler circulation pumps for future replacement
    - ROM $3000 each, $6000 for both





- Monitor the Westinghouse supplemental air handler serving the lobby and vestibule area for future replacement.
    - ROM $30,000



- Verify that supplemental radiant heaters providing heat to the lobby area provide adequate heat to the space utilizing the heating water temperature.
    - ROM $1000 for verification

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- Verify that the ticket booth has adequate heat utilizing what appears to be an original steam heater connected to the heating water loop.
    - ROM $1000 for verification
- Verify OA cfm setpoint on main AHU or operation of return air quality sensor
    - There is an air quality sensor on the return ductwork, but no sequence noted in the existing drawings for this sensor. This sensor could be utilized to modulate the outside air damper to increase ventilation based on CO2 in the return air. This way, the quantity of untreated outside air brought into the system that needs to be conditioned would be minimized while still maintaining fresh air for theater occupants.
- Replace mezzanine restroom fixtures for upgrade. Current mezzanine fixture count is 4 toilets, 3 urinals, and 4 lavatories for a total ROM of $11,000
    - ROM $600 for each tank style toilet
    - ROM $1500 each including flush valve
    - ROM $1000 for each wall-hung lavatory

BABCOCK THEATRE BUILDING





- Retro-commissioning to ensure that controls sequences are operating for optimal performance including economizer cooling at the main air handler, fluid cooler, boiler heat injection, heating water, etc.
    - ROM $15,000, not including remedying any deficiencies if found
- Label piping for ease of maintenance: ROM $1000
    - Add piping labels and flow arrows to all piping for ease of maintenance and troubleshooting in the future.
- Add heating and cooling to green room area
    - Add supplemental electric heat and cooling to spaces as required
    - ROM $500 per electric radiant heat fixture
    - ROM $5000 per mini split cooling unit

ELECTRICAL

General Observations:

The existing service is a 120/240V, 800A distribution system served from overhead in the alley. The existing switchboard manufacturer is General Electrical, with an AV-Line Switchboard system. This system was discontinued in the 1980's. For reference, the following nearby tenants are receiving power from NorthWestern Energy through this system as well; Rock Creek Coffee, Jimmy John's, 118 N Broadway Space #3 Gallery of Fine Art and Montague's Jewelers. Most branch panels in the original facility have been replaced with Cutler-Hammer Eaton since the original building was built and appears to be in good working order.

No emergency lighting system, other than exit signs, appears to be present.

A majority of the areas have fluorescent and incandescent light fixtures, which are older unsupported technology.

BABCOCK THEATRE BUILDING

The existing stage lighting system is functional as a basic lighting system, but currently has limited capabilities for doing any stage performance. Existing equipment is aged.

High Priority or Code Deficiencies:

BASEMENT

The existing emergency panel is a load center and mounted to the existing distribution system. The load center and mounting do not provide legitimate emergency power that complies with code and will need to be removed. This panel will need to be replaced with an emergency panel board connected to a lighting inverter to provide backup power for egress lighting. This inverter is sized for 5kVA, so provide backup to all building lighting. However, another option would be to replace lights that are designated as a path of egress to be replaced with fixtures that are battery backup as well. The battery backup fixtures are connected to normal power, but have a separate battery that is engaged during a power outage to provide 90 minutes of backup power.

- Emergency Panel doesn't meet code, no guaranteed backup source: Total = $171,300
  - Demo Existing: $14,700
  - Required Upgrade New Construction: $156,600

THEATRE

Per NEC 701.12 (C) Exit signs shall have 90 minutes of battery backup. Current exit signs appear to not have any battery backup, and do not appear to be on backup power. Exit signs should be replaced with battery powered or supplied by a life safety transfer switch.

Egress illumination for the audience does not appear to be present. Per NEC 700.16 requires one footcandle of illumination to egress the space. Egress lights shall be battery backup or supplied by a life safety transfer switch. Battery powered egress lighting can be added in multiple locations to achieve code requirements. General theatre lighting appears to be fluorescent fixtures. Given the recent ceiling collapse, it is recommended to replace these with LED fixtures for improved safety and efficiency.

- Replace Theatre Exit Signs, Add Egress Illumination, Replace General Theatre Lighting: Total = $45,600
  - Demo Existing: $5,600
  - New Construction: $40,000

Moderate Priority or Deferred Maintenance:

The existing switchboard manufacturer is General Electrical, with an AV-Line Switchboard system. This system was discontinued in the 1980's, and it is recommended replacing the entirety of the switchboard, which will impact the following nearby tenants that are receiving power from NorthWestern Energy through this system; Rock Creek Coffee, Jimmy John's, 118 N Broadway Space #3 Gallery of Fine Art and Montague's Jewelers.

- Demo Existing Switchboard: $6,000
- New Construction Switchboard: $60,000

BABCOCK THEATRE BUILDING

Opportunities or Future Upgrades:

LOBBY, EXTERIOR

The lobby, exterior, and restroom light fixtures on the balcony floor appear to be fluorescent fixtures and it is recommended to replace these fixtures with LEDs.

- Replace Lobby & Restroom Lights with LEDs: Total = $22,400
  - Demo Existing: $1,600
  - New Construction: $20,800
- Replace Exterior Lights with LEDs: Total = $7,500
  - Demo Existing: $2,500
  - New Construction: $5,000

THEATRE

In addition to the general lighting, the cove lighting for ceiling accenting is existing neon and it is recommended to upgrade these to LED fixtures as well.

- Replace Cove Lights with LEDs: Total = $5,500
  - Demo Existing Light Strips: $100.95 ($1.5/ft)
  - New Construction Light Strips: $5,384 ($80/ft)

STAGE

The stage lighting system does not function as intended for performances and should be replaced entirely with a system that can accommodate various live performances, including concerts and plays.

- Update Stage Lighting and Stage Power to Supply: Total = $530,000
  - Demo Existing Lighting: $10,000
  - Demo Existing Power: $5,000
  - New Construction Lighting: $400,000
  - New Construction Power: $115,000

GREEN ROOM

The green room appears to only be a little out of date. Power and lighting appear to be working in good condition, however there could be some upgrades. The light fixtures could be upgraded to LED with higher output. Either new wall paint or fixtures with a white color output will also enhance the area. Existing receptacles in all rooms could be replaced, along with some additional receptacles in the dressing rooms. The current setup for the makeup mirrors is extension plug molds, whereas a few more receptacles will operate more efficiently.

- Update Green Room Power and Lighting: Total = $27,050
  - Demo Existing Power and Lighting: $2,300 ($1.5/sf)
  - New Construction Power and Lighting: $24,750 ($15/sf)

BABCOCK THEATRE BUILDING

SPECIAL SYSTEMS (Fire Alarm & Audio)

General Observations:

The existing network system rack is located in open basement equipment room. All network cables are routed up to main level through pass throughs below. Cable is free run in most scenarios. Category 6 cable upgrades should be run to areas that utilize network. Green room needs added convenience locations for data and TV locations. A Cat6 run needs to be added from Projection Booth to Stage. Other areas are in estimated cost below for network upgrades throughout.

Current Addressable Fire Alarm System: Silent Knight 5808 Addressable System.

Theater sound is currently being brought in by the owner and is not adequate for certain events that are desired. K2 provided a full report** for the Theater Sound. Costs and scope described are described in this report.

***Exhibit B: Kevin Hodgson of K2 completed a "Babcock Theatre Site Survey and Audio System Recommendations" evaluation in May 2023, which is included as an exhibit at the end of this document. Please note that this work did not include an acoustical or audio performance assessment.*

High Priority or Code Deficiencies:

Babcock Theater may want to consider a fire alarm system replacement during major construction. The existing Silent Knight 5808 panel is not listed for Voice Evacuation. In Assembly type building occupancies, the code requires a Voice Evacuation fire alarm system be installed throughout when occupant load is 1,000 or more. If the occupant load of 1,000 is less, a horn / strobe system is acceptable, and this is what is currently there.

- Fire Alarm System Upgrade: Total = $122,000
    - If major remodel work starts, it may trigger an upgrade by the City.

Code subgroup A-1: Theaters, concert halls (with fixed seating)

Moderate Priority or Deferred Maintenance:

This building's network rack and main patch panel should be relocated in a dedicated clean environment. Dust and dirt from the current location may cause equipment failure or issues.

Opportunities or Future Upgrades:

Network upgrades, rack relocation, new CAT6 cable pulled to Lobby, Green Room, Stage, Projection Booth and basement work.

- New Cat6 cable to Areas Noted: Total $29,050

    Demo Existing:

    STAGE – $2,300
    GREEN ROOM – $1,350
    PROJECTION BOOTH – N/A
    LOBBY – $3,600
    BASEMENT – $5,000

BABCOCK THEATRE BUILDING

New Construction:

STAGE- $2,000
GREEN ROOM- $6,000
PROJECTION BOOTH- $2,000
LOBBY- $4,000
BASEMENT- $2,800

EXHIBIT A

Cushing Terrell

October 1, 2025

Babcock Theatre
New Speaker Support
2810 2nd Ave N
Billings, MT 59101

Dear Mr. Matt Blakeslee,

On April 25, 2025, Cushing Terrell was on site to assess and take photos of the front stage wall and the proscenium with the purpose of creating structural support details for new hanging speakers. Cushing Terrell was notified that the Babcock Theatre intends to hang two RCF HDL 20-A speakers, and the purpose of this report is to provide documentation, calculations, and details for the support of those speakers.

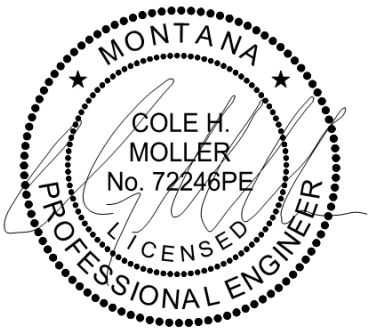
There were three support options that were compared and presented to the Theatre, in which one was chosen for both cost implications and ease of install. We looked at supporting the speakers off the concrete front stage wall, supporting the speakers from the roof with steel members on the exterior side of the roof membrane, and we looked at supporting the speakers with wood framing that spans from the concrete front stage wall to the first roof truss to the north. In the end, the third option was chosen. In the attached details, two variations have been included. The first indicates a glued-laminated beam support, and the second indicates a built-up 2x12 support. Either can be utilized by the Theatre.

Attached to this letter are the calculations and connection details for the speaker's support. The intent of the details is to allow a field tolerance as far as exact positioning of support framing. There will be some conflicts from existing framing and proscenium bracing that will need to be worked around without damage, but the intent is that the support beams can be located wherever the speakers are desired between the front concrete stage wall and the first roof truss to the north.

This analysis has not incorporated any mechanical rigging or motorized units to raise and lower the speaker equipment. Please notify Cushing Terrell if that becomes a desire, and the details and analysis can be verified and modified to incorporate changes.

Please don't hesitate to reach out with any questions or concerns.

Sincerely,



Cole Moller, PE,
Structural Engineer

Subject: HANGING SPEAKERS By: CL Page: 1 of ____

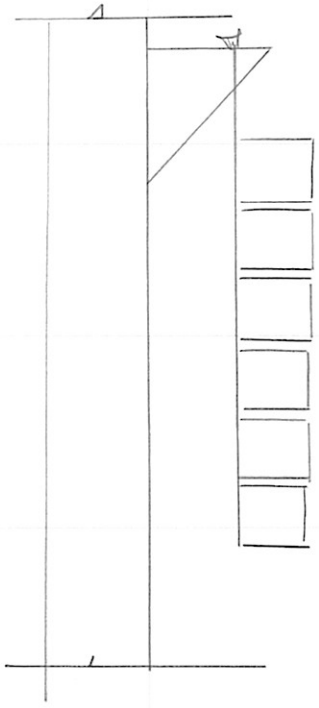
Project #: ____ Project Name: BABCOCK SPEAKERS Date: 5/7/25

BASIS OF DESIGN SPEAKERS:

RCF HDL 20-A
ACTIVE LINE ARRAY MODULE

L = 28.12"
H = 11.57"
DEPTH = 17.58"
WT = 67 lb

* INTENT IS TO HAVE 5-LB SPEAKERS HUNG FROM SINGLE RIGGING POINT (RIGGING PT IS ON BACKSIDE OF SPEAKER)



TOTAL LOAD @ RIGGING SUPPORT
P = 470 lb

*SPEAKERS HAVE INTERNAL CONNECTION POINTS
* MFR PROVIDED TOP FLY-BAR F W/ ATTACHMENT D RING
* LOCKABLE SHACKLE @ END & CHAIN HOIST OR OTHER SUPPORT

Project Title:
Engineer:
Project ID:
Project Descr:

Wood Beam

Project File: Babcock_Struct.ec6

LIC# : KW-06015392, Build:20.24.10.03 CTA INC. (c) ENERCALC, LLC 1982-2025

DESCRIPTION: Glulam Beam Support Option

CODE REFERENCES

Calculations per NDS 2018, IBC 2018, CBC 2019, SDPWS 2015
Load Combination Set : IBC 2018

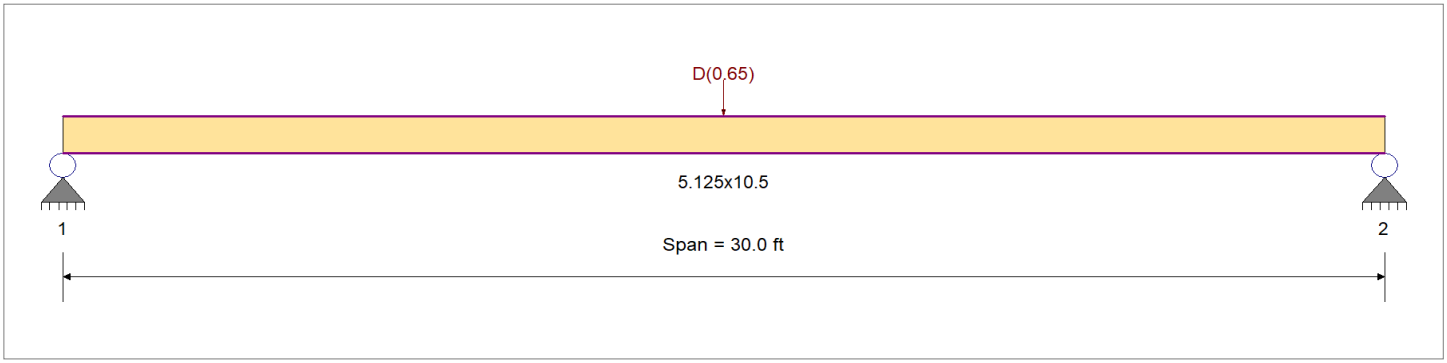
Material Properties

Analysis Method :	Allowable Stress Design
Load Combination	IBC 2018
Wood Species :	DF/DF
Wood Grade :	24F-V4
Beam Bracing :	Beam is Fully Braced against lateral-torsional buckling

Fb +	2,400.0 psi
Fb -	1,850.0 psi
Fc - Prll	1,650.0 psi
Fc - Perp	650.0 psi
Fv	265.0 psi
Ft	1,100.0 psi

E : Modulus of Elasticity

Ebend- xx	1,800.0 ksi
Eminbend - xx	950.0 ksi
Ebend- yy	1,600.0 ksi
Eminbend - yy	850.0 ksi
Density	31.210 pcf



Applied Loads

Service loads entered. Load Factors will be applied for calculations.

Beam self weight calculated and added to loading
Point Load : D = 0.650 k @ 15.0 ft

DESIGN SUMMARY

Design OK

Maximum Bending Stress Ratio	=	0.373 : 1	Maximum Shear Stress Ratio	=	0.057 : 1
Section used for this span		**5.125x10.5**	Section used for this span		**5.125x10.5**
fb: Actual	=	788.40 psi	fv: Actual	=	13.69 psi
F'b	=	2,112.33 psi	F'v	=	238.50 psi
Load Combination		D Only	Load Combination		D Only
Location of maximum on span	=	15.000 ft	Location of maximum on span	=	29.234 ft
Span # where maximum occurs	=	Span # 1	Span # where maximum occurs	=	Span # 1

Maximum Deflection

Max Downward Transient Deflection	0 in	Ratio =	0 <360	n/a
Max Upward Transient Deflection	0 in	Ratio =	0 <360	n/a
Max Downward Total Deflection	0.954 in	Ratio =	377 >=180	Span: 1 : D Only
Max Upward Total Deflection	0 in	Ratio =	0 <180	n/a

Vertical Reactions

Support notation : Far left is #1 Values in KIPS

Load Combination	Support 1	Support 2
Max Upward from all Load Conditions	0.500	0.500
Max Upward from Load Combinations	0.300	0.300
Max Upward from Load Cases	0.500	0.500
D Only	0.500	0.500
+0.60D	0.300	0.300

Project Title:
Engineer:
Project ID:
Project Descr:

Wood Beam

Project File: Babcock_Struct.ec6

LIC# : KW-06015392, Build:20.24.10.03 CTA INC. (c) ENERCALC, LLC 1982-2025

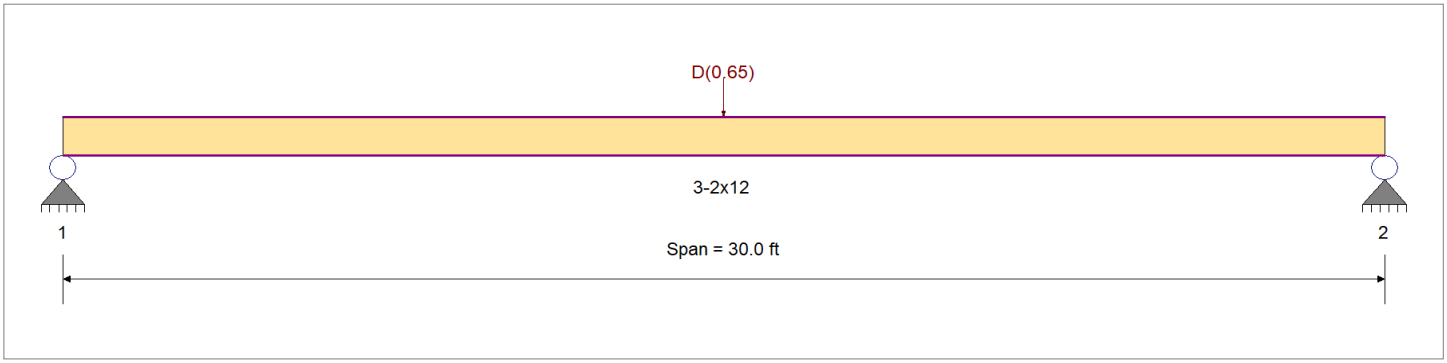
DESCRIPTION: Built Up 2x Support Option

CODE REFERENCES

Calculations per NDS 2018, IBC 2018, CBC 2019, SDPWS 2015
Load Combination Set : IBC 2018

Material Properties

Analysis Method :	Allowable Stress Design	Fb +	900 psi	*E : Modulus of Elasticity*	
Load Combination	IBC 2018	Fb -	900 psi	Ebend- xx	1600 ksi
		Fc - Prll	1350 psi	Eminbend - xx	580 ksi
Wood Species :	Douglas Fir-Larch	Fc - Perp	625 psi		
Wood Grade :	No.2	Fv	180 psi		
		Ft	575 psi	Density	31.21 pcf
Beam Bracing :	Beam is Fully Braced against lateral-torsional buckling				



Applied Loads

Service loads entered. Load Factors will be applied for calculations.

Beam self weight calculated and added to loading
Point Load : D = 0.650 k @ 15.0 ft

DESIGN SUMMARY

Design OK

Maximum Bending Stress Ratio	=	0.954 : 1	Maximum Shear Stress Ratio	=	0.088 : 1
Section used for this span		3-2x12	Section used for this span		3-2x12
fb: Actual	=	772.35 psi	fv: Actual	=	14.22 psi
F'b	=	810.00 psi	F'v	=	162.00 psi
Load Combination		D Only	Load Combination		D Only
Location of maximum on span	=	15.000 ft	Location of maximum on span	=	29.124 ft
Span # where maximum occurs	=	Span # 1	Span # where maximum occurs	=	Span # 1

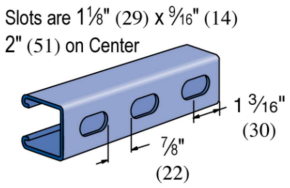
Maximum Deflection

Max Downward Transient Deflection	0 in	Ratio =	0 <360	n/a
Max Upward Transient Deflection	0 in	Ratio =	0 <360	n/a
Max Downward Total Deflection	0.979 in	Ratio =	367 >=240	Span: 1 : D Only
Max Upward Total Deflection	0 in	Ratio =	0 <240	n/a

Vertical Reactions

Support notation : Far left is #1 Values in KIPS

Load Combination	Support 1	Support 2
Max Upward from all Load Conditions	0.490	0.490
Max Upward from Load Combinations	0.294	0.294
Max Upward from Load Cases	0.490	0.490
D Only	0.490	0.490
+0.60D	0.294	0.294





P1000T - 1-5/8" x 1-5/8", 12 Gauge; Slotted

12 gauge slotted strut channel P1000T is the original metal framing strut channel and has been used in countless applications for nearly 100 years. Commonly known as 12 gauge standard or deep slotted channel, it is the global standard for strut metal framing. This channel is commonly used for trapeze supports, seismic bracing, ceiling grids, pipe, conduit, duct and cable tray supports, racks, and other general framing. For application examples, refer to our Application Showcase.

Features

- OPM pre-approved for seismic applications
- Product dimensions are 1 5/8" wide x 1 5/8" tall x 12 ga. thick
- Slotted for 1/2" rod and fasteners
- Slots are sized for a 1/2" Threaded Rod or Fastener
- Our P1000T is available in Pre-Galvanized (PG), Atkore Defender (DF), Hot-Dip Galvanized (HG), Plain (PL), Green (GR), Zinc Dichromate (ZD), Stainless Steel (SS or ST) and Aluminum (EA).
- Made in the USA

Catalog Number	Length (ft)	Gauge	Material Type	Surface Finish	Part Weight (lb/ft)	Standard Package Qty (ft)	Standard Package Weight (lb)
P1000T 10DF	10	12	Steel	Defender	1.85	500	925
P1000T 10EA	10	12	Aluminum		0.74	500	370
P1000T 10GR	10	12	Steel	Green E-Coat	1.91	500	955
P1000T 10HG	10	12	Steel	Hot-Dip Galvanized	1.85	500	925
P1000T 10PG	10	12	Steel	Pre-Galvanized	1.85	500	925
P1000T 10PL	10	12	Steel	Plain/Oil	1.85	500	925
P1000T 10SS	10	12	Stainless Steel - 304		1.85	500	925
P1000T 10ST	10	12	Stainless Steel - 316		1.85	500	925
P1000T 10ZD	10	12	Steel	Zinc Dichromate	1.85	500	925
P1000T 20DF	20	12	Steel	Defender	1.85	1000	1850
P1000T 20EA	20	12	Aluminum		0.74	1000	740
P1000T 20GR	20	12	Steel	Green E-Coat	1.85	1000	1850
P1000T 20HG	20	12	Steel	Hot-Dip Galvanized	1.91	1000	1910
P1000T 20PG	20	12	Steel	Pre-Galvanized	1.85	1000	1850
P1000T 20PL	20	12	Steel	Plain/Oil	1.85	1000	1850
P1000T 20SS	20	12	Stainless Steel - 304		1.85	1000	1850
P1000T 20ST	20	12	Stainless Steel - 316		1.85	1000	1850
P1000T 20ZD	20	12	Steel	Zinc Dichromate	1.85	1000	1850

Beam Loading - P1000T						
Span (in)	Max Allow. Uniform Load (lbs)	Deflection at Uniform load (in)	Uniform Loading at Deflection			Lateral Bracing Reduction Factor
			Span/180 (lbs)	Span/240 (lbs)	Span/360 (lbs)	
24	1,437	0.06	1,437	1,437	1,437	1.00
36	961	0.13	961	961	765	0.94
48	723	0.22	723	646	425	0.88
60	578	0.35	553	408	272	0.82
72	476	0.50	383	289	187	0.78
84	408	0.68	281	213	136	0.75
96	357	0.89	213	162	111	0.71
108	323	1.14	170	128	85	0.69
120	289	1.40	136	102	68	0.66
144	238	2.00	94	68	51	0.61
168	204	2.72	68	51	34	0.55
192	179	3.55	51	43	NR	0.51
216	162	4.58	43	34	NR	0.47
240	145	5.62	34	NR	NR	0.44
Note	NR - Not Recommended					

Refer to the General Specifications for loading information.

Column Loading - P1000T					
Unbraced Height (in)	Allowable Load at Slot Face (lbs)	Max Column Load Applied at C.G.			
		K=0.65 (lbs)	K=0.80 (lbs)	K=1.0 (lbs)	K=1.2 (lbs)
24	3,550	10,740	9,890	8,770	7,740
36	3,190	8,910	7,740	6,390	5,310
48	2,770	7,260	6,010	4,690	3,800
60	2,380	5,910	4,690	3,630	2,960
72	2,080	4,840	3,800	2,960	2,400
84	1,860	4,040	3,200	2,480	1,980
96	1,670	3,480	2,750	2,110	1,660
108	1,510	3,050	2,400	1,810	KL/r>200
120	1,380	2,700	2,110	KL/r>200	KL/r>200
144	1,150	2,180	1,660	KL/r>200	KL/r>200

Refer to the General Specifications for loading information.

@33" span,
(961-1437)*3/4+1437 =
1080lb allowable load

Elements of Section - P1000T		
Area of Section	0.555 in^2 (3.6 cm^2)	
	Axis 1-1	Axis 2-2
Moment of Inertia (I)	0.185 in^4 (7.7 cm^4)	0.236 in^4 (9.8 cm^4)
Section Modulus (S)	0.202 in^3 (3.3 cm^3)	0.290 in^3 (4.8 cm^3)
Radius of Gyration (r)	0.577 in (1.5 cm)	0.651 in (1.7 cm)

GENERAL SPECIFICATIONS - CHANNEL - SINGLE

Standard Lengths:

- **10 feet:** 10' or 10' $^1/_8$" (3.05m) ± $^1/_8$" (3 mm)
- **20 feet:** 20' or 20' $^3/_8$" (6.11m) ± $^1/_8$" (3 mm)

Special Lengths:

- Available with a tolerance of ±$^1/_8$" (3 mm). Request quote.

Load Data:

- All beam and column load data pertains to carbon steel and stainless steel channels.
- Load tables apply only to UNISTRUT brand channel. Look for "UNISTRUT" on the product.
- Load tables and charts are constructed to be in accordance with the SPECIFICATION FOR THE DESIGN OF COLD-FORMED STEEL STRUCTURAL MEMBERS 2007 EDITION published by the AMERICAN IRON AND STEEL INSTITUTE USING ASD METHOD.
- Loads are based on 33 ksi steel cold formed to 42 ksi.
- Safety Factor to Yield Strength is 1.67 for Beam Loads and 1.80 for Column Loads.
- Beam loads are based on a simple beam and are given as a total uniform load (W) in pounds. For proper calculation procedures, refer to our Beam Load Calculation Guide under Resources.
- For bearing loads, reference our Bearing Loads Page.

LGUM/HGUM

Heavy-Duty Face-Mount Beam/Girder Hangers for Concrete and GFCMU

High-capacity beam or girder hangers for concrete or masonry applications. Installation is made easier using Strong-Drive® SDS Heavy-Duty Connector screws (provided) into the wood member and Titen HD® anchors (provided) into the masonry.

Material: See table

Finish: Galvanized; available in stainless steel

Installation:

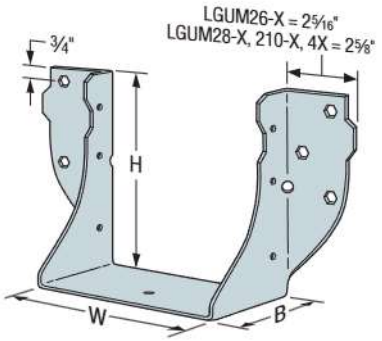
- Use all specified fasteners (included). Stainless steel models are packaged with 1" longer Type 316 stainless-steel Titen HD anchors.
- Attach hanger to a concrete or grout-filled CMU wall using Titen HD anchors. Note the following:
  - Drill holes using drill bits equal in diameter to the specified Titen HD anchor.
  - Holes shall be drilled ½" deeper than the specified Titen HD length (i.e. 4½" for a 4" long Titen HD anchor). For stainless-steel LGUM models installed onto 6"-thick concrete or GFCMU, care should be taken to avoid damage to the back side of the wall when drilling and installing 5" long stainless-steel Titen HD anchors.
  - Caution: Oversized holes in the base material will reduce or eliminate the mechanical interlock of the threads with the base material and will reduce the anchor's load capacity.
- Carbon-steel Titen HD is not recommended for exposed exterior applications.
- Provide moisture barrier between beam and wall per jurisdictional requirements.

Options:

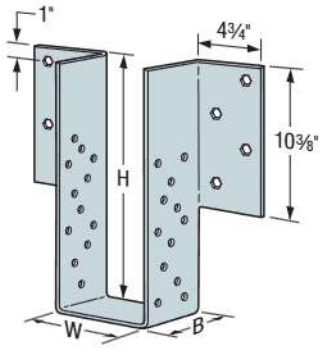
- For HGUM only — other seat widths and hanger heights available. Order as "X" version.
- HGUM available with one flange concealed. See p. 258 for reduced load at end of wall and outside corner.
- LGUM/HGUM available in skews up to 45°. See Hanger Options, p. 258.

Codes: See p. 13 for Code Reference Key Chart

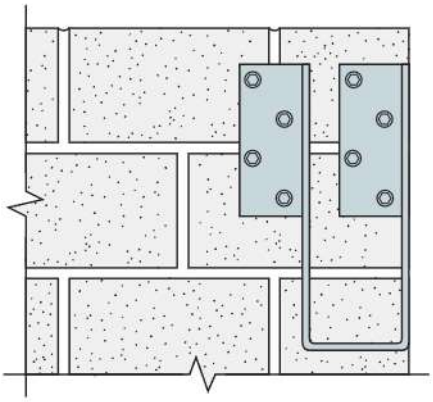
Web Applications: Visit **app.strongtie.com/hs** to access our Hanger Selector web application.



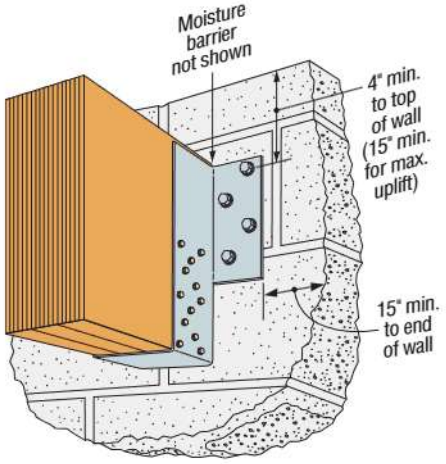
LGUM



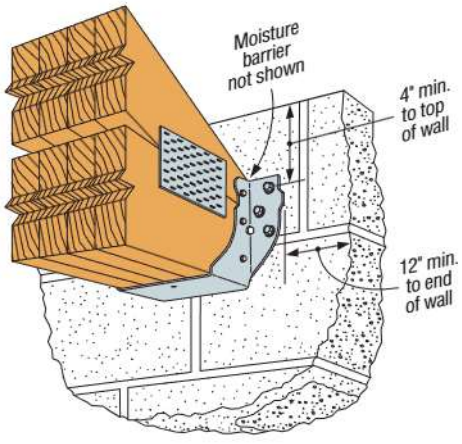
HGUM



HGUM with Right Flange Concealed
(see p. 258 for reduction factors)



Typical HGUM Installation



Typical LGUM Installation

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LGUM/HGUM

Heavy-Duty Face-Mount Beam/Girder Hangers for Concrete and GFCMU (cont.)

These products are available with additional corrosion protection. For more information, see p. 16.

SS For stainless-steel fasteners, see p. 23.

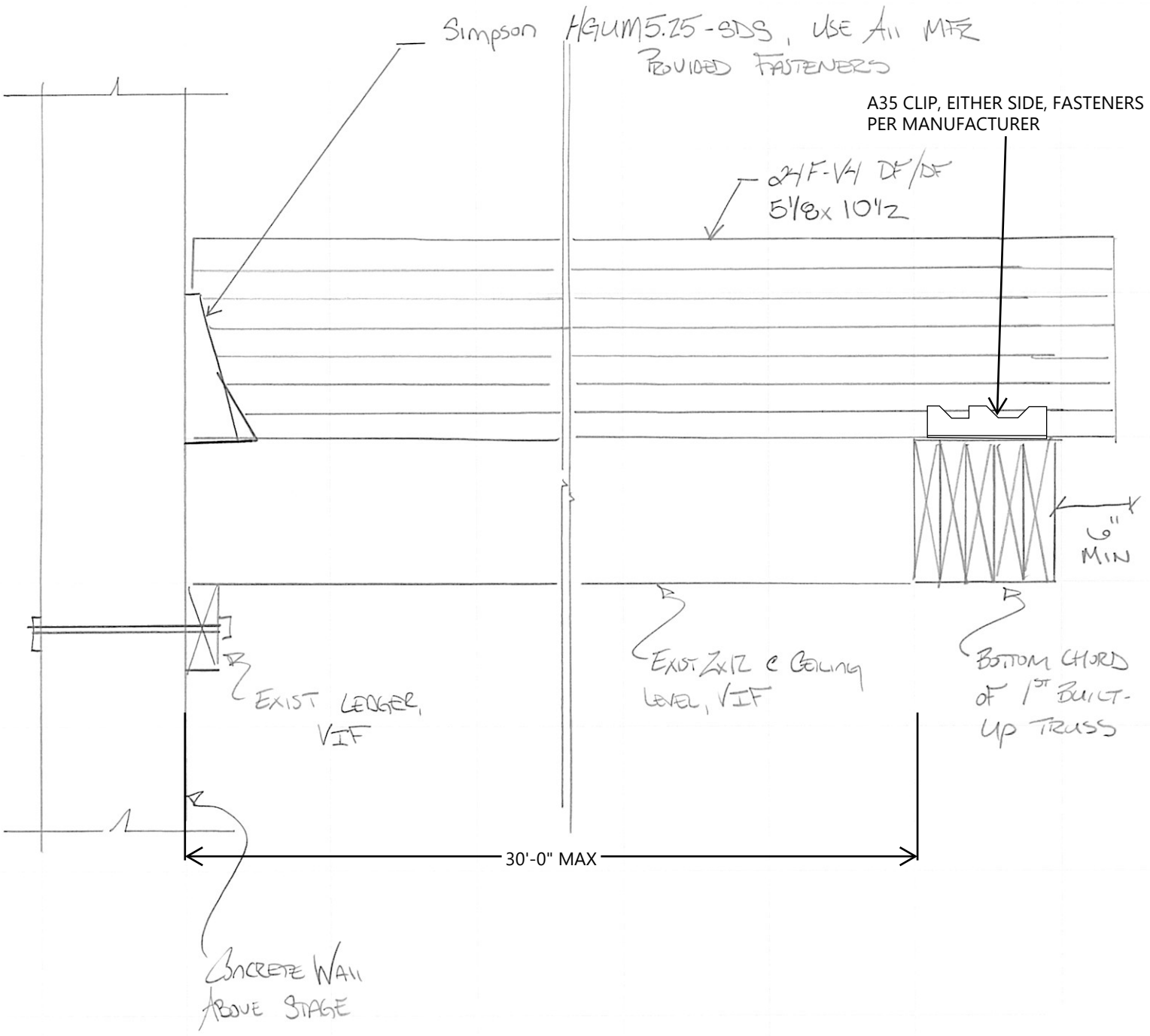
	Model No.	Ga.	Dimensions (in.)			Fasteners (in.)		DF, SP, LVL, PSL, LSL Allowable Loads				Code Ref.
			W	H	B	GFCMU and Concrete	Joist	Uplift (160)		Download (100/115/125)		
						Titen HD® Anchors	Strong-Drive® SDS Screws	GFCMU	Concrete	GFCMU	Concrete	
	Double 2x Sizes											
SS	LGUM26-2-SDS	12	3⁵⁄₁₆	5⁷⁄₁₆	4	(4) ⅜ x 4	(4) ¼ x 2½	1,430	1,430	5,595		
SS	LGUM28-2-SDS	12	3⁵⁄₁₆	7³⁄₁₆	4	(6) ⅜ x 4	(6) ¼ x 2½	2,435	2,435	8,250		
SS	LGUM210-2-SDS	12	3⁵⁄₁₆	9³⁄₁₆	4	(8) ⅜ x 4	(8) ¼ x 2½	3,575	3,575	9,575		
	Triple 2x Sizes											
SS	LGUM26-3-SDS	12	4¹⁵⁄₁₆	5½	4	(4) ⅜ x 4	(4) ¼ x 2½	1,430	1,430	5,610		
SS	LGUM28-3-SDS	12	4¹⁵⁄₁₆	7¼	4	(6) ⅜ x 4	(6) ¼ x 2½	2,435	2,435	8,290		
SS	LGUM210-3-SDS	12	4¹⁵⁄₁₆	9¼	4	(8) ⅜ x 4	(8) ¼ x 2½	3,575	3,575	9,715		
	Quadruple 2x Sizes											
SS	LGUM26-4-SDS	12	6⁵⁄₁₆	5⁷⁄₁₆	4	(4) ⅜ x 4	(4) ¼ x 2½	1,430	1,430	5,625		FL
SS	LGUM28-4-SDS	12	6⁵⁄₁₆	7³⁄₁₆	4	(6) ⅜ x 4	(6) ¼ x 2½	2,435	2,435	8,335		
SS	LGUM210-4-SDS	12	6⁵⁄₁₆	9³⁄₁₆	4	(8) ⅜ x 4	(8) ¼ x 2½	3,575	3,575	9,860		
	4x Sizes											
SS	LGUM46-SDS	12	3⅝	4⅞	4	(4) ⅜ x 4	(4) ¼ x 2½	1,430	1,430	5,600		
SS	LGUM48-SDS	12	3⅝	6⅞	4	(6) ⅜ x 4	(6) ¼ x 2½	2,435	2,435	8,260		
SS	LGUM410-SDS	12	3⅝	8⅞	4	(8) ⅜ x 4	(8) ¼ x 2½	3,575	3,575	9,620		
	Engineered Wood and Structural Composite Lumber Sizes (Heavy Duty)											
SS	HGUM5.25-SDS	7	5¼	11 to 30	5¼	(8) ⅝ x 5	(24) ¼ x 2½	4,105	5,075	14,025	14,770	
SS	HGUM5.50-SDS	7	5½		5¼	(8) ⅝ x 5	(24) ¼ x 2½	4,105	5,075	14,000	14,915	
SS	HGUM7.00-SDS	7	7		5¼	(8) ⅝ x 5	(24) ¼ x 2½	4,105	5,075	13,840	14,915	
SS	HGUM7.25-SDS	7	7¼		5¼	(8) ⅝ x 5	(24) ¼ x 2½	4,105	5,075	13,810	14,915	
SS	HGUM9.00-SDS	7	9		5¼	(8) ⅝ x 5	(24) ¼ x 2½	4,105	5,075	13,625	14,915	

1. Uplift loads have been increased for earthquake or wind loading with no further increase allowed. Reduce where other loads govern.
2. Tabulated uplift loads are based on 4" minimum distance to top of wall. For HGUM installations with 15" minimum distance to top of wall, uplift loads are 6,180 lb. for GFCMU and 6,585 for concrete.
3. Concrete shall have a minimum compressive strength of f'_c = 2,500 psi.
4. Grout-filled CMU (GFCMU) shall have a minimum compressive strength of f'_m = 1,500 psi.
5. LGUM must be installed on minimum 6"-thick wall and HGUM on minimum 8"-thick wall. (Nominal values for GFCMU.)
6. Titen HD® anchors may be installed into the head or bed joints.
7. SDS screws may be installed through metal truss plates as approved by the Truss Designer, provided the requirements of ANSI/TPI 1-2014, Sections 7.5.3.4 and 8.9.2 are met (predrilling required through the plate using a 5⁄32" bit maximum).
8. For stainless-steel LGUM and HGUM models, use ⅜" x 5" and ⅝" x 6" Type 316 stainless-steel Titen HD anchors, respectively, to achieve tabulated loads.
9. **Fasteners:** SDS screws are Simpson Strong-Tie Strong-Drive® SDS Heavy-Duty Connector screws. See pp. 23–24 for fastener information.

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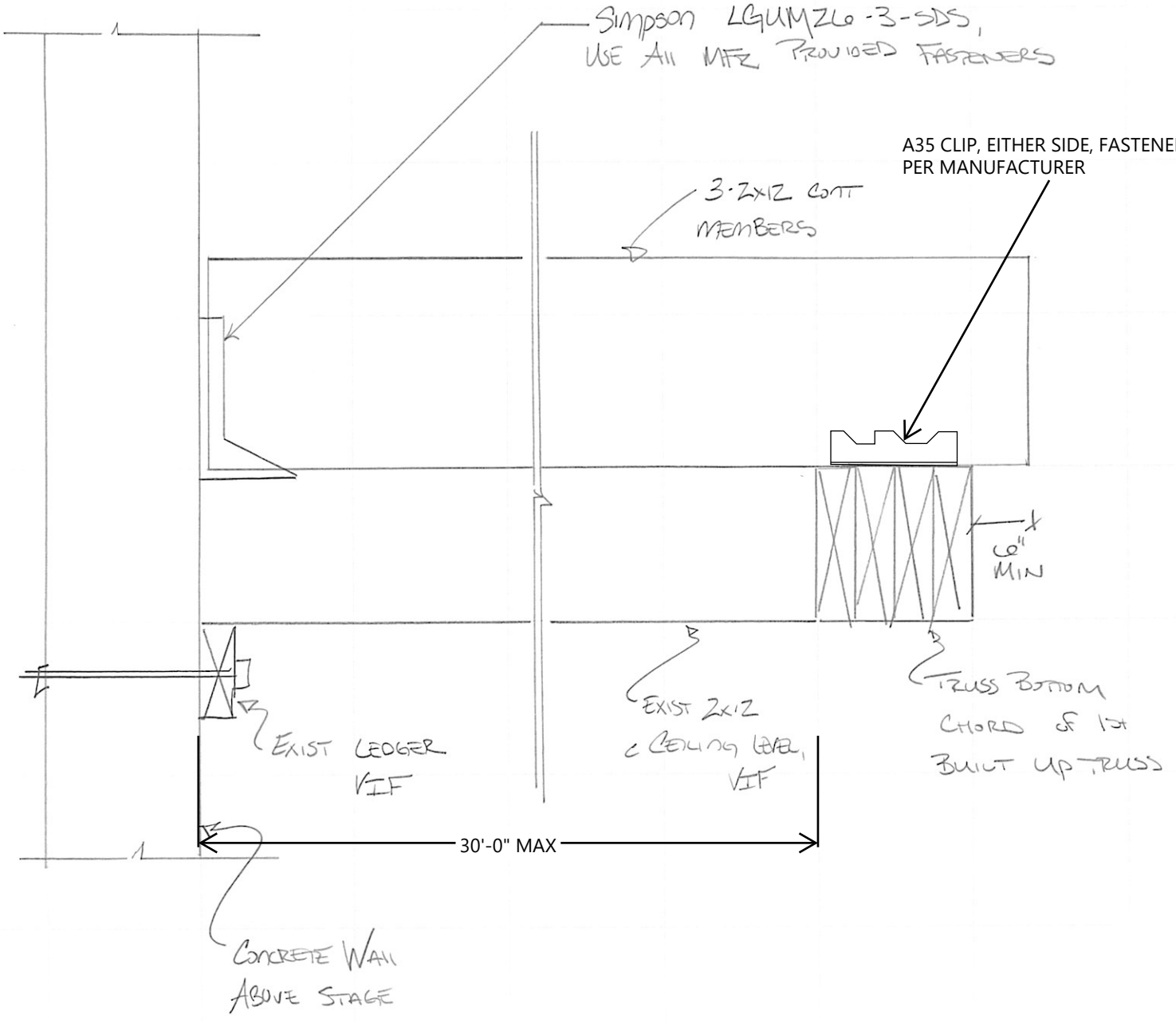
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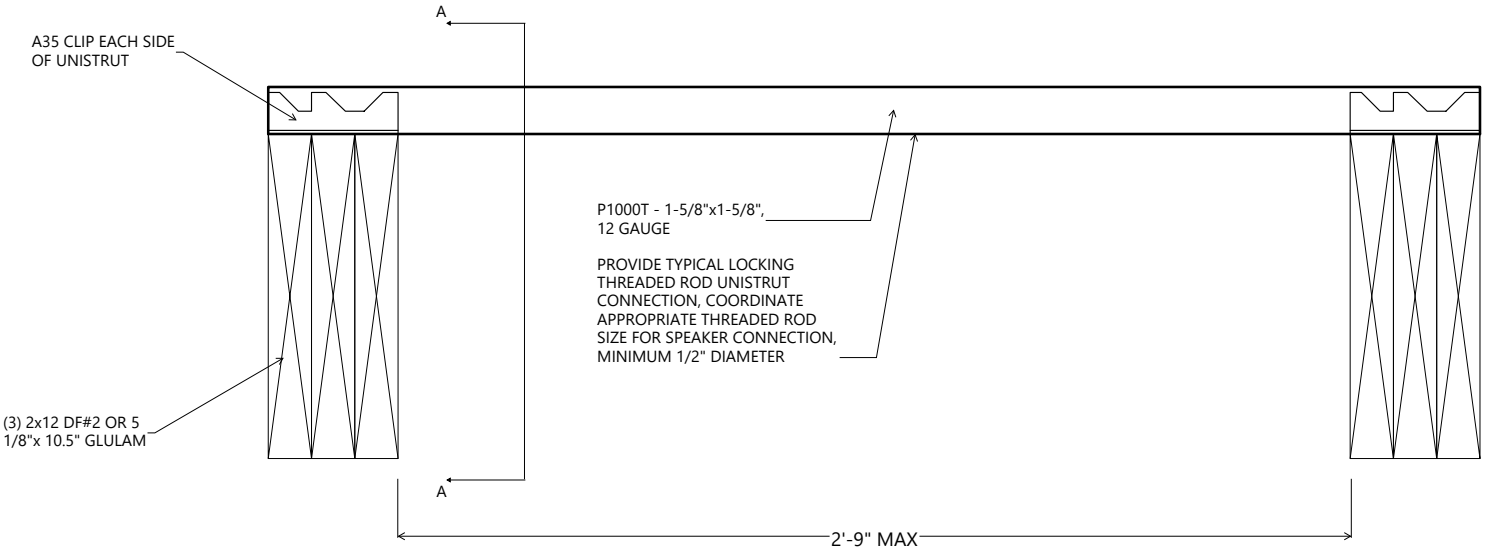
Cushing Terrell.

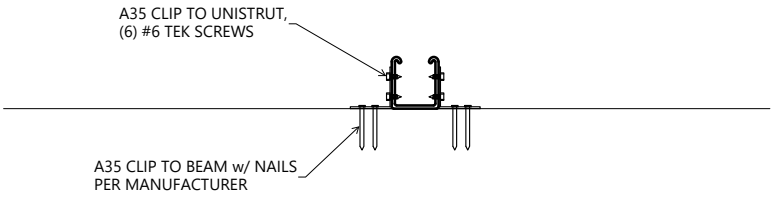
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Project #: _____ Project Name: _____ Date: / /



Cushing Terrell.


A
A35 CLIP EACH SIDE
OF UNISTRUT
P1000T - 1-5/8"x1-5/8",
12 GAUGE
PROVIDE TYPICAL LOCKING
THREADED ROD UNISTRUT
CONNECTION, COORDINATE
APPROPRIATE THREADED ROD
SIZE FOR SPEAKER CONNECTION,
MINIMUM 1/2" DIAMETER
(3) 2x12 DF#2 OR 5
1/8"x 10.5" GLULAM
A
2'-9" MAX


A35 CLIP TO UNISTRUT,
(6) #6 TEK SCREWS
A35 CLIP TO BEAM w/ NAILS
PER MANUFACTURER

A-A

EXHIBIT B



Babcock Theatre Site Survey and Audio System Recommendations

By

Kevin Hodgson

May 2023



SUMMARY

The Babcock Theatre is a historic theatre in downtown Billings, MT and is currently being used for cinema as well as for limited music, theater, and other live events. The building has a rich history going back to 1896. The has experienced two significant fires; one in 1906 that left the original building in cinders and a second in 1935 that left the retail and office space still standing but the theatre in ashes once again. The theater was once again rebuilt, this time in a minimal Art Deco style, and used for cinema. In 1955 a significant remodel was done to update the building to a more modern style and focus on cinema. At this point the stage was sealed to make more room for retail space. Between 2008 and 2012 the entire building underwent a historic rehabilitation which undid many of the remodels with the goal of restoring the midcentury look and feel. In 2018 the City of Billings purchased the Babcock Theatre and contracted with Art House Cinema for management of the venue. The current space is 750 seats and is equipped with a modern digital cinema system (audio and video). However, over the course of many years, the Babcock Theatre's theatrical stage equipment and infrastructure has been demolished or simply removed leaving the building with a limited ability to host basic live events. This includes nearly all the counterweight rigging systems, performance lighting, and audio systems.

Historically, the theatre has used ground (stage floor) stacked PA systems that have been brought in on a per-show basis for live events. This approach has worked somewhat well but has had limitations given the size and configuration (orchestra level with large balcony) of the theater seating. Art House Cinema is interested in purchasing a new concert-quality live sound reinforcement system that would better serve the space and allow the venue to be used once again as a premiere live concert venue in downtown Billings. A new sound system would include new performance loudspeakers, digital mixing console, digital stage boxes, and possibly a complement of other outboard gear that would complete the system. The intent is to provide a high-quality system that would be "rider friendly" to small and mid-level professional touring bands/groups.

METHODS

On April 18th, 2023, Kevin Hodgson from K2/Salas O'Brien performed an extensive in-person site survey of the Babcock theater. Kevin walked and photographed key areas of the entire building including both front-of-house and back-of-house areas, stage, attic, and all audience seating areas. The intent of this site walk was to review the entire venue, assess the requirements for a new live sound reinforcement system, and identify any additional technical issues that may need to be addressed in conjunction with either the new audio system or that may be a barrier to holding live events in the space in the future.

FINDINGS

The result of the in-person site survey is largely promising and K2 believes that a new performance sound system could be purchased as well as effectively deployed in the venue. However, K2 identified several critical items that need to be further researched and/or addressed prior to the system being purchased and installed. The following bullet points (in no order) are the key findings:

- K2 found that the attic location(s) where new loudspeakers clusters would need to be rigged/supported (from overhead) is framed with standard dimensional lumber. To ensure safe rigging of new loudspeaker clusters these areas will need a detailed structural engineering review. Additional structural

supports (or an approved method to span the existing supports) to safely handle the anticipated load of the loudspeakers may be required. For a performance venue of this size, K2 would commonly expect to see a medium format (stereo) line array loudspeaker system used. These systems are rigged from overhead using chain hoists so they can be adjusted and serviced at floor level and typically utilize rigging points rated for 2000 lbs. working load limit (WLL). Due to the existing structural framing, it may be more appropriate to more precisely match the additional supports required with a load rating that more closely matches the anticipated load—something on the order of 1000 lbs. WLL.




Picture 1 & 2: General Attic Framing Over Loudspeaker/Audience Areas and Engineered Lumber Beam Framing for Catwalk

  - K2 also found at the stage left/house right attic catwalk location that additional engineered lumber beams had been installed to support the catwalk framing. K2 believes these were most likely installed during the 2008 to 2012 historic renovation period.

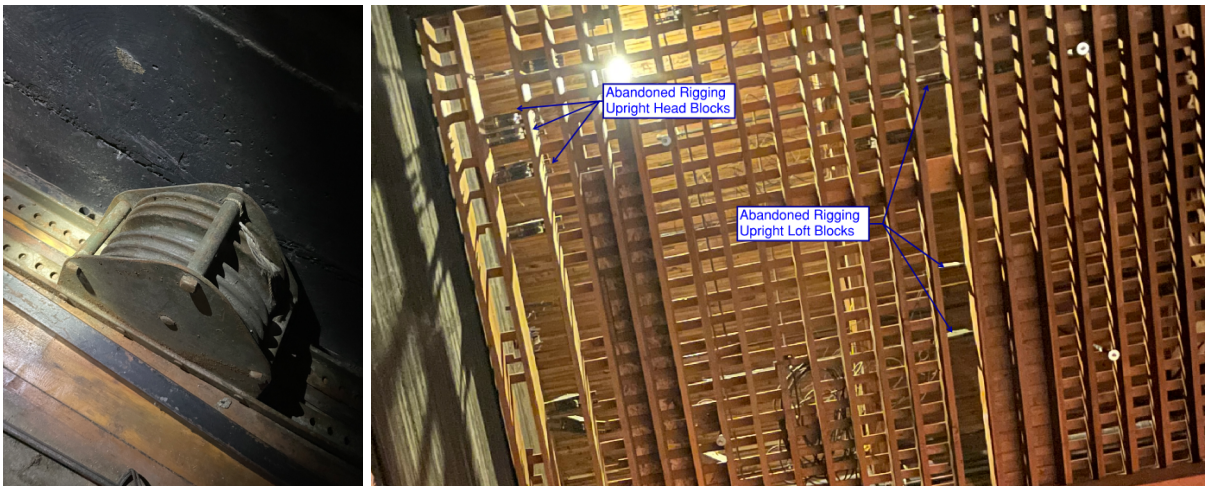
- K2 observed that the two permanent stage access ladders are likely not OSHA compliant. As of 2017, OSHA 1910.28 requires all fixed ladders over 24'-0" long be equipped with personnel fall arrest systems. K2 did not specifically measure the stage left access ladder but visually referenced it to the proscenium opening (which is approximately 28' high) it appeared to be greater than 24' in length. Based on the drawings provided of the venue, the stage right fixed ladder to the grid is estimated to be 55'+ in length. K2 noted that both ladders appeared to be structurally sound and securely attached to the wall. This should be verified however and corrected if any issues are found.




Picture 3 & 4: Stage Left Ladder to Attic and Stage Right Ladder to Grid

- K2 observed that the current stage fly space is not equipped with a fire safety curtain. Based on the configuration and dimensions of the stage house, K2 believes that NFPA code would require that that the stage be equipped with a fire safety curtain if live stage performances are to be held. Given the proscenium opening dimensions and overall stage height to the underside of the grid, K2 believes a braille fire curtain would be required (there is not enough vertical space to permit a straight lift curtain). However, this requirement should be researched further and possibly in consultation with the City of Billings AHJ/Fire Marshall to ensure compliance.
- K2 also observed that the stage house also may not be compliant with NFPA code specific to emergency ventilation. Current code requires that all stages larger than 1000 sq ft or higher than 50'-0" be equipped with smoke vents and smoke control. This is something that needs to be researched further. During the site walk, K2 did not go up to the grid to see if the roof was equipped with appropriate ventilation, so this was not able to be verified. This requirement should be researched further and possibly in consultation with the City of Billings AHJ/Fire Marshall to ensure code compliance.
- K2 observed that the rigging grid above the stage is constructed of lumber and timber framing. The age of the grid is unclear but based on the general design as well as leftover rigging components in the venue, K2 believes it was installed after the 1935 fire about mid-century and was a part of a modest hemp rope counterweight rigging system. Most of the rigging system components, except for the overhead grid, have been completely removed or demolished—including the lock rail and pin rail. There are only a few remnants of the system left to indicate the configuration and general age of the original system. One indication K2 found was evident in the size of the rope grooves on a head block sheave left on the stage floor. The size of the grooves would suggest larger lift lines consistent with ½"- ¾" hemp ropes (as opposed to smaller ¼" wire rope).

  The wood grid is currently being used for spot rigging a few lightweight curtains and a length of lighting truss using temporary chain hoists. The hoists appear to be rigged from one of the overhead beams using a chain sling around the beam with a towel or some other piece of fabric/foam around the beam to protect it from damage from the chain. However, given the unknown design criteria of the beams and supports, the structural load capacity of the grid and various wood beam members is currently unknown therefore this may not be a safe method to employ. The grid should be fully evaluated and documented by a qualified structural engineer before any additional overhead rigging is undertaken. The results may indicate safe working load limits that can be applied to future overhead rigging on the stage.



Picture 5 & 6: Demolished Head Block on Stage Floor and Abandoned Rigging Equipment on Grid

- K2 observed that there is a recently installed electrical 3-phase fused disconnect on stage left. The panel has Cam-lok pigtails (exiting the bottom of the panel) and is being used to power a portable dimmer rack for stage performance lighting. Based on final recommendations and requirements for the sound reinforcement system, additional power at this location may be required. The current fused disconnect should be replaced with a more appropriate company switch, and possibly a multi-chamber company switch with 400A/3P/120-208V service for lighting and 200A/3P/120-208V service for audio.
- K2 observed that the current air handling system which serves the audience chamber (and minimally the stage) has a prominent low frequency rumble (noise) and rattle. The rumble is very noticeable and is detrimental to the use of the space for live events. Some artists and performers may find this unacceptable and hesitate booking the venue for events due to the level of the background noise. Given the current configurations, the system may not support enough air movement/cooling on stage during an event with temporary lighting and sound equipment.

  K2 measured the volume level of the rumble using an iPhone-based RTA/SPL meter (see Figure 1 below). Between 40Hz and 125Hz K2 measured between 56dBa and 58dBA SPL. The overall level decreases consistently between 125Hz and 1kHz, however the level is still significantly above what would be a typical background noise level for a performance venue. Typical noise criterion (NC) for a performance venue like the Babcock Theatre would be between NC-30 to NC-35. K2 believes that for the Babcock Theatre to be a viable venue for live performances in the future the HVAC system background noise should be addressed.

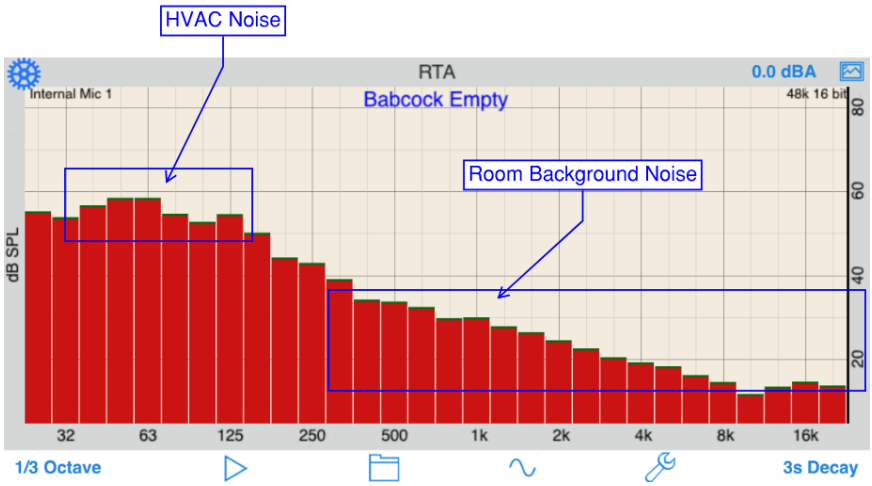


Figure 1: Sound Frequency Graph of Babcock Theatre (Empty with HVAC Running)

- K2 observed that there are two viable spaces in the rear of the orchestra seating level that could be used for temporary front-of-house live sound and lighting operation locations. First would be last row of the center section of the orchestra. There is approximately 54" of depth in this location (from the back wall to the seats that would allow for a wide but shallow technical table. This location would also require the removal of 11 or more seats. The second location was the right rear of the orchestra seating area. This second location, although narrower in width, would require two rows to be removed for the technical table, but would only represent a loss of only 7 seats. Of the two locations, the rear center location may be the more ideal location since this would allow for a central operator position and a straight on view of the stage area. However, to create a more spacious area the 2nd row from the back may need to be adjusted.
  - K2 observed that reasonably pathways for new AV and lighting cabling exist in the basement under each possible front-of-house location and that there did not appear to be any significant impediments to cabling from the stage to these locations.

- If a more permanent front-of-house location is desired some leveling of the floor will be required in either location.

RECOMMENDATIONS

Based on the site survey and the observations noted above, K2 has several recommendations for the Babcock Theatre. The recommendations are divided into two areas: Building and Sound Reinforcement Systems.

Building Recommendations:

- K2 recommends that before any new systems be considered that a structural engineering review of the Babcock Theatre be undertaken. This would include a review of both the wood grid over the stage as well as the attic area where any new loudspeakers may be rigged.
  - **Estimated Cost: TDB**
- K2 recommends that as an interim step prior to the rigging system being evaluated that the current spot current approach be modified slightly for improved safety. K2 recommends using an 8'-0" section of 12"x12" aluminum box truss at the two current grid rigging locations to span multiple beams. The truss would be placed on the top of the grid perpendicular to the cross beams and then utilize a nylon span set wrapped around the truss to attach and hang the chain hoist hook. This approach would spread the rigging load more evenly on multiple structural members of the grid and prevent the wood beams from being damaged by chain slings. K2 would note, this approach is not a substitute for a full grid structural evaluation but would simply represent a more conservative spot rigging approach given the unknown capacity of the wood structure. All rigging work should be performed by an ETCP certified theater rigger.
  - **Estimated Cost: ~$1,500 for truss and span sets (not including rigging labor)**
- K2 recommends the Babcock Theater consult with the City of Billings Building Code Compliance Office/Fire Marshall/Authority Having Jurisdiction (AJH) to determine all fire code compliance requirements for the venue. This may include any specifics requirements the City of Billings may have for a new stage fire curtain as well as smoke ventilation on the roof. K2 believes there may be some stop-gap provisions for acceptable code compliance depending on the type of productions and events that take place on the stage and how they are undertaken. These requirements need to be confirmed with the City of Billings.
  - **Estimated Cost: TBD**
- K2 recommends the Babcock Theatre install personnel fall arrest systems on both fixed stage ladders (at a minimum the grid access ladder) for stagehand safety as well as possible OSHA workplace compliance.
  - **Estimated Cost: $2,000 - $4,000+ (depending on final requirements, type of system, harnesses, and ongoing training and maintenance).**
- K2 recommends the Babcock Theatre engage an Acoustical and Mechanical Engineer to review the air handling systems on the stage and find ways to mitigate the noise from the system and ensure that the heating and cooling needs for the stage are adequate. This may also include reviewing the fire alarm systems on the stage to ensure that they are compatible with stage hazer/smoke effects.
  - **Estimated Cost: TBD.**
- K2 recommends the Babcock Theatre replace the fused disconnect stage left and replace it with a new stage "company switch". Depending on final sound reinforcement system approach, both the temporary lighting systems as well as the sound systems may be plugged into this company switch so it

may be a dual chamber 400A+200A company switch or two separate company switched of 400A and 200A respectively. This approach will also be safer if temporary chain hoists are used.

- **Estimated Cost: $10,000 - $12,000+ depending on final configuration and electrical installation costs.**

Sound System Recommendations:

Based on the intended program and inherent flexibility required, K2 recommends a high-quality medium-format line array system be purchased for the Babcock Theatre. The intent would be to create a highly flexible system that would be appropriate for a variety of events including "rock and roll". K2 recommends the basis of design be a d&b Audiotechnik "Y" series loudspeakers for audio quality and for greatest compliance with artist performance contract technical riders. As currently designed the system should be capable of reaching concert levels with peak levels at or above 112+ dB throughout the lower orchestra seating and balcony areas. The system would include the following:

- Two 9-element line arrays flown from overhead near the edge of the stage. Basis of design to be D&B Yi8 and Yi12 loudspeakers.
- Two 21" ground-stacked subwoofers. Basis of design to be D&B 21S-SUB.
- Five 10" two-way under balcony fills. Basis of design to be D&B 10S with horizontal U-bracket.
- Five dual 4" stage front fills. Basis of design to be D&B 44S.
- Amplification/Processing. Basis of design D&B 40D, 10D, and 5D amplifiers.
- Includes required rigging components, hardware, and wire and cable.
- Includes estimated labor.
- **Estimated Cost: $245,000 to $260,000.**

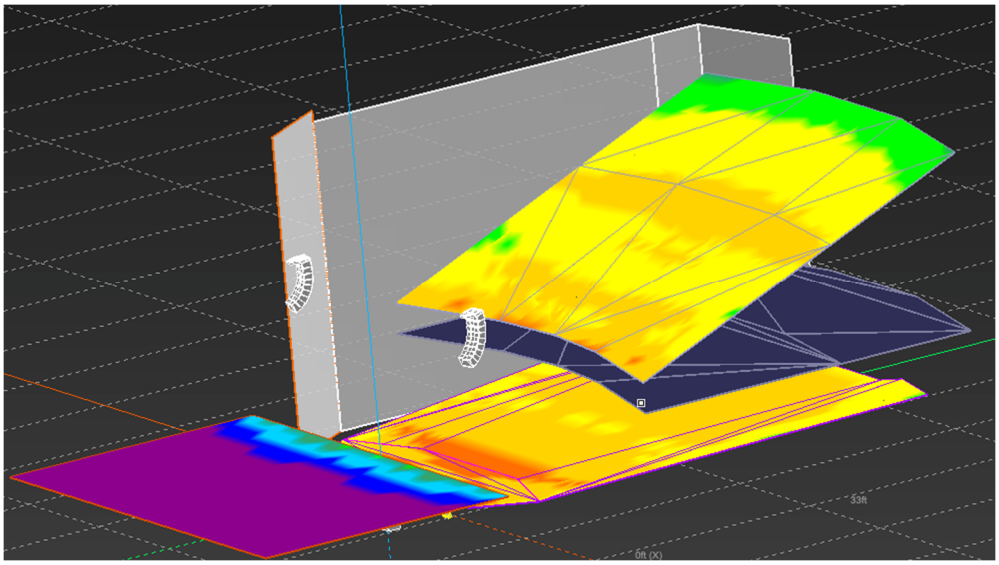


Figure 2: Babcock Theatre SPL Coverage Map showing Basis of Design D&B Y System

Based on the intended program and inherent flexibility required, K2 recommends a high-quality digital mixing console and stage boxes be purchased as well. The intent would be to create an easy to use and flexible system that would be appropriate for a variety of events. The proposed console has a variety of features that makes it highly usable for live music as well as theater. It also allows for remote control using iOS devices (and Allen & Heath MixPad and OneMix free apps). The basis of design system would consist of the following:

- One Allen & Heath Avantis digital audio console with additional dPACK processing.
- One console ATA/Touring case with doghouse.
- One 48x16 portable 96kHz portable stage box with ATA case.
- One 12-channel analog-digital rack mount 96kHz I/O interface for connection to D&B system.
- Estimated freight.
- Estimated installation and initial setup labor.
- **Estimated Cost: $30,000 to $35,000.**

Additional options to the sound reinforcement system above may include the following:

- 8-channels of wireless microphones. This would include a complement of professional hand-held microphones and wireless belt packs. The basis of design to be Shure ULX-D or Sennheiser EW-DX.
  - **Estimated Cost: $25,000 to $30,000+ (Depending on final configuration).**
- Portable Stage Monitors. Basis of design to be eight QSC K10.2 powered loudspeakers.
  - **Estimated Cost: $8,000 to $10,000.**
- Portable equipment package including various microphones, cabling, stands, etc.
  - **Estimated Cost: TBD.**

K2 recommends that a new rear center technical operation location be constructed in the rear of the center orchestra seating section (see Figure 3). This approach would create an open space that could be used for temporary sound and lighting equipment. A minimum of eight seats would need to be removed, however for access and aesthetic reasons, the entire rear row may also be removed as well. Temporary velvet rope or retractable belt barriers could be used to implement some basic access control to this area too.

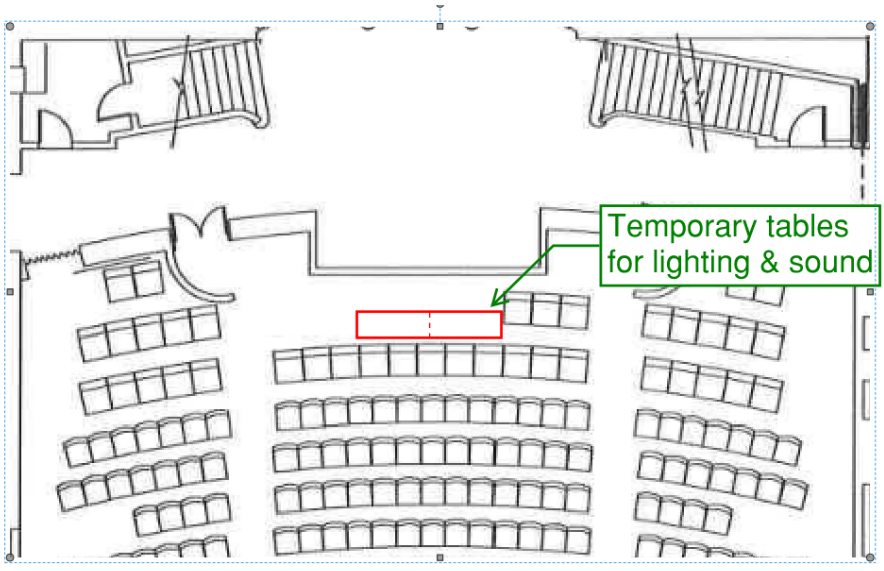


Figure 3: Sketch of Temporary Sound and Lighting Location

- Work to include removal of seats, general costs to bring additional electrical circuits to this location (on the back wall, temporary tables, crowd barriers, etc.
  - **Estimated Cost: TBD.**

For a more permanent (future) aesthetically pleasing option, a new rear center technical operation location should be considered. This would be constructed in the rear of the center orchestra seating section (see Figure 4) and would remove the entire last row of seats and create a ½ height (40”-42”) pony could be used for lighting and sound consoles during events. To allow for a little more space in the tech area, the 2nd to last row of reclining seats might also be replaced with non-reclining seats and perhaps the entire row shifted forward slightly. The floor for this new area would need to be leveled as well. Like above, velvet rope or retractable belt barriers could be used to create some basic access control to this area.

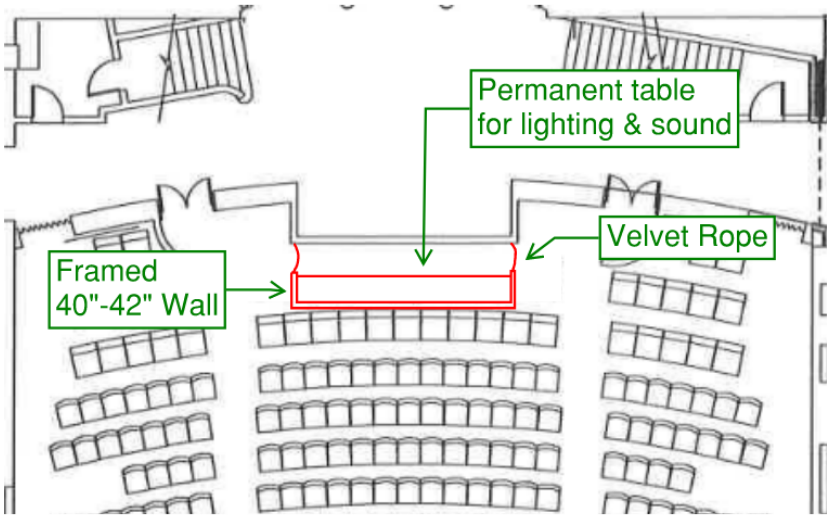


Figure 4: Sketch of Permanent Sound and Lighting Location

- Work to include removal of seats, general construction costs (framing, finishing, work surfaces, electrical, etc).
    - **Estimated Cost: TBD.**

CONCLUSION

K2 believes that the Babcock Theatre represents a viable and exciting opportunity to bring live music and other events to Billings’ music and art scene. This report, and the recommendations included within it, represent the first step forward towards achieving this goal. Provided that the stage safety and code compliance issues are not a barrier, K2 believes a new performance sound system could be purchased and installed within (or very close to) the stated budget. K2 also recognizes that there are also other approaches/options that may be fiscally viable if the full purchase price of the proposed systems exceeds the desired budget. These options may include a negotiated long-term rental, rent-to-own/financed, or possibly a different more affordable system that may not meet the rider requirements of as many of the touring performers as the one proposed above. In conclusion, K2 is excited and honored to have this opportunity to partner with Art House Cinema to make this long-term project a reality.

EXHIBIT C

Cushing Terrell

RECOMMENDATIONS MEETING

Project:	Babcock Theatre, Partial Ceiling Collapse on Wed 5/28/25
Project Site:	Babcock Theatre, 2810 2nd Ave N, Billings, MT 59101
Meeting Purpose:	To meet with the Art House Board of Directors at their monthly meeting to review our professional observations (Cushing Terrell's 6/6/2025 Observed Conditions Report) and recommendations going forward. Attached is the corresponding pricing provided by Langlas & Associates.
Meeting Date:	6/18/2025 at 7:00am, Art House Cinema & Pub (109 N 30th St, Billings, MT 59101)
Attendees:	Cushing Terrell: Brad Sperry, Director, Commercial | Architect | Principal Valerie Meier, Project Manager | Architect Cole Moller, Structural Engineer Art House: Matt Blakeslee, Executive Director Art House Board of Directors: Josh Wirth – President Ryan Cremer – Vice President Kirk Hansen – Secretary/Treasurer Corby Skinner Ruth Towe Philomina Bracy Linda Snider Sheryl McCandless Kevin Scharfe A.J. Miller

SUMMARY OF RECOMMENDATIONS

A full replacement of the theatre ceiling is recommended due to the natural aging and deterioration of the plaster and mesh construction, as well as concerns about the long-term stability and safety of the remaining ceiling. A partial patch option is included for comparison but is not endorsed by the architectural and engineering team due to ongoing safety concerns with the existing plaster ceiling area.

Both pricing options by Langlas include allowances for cleaning, structural shoring and scaffolding mobilization, carpentry, ceiling finishes (ranging from basic to premium materials), furnishings (theatre seats), fire suppression, and electrical components (including lighting and fans). The primary cost difference between the two options lies in the scope of seat replacement: the partial ceiling option includes replacement of only the balcony seats, while the full ceiling replacement includes all theatre seating. Otherwise, the overall pricing for both options are in a close range.

Art House reported that asbestos testing has been completed and returned negative results, removing that concern from the project scope. Additionally, a menu of "add alternates" has been outlined for consideration in the next steps. These may offer construction and project efficiencies if undertaken concurrently with the ceiling replacement. While some of these items may fall outside the scope of insurance coverage, they are included to support informed decision-making.

Part A: Likely Insurance Covered

1. **Partial Ceiling Patch Option –** (not our recommendation, but helpful for comparison), see attached for sf
    a. Demo: Light demo required to square off plaster area that collapsed, defer to you
        i. Extra Allowance: Potential for Asbestos Containing Material – ceiling testing is still pending results
    b. Mobilization: Typical shoring/scaffolding required, etc.
        i. Extra Allowance: We don't know the structural capacity of the balcony/main floor/basement to support extensive scaffolding, may need to provide additional shoring to the balcony/main floor/basement– please provide allowance for this
    c. Material: Gyp
    d. Molded Cornice: Complete replacement (approx. 140 linear feet of cornice)
    e. Replace can lights in partial area only (one row of lights)
2. **Full Ceiling Replacement Option** (our recommendation), see attached for sf
    a. Demo: All existing plaster theater ceiling, including the existing gyp patch
        i. Extra Allowance: Potential for Asbestos Containing Material – ceiling testing is still pending results
    b. Mobilization: Typical shoring/scaffolding required, etc.
        i. Extra Allowance: We don't know the structural capacity of the balcony/main floor/basement to support extensive scaffolding, may need to provide additional shoring to the balcony/main floor/basement– please provide allowance for this
    c. Material: Provide a range, low end = gyp board, high end = acoustic board (cutsheet attached)
    d. Molded Cornice: Complete replacement (approx. 140 linear feet of cornice)
    e. Replace can lights in entire theatre ceiling area
3. **Balcony Seating,** see attached for count
    a. Provide a per unit cost to replace seats, historical look
        i. We have a cutsheet on a similar historical theatre seat, Kevin at our office is tracking down

Part B: Likely not insurance covered, *but want to provide a high-level price to Client for help in their decision making*

Add Alternates Associated with this Work:

Add Alt 1: Update Balcony Seating Aisles

a. Widen aisles by removing one seat per row, see attached for markup
b. Add handrails at aisles for safety
c. New carpet throughout all balcony

Add Alt 2: Walls: Match Adjacent Existing Acoustic Spray Foam Walls to New Ceiling Material, see attached for markup (approx. 1,800 sf)

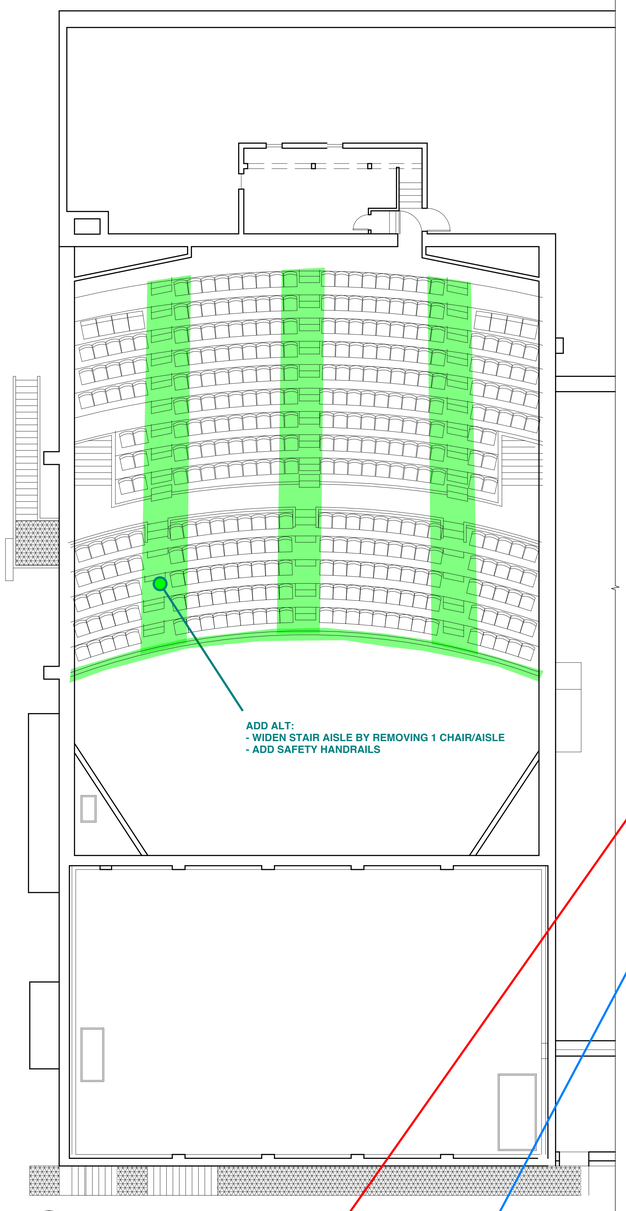
d. Material: Provide a range, low end = gyp board, high end = acoustic board (cutsheet attached)

Add Alt 3: Replace Mechanical Roof Top Units – current 2 roof top units are stuffed with insulation and not in use, shows signs of past moisture intrusion

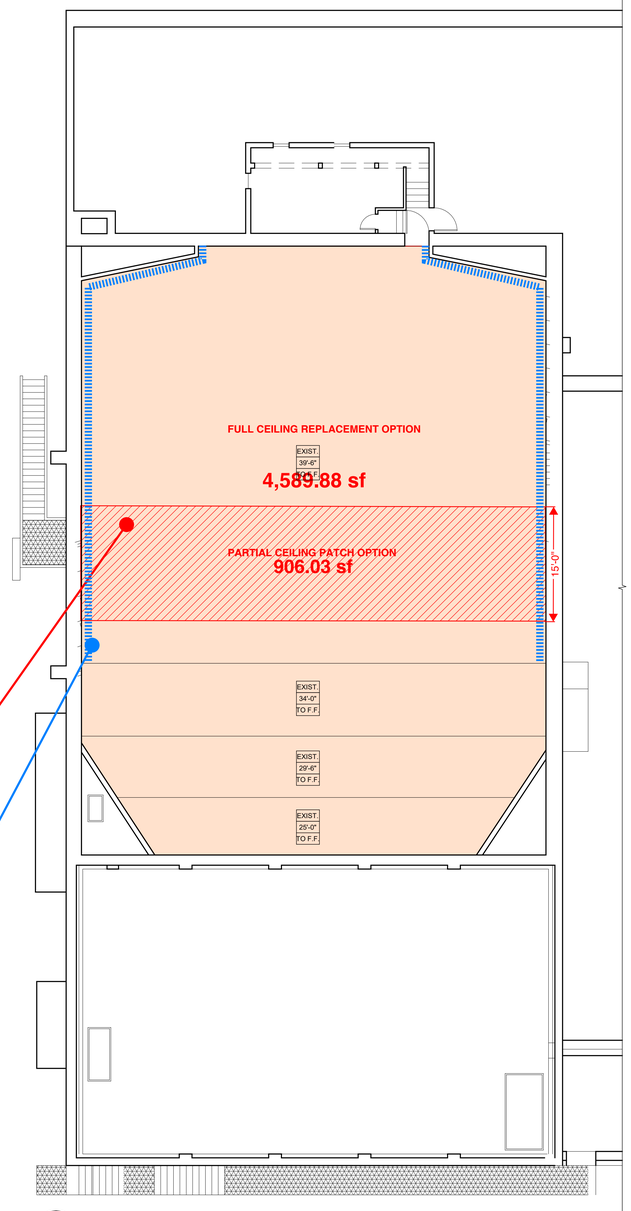
e. Replace 2 units

Add Alt 4: Full Roof Membrane Replacement with Added Roof Insulation (no insulation in attic space currently), see attached for sf

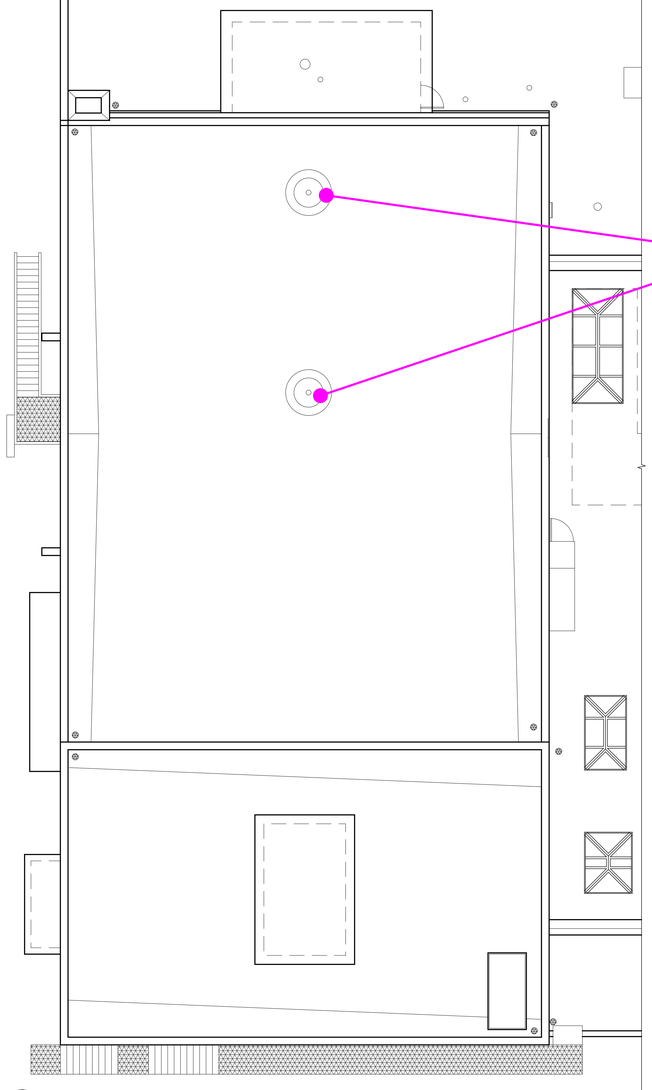
f. Material: Membrane roofing, rigid insulation, & coverboard



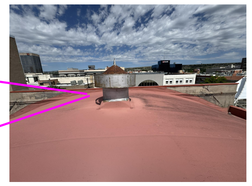
1 A101 BALCONY FLOOR PLAN
1/8" = 1'-0"



2 A101 REFLECTED CEILING PLAN
1/8" = 1'-0"



3 A101 ROOF PLAN
1/8" = 1'-0"



ADD ALT: REPLACE ROOFTOP UNITS (2)

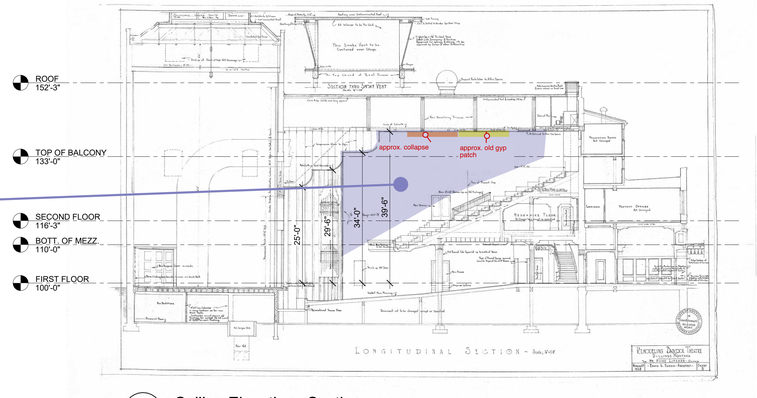


PARTIAL CEILING PATCH OPTION



MOLDED CORNICE

ADD ALT: MATCH EXISTING SPRAY FOAM WALLS TO NEW CEILING MATERIAL (APPROX 900SF/WALL = 1,800 SF TOTAL)



4 A101 Ceiling Elevations Section
1/16" = 1'-0"

Cushing Terrell.
cushingterrell.com
800.757.9522

BABCOCK THEATRE
CEILING COLLAPSE

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NOT FOR CONSTRUCTION

06.09.2025
PROJ# | Babcock Theatre - Master Arch

REVISIONS

Mezzanine Plans & Section

A101

NOT FOR CONSTRUCTION - PRELIMINARY DESIGN

Langlas & Associates
GENERAL CONTRACTORS

Babcock Theater Ceilings Partial Fix				6/17/2025
Based Upon:	Site Visits, Floor Plans from Cushing Terrell and Budget Pricing Verbiage from Cushing Terrell. This is for the Fallen Ceiling Area Only.			
	BUILDING			
DIVISION 1	**GENERAL CONDITIONS**			**$110,309.35**
	INCLUSIONS:		BID BY	
	Superintendent			
	Project Manager			
	Administration			
	Construction Dumpster			
	Equipment & Fuel			
	Phone			
	Toilet			
	Close-Out			
	Safety Supplies			
	EXCLUSIONS:			
	Builders Risk Insurance			
	Building Permit and Plan Review Fee			
	System Development or Impact Fees			
	Winter Conditions			
	Testing & Special Inspections			
	Temporary Utilities			
DIVISION 2	**CLEANING**			**$5,000.00**
	INCLUSIONS:		BID BY	
	Final Cleaning			
	Continues Construction Cleaning			
	EXCLUSIONS:			
DIVISION 2	**DEMOLITION**			**$275,600.00**
	INCLUSIONS:		BID BY	
	Demolition of Select Existing Conditions			
	Cleaning of Debree Throughout Theater			
	Scaffolding and Shoring			
	Dumpsters for Demolition			
	EXCLUSIONS:			
	Abatement - Matt Blakeslee Informed Langlas That Tests Came Back Negative			
	Saw Cutting			
DIVISION 3	**CONCRETE**			**$0.00**
	EXCLUDED			
DIVISION 4	**STONE/MASONRY**			**$0.00**
	EXCLUDED			
DIVISION 5	**STEEL**			**$0.00**
	EXCLUDED			
DIVISION 6	**CARPENTRY**			**$32,500.00**
	INCLUSIONS:		BID BY	
	Cornice Replacement of Damaged Areas			
	EXCLUSIONS:			
	Rough Wood Framing			
	Backing & Blocking			
	Exterior and Interior Sheathing			
	Light Gauge Metal Framing			
	Suspended Ceiling Framing			
	Soffit Framing			
	Trusses			
	Framing Hardware & Fasteners			
	Cabinets - Bases and Uppers			
	Countertops			
	Running Wood Trim - Casing, Base, Chair Rail, Crown, Caps, Etc.			
	Wood Wall Panels			
DIVISION 7	**THERMAL/MOISTURE PROTECTION**			**$0.00**
	EXCLUDED			
DIVISION 8	**DOORS AND WINDOWS**			**$0.00**
	EXCLUDED			

DIVISION 9	**FINISHES**			**$13,590.45**
	INCLUSIONS:		BID BY	
	Drywall - Hang & Tape			
	Painting - Interior			
		Level 2 Finishes: Plaster Ceiling and Acoustical Spray	*ADD: $19,403.46*	
		Level 3 Finishes: Acoustical Board	*ADD: $19,570.25*	
	EXCLUSIONS:			
	Wall Panels - FRP, Stainless			
	Finish Protection			
	Tile - Floors & Walls			
	Floor Leveling			
	Flooring - Carpet, Vinyl, Rubber, Wood			
DIVISION 10	**SPECIALTIES**			**$0.00**
	EXCLUDED			
DIVISIONS 11	**EQUIPMENT**			**$0.00**
	EXCLUDED			
DIVISIONS 12	**FURNISHINGS**			**$50,000.00**
	INCLUSIONS:		BID BY	
	Theater Seats - Replacing Damaged Seats Only = 100 Seats			
	EXCLUSIONS:			
DIVISIONS 13	**SPECIAL CONSTRUCTION**			**$0.00**
	EXCLUDED			
DIVISIONS 14	**COVEYING SYSTEMS**			**$0.00**
	EXCLUDED			
DIVISION 21	**FIRE SUPPRESION**			**$4,530.15**
	INCLUSIONS:		BID BY	
	Fire Suppression System - Head Updates and Maintenance			
	EXCLUSIONS:			
	Fire Suppression Design			
DIVISION 22	**PLUMBING**			**$0.00**
	EXCLUDED			
DIVISION 23	**MECHANICAL**			**$0.00**
	EXCLUDED			
DIVISION 26	**ELECTRICAL**			**$8,980.00**
	INCLUSIONS:		BID BY	
	Remove and Reinstall Existing Can Lights			
	Replace 2 Ceiling Fans with 6' Fans			
	Replace 1 Emergency Exit Light			
	EXCLUSIONS:			
	Electrical System			
	Generator or Backup System			
	Theater Lighting			
DIVISION 27	**COMMUNICATIONS**			**$0.00**
	EXCLUDED			
DIVISION 28	**ELECTRONIC SAFTEY AND SECURITY**			**$0.00**
	EXCLUDED			
DIVISION 31	**EARTHWORK**			**$0.00**
	EXCLUDED			
		TOTAL BUILDING		**$500,509.95**
	SITE			
DIVISION 32	**SITEWORK**			**$0.00**
	EXCLUDED			
		TOTAL SITE		**0.00**
		BUILDING & SITE TOTALS		**500,509.95**
		BUSINESS INSURANCE		**5,005.10**
		BOND	**ADD 1% IF REQUIRED**	**0.00**
		TOTAL COST OF WORK		**505,515.05**
		OH&P	**19.00%**	**96,047.86**
		TOTAL CONTRACT AMOUNT		**601,562.91**
		PROJECT CONTINGENCY	**5.00%**	**30,078.15**
		TOTAL PROJECT W/ CONTIG		**631,641.05**

ADD ALTERNATES				
ADD ALT 1	**Update Balcony**			**$398,433.00**
	Widen Aisles by Removing One Seat Per Row Totaling 294 Seats			
	Add Handrails at Aisles for Safety			
	New Carpet Throughout All Balcony			
ADD ALT 2	**Match Adjacent Existing Acoustic Spray Foam Walls to New Ceiling**			**$51,879.00**
	Drywall, Spray Acoustic Sound Insulation			
		Level 2 Finishes: Plaster Ceiling and Acoustical Spray	*ADD: $21,600.00*	
		Level 3 Finishes: Acoustical Board	*ADD: $38,880.00*	
ADD ALT 3	**RTU Replacement**			**$27,894.00**
	Replace Existing 2 RTU with Updated System			
	Patch Existing Roof at New RTU Location	*Deduct $3,000 if ALT 4 is Approved*		
ADD ALT 4	**Full Roof Membrane Replacement with Added Roof Insulation**			**$78,351.00**
	Membrane roofing			
	Rigid Insulation			
	Coverboard			

ADDITIONAL ADD OPTIONS				
	Updated All Can Lights With Brighter Light Fixtures That Are Dimmable			**$20,030.00**

Langlas & Associates
GENERAL CONTRACTORS

Babcock Theater Full Ceiling Replacement				6/17/2025
Based Upon:	Site Visits, Floor Plans from Cushing Terrell and Budget Pricing Verbiage from Cushing Terrell. This Includes the Full Ceiling from Back to the Front of the Stage Including the Bulbed Area Before the Stage.			
	BUILDING			
DIVISION 1	**GENERAL CONDITIONS**			**$110,387.58**
	INCLUSIONS:		BID BY	
	Superintendent			
	Project Manager			
	Administration			
	Construction Dumpster			
	Equipment & Fuel			
	Phone			
	Toilet			
	Close-Out			
	Safety Supplies			
	EXCLUSIONS:			
	Builders Risk Insurance			
	Building Permit and Plan Review Fee			
	System Development or Impact Fees			
	Winter Conditions			
	Testing & Special Inspections			
	Temporary Utilities			
DIVISION 2	**CLEANING**			**$5,000.00**
	INCLUSIONS:		BID BY	
	Final Cleaning			
	Continues Construction Cleaning			
	EXCLUSIONS:			
DIVISION 2	**DEMOLITION**			**$281,000.00**
	INCLUSIONS:		BID BY	
	Mass Demolition of Ceiling			
	Cleaning of Debree Throughout Theater			
	Scaffolding and Shoring			
	Dumpsters for Demolition			
	EXCLUSIONS:			
	Abatement - Matt Blakeslee Informed Langlas That Tests Came Back Negative			
	Saw Cutting			
DIVISION 3	**CONCRETE**			**$0.00**
	EXCLUDED			
DIVISION 4	**STONE/MASONRY**			**$0.00**
	EXCLUDED			
DIVISION 5	**STEEL**			**$0.00**
	EXCLUDED			
DIVISION 6	**CARPENTRY**			**$39,000.00**
	INCLUSIONS:		BID BY	
	Cornice Replacement Throughout Ceiling			
	EXCLUSIONS:			
	Rough Wood Framing			
	Backing & Blocking			
	Exterior and Interior Sheathing			
	Light Gauge Metal Framing			
	Suspended Ceiling Framing			
	Soffit Framing			
	Trusses			
	Framing Hardware & Fasteners			
	Cabinets - Bases and Uppers			
	Countertops			
	Running Wood Trim - Casing, Base, Chair Rail, Crown, Caps, Etc.			
	Wood Wall Panels			
DIVISION 7	**THERMAL/MOISTURE PROTECTION**			**$0.00**
	EXCLUDED			
DIVISION 8	**DOORS AND WINDOWS**			**$0.00**
	EXCLUDED			

DIVISION 9	**FINISHES**			**$114,747.00**
	INCLUSIONS:		BID BY	
	Drywall - Hang & Tape			
	Painting - Interior			
		Level 2 Finishes: Plaster Ceiling and Acoustical Spray	*ADD: $11,342.40*	
		Level 3 Finishes: Acoustical Board	*ADD: $71,602.13*	
	EXCLUSIONS:			
	Wall Panels - FRP, Stainless			
	Finish Protection			
	Tile - Floors & Walls			
	Floor Leveling			
	Flooring - Carpet, Vinyl, Rubber, Wood			
DIVISION 10	**SPECIALTIES**			**$0.00**
	EXCLUDED			
DIVISIONS 11	**EQUIPMENT**			**$0.00**
	EXCLUDED			
DIVISIONS 12	**FURNISHINGS**			**$168,000.00**
	INCLUSIONS:		BID BY	
	Theater Seats - Keeping Existing Seat Layout = 336 Seats			
	EXCLUSIONS:			
DIVISIONS 13	**SPECIAL CONSTRUCTION**			**$0.00**
	EXCLUDED			
DIVISIONS 14	**COVEYING SYSTEMS**			**$0.00**
	EXCLUDED			
DIVISION 21	**FIRE SUPPRESION**			**$9,179.76**
	INCLUSIONS:		BID BY	
	Fire Suppression System - Head Updates and Maintenance			
	EXCLUSIONS:			
	Fire Suppression System			
	Fire Suppression Design			
DIVISION 22	**PLUMBING**			**$0.00**
	EXCLUDED			
DIVISION 23	**MECHANICAL**			**$0.00**
	EXCLUDED			
DIVISION 26	**ELECTRICAL**			**$10,830.00**
	INCLUSIONS:		BID BY	
	Remove and Reinstall Existing Can Lights			
	Replace 2 Ceiling Fans with 6' Fans			
	Replace 1 Emergency Exit Light			
	EXCLUSIONS:			
	Electrical System			
	Generator or Backup System			
	Theater Lighting			
DIVISION 27	**COMMUNICATIONS**			**$0.00**
	EXCLUDED			
DIVISION 28	**ELECTRONIC SAFTEY AND SECURITY**			**$0.00**
	EXCLUDED			
DIVISION 31	**EARTHWORK**			**$0.00**
	EXCLUDED			
		TOTAL BUILDING		**$738,144.34**
	SITE			
DIVISION 32	**SITEWORK**			**$0.00**
	EXCLUDED			
		TOTAL SITE		**0.00**
		BUILDING & SITE TOTALS		**738,144.34**
		BUSINESS INSURANCE		**7,381.44**
		BOND	**ADD 1% IF REQUIRED**	**0.00**
		TOTAL COST OF WORK		**745,525.79**
		OH&P	**19.00%**	**141,649.90**
		TOTAL CONTRACT AMOUNT		**887,175.68**
		PROJECT CONTINGENCY	**5.00%**	**44,358.78**
		TOTAL PROJECT W/ CONTIG		**931,534.47**

ADD ALTERNATES				
ADD ALT 1	**Update Balcony**			**$398,433.00**
	Widen Aisles by Removing One Seat Per Row Totaling 294 Seats			
	Add Handrails at Aisles for Safety			
	New Carpet Throughout All Balcony			
ADD ALT 2	**Match Adjacent Existing Acoustic Spray Foam Walls to New Ceiling**			**$51,879.00**
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ADD ALT 4	**Full Roof Membrane Replacement with Added Roof Insulation**			**$78,351.00**
	Membrane roofing			
	Rigid Insulation			
	Coverboard			

ADDITIONAL ADD OPTIONS				
	Updated All Can Lights With Brighter Light Fixtures That Are Dimmable			**$20,030.00**

Thank you.

PROJECT MANAGEMENT
Brad Sperry, Architect | Principal
Valerie Meier, Architect | Project Manager
ARCHITECTURE:
Kevin Nelson, Architect
INTERIORS:
Maggie Hardt, Interior Designer
ROOFING & ENVELOPE:
Brady Gauer, Roofing Envelope Specialist
CIVIL:
Caleb Minnick, Civil Engineer
STRUCTURAL:
Cole Moller, Structural Engineer
MECHANCIAL/PLUMBING:
Allyn Jorgenson, Mechanical Engineer
ELECTRICAL:
Brielle Griggs, Electrical EIT
Jeff Haidle, Electrical Engineer
SPECIAL SYSTEMS:
Holly Wigen, Electrical Designer
FIRE PROTECTION:
Mark Schaff, Fire Protection EIT

Cushing Terrell®

13 N 23rd St
Billings, MT 59101

cushingterrell.com

AMENDMENT TO BABCOCK LEASE AGREEMENT AND LOI FOR PURCHASE

The following documents are to give context to the conversations we (Art House Billings) have been having with City Staff around:

A: Getting the theater open in the best way possible and allows Art House to continue to use our funds for our mission/work vs. paying utilities and insurance for a space we can't even inhabit and we don't own.

B: What a potentail path for changing ownership of the theater could look like. This was done in response to City Staff asking Art House what this could look like.

Both documents presented (Lease Amendment and LOI for the building purchase) are meant as conversation starters with the hope that (if desired) we can find common ground as to what is best for the theater, Art House, and The City of Billings.

We have also attached the original lease for your review.

ART HOUSE
CINEMA & PUB

ART HOUSE
BILLINGS

Babcock
BY ART HOUSE BILLINGS

109 North 30th Street, Billings, MT | 406-534-1128 | www.arthousebillings.com

EMAIL SENT TO KEVIN IFFLAND ON DECEMBER 9TH, 2025

This letter is meant to clarify the intent and conditions Art House Billings would like to see from the City of Billings in our pursuit to reopen the Babcock Theatre along with taking over ownership of the historic property from the City (believing this is the desired outcome for the City).

The drafts submitted are meant to take the temperature of the appropriate City staff as Art House Board of Directors are still discussing and determining what they feel would be best moving forward. If there is a desire and willingness to have conversations around these terms, Art House is potentially interested in continuing in their lease and potential ownership of the Babcock. We know these documents would eventually need to be presented to the newly seated Council in 2026, but at this time we are focusing mainly on City staff and their response. We are happy to and will engage City Council members in this conversation when the time is right.

The documents presented:

1. **Babcock Lease First Amendment:** We have been paying utilities and insurance on the property through the theater's closure. With the terms the city originally negotiated with the Babcock ownership group, and no ability to generate any revenue at the theater (until the ceiling is replaced), Art House is asking the city to take over payment of utilities and insurance on the property until the theater can be reopened. We have also given this amendment a 3 year life in case our fundraising and reopening efforts become unattainable.

   This amendment would take a financial burden from Art House and allow us to missionally use our resources to reopen the theater and stay focused on our work (compared to paying for insurance and utilities on city property we can't even use).

2. **LOI To Purchase Babcock:** When we (Art House) signed the Babcock Management Lease in 2018 we truly believed we were partnering with the City of Billings to help restore, renovate, and reinvigorate this beloved space. Since that time the City has shown the financial challenges of this partnership especially as the theater is closed and (as the building owner) they are not able or willing to restore the property to working order for their tenant. We were also shocked to learn the City has no insurance on the property whatsoever.

Art House is willing to fundraise and work hard to partner with the City in this work, but at this point we feel the burden is solely on the tenant's shoulders.

This LOI is intended to show what we feel a proper transfer of ownership could look like for the closed property. The financial investment the City could make in the Babcock would not only help the theater reopen sooner, but Art House's intent is to start a Babcock Theatre endowment fund. These would be funds that generate an appropriate amount of resources that we can continue to invest in this historic theater for years to come. We believe this shows Art House, and more importantly the community, a fulfillment of the original intent of the City taking over ownership of the Historic Babcock Theatre

We know that resources are limited for the City at this time and our intent is not to be dismissive of that fact, but to work to find solutions with the City that will care for one of the most celebrated buildings in our community.

On a final note, our current plan (if we can find common ground with the City) is to launch a $5 Million Capital Campaign in 2026 to invest fully into the Babcock and see our community's vision and dreams for this theater come true. The funds received from the City are a part of that campaign and would be instrumental in securing donations, grants, and funding. We have employed Cushing Terrell to perform a full building assessment on the property to best understand critical needs and future planning. This campaign is meant to address this study and open up the Babcock to greater and more varied forms of programming and experiences for our community.

We know it is uncommon to find anyone who doesn't care about the Babcock.
We know many on City Staff and Council want to see the Babcock cared for in the best and most appropriate way possible.
We hope we can find the best path forward together.

Thank you,



Matt Blakeslee
Executive Director - Art House Billings

FIRST AMENDMENT TO AGREEMENT TO LEASE

Execution Date **November 1, 2018**
By and between **Art House Management LLC, A Montana Nonprofit Limited Liability Company** as Tenant(s)
and **The City of Billings, Montana,** as Landlord(s).

Amendment/Effective Date: _____, 20__

The terms and provisions of the above referenced Agreement to Lease are hereby accepted as to all terms and provisions, except as follows:

---

1. Section 2: Term and Possession of Premises: Landlord to grant Tenant up to three (3) years of expense relief as noted herein, known as the "Abatement Period". The Abatement Period shall begin on the Execution Date of this Amendment and continue through the First (1st) anniversary thereof and shall include two (2) one (1) year renewals which must be mutually approved by both Landlord and Tenant. Throughout the Abatement period, Tenant commits to provide biannual updates related to its reopening and remodel project to City Staff and Council as appropriate to aid in Landlord's decision-making process related to any renewals beyond the first year of the Abatement period. Throughout the entire Abatement period, Tenant shall have the one-time right to terminate this Lease without penalty, premium, or additional fee. Tenant may exercise this right by delivering written notice to Landlord at least ninety (90) days prior to the intended termination date. Upon the effective date specified in such notice, this Lease shall terminate, and neither party shall have any further obligations hereunder except for those that expressly survive termination.
2. Section 13: Taxes and Assessments: Upon full execution of this amendment, Landlord to pay all Taxes and Assessments named in Section 13 throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner.
3. Section 14: Utilities: Upon full execution of this amendment, Landlord shall pay all Utilities and expenses, including common expenses, named in Section 14 throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever is sooner.
4. Section 16: Insurance:
    a. Subsection A: Commencing March 1, 2026, Landlord to be responsible for all insurance coverage and related premiums for the insurance coverage noted in Section 16 Subsection A throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner. Landlord shall likewise provide Tenant with a copy of the declarations page of any insurance policies and name Tenant as an additional insured.
    b. Subsection B: Tenant shall maintain its own liability insurance coverage, naming Landlord as additionally insured.

DRAFT

c. Subsection C: Upon full execution of this amendment, Tenant to remove Lease Liquor liability insurance throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner.

DRAFT

TENANT	LANDLORD
By:_____	By:_____
By:_____	By:_____
Date:_____	Date:_____

DRAFT

NAI Business Properties
Commercial Real Estate Services, Worldwide.

December 9, 2025

City of Billings
316 N 26th Street
Billings, MT 59101

Attn: Kevin Iffland

Re: Prospective Purchase of the Babcock Theatre, 2812 2nd Ave N, Billings, MT 59101

The purpose of this letter is to set forth the terms and conditions under which Art House Management LLC, A Montana Nonprofit Limited Liability Company ("Buyer") will enter into an agreement for the purchase of the referenced property ("Purchase and Sale Agreement"), including the land, real property and all infrastructure related to the operation of the property located thereon and any other rights, easements, benefits or intangibles owned, controlled or in use by Seller in connection with the current or previous operation of the property (hereinafter referred to as the "Property").

1. **Property. The Property** to be acquired by the Buyer is 2812 2nd Ave N, Billings, MT 59101. Tax ID A00642A, Legal Description: HISTORIC BABCOCK BUILDING (11), S03, T01 S, R26 E, UNIT 1A, 41% COMMON AREA INTEREST, LOC @ LTS 7-12 FRAC OF LT 6 BLK 93 BILLINGS ORIGINAL TOWNSITE

2. **Purchase Price.** The "Purchase Price" for the Property will be One Dollar **($1.00)** cash with contingencies as noted herein.

3. **Payment of Purchase Price.** The Purchase Price will be paid as follows:

   (a) Buyer will deposit into escrow One Dollar **($1.00)** upon opening of escrow ("Deposit"). The deposit shall become non-refundable upon full execution of the PSA.

   (b) Buyer will pay the balance between the Deposit and the Purchase Price at closing.

4. **Title, Survey & Title Insurance.** A Warranty Deed on close of escrow will convey title to the Property to Buyer. Title shall be conveyed subject to exceptions approved by Buyer. Seller will provide Buyer with a standard Owner's Policy of Title Insurance in the amount of the Purchase Price. In the event Buyer chooses to have an extended policy the buyer shall pay for the additional cost, if any. Title company to be selected at Seller's Choice.

5. **Escrow.** The escrow holder and title company will be Seller's Choice, or another company mutually agreed to.

6. **Contingencies.** Buyer shall have a one hundred eighty (180) day due diligence/contingency period to conduct any due diligence they deem necessary. Buyer to have three (3) additional thirty (30) day extension periods to accommodate for any delays related to contingency items below. Buyer's current Lease with Seller to terminate on the day of Closing.

   Contingencies to include:

   (a) Title Commitment Review
   (b) Buyer approval of Appraisal and Loan Commitment related to the acquisition plus remodel expenses
   (c) City Council Approved funds totaling $1,500,000 (one million, five-hundred thousand dollars)
      i. Funds to be allocated to Buyer via a combination of City general funds, CIP, TIF funds and/or a new endowment. Exact allocation of each to be discussed and mutually agreed upon by the parties.
      ii. TIF Fund reimbursement payment to be phased based on partial project completion per agreed upon project milestones, similar to the reimbursement process used for the 2025-2026 Babcock sign/marquee renovation.
   (d) Any/all other due diligence Buyer deems necessary in their sole discretion.

DRAFT

7. **Closing.** Close of escrow shall be no later than thirty days (30) following execution of the Purchase and Sale Agreement. All of the Deposit shall be applicable to the Purchase Price at closing.

8. **Closing Costs, Credits and Pro-Rations.** Seller will pay the cost of a standard form title policy and one-half of the escrow fees and documentary transfer taxes. All other costs will be allocated between Buyer and Seller in accordance with customary practice. Property taxes, utilities and any other matters will be pro-rated as of the close of escrow.

9. **Rights of Entry.** During escrow, Buyer will have the right to enter the Property for any purpose in connection with its purchase of the Property and conduct such inspections, as Buyer deems necessary. Buyer will keep the Property free and clear of all liens and repair or replace any damage (if any) resulting from such entry.

10. **Buyer's Default.** In the event of a default by Buyer, Seller will be entitled to the amount of any non-refundable deposits in escrow as liquidated damages and as Seller's sole and exclusive remedy against Buyer.

11. **Seller's Default.** In the event of a default by Seller, Buyer will be entitled to sue for damages, including, but not limited to specific performance.

12. **Assignment.** Buyer shall have the right to assign its interest to another entity by giving written notice thereof to Seller and escrow holder prior to the closing date.

13. **Preparation of Purchase Agreement.** Within ten (10) business days of mutual acceptance of this non-binding letter, Buyer shall present a Purchase Agreement to Seller. Buyer and Seller agree to work in good faith to agreement on the Purchase Agreement. During such time, Seller shall not consider any other proposals to purchase the Property and shall inform all inquiries that the Property has been withdrawn from the market.

14. **Real Estate Broker's Commission.** None

15. **Non-Binding Effect.** This letter is not a binding agreement on either party, except as it relates to Seller not considering other offers for the Property and is subject to the execution of a mutually acceptable purchase and sale agreement.

DRAFT

NAI Business Properties
Commercial Real Estate Services, Worldwide.

APPROVED AND ACCEPTED

Art House Management LLC

By: _____

Date: _____

City of Billings

By: _____

Its: _____

Date: _____

DRAFT

3412 Colton Blvd Ste 201
Billings, Montana USA 59102
+1 406 256 5000

naibusinessproperties.com

City of Billings

BABCOCK THEATER LEASE AGREEMENT

THIS BABCOCK THEATER LEASE AGREEMENT (this "Lease" or this "Agreement") is made effective the 1st day of November 2018, by and between THE CITY OF BILLINGS, MONTANA of 210 N. 27th Street, Billings, MT 59101 ("City"), and ART HOUSE MANAGEMENT LLC, A MONTANA NONPROFIT LIMITED LIABILITY COMPANY, of 109 North 30th Street, Billings, MT 59101 ("Lessee").

WITNESSETH

1. Description of Leased Premises and Uses.

Effective November 1, 2018, City leases to Lessee and Lessee leases from City, for the purpose of establishing and operating a performing arts center dedicated to the presentation and development of all of the performing arts for the benefit of the public, certain land, improvements, structures, and appurtenances more particularly described as follows (the "premises"):

> Real property commonly known as the Babcock Theatre, located at 2810 ½ 2nd Avenue North, in Billings, Montana, more accurately described as:
>
> Unit 1A together with an undivided 41 percent interest in the general common elements and limited common , if any, elements of HISTORIC BABCOCK BUILDING, Billings Original Townsite, a condominium project located on all of Lots 7-12 and a fractional portion of Lot 6 all in Block 93, according to the official plat on file in the Yellowstone County, Montana, Clerk and Recorder under Document No. 16312, as the unit boundaries and general and limited common elements are stablished, defined and identified in the Declaration of Unit Ownership for the Historic Babcock Building recorded June 25, 2010, under document No. 3553865, and the First Amendment to Declaration of Unit Ownership for Historic Babcock Building recorded on May 29, 2018, under Document No. 3850322, in the Yellowstone County, Montana Clerk and Recorder office.

As used herein, the "premises" refers to the portion of building, and any and all improvements located, constructed or established upon the property described above, whether made prior to the commencement of the term of this Lease, during the term of this Lease, or during the renewal term thereof.

Lessee understands that the premises includes: the theater area including main level, balcony, second floor concession areas and green room. The use of the Arcade Area shall be in accordance with the Historic Babcock Property Owner's Association's (HBPOA) Condo Bylaws and any amendments made to Bylaws thereafter, which are attached to this Lease Agreement as Attachment A.

2. Term and Possession of Premises.

Upon execution of this lease, the term of this lease shall be fifteen (15) years, with options to renew pursuant to Paragraph 27 of this Agreement. Notwithstanding the foregoing sentence, City and Lessee acknowledge that Lessee has been operating the Premises since August 1, 2018. It is understood that Lessee is responsible for all expenses related to the Babcock Theatre, and also retains net revenues for said property.

City acknowledges and agrees that (a) alcoholic beverages may be sold at the premises from time to time, (b) Cine Billings, a Montana nonprofit corporation doing business as Art House ("Art House"), is the sole member of Lessee, and (c) Art House owns a nonprofit arts on-premises beer and wine license and Lessee is authorized to sublease the premises to Art House solely for the purpose of alcoholic beverage sales, provided that Art House first completes the insurance requirements of Paragraph 16 of this Lease.

3. Rent.

The City recognizes the value to the City of Billings and its citizens of the development, continued use, and improvement of the premises as a performing arts center. In consideration of the above and the covenants and conditions of this Lease Agreement, Lessee agrees to pay the City rent for the premises in the amount of $1.00 each year, payable on the date of this Lease Agreement and yearly on the anniversary of that date, for the full term of this Lease.

4. Signage.

Lessee shall have the right, at its expense, to select, install and maintain any signage so long as it fits within the original design and historic intent of the Premises and any HBPOA rules and/or policies, as well as in accordance with State or City of Billings ordinances.

5. Covenants of Use.

Lessee covenants and agrees to use the premises for general theater use to include, but not be limited to, movies, concerts, non-profit events, musical concerts, public speaking events and other special events mimicking the spirit of the previously listed activities. Intended use is outlined in the Proposal (Attachment B).

6. Funding of Repairs and Renovations.

City shall not be required to make any improvements, replacements of any kind or character to the leased premises except as provided below. Lessee shall not be obligated to make any renovations or improvements to the premises which are not authorized by the City and the HBPOA and mutually agreed to by Lessee.

City shall provide Lessee funds as approved through the budget process by the Mayor and Council for improvements to the premises. Lessee shall make recommendations to City regarding improvements, however, City shall make final determination and approval of improvements.

Normal repairs within the Theater which do not exceed $9,999.99, within the calendar year, in the aggregate, will be undertaken by the Lessee as soon after discovery as can reasonably be arranged. Competition for the procurement of goods and services shall be competed through the normal City process for improvements/repairs/equipment which exceed $9,999.99. Any single expenditure exceeding $79,999.99 must receive prior approval from the City Council. The time or date when such renovations and improvements shall be made and shall be coordinated with the City, the Lessee and the HBPOA. Lessee shall provide City with such reasonable information as Lessee has developed concerning such renovations and improvements as may be requested by City.

The Parties have created and will maintain a committee of at least five (5) interested parties as an advisory group known as the "Babcock Improvements Committee," who shall meet as needed, but at least annually, to review and approve all repairs and improvements to the Theater. To the extent possible, the Parties and Committee shall identify the desired projects for each year. The Parties acknowledge that such priorities may change on an as-needed basis.

The City's purchasing procedures shall not apply to any renovations and improvements made by Lessee at their own expense, without payment or reimbursement by the City; however, all renovations and improvements of $500 or more shall be approved by the Babcock Improvements Committee and through the normal donation acceptance process by the City Council.

All renovations and improvements made by Lessee shall conform to applicable codes, ordinances, laws and regulations of the City of Billings and any other governmental authority or agency, and in accordance with HBPOA bylaws, and shall be owned solely by the City and remain with the property.

7. Warranties of Title and Quiet Possession.

City covenants that City has a right to occupy the premises and has the full right to make this Lease and that Lessee shall have quiet possession of the premises during the term hereof.

8. Use Prohibited.

Lessee shall not use, or permit the demised premises, or any part thereof, to be used, for any unlawful or illegal purpose or purposes that violate Federal, State or City of Billings ordinances or resolutions.

9. HBPOA Non-Compete Clause.

No uses shall be allowed that are in direct competition with the existing businesses of the Babcock Building, as a main source of income by the Lessee. For purposes of clarification, the sale of alcoholic beverages and concessions and occasional displays of works of art shall not be considered direct competition with existing businesses of the Babcock Building.

10. Waste and Nuisance Prohibited.

During the term of this Lease, Lessee shall comply with all applicable laws affecting the premises, the breach of which might result in any penalty to City or forfeiture of City's title to the premises. Lessee shall not commit or suffer to be committed any waste on the premises, or any nuisance.

11. Abandonment of Premises.

Lessee shall not vacate or abandon the demised premises at any time during the term hereof. If Lessee shall abandon, vacate, or surrender the demised premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the demised premises shall, at the option of the City, be deemed to be abandoned unless appropriate arrangements for removal have been agreed to by City and Lessee.

12. Notices.

All notices, demands or other writings in this Lease provided to be given or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed as follows:

To City:	The City of Billings ATTN: City Administrator 210 North 27th Street Billings, MT 59101
To Lessee:	Art House Management LLC ATTN: Matt Blakeslee 109 North 30th Street Billings, MT 59101
With copy to:	City Attorney's Office P.O. Box 1178 Billings, MT 59103-1178

The address to which any notice, demand, or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

13. Taxes and Assessments.

a) From and after November 1, 2018, it is agreed that the premises shall be subject to, and Lessee shall pay and discharge as they become due, such taxes, assessments, rates, charges, license fees, municipal liens, levies, excises or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever, only to the extent such charges are imposed on other buildings owned by City.

b) From and after November 1, 2018, it is agreed that the premises shall be subject to, and Lessee shall pay and discharge as they fall due during the term of this Lease, such special assessments, levies or charges, made by any municipal or political subdivision for local improvements only to the extent that such charges are imposed on other buildings owned by City.

c) The City shall render payment for all items above and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

14. Utilities.

Effective November 1, 2018, Lessee shall fully and promptly pay for all water, gas, heat, light, power, telephone service, pro-rata share of HBPOA common expenses, and other public utilities of every kind furnished to the demised premises throughout the term hereof, and all other costs and expenses of every kind whatsoever of or in connection with the use, operation, and maintenance of the demised premises and all activities conducted thereon, and City shall have no responsibility of any kind for any thereof.

The City shall render payment for all separately metered utilities and those assessed by the HBPOA and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

15. Fees.

Lessee shall solely be responsible for obtaining and paying for any and necessary licenses and/or royalties required by law. Lessee solely shall be responsible for making any necessary payments to any union, guild or artists associations. The City assumes no responsibility for these fees. Lessee represents and warrants to the City that nothing contained in the performances, the merchandizing or anything else connected with the Lessee's performance pursuant to this Agreement shall violate or infringe on any patent, copyright, trademark, right of privacy or other statutory or common law right of any person, firm, corporation or other entity. Lessee warrants

that it shall obtain all licenses necessary in connection with the performances and/or sale of merchandise and agrees to supply copies thereof to the City (if requested) not less than five (5) days prior to the event date. The Lessee warrants that it has paid or will pay when due all necessary royalties due or license fees due Broadcast Music Incorporated (BMI), American Society of Composers, Authors and Publishers (ASCAP), the Society of European State Authors and Composers (SEASAC), and any other similar organization.

16. Insurance.

a) Insurance Coverage of Demised Premises. Except as otherwise provided herein, Lessee shall at all times during the full term of this Lease and at Lessee's sole expense insure the demised premises with fire and extended coverage insurance in an amount equal to the replacement cost of the demised premises (which City and Lessee agree is presently $845,000.00) with loss payable to City, Lessee, and the holder of any mortgage as their interests. City agrees that the premises may be so insured under any such insurance policy maintained by or in the name of the City, but the applicable portion of any premium paid by the City which relates to the premises shall be paid by the Lessee within thirty (30) days after notice to Lessee that City has made such payment. The City reserves the right to increase the minimum limits of coverage during the term of the agreement. The Responder shall provide a certificate of insurance in force and providing City shall be notified at least thirty (30) days before any cancellation or termination of said policy.

b) Liability Insurance. Lessee shall maintain in effect throughout the term of this Lease liability insurance covering the demised premises, appurtenances, sidewalks, and parking lots (if applicable) abutting thereon in the minimum amount of Two Million Dollars, ($2,000,000.00), combined single limits of liability for each occurrence for bodily injury or property damage regardless of the number of persons or organizations who sustain bodily injury or property damage or the number of claims made, or suits brought, on account of bodily injury or property damage.

Such insurance shall specifically insure Lessee against all liability assumed by them hereunder, as well as liability imposed by law and shall insure both City and Lessee. City and HBPOA shall be endorsed on any policies as a primary, additional named insured.

In addition, said policy or policies shall contain a provision that no cancellation thereof shall be effective by the insurer without thirty (30) days written notice to the City.

Lessee agrees that the premises may be so insured under any such insurance policy maintained by the City, but the applicable portion of any premium paid by the City which relates to the premises shall be paid by the Lessee within thirty (30) days after notice to Lessee that City has made such payment.

Unless the above insurance coverages are provided under policies maintained by the City, at least twenty (20) days prior to the date of expiration of any of the insurance policies above mentioned, the Lessee shall deliver to the City a certificate of renewal of such policy indicating payment of the premiums therefore. All insurance policies carried by either party covering the property or the demised leased premises shall expressly waive any right, including subrogation, on the part of either party against the other. All policies shall require the insurance companies to notify the City in writing prior to any cancellation of the insurance.

c) Lessee shall maintain in effect throughout the term of this Lease Liquor liability insurance in the minimum limit of $1,000,000 each occurrence, naming the City as an additional insured.

d) The City shall pay for and maintain property insurance and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

17. Indemnification of City and Lessee.

Lessee agrees to indemnify, defend and save City, its officers, agents and employees harmless from any and all claims, demands, losses, damages, liabilities, judgments, litigation costs and expenses including reasonable attorney fees occasioned by, growing out of, or in any way arising or resulting from any intentional or negligent act or omission by Lessee or its agents, subcontractors or employees.

City agrees to indemnify, defend and save Lessee, its agents, subcontractors and employees harmless from any and all claims, demands, losses, damages, liabilities, judgments, litigation costs and expenses including reasonable attorney fees occasioned by, growing out of or in any way arising or resulting from any intentional or negligent act or omission by City, its agents or employees.

18. Default.

In the event Lessee shall be in default of any covenant, agreement or condition provided for in this Agreement, or abandon or vacate the demised premises, or become a voluntary or involuntary bankrupt, or make an assignment for the benefit of creditors, or, in the event of a receiver or trustee being appointed for Lessee, then upon the occurrence of any one or more of such defaults, and after Lessee has been given notice by certified mail of such default, Lessee shall have thirty (30) days from the mailing of such notice within which to correct such default or defaults, and if no such corrections are made, City, in addition to any other rights or remedies it may have shall have the immediate right of re-entry and may remove all persons and property from the premises and may terminate this Lease, or at the option of the City, the City may proceed against the Lessee for all rentals to accrue under this Lease, or extension thereof. Either party may seek any legal or equitable remedy.

19. Waiver.

The failure of City to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that City may have regarding that specific instance only, and shall not be deemed a waiver of (1) City's right to insist on strict performance of the same or any other of the terms and conditions of this Agreement at any time subsequent thereto or (2) City's rights or remedies for any other subsequent breach or default in any terms or conditions.

20. Mortgages.

With the exception of the hiring of contractors who may have the right to record a notice of right to claim lien or a construction lien, Lessee shall have no right to place mortgages or have liens placed on the premises in connection with any renovations or improvement, without the written approval of City. Lessee shall promptly pay any such contractors. City shall have no right to place mortgages or have liens placed on the premises without the written approval of Lessee.

21. Repairs and Destruction of Improvements.

a) Maintenance of Improvements. Lessee shall, throughout the term of this Lease, at its own cost, and without any expense to City, keep and maintain the demised premises and all appurtenances thereto, including sidewalks, and parking lots adjacent thereto, in good, sanitary, and neat order, condition and repair, and shall, subject to the conditions described in subparagraph (b) below, restore and rehabilitate any improvements of any kind which may be destroyed or damaged by fire, casualty, or any other cause whatsoever. City shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatever, to the demised premises or any building, or improvements thereon except to the extent that insurance proceeds are available in accordance with subparagraph (b) below. Lessee shall also comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the demised premises, the improvements thereon or any activity or condition on or in such premises.

b) Damage and Destruction of Improvements. Except as stated herein, the damage, destruction or partial destruction of any part of the premises shall not release Lessee or City from any obligation hereunder. If insurance is maintained in the name of City pursuant to paragraph 15(a), it is agreed that any proceeds covering damage or destruction of the premises shall be made available to Lessee for such repair or restoration. If the premises are partially damaged but remain usable for their intended purpose with little or no interruption to Lessee for repairs, Lessee shall use all available insurance proceeds to, so far as such proceeds allow, promptly repair and restore the same. If the premises are substantially damaged or destroyed and thereby rendered completely unusable for their intended purpose, or their repair or reconstruction would

substantially interrupt the operations of Lessee, the parties shall mutually agree on how insurance proceeds resulting from the loss shall be used for the repair, rebuilding, new construction, and/or relocation of a performing arts center or facilities supportive of a performing arts center.

22. Right to Sublease.

Lessee shall not have the right to sublease or assign the demised premises in whole or in part except as allowed by Paragraph 2 or upon the express written consent of the City. Nothing in this paragraph shall limit or restrict Lessee's ability to rent, license, let, or otherwise contract the premises in whole or in part for short-term use by performance groups and other users in a manner typical of a theater or performing arts center.

23. Surrender.

Upon the expiration or other termination of this Lease and any renewal thereof, Lessee shall quit and surrender to City the demised premises broom clean, in good order and condition, ordinary wear and damage by elements excepted.

24. Parties Bound.

The covenants and conditions herein contained shall, subject to the provisions as to assignment, transfer and subletting, apply to and bind the successors, assigns, or trustees of the parties hereto.

25. Net Lease.

It is the intention of the parties hereto that this should be a net lease and City shall have no obligation whatsoever, except as herein specified, to make any expenditures for any reason whatsoever in connection with the leased premises, other than what is outlined herein.

26. All Rights and Remedies To Be Cumulative.

In the event of a breach of this Agreement, and unless expressly limited or supplemented herein, the parties shall have all remedies normally available to them whether by terms of contract, statute, or common law. In addition to any remedies for default given to City pursuant to paragraph 18 above, or by law, City and Lessee, in the event of a breach or a threatened breach by Lessee or City of any of the terms or conditions hereof, shall have the right of injunction to restrain the other party and the right to invoke any remedy allowed by law or in equity, as if the specific remedies of indemnity or reimbursement were not provided herein.

The rights and remedies given to the parties in this Lease are distinct, separate, and cumulative, and no one of them, whether or not exercised by a particular party, shall be deemed to be in exclusion of any of the others herein, or by law or equity provided. Either party may

seek any legal or equitable relief to cure, correct or remedy any default, to recover any damages for any default or to obtain any other remedy consistent with the purpose of this Lease Agreement.

27. Renewal of Lease.

If Lessee is not in material default under the terms and covenants of this Agreement, then Lessee may renew this Agreement at the expiration of the term described in paragraph 2 for three (3) additional five (5) year terms on the same terms and conditions, subject to the renewal procedures described herein. Lessee shall provide City with written notice of its intent to renew at least ninety (90) days before the applicable term of the Agreement expires. Rent for all renewal terms shall be $1.00, annually, with the same payment schedule as described for the original term.

28. Miscellaneous.

Notwithstanding anything to the contrary herein contained, the successful party in any litigation resulting from the dispute between the parties in connection with this Lease shall be entitled to reasonable attorney's fees.

29. Inspection of Premises.

City shall have free access to the demised premises at all reasonable times for the purpose of examining or inspecting the conditions thereof or in order to exercise any right or power granted by law or reserved to City under the terms and provisions of this Lease Agreement.

30. Time of Essence.

Time is of the essence in all provisions of this Lease.

31. Governing Law and Venue.

It is agreed by and between the parties hereto that this Agreement shall be construed and enforced in accordance with the laws of the State of Montana. Venue for any suit between the parties arising out of this Agreement shall be the State of Montana Thirteenth Judicial District Court, Yellowstone County.

32. Relationship of Parties.

It is understood and agreed that the relationship of the parties hereto is strictly that of landlord and tenant and that this Lease shall not be construed as a joint venture or partnership. Lessee is not and shall not be deemed to be agent or representative of City.

33. Amendments in Writing

Any addenda or amendments to this Lease, including but not limited to any extensions of the initial term of this Lease shall be valid only if in writing and signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

CITY OF BILLINGS, MONTANA

By _____
WILLIAM A. COLE, MAYOR

ART HOUSE MANAGEMENT LLC, LESSEE

By _____
MATT BLAKESLEE
MANAGER

APPROVED AS TO FORM:

By _____
BRENT BROOKS, CITY ATTORNEY

ATTACHMENT A

HBPOA CONDO BYLAWS
AND
FIRST AMENDMENT TO
DECLARATION OF UNIT OWNERSHIP

ATTACHMENT B

CINE BILLINGS (DBA ART HOUSE) PROPOSAL DOCUMENT

CERTIFICATE OF LIABILITY INSURANCE

Date: September 5, 2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER PayneWest Insurance, Inc. - Select PO Box 4386 Missoula, MT 59806-4386	CONTACT NAME: PHONE (A/C, No, Ext): / FAX (A/C, No): E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE / NAIC # INSURER A: Admiral Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	
INSURED Art House Cinema & Pub 109 N 30th St Billings, MT 59101		

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY _X COMMERCIAL GENERAL LIABILITY __ CLAIMS MADE _X OCCURRENCE GEN AGG LIMIT APPLIES PER: _X POLICY __ PROJECT __ LOCATION			CA-000031850-01	8/29/2018	8/29/2019	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS-COMP/OP AGG	$1,000,000 $100,000 $5,000 $1,000,000 $2,000,000 $2,000,000
	GENERAL LIABILITY __ COMMERCIAL GENERAL LIABILITY __ CLAIMS MADE _X OCCURRENCE GEN AGG LIMIT APPLIES PER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED PAY GENERAL AGGREGATE PRODUCTS/COMP OPS	
A	_X POLICY __ PROJECT __ LOCATION __ xEXCESS LIAB __ CLAIMS-MADE __ DED __ RETENTION $			GX-000001596-01	8/29/18	8/29/19	EACH OCCURRENCE GEN AGGREGATE	1,000,000 2,000,000
	WORKER'S COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? YN (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PROD COMP OPS PERSONAL & ADV INJURY __ WC STATUTORY LIMITS __ OTHER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	2,000,000 $1,000,000 1,000,000
A	Excess- Liquor Liability			GX-000001596-01	8/29/18	8/29/19	EACH COMMON CAUSE AGGREGATE LIMIT	$1,000,000 $2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The certificate holder is listed as an additional insured

CERTIFICATE HOLDER	CANCELLATION
City of Billings 390 N 23rd St Billings MT 59101	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS AUTHORIZED REPRESENTATIVE: COCHRANE & COMPANY, A DIVISION OF COCHRANE AGENCY INC Tom Cochrane

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MOLD DISCLOSURE
STATEMENT

In connection with the lease of **THE BABCOCK THEATER, 2810 ½ 2nd Ave. North, Billings, Montana** (the "Building"), which space constitutes inhabitable real property under the Montana Mold Disclosure Act (the "Act"), the **City of Billings, Montana, 210 N. 27th Street, Billings, Montana 59101**, hereinafter referred to as "Landlord," hereby provides the following disclosure:

1. **Statutory Mold Disclosure.** There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Moisture is one of the most significant factors contributing to mold growth. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose and throat irritation. Certain strains of mold may cause infections, particularly in individuals with suppressed immune systems. Some experts contend that certain strains of mold may cause serious and even life-threatening diseases. However, experts do not agree about the nature and extent of health problems caused by mold or about the level of mold exposure that may cause health problems. The Centers for Disease Control and Prevention is studying the link between mold and serious health conditions. The seller, landlord, seller's agent, buyer's agent, or property manager cannot and does not represent or warrant the absence of mold. It is the buyer's or tenant's obligation to determine whether a mold problem is present. To do so, the buyer or tenant should hire a qualified inspector and make any contract to purchase, rent, or lease contingent upon the results of that inspection. A seller, landlord, seller's agent, buyer's agent, or property manager who provides this mold disclosure statement, provides for the disclosure of any prior testing and any subsequent mitigation or treatment for mold, and discloses any knowledge of mold is not liable in any action based on the presence of or propensity for mold in a building that is subject to any contract to purchase, rent, or lease.

2. **Knowledge of Mold.** By checking the box next to the applicable statement, the Landlord makes the following disclosure:

☒ The Landlord has no knowledge of the presence of mold in the Building.

☐ The Landlord has knowledge that mold is present in the Building and hereby makes the disclosure of such mold to the Tenant.

Based on the report from ASAP Property Inspections, LLC, dated July 18, 2017, the presence of mold in the Premises has not been reported.

3. **Testing of Building.** By checking the box next to the applicable statement, the Landlord makes the following disclosure:

☒ The Landlord has no knowledge that the Building has been tested for mold.

☐ The Building has been tested for mold. The Landlord has provided the Tenant with (i) a copy of all results of the testing that are available to Landlord, and (ii) a copy of documents or evidence of any subsequent mitigation or treatment. The Tenant hereby acknowledges receipt of said copies.

It is expressly provided that the furnishing of any test results and evidence of mitigation or treatment is not and shall not be construed as a promise, warranty, or representation of any sort by the Landlord, or by Landlord's officers, employees, agents or property managers.

If the Tenant contracts for testing of the Building for mold, then Tenant agrees to provide a copy of the results of the test, if available, to Landlord.

4. **Acknowledgment of Disclosures.** The Tenant, by signing a copy of this statement, expressly acknowledges receipt of this Disclosure Statement and acknowledges the specific disclosures set forth herein. Neither the Landlord nor its officers, employees, agents or property managers shall be liable in any action based on the presence of or propensity for mold in the Building that is subject to any rental or lease agreement.

DATED this 15th day of November, 2018.

CITY OF BILLINGS

By: William A Cole
Its: mayor
"Landlord"

ART HOUSE MANAGEMENT, LLC

By: _____
Its: Executive Director
"Tenant"

City of Billings

BABCOCK THEATER LEASE AGREEMENT

THIS BABCOCK THEATER LEASE AGREEMENT (this "Lease" or this "Agreement") is made effective the 1st day of November 2018, by and between THE CITY OF BILLINGS, MONTANA of 210 N. 27th Street, Billings, MT 59101 ("City"), and ART HOUSE MANAGEMENT LLC, A MONTANA NONPROFIT LIMITED LIABILITY COMPANY, of 109 North 30th Street, Billings, MT 59101 ("Lessee").

WITNESSETH

1. Description of Leased Premises and Uses.

Effective November 1, 2018, City leases to Lessee and Lessee leases from City, for the purpose of establishing and operating a performing arts center dedicated to the presentation and development of all of the performing arts for the benefit of the public, certain land, improvements, structures, and appurtenances more particularly described as follows (the "premises"):

Real property commonly known as the Babcock Theatre, located at 2810 ½ 2nd Avenue North, in Billings, Montana, more accurately described as:

Unit 1A together with an undivided 41 percent interest in the general common elements and limited common , if any, elements of HISTORIC BABCOCK BUILDING, Billings Original Townsite, a condominium project located on all of Lots 7-12 and a fractional portion of Lot 6 all in Block 93, according to the official plat on file in the Yellowstone County, Montana, Clerk and Recorder under Document No. 16312, as the unit boundaries and general and limited common elements are stablished, defined and identified in the Declaration of Unit Ownership for the Historic Babcock Building recorded June 25, 2010, under document No. 3553865, and the First Amendment to Declaration of Unit Ownership for Historic Babcock Building recorded on May 29, 2018, under Document No. 3850322, in the Yellowstone County, Montana Clerk and Recorder office.

As used herein, the "premises" refers to the portion of building, and any and all improvements located, constructed or established upon the property described above, whether made prior to the commencement of the term of this Lease, during the term of this Lease, or during the renewal term thereof.

Lessee understands that the premises includes: the theater area including main level, balcony, second floor concession areas and green room. The use of the Arcade Area shall be in accordance with the Historic Babcock Property Owner's Association's (HBPOA) Condo Bylaws and any amendments made to Bylaws thereafter, which are attached to this Lease Agreement as Attachment A.

2. Term and Possession of Premises.

Upon execution of this lease, the term of this lease shall be fifteen (15) years, with options to renew pursuant to Paragraph 27 of this Agreement. Notwithstanding the foregoing sentence, City and Lessee acknowledge that Lessee has been operating the Premises since August 1, 2018. It is understood that Lessee is responsible for all expenses related to the Babcock Theatre, and also retains net revenues for said property.

City acknowledges and agrees that (a) alcoholic beverages may be sold at the premises from time to time, (b) Cine Billings, a Montana nonprofit corporation doing business as Art House ("Art House"), is the sole member of Lessee, and (c) Art House owns a nonprofit arts on-premises beer and wine license and Lessee is authorized to sublease the premises to Art House solely for the purpose of alcoholic beverage sales, provided that Art House first completes the insurance requirements of Paragraph 16 of this Lease.

3. Rent.

The City recognizes the value to the City of Billings and its citizens of the development, continued use, and improvement of the premises as a performing arts center. In consideration of the above and the covenants and conditions of this Lease Agreement, Lessee agrees to pay the City rent for the premises in the amount of $1.00 each year, payable on the date of this Lease Agreement and yearly on the anniversary of that date, for the full term of this Lease.

4. Signage.

Lessee shall have the right, at its expense, to select, install and maintain any signage so long as it fits within the original design and historic intent of the Premises and any HBPOA rules and/or policies, as well as in accordance with State or City of Billings ordinances.

5. Covenants of Use.

Lessee covenants and agrees to use the premises for general theater use to include, but not be limited to, movies, concerts, non-profit events, musical concerts, public speaking events and other special events mimicking the spirit of the previously listed activities. Intended use is outlined in the Proposal (Attachment B).

6. Funding of Repairs and Renovations.

City shall not be required to make any improvements, replacements of any kind or character to the leased premises except as provided below. Lessee shall not be obligated to make any renovations or improvements to the premises which are not authorized by the City and the HBPOA and mutually agreed to by Lessee.

City shall provide Lessee funds as approved through the budget process by the Mayor and Council for improvements to the premises. Lessee shall make recommendations to City regarding improvements, however, City shall make final determination and approval of improvements.

Normal repairs within the Theater which do not exceed $9,999.99, within the calendar year, in the aggregate, will be undertaken by the Lessee as soon after discovery as can reasonably be arranged. Competition for the procurement of goods and services shall be competed through the normal City process for improvements/repairs/equipment which exceed $9,999.99. Any single expenditure exceeding $79,999.99 must receive prior approval from the City Council. The time or date when such renovations and improvements shall be made and shall be coordinated with the City, the Lessee and the HBPOA. Lessee shall provide City with such reasonable information as Lessee has developed concerning such renovations and improvements as may be requested by City.

The Parties have created and will maintain a committee of at least five (5) interested parties as an advisory group known as the "Babcock Improvements Committee," who shall meet as needed, but at least annually, to review and approve all repairs and improvements to the Theater. To the extent possible, the Parties and Committee shall identify the desired projects for each year. The Parties acknowledge that such priorities may change on an as-needed basis.

The City's purchasing procedures shall not apply to any renovations and improvements made by Lessee at their own expense, without payment or reimbursement by the City; however, all renovations and improvements of $500 or more shall be approved by the Babcock Improvements Committee and through the normal donation acceptance process by the City Council.

All renovations and improvements made by Lessee shall conform to applicable codes, ordinances, laws and regulations of the City of Billings and any other governmental authority or agency, and in accordance with HBPOA bylaws, and shall be owned solely by the City and remain with the property.

7. Warranties of Title and Quiet Possession.

City covenants that City has a right to occupy the premises and has the full right to make this Lease and that Lessee shall have quiet possession of the premises during the term hereof.

8. Use Prohibited.

Lessee shall not use, or permit the demised premises, or any part thereof, to be used, for any unlawful or illegal purpose or purposes that violate Federal, State or City of Billings ordinances or resolutions.

9. HBPOA Non-Compete Clause.

No uses shall be allowed that are in direct competition with the existing businesses of the Babcock Building, as a main source of income by the Lessee. For purposes of clarification, the sale of alcoholic beverages and concessions and occasional displays of works of art shall not be considered direct competition with existing businesses of the Babcock Building.

10. Waste and Nuisance Prohibited.

During the term of this Lease, Lessee shall comply with all applicable laws affecting the premises, the breach of which might result in any penalty to City or forfeiture of City's title to the premises. Lessee shall not commit or suffer to be committed any waste on the premises, or any nuisance.

11. Abandonment of Premises.

Lessee shall not vacate or abandon the demised premises at any time during the term hereof. If Lessee shall abandon, vacate, or surrender the demised premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the demised premises shall, at the option of the City, be deemed to be abandoned unless appropriate arrangements for removal have been agreed to by City and Lessee.

12. Notices.

All notices, demands or other writings in this Lease provided to be given or sent, by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed as follows:

To City:	The City of Billings ATTN: City Administrator 210 North 27th Street Billings, MT 59101
To Lessee:	Art House Management LLC ATTN: Matt Blakeslee 109 North 30th Street Billings, MT 59101
With copy to:	City Attorney's Office P.O. Box 1178 Billings, MT 59103-1178

The address to which any notice, demand, or other writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

13. Taxes and Assessments.

a) From and after November 1, 2018, it is agreed that the premises shall be subject to, and Lessee shall pay and discharge as they become due, such taxes, assessments, rates, charges, license fees, municipal liens, levies, excises or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever, only to the extent such charges are imposed on other buildings owned by City.

b) From and after November 1, 2018, it is agreed that the premises shall be subject to, and Lessee shall pay and discharge as they fall due during the term of this Lease, such special assessments, levies or charges, made by any municipal or political subdivision for local improvements only to the extent that such charges are imposed on other buildings owned by City.

c) The City shall render payment for all items above and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

14. Utilities.

Effective November 1, 2018, Lessee shall fully and promptly pay for all water, gas, heat, light, power, telephone service, pro-rata share of HBPOA common expenses, and other public utilities of every kind furnished to the demised premises throughout the term hereof, and all other costs and expenses of every kind whatsoever of or in connection with the use, operation, and maintenance of the demised premises and all activities conducted thereon, and City shall have no responsibility of any kind for any thereof.

The City shall render payment for all separately metered utilities and those assessed by the HBPOA and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

15. Fees.

Lessee shall solely be responsible for obtaining and paying for any and necessary licenses and/or royalties required by law. Lessee solely shall be responsible for making any necessary payments to any union, guild or artists associations. The City assumes no responsibility for these fees. Lessee represents and warrants to the City that nothing contained in the performances, the merchandizing or anything else connected with the Lessee's performance pursuant to this Agreement shall violate or infringe on any patent, copyright, trademark, right of privacy or other statutory or common law right of any person, firm, corporation or other entity. Lessee warrants

that it shall obtain all licenses necessary in connection with the performances and/or sale of merchandise and agrees to supply copies thereof to the City (if requested) not less than five (5) days prior to the event date. The Lessee warrants that it has paid or will pay when due all necessary royalties due or license fees due Broadcast Music Incorporated (BMI), American Society of Composers, Authors and Publishers (ASCAP), the Society of European State Authors and Composers (SEASAC), and any other similar organization.

16. Insurance.

a) Insurance Coverage of Demised Premises. Except as otherwise provided herein, Lessee shall at all times during the full term of this Lease and at Lessee's sole expense insure the demised premises with fire and extended coverage insurance in an amount equal to the replacement cost of the demised premises (which City and Lessee agree is presently $845,000.00) with loss payable to City, Lessee, and the holder of any mortgage as their interests. City agrees that the premises may be so insured under any such insurance policy maintained by or in the name of the City, but the applicable portion of any premium paid by the City which relates to the premises shall be paid by the Lessee within thirty (30) days after notice to Lessee that City has made such payment. The City reserves the right to increase the minimum limits of coverage during the term of the agreement. The Responder shall provide a certificate of insurance in force and providing City shall be notified at least thirty (30) days before any cancellation or termination of said policy.

b) Liability Insurance. Lessee shall maintain in effect throughout the term of this Lease liability insurance covering the demised premises, appurtenances, sidewalks, and parking lots (if applicable) abutting thereon in the minimum amount of Two Million Dollars, ($2,000,000.00), combined single limits of liability for each occurrence for bodily injury or property damage regardless of the number of persons or organizations who sustain bodily injury or property damage or the number of claims made, or suits brought, on account of bodily injury or property damage.

Such insurance shall specifically insure Lessee against all liability assumed by them hereunder, as well as liability imposed by law and shall insure both City and Lessee. City and HBPOA shall be endorsed on any policies as a primary, additional named insured.

In addition, said policy or policies shall contain a provision that no cancellation thereof shall be effective by the insurer without thirty (30) days written notice to the City.

Lessee agrees that the premises may be so insured under any such insurance policy maintained by the City, but the applicable portion of any premium paid by the City which relates to the premises shall be paid by the Lessee within thirty (30) days after notice to Lessee that City has made such payment.

Unless the above insurance coverages are provided under policies maintained by the City, at least twenty (20) days prior to the date of expiration of any of the insurance policies above mentioned, the Lessee shall deliver to the City a certificate of renewal of such policy indicating payment of the premiums therefore. All insurance policies carried by either party covering the property or the demised leased premises shall expressly waive any right, including subrogation, on the part of either party against the other. All policies shall require the insurance companies to notify the City in writing prior to any cancellation of the insurance.

c) Lessee shall maintain in effect throughout the term of this Lease Liquor liability insurance in the minimum limit of $1,000,000 each occurrence, naming the City as an additional insured.

d) The City shall pay for and maintain property insurance and provide invoice(s) to Lessee for payment of such within 30 days of invoice date.

17. Indemnification of City and Lessee.

Lessee agrees to indemnify, defend and save City, its officers, agents and employees harmless from any and all claims, demands, losses, damages, liabilities, judgments, litigation costs and expenses including reasonable attorney fees occasioned by, growing out of, or in any way arising or resulting from any intentional or negligent act or omission by Lessee or its agents, subcontractors or employees.

City agrees to indemnify, defend and save Lessee, its agents, subcontractors and employees harmless from any and all claims, demands, losses, damages, liabilities, judgments, litigation costs and expenses including reasonable attorney fees occasioned by, growing out of or in any way arising or resulting from any intentional or negligent act or omission by City, its agents or employees.

18. Default.

In the event Lessee shall be in default of any covenant, agreement or condition provided for in this Agreement, or abandon or vacate the demised premises, or become a voluntary or involuntary bankrupt, or make an assignment for the benefit of creditors, or, in the event of a receiver or trustee being appointed for Lessee, then upon the occurrence of any one or more of such defaults, and after Lessee has been given notice by certified mail of such default, Lessee shall have thirty (30) days from the mailing of such notice within which to correct such default or defaults, and if no such corrections are made, City, in addition to any other rights or remedies it may have shall have the immediate right of re-entry and may remove all persons and property from the premises and may terminate this Lease, or at the option of the City, the City may proceed against the Lessee for all rentals to accrue under this Lease, or extension thereof. Either party may seek any legal or equitable remedy.

19. Waiver.

The failure of City to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that City may have regarding that specific instance only, and shall not be deemed a waiver of (1) City's right to insist on strict performance of the same or any other of the terms and conditions of this Agreement at any time subsequent thereto or (2) City's rights or remedies for any other subsequent breach or default in any terms or conditions.

20. Mortgages.

With the exception of the hiring of contractors who may have the right to record a notice of right to claim lien or a construction lien, Lessee shall have no right to place mortgages or have liens placed on the premises in connection with any renovations or improvement, without the written approval of City. Lessee shall promptly pay any such contractors. City shall have no right to place mortgages or have liens placed on the premises without the written approval of Lessee.

21. Repairs and Destruction of Improvements.

a) Maintenance of Improvements. Lessee shall, throughout the term of this Lease, at its own cost, and without any expense to City, keep and maintain the demised premises and all appurtenances thereto, including sidewalks, and parking lots adjacent thereto, in good, sanitary, and neat order, condition and repair, and shall, subject to the conditions described in subparagraph (b) below, restore and rehabilitate any improvements of any kind which may be destroyed or damaged by fire, casualty, or any other cause whatsoever. City shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatever, to the demised premises or any building, or improvements thereon except to the extent that insurance proceeds are available in accordance with subparagraph (b) below. Lessee shall also comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the demised premises, the improvements thereon or any activity or condition on or in such premises.

b) Damage and Destruction of Improvements. Except as stated herein, the damage, destruction or partial destruction of any part of the premises shall not release Lessee or City from any obligation hereunder. If insurance is maintained in the name of City pursuant to paragraph 15(a), it is agreed that any proceeds covering damage or destruction of the premises shall be made available to Lessee for such repair or restoration. If the premises are partially damaged but remain usable for their intended purpose with little or no interruption to Lessee for repairs, Lessee shall use all available insurance proceeds to, so far as such proceeds allow, promptly repair and restore the same. If the premises are substantially damaged or destroyed and thereby rendered completely unusable for their intended purpose, or their repair or reconstruction would

substantially interrupt the operations of Lessee, the parties shall mutually agree on how insurance proceeds resulting from the loss shall be used for the repair, rebuilding, new construction, and/or relocation of a performing arts center or facilities supportive of a performing arts center.

22. Right to Sublease.

Lessee shall not have the right to sublease or assign the demised premises in whole or in part except as allowed by Paragraph 2 or upon the express written consent of the City. Nothing in this paragraph shall limit or restrict Lessee's ability to rent, license, let, or otherwise contract the premises in whole or in part for short-term use by performance groups and other users in a manner typical of a theater or performing arts center.

23. Surrender.

Upon the expiration or other termination of this Lease and any renewal thereof, Lessee shall quit and surrender to City the demised premises broom clean, in good order and condition, ordinary wear and damage by elements excepted.

24. Parties Bound.

The covenants and conditions herein contained shall, subject to the provisions as to assignment, transfer and subletting, apply to and bind the successors, assigns, or trustees of the parties hereto.

25. Net Lease.

It is the intention of the parties hereto that this should be a net lease and City shall have no obligation whatsoever, except as herein specified, to make any expenditures for any reason whatsoever in connection with the leased premises, other than what is outlined herein.

26. All Rights and Remedies To Be Cumulative.

In the event of a breach of this Agreement, and unless expressly limited or supplemented herein, the parties shall have all remedies normally available to them whether by terms of contract, statute, or common law. In addition to any remedies for default given to City pursuant to paragraph 18 above, or by law, City and Lessee, in the event of a breach or a threatened breach by Lessee or City of any of the terms or conditions hereof, shall have the right of injunction to restrain the other party and the right to invoke any remedy allowed by law or in equity, as if the specific remedies of indemnity or reimbursement were not provided herein.

The rights and remedies given to the parties in this Lease are distinct, separate, and cumulative, and no one of them, whether or not exercised by a particular party, shall be deemed to be in exclusion of any of the others herein, or by law or equity provided. Either party may

seek any legal or equitable relief to cure, correct or remedy any default, to recover any damages for any default or to obtain any other remedy consistent with the purpose of this Lease Agreement.

27. Renewal of Lease.

If Lessee is not in material default under the terms and covenants of this Agreement, then Lessee may renew this Agreement at the expiration of the term described in paragraph 2 for three (3) additional five (5) year terms on the same terms and conditions, subject to the renewal procedures described herein. Lessee shall provide City with written notice of its intent to renew at least ninety (90) days before the applicable term of the Agreement expires. Rent for all renewal terms shall be $1.00, annually, with the same payment schedule as described for the original term.

28. Miscellaneous.

Notwithstanding anything to the contrary herein contained, the successful party in any litigation resulting from the dispute between the parties in connection with this Lease shall be entitled to reasonable attorney's fees.

29. Inspection of Premises.

City shall have free access to the demised premises at all reasonable times for the purpose of examining or inspecting the conditions thereof or in order to exercise any right or power granted by law or reserved to City under the terms and provisions of this Lease Agreement.

30. Time of Essence.

Time is of the essence in all provisions of this Lease.

31. Governing Law and Venue.

It is agreed by and between the parties hereto that this Agreement shall be construed and enforced in accordance with the laws of the State of Montana. Venue for any suit between the parties arising out of this Agreement shall be the State of Montana Thirteenth Judicial District Court, Yellowstone County.

32. Relationship of Parties.

It is understood and agreed that the relationship of the parties hereto is strictly that of landlord and tenant and that this Lease shall not be construed as a joint venture or partnership. Lessee is not and shall not be deemed to be agent or representative of City.

33. Amendments in Writing

Any addenda or amendments to this Lease, including but not limited to any extensions of the initial term of this Lease shall be valid only if in writing and signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

CITY OF BILLINGS, MONTANA

By William A Cole
WILLIAM A. COLE, MAYOR

ART HOUSE MANAGEMENT LLC, LESSEE

By
MATT BLAKESLEE
MANAGER

APPROVED AS TO FORM:

By Brent Brooks
BRENT BROOKS, CITY ATTORNEY

ATTACHMENT A

HBPOA CONDO BYLAWS
AND
FIRST AMENDMENT TO
DECLARATION OF UNIT OWNERSHIP

City of Billings

ATTACHMENT B

CINE BILLINGS (DBA ART HOUSE) PROPOSAL DOCUMENT

CERTIFICATE OF LIABILITY INSURANCE

Date: September 5, 2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER PayneWest Insurance, Inc. - Select PO Box 4366 Missoula, MT 59806-4366	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Admiral Insurance Company	FAX (A/C, No): NAIC #
INSURED Art House Cinema & Pub 109 N 30th St Billings, MT 59101	INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY _X COMMERCIAL GENERAL LIABILITY __ CLAIMS MADE _X OCCURRENCE GEN AGG LIMIT APPLIES PER: _X POLICY __ PROJECT __ LOCATION			CA-000031850-01	8/29/2018	8/29/2019	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS COMP/OP AGG	$1,000,000 $100,000 $5,000 $1,000,000 $2,000,000 $2,000,000
	GENERAL LIABILITY __ COMMERCIAL GENERAL LIABILITY __ CLAIMS MADE _X OCCURRENCE GEN AGG LIMIT APPLIES PER: _X POLICY __ PROJECT __ LOCATION						EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED PAY GENERAL AGGREGATE PRODUCTS/COMP OPS	
A	__ xEXCESS LIAB __ CLAIMS-MADE			GX-000001596-01	8/29/18	8/29/19	EACH OCCURRENCE GEN AGGREGATE	1,000,000 2,000,000
	__ DED __ RETENTION $						PROD COMP OPS PERSONAL & ADV INJURY	2,000,000 $1,000,000
	WORKER'S COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? __ Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					__ WC STATUTORY LIMITS __ OTHER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	1,000,000
A	Excess- Liquor Liability			GX-000001596-01	8/29/18	8/29/19	EACH COMMON CAUSE AGGREGATE LIMIT	$1,000,000 $2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The certificate holder is listed as an additional insured

CERTIFICATE HOLDER	CANCELLATION
City of Billings 390 N 23rd St Billings MT 59101	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE: COCHRANE & COMPANY, A DIVISION OF COCHRANE AGENCY INC Tom Cochrane

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MOLD DISCLOSURE
STATEMENT

In connection with the lease of **THE BABCOCK THEATER, 2810 ½ 2nd Ave. North, Billings, Montana** (the "Building"), which space constitutes inhabitable real property under the Montana Mold Disclosure Act (the "Act"), the **City of Billings, Montana, 210 N. 27th Street, Billings, Montana 59101**, hereinafter referred to as "Landlord," hereby provides the following disclosure:

1. **Statutory Mold Disclosure.** There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Moisture is one of the most significant factors contributing to mold growth. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose and throat irritation. Certain strains of mold may cause infections, particularly in individuals with suppressed immune systems. Some experts contend that certain strains of mold may cause serious and even life-threatening diseases. However, experts do not agree about the nature and extent of health problems caused by mold or about the level of mold exposure that may cause health problems. The Centers for Disease Control and Prevention is studying the link between mold and serious health conditions. The seller, landlord, seller's agent, buyer's agent, or property manager cannot and does not represent or warrant the absence of mold. It is the buyer's or tenant's obligation to determine whether a mold problem is present. To do so, the buyer or tenant should hire a qualified inspector and make any contract to purchase, rent, or lease contingent upon the results of that inspection. A seller, landlord, seller's agent, buyer's agent, or property manager who provides this mold disclosure statement, provides for the disclosure of any prior testing and any subsequent mitigation or treatment for mold, and discloses any knowledge of mold is not liable in any action based on the presence of or propensity for mold in a building that is subject to any contract to purchase, rent, orlease.

2. **Knowledge of Mold.** By checking the box next to the applicable statement, the Landlord makes the following disclosure:

☒ The Landlord has no knowledge of the presence of mold in the Building.

☐ The Landlord has knowledge that mold is present in the Building and hereby makes the disclosure of such mold to the Tenant.

Based on the report from ASAP Property Inspections, LLC, dated July 18, 2017, the presence of mold in the Premises has not been reported.

3. **Testing of Building.** By checking the box next to the applicable statement, the Landlord makes the following disclosure:

☒ The Landlord has no knowledge that the Building has been tested for mold.

☐ The Building has been tested for mold. The Landlord has provided the Tenant with (i) a copy of all results of the testing that are available to Landlord, and (ii) a copy of documents or evidence of any subsequent mitigation or treatment. The Tenant hereby acknowledges receipt of said copies.

It is expressly provided that the furnishing of any test results and evidence of mitigation or treatment is not and shall not be construed as a promise, warranty, or representation of any sort by the Landlord, or by Landlord's officers, employees, agents or property managers.

If the Tenant contracts for testing of the Building for mold, then Tenant agrees to provide a copy of the results of the test, if available, to Landlord.

4. **Acknowledgment of Disclosures.** The Tenant, by signing a copy of this statement, expressly acknowledges receipt of this Disclosure Statement and acknowledges the specific disclosures set forth herein. Neither the Landlord nor its officers, employees, agents or property managers shall be liable in any action based on the presence of or propensity for mold in the Building that is subject to any rental or lease agreement.

DATED this 1st day of November, 2018.

CITY OF BILLINGS

By: William A. Cole
Its: mayor
"Landlord"

ART HOUSE MANAGEMENT, LLC

By: _____
Its: Executive Director
"Tenant"

Return to:
The Babcock, LLC
115 N. Broadway, #515
Billings, MT 59101
File No. 37116

BYLAWS OF HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION

1. APPLICABILITY OF BYLAWS.

These Bylaws are applicable to the Historic Babcock Building. The Historic Babcock Building is located upon the following described real property located in Billings, Yellowstone County, Montana:

> All of Lots 7, 8, 9, 10, 11 and 12 and that part of Lot 6 described as follows:
>
> Commencing at the northwest corner of said Lot 6; Thence in a southerly direction along the west line of said Lot 60.22 feet;
> Thence in a northeasterly direction to the northeast corner of said Lot 6;
> Thence in a westerly direction along the north line of said Lot 6 to the point of beginning;
>
> All in Block 93 of the Town of Billings, in the City of Billings, Yellowstone ,County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County under Document #16312.

The Babcock, LLC is party to a Development Agreement dated September 22, 2009 ("Development Agreement") with the City of Billings, Montana ("City"), a municipality of the State of Montana, and Downtown Billings Partnership, Inc. ("DBP"), for the redevelopment and restoration of the Historic Babcock Building and the ultimate conveyance of the Babcock Theater (Unit 1A herein) to the City or its assignee on or before April 1, 2016. City is also the beneficiary of a Deed of Trust dated October 2,

2008 recorded as a first priority mortgage lien against the Historic Babcock Building under Document No. 3482269, records of Yellowstone County, Montana ("City Deed of Trust") securing performance of the Development Agreement. As a result, City has interests as a future owner and as an Eligible Mortgage Holder against the Historic Babcock Building. Notwithstanding any other provisions of these Bylaws, the rights and interests of the City and DBP under the Development Agreement and the City Deed of Trust and the duties and obligations of The Babcock, LLC to the City and DBP under the Development Agreement and the City Deed of Trust shall control over the provisions of these Bylaws until such time as Unit 1A is conveyed to the City; provided, however, that the floorplans attached as Exhibit A, pages 1 through 5, to the Declaration shall control over the floorplans attached to the Development Agreement.

City shall not be considered or deemed an owner of Unit 1A or of the Historic Babcock Building, until such time as title to Unit 1A is conveyed to City pursuant to the Development Agreement. As such City shall have no liability for the Historic Babcock Building or the activities of the Association, prior to taking title to Unit 1A.

The provisions of the Bylaws shall be subject to the Declaration of Unit Ownership for Historic Babcock Building and the Declaration of Unit Ownership shall control over any inconsistent provisions of these Bylaws.

All present or future owners, tenants, or any other person who might use the facilities of the property in any manner, are subject to the provisions of these Bylaws. The acquisition, rental, or occupancy of any of the units will signify that these Bylaws are accepted, ratified, and will be complied with.

2. DEFINITIONS.

The terms used herein shall have the definitions set forth in the Declaration of Unit Ownership for Historic Babcock Building.

3. BOARD OF DIRECTORS.

a) Number of Directors. The affairs of the Association shall be governed by a Board of Directors composed of three owners, each of whom shall be elected by the unit owners. MICHAEL S. MATHEW, DONALD J. OLSEN and KIMBERLY A. OLSEN, as representatives of The Babcock LLC shall serve as Directors until the first annual meeting of the Association. The Board of Directors shall have the powers and duties

necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration of Unit Ownership for Historic Babcock Building, or these Bylaws directed to be exercised by the unit owners. Notwithstanding the foregoing, immediately upon conveyance of Unit 1A to City or its assignee, City or its assignee shall have the right to nominate one of the three Directors ("City Director"), who shall be elected as set forth in Section 3 C below.

b) Term of Office . Directors shall be elected at the first annual meeting of the Association with two Directors being elected for a one year term, and one for a two year term. Upon expiration of the term of each of these Directors, new Directors shall be elected and the term of office of each Director thereafter shall expire after two years. In the case of the expiration of the term of the City Director, the City or its assignee shall appoint the successor to the City Director, which may be the same person.

c) Nomination and Election. Except for the initial Directors and the City Director, Directors shall be nominated by a Nominating Committee composed of one member of the Board of Directors and two unit owners appointed by the outgoing Board of Directors. The unit owners so appointed shall not be members of the outgoing Board of Directors. A list of persons nominated shall be distributed to all unit owners, attached to written notice of the annual meeting. Additional nominations may be made from the floor at the annual meeting. Each unit owner shall be entitled to one weighted vote for each vacancy in the Board of Directors; cumulative voting shall be permitted. The candidates receiving the largest number of votes shall serve as Directors for the coming term. Notwithstanding any other provision of these Bylaws, all present and future unit owners irrevocably agree as follows: (1) City or its assignee shall have sole discretion to nominate the City Director; (2) immediately upon conveyance of Unit 1A to City or its assignee, the unit owners shall cast a sufficient number of votes to elect the City Director; and, (3) at any subsequent election of directors in which the term of the City Director is scheduled for renewal, the unit owners shall cast a sufficient number of votes to elect the City Director.

d) Qualifications of Directors. Directors must be members of the Association, or, in the case of City, corporate members, L.L.C.s or partnerships, a designated representative of the City, corporation member, L.L.C. or partnership.

e) Resignation and Removal of Directors. Any Director may be removed from office by the majority vote of the unit owners. In the event of resignation or removal of a Director, the vacancy shall be filled at a special meeting of the unit owners or by written ballot circulated among the owners in the manner provided for the election of Directors, with the person so elected serving the balance of the unexpired term. In the event of resignation or removal of the City Director, the vacancy shall be filled at a special meeting of the unit owners or by written ballot circulated among the owners in the manner provided for the election of Directors, with the person so elected to be nominated and elected as provided in Section 3 c) above for the City Director, and to serve the balance of the unexpired term.

f) Compensation. No compensation shall be paid to Directors for their services as Directors unless salaries for Directors are approved by 75% of the unit owners. However, Directors shall be reimbursed for actual expenses incurred in the performance of their duties.

g) Meetings. The first meeting of the newly elected Board of Directors shall be held immediately following the annual meeting of the Association. No notices of this meeting shall be necessary. Additional regular and special meetings of the Board of Directors may be held at such times and places as shall be determined by the Directors. Notice of such meetings shall be given to each Director and to the Secretary and President of the Association, personally or by mail, telephone, e-mail or facsimile, at least three days prior to the day named for such meeting. A majority of Directors shall be needed for a quorum. Meetings may be held by telephone, or similar means, provided all Directors present can hear and speak to all others at the same time, or otherwise fully communicate with one another. All meetings, except those held by telephone or similar means, shall be open to all members of the Association, but Directors may limit participation by members. Information concerning major actions by the Board shall be promptly disseminated to all members of the Association in a manner to be determined by the Board.

h) City and DBP Participation. Prior to such time as City takes title to Unit 1A, City and DBP shall be given notice of all Director, unit owner and Association

meetings and shall have the right to attend all such meetings. City and DBP shall be entitled to participate and comment regarding all matters that come before such meetings.

i) Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration, or these Bylaws directed to be exercised by the members. In addition, the Board of Directors shall have the following powers and duties:

1. To enforce the provisions of the Declaration of Unit Ownership and these Bylaws by appropriate action.
2. To determine the amount of all assessments for general and limited common expenses payable by the unit owners, and to allocate and assess said expenses among the unit owners in proportion to their respective interests in the general and limited common elements. Assessments shall include reserve funds for major repairs. The Board shall have the authority to invest reserve funds in any manner not inconsistent with the needs of the Association.
3. In its discretion, to impose special assessments for emergencies, as they are incurred.
4. To send written notice of any change in the regular assessments and written notice of any special assessment to each owner at least at least thirty 30 days before its due date.
5. To record a lien against any property for which assessments are not paid within thirty days after the dates when due.
6. To foreclose the lien against any property for unpaid assessments or to bring an action at law against the owner personally obligated to pay the same.
7. To adopt a schedule of late payment fees.
8. To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
9. To adopt a schedule of fines for violation of the Declaration, these Bylaws, or the duly adopted rules and regulations of the Association.

10. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

11. To procure and maintain adequate liability, fidelity, and hazard insurance as provided in Section 9 below.

12. To pay all taxes and assessments, if any, imposed on the common areas, and to pay all debts owed by the Association.

13. To review and approve or disapprove all plans for modification of or addition to the common elements.

14. To contract for repairs, maintenance, alterations, additions and improvements to the common elements consistent with managing the Historic Babcock Building in the best interest of the unit owners.

15. To rent or lease general or limited common elements on behalf of all owners entitled to use those elements. The net proceeds of such leases or rental agreements shall be credited to the Association's applicable general or limited common expense account.

16. Upon written request from any person, agency or corporation having an interest or prospective interest in a unit, to furnish within a reasonable time a financial statement of the owners association for the immediately preceding tax year, prepared and approved by a certified public accountant, or at the request of an owner or mortgage holder, to have an audited financial statement prepared at the requesting party's expense. The Board may require that the requesting party prepay the cost of an audit.

17. To provide any notices required by these Bylaws or the Declaration of Unit Ownership for the Historic Babcock Building.

18. To delegate any of the above-mentioned powers and duties to one or more officers or employees of the Association, to a committee appointed by the Board, or to an independent contractor, agent or manager.

19. To employ or contract with a management agent to manage the condominium and to rent or lease units for the unit owners.

20. To supervise all officers, agents and employees of the Association, to ensure that they properly perform their duties.

j) Directors as Trustee for Unit Owners. The Board of Directors is hereby irrevocably appointed as Trustee for the unit owners of all of the units and for each of them to manage, control and deal with the interests of such unit owners in the common elements as necessary to permit the Board of Directors to fulfill all of its powers rights, functions and duties.

The Board of Directors is hereby irrevocably appointed as Trustee for each unit owner, each mortgagee, other named insureds, and their beneficiaries and any other holder of a lien or other interest in any unit to:

1) Insure the units and common areas, as provided in these Bylaws;
2) Adjust and settle all claims arising under insurance policies purchased by the Board of Directors;
3) execute and deliver releases upon the payment of claims.

The mortgagee and guarantor of the mortgage on any unit shall have the right to timely written notice of any casualty loss that affects a material portion of the building or the unit securing its mortgage.

4. OFFICERS.

a) Board Elects Officers. The Board of Directors shall annually elect a President, Secretary, and Treasurer. The Board, in its discretion, may also elect a Vice-President. No two offices may be held by the same person except the offices of Secretary and Treasurer. The officers of the Association shall hold office at the pleasure of the Board, and in the event of a vacancy the Board shall elect a successor at any regular meeting or at any special meeting called for such purpose. DONALD J. OLSEN and KIMBERLY A. OLSEN shall serve as interim President and Secretary, respectively, until the first annual meeting of the Association.

b) Qualifications of Officers. Directors may also serve as officers but are not

required to do so. Officers may be Directors, other members of the Association, or persons who are not members.

c) Duties. The President shall preside at all meetings of the Association and of the Board of Directors, and shall have general supervision over the affairs of the Association and its officers and all of the powers and duties usually vested in the office of President and shall also perform such other duties as from time to time may be imposed by the Board of Directors. The Vice-President, if any, shall act in the place of the President, in the President's absence, and shall have such other duties as may be assigned by the Board of Directors. The Secretary shall keep all books and records of the Association and the Board of Directors and record all minutes of meetings of both, shall keep a record of all members of the Association, and shall serve all required notices. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate itemized accounts of all receipts and disbursements in books belonging to the Association, in chronological order. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

d) Compensation. Any officer who is not a member may be compensated in a reasonable amount as determined by the Board of Directors.

5. LIABILITY OF OFFICERS AND DIRECTORS.

a) The Officers and Directors of the Association shall not be liable to the Association or any unit owner for any mistake of judgment, negligent or otherwise, except for their own individual willful misconduct or bad faith. The unit owners and the Association shall indemnify and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless such contract shall have been in bad faith or contrary to the provisions of the Montana Unit Ownership Act or the Declaration of Unit Ownership for Historic Babcock Building or these Bylaws, except to the extent that such liability is satisfied by Directors and Officers liability insurance.

The liability of any unit owner arising out of any contract made by the officers or Board of Directors or out of the indemnification of the officers or Directors or for

damages as a result of injuries arising in connection with the common elements solely by virtue of ownership of a common element or an interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by the owner's percentage of interest in the common elements.

Every agreement made by the officers or Board of Directors on behalf of the Association shall, if obtainable, provide that the officers or the Directors, as the case may be, are acting only as agents for the Association and shall have no personal liability on the agreement.

The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was an officer or Director of the Association against expenses, including attorney fees, judgments, fines and amounts paid in settlement incurred by the person in connection with such action, suit or proceeding if the officer or Director acted in good faith and in a manner the officer or Director reasonably believed to be in, or not opposed to, the best interest of the Association, except to the extent that such liability is covered by Directors and Officers liability insurance.

6. MEMBERSHIP, MEETINGS AND VOTING.

a) Membership. Each unit owner shall be a member of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION herein called the "Association". If the ownership of any unit is vested in more than one person, each such owner shall be a member, but the co-owners or joint owners of the unit shall be deemed to be one unit owner for the purpose of voting and the determination of any required quorum. Each unit owner shall be entitled to one vote and the vote for any unit owned by more than one person shall be exercised as such co-owners determine.

b) Ownership. Ownership shall be determined according to the records of the Clerk and Recorder of Yellowstone County, Montana; except that a personal representative, conservator or trustee may vote in person or by proxy with respect to any unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to him or her name by a duly recorded conveyance. Owners shall also include those purchasing units under purchase contracts who have an equitable interest in the unit as disclosed by the public record in the office of the Yellowstone County Clerk

and Recorder; and in such an event the equitable owner shall be considered as the only owner of such unit. Tenants shall not be deemed owners and shall not be entitled to vote, except as a proxy holder for an owner.

c) Voting. Votes shall be weighted, with the vote for a unit equal to the undivided interest for such unit set forth in paragraph 7 of the Declaration of Unit Ownership. Whenever a unit is owned by two or more persons, only one vote may be cast for the unit and any one owner may vote in the absence of protest by the other owners. Votes may be cast in person or by proxy.

d) Proxies. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated, must be in writing, and must be filed with the Secretary on or before the appointed time of the meeting.

e) Annual and Special Meetings. The annual meeting of the Association shall beheld on the first Friday of March of every year at a time to be determined by the Board. Additional regular and special meetings of the Association may be held at such times and places as shall be agreed upon by the unit owners. Notice of all meetings shall be given to each member personally or by mail, telephone, e-mail or facsimile, at least ten days prior to the day named for such meeting. The presence, in person or by proxy, of a majority of the unit owners at such meetings of the Association shall be required for the transaction of any business by the Association. Members may participate in a meeting of the members by means of conference telephone or similar communication equipment so long as all persons participating in the meeting can hear each other at the same time, and such participation shall constitute presence in person at the meeting.

The agenda for the annual meeting shall include the following:

1) Determination of quorum;
2) Approval of minutes of last annual meeting;
3) Presentation of financial report for past year and presentation of budget for coming year;
4) Appointment of Arbitrator;
5) Report Board opinion of adequacy of limits on insurance coverage;
6) Election of Directors;
7) Old business, if any; and

8) New business.

Meetings shall be conducted ~n accordance with Roberts Rules of Order.

f) Manner of Obtaining Approval of Unit Owners. Whenever approval of unit owners is required, that approval may be obtained by vote at an annual or special meeting, or by written ballot or petition, circulated among the owners.

7. INSPECTION OF RECORDS.

The books, records and papers of the Association shall be open for inspection by any unit owner, and by Eligible Mortgage Holders at any reasonable time.

8. EMERGENCY ACCESS.

Directors and other persons authorized by the Board, shall have the right to enter other units in case of an emergency originating in or threatening such unit whether or not the owner or occupant is present at the time.

9. INSURANCE.

a) Except as otherwise provided in subsection j) below, the Board of Directors shall insure all of the units and all common element improvements, including every part of the building and all fixtures attached or affixed to any part of the building by screws, nails, glue, cement or other building material, against loss or damage by fire and other casualty in an amount representing the full insurable value thereof, less a deductible in an amount to be determined by the Board. Such insurance shall be "all-in" coverage. Works of art, purely decorative items, and office and communication equipment normally not considered to be part of the real estate when a unit is sold are not fixtures, even though temporarily attached to a wall with nails or screws and will not be covered by the Association.

b) The Board of Directors shall purchase general commercial liability insurance, insuring the Association and the unit owners for liability for personal injuries to, or the death of, any person, or damage to property resulting from the ownership, use or occupancy of the property, with policy limits to be determined by the Board, but no less than $1,500,000.00 per occurrence and $2,000,000.00 annual aggregate.

c) The Board of Directors shall purchase fidelity insurance coverage for all persons handling association monies, naming the Association as insured, in an amount equal to the maximum funds held by the Association. If the Board employs a

management agent, the agent must have its own fidelity insurance policy providing the same coverage required above.

d) The Board shall purchase Officer's and Director's liability insurance covering each member of the Board and each officer of the Association; the amount of coverage shall be determined by the Board.

e) The cost of all insurance purchased by the Association shall be a part of the general common expense.

f) Directors shall seek to obtain the best insurance value, considering the coverage, the price, the financial stability of the insurer, and the history of the insurer in promptly and properly handling claims.

g) In the event of a loss exceeding one thousand dollars ($1,000.00), all Association insurance proceeds shall be paid to the Board of Directors as trustee for disbursement.

h) Each policy shall contain a standard mortgagee clause in favor of each mortgagee or trust indenture beneficiary, or contract of sale endorsements in favor of the contract sellers of any units naming such mortgagee, trust indenture beneficiary or contracts seller as an additional insured, and shall require the insurer to notify the Association, each unit owner, and each first mortgage holder, in writing, of any lapse, cancellation or substantial change to the policy at least ten days prior to the date on which such cancellation or change takes effect. Duplicate originals of all new insurance policies and of all policy renewals, together with proof of payment of premiums, shall be delivered to all mortgagees and contract sellers of units at least ten days prior to expiration of the then current policies.

i) The Board of Directors shall annually review the adequacy of limits of coverage of insurance policies, shall obtain an appraisal from an insurance company or other knowledgeable person or business of the full replacement value of the covered improvements, without deduction of depreciation, for the purpose of determining the amount of property insurance required under this section, and report its findings and opinion regarding insurance to the membership of the Association at its annual meeting.

j) Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that the liability of the carriers issuing insurance obtained by the

Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner. Insurance purchased by the Association shall not cover personal items, such as furniture, clothing, office equipment, stock, stores or inventory inside the units. Owners must insure their personal property and obtain liability insurance to cover injury or damage occurring on or within their limit if they wish such insurance coverage. If any major improvements are made to the interior of a unit after initial purchase of the unit, or if equipment is installed, (for example, if an owner or tenant later adds a telephone system, or partition walls or shelving or a mezzanine, or wires a unit for computers and installs a computer system) those improvements (betterments) must be insured for fire or other casualty on the owner's personal insurance policy, if the owner wishes to have insurance. Insurance on such betterments will not be purchased by the Association. Replacement of worn fixtures or equipment with similar new ones shall not be deemed a betterment.

k) Insurance payments for a fire or other property loss insured by the Association shall be applied by the trustee to repair or replacement of the damaged property. In the event of loss to one or more but not all units, any amount needed to repair or replace the unit, in excess 'of insurance payments, shall be paid by the owner of that unit.

l) The Association shall pay, as a common expense, the deductible amount for any property loss insured by the Association if the damage is only to the common elements. In all other cases, owners of the damaged units shall pay the deductible in proportion to the amount of the loss to each damaged unit reported on the insurance claim.

10. PROPERTY LOSS.

Property damaged by fire or other casualty must be repaired or rebuilt unless there is a total loss of all units and all unit owners agree not to rebuild. Insurance payments for a property loss insured by the Association shall be applied by the Board, or its designated trustee, to repair or replacement of the damaged property except in the event of a total loss of all units and a decision not to rebuild. Units which are repaired or replaced after casualty shall conform in style, quality, and appearance to the unit as it existed prior to the casualty.

11. ASSESSMENTS FOR COMMON EXPENSES.

a) When Assessments Begin. The owner of each unit shall be obligated to pay monthly and special assessments for general and limited common expenses imposed by the Association beginning at the time of sale or transfer of the first unit by Developer.

b) Amount. Prior to the annual meeting, the Board of Directors shall prepare an Association budget for the coming year. A copy of that budget, together with a statement of the amount of each monthly assessment for the coming year, plus a reasonable reserve allowance for replacement of improvements, shall be delivered to each unit owner at least one week before the annual meeting. Each monthly assessment for a unit shall be equal to the total estimated general and limited common expenses chargeable to that unit for the coming year, including a reasonable reserve allowance for contingencies, divided by twelve, and multiplied by the percentage of undivided interest in the general or limited common elements attached to that unit. General common expenses and limited common expenses shall be separately assessed to a unit. If an annual budget is not prepared as required, the monthly assessment due shall be equal to the amount of the monthly assessment for the previous year until changed by the Board of Directors, after preparation of a new budget. Written notice of any new assessment shall be given, by mail or otherwise, to each unit owner at least 20 days in advance of the first payment due date for the assessment.

c) Special Assessments. The Board may impose special assessments or unanticipated emergency expenses without prior approval the members.

d) Due Date. Assessments shall be due and payable, in advance, on the first day of each month.

e) Interest and Late Fees. Assessments paid more than ten days after the date when due shall bear interest at the rate of fifteen percent (15%) per annum from the date when due until paid. In addition, late paying owners shall be obligated to pay a late fee in an amount to be determined by the Board of Directors. Late fees shall not be deemed to be interest payments in the amount of the late fees must either be equal for all units or proportionate to the percentage of undivided interest in the common elements attached to each of the units. All payments upon assessments shall be applied first to late fees, then to interest and then to the earliest assessment due.

f) Record Keeping. All sums collected by the Association from assessments may be commingled in a single fund but the Treasurer shall keep separate payment records for assessments for general common expenses and for limited common expenses for each unit.

g) No Exemption from Payment. No owner of a unit is exempt from liability for the owner's share of any common expense by waiver of the use or enjoyment of those items paid for or by abandonment or lease of the unit. Owners of leased units shall be responsible for paying the assessments for that unit even if the lease shifts that responsibility to the tenant.

h) Account Balance Transfers with Unit. No unit owner shall be entitled to receive the balance in that owner's assessment account upon sale of the owner's unit. The account balance shall pass with sale of the unit to the credit of the new unit owner. This provision shall not be deemed to prohibit a selling owner from collecting the balance of that owner's assessment account from a purchaser.

i) Remedies for Failure to Pay. The remedies for failure to pay assessments are set forth in the Declaration of Unit Ownership.

12. MAINTENANCE OF UNITS AND COMMON ELEMENTS.

a) Unit Owner Responsibilities. Every unit owner shall be responsible and for all maintenance of and repairs to the interior of the owner's unit, except for repairs covered by insurance purchased by the Association for all maintenance, repairs and replacement of doors and awnings windows serving the unit, and for routine maintenance of limited common elements used exclusively by the owner,. each owner shall be responsible for all damages to the other units or to the common elements resulting from the owner's failure to effect that owner's unit. All fixtures, lines, pipes and equipment serving a single Unit shall be maintained, replaced and kept in repair by the Unit Owner, except in the event of damage covered by insurance purchased by the Association.

b) Association Responsibilities. The Association shall be responsible for any maintenance, repair and replacement of all general and limited common elements, except as otherwise provided in Section 12(a) above. The Association shall also be responsible for keeping common utility lines in good repair and condition at all times. The Association -may employ personnel necessary for the maintenance, upkeep and repair of

the common elements as is deemed necessary. The Association shall use a reasonably high standard of care in providing such maintenance, management and repair, so that the Historic Babcock Building will reflect a high pride of ownership.

13. RESTRICTIONS ON USE.

The following restrictions apply to use of all units and common areas:

a) Alterations to Building and Common Elements. Nothing shall be done in, on or to any unit or in, on or to the limited or general common elements which will impair the structural integrity of the building. No unit owner or occupant shall make any additions or alterations to any unit or common areas, nor change the architectural design of the building without the prior written consent of the Board of Directors for Historic Babcock Building. No TV antennas, satellite dishes, air-conditioning units, wiring or any other device shall be installed on the exterior of the building, or on common elements without prior written approval of the Board of Directors.

b) Maintenance and Repair. Unit owners shall promptly perform all maintenance and repair work within their own units which, if omitted, would affect any common element, and each unit owner shall be responsible for all damages and liabilities created by such failure to maintain or repair.

c) Garbage. All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere on any common element or outside any unit.

d) Fire Prevention. No unit owner shall perform any act or store anything within or immediately adjacent to the owner's unit, or limited common areas used by the owner, which might increase the rate of fire and other casualty insurance for the Historic Babcock Building project or increase the probability of fire as a result of such act or the storage of such items.

e) Unlawful Use. No unlawful use shall be made of any unit, the common areas, or any part thereof.

f) Signs. Permanent signs must be approved by the Board.

g) Hazardous Substances. No storage of chemicals or hazardous substances shall be permitted in any unit or the common areas, except reasonable amounts of cleaning supplies.

h) Boiler and Equipment Room. Owners and tenants shall not enter any boiler or equipment or utility room, nor shall any owner or tenant adjust or modify any boiler, pipe, line, valve, or equipment of any kind for providing heat, water, or other utilities, or elevator equipment, unless accompanied by a designee of the Board of Directors, except in an emergency threatening life or property.

i) No Smoking. No smoking shall be permitted in the Building.

j) Asbestos and Lead Based Paint. The building is old. Owners and prospective purchasers are hereby notified that the units and the common areas may contain asbestos, and the paint in any unit or the common area might contain lead.

14. RULES AND REGULATIONS.

Administrative rules and regulations concerning the use of common elements may be promulgated and amended by the Board of Directors provided however, that no restrictions on the use of common elements in addition to those established in the Declaration and these Bylaws shall be effective until such time as all units have been sold by Developer, without Developer's express written consent.

A copy of the current rules and regulations shall be provided to each unit owner by the Secretary of the Association, without cost, upon request.

15. LIABILITY OF THE ASSOCIATION

The Association shall not be liable to any unit owner for any failure of water supply or other services or liabilities to be paid for as a common expense, or for injury or damage to person or property caused by the elements, or resulting from water, snow or ice which may leak or flow over from any portion of the common elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any unit owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. This shall not be deemed to be a waiver of any liability between unit owners. No diminution or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or the exterior of the building, or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any government authority. The Association shall not be liable to any unit owner for

injury or damage to person or property caused by another unit owner. Any such liability shall be attributed solely to the responsible unit owner.

16. AMENDMENT.

a) These Bylaws may be amended by the Association with approval of the owners of at least 75% of the units and by written consent of City, so long as the City holds the City Deed of Trust; provided, however, that no amendment shall take effect without the approval of the Developer, until such time as all units have been sold by the Developer. A copy of the Bylaws, as amended, certified by the President and Secretary of the Association, must be recorded in the office of the Clerk and Recorder of Yellowstone County, Montana. The Bylaws shall always include those particulars required to be included therein by the Montana Unit Ownership Act.

b) The consent of Eligible Mortgage Holders who represent at least fifty-one (51%) percent of the votes of units subject to mortgages held by eligible holders shall be required for any of the following:

i. Changes in insurance requirements; and

ii. Changes in any provisions which expressly benefit mortgage holders, insurers or guarantors.

17. BYLAWS ARE COVENANTS.

The provisions of these Bylaws shall be covenants running with the land and shall be binding on all owners, their tenants, families, customers and guests, for so long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

18. ENFORCEMENT AND WAIVER.

These Bylaws may be enforced in the manner set forth in the Declaration of Unit Ownership for Historic Babcock Building and these Bylaws. In the event the Board of Directors shall refuse to enforce the provisions of these Bylaws or the Declaration of Unit Ownership or duly adopted Rules and Regulations by appropriate action, any unit owner shall have the right to do so.

Failure of the Association, its Board of Directors or any of its members to enforce the provisions of these Bylaws or the Declaration of Unit Ownership of Historic Babcock

Building or any Rules and Regulations adopted by the Association shall not be deemed a waiver of the right to do so in the future.

19. HEADINGS.

The headings used in these Bylaws are for convenience only and shall not be deemed to limit the provisions of these Bylaws.

20. NOTICE.

Except where otherwise provided in these Bylaws any written notice required or provided for in these Bylaws or in the Declaration of Unit Ownership for Historic Babcock Building shall be hand-delivered or mailed by certified mail, return receipt requested, and a copy sent by regular mail, to the last address provided by the owner 'to the Association. A notice sent by certified mail shall be deemed delivered three days after the date when mailed, whether or not actually received by the owner to whom it was sent.

IN WITNESS WHEREOF, the undersigned, being the interim Chairman and Secretary of the Association, have executed this instrument as evidence of the adoption of the aforesaid Bylaws of the Association and hereby certify that the foregoing is a true and correct copy of the Bylaws of the said Association.

DATED this 26 day of MAY, 2010.

HISTORIC BABCOCK BUILDING
NON-PROFIT OWNERS ASSOCIATION

By: _____
DONALD J. OLSEN, President

By: _____
KIMBERLY A. Olsen, Secretary

STATE OF MONTANA)
: ss.
County of Yellowstone)

On this 26th day of May, 2010, before me, the undersigned, a Notary Public for the State of Montana, personally appeared DONALD J. OLSEN known to me to be the President of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, and KIMBERLY A. OLSEN known to me to be the Secretary of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, whose names are subscribed to the foregoing Bylaws and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

(SEAL)



Doris J. Tomlinson
Doris J. Tomlinson
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires July 30, ~~200~~ 2012

DCL 3850322
05/30/2018 11:37 AM Pages: 1 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

Return To:
City Clerk
City of Billings
PO Box 1178
Billings, MT 59103

FIRST AMENDMENT TO DECLARATION OF UNIT OWNERSHIP FOR HISTORIC BABCOCK BUILDING

THE BABCOCK, LLC and **CJM LLC**, both Montana limited liability companies, being the owners of all units and common areas of the Historic Babcock Building, hereby make and submit for filing the following First Amendment to Declaration of Unit Ownership for Historic Babcock Building ("First Amendment") in accordance with the Montana Unit Ownership Act, Montana Code Annotated, Section 70-23-101 et seq.

The Declaration of Unit Ownership for Historic Babcock Building, dated May 26, 2010 and recorded in the office of the Clerk and Recorder of Yellowstone County, Montana on June 25, 2010 as Document No. 3553865 ("Declaration"), is hereby amended pursuant to Section 12 (Amendment) of the Declaration as follows:

1. Section 2 (Grant of Additional Easements) is hereby amended to include a revised subsection (b) and new subsection (c), which shall read as follows:

b) It is the intent of The Babcock, LLC and City that the lobby area adjacent to the Theater, described as the Arcade in Unit 1B, shall always be available for use by the owner, operator and patrons of the theater for theater-related activities, as described below.

The undersigned hereby grants unto the City and to its successors and assigns that own, operate or occupy Unit 1A, and to their servants, agents, employees, guests, assigns and invitees, a nonexclusive, irrevocable and permanent easement, at no cost, for unhindered use as described herein of the Arcade in Unit 1B and the restrooms therein, as described on the attached Exhibit A, page 2 (Arcade). This easement shall be for the benefit of Unit 1A to provide access, additional lobby space, and Arcade restrooms for use by persons participating in or attending theater-related events. The Babcock, LLC and the Association shall ensure unhindered use of the easement for the purposes described herein such that there is no conflict or interference with the easement granted herein. The City and its successors and assigns shall not make any physical changes to the Arcade including attaching anything to the walls except by use of a wall hanging system approved by the owner of Unit 1B, however the City, and its successors, lessees or assigns shall be allowed to temporarily place kiosks, tables, chairs, signage and related items within the Arcade to facilitate concessions or sale of merchandise during theater related events. City shall not make any other physical changes to the Arcade or use the Arcade for events or activities unrelated to the Theater unless the owner of Unit 1B grants written permission to do so, which may be granted or withheld in the sole discretion of the Unit 1B owner.

This easement shall become effective upon conveyance of Unit 1A to City or its assignee. The Babcock, LLC and the Association shall execute any further documents, now or in the future, necessary to carry into effect the grant of and intent of this easement. Upon completion of construction of the Arcade, but prior to conveyance of Unit 1A to City, The Babcock, LLC and the Association shall make the Arcade available for Theater-related events, consistent with the terms of this easement.

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05/30/2018 11:37 AM Pages: 2 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

The owner of Unit 1A shall pay a reasonable fee for cleaning, maintenance and restroom supplies attributable to its use of the Arcade and the restrooms in Unit 1B. If responsibility for paying such fee is assigned to an operator, the owner shall guarantee prompt payment in the event of a default. This fee shall be agreed to annually by the Owners of Units 1A and 1B by an agreed upon process and formula. The owner of Unit 1A shall promptly repair any damage to the Arcade area attributable to its use. If the owner of Unit 1A fails to make such repairs it will reimburse the owner of Unit 1B for any damage to the Arcade area done by the Unit 1A owner, operator, or any agent, employee, or invitee of the same. This easement shall run with the land for the benefit of Unit 1A and shall be binding upon the owner of Unit 1B and its successors and assigns.

c) It is the intent of the parties to this Declaration and City that the Unit 1B stairway area marked "Use Easement" shown on Exhibit A, Page 1 (Basement) and Page 2 (First Floor), which is located adjacent to the Unit 1A Theater and green room, shall always be available for non-exclusive use by the owner, operators and patrons of the theater in order to permit access between the green room and the stage area of the theater for theater-related activities. The undersigned hereby grant to the City and to its successors and assigns that own, operate, or occupy Unit 1A, and to their servants, agents, employees, guests, assigns and invitees, a non-exclusive, irrevocable and permanent easement to use the subject easement area for the previously-described purpose. The Babcock, LLC and the Association shall ensure use of the easement such that there is no unreasonable conflict or interference with the easement granted herein. This easement shall become effective upon conveyance of Unit 1A to City and shall run with the land for the benefit of Unit 1A and be binding upon the owner of Unit 1B and its successors and assigns. The undersigned and the Association shall execute any further documents, now or in the future, necessary to carry into effect the grant of and intent of this easement. The owner of Unit 1A shall be responsible for the cleaning, maintenance, or repair of the easement area.

2. The final paragraph on page 2 and the first paragraph of Section 4 (Description of Project) of the Declaration, which both reference "Exhibit A, pages 1 through 5," are hereby amended to instead read "Exhibit A, pages 1 through 6."

3. The following paragraph is added at the end of Section 5 (Description of Unit):

Notwithstanding any provision to the contrary in this Declaration, the boundary line between the south end of the Unit 1B basement utility room and north end of the Unit 1A green room shall be as generally shown on Exhibit A, Page 1 (Basement). There is a double-thick wall separating the units in this area, and existing electrical panels, wiring and associated equipment located in or near the wall service only Unit 1B. Therefore, the parties and City acknowledge and agree that the boundary line between the units in this area shall be the middle of the double-thick shared wall or any line south of that point that would allow the electrical panels, wiring, and other associated equipment to be included within the boundary of Unit 1B.

4. The percentages of undivided interest for each unit described in Section 7, which shall otherwise remain unchanged, are deleted and in their place the following are substituted:

Unit 1A	41%
Unit 1B	57%
Unit 1C	2%

5. Exhibit A (floor plans – Page 1 through Page 5, dated 4/30/2010) is hereby deleted and in its place the attached Exhibit A (floor plans and schedule -- Page 1 through Page 6, dated 9/5/2017) is hereby substituted. In addition to other changes, the new Exhibit A, Page 1 (Basement) has been revised to modify the boundary line between Unit 1A and Unit 1B to reflect the transfer of the so-called "green room" from Unit 1B to Unit 1A and the respective reallocation of floor area between those units. Page 6 is a schedule of condominium equipment that also clarifies ownership, maintenance responsibilities, and the method of access to the same.

DATED this 24 day of May, 2018.

DCL 3850322
05/30/2018 11:37 AM Pages: 3 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

BABCOCK, LLC
a Montana limited liability company

By: _____
Don Olsen
Its: President

STATE OF MONTANA)
ss.
County of Yellowstone)

This record was acknowledged before me on the 24 day of May, 2018, by Don Olsen, President of Babcock, LLC.

JEFFERY A HUNNES
NOTARY PUBLIC for the
State of Montana
Residing at Billings, Montana
My Commission Expires
October 15, 2019

_____

DCL 3850322
05/30/2018 11:37 AM Pages: 4 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

CJM LLC
a Montana limited liability company

By: _____
Its: CHRIS MONTAGUE MEMBER MANAGER

STATE OF MONTANA)
ss.
County of Yellowstone)

This record was acknowledged before me on the 24 day of May, 2018, by CHRIS MONTAGUE, MEMBER MANAGER of CJM LLC.

JEFFERY A HUNNES
NOTARY PUBLIC for the
State of Montana
Residing at Billings, Montana
My Commission Expires
October 15, 2019

_____

CONSENT BY CITY OF BILLINGS

The City of Billings hereby consents to the filing of the First Amendment to Declaration of Unit Ownership for Historic Babcock Building.

CITY OF BILLINGS

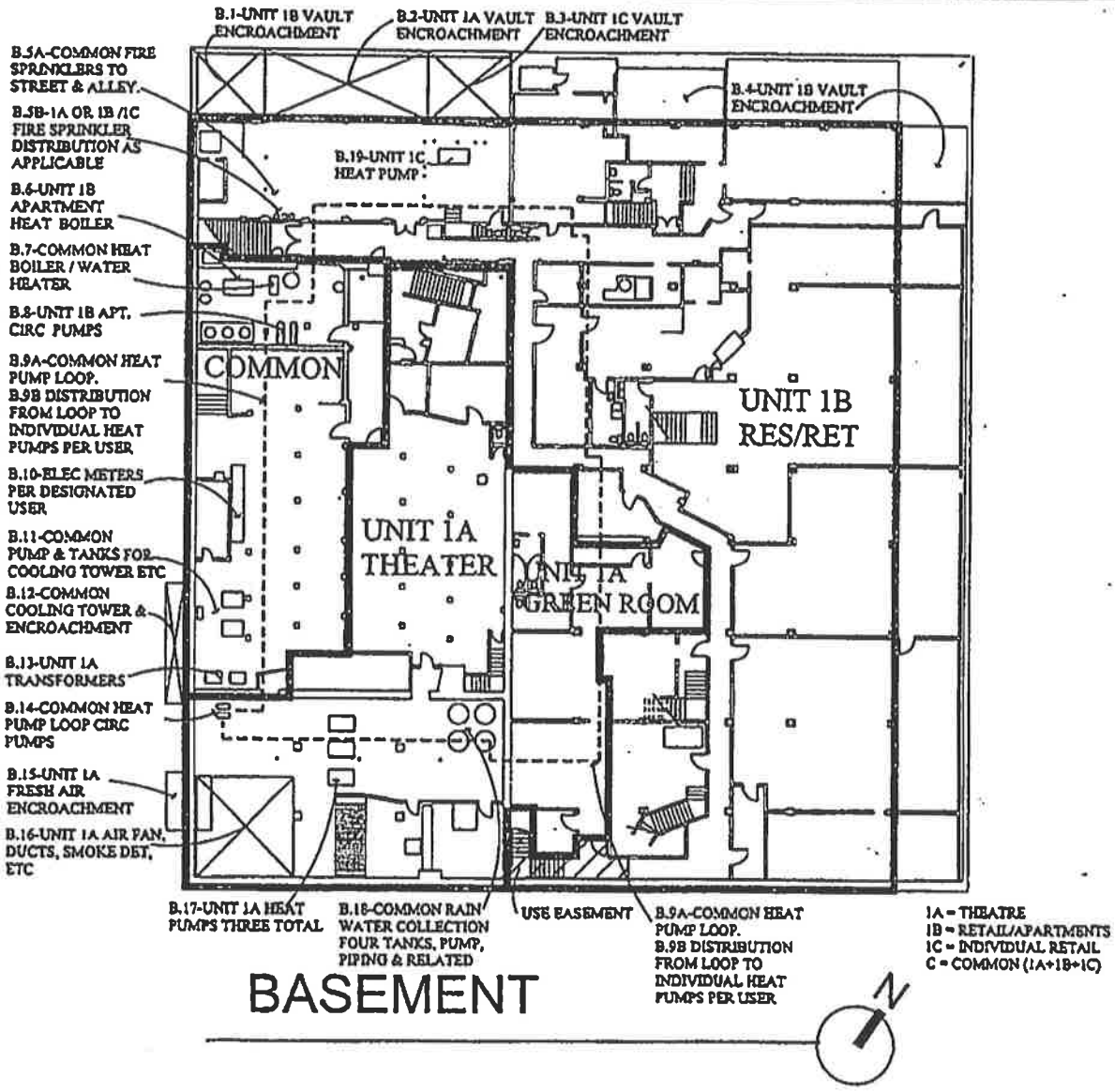
By: _____
Larry Brewster, Deputy Mayor

STATE OF MONTANA)
ss.
County of Yellowstone)

This record was acknowledged before me on the 24th day of May, 2018, by Larry Brewster, as Deputy Mayor, City of Billings.

WYNNETTE J. MADDOX
NOTARY PUBLIC for the
State of Montana
Residing at Shepherd, Montana
My Commission Expires
September 16, 2018

_____



BASEMENT

FLOOR AREA	20,960 SF
UNIT 1A-THEATER	6,535 SF
UNIT 1B	11,575 SF
UNIT 1C	0 SF
COMMON	2,850 SF

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05/30/2018 11:37 AM Pages: 5 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

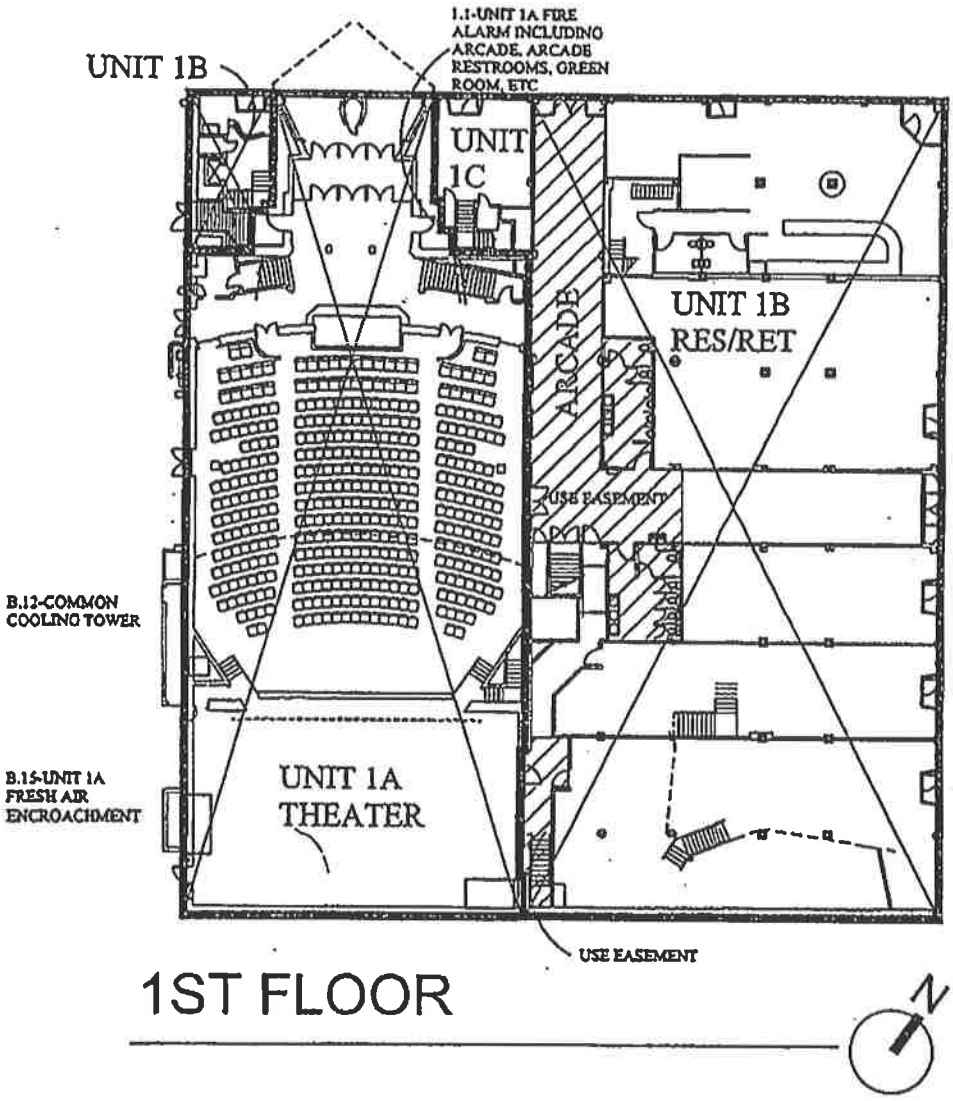
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

BASEMENT FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH St BILLINGS, MONTANA

AMENDED_5-31-18

EXHIBIT A
PAGE 1 of 6



1ST FLOOR

FLOOR AREA	20,960 SF
UNIT 1A-THEATER	8495 SF
UNIT 1B	11,965 SF
UNIT 1C	500 SF
COMMON	0 SF

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05/30/2018 11:37 AM Pages: 6 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

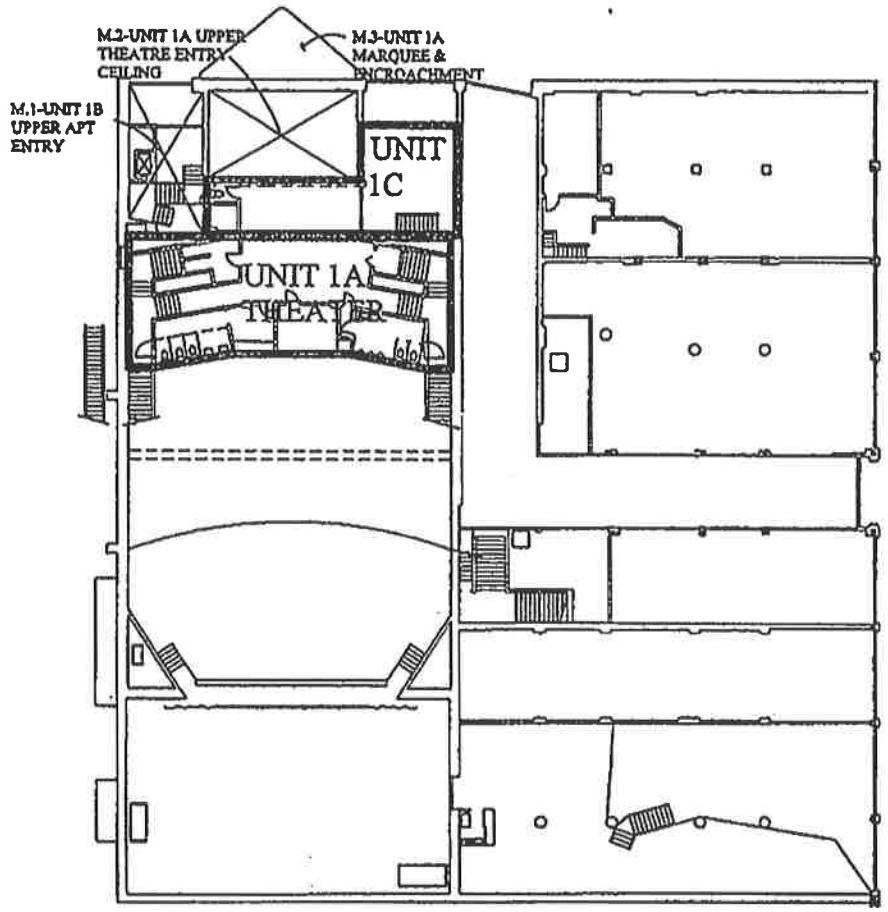
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

1ST FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

AMENDED_5-31-18

EXHIBIT A
PAGE 2 of 6



1A = THEATRE
1B = RETAIL/APARTMENTS
1C = INDIVIDUAL RETAIL
C = COMMON (1A+1B+1C)

MEZZANINE

FLOOR AREA	2,015 SF
UNIT 1A-THEATER	1,355 SF
UNIT 1B	0 SF
UNIT 1C	660 SF
COMMON	0 SF

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05/30/2018 11:37 AM Pages: 7 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT

O2A
O2 ARCHITECTS
203 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

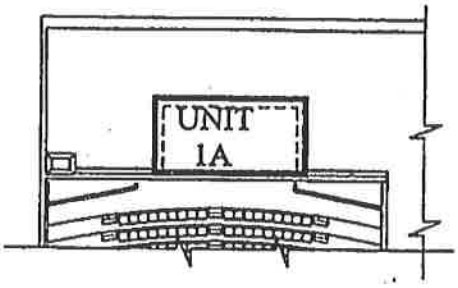
MEZZANINE FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 26TH ST BILLINGS, MONTANA

AMENDED_5-31-18

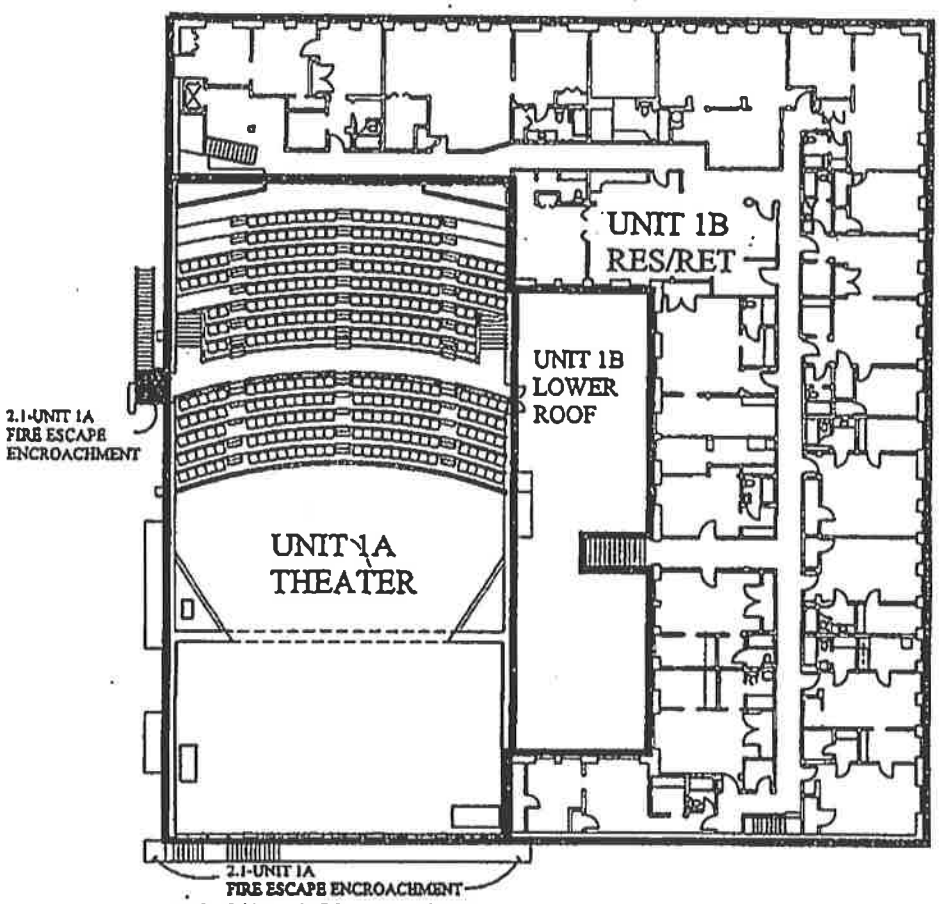
EXHIBIT A
PAGE 3 of 6

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05/30/2018 11:37 AM Pages: 8 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT



PARTIAL 2ND FLOOR

(PROJECTION BOOTH)



2ND FLOOR

1A = THEATRE
1B = RETAIL/APARTMENTS
1C = INDIVIDUAL RETAIL
C = COMMON (1A+1B+1C)



FLOOR AREA	19,675 SF
UNIT 1A-THEATER	8455 SF
UNIT 1B	11,220 SF
UNIT 1C	0 SF
COMMON	0 SF

O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

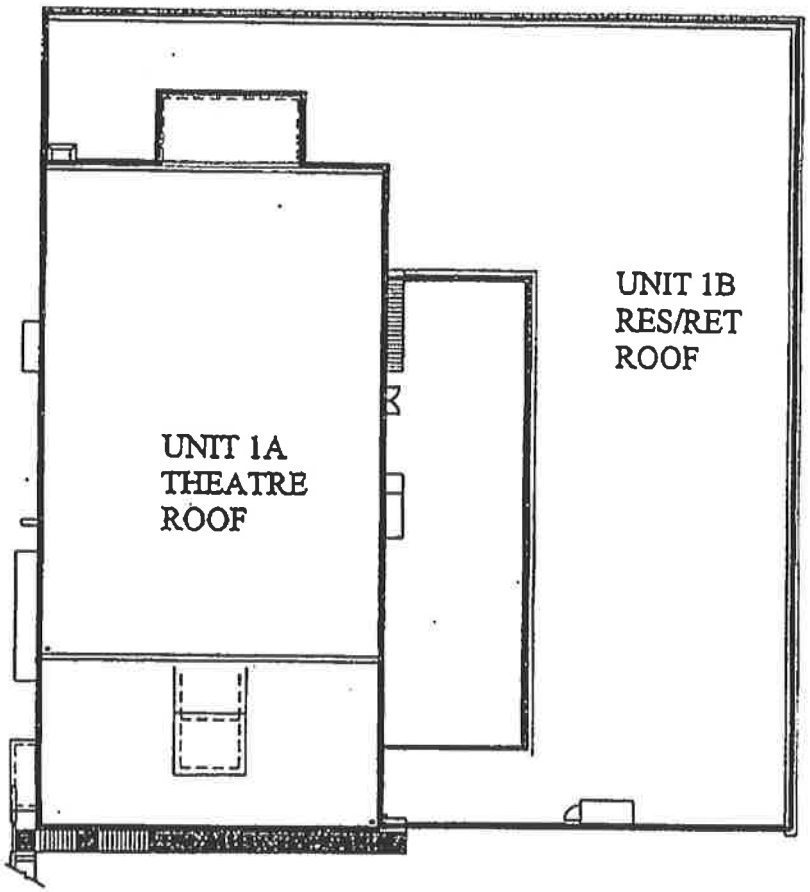
2ND FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

AMENDED_5-31-18

EXHIBIT A
PAGE 4 of 6

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05/30/2018 11:37 AM Pages: 9 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT



1A = THEATRE
1B = RETAIL/APARTMENTS
1C = INDIVIDUAL RETAIL
C = COMMON (1A+1B+1C)

ROOF

N

O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

ROOF PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

AMENDED_5-31-18

EXHIBIT A
PAGE 5 of 6

SCHEDULE OF BABCOCK CONDO EQUIP & FACILITY OWNERSHIP

ITEM NUMBER	ITEM DESCRIPTION	OWNERSHIP / MAINTENANCE	MAINTENANCE ACCESS (SEE NOTES)	NOTES
B.1	SIDEWALK VAULT BELOW 1B ENTRY	PUBLIC / 1B	SELF	1
B.2	SIDEWALK VAULT BELOW 1A ENTRY	PUBLIC / 1A	VIA 1B BASEMENT	1
B.3	SIDEWALK VAULT BELOW 1C ENTRY	PUBLIC / 1C	VIA 1B BASEMENT	1
B.4	SIDEWALK VAULT BELOW 1B ENTRY	PUBLIC / 1B	SELF	1
B.5-A	FIRE SPRINKLER SERVICE	COMMON	VIA 1B BASEMENT	2
B.5-B	FIRE SPRINKLER DISTRIBUTION	1A, 1B OR 1C	VIA 1B BASEMENT	2
B.6	APARTMENT HEATING BOILER	1B	SELF	
B.7	HEAT PUMP & HOT WATER BOILER	COMMON	SELF	
B.8	APARTMENT HEAT CIRC. PUMPS	1B	SELF	
B.9-A	HEAT PUMP DISTRIBUTION LOOP	COMMON	VIA 1A OR 1B BSMNT	3
B.9-B	HEAT PUMP LOOP CONNECTION	1A, 1B OR 1C	1C VIA 1B BSMNT	3
B.10	ELECTRICAL METERS / RELATED	1A, 1B OR 1C	1C VIA 1B BSMNT	
B.11	COOLING TOWER TANKS / PUMP	COMMON	1C VIA 1B BSMNT	
B.12	COOLING TOWER & ENCROACHMENT	COMMON	ALLEY	
B.13	STAGE POWER TRANSFORMERS	1A	SELF	
B.14	HEAT PUMP LOOP CIRC. PUMPS	COMMON	VIA 1A BASEMENT	
B.15	THEATRE FRESH AIR ENCROACHMNT	1A	ALLEY	
B.16	THEATRE FAN, DUCTS & RELATED	1A	SELF	
B.17	THEATRE HEAT PUMPS (3)	1A	SELF	
B.18	COOLING RAIN WATER TANKS, ETC	COMMON	VIA 1A BASEMENT	
B.19	UNIT 1C HEAT PUMP	1C	VIA 1B BASEMENT	
1.1	THEATRE FIRE ALARM & RELATED	1A	SELF & VIA 1B	
M.1	APARTMENT UPPER ENTRY	1B	SELF	
M.2	THEATRE ENTRY UPPER CEILING	1A	SELF	
M.3	THEATRE MARQUEE	1A	STREET	
2.1	THEATRE FIRE ESCAPE	1A	ALLEY / ADJOINING	

1A THEATRE 1B RETAIL & APARTMENTS 1C INDIVIDUAL RETAIL

NOTES:

MAINTENACE SCOPE: MAINTENANCE SHALL INCLUDE BASIC REGULAR MAINTENANCE, REPAIR AND REPLACEMENT OR OTHER DUTIES AS ASSIGNED PER THIS DECLARATION.

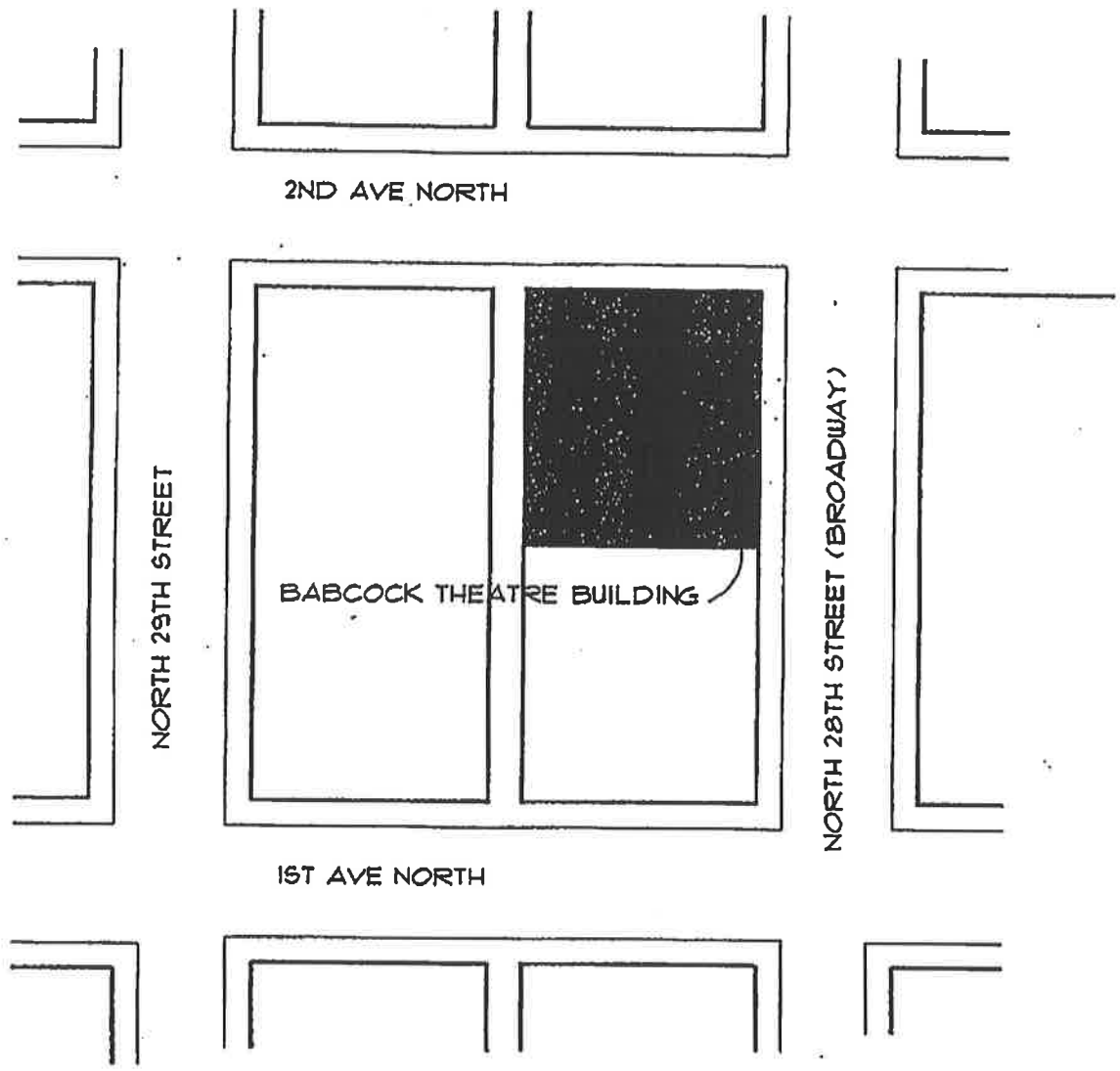
MAINTENANCE ACCESS: ALL BABCOCK CONDO MEMBERS HAVE ACCESS TO MECHANICAL, PLUMBING & ELECTRICAL EQUIPMENT THAT SERVES THEIR UNIT IN THE BASEMENT OF THE BABCOCK PURSUANT TO SECTION 1, EASEMENTS OF THIS DOCUMENT. AS SUCH IF SAID EQUIPMENT IS LOCATED ON A PORTION OF THE BABCOCK OWNED BY A DIFFERENT CONDO MEMBER SUCH ACCESS SHALL OCCUR, WITH ADVANCE NOTICE DURING REASONABLE HOURS, OR IMMEDIATELY IN THE CASE OF AN EMERGENCY, SYSTEM FAILURE, PIPE BURST, ETC.

1. SEE ALSO SECTION 6 OF DECLARATION.
2. FIRE SPRINKLER SERVICE MAIN, FIRE HOSE CONNECTION, DRAINS, ETC COMMON TO MAIN FIRE SERVICE TO BUILDING IS COMMON. ALL SERVICE FROM THAT POINT TO THE THEATRE IS 1A. SIMILARLY ALL SERVICE TO RETAIL IS 1B & 1C.
3. MAIN HEAT PUMP SUPPLY LOOP IS COMMON. CONNECTION TO THE LOOP AND ALL RELATED SERVICE TO INDIVIDUAL HEAT PUMPS IS THE RESPONSIBILITY OF THE CONDO UNIT THE HEAT PUMP SERVES.

O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

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Jeff Martin Clerk & Recorder, Yellowstone MT

DCL 3850322
05/30/2018 11:37 AM Pages: 11 of 11 Fees: 87.00
Jeff Martin Clerk & Recorder, Yellowstone MT



SITE PLAN

O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

SITE..PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

AMENDED_5-31-18

EXHIBIT B
PAGE 1 of 1

Return to:
The Babcock, LLC
115 N. Broadway, #515
Billings, MT 59101
File No. 37116

DECLARATION OF UNIT OWNERSHIP FOR HISTORIC BABCOCK BUILDING

THE BABCOCK, LLC, does hereby make and submit for filing the following Declaration under the Unit Ownership Act of the State of Montana, Section 70-23-101, et seq. Montana Code Annotated.

SUBMISSION TO UNIT OWNERSHIP

The purpose of this Declaration is to submit the real property herein described and the improvements constructed thereon to the form of ownership and use provided by Chapter 23, Title 70, Montana Code Annotated, hereinafter referred to as the "Montana Unit Ownership Act". The definition of terms in this Declaration and the Bylaws of the Association shall be those definitions used in the Montana Unit Ownership Act, except as otherwise provided above. The real property included within the project, which shall be named "Historic Babcock Building", is located in Yellowstone County, Montana, is owned in fee simple by THE BABCOCK, LLC, and is more particularly described as follows:

> All of Lots 7, 8, 9, 10, 11 and 12 and that part of Lot 6 described as follows:
>
> Commencing at the northwest corner of said Lot 6; Thence in a southerly direction along the west line of said Lot 60.22 feet;
> Thence in a northeasterly direction to the northeast corner of said Lot 6;
> Thence in a westerly direction along the north line

of said Lot 6 to the point of beginning;

All in Block 93 of the Town of Billings, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office-of the Clerk and Recorder of said County, under Document #16312.

The Babcock, LLC is party to a Development Agreement dated September 22, 2009 ("Development Agreement") with the City of Billings, Montana ("City"), a municipality of the State of Montana, and Downtown Billings Partnership, Inc. ("DBP"), for the redevelopment and restoration of the Historic Babcock Building and the ultimate conveyance of the Babcock Theater (Unit 1A herein) to the City or its assignee on or before April 1, 2016. City is also the beneficiary of a Deed of Trust dated October 2, 2008 recorded as a first priority mortgage lien against the Historic Babcock Building under Document No. 3482269, records of Yellowstone County, Montana ("City Deed of Trust") securing performance of the Development Agreement. As a result, City has interests as a future owner and as an Eligible Mortgage Holder against the Historic Babcock Building. Notwithstanding any other provisions of this Declaration, the rights and interests of the City and DBP under the Development Agreement and the City Deed of Trust and the duties and obligations of The Babcock, LLC to the City and DBP under the Development Agreement and the City Deed of Trust shall control over the provisions of this Declaration.

In the event of any conflict between the Development Agreement or the City Deed of Trust and these Declarations or the Bylaws of the Historic Babcock Building Non-Profit Owners Association, the provisions of the Development Agreement or the City Deed of Trust shall control until such time as Unit 1A is conveyed to the City; provided, however, that the floor plans attached as Exhibit A, pages 1 through 5, hereto shall control over the floor plans attached to the Development Agreement.

The provisions of this Declaration and the Bylaws of HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, shall be covenants running with the land and shall be binding on all owners, their tenants, employees, customers and guests, for so long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

EASEMENTS

1. EASEMENTS.

There shall exist for the benefit of each unit and as a burden on the other units the following easements:

(a) Easement through the general and limited common elements for ingress and egress for all persons making use of such common elements in accordance with the terms of this Declaration. Each unit owner and the owner's tenants shall have an unrestricted right of ingress and egress across the common elements to the owner's unit.

(b) Easements through the units and common elements for maintenance, repair and replacement of the units and common elements. Use of these easements, however, for access to the interior of units shall be limited to reasonable hours, except that access may be had at any time in case of emergency

(c) Every portion of a unit which contributes to the structural support of the building shall be burdened with an easement of structural support for the benefit of the common elements.

(d) Easements through the units and common elements for all facilities for the furnishing of utility services within the building, which facilities shall include but not be limited to conduits, ducts, plumbing and wiring and access to those facilities for maintenance, repair and replacement; provided that the easements for such facilities through a unit shall be only substantially in accordance with the plans of the building. The right to place towers, receivers, generators, cables, wires, pipes or solar collectors on the exterior of the building shall require the prior written consent of the Board. Such consent may be withheld for any reason.

(e) Easements for encroachments (and, maintenance thereof) of any portion of the general common elements or limited common elements upon a unit or units so long as they

stand, and easements for encroachments (and maintenance thereof) of any portion of a unit upon the general common elements, limited common elements, and upon an adjoining unit or units, so long as they stand.

Such encroachments and easements shall not be considered or determined to be encumbrances either on the general common elements, the limited common elements, or on the units for purposes of marketability of title.

2. GRANT OF ADDITIONAL EASEMENTS

a) The undersigned hereby grants an easement over and across the common elements for mail service, fire service, police protection and emergency services.

b) It is the intent of The Babcock, LLC and City that the lobby area adjacent to the Theater, described as the Arcade in Unit 1B, shall always be available for unrestricted use by the owner, operator and patrons of the theater for theater-related activities.

The undersigned hereby grants unto the City and to its successors and assigns that own, operate or occupy Unit 1A, , and to their servants, agents, employees, guests, assigns and invitees, a nonexclusive, irrevocable and permanent easement for unrestricted use of the Arcade in Unit 1B and the restrooms therein, as described on the attached Exhibit A, page 2 (Arcade). This easement shall be for the benefit of Unit 1A to provide access, additional lobby space and restrooms for use by persons participating in or attending theater-related events. The Babcock LLC and the Association shall ensure unrestricted use of the easement such that there is no conflict or interference with the easement granted herein.

This easement shall become effective upon conveyance of Unit 1A to City or its assignee. The Babcock LLC and the Association shall execute any further documents, now or in the future, necessary to carry into effect the grant of and intent of this easement. Upon completion of construction

of the Arcade, but prior to conveyance of Unit 1A to City, The Babcock LLC and the Association shall make the Arcade available for Theater-related events, consistent with the terms of this easement.

The owner or operator of Unit 1A shall pay a reasonable fee for cleaning and maintenance attributable to its use of the restrooms in the Arcade in Unit 1B. This fee shall include charges for restroom supplies and repairs reasonably related to its use of the restrooms. This easement shall run with the land for the benefit of Unit 1A and shall be binding upon the owner of Unit 1B and its successors and assigns.

3. POWER OF THE BOARD TO GRANT FURTHER EASEMENTS.

The Board of Directors of the Association is authorized and empowered to grant such licenses, easements, and rights of way for sewer lines, water lines, gas lines, television cable lines, telephone lines, underground conduits; and other public utility purposes over and through the common elements, as may be necessary and appropriate for the maintenance, preservation, and enjoyment of the common elements or the units, or for adding utility services to any unit.

DESCRIPTION AND OWNERSHIP OF PROJECT

4. DESCRIPTION OF PROJECT.

The project consists of the land described above and the multi-level building on that land. The building is of steel, timber, dimensional lumber, and reinforced concrete construction with brick and terra cotta siding, concrete foundation and membrane roof. The floor plans for each unit, the size of each unit, and the location and unit designation for each unit, are shown on the attached Exhibit A, pages 1 through 5. The site plan showing the location of the Building on the property is attached hereto as Exhibit B. Exhibits A and B are by this reference incorporated in this Declaration.

At present the Building contains 3 units, namely Unit 1A, Unit 1B and Unit 1C, as shown on Exhibit "A". The owner of any unit shall have the right to divide its unit into separate smaller units by building one or more additional common walls within the owner's existing unit; provided that Unit 1A, the Arcade in Unit 1B, and the General or Limited Common Areas shall not be divided without the written consent of the owner of Unit 1A and the City of Billings so long as the City holds the City Deed of Trust. Each new smaller unit shall have a separate door for ingress and egress to the common areas on the street. If a unit is divided, the percentage of undivided interest in the common elements appurtenant to the unit before division shall be divided among the new smaller units created by the division in proportion to the floor area of each smaller unit. When a unit is divided, the owner of the units shall record an amendment to this Declaration, showing the floor plans for the new smaller units and setting forth the undivided interest in the general common elements appurtenant to each new unit. A portion of any divided unit may be designated as limited common elements, to be owned and used by the owners of some or all of the divided units.

Developer reserves the right to modify or change the plans shown on the attached Exhibit A as to Units 1B and 1C (but not the plans for Unit 1A, the Arcade in Unit 1B, and the General or Limited Common Areas), and to amend this Declaration to reflect these changes or to show a division of units. Subject to the foregoing, each owner and each lender, by acceptance of a deed to a unit or recordation of a mortgage on a unit, shall be deemed to consent to such modification or change.

5. DESCRIPTION OF UNIT.

Each unit shall consist of a separate space bounded by the surface of the floor, the surface of the ceiling, the center of the interior common walls between two units, if any, the interior surface of walls which separate a common area and the interior of a unit, and the interior surface of the exterior building walls adjoining the unit.

The doors, windows, exterior awnings, ventilation systems, heat pumps, and furnaces and air conditioners, if any, and utility lines and pipes which serve only one unit are also part of the unit. The areas of the roof above Unit 1A and above Unit 1B are each respectively part of the unit covered by that area of the roof as depicted on Exhibit A, page 5.

The boundaries of each unit are shown on the attached Exhibit A.

6. COMMON ELEMENTS.

a) The General Common Elements include all of the land described above, the exterior walls and foundation of the building, interior walls which are not part of a unit or a limited common area, and the following:

i. All hallways, storage rooms, supply closets, boiler rooms and utility rooms labeled "GC" or "Common" on the plans attached as Exhibit A;

ii. The sprinkler system which provides fire protection;

iii. The utility chases, air vents and boiler flue which run vertically through the building;

iv. All utility lines and pipes which serve more than one unit;

v. Electrical panels.

Access to the utility chases and the mechanical and utility rooms and supply closet shall be restricted to the persons designated in writing by each Unit ownerAs indicated on the attached floor plans there are encroachments in the alley for air intake for the theater and a utility chase for the entire building. The maintenance and repair of the air intake for the theater shall be the responsibility of Unit 1A. The utility chase shall be a General Common Element to be maintained and repaired by the Association.

As indicated on the attached basement floor plan, portions of the basement consisting of sidewalk vaults are located in the public right of way. Such portions of the basement are not part of any unit, the Historic Babcock Building, or the common areas. Each unit owner and any tenant

of a unit owner shall indemnify and hold City harmless from any unit owner's or tenant's activities within the sidewalk vault adjoining and accessed by the unit owner's unit.

b) At present time, there are no Limited Common Elements.

c) In the event it is unclear whether an improvement is a common element or a part of a unit, the exterior of the building and improvements shared by or serving more than one unit shall be common elements and those inside a unit shall be part of the unit served unless this Declaration states otherwise.

7) OWNERSHIP.

Each unit owner shall be a fee simple owner of the unit and of an undivided interest in the common elements. The percentage of the undivided interest for each unit is as follows:

Unit 1A	38%
Unit 1B	60%
Unit 1C	2%

Each unit, an appurtenant undivided interest in the common elements, the use of limited common elements reserved for that unit, membership in HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION and the assessment account for that unit shall together comprise one unit, shall be inseparable, and may be conveyed, devised or encumbered only as a unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an individual unit owner's interest in the common elements shall be void unless the unit to which that interest is attached is also included in the transfer.

MEMBERSHIP IN HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION

Each unit owner shall be a member of HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION. Membership shall be appurtenant to and may not be separated from ownership of a unit. Owners shall be entitled to one vote for each unit owned. Votes shall be weighted, with the vote for a unit equaling the undivided interest in the common elements attached to that unit. When more than one person holds an interest in any unit, all such persons shall be members. The vote for such a unit shall be exercised as the owners determine, but in no event shall more than one vote be cast for a unit. The Bylaws of the Association shall include a voting agreement between current and future unit owners ensuring City the right to elect one director on the Association's three director Board of Directors.

USE

Units may be used for any lawful business, office, storage or commercial purpose, or for residences. The owner of two or more adjacent units may remove or perforate the wall or walls separating the units and use the units as a single business, residence, office or storage area, so long as the structural integrity of the building is not affected and any removed or perforated walls are replaced before the sale of any of the units. If an owner decides to remove walls between units, the owner of such units shall still be entitled to all rights of ownership of separate units and be subject to all obligations of separate units as provided for herein and contained in the Bylaws of the Association.

Additional restrictions on use are set forth in the Bylaws of the Association.

RESTRICTIONS ON LEASING.

Owners may lease all or a part of their unit. Any lease or rental agreement shall be in writing and shall subject the tenant to the provisions of this Declaration, the Bylaws for the Association, and all rules and regulations adopted by the Association. Owners shall be responsible for any violation by their Tenants of the provisions of this Declaration, the Bylaws of the Association or any rules and regulations adopted by the Association unless the owner has designated the tenant as the unit owner pursuant to the procedure set forth in 70-23-102(16) MCA. Owners shall not designate a tenant as a unit owner if the tenant's lease term is for less than one year or if the tenant leases only a part of the owner's unit.

COMMON EXPENSES

a) General Common Expenses. All of the following Association expenses shall be charged to the unit owners as a general common expense, according to each unit owner's percentage of undivided interest in the general common elements:

ii. Administrative expenses of the Association, including management, accounting and legal fees incurred by the Association;

iii. The Association's costs of enforcing this Declaration and the Bylaws and rules, and regulations of the Association to the extent such costs are not paid by the violating member;

iv. Except as otherwise provided herein, the cost of maintenance, repair and replacement of general common elements, including the cost of maintenance and repair of the exterior surfaces of the building, except the roof, windows and doors;

v. Casualty, fidelity and liability insurance premiums for the units and common areas, as provided in the Bylaws of Historic Babcock Building Non-Profit Owners Association;

vi. All bills for common utilities, and all bills for garbage removal if the cost of such removal is not included in the property tax bills for each unit;

vii. Salaries of employees of the Association, if any, and compensation of a manager and other agents of the Association, if any.

b) Limited Common Expenses. All costs of maintenance, repair and replacement of limited common elements used by two or more units shall be charged to the unit owners having the right to use the limited common elements. The share of each unit owner shall equal the undivided interest in the common elements appurtenant to that owner's unit, divided by the undivided interest in the common elements appurtenant to all units having the right to use the limited common element, multiplied by the total expense(s) to be shared. There are presently no limited common elements reserved for the use of a single unit.

c) Joint and Several Liability. Co-owners of a unit shall be jointly and severally liable for payment of common expenses for the unit owned.

d) Expenses Due to Misuse or Neglect of Owner. Expenses for maintenance or repairs due to the misuse or neglect of a unit owner shall be charged to such unit owner, and shall be payable solely by that owner. The charges shall be a lien on the unit of the responsible owner; the lien may be foreclosed by the Association in the same manner a lien for common expenses.

8) COVENANT TO PAY MAINTENANCE ASSESSMENTS.

Assessments shall be made by the Association for all common expenses set forth in Section above or elsewhere in this Declaration or the Bylaws of the Association. Each unit owner, by acceptance of a deed, whether or not it shall be expressed in said deed, is deemed to covenant and agree to pay to the Historic Babcock Building Non-Profit Owners

Association, all periodic and special assessments made by the Association for common expenses and to waive any right said owner may have, under the laws of the United States or the State of Montana, to claim a homestead exemption for said assessments.

9) REMEDIES FOR NON-PAYMENT OF ASSESSMENTS.

All unpaid sums assessed by the Association for common expenses and utility expenses chargeable to any unit, and all other monies owed by a unit owner to the Association, together with interest, late payment fees, collection costs, costs of suit or arbitration and reasonable attorney fees, shall constitute a lien on such unit, and if filed of record, may be foreclosed in the same manner as a construction lien. During any such foreclosure, the unit owner shall be required to pay a reasonable rental for the unit, and type plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the rent.

Each assessment for common expenses and for utility expenses, together with interest, late payment fees, collection costs and costs of suit or arbitration, and reasonable attorney fees, shall also be the personal obligation of the owner of the unit against which the assessment was made at the time the assessment fell due, and a suit or arbitration proceeding to recover a money judgment for unpaid assessments or for other monies owed to the Association shall be maintainable by the Association against said owner without foreclosing or waiving the lien securing the same.

All costs of collection of delinquent assessments, including but not limited to court costs, costs of filing liens, and attorney fees, shall be the obligation of the non-paying unit owner and may be added to the next regular assessment for that unit. Such costs shall be a lien on the unit of the non-paying owner and, if unpaid, the lien may be foreclosed in the same manner as a lien for unpaid common expenses.

PROTECTION OF CITY/LENDERS.

a) Eligible Mortgagee Protection. Except as specifically provided in this Declaration or in the Montana Unit Ownership Act, no provision of this Declaration shall be construed to grant to any owner or to any other person, any priority over any lien rights of an Eligible Mortgage Holder pursuant to its Security Interest in the case of distributions of insurance proceeds or condemnation awards.

b) Subordination. Notwithstanding any contrary provision of this Declaration, the lien of any assessment for common expenses upon any unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of an Eligible Mortgage Holder; provided, however, that such subordination shall apply only to assessments on a unit which have become due and payable prior to a sale or transfer of such unit pursuant to a decree of foreclosure, or to any deed or other proceeding in lieu of foreclosure, and any such sale or transfer in foreclosure or in lieu of foreclosure shall not relieve the purchaser of the unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment.

c) Notice to Eligible Mortgage Holders. The Association shall give prompt written notice to each Eligible Mortgage Holder of:

i. Any casualty loss which affects a material portion of the condominium project or any unit in which there is a security interest held by such Eligible Mortgage Holder;

ii. Any delinquency in the payment of common expense assessments owed by an owner whose unit is subject to a first security interest held by such Eligible Mortgage Holder, which remains uncured for a period of 60 days;

iii. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

iv. Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders; and

v. Any judgment rendered against the Association.

d) Inspection of Books. The Association shall permit any Eligible Mortgage Holder to inspect the books and records of the Association during normal business hours.

e) Financial Statements. The Association shall provide any Eligible Mortgage Holder, upon written request, with a copy of an annual financial statement from the Association within 90 days following the end of each fiscal year of the Association. Such financial statement may be audited by an independent certified public accountant if any Eligible Mortgage Holder requests it, in which case the Eligible Mortgage Holder shall bear the cost of the audit. The Association shall require that the cost of audit be paid in advance.

f) Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which an owner may attend.

g) Enforcement. The provisions of this Section are for the benefit of Eligible Mortgage Holders and their successors, and may be enforced by any of them by any available means, at law, or in equity.

MISCELLANEOUS

10) PROCESS.

Service of process in the cases provided for in Section 70-23-901, Montana Code Annotated, shall be made upon KIMBERLY OLSEN, of 208 North Broadway, Suite 350, Billings, Montana 59101. This provision may be amended in the manner provided in Section 70-23-902, MCA.

11) RIGHTS AND OBLIGATIONS OF DEVELOPER.

Developer shall have all of the rights and duties afforded to any owner under the terms of this Declaration, the Bylaws of the Association, and Montana law.

12) AMENDMENT.

This Declaration shall be amended only by written consent of the owners of 75% of the common elements and by written consent of City, so

long as City holds the City Deed of Trust. Amendments of a material adverse nature to Eligible Mortgagee Holders must be approved by Eligible Mortgagee Holders that represent at least 51% of the votes of units that are subject to mortgages. Approval shall be assumed when an Eligible Mortgagee Holder fails to submit a response to any written proposal for an amendment within sixty days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested, provided the notice references the 60 day waiver deadline.

All amendments to the Declaration shall be recorded in the office of the Yellowstone County Clerk and Recorder, Billings Montana.

13) UNITS SUBJECT TO DECLARATION, BYLAWS, RULES AND REGULATIONS, AND RESTRICTIVE COVENANTS.

All present and future owners of units shall be subject to, and shall comply with the provisions of this Declaration, the Bylaws, restrictive covenants, and rules and regulations adopted by the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, as these instruments may be amended from time to time. The execution of a purchase contract by a unit owner or the acceptance of a deed thereto shall constitute acceptance of the provisions of such instruments by such owner. All owners shall be responsible for insuring compliance by their tenants, family members, customers, other occupants of their unit and their guests. The provisions of the Declaration and the Bylaws, restrictive covenants and rules and regulations adopted by the Historic Babcock Building Owner's Association shall be covenants running with the land and shall bind any person having an interest in such unit as though the provisions were recited and fully stipulated in each deed or conveyance thereto. The invalidity of any provision of this Declaration shall not affect in any manner the: validity or enforceability of the remainder of the Declaration. No provision in this Declaration shall be deemed to have been

waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

14) RIGHTS OF ACTION.

The Historic Babcock Building Owner's Association and any aggrieved unit owner shall have the right to maintain an action for specific performance, for damages and/or for injunction, against any unit owner or the Association for failure to comply with the provisions of this Declaration or the Bylaws of the Association, or any restrictive covenants adopted by the Association.

The prevailing party in any such action and in binding arbitration shall be entitled to recover its costs and attorney fees actually incurred from the losing party. In addition, the Association shall be entitled to recover from any owner violating the provisions of this Declaration, the Bylaws of the Association, or Rules. and Regulations duly adopted by the Association, including failure to pay assessments when due, all costs and attorney fees incurred in compelling compliance without filing for arbitration or bringing a court action. Owners shall be responsible for non-compliance by their tenants.

15) CONFLICTS.

In the event of any conflict between this Declaration and the provisions of the Bylaws of Historic Babcock Building Owners Association, the provisions of this Declaration shall govern and apply.

16) DEFINITIONS.

In the interpretation of this Declaration and Bylaws for Historic Babcock Building Non-Profit Owners Association, the following definitions shall apply:

a. "Association" means the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, being all the unit owners acting as a group in accordance with this Declaration and duly adopted Bylaws.

b. "Building" means the multiple unit Historic Babcock Building located on the real property described herein.

c. "Common Elements" means the general common elements and the limited common elements.

d. "Common Expenses" means the general common expenses and the limited common expenses.

e. "Developer" is THE BABCOCK, LLC, or any entity to whom THE BABCOCK, LLC assigns its development rights. A grant of a deed to a single unit shall not be deemed a transfer of development rights.

f. "Eligible Mortgage Holder" means the holder of a first mortgage or trust indenture on any unit and the City of Billings, so long as it is the holder of a deed of trust on any unit, whether or not that deed of trust is a first mortgage, which has requested, in writing, that the Association notify it of any proposed action requiring the consent of a specified percentage of eligible mortgage holders.

g. "General Common Elements" are defined in Section 5(a) of this Declaration. Any portion of the project not identified as part of a unit or as a limited common element shall be a general common element.

h. "Limited Common Elements" means those common elements designated in this Declaration or by agreement of the unit owners as reserved for the use of fewer than all of the unit owners.

i. "Majority of the Unit Owners" means those owners who own more than 50% of the undivided interest in the common areas.

j. "Unit" means a separate living, office, storage or commercial space, as defined in paragraph 4 of this Declaration.

k. "Unit Owners or Owner" means the person, partnership, LLC, corporation or city owning a unit, including a contract purchaser if a Notice of Purchaser's Interest is recorded with the Yellowstone County Clerk and Recorder, and including co-owners. A lessee of a unit shall not be considered a unit owner.

l. "Utility Services" is broadly defined to include provision of gas, electricity, water and sewer, television, telephone, internet and other computer services, whether wireless or by wire or cable, and other communication systems and energy systems.

DATED this 26 day of MAY, 2010.

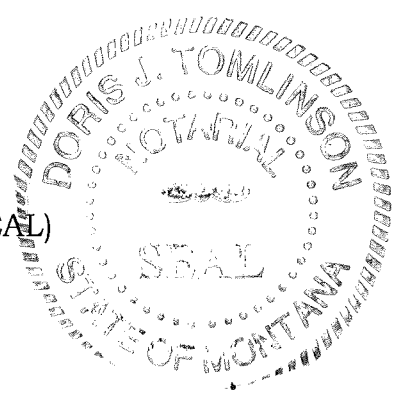
THE BABCOCK, LLC

By: Donald J. Olsen

Donald J. Olsen, President

STATE OF MONTANA)
: ss.
County of Yellowstone)

This instrument was acknowledged before me on May 26, 2010, by ~~and~~ Donald J. Olsen, President of THE BABCOCK, LLC, a Montana limited liability company.



(SEAL)

Doris J. Tomlinson
Doris J. Tomlinson
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires July 30, 2012

CONSENT OF LENDER AND NOTICE

The undersigned Beneficiary of a Trust Indenture on the above-described real property hereby consents to submission of said property to the provisions of the Montana Unit Ownership Act and to the recordation of this Declaration of Unit Ownership.

City hereby requests that the Association notify it of any proposed action requiring the consent of a specified percentage of Eligible Mortgage Holders under this Declaration of Unit Ownership.

By executing this Consent, City assumes no liability for the Historic Babcock Building or the activities of the Historic Babcock Building Non-Profit Owners Association.

CITY OF BILLINGS

_____

BY: Tom Hanel, Mayor

"LENDER"

STATE OF MONTANA)
: ss.
County of Yellowstone)

This instrument was acknowledged before me on _____, 2010, by Tom Hanel, Mayor of the City of Billings.

_____

_____

(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires _____, 20___

(SEAL)

CERTIFICATE

The undersigned, being the duly authorized agent of the Department of Revenue of the State of Montana, within the County of Yellowstone, herewith executes the following certificate relating to HISTORIC BABCOCK BUILDING situated on the following described real property:

> All of Lots 7, 8, 9, 10, 11 and 12 and that part of Lot 6 described as follows:
>
> Commencing at the northwest corner of said Lot 6;
> Thence in a southerly direction along the west line of said Lot 6 0.22 feet;
> Thence in a northeasterly direction to the northeast corner of said Lot 6;
> Thence in a westerly direction along the north line of said Lot 6 to the point of beginning;
>
> All in Block 93 of the Town of Billings, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County, under Document #16312.

The undersigned herewith certifies that:

1. The name "HISTORIC BABCOCK BUILDING" is in compliance with 70-23-303, MCA, and

2. All taxes and assessments due and payable for the said real property have been paid to date.

DATED this 19th day of October, 2009.

MONTANA DEPARTMENT OF REVENUE

By: Beth Conraghan

CERTIFICATE

The undersigned, being the duly authorized agent of the Planning and Community Services Department for the City of Billings, Yellowstone County, Montana, herewith executes the following Certificate relating to HISTORIC BABCOCK BUILDING situated on the following real property:

All of Lots 7, 8, 9, 10, 11 and 12 and that part of Lot 6 described as follows:

Commencing at the northwest corner of said Lot 6;
Thence in a southerly direction along the west line of said Lot 60.22 feet;
Thence in a northeasterly direction to the northeast corner of said Lot 6;
Thence in a westerly direction along the north line of said Lot 6 to the point of beginning;

All in Block 93 of the Town of Billings, in the City of Billings, Yellowstone County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County, under Document #16312.

The undersigned herewith certifies that:

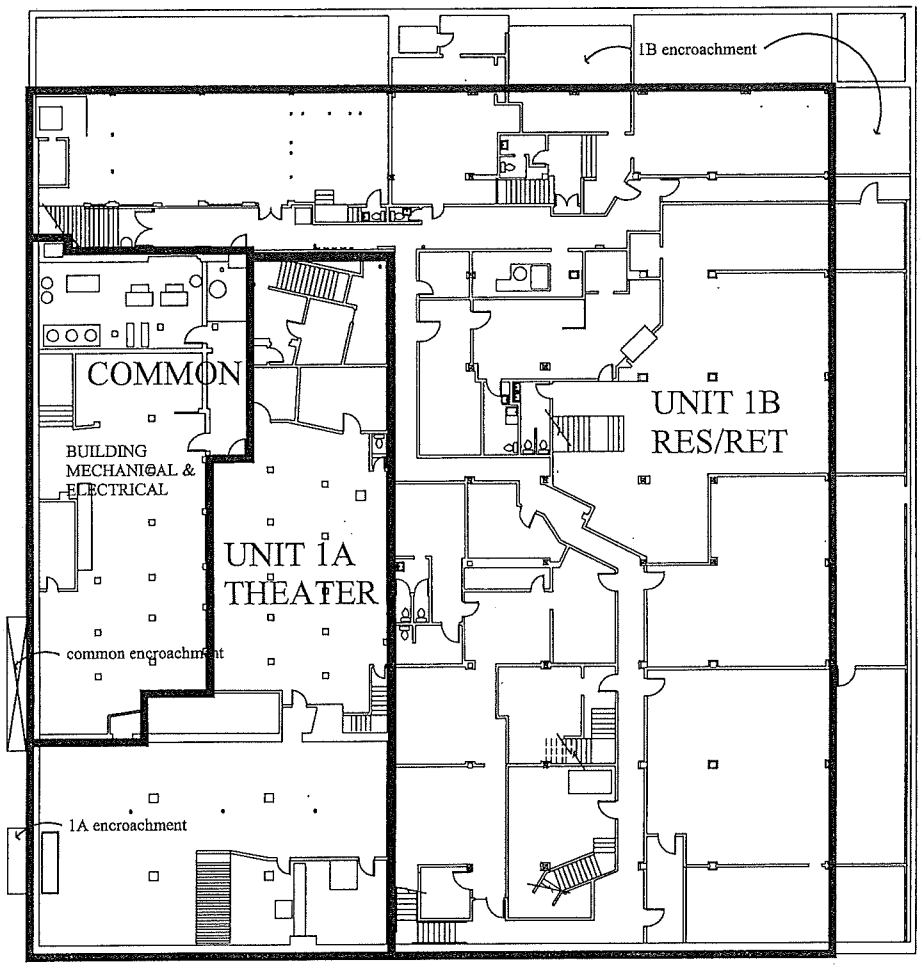
1. The condominium constructed on the land above written is exempt from the provisions of MCA Sections 76-3-101, et seq., pursuant to MCA Section 76-3-203(2).

   Specifically:

   The proposal for HISTORIC BABCOCK BUILDING is in conformance with applicable local zoning regulations where local zoning regulations are in effect.

DATED this 27th day of May, 2010.

By: _____
Planning and Community Services
Department, City of Billings,
Yellowstone County, Montana



BASEMENT

N

FLOOR AREA	20,960 SF
UNIT 1A-THEATER	4,835 SF
UNIT 1B	13,275 SF
UNIT 1C	0 SF
COMMON	2,850 SF

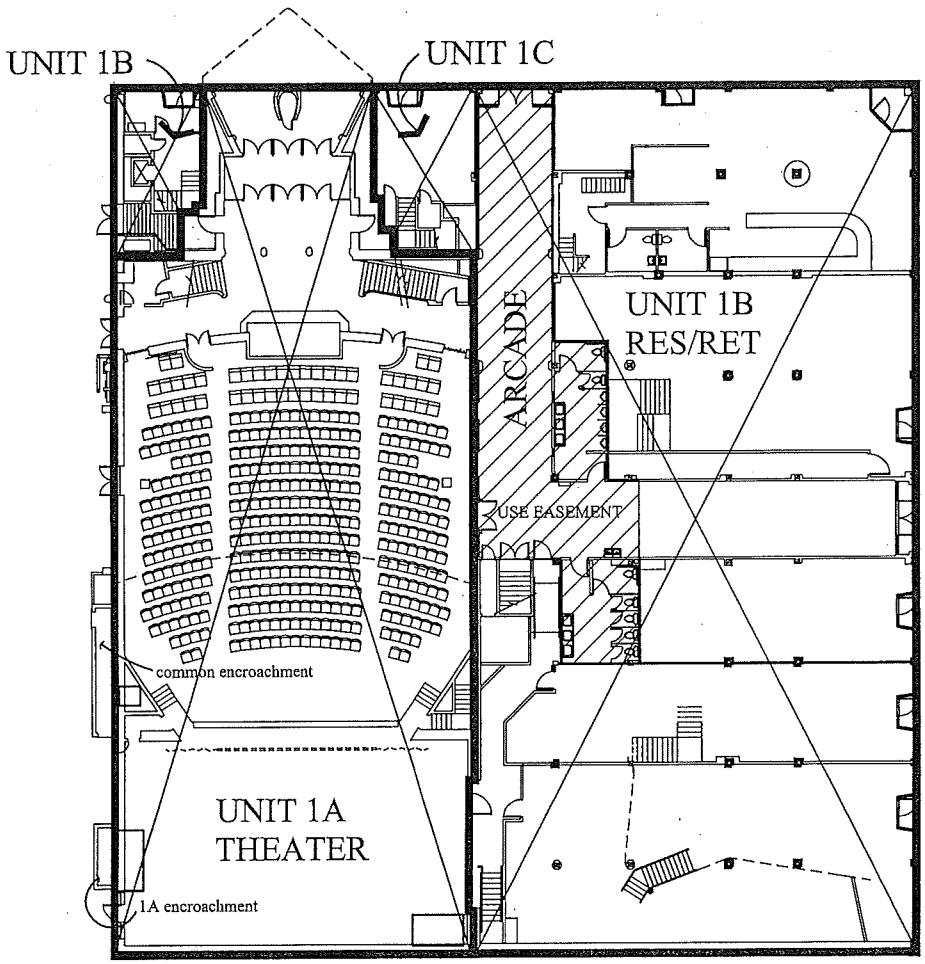
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

BASEMENT FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH sT BILLINGS, MONTANA

04/30/10

EXHIBIT A
PAGE 1



GROUND FLOOR

N

FLOOR AREA	20,960 SF
UNIT 1A-THEATER	8495 SF
UNIT 1B	11,965 SF
UNIT 1C	500 SF
COMMON	0 SF

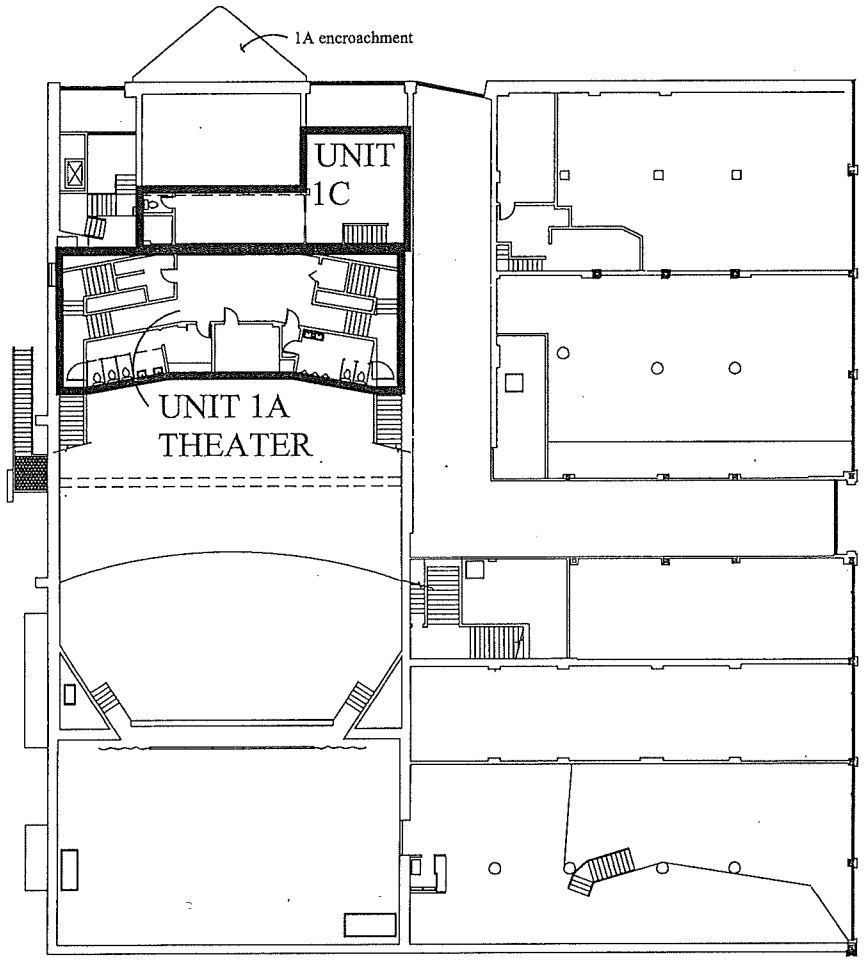
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

GROUND FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

04/30/10

EXHIBIT A
PAGE 2



MEZZANINE

N

FLOOR AREA	2,015 SF
UNIT 1A-THEATER	1,355 SF
UNIT 1B	Ø SF
UNIT 1C	660 SF
COMMON	Ø SF

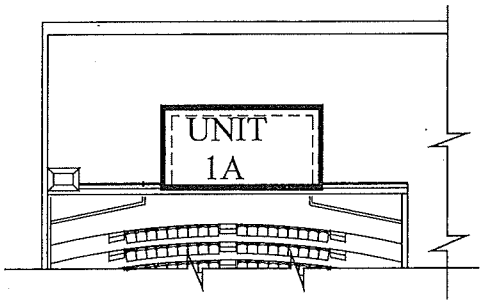
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

MEZZANINE FLOOR PLAN

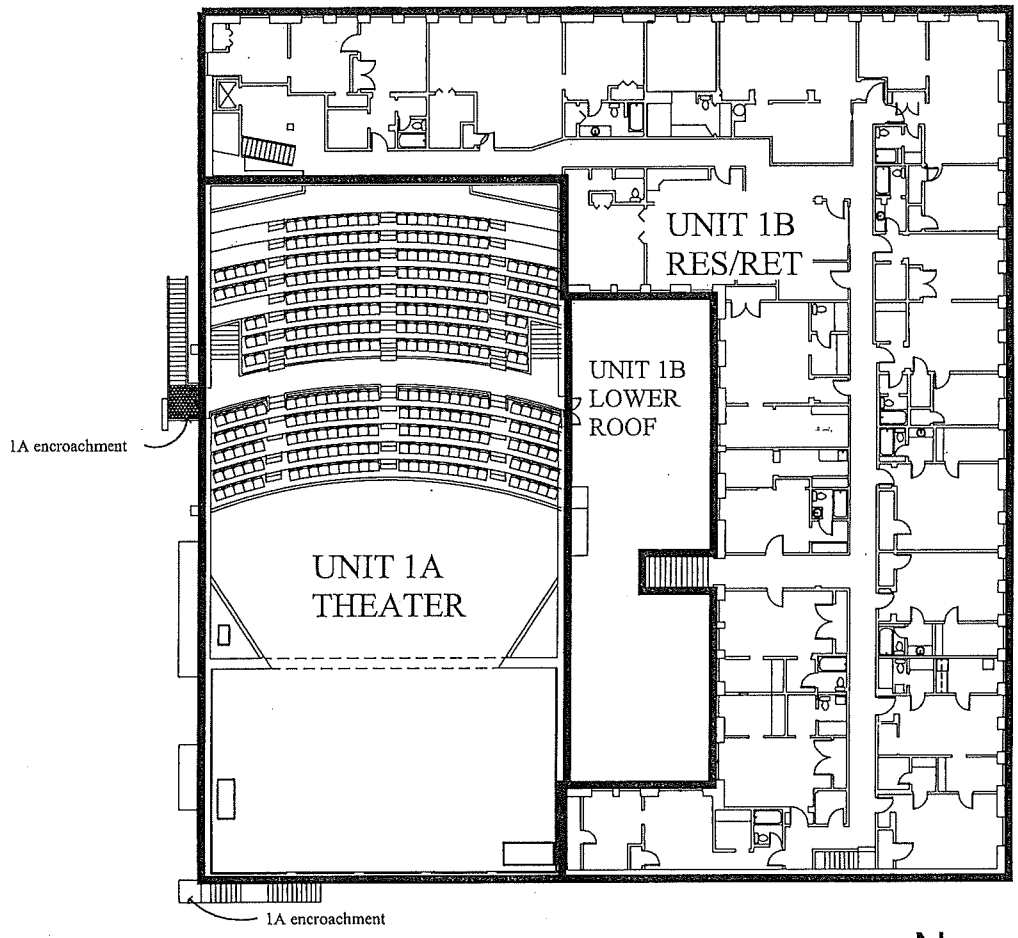
BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

04/30/10

EXHIBIT A
PAGE 3



PARTIAL SECOND FLOOR (PROJECTION BOOTH)



SECOND FLOOR

N

FLOOR AREA	19,675 SF
UNIT 1A-THEATER	8455 SF
UNIT 1B	11,220 SF
UNIT 1C	0 SF
COMMON	0 SF

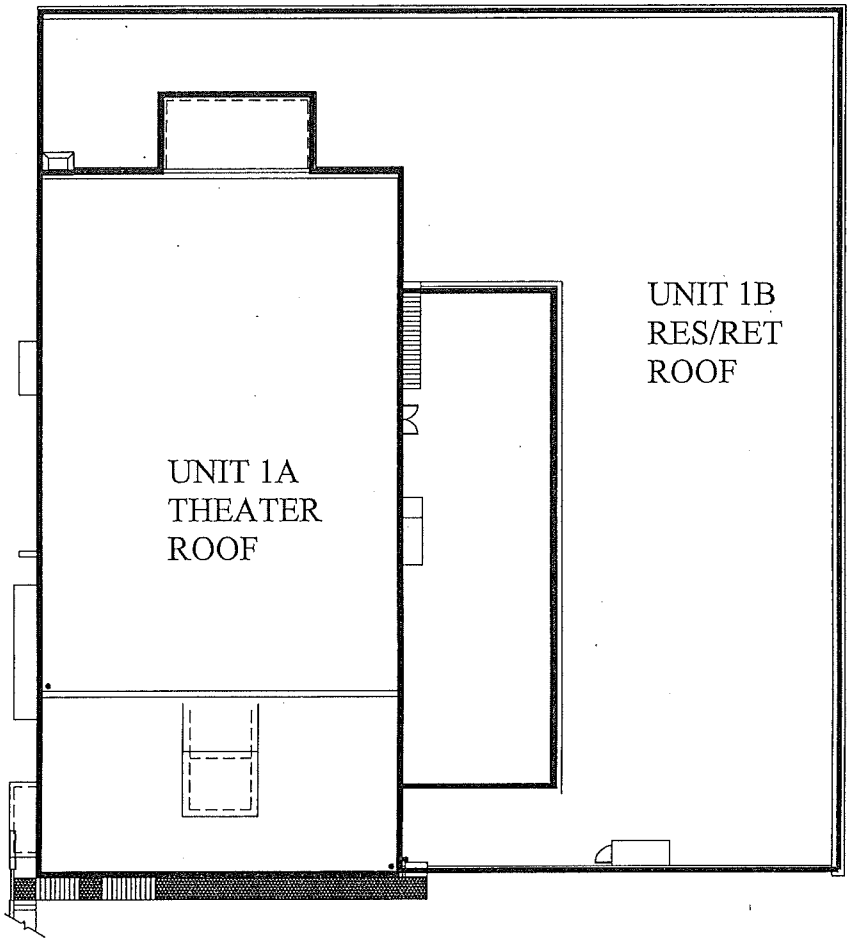
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

UPPER FLOOR PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

04/30/10

EXHIBIT A
PAGE 4



UPPER ROOF

N

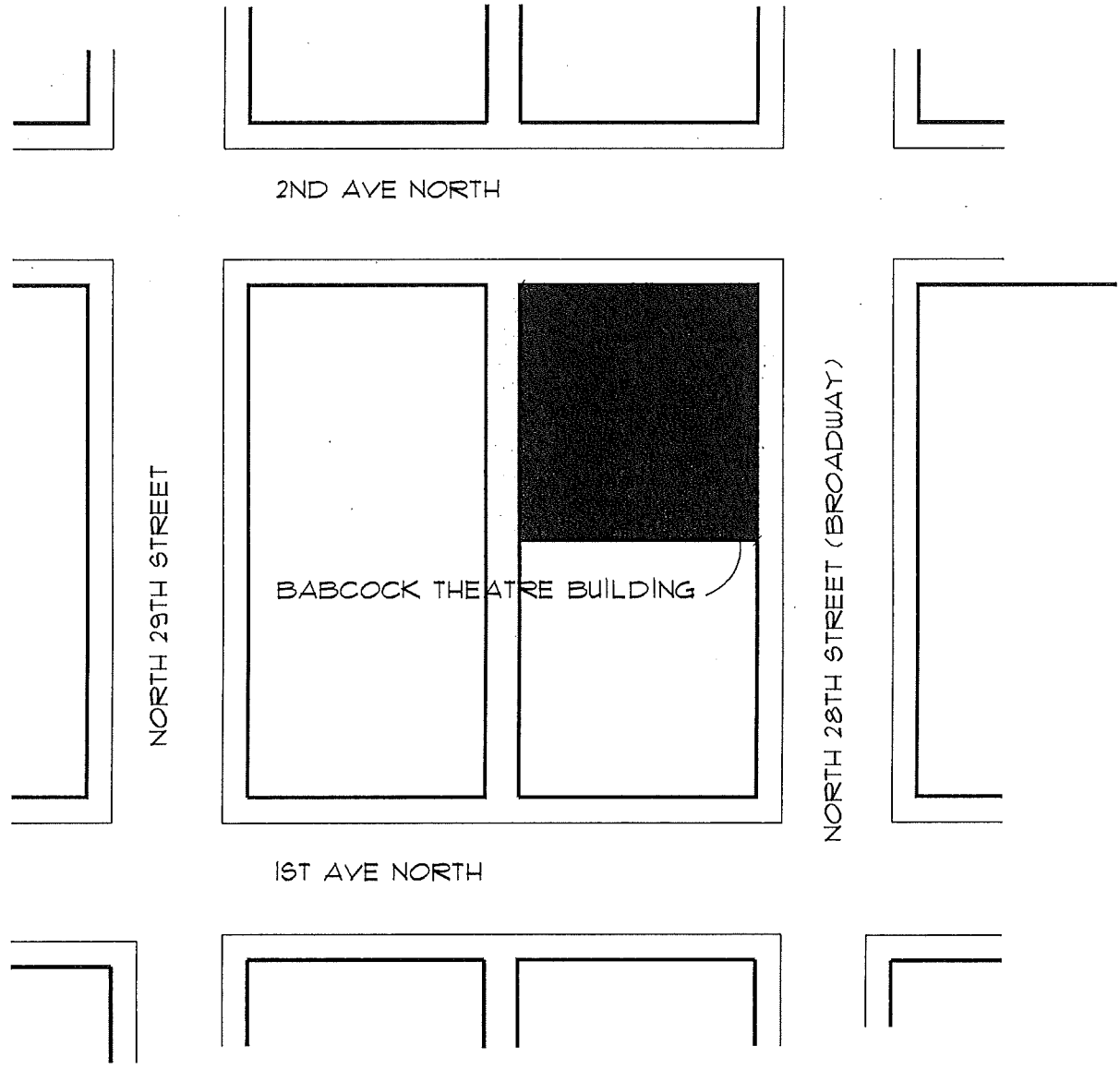
O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS, MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

ROOF PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH ST BILLINGS, MONTANA

04/30/10

EXHIBIT A
PAGE 5



SITE PLAN

O2A
O2 ARCHITECTS
208 N. BROADWAY #350
BILLINGS,MONTANA 59101
FAX 406-256-7123
PHONE 406-259-7123

SITE..PLAN

BABCOCK THEATRE BUILDING 2ND & 28TH sT BILLINGS, MONTANA

04/30/10

EXHIBIT B
PAGE 1

Return to:
The Babcock, LLC
115 N. Broadway, #515
Billings, MT 59101
File No. 37116

BYLAWS OF HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION

1. APPLICABILITY OF BYLAWS.

These Bylaws are applicable to the Historic Babcock Building. The Historic Babcock Building is located upon the following described real property located in Billings, Yellowstone County, Montana:

> All of Lots 7, 8, 9, 10, 11 and 12 and that part of Lot 6 described as follows:
>
> Commencing at the northwest corner of said Lot 6; Thence in a southerly direction along the west line of said Lot 60.22 feet;
> Thence in a northeasterly direction to the northeast corner of said Lot 6;
> Thence in a westerly direction along the north line of said Lot 6 to the point of beginning;
>
> All in Block 93 of the Town of Billings, in the City of Billings, Yellowstone ,County, Montana, according to the official plat on file in the office of the Clerk and Recorder of said County under Document #16312.

The Babcock, LLC is party to a Development Agreement dated September 22, 2009 ("Development Agreement") with the City of Billings, Montana ("City"), a municipality of the State of Montana, and Downtown Billings Partnership, Inc. ("DBP"), for the redevelopment and restoration of the Historic Babcock Building and the ultimate conveyance of the Babcock Theater (Unit 1A herein) to the City or its assignee on or before April 1, 2016. City is also the beneficiary of a Deed of Trust dated October 2,

2008 recorded as a first priority mortgage lien against the Historic Babcock Building under Document No. 3482269, records of Yellowstone County, Montana ("City Deed of Trust") securing performance of the Development Agreement. As a result, City has interests as a future owner and as an Eligible Mortgage Holder against the Historic Babcock Building. Notwithstanding any other provisions of these Bylaws, the rights and interests of the City and DBP under the Development Agreement and the City Deed of Trust and the duties and obligations of The Babcock, LLC to the City and DBP under the Development Agreement and the City Deed of Trust shall control over the provisions of these Bylaws until such time as Unit 1A is conveyed to the City; provided, however, that the floorplans attached as Exhibit A, pages 1 through 5, to the Declaration shall control over the floorplans attached to the Development Agreement.

City shall not be considered or deemed an owner of Unit 1A or of the Historic Babcock Building, until such time as title to Unit 1A is conveyed to City pursuant to the Development Agreement. As such City shall have no liability for the Historic Babcock Building or the activities of the Association, prior to taking title to Unit 1A.

The provisions of the Bylaws shall be subject to the Declaration of Unit Ownership for Historic Babcock Building and the Declaration of Unit Ownership shall control over any inconsistent provisions of these Bylaws.

All present or future owners, tenants, or any other person who might use the facilities of the property in any manner, are subject to the provisions of these Bylaws. The acquisition, rental, or occupancy of any of the units will signify that these Bylaws are accepted, ratified, and will be complied with.

2. DEFINITIONS.

The terms used herein shall have the definitions set forth in the Declaration of Unit Ownership for Historic Babcock Building.

3. BOARD OF DIRECTORS.

a) Number of Directors. The affairs of the Association shall be governed by a Board of Directors composed of three owners, each of whom shall be elected by the unit owners. MICHAEL S. MATHEW, DONALD J. OLSEN and KIMBERLY A. OLSEN, as representatives of The Babcock LLC shall serve as Directors until the first annual meeting of the Association. The Board of Directors shall have the powers and duties

necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration of Unit Ownership for Historic Babcock Building, or these Bylaws directed to be exercised by the unit owners. Notwithstanding the foregoing, immediately upon conveyance of Unit 1A to City or its assignee, City or its assignee shall have the right to nominate one of the three Directors ("City Director"), who shall be elected as set forth in Section 3 C below.

b) Term of Office . Directors shall be elected at the first annual meeting of the Association with two Directors being elected for a one year term, and one for a two year term. Upon expiration of the term of each of these Directors, new Directors shall be elected and the term of office of each Director thereafter shall expire after two years. In the case of the expiration of the term of the City Director, the City or its assignee shall appoint the successor to the City Director, which may be the same person.

c) Nomination and Election. Except for the initial Directors and the City Director, Directors shall be nominated by a Nominating Committee composed of one member of the Board of Directors and two unit owners appointed by the outgoing Board of Directors. The unit owners so appointed shall not be members of the outgoing Board of Directors. A list of persons nominated shall be distributed to all unit owners, attached to written notice of the annual meeting. Additional nominations may be made from the floor at the annual meeting. Each unit owner shall be entitled to one weighted vote for each vacancy in the Board of Directors; cumulative voting shall be permitted. The candidates receiving the largest number of votes shall serve as Directors for the coming term. Notwithstanding any other provision of these Bylaws, all present and future unit owners irrevocably agree as follows: (1) City or its assignee shall have sole discretion to nominate the City Director; (2) immediately upon conveyance of Unit 1A to City or its assignee, the unit owners shall cast a sufficient number of votes to elect the City Director; and, (3) at any subsequent election of directors in which the term of the City Director is scheduled for renewal, the unit owners shall cast a sufficient number of votes to elect the City Director.

d) Qualifications of Directors. Directors must be members of the Association, or, in the case of City, corporate members, L.L.C.s or partnerships, a designated representative of the City, corporation member, L.L.C. or partnership.

e) Resignation and Removal of Directors. Any Director may be removed from office by the majority vote of the unit owners. In the event of resignation or removal of a Director, the vacancy shall be filled at a special meeting of the unit owners or by written ballot circulated among the owners in the manner provided for the election of Directors, with the person so elected serving the balance of the unexpired term. In the event of resignation or removal of the City Director, the vacancy shall be filled at a special meeting of the unit owners or by written ballot circulated among the owners in the manner provided for the election of Directors, with the person so elected to be nominated and elected as provided in Section 3 c) above for the City Director, and to serve the balance of the unexpired term.

f) Compensation. No compensation shall be paid to Directors for their services as Directors unless salaries for Directors are approved by 75% of the unit owners. However, Directors shall be reimbursed for actual expenses incurred in the performance of their duties.

g) Meetings. The first meeting of the newly elected Board of Directors shall be held immediately following the annual meeting of the Association. No notices of this meeting shall be necessary. Additional regular and special meetings of the Board of Directors may be held at such times and places as shall be determined by the Directors. Notice of such meetings shall be given to each Director and to the Secretary and President of the Association, personally or by mail, telephone, e-mail or facsimile, at least three days prior to the day named for such meeting. A majority of Directors shall be needed for a quorum. Meetings may be held by telephone, or similar means, provided all Directors present can hear and speak to all others at the same time, or otherwise fully communicate with one another. All meetings, except those held by telephone or similar means, shall be open to all members of the Association, but Directors may limit participation by members. Information concerning major actions by the Board shall be promptly disseminated to all members of the Association in a manner to be determined by the Board.

h) City and DBP Participation. Prior to such time as City takes title to Unit 1A, City and DBP shall be given notice of all Director, unit owner and Association

meetings and shall have the right to attend all such meetings. City and DBP shall be entitled to participate and comment regarding all matters that come before such meetings.

i) Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law, the Declaration, or these Bylaws directed to be exercised by the members. In addition, the Board of Directors shall have the following powers and duties:

1. To enforce the provisions of the Declaration of Unit Ownership and these Bylaws by appropriate action.
2. To determine the amount of all assessments for general and limited common expenses payable by the unit owners, and to allocate and assess said expenses among the unit owners in proportion to their respective interests in the general and limited common elements. Assessments shall include reserve funds for major repairs. The Board shall have the authority to invest reserve funds in any manner not inconsistent with the needs of the Association.
3. In its discretion, to impose special assessments for emergencies, as they are incurred.
4. To send written notice of any change in the regular assessments and written notice of any special assessment to each owner at least at least thirty 30 days before its due date.
5. To record a lien against any property for which assessments are not paid within thirty days after the dates when due.
6. To foreclose the lien against any property for unpaid assessments or to bring an action at law against the owner personally obligated to pay the same.
7. To adopt a schedule of late payment fees.
8. To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
9. To adopt a schedule of fines for violation of the Declaration, these Bylaws, or the duly adopted rules and regulations of the Association.

10. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

11. To procure and maintain adequate liability, fidelity, and hazard insurance as provided in Section 9 below.

12. To pay all taxes and assessments, if any, imposed on the common areas, and to pay all debts owed by the Association.

13. To review and approve or disapprove all plans for modification of or addition to the common elements.

14. To contract for repairs, maintenance, alterations, additions and improvements to the common elements consistent with managing the Historic Babcock Building in the best interest of the unit owners.

15. To rent or lease general or limited common elements on behalf of all owners entitled to use those elements. The net proceeds of such leases or rental agreements shall be credited to the Association's applicable general or limited common expense account.

16. Upon written request from any person, agency or corporation having an interest or prospective interest in a unit, to furnish within a reasonable time a financial statement of the owners association for the immediately preceding tax year, prepared and approved by a certified public accountant, or at the request of an owner or mortgage holder, to have an audited financial statement prepared at the requesting party's expense. The Board may require that the requesting party prepay the cost of an audit.

17. To provide any notices required by these Bylaws or the Declaration of Unit Ownership for the Historic Babcock Building.

18. To delegate any of the above-mentioned powers and duties to one or more officers or employees of the Association, to a committee appointed by the Board, or to an independent contractor, agent or manager.

19. To employ or contract with a management agent to manage the condominium and to rent or lease units for the unit owners.

20. To supervise all officers, agents and employees of the Association, to ensure that they properly perform their duties.

j) Directors as Trustee for Unit Owners. The Board of Directors is hereby irrevocably appointed as Trustee for the unit owners of all of the units and for each of them to manage, control and deal with the interests of such unit owners in the common elements as necessary to permit the Board of Directors to fulfill all of its powers rights, functions and duties.

The Board of Directors is hereby irrevocably appointed as Trustee for each unit owner, each mortgagee, other named insureds, and their beneficiaries and any other holder of a lien or other interest in any unit to:

1) Insure the units and common areas, as provided in these Bylaws;
2) Adjust and settle all claims arising under insurance policies purchased by the Board of Directors;
3) execute and deliver releases upon the payment of claims.

The mortgagee and guarantor of the mortgage on any unit shall have the right to timely written notice of any casualty loss that affects a material portion of the building or the unit securing its mortgage.

4. OFFICERS.

a) Board Elects Officers. The Board of Directors shall annually elect a President, Secretary, and Treasurer. The Board, in its discretion, may also elect a Vice-President. No two offices may be held by the same person except the offices of Secretary and Treasurer. The officers of the Association shall hold office at the pleasure of the Board, and in the event of a vacancy the Board shall elect a successor at any regular meeting or at any special meeting called for such purpose. DONALD J. OLSEN and KIMBERLY A. OLSEN shall serve as interim President and Secretary, respectively, until the first annual meeting of the Association.

b) Qualifications of Officers. Directors may also serve as officers but are not

required to do so. Officers may be Directors, other members of the Association, or persons who are not members.

c) Duties. The President shall preside at all meetings of the Association and of the Board of Directors, and shall have general supervision over the affairs of the Association and its officers and all of the powers and duties usually vested in the office of President and shall also perform such other duties as from time to time may be imposed by the Board of Directors. The Vice-President, if any, shall act in the place of the President, in the President's absence, and shall have such other duties as may be assigned by the Board of Directors. The Secretary shall keep all books and records of the Association and the Board of Directors and record all minutes of meetings of both, shall keep a record of all members of the Association, and shall serve all required notices. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate itemized accounts of all receipts and disbursements in books belonging to the Association, in chronological order. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

d) Compensation. Any officer who is not a member may be compensated in a reasonable amount as determined by the Board of Directors.

5. LIABILITY OF OFFICERS AND DIRECTORS.

a) The Officers and Directors of the Association shall not be liable to the Association or any unit owner for any mistake of judgment, negligent or otherwise, except for their own individual willful misconduct or bad faith. The unit owners and the Association shall indemnify and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the officers or the Board of Directors on behalf of the Association unless such contract shall have been in bad faith or contrary to the provisions of the Montana Unit Ownership Act or the Declaration of Unit Ownership for Historic Babcock Building or these Bylaws, except to the extent that such liability is satisfied by Directors and Officers liability insurance.

The liability of any unit owner arising out of any contract made by the officers or Board of Directors or out of the indemnification of the officers or Directors or for

damages as a result of injuries arising in connection with the common elements solely by virtue of ownership of a common element or an interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by the owner's percentage of interest in the common elements.

Every agreement made by the officers or Board of Directors on behalf of the Association shall, if obtainable, provide that the officers or the Directors, as the case may be, are acting only as agents for the Association and shall have no personal liability on the agreement.

The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the person is or was an officer or Director of the Association against expenses, including attorney fees, judgments, fines and amounts paid in settlement incurred by the person in connection with such action, suit or proceeding if the officer or Director acted in good faith and in a manner the officer or Director reasonably believed to be in, or not opposed to, the best interest of the Association, except to the extent that such liability is covered by Directors and Officers liability insurance.

6. MEMBERSHIP, MEETINGS AND VOTING.

a) Membership. Each unit owner shall be a member of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION herein called the "Association". If the ownership of any unit is vested in more than one person, each such owner shall be a member, but the co-owners or joint owners of the unit shall be deemed to be one unit owner for the purpose of voting and the determination of any required quorum. Each unit owner shall be entitled to one vote and the vote for any unit owned by more than one person shall be exercised as such co-owners determine.

b) Ownership. Ownership shall be determined according to the records of the Clerk and Recorder of Yellowstone County, Montana; except that a personal representative, conservator or trustee may vote in person or by proxy with respect to any unit owned or held by him or her in such capacity, whether or not the same shall have been transferred to him or her name by a duly recorded conveyance. Owners shall also include those purchasing units under purchase contracts who have an equitable interest in the unit as disclosed by the public record in the office of the Yellowstone County Clerk

and Recorder; and in such an event the equitable owner shall be considered as the only owner of such unit. Tenants shall not be deemed owners and shall not be entitled to vote, except as a proxy holder for an owner.

c) Voting. Votes shall be weighted, with the vote for a unit equal to the undivided interest for such unit set forth in paragraph 7 of the Declaration of Unit Ownership. Whenever a unit is owned by two or more persons, only one vote may be cast for the unit and any one owner may vote in the absence of protest by the other owners. Votes may be cast in person or by proxy.

d) Proxies. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated, must be in writing, and must be filed with the Secretary on or before the appointed time of the meeting.

e) Annual and Special Meetings. The annual meeting of the Association shall beheld on the first Friday of March of every year at a time to be determined by the Board. Additional regular and special meetings of the Association may be held at such times and places as shall be agreed upon by the unit owners. Notice of all meetings shall be given to each member personally or by mail, telephone, e-mail or facsimile, at least ten days prior to the day named for such meeting. The presence, in person or by proxy, of a majority of the unit owners at such meetings of the Association shall be required for the transaction of any business by the Association. Members may participate in a meeting of the members by means of conference telephone or similar communication equipment so long as all persons participating in the meeting can hear each other at the same time, and such participation shall constitute presence in person at the meeting.

The agenda for the annual meeting shall include the following:

1) Determination of quorum;
2) Approval of minutes of last annual meeting;
3) Presentation of financial report for past year and presentation of budget for coming year;
4) Appointment of Arbitrator;
5) Report Board opinion of adequacy of limits on insurance coverage;
6) Election of Directors;
7) Old business, if any; and

8) New business.

Meetings shall be conducted ~n accordance with Roberts Rules of Order.

f) Manner of Obtaining Approval of Unit Owners. Whenever approval of unit owners is required, that approval may be obtained by vote at an annual or special meeting, or by written ballot or petition, circulated among the owners.

7. INSPECTION OF RECORDS.

The books, records and papers of the Association shall be open for inspection by any unit owner, and by Eligible Mortgage Holders at any reasonable time.

8. EMERGENCY ACCESS.

Directors and other persons authorized by the Board, shall have the right to enter other units in case of an emergency originating in or threatening such unit whether or not the owner or occupant is present at the time.

9. INSURANCE.

a) Except as otherwise provided in subsection j) below, the Board of Directors shall insure all of the units and all common element improvements, including every part of the building and all fixtures attached or affixed to any part of the building by screws, nails, glue, cement or other building material, against loss or damage by fire and other casualty in an amount representing the full insurable value thereof, less a deductible in an amount to be determined by the Board. Such insurance shall be "all-in" coverage. Works of art, purely decorative items, and office and communication equipment normally not considered to be part of the real estate when a unit is sold are not fixtures, even though temporarily attached to a wall with nails or screws and will not be covered by the Association.

b) The Board of Directors shall purchase general commercial liability insurance, insuring the Association and the unit owners for liability for personal injuries to, or the death of, any person, or damage to property resulting from the ownership, use or occupancy of the property, with policy limits to be determined by the Board, but no less than $1,500,000.00 per occurrence and $2,000,000.00 annual aggregate.

c) The Board of Directors shall purchase fidelity insurance coverage for all persons handling association monies, naming the Association as insured, in an amount equal to the maximum funds held by the Association. If the Board employs a

management agent, the agent must have its own fidelity insurance policy providing the same coverage required above.

d) The Board shall purchase Officer's and Director's liability insurance covering each member of the Board and each officer of the Association; the amount of coverage shall be determined by the Board.

e) The cost of all insurance purchased by the Association shall be a part of the general common expense.

f) Directors shall seek to obtain the best insurance value, considering the coverage, the price, the financial stability of the insurer, and the history of the insurer in promptly and properly handling claims.

g) In the event of a loss exceeding one thousand dollars ($1,000.00), all Association insurance proceeds shall be paid to the Board of Directors as trustee for disbursement.

h) Each policy shall contain a standard mortgagee clause in favor of each mortgagee or trust indenture beneficiary, or contract of sale endorsements in favor of the contract sellers of any units naming such mortgagee, trust indenture beneficiary or contracts seller as an additional insured, and shall require the insurer to notify the Association, each unit owner, and each first mortgage holder, in writing, of any lapse, cancellation or substantial change to the policy at least ten days prior to the date on which such cancellation or change takes effect. Duplicate originals of all new insurance policies and of all policy renewals, together with proof of payment of premiums, shall be delivered to all mortgagees and contract sellers of units at least ten days prior to expiration of the then current policies.

i) The Board of Directors shall annually review the adequacy of limits of coverage of insurance policies, shall obtain an appraisal from an insurance company or other knowledgeable person or business of the full replacement value of the covered improvements, without deduction of depreciation, for the purpose of determining the amount of property insurance required under this section, and report its findings and opinion regarding insurance to the membership of the Association at its annual meeting.

j) Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that the liability of the carriers issuing insurance obtained by the

Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner. Insurance purchased by the Association shall not cover personal items, such as furniture, clothing, office equipment, stock, stores or inventory inside the units. Owners must insure their personal property and obtain liability insurance to cover injury or damage occurring on or within their limit if they wish such insurance coverage. If any major improvements are made to the interior of a unit after initial purchase of the unit, or if equipment is installed, (for example, if an owner or tenant later adds a telephone system, or partition walls or shelving or a mezzanine, or wires a unit for computers and installs a computer system) those improvements (betterments) must be insured for fire or other casualty on the owner's personal insurance policy, if the owner wishes to have insurance. Insurance on such betterments will not be purchased by the Association. Replacement of worn fixtures or equipment with similar new ones shall not be deemed a betterment.

k) Insurance payments for a fire or other property loss insured by the Association shall be applied by the trustee to repair or replacement of the damaged property. In the event of loss to one or more but not all units, any amount needed to repair or replace the unit, in excess 'of insurance payments, shall be paid by the owner of that unit.

l) The Association shall pay, as a common expense, the deductible amount for any property loss insured by the Association if the damage is only to the common elements. In all other cases, owners of the damaged units shall pay the deductible in proportion to the amount of the loss to each damaged unit reported on the insurance claim.

10. PROPERTY LOSS.

Property damaged by fire or other casualty must be repaired or rebuilt unless there is a total loss of all units and all unit owners agree not to rebuild. Insurance payments for a property loss insured by the Association shall be applied by the Board, or its designated trustee, to repair or replacement of the damaged property except in the event of a total loss of all units and a decision not to rebuild. Units which are repaired or replaced after casualty shall conform in style, quality, and appearance to the unit as it existed prior to the casualty.

11. ASSESSMENTS FOR COMMON EXPENSES.

a) When Assessments Begin. The owner of each unit shall be obligated to pay monthly and special assessments for general and limited common expenses imposed by the Association beginning at the time of sale or transfer of the first unit by Developer.

b) Amount. Prior to the annual meeting, the Board of Directors shall prepare an Association budget for the coming year. A copy of that budget, together with a statement of the amount of each monthly assessment for the coming year, plus a reasonable reserve allowance for replacement of improvements, shall be delivered to each unit owner at least one week before the annual meeting. Each monthly assessment for a unit shall be equal to the total estimated general and limited common expenses chargeable to that unit for the coming year, including a reasonable reserve allowance for contingencies, divided by twelve, and multiplied by the percentage of undivided interest in the general or limited common elements attached to that unit. General common expenses and limited common expenses shall be separately assessed to a unit. If an annual budget is not prepared as required, the monthly assessment due shall be equal to the amount of the monthly assessment for the previous year until changed by the Board of Directors, after preparation of a new budget. Written notice of any new assessment shall be given, by mail or otherwise, to each unit owner at least 20 days in advance of the first payment due date for the assessment.

c) Special Assessments. The Board may impose special assessments or unanticipated emergency expenses without prior approval the members.

d) Due Date. Assessments shall be due and payable, in advance, on the first day of each month.

e) Interest and Late Fees. Assessments paid more than ten days after the date when due shall bear interest at the rate of fifteen percent (15%) per annum from the date when due until paid. In addition, late paying owners shall be obligated to pay a late fee in an amount to be determined by the Board of Directors. Late fees shall not be deemed to be interest payments in the amount of the late fees must either be equal for all units or proportionate to the percentage of undivided interest in the common elements attached to each of the units. All payments upon assessments shall be applied first to late fees, then to interest and then to the earliest assessment due.

f) Record Keeping. All sums collected by the Association from assessments may be commingled in a single fund but the Treasurer shall keep separate payment records for assessments for general common expenses and for limited common expenses for each unit.

g) No Exemption from Payment. No owner of a unit is exempt from liability for the owner's share of any common expense by waiver of the use or enjoyment of those items paid for or by abandonment or lease of the unit. Owners of leased units shall be responsible for paying the assessments for that unit even if the lease shifts that responsibility to the tenant.

h) Account Balance Transfers with Unit. No unit owner shall be entitled to receive the balance in that owner's assessment account upon sale of the owner's unit. The account balance shall pass with sale of the unit to the credit of the new unit owner. This provision shall not be deemed to prohibit a selling owner from collecting the balance of that owner's assessment account from a purchaser.

i) Remedies for Failure to Pay. The remedies for failure to pay assessments are set forth in the Declaration of Unit Ownership.

12. MAINTENANCE OF UNITS AND COMMON ELEMENTS.

a) Unit Owner Responsibilities. Every unit owner shall be responsible and for all maintenance of and repairs to the interior of the owner's unit, except for repairs covered by insurance purchased by the Association for all maintenance, repairs and replacement of doors and awnings windows serving the unit, and for routine maintenance of limited common elements used exclusively by the owner,. each owner shall be responsible for all damages to the other units or to the common elements resulting from the owner's failure to effect that owner's unit. All fixtures, lines, pipes and equipment serving a single Unit shall be maintained, replaced and kept in repair by the Unit Owner, except in the event of damage covered by insurance purchased by the Association.

b) Association Responsibilities. The Association shall be responsible for any maintenance, repair and replacement of all general and limited common elements, except as otherwise provided in Section 12(a) above. The Association shall also be responsible for keeping common utility lines in good repair and condition at all times. The Association -may employ personnel necessary for the maintenance, upkeep and repair of

the common elements as is deemed necessary. The Association shall use a reasonably high standard of care in providing such maintenance, management and repair, so that the Historic Babcock Building will reflect a high pride of ownership.

13. RESTRICTIONS ON USE.

The following restrictions apply to use of all units and common areas:

a) Alterations to Building and Common Elements. Nothing shall be done in, on or to any unit or in, on or to the limited or general common elements which will impair the structural integrity of the building. No unit owner or occupant shall make any additions or alterations to any unit or common areas, nor change the architectural design of the building without the prior written consent of the Board of Directors for Historic Babcock Building. No TV antennas, satellite dishes, air-conditioning units, wiring or any other device shall be installed on the exterior of the building, or on common elements without prior written approval of the Board of Directors.

b) Maintenance and Repair. Unit owners shall promptly perform all maintenance and repair work within their own units which, if omitted, would affect any common element, and each unit owner shall be responsible for all damages and liabilities created by such failure to maintain or repair.

c) Garbage. All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere on any common element or outside any unit.

d) Fire Prevention. No unit owner shall perform any act or store anything within or immediately adjacent to the owner's unit, or limited common areas used by the owner, which might increase the rate of fire and other casualty insurance for the Historic Babcock Building project or increase the probability of fire as a result of such act or the storage of such items.

e) Unlawful Use. No unlawful use shall be made of any unit, the common areas, or any part thereof.

f) Signs. Permanent signs must be approved by the Board.

g) Hazardous Substances. No storage of chemicals or hazardous substances shall be permitted in any unit or the common areas, except reasonable amounts of cleaning supplies.

h) Boiler and Equipment Room. Owners and tenants shall not enter any boiler or equipment or utility room, nor shall any owner or tenant adjust or modify any boiler, pipe, line, valve, or equipment of any kind for providing heat, water, or other utilities, or elevator equipment, unless accompanied by a designee of the Board of Directors, except in an emergency threatening life or property.

i) No Smoking. No smoking shall be permitted in the Building.

j) Asbestos and Lead Based Paint. The building is old. Owners and prospective purchasers are hereby notified that the units and the common areas may contain asbestos, and the paint in any unit or the common area might contain lead.

14. RULES AND REGULATIONS.

Administrative rules and regulations concerning the use of common elements may be promulgated and amended by the Board of Directors provided however, that no restrictions on the use of common elements in addition to those established in the Declaration and these Bylaws shall be effective until such time as all units have been sold by Developer, without Developer's express written consent.

A copy of the current rules and regulations shall be provided to each unit owner by the Secretary of the Association, without cost, upon request.

15. LIABILITY OF THE ASSOCIATION

The Association shall not be liable to any unit owner for any failure of water supply or other services or liabilities to be paid for as a common expense, or for injury or damage to person or property caused by the elements, or resulting from water, snow or ice which may leak or flow over from any portion of the common elements or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any unit owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. This shall not be deemed to be a waiver of any liability between unit owners. No diminution or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or the exterior of the building, or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any government authority. The Association shall not be liable to any unit owner for

injury or damage to person or property caused by another unit owner. Any such liability shall be attributed solely to the responsible unit owner.

16. AMENDMENT.

a) These Bylaws may be amended by the Association with approval of the owners of at least 75% of the units and by written consent of City, so long as the City holds the City Deed of Trust; provided, however, that no amendment shall take effect without the approval of the Developer, until such time as all units have been sold by the Developer. A copy of the Bylaws, as amended, certified by the President and Secretary of the Association, must be recorded in the office of the Clerk and Recorder of Yellowstone County, Montana. The Bylaws shall always include those particulars required to be included therein by the Montana Unit Ownership Act.

b) The consent of Eligible Mortgage Holders who represent at least fifty-one (51%) percent of the votes of units subject to mortgages held by eligible holders shall be required for any of the following:

i. Changes in insurance requirements; and

ii. Changes in any provisions which expressly benefit mortgage holders, insurers or guarantors.

17. BYLAWS ARE COVENANTS.

The provisions of these Bylaws shall be covenants running with the land and shall be binding on all owners, their tenants, families, customers and guests, for so long as the real property described herein is subject to the provisions of the Montana Unit Ownership Act.

18. ENFORCEMENT AND WAIVER.

These Bylaws may be enforced in the manner set forth in the Declaration of Unit Ownership for Historic Babcock Building and these Bylaws. In the event the Board of Directors shall refuse to enforce the provisions of these Bylaws or the Declaration of Unit Ownership or duly adopted Rules and Regulations by appropriate action, any unit owner shall have the right to do so.

Failure of the Association, its Board of Directors or any of its members to enforce the provisions of these Bylaws or the Declaration of Unit Ownership of Historic Babcock

Building or any Rules and Regulations adopted by the Association shall not be deemed a waiver of the right to do so in the future.

19. HEADINGS.

The headings used in these Bylaws are for convenience only and shall not be deemed to limit the provisions of these Bylaws.

20. NOTICE.

Except where otherwise provided in these Bylaws any written notice required or provided for in these Bylaws or in the Declaration of Unit Ownership for Historic Babcock Building shall be hand-delivered or mailed by certified mail, return receipt requested, and a copy sent by regular mail, to the last address provided by the owner 'to the Association. A notice sent by certified mail shall be deemed delivered three days after the date when mailed, whether or not actually received by the owner to whom it was sent.

IN WITNESS WHEREOF, the undersigned, being the interim Chairman and Secretary of the Association, have executed this instrument as evidence of the adoption of the aforesaid Bylaws of the Association and hereby certify that the foregoing is a true and correct copy of the Bylaws of the said Association.

DATED this 26 day of MAY, 2010.

HISTORIC BABCOCK BUILDING
NON-PROFIT OWNERS ASSOCIATION

By: _____
DONALD J. OLSEN, President

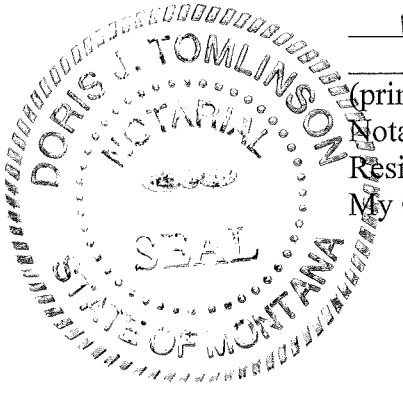
By: _____
KIMBERLY A. Olsen, Secretary

STATE OF MONTANA)
: ss.
County of Yellowstone)

On this 26th day of May, 2010, before me, the undersigned, a Notary Public for the State of Montana, personally appeared DONALD J. OLSEN known to me to be the President of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, and KIMBERLY A. OLSEN known to me to be the Secretary of the HISTORIC BABCOCK BUILDING NON-PROFIT OWNERS ASSOCIATION, whose names are subscribed to the foregoing Bylaws and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

(SEAL)



Doris J. Tomlinson
Doris J. Tomlinson
(print or type name of notary)
Notary Public for the State of Montana
Residing at Billings, Montana
My Commission Expires July 30, ~~200~~ 2012

Joanne I. Vitti
Assistant Vice President

October 13, 2025

CERTIFIED MAIL R.R.R.
9589 0710 5270 2677 5653 77
& Via E-Mail: matt@arthousebillings.com

Cine Billings Inc. dba Art House Cinema & Pub
Babcock Theater
109 N. 30th Street
Billings, MT 59101

RE:	Claim #:	G10079601
	Insured:	Cine Billings Inc. dba Art House Cinema & Pub; Babcock Theater
	Policy #:	IMA429087A
	Effective Dates:	03/12/2025 – 03/12/2026
	Reported D/Loss:	May 29, 2025
	Location:	2810 2nd Ave. N., Billings, MT 59101

Dear Insured:

Please note that GenStar Insurance Services, LLC, is handling this claim on behalf of General Star Indemnity Company who issued the above referenced policy. This letter acknowledges receipt of a Property Loss Notice for the above captioned date, received in our office on May 29, 2025. The loss notice indicated "roof falling".

As you are aware, this claim was assigned to Nathan Kascel of Engle Martin and Kelly D. Huff of S-E-A Limited to investigate and determine the extent of your claimed loss and the cause of the ceiling collapse. We have also been made aware a that Business Income claim is being pursued.

S-E-A's conclusions are as follows:

- Over time, the expansion/contraction of the wood-ceiling framing, along with tension loads from the ceiling weight has allowed the nails to back out of the wood ceiling framing, in turn producing the partial detachment and collapse of the plaster ceiling.
- It is quite possible that there is limited ventilation in the attic space of the Theatre, creating a greater temperature differential between the attic and interior theater space, and an environment that this more conducive to movement between dissimilar materials.

Please refer to your policy, more specifically form CP1030 (Causes of Loss-Special Form), wherein it states:

A. ***Covered Causes Of Loss***

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

****

2. *We will not pay for loss or damage caused by or resulting from any of the following:*

d. ***(1)*** *Wear & tear;*

(2) *Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;*

****

f. *Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.*

k. *Collapse, including any of the following conditions of property or any part of the*

property:

(1) An abrupt falling down or caving in;
(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

****

3. *We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.*

****

c. Faulty, inadequate or defective:

(4) *Maintenance; of part or all of any property on or off the described premises.*

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

***

c. The interior of any building or structure, or to personal property in the building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) *The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or*
(2) *The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure*

c. regardless of the insured's actual or constructive knowledge of the severity of the loss or damage.

Also, please also see Form CPR 21 0001:

EXCLUSION – PRE-EXISTING DAMAGE

This endorsement modifies insurance under the following:

CAUSE OF LOSS – SPECIAL

The following is added to B. Exclusions:
This policy excludes any pre-existing property damage as well as any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing damage at the time of loss.

***

Please also refer to your policy, specifically form CP0030 BUSINESS INCOME (AND EXTRA EXPENSE) which reads in part:

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

***

Per the above captioned policy language, we are unable to provide coverage under the policy for the damage being claimed to business personal property as the inspection did not reveal any sudden and accidental building damage caused by or resulting from any covered cause of loss or any storm-created openings. Any issue that the building is experiencing is the result of excluded causes of loss under the policy and as such, Business Income nor Business Personal Property coverage has not been triggered.

This letter is intended to inform you of those coverage issues which General Star has been able to determine, to date, based upon the facts provided in your Property Loss Notice and our investigation. Further limitations and exclusions may be applicable to your claim, however, because General Star has concluded that there is no coverage for your claim, any discussion of those limitations and exclusions would be purely speculative at this time. Because of the possibility that other limitations and exclusions might apply, General Star specifically reserves its right to decline coverage for your claim under any of the terms, conditions, limitations, exclusions and other provisions of the Policy not specifically referenced in this letter.

Because other reasons may exist for which there is no potential for coverage under the Policy, the reasons set forth in this letter for General Star's denial of coverage are not intended to be exclusive and are based only on information available to General Star at the present time. General Star reserves the right to rely upon any additional reasons to deny coverage, as appropriate, in light of any new information provided to General Star.

General Star also specifically reserves the right to conduct an additional investigation or analysis of your claim if it receives information which was not previously provided. Accordingly, no acts by any of General Star's agents, adjustors, or employees are to be construed as a waiver or operate as an estoppel with respect to any of General Star's rights under the Policy. In addition, no conduct of General Star or its employees, agents or adjustors is to be construed as a waiver or surrender of any term, condition, limitation, exclusion, or other provision of the Policy. Finally, General Star specifically reserves the right to resolve any coverage dispute or contract issue, if necessary, by filing an action for declaratory relief.

Should you have any new or additional information that suggests any of the conclusions set forth above are incorrect, please contact the undersigned at (800) 624-5237.

Very truly yours,

Joanne I. Vitti

Joanne I. Vitti
Assistant Vice President | Claims Division
GenStar Insurance Services, LLC
CA License Adjuster #2B14266 | FL License #A007094

cc: Cochrane & Company
jwilliamson@cochraneco.com

Marsh McLennan
AmberMaestas@MarshMMA.com

AmTrust North America
An AmTrust Financial Company

AmTrust

Insured:	BW Real Estate LLC	Business:	(208) 664-5081
Property:	2810 2nd Avenue N Billings, MT 59101		
Home:	2810 2nd Avenue N Billings, MT 59101		
Claim Rep.:	George Long	E-mail:	George.Long@AmtrustGroup.com
Estimator:	Dillon Standley Adjuster Lic # MT- 100135195	Business:	(406) 606-0274
Business:	1000 Oaksdale Ave SW Renton, WA 98057-5203	E-mail:	dillon_standley@us.crawco.com

Claim Number: 4018736-1 **Policy Number:** WPP2010517-02 **Type of Loss:** Collapse

Date Contacted:	5/30/2025 9:57 AM		
Date of Loss:	5/28/2025 12:00 AM	Date Received:	5/30/2025 1:17 PM
Date Inspected:	6/5/2025 9:57 AM	Date Entered:	6/2/2025 5:39 AM
Date Est. Completed:	12/3/2025 3:31 PM		
Price List:	MTBI8X_JUN25 Restoration/Service/Remodel		
Estimate:	BW_REAL_ESTATE_LLC2		

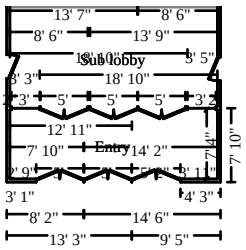
The following pages contain an estimate regarding the known damage to your property. It does not represent any hidden damages that may later be discovered. Because the information in this estimate serves as the basis for a determination of your benefits, you and your contractor should review it carefully. If you have any questions regarding the estimate, please let us know prior to beginning any repairs by contacting your AmTrust Claims Adjuster or AmTrust Claims at 888-239-3909.

You can also check the status of your claim at www.amtrustfinancial.com/claims

BW_REAL_ESTATE_LLC3

Ground Floor

Main Level

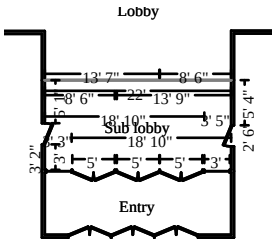


Entry **Height: 9' 6"**

307.74	SF Walls	161.33	SF Ceiling
469.07	SF Walls & Ceiling	161.33	SF Floor
17.93	SY Flooring	22.43	LF Floor Perimeter
58.67	LF Ceil. Perimeter		

Door	**5' 1 3/4" X 6' 8"**	**Opens into Exterior**
Door	**5' 1/2" X 6' 8"**	**Opens into Exterior**
Door	**5' 1/4" X 6' 8"**	**Opens into Exterior**
Window - Goes to Floor	**3' X 8'**	**Opens into SUB_LOBBY**
Door	**5' 1/8" X 6' 8"**	**Opens into SUB_LOBBY**
Door	**5' 1/8" X 6' 8"**	**Opens into SUB_LOBBY**
Door	**5' 1/8" X 6' 8"**	**Opens into SUB_LOBBY**
Window - Goes to Floor	**3' X 8'**	**Opens into SUB_LOBBY**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
1. Clean the walls and ceiling - Heavy									
469.07 SF	0.62	0.00	58.16	348.98	0/NA	Avg.	0%	(0.00)	348.98
2. Clean floor, strip & wax									
161.33 SF	1.44	0.00	46.46	278.78	0/NA	Avg.	0%	(0.00)	278.78
Totals: Entry		**0.00**	**104.62**	**627.76**				**0.00**	**627.76**

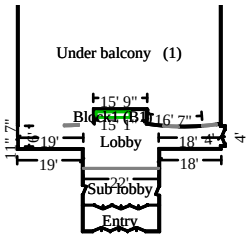


Sub lobby **Height: 7' 9"**

154.50	SF Walls	232.83	SF Ceiling
387.33	SF Walls & Ceiling	232.83	SF Floor
25.87	SY Flooring	17.14	LF Floor Perimeter
43.17	LF Ceil. Perimeter		

Window - Goes to Floor	**3' X 8'**	**Opens into ENTRY**
Door	**5' 1/8" X 6' 8"**	**Opens into ENTRY**
Door	**5' 1/8" X 6' 8"**	**Opens into ENTRY**
Door	**5' 1/8" X 6' 8"**	**Opens into ENTRY**
Window - Goes to Floor	**3' X 8'**	**Opens into ENTRY**
Door	**2' 6" X 6' 8"**	**Opens into Exterior**
Missing Wall	**22' X 7' 9"**	**Opens into LOBBY**
Door	**2' 6" X 6' 8"**	**Opens into Exterior**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
3. Clean the walls and ceiling - Heavy									
387.33 SF	0.62	0.00	48.02	288.16	0/NA	Avg.	0%	(0.00)	288.16
4. Paint the walls and ceiling - two coats									
387.33 SF	1.54	0.00	119.30	715.79	10/15 yrs	Avg.	66.67%	(80.05)	635.74
5. Clean floor, strip & wax									
232.83 SF	0.00	0.00	0.00	0.00	0/NA	Avg.	0%	(0.00)	0.00
Totals: Sub lobby		**0.00**	**167.32**	**1,003.95**				**80.05**	**923.90**



Lobby **Height: 8'**

916.43	SF Walls	592.91	SF Ceiling
1509.35	SF Walls & Ceiling	576.97	SF Floor
64.11	SY Flooring	109.83	LF Floor Perimeter
154.46	LF Ceil. Perimeter		

Missing Wall	**22' X 8'**	**Opens into SUB_LOBBY**
Door	**4' 1/16" X 6' 8"**	**Opens into Exterior**
Missing Wall - Goes to Floor	**4' 4" X 6' 8"**	**Opens into UNDER_BALCON**
Missing Wall - Goes to Floor	**4' 5/16" X 6' 8"**	**Opens into UNDER_BALCON**
Missing Wall - Goes to Floor	**4' 3 1/8" X 6' 8"**	**Opens into UNDER_BALCON**
Door	**6' 5/16" X 6' 8"**	**Opens into Exterior**

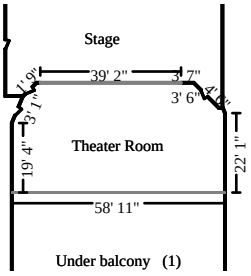
QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV

CONTINUED - Lobby

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
6. Clean the walls and ceiling - Heavy									
1,509.35 SF	0.62	0.00	187.16	1,122.96	0/NA	Avg.	0%	(0.00)	1,122.96
7. Paint the walls and ceiling - two coats									
1,509.35 SF	1.54	0.00	464.88	2,789.28	10/15 yrs	Avg.	66.67%	(311.93)	2,477.35
8. R&R Carpet - metal transition strip									
22.00 LF	5.44	0.00	23.94	143.62	10/10 yrs	Avg.	75% [M]	(31.52)	112.10
9. Remove Carpet - High grade									
576.97 SF	0.35	0.00	40.38	242.32	10/10 yrs	Avg.	NA [M]	(0.00)	242.32
10. Carpet - High grade									
663.51 SF	5.89	0.00	781.62	4,689.69	10/10 yrs	Avg.	75% [M]	(2,299.06)	2,390.63

Component FCCAV+ from this line item was priced by ITEL Flooring Pricing (FSP) on 10 Dec 2025. See attached document for more details.
carpet is heavily soiled by dust
15 % waste added for Carpet - High grade.

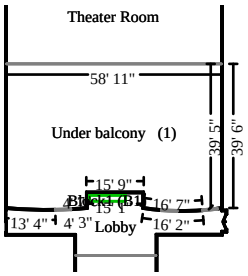
Totals: Lobby		**0.00**	**1,497.98**	**8,987.87**				**2,642.51**	**6,345.36**



Theater Room **Height: 35' 2"**

4171.38	SF Walls	1721.91	SF Ceiling
5893.29	SF Walls & Ceiling	1721.91	SF Floor
191.32	SY Flooring	63.80	LF Floor Perimeter
169.35	LF Ceil. Perimeter		

Door	**2' 6" X 6' 8"**	**Opens into Exterior**
Door	**2' 6" X 6' 8"**	**Opens into STAGE**
Missing Wall - Goes to Floor	**39' 1 1/2" X 27'**	**Opens into STAGE**
Door	**2' 6" X 6' 8"**	**Opens into STAGE**



Subroom: Under balcony (1) **Height: 11' 6"**

1601.32	SF Walls	2271.71	SF Ceiling
3873.02	SF Walls & Ceiling	2271.71	SF Floor
252.41	SY Flooring	133.77	LF Floor Perimeter
146.36	LF Ceil. Perimeter		

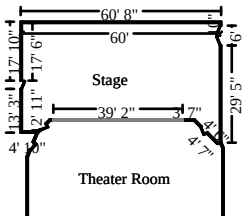
Missing Wall - Goes to Floor	**4' 3" X 6' 8"**	**Opens into LOBBY**
Missing Wall - Goes to Floor	**4' 3 3/4" X 6' 8"**	**Opens into LOBBY**
Missing Wall - Goes to Floor	**4' 1/16" X 6' 8"**	**Opens into LOBBY**
Missing Wall	**58' 11 1/16" X 11' 6"**	**Opens into THEATER_ROOM**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
11. Clean floor and seal - wood									
3,194.89	SF	0.00	0.00	0.00	0.00	0/NA	Avg.	0%	(0.00)	0.00
12. Remove Carpet - High grade									
798.72	SF	0.35	0.00	55.92	335.47	10/10 yrs	Avg.	NA [M]	(0.00)	335.47
13. Carpet - High grade									
918.53	SF	5.89	0.00	1,082.02	6,492.16	10/10 yrs	Avg.	75% [M]	(3,182.71)	3,309.45
Component FCCAV+ from this line item was priced by ITEL Flooring Pricing (FSP) on 10 Dec 2025. See attached document for more details.									
carpet is heavily soiled									
15 % waste added for Carpet - High grade.									
14. Clean chair - large or ornate									
378.00	EA	23.53	0.00	1,778.86	10,673.20	0/NA	Avg.	0%	(0.00)	10,673.20
15. Mask the surface area per square foot - plastic and tape - 4 mil									
2,380.00	SF	0.39	0.00	185.64	1,113.84	0/15 yrs	Avg.	0%	(0.00)	1,113.84
Cover/Protect for plaster work									
16. Plaster - General Laborer - per hour									
24.00	HR	54.50	0.00	261.60	1,569.60	0/150 yrs	Avg.	0%	(0.00)	1,569.60
Allowance to prep work area and ready for plaster repair.									
17. Acoustic plaster over metal lath									
1,740.00	SF	19.37	0.00	6,740.76	40,444.56	50/150 yrs	Avg.	33.33%	(1,902.40)	38,542.16
Allowance to replace ceiling and wall plaster damaged due to collapse.									
18. Sprayed Acoustic foam *									
1,740.00	SF	1.46	0.00	508.08	3,048.48	0/100 yrs	Avg.	0%	(0.00)	3,048.48
19. Additional cost for high wall or ceiling - Over 14'									
1,740.00	SF	2.54	0.00	883.92	5,303.52	0/150 yrs	Avg.	0%	(0.00)	5,303.52
20. Cornice replacement *									
1.00	EA	0.00	0.00	0.00	0.00	0/NA	Avg.	0%	(0.00)	0.00
Bid pending									
21. Painter - per hour									
32.00	HR	113.70	0.00	727.68	4,366.08	0/15 yrs	Avg.	0%	(0.00)	4,366.08
2 men 2 days to paint cornice and wall trim									
22. Seal (1 coat) & paint (2 coats)crown molding, oversized									
360.00	LF	0.27	0.00	19.44	116.64	10/15 yrs	Avg.	66.67%	(64.80)	51.84

CONTINUED - Theater Room

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
Paint material allowance for cornice and wall trim									
23. Final cleaning - construction - Commercial									
3,993.62 SF	0.29	0.00	231.64	1,389.79	0/NA	Avg.	0%	(0.00)	1,389.79
Totals: Theater Room		**0.00**	**12,475.56**	**74,853.34**				**5,149.91**	**69,703.43**

Stage **Height: 55'**



9500.95	SF Walls	1808.80	SF Ceiling
11309.75	SF Walls & Ceiling	1808.80	SF Floor
200.98	SY Flooring	140.97	LF Floor Perimeter
193.59	LF Ceil. Perimeter		

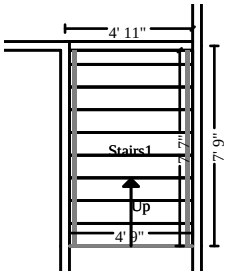
Door	**2' 6" X 6' 8"**	**Opens into THEATER_ROOM**
Missing Wall - Goes to Floor	**39' 1 1/2" X 27'**	**Opens into THEATER_ROOM**
Door	**2' 6" X 6' 8"**	**Opens into THEATER_ROOM**
Door	**2' 6" X 6' 8"**	**Opens into Exterior**
Door	**5' 11 7/8" X 6' 8"**	**Opens into Exterior**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
24. Clean floor and seal - wood									
1,808.80 SF	1.06	0.00	383.46	2,300.79	0/NA	Avg.	0%	(0.00)	2,300.79
25. Clean the walls and ceiling									
11,309. SF 75	0.50	0.00	1,130.98	6,785.86	0/NA	Avg.	0%	(0.00)	6,785.86
26. curtain replacement *									
1.00 EA	**3,321.35**	**0.00**	**664.28**	**3,985.63**	**0/NA**	**Avg.**	**20% [%]**	**(664.27)**	**3,321.36**
see attached curtain bid from Rose Brand									
27. clean curtains *									
1.00 EA	**1,300.00**	**0.00**	**260.00**	**1,560.00**	**0/NA**	**Avg.**	**0%**	**(0.00)**	**1,560.00**
see attached for invoice for cleaning from Wetzels Quality Cleaners									
Totals: Stage		**0.00**	**2,438.72**	**14,632.28**				**664.27**	**13,968.01**
Total: Main Level		**0.00**	**16,684.20**	**100,105.20**				**8,536.74**	**91,568.46**
Total: Ground Floor		**0.00**	**16,684.20**	**100,105.20**				**8,536.74**	**91,568.46**

BABCOCK2

2nd floor

Main Level

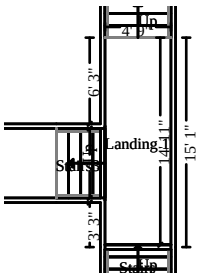


Stairs1 **Height: 13' 10"**

166.22	SF Walls	35.82	SF Ceiling
202.04	SF Walls & Ceiling	66.90	SF Floor
7.43	SY Flooring	18.13	LF Floor Perimeter
15.08	LF Ceil. Perimeter		

Missing Wall **4' 9" X 13' 10"** **Opens into LANDING_2**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
28.	Clean and deodorize carpet									
	66.90	SF	0.74	0.00	9.90	59.41	0/NA	Avg.	0%	(0.00)	59.41
29.	Clean carpet cove (wall wrap)									
	18.13	LF	0.59	0.00	2.14	12.84	0/NA	Avg.	0%	(0.00)	12.84
30.	Re-apply protective coating on carpet									
	66.90	SF	0.23	0.00	3.08	18.47	0/NA	Avg.	0%	(0.00)	18.47
31.	Clean the walls and ceiling									
	202.04	SF	0.50	0.00	20.20	121.22	0/NA	Avg.	0%	(0.00)	121.22
Totals: Stairs1			**0.00**	**35.32**	**211.94**				**0.00**	**211.94**



Landing 1 **Height: 9'**

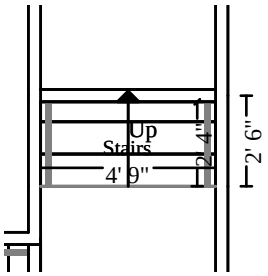
234.69	SF Walls	70.85	SF Ceiling
305.55	SF Walls & Ceiling	70.85	SF Floor
7.87	SY Flooring	34.58	LF Floor Perimeter
34.58	LF Ceil. Perimeter		

Missing Wall **4' 9" X 9'** **Opens into STAIRS1**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
32.	Clean and deodorize carpet									
	70.85	SF	0.74	0.00	10.48	62.91	0/NA	Avg.	0%	(0.00)	62.91
33.	Clean carpet cove (wall wrap)									
	34.58	LF	0.59	0.00	4.08	24.48	0/NA	Avg.	0%	(0.00)	24.48
34.	Re-apply protective coating on carpet									
	70.85	SF	0.23	0.00	3.26	19.56	0/NA	Avg.	0%	(0.00)	19.56
35.	Clean the walls									
	234.69	SF	0.50	0.00	23.48	140.83	0/NA	Avg.	0%	(0.00)	140.83

CONTINUED - Landing 1

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
36.	Paint the walls - two coats									
	234.69 SF	1.54	0.00	72.28	433.70	10/15 yrs	Avg.	66.67%	(48.50)	385.20
Totals: Landing 1			**0.00**	**113.58**	**681.48**				**48.50**	**632.98**

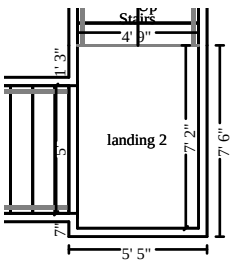


Stairs **Height: 10' 4"**

42.40	SF Walls	10.89	SF Ceiling
53.29	SF Walls & Ceiling	24.15	SF Floor
2.68	SY Flooring	5.51	LF Floor Perimeter
4.58	LF Ceil. Perimeter		

Missing Wall **4' 9" X 10' 4"** **Opens into LANDING_3**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
37.	Clean and deodorize carpet									
	24.15 SF	0.74	0.00	3.58	21.45	0/NA	Avg.	0%	(0.00)	21.45
38.	Clean carpet cove (wall wrap)									
	5.51 LF	0.59	0.00	0.66	3.91	0/NA	Avg.	0%	(0.00)	3.91
39.	Re-apply protective coating on carpet									
	24.15 SF	0.23	0.00	1.12	6.67	0/NA	Avg.	0%	(0.00)	6.67
40.	Clean the walls									
	42.40 SF	0.50	0.00	4.24	25.44	0/NA	Avg.	0%	(0.00)	25.44
Totals: Stairs			**0.00**	**9.60**	**57.47**				**0.00**	**57.47**



landing 2 **Height: 9'**

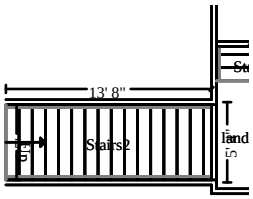
176.64	SF Walls	34.04	SF Ceiling
210.68	SF Walls & Ceiling	34.04	SF Floor
3.78	SY Flooring	19.08	LF Floor Perimeter
19.08	LF Ceil. Perimeter		

Missing Wall **4' 9" X 9'** **Opens into STAIRS**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV

CONTINUED - landing 2

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
41.	Clean and deodorize carpet									
	34.04 SF	0.74	0.00	5.04	30.23	0/NA	Avg.	0%	(0.00)	30.23
42.	Clean carpet cove (wall wrap)									
	19.08 LF	0.59	0.00	2.26	13.52	0/NA	Avg.	0%	(0.00)	13.52
43.	Re-apply protective coating on carpet									
	34.04 SF	0.23	0.00	1.56	9.39	0/NA	Avg.	0%	(0.00)	9.39
44.	Clean the walls									
	176.64 SF	0.50	0.00	17.66	105.98	0/NA	Avg.	0%	(0.00)	105.98
45.	Paint the walls - two coats									
	176.64 SF	1.54	0.00	54.40	326.43	10/15 yrs	Avg.	66.67%	(36.51)	289.92
Totals: landing 2			**0.00**	**80.92**	**485.55**				**36.51**	**449.04**

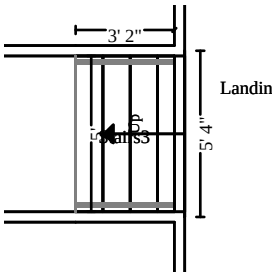


Stairs2 **Height: 17' 11"**

357.11	SF Walls	68.33	SF Ceiling
425.44	SF Walls & Ceiling	122.92	SF Floor
13.66	SY Flooring	32.85	LF Floor Perimeter
27.33	LF Ceil. Perimeter		

Missing Wall **5' X 17' 11"** **Opens into Exterior**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
46.	Clean and deodorize carpet									
	122.92 SF	0.74	0.00	18.20	109.16	0/NA	Avg.	0%	(0.00)	109.16
47.	Clean carpet cove (wall wrap)									
	32.85 LF	0.59	0.00	3.88	23.26	0/NA	Avg.	0%	(0.00)	23.26
48.	Re-apply protective coating on carpet									
	122.92 SF	0.23	0.00	5.66	33.93	0/NA	Avg.	0%	(0.00)	33.93
49.	Clean the walls									
	357.11 SF	0.50	0.00	35.72	214.28	0/NA	Avg.	0%	(0.00)	214.28
50.	Paint the walls - two coats									
	357.11 SF	1.54	0.00	110.00	659.95	10/15 yrs	Avg.	66.67%	(73.80)	586.15
Totals: Stairs2			**0.00**	**173.46**	**1,040.58**				**73.80**	**966.78**

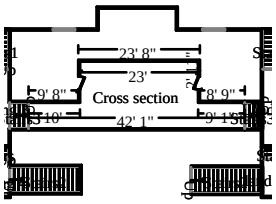


Stairs3 **Height: 10' 11"**

59.32	SF Walls	15.83	SF Ceiling
75.15	SF Walls & Ceiling	32.92	SF Floor
3.66	SY Flooring	7.61	LF Floor Perimeter
6.33	LF Ceil. Perimeter		

Missing Wall **5' X 10' 11"** **Opens into CROSS_SECTIO**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
51. Clean and deodorize carpet									
32.92 SF	0.74	0.00	4.88	29.24	0/NA	Avg.	0%	(0.00)	29.24
52. Clean carpet cove (wall wrap)									
7.61 LF	0.59	0.00	0.90	5.39	0/NA	Avg.	0%	(0.00)	5.39
53. Re-apply protective coating on carpet									
32.92 SF	0.23	0.00	1.52	9.09	0/NA	Avg.	0%	(0.00)	9.09
54. Clean the walls									
59.32 SF	0.50	0.00	5.94	35.60	0/NA	Avg.	0%	(0.00)	35.60
55. Paint the walls - two coats									
59.32 SF	1.54	0.00	18.28	109.63	10/15 yrs	Avg.	66.67%	(12.26)	97.37
Totals: Stairs3		**0.00**	**31.52**	**188.95**				**12.26**	**176.69**



Cross section **Height: 9'**

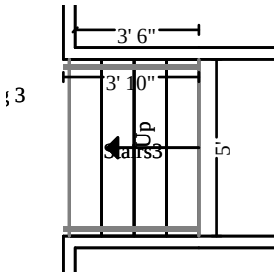
868.27	SF Walls	394.45	SF Ceiling
1262.72	SF Walls & Ceiling	394.45	SF Floor
43.83	SY Flooring	95.18	LF Floor Perimeter
100.18	LF Ceil. Perimeter		

Missing Wall **5' X 9'** **Opens into STAIRS3**
Door **2' 6" X 6' 8"** **Opens into Exterior**
Door **2' 6" X 6' 8"** **Opens into Exterior**
Missing Wall **5' X 9'** **Opens into STAIRS4**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
56. Clean and deodorize carpet									
394.45 SF	0.74	0.00	58.38	350.27	0/NA	Avg.	0%	(0.00)	350.27
57. Clean carpet cove (wall wrap)									
95.18 LF	0.59	0.00	11.24	67.40	0/NA	Avg.	0%	(0.00)	67.40
58. Re-apply protective coating on carpet									
394.45 SF	0.23	0.00	18.14	108.86	0/NA	Avg.	0%	(0.00)	108.86

CONTINUED - Cross section

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
59.	Clean the walls									
	868.27 SF	0.50	0.00	86.82	520.96	0/NA	Avg.	0%	(0.00)	520.96
60.	Paint the walls - two coats									
	868.27 SF	1.54	0.00	267.42	1,604.56	10/15 yrs	Avg.	66.67%	(179.44)	1,425.12
Totals: Cross section			**0.00**	**442.00**	**2,652.05**				**179.44**	**2,472.61**

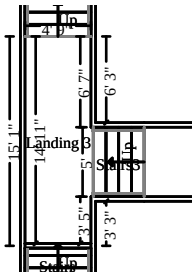


Stairs3 **Height: 10' 11"**

72.22 SF Walls
90.56 SF Walls & Ceiling
3.75 SY Flooring
7.67 LF Ceil. Perimeter
18.33 SF Ceiling
33.75 SF Floor
9.09 LF Floor Perimeter

Missing Wall	**5' X 10' 11"**	**Opens into LANDING_1**
Missing Wall	**5' X 10' 11"**	**Opens into CROSS_SECTIO**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
61.	Clean and deodorize carpet									
	33.75 SF	0.74	0.00	5.00	29.98	0/NA	Avg.	0%	(0.00)	29.98
62.	Clean carpet cove (wall wrap)									
	9.09 LF	0.59	0.00	1.08	6.44	0/NA	Avg.	0%	(0.00)	6.44
63.	Re-apply protective coating on carpet									
	33.75 SF	0.23	0.00	1.56	9.32	0/NA	Avg.	0%	(0.00)	9.32
64.	Clean the walls									
	72.22 SF	0.50	0.00	7.22	43.33	0/NA	Avg.	0%	(0.00)	43.33
65.	Paint the walls - two coats									
	72.22 SF	1.54	0.00	22.24	133.46	10/15 yrs	Avg.	66.67%	(14.93)	118.53
Totals: Stairs3			**0.00**	**37.10**	**222.53**				**14.93**	**207.60**



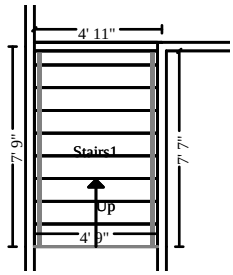
Landing 3 **Height: 9'**

234.58	SF Walls	71.69	SF Ceiling
306.27	SF Walls & Ceiling	71.69	SF Floor
7.97	SY Flooring	29.58	LF Floor Perimeter
29.58	LF Ceil. Perimeter		

Missing Wall **5' X 9'** **Opens into STAIRS4**

Missing Wall **4' 9" X 9'** **Opens into STAIRS6**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
66. Clean and deodorize carpet									
71.69 SF	0.74	0.00	10.62	63.67	0/NA	Avg.	0%	(0.00)	63.67
67. Clean carpet cove (wall wrap)									
29.58 LF	0.59	0.00	3.50	20.95	0/NA	Avg.	0%	(0.00)	20.95
68. Re-apply protective coating on carpet									
71.69 SF	0.23	0.00	3.30	19.79	0/NA	Avg.	0%	(0.00)	19.79
69. Clean the walls - Heavy									
234.58 SF	0.62	0.00	29.08	174.52	0/NA	Avg.	0%	(0.00)	174.52
70. Paint the walls - two coats									
234.58 SF	1.54	0.00	72.26	433.51	10/15 yrs	Avg.	66.67%	(48.48)	385.03
Totals: Landing 3		**0.00**	**118.76**	**712.44**				**48.48**	**663.96**



Stairs1 **Height: 13' 10"**

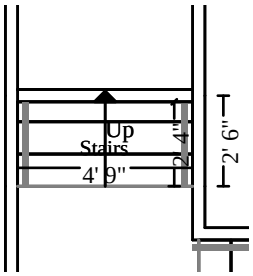
166.22	SF Walls	35.82	SF Ceiling
202.04	SF Walls & Ceiling	66.90	SF Floor
7.43	SY Flooring	18.13	LF Floor Perimeter
15.08	LF Ceil. Perimeter		

Missing Wall **4' 9" X 13' 10"** **Opens into LANDING_1**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
71. Clean and deodorize carpet									
66.90 SF	0.74	0.00	9.90	59.41	0/NA	Avg.	0%	(0.00)	59.41
72. Clean carpet cove (wall wrap)									
18.13 LF	0.59	0.00	2.14	12.84	0/NA	Avg.	0%	(0.00)	12.84
73. Re-apply protective coating on carpet									
66.90 SF	0.23	0.00	3.08	18.47	0/NA	Avg.	0%	(0.00)	18.47
74. Clean the walls - Heavy									
166.22 SF	0.62	0.00	20.62	123.68	0/NA	Avg.	0%	(0.00)	123.68

CONTINUED - Stairs1

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
75.	Paint the walls - two coats									
	166.22 SF	1.54	0.00	51.20	307.18	10/15 yrs	Avg.	66.67%	(34.35)	272.83
Totals: Stairs1			**0.00**	**86.94**	**521.58**				**34.35**	**487.23**

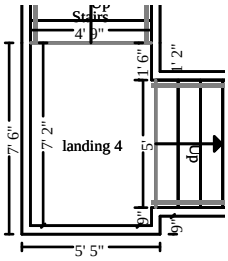


Stairs **Height: 10' 4"**

42.40	SF Walls	10.89	SF Ceiling
53.29	SF Walls & Ceiling	24.15	SF Floor
2.68	SY Flooring	5.51	LF Floor Perimeter
4.58	LF Ceil. Perimeter		

Missing Wall **4' 9" X 10' 4"** **Opens into LANDING_4**

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
76.	Clean and deodorize carpet									
	24.15 SF	0.74	0.00	3.58	21.45	0/NA	Avg.	0%	(0.00)	21.45
77.	Clean carpet cove (wall wrap)									
	5.51 LF	0.59	0.00	0.66	3.91	0/NA	Avg.	0%	(0.00)	3.91
78.	Re-apply protective coating on carpet									
	24.15 SF	0.23	0.00	1.12	6.67	0/NA	Avg.	0%	(0.00)	6.67
79.	Clean the walls									
	42.40 SF	0.50	0.00	4.24	25.44	0/NA	Avg.	0%	(0.00)	25.44
80.	Paint the walls - two coats									
	42.40 SF	1.54	0.00	13.06	78.36	10/15 yrs	Avg.	66.67%	(8.76)	69.60
Totals: Stairs			**0.00**	**22.66**	**135.83**				**8.76**	**127.07**



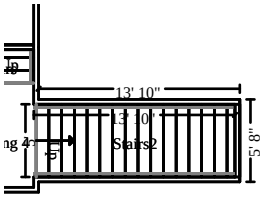
landing 4 **Height: 9'**

126.75	SF Walls	34.88	SF Ceiling
161.63	SF Walls & Ceiling	34.88	SF Floor
3.88	SY Flooring	14.08	LF Floor Perimeter
14.08	LF Ceil. Perimeter		

Missing Wall **5' X 9'** **Opens into STAIRS8**

Missing Wall **4' 9" X 9'** **Opens into STAIRS5**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
81. Clean and deodorize carpet									
34.88 SF	0.74	0.00	5.16	30.97	0/NA	Avg.	0%	(0.00)	30.97
82. Clean carpet cove (wall wrap)									
14.08 LF	0.59	0.00	1.66	9.97	0/NA	Avg.	0%	(0.00)	9.97
83. Re-apply protective coating on carpet									
34.88 SF	0.23	0.00	1.60	9.62	0/NA	Avg.	0%	(0.00)	9.62
84. Clean the walls									
126.75 SF	0.50	0.00	12.68	76.06	0/NA	Avg.	0%	(0.00)	76.06
85. Paint the walls - two coats									
126.75 SF	1.54	0.00	39.04	234.24	10/15 yrs	Avg.	66.67%	(26.20)	208.04
Totals: landing 4		**0.00**	**60.14**	**360.86**				**26.20**	**334.66**



Stairs2 **Height: 17' 11"**

363.08	SF Walls	68.33	SF Ceiling
431.42	SF Walls & Ceiling	122.92	SF Floor
13.66	SY Flooring	32.85	LF Floor Perimeter
27.67	LF Ceil. Perimeter		

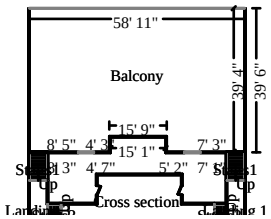
Missing Wall **5' X 17' 11"** **Opens into LANDING_4**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
86. Clean and deodorize carpet									
122.92 SF	0.74	0.00	18.20	109.16	0/NA	Avg.	0%	(0.00)	109.16
87. Clean carpet cove (wall wrap)									
32.85 LF	0.59	0.00	3.88	23.26	0/NA	Avg.	0%	(0.00)	23.26
88. Re-apply protective coating on carpet									
122.92 SF	0.23	0.00	5.66	33.93	0/NA	Avg.	0%	(0.00)	33.93
89. Clean the walls									
363.08 SF	0.50	0.00	36.30	217.84	0/NA	Avg.	0%	(0.00)	217.84

CONTINUED - Stairs2

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
90. Paint the walls - two coats									
363.08 SF	1.54	0.00	111.82	670.96	10/15 yrs	Avg.	66.67%	(75.04)	595.92
Totals: Stairs2		**0.00**	**175.86**	**1,055.15**				**75.04**	**980.11**

Balcony **Height: 11' 6"**



1568.14	SF Walls	2252.29	SF Ceiling
3820.43	SF Walls & Ceiling	2252.29	SF Floor
250.25	SY Flooring	137.60	LF Floor Perimeter
146.18	LF Ceil. Perimeter		

Missing Wall - Goes to Floor	**4' 3 1/16" X 6' 8"**	**Opens into Exterior**
Missing Wall - Goes to Floor	**4' 3 7/8" X 6' 8"**	**Opens into Exterior**
Missing Wall	**58' 11 1/16" X 11' 6"**	**Opens into Exterior**

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
91. Remove Carpet - High grade									
450.46 SF	0.35	0.00	31.54	189.20	10/10 yrs	Avg.	NA [M]	(0.00)	189.20
92. Carpet - High grade									
518.03 SF	5.89	0.00	610.24	3,661.44	10/10 yrs	Avg.	75% [M]	(1,794.97)	1,866.47
Component FCCAV+ from this line item was priced by ITEL Flooring Pricing (FSP) on 10 Dec 2025. See attached document for more details.									
15 % waste added for Carpet - High grade.									
93. Clean floor									
1,801.83 SF	0.00	0.00	0.00	0.00	0/NA	Avg.	0%	(0.00)	0.00
94. Finish Carpenter - per hour									
8.00 HR	91.51	0.00	146.42	878.50	0/NA	Avg.	0%	(0.00)	878.50
Labor to remove seat and seat back and replace 2 lower level seats damaged from collapse.									
95. theater seating*									
340.00 EA	**487.50**	**0.00**	**33,150.00**	**198,900.00**	**0/NA**	**Avg.**	**50% [%]**	**(82,875.00)**	**116,025.00**
bid average of seat is from $425-$550 a seat average of $487.50 used									
96. Clean the walls									
1,568.14 SF	0.50	0.00	156.82	940.89	0/NA	Avg.	0%	(0.00)	940.89
97. Seal/prime (1 coat) then paint (2 coats) the surface area									
860.00 SF	2.06	0.00	354.32	2,125.92	0/15 yrs	Avg.	0%	(0.00)	2,125.92
Paint half walls due to falling debris									

CONTINUED - Balcony

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
98. Painter - per hour									
32.00	HR	113.70	0.00	727.68	4,366.08	0/15 yrs	Avg. 0%	(0.00)	4,366.08
2 men 2 days to paint cornice and wall trim									
99. Seal (1 coat) & paint (2 coats)crown molding, oversized									
200.00	LF	0.27	0.00	10.80	64.80	10/15 yrs	Avg. 66.67%	(36.00)	28.80
Paint material allowance for cornice and wall trim									
Totals: Balcony		**0.00**	**35,187.82**	**211,126.83**				**84,705.97**	**126,420.86**
Total: Main Level		**0.00**	**36,575.68**	**219,453.24**				**85,264.24**	**134,189.00**
Total: 2nd floor		**0.00**	**36,575.68**	**219,453.24**				**85,264.24**	**134,189.00**
Total: BABCOCK2		**0.00**	**36,575.68**	**219,453.24**				**85,264.24**	**134,189.00**

Electrical Repairs

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
100. Electrical Repairs *									
1.00	**EA** 10,830.00	**0.00**	**2,166.00**	**12,996.00**	**0/NA**	**Avg.**	**20% [%]**	**(2,166.00)**	**10,830.00**
see contractor bid									
Totals: Electrical Repairs		**0.00**	**2,166.00**	**12,996.00**				**2,166.00**	**10,830.00**

Fire suppresion system

QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
101. Fire Suppresion bid *									
1.00	**EA** 9,179.76	**0.00**	**1,835.96**	**11,015.72**	**0/NA**	**Avg.**	**20% [%]**	**(1,835.95)**	**9,179.77**
see attached contractor bid									
Totals: Fire suppresion system		**0.00**	**1,835.96**	**11,015.72**				**1,835.95**	**9,179.77**

General conditions

	QUANTITY	UNIT	TAX	O&P	RCV	AGE/LIFE	COND.	DEP %	DEPREC.	ACV
102.	**Temporary toilet (per month)**									
	2.00	**MO**	**230.00**	**0.00**	**92.00**	**552.00**	**0/NA**	**Avg.**	**0%**	**(0.00)**	**552.00**
103.	Emergency Services*									
	1.00	EA	7,851.00	0.00	1,570.20	9,421.20	0/NA	Avg.	NA	(0.00)	9,421.20
	Work completed following collapse to secure area and clean up. See invoice.									
104.	Commercial Supervision / Project Management - per hour									
	120.00	HR	91.15	0.00	2,187.60	13,125.60	0/NA	Avg.	0%	(0.00)	13,125.60
	Average 2 hours a day, 5 days a week for 3 months									
105.	Dumpster load - Approx. 30 yards, 5-7 tons of debris									
	1.00	EA	557.00	0.00	111.40	668.40	0/NA	Avg.	NA	(0.00)	668.40
106.	**Scaffolding (Bid Item)**									
	1.00	**EA**	**168,584.00**	**0.00**	**33,716.80**	**202,300.80**	**0/NA**	**Avg.**	**50% [%]**	**(84,292.00)**	**118,008.80**
	see attached bid and letter of explanation									
Totals: General conditions				**0.00**	**37,678.00**	**226,068.00**				**84,292.00**	**141,776.00**
Line Item Totals: BW_REAL_ ESTATE_LLC3				**0.00**	**94,939.84**	**569,638.16**				**182,094.93**	**387,543.23**

[%] - Indicates that depreciate by percent was used for this item

[M] - Indicates that the depreciation percentage was limited by the maximum allowable depreciation for this item

Grand Total Areas:

21,130.37	SF Walls	9,911.94	SF Ceiling	31,042.31	SF Walls and Ceiling
10,126.32	SF Floor	1,125.15	SY Flooring	947.73	LF Floor Perimeter
0.00	SF Long Wall	0.00	SF Short Wall	1,217.62	LF Ceil. Perimeter
10,126.32	Floor Area	10,244.86	Total Area	19,725.87	Interior Wall Area
14,798.18	Exterior Wall Area	764.96	Exterior Perimeter of Walls		
0.00	Surface Area	0.00	Number of Squares	0.00	Total Perimeter Length
0.00	Total Ridge Length	0.00	Total Hip Length		

Summary for Premises 11

Line Item Total	474,698.32
Overhead	47,469.92
Profit	47,469.92
Replacement Cost Value	**$569,638.16**
Less Depreciation	(182,094.93)
Actual Cash Value	**$387,543.23**
Less Deductible	(100,000.00)
Net Claim	**$287,543.23**
Total Recoverable Depreciation	182,094.93
Net Claim if Depreciation is Recovered	**$469,638.16**

Dillon Standley Adjuster Lic # MT- 100135195

Recap by Room

Estimate: BW_REAL_ESTATE_LLC3

Area: Ground Floor

Area: Main Level

Entry	523.14	0.11%
Sub lobby	836.63	0.18%
Lobby	7,489.89	1.58%
Theater Room	62,377.78	13.14%
Stage	12,193.56	2.57%
Area Subtotal: Main Level	**83,421.00**	**17.57%**
Area Subtotal: Ground Floor	**83,421.00**	**17.57%**

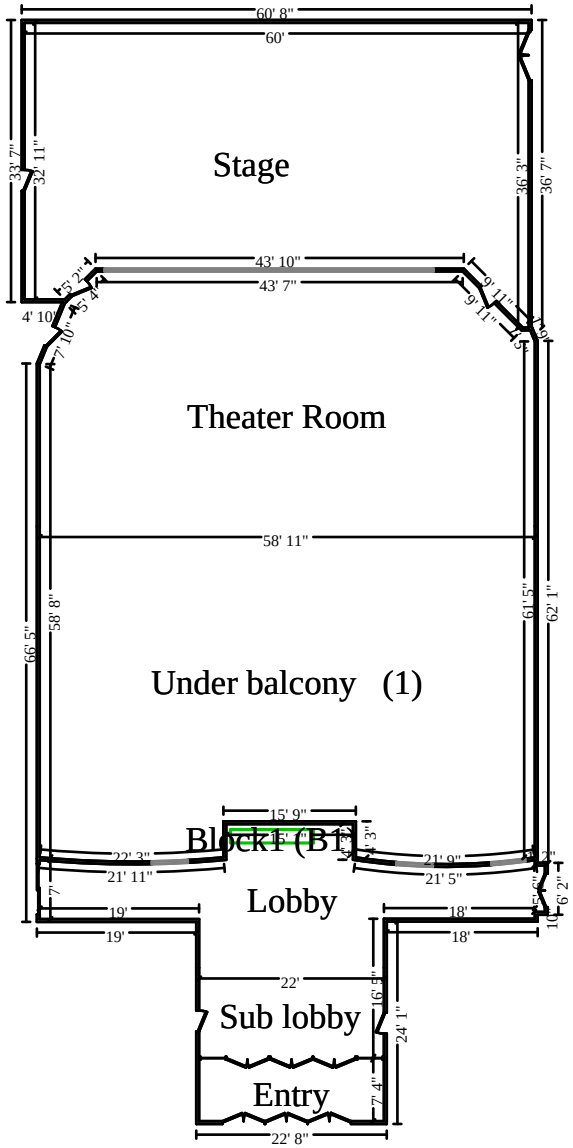
Area: BABCOCK2

Area: 2nd floor

Area: Main Level

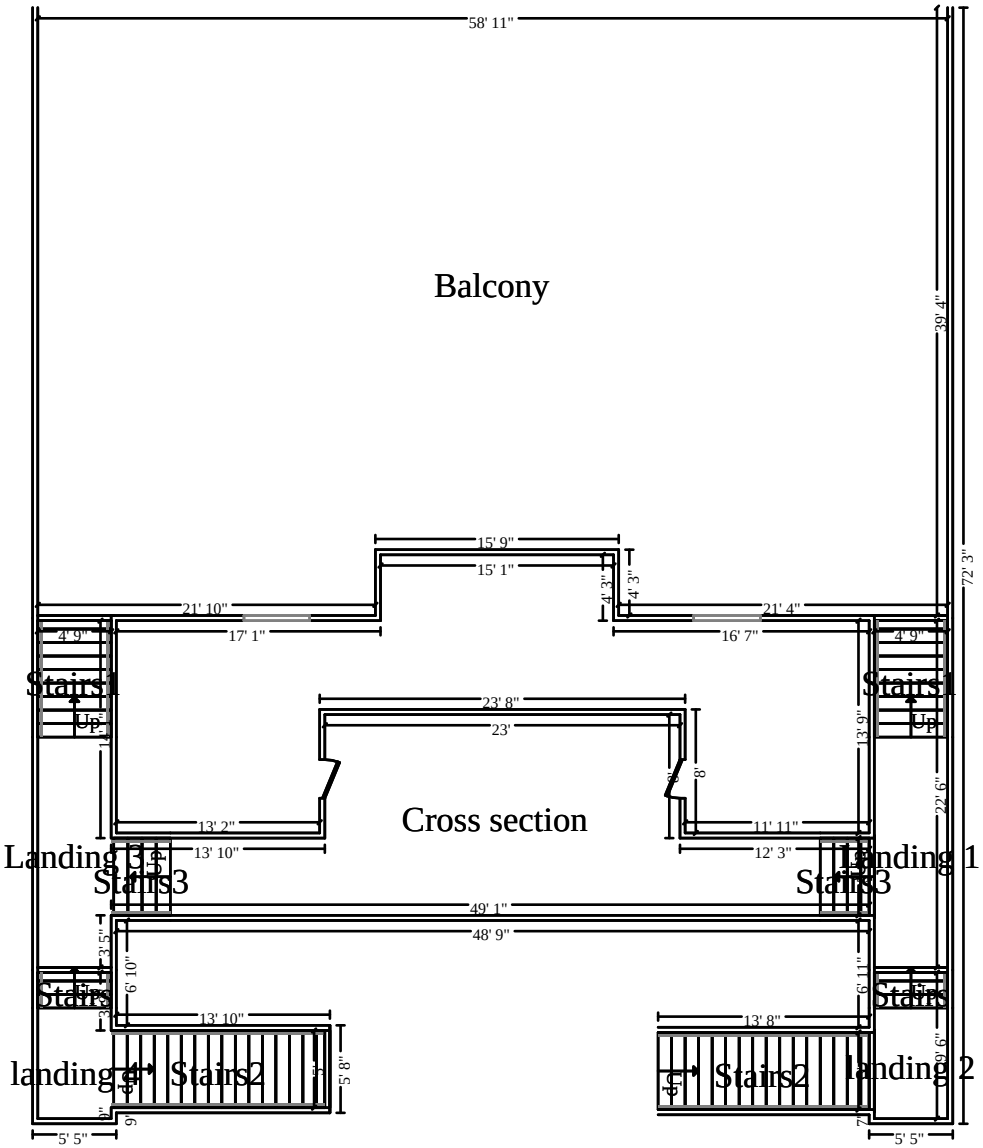
Stairs1	176.62	0.04%
Landing 1	567.90	0.12%
Stairs	47.87	0.01%
landing 2	404.63	0.09%
Stairs2	867.12	0.18%
Stairs3	157.43	0.03%
Cross section	2,210.05	0.47%
Stairs3	185.43	0.04%
Landing 3	593.68	0.13%
Stairs1	434.64	0.09%
Stairs	113.17	0.02%
landing 4	300.72	0.06%
Stairs2	879.29	0.19%
Balcony	175,939.01	37.06%
Area Subtotal: Main Level	**182,877.56**	**38.53%**
Area Subtotal: 2nd floor	**182,877.56**	**38.53%**
Area Subtotal: BABCOCK2	**182,877.56**	**38.53%**
Electrical Repairs	10,830.00	2.28%
Fire suppresion system	9,179.76	1.93%
General conditions	188,390.00	39.69%
Subtotal of Areas	**474,698.32**	**100.00%**

Total	**474,698.32**	**100.00%**


60' 8"
60'
Stage
33' 7"
32' 11"
36' 3"
36' 7"
43' 10"
43' 7"
5' 2"
5' 4"
9' 11"
9' 11"
4' 10"
7' 10"
Theater Room
58' 11"
58' 8"
66' 5"
61' 5"
62' 1"
Under balcony (1)
15' 9"
Block1 (B1)
22' 3"
21' 11"
21' 9"
21' 5"
Lobby
19'
19'
18'
18'
22'
Sub lobby
24' 1"
Entry
22' 8"

N

Main Level


58' 11"
Balcony
39' 4"
72' 3"
15' 9"
15' 1"
4' 3"
4' 3"
21' 10"
17' 1"
21' 4"
16' 7"
4' 9"
4' 9"
Stairs 4
Up
Stairs1
Up
23' 8"
23'
13' 9"
8'
22' 6"
Cross section
13' 2"
11' 11"
13' 10"
12' 3"
Landing 3
Stairs3
Stairs3
Landing 1
49' 1"
48' 9"
3' 5"
6' 10"
6' 11"
Stairs
Stairs
13' 10"
13' 8"
landing 4
Stairs2
Stairs2
landing 2
5' 8"
5' 8"
5' 5"
5' 5"

Main Level

NAI Business Properties
Commercial Real Estate Services, Worldwide.

December 9, 2025

City of Billings
316 N 26th Street
Billings, MT 59101

Attn: Kevin Iffland

Re: Prospective Purchase of the Babcock Theatre, 2812 2nd Ave N, Billings, MT 59101

The purpose of this letter is to set forth the terms and conditions under which Art House Management LLC, A Montana Nonprofit Limited Liability Company ("Buyer") will enter into an agreement for the purchase of the referenced property ("Purchase and Sale Agreement"), including the land, real property and all infrastructure related to the operation of the property located thereon and any other rights, easements, benefits or intangibles owned, controlled or in use by Seller in connection with the current or previous operation of the property (hereinafter referred to as the "Property").

1. **Property. The Property** to be acquired by the Buyer is 2812 2nd Ave N, Billings, MT 59101. Tax ID A00642A, Legal Description: HISTORIC BABCOCK BUILDING (11), S03, T01 S, R26 E, UNIT 1A, 41% COMMON AREA INTEREST, LOC @ LTS 7-12 FRAC OF LT 6 BLK 93 BILLINGS ORIGINAL TOWNSITE

2. **Purchase Price.** The "Purchase Price" for the Property will be One Dollar **($1.00)** cash with contingencies as noted herein.

3. **Payment of Purchase Price.** The Purchase Price will be paid as follows:

   (a) Buyer will deposit into escrow One Dollar **($1.00)** upon opening of escrow ("Deposit"). The deposit shall become non-refundable upon full execution of the PSA.

   (b) Buyer will pay the balance between the Deposit and the Purchase Price at closing.

4. **Title, Survey & Title Insurance.** A Warranty Deed on close of escrow will convey title to the Property to Buyer. Title shall be conveyed subject to exceptions approved by Buyer. Seller will provide Buyer with a standard Owner's Policy of Title Insurance in the amount of the Purchase Price. In the event Buyer chooses to have an extended policy the buyer shall pay for the additional cost, if any. Title company to be selected at Seller's Choice.

5. **Escrow.** The escrow holder and title company will be Seller's Choice, or another company mutually agreed to.

6. **Contingencies.** Buyer shall have a one hundred eighty (180) day due diligence/contingency period to conduct any due diligence they deem necessary. Buyer to have three (3) additional thirty (30) day extension periods to accommodate for any delays related to contingency items below. Buyer's current Lease with Seller to terminate on the day of Closing.

   Contingencies to include:

   (a) Title Commitment Review
   (b) Buyer approval of Appraisal and Loan Commitment related to the acquisition plus remodel expenses
   (c) City Council Approved funds totaling $1,500,000 (one million, five-hundred thousand dollars)
      i. Funds to be allocated to Buyer via a combination of City general funds, CIP, TIF funds and/or a new endowment. Exact allocation of each to be discussed and mutually agreed upon by the parties.
      ii. TIF Fund reimbursement payment to be phased based on partial project completion per agreed upon project milestones, similar to the reimbursement process used for the 2025-2026 Babcock sign/marquee renovation.
   (d) Any/all other due diligence Buyer deems necessary in their sole discretion.

DRAFT

7. **Closing.** Close of escrow shall be no later than thirty days (30) following execution of the Purchase and Sale Agreement. All of the Deposit shall be applicable to the Purchase Price at closing.

8. **Closing Costs, Credits and Pro-Rations.** Seller will pay the cost of a standard form title policy and one-half of the escrow fees and documentary transfer taxes. All other costs will be allocated between Buyer and Seller in accordance with customary practice. Property taxes, utilities and any other matters will be pro-rated as of the close of escrow.

9. **Rights of Entry.** During escrow, Buyer will have the right to enter the Property for any purpose in connection with its purchase of the Property and conduct such inspections, as Buyer deems necessary. Buyer will keep the Property free and clear of all liens and repair or replace any damage (if any) resulting from such entry.

10. **Buyer's Default.** In the event of a default by Buyer, Seller will be entitled to the amount of any non-refundable deposits in escrow as liquidated damages and as Seller's sole and exclusive remedy against Buyer.

11. **Seller's Default.** In the event of a default by Seller, Buyer will be entitled to sue for damages, including, but not limited to specific performance.

12. **Assignment.** Buyer shall have the right to assign its interest to another entity by giving written notice thereof to Seller and escrow holder prior to the closing date.

13. **Preparation of Purchase Agreement.** Within ten (10) business days of mutual acceptance of this non-binding letter, Buyer shall present a Purchase Agreement to Seller. Buyer and Seller agree to work in good faith to agreement on the Purchase Agreement. During such time, Seller shall not consider any other proposals to purchase the Property and shall inform all inquiries that the Property has been withdrawn from the market.

14. **Real Estate Broker's Commission.** None

15. **Non-Binding Effect.** This letter is not a binding agreement on either party, except as it relates to Seller not considering other offers for the Property and is subject to the execution of a mutually acceptable purchase and sale agreement.

DRAFT

NAI Business Properties
Commercial Real Estate Services, Worldwide.

APPROVED AND ACCEPTED

Art House Management LLC

By: _____

Date: _____

City of Billings

By: _____

Its: _____

Date: _____

DRAFT

3412 Colton Blvd Ste 201
Billings, Montana USA 59102
+1 406 256 5000

naibusinessproperties.com

FIRST AMENDMENT TO AGREEMENT TO LEASE

Execution Date **November 1, 2018**
By and between **Art House Management LLC, A Montana Nonprofit Limited Liability Company** as Tenant(s)
and **The City of Billings, Montana,** as Landlord(s).

Amendment/Effective Date: _____, 20__

The terms and provisions of the above referenced Agreement to Lease are hereby accepted as to all terms and provisions, except as follows:

---

1. Section 2: Term and Possession of Premises: Landlord to grant Tenant up to three (3) years of expense relief as noted herein, known as the "Abatement Period". The Abatement Period shall begin on the Execution Date of this Amendment and continue through the First (1st) anniversary thereof and shall include two (2) one (1) year renewals which must be mutually approved by both Landlord and Tenant. Throughout the Abatement period, Tenant commits to provide biannual updates related to its reopening and remodel project to City Staff and Council as appropriate to aid in Landlord's decision-making process related to any renewals beyond the first year of the Abatement period. Throughout the entire Abatement period, Tenant shall have the one-time right to terminate this Lease without penalty, premium, or additional fee. Tenant may exercise this right by delivering written notice to Landlord at least ninety (90) days prior to the intended termination date. Upon the effective date specified in such notice, this Lease shall terminate, and neither party shall have any further obligations hereunder except for those that expressly survive termination.
2. Section 13: Taxes and Assessments: Upon full execution of this amendment, Landlord to pay all Taxes and Assessments named in Section 13 throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner.
3. Section 14: Utilities: Upon full execution of this amendment, Landlord shall pay all Utilities and expenses, including common expenses, named in Section 14 throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever is sooner.
4. Section 16: Insurance:
    a. Subsection A: Commencing March 1, 2026, Landlord to be responsible for all insurance coverage and related premiums for the insurance coverage noted in Section 16 Subsection A throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner. Landlord shall likewise provide Tenant with a copy of the declarations page of any insurance policies and name Tenant as an additional insured.
    b. Subsection B: Tenant shall maintain its own liability insurance coverage, naming Landlord as additionally insured.

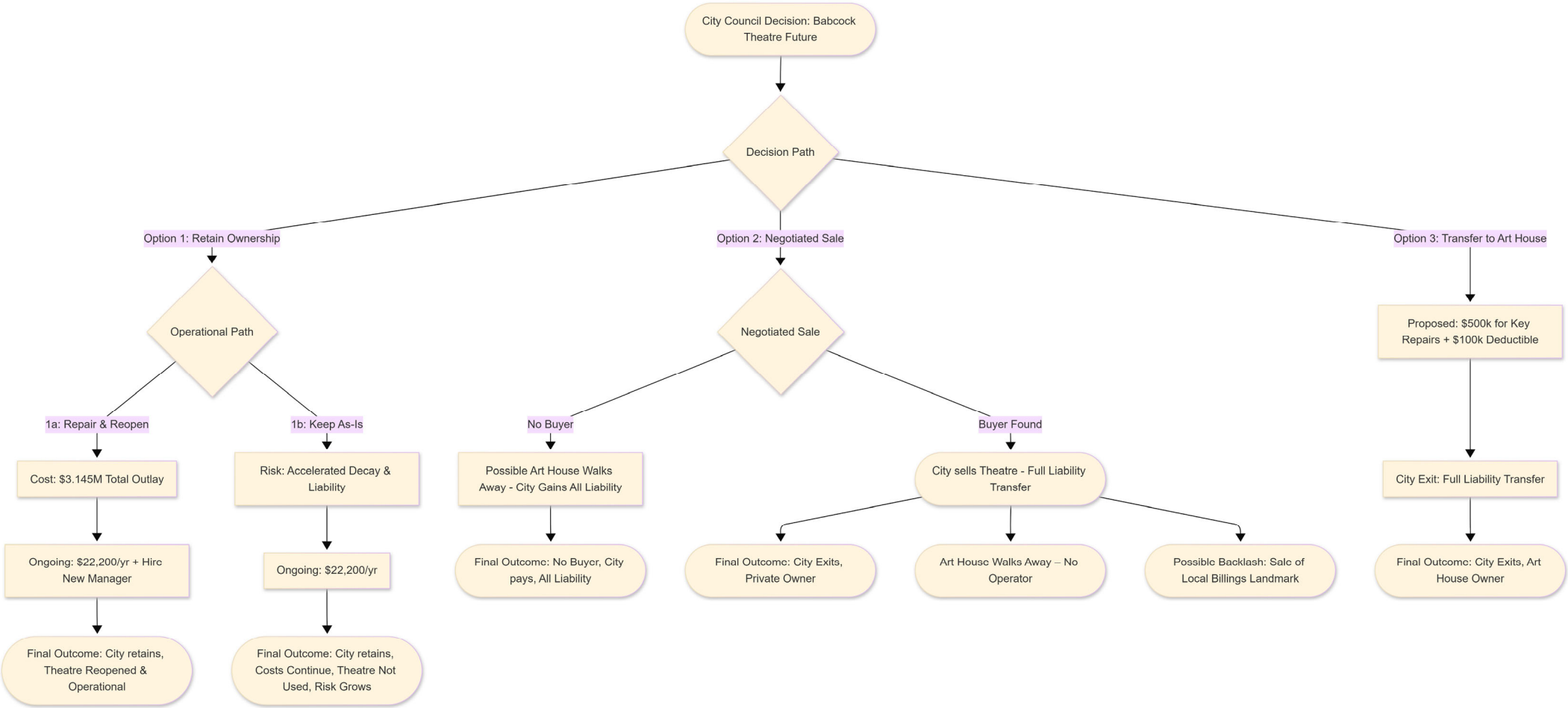
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c. Subsection C: Upon full execution of this amendment, Tenant to remove Lease Liquor liability insurance throughout the entire Abatement Period or until such time that Tenant reopens its normal operations, whichever, is sooner.

DRAFT

TENANT	LANDLORD
By:_____	By:_____
By:_____	By:_____
Date:_____	Date:_____

DRAFT


City Council Decision: Babcock Theatre Future
Decision Path
Option 1: Retain Ownership
Option 2: Negotiated Sale
Option 3: Transfer to Art House
Operational Path
Negotiated Sale
Proposed: $500k for Key Repairs + $100k Deductible
1a: Repair & Reopen
1b: Keep As-Is
No Buyer
Buyer Found
Cost: $3.145M Total Outlay
Risk: Accelerated Decay & Liability
Possible Art House Walks Away - City Gains All Liability
City sells Theatre - Full Liability Transfer
City Exit: Full Liability Transfer
Ongoing: $22,200/yr + Hire New Manager
Ongoing: $22,200/yr
Final Outcome: City exits, Private Owner
Art House Walks Away – No Operator
Possible Backlash: Sale of Local Billings Landmark
Final Outcome: City Exits, Art House Owner
Final Outcome: City retains, Theatre Reopened & Operational
Final Outcome: City retains, Costs Continue, Theatre Not Used, Risk Grows
Final Outcome: No Buyer, City pays, All Liability

City Council Work Session **5.**
Meeting Date: 02/17/2026
TITLE: Montana Land Use Planning Act/Billings 2045 Update
PRESENTED BY: Anna Vickers, Planning Division Manager
Department: Planning & Community Services
Presentation: Yes
Legal Review: No
Project Number: N/A

RECOMMENDATION

Staff recommends the City Council receive this informational update on the implementation of the Montana Land Use Planning Act (MCA Title 76, Chapter 25) through Billings 2045. No formal action is requested at this time. Staff is seeking general direction and feedback from City Council to ensure alignment between Council and the Interim Planning Commission (IPC) on specific elements as the process moves forward. Tonight's focus, will be on the Encouragement of Development of Housing in MCA 76-25-302.

EXECUTIVE SUMMARY

This work session provides City Council with an update on the City's implementation of the Montana Land Use Planning Act (MLUPA) and development of the Billings 2045 Land Use Plan. MLUPA requires qualifying municipalities, including Billings, to adopt a Land Use Plan and Future Land Use Map to guide long-term growth and development. Staff will provide an overview of the Act, summarize outreach efforts conducted to date, and share key themes emerging from community input. In addition, staff will review the statutory requirement under MCA 76-25-302 to adopt at least five strategies to encourage the development of housing and will seek general direction from Council regarding those strategies.

No formal action is requested at this time. The purpose of this discussion is to ensure communication and alignment between City Council and the Interim Planning Commission as Billings 2045 moves forward.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

In 2023, the Montana State Legislature passed Senate Bill 382, the Montana Land Use Planning Act (MLUPA), codified in Title 76, Chapter 25 of the Montana Code Annotated. The intent of the Act is to provide a comprehensive land use planning system that promotes the health, safety, and welfare of the people of Montana. The Act outlines that a municipality with a population at or exceeding 5,000 located within a county with a population at or exceeding 70,000 in the most recent decennial census shall comply with the provisions. The Montana Land Use Planning Act mandates that municipalities develop and implement a Land Use Plan and Future Land Use Map (Billings 2045) to guide future development. Billings 2045 will serve as a comprehensive plan that addresses land use, economic development, housing, public services, and natural resources.

Staff will review the following items with City Council:

- An overview of the Montana Land Use Planning Act and its implementation requirements;
- An update on outreach efforts conducted throughout the community to date;
- A summary of key themes and feedback received through those outreach efforts;
- A review of the statutory criteria for encouraging the development of housing pursuant to MCA 76-25-302, which requires the selection of at least five strategies to support housing within the City of Billings; and
- Discussion and general direction from City Council regarding these housing strategies to ensure Billings 2045 aligns with Council expectations as the process moves forward.

FISCAL EFFECTS

There are no fiscal impacts associated with this item at this time. This work session is informational only and does not involve budgetary commitments.

STAKEHOLDERS

The implementation of the Montana Land Use Planning Act and Billings 2045 affects all residents of the City of Billings.

ALTERNATIVES

No formal alternatives are presented, as no action is being requested of the City Council. This item is intended to provide an update and receive general feedback and direction from Council to ensure consistency with the Interim

Planning Commission as implementation of the Montana Land Use Planning Act and Billings 2045 continues.

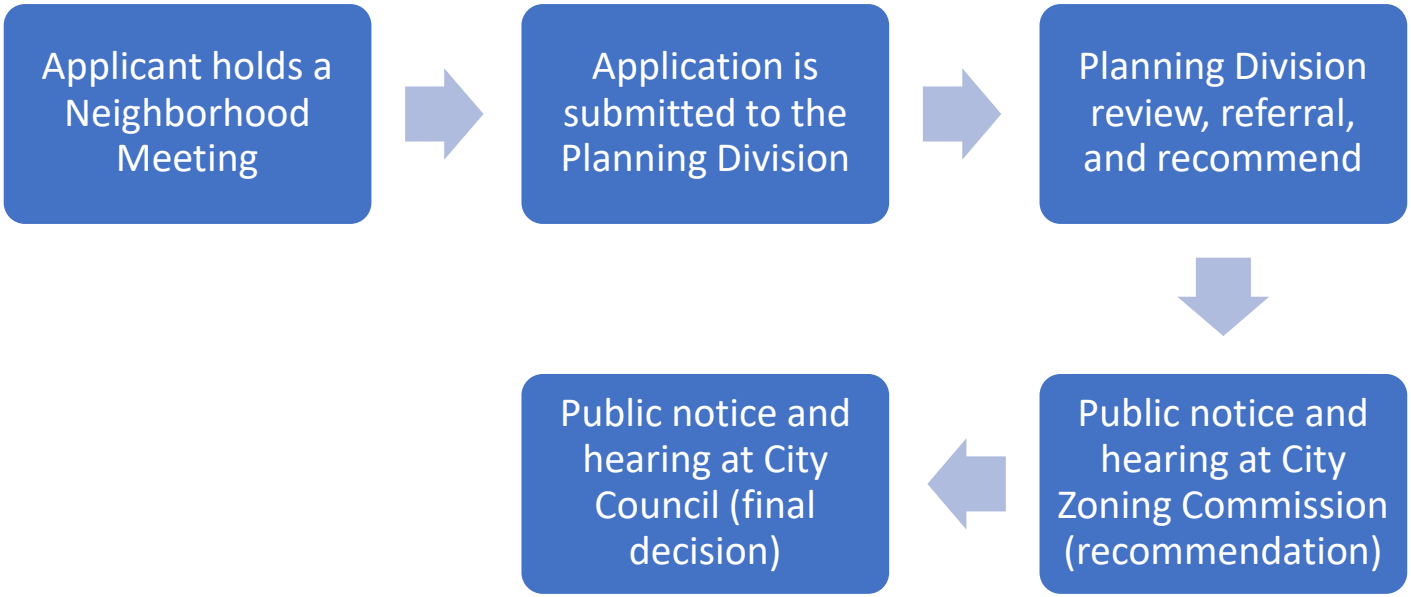
Attachments

Presentation
Zoning Incentives Spreadsheet

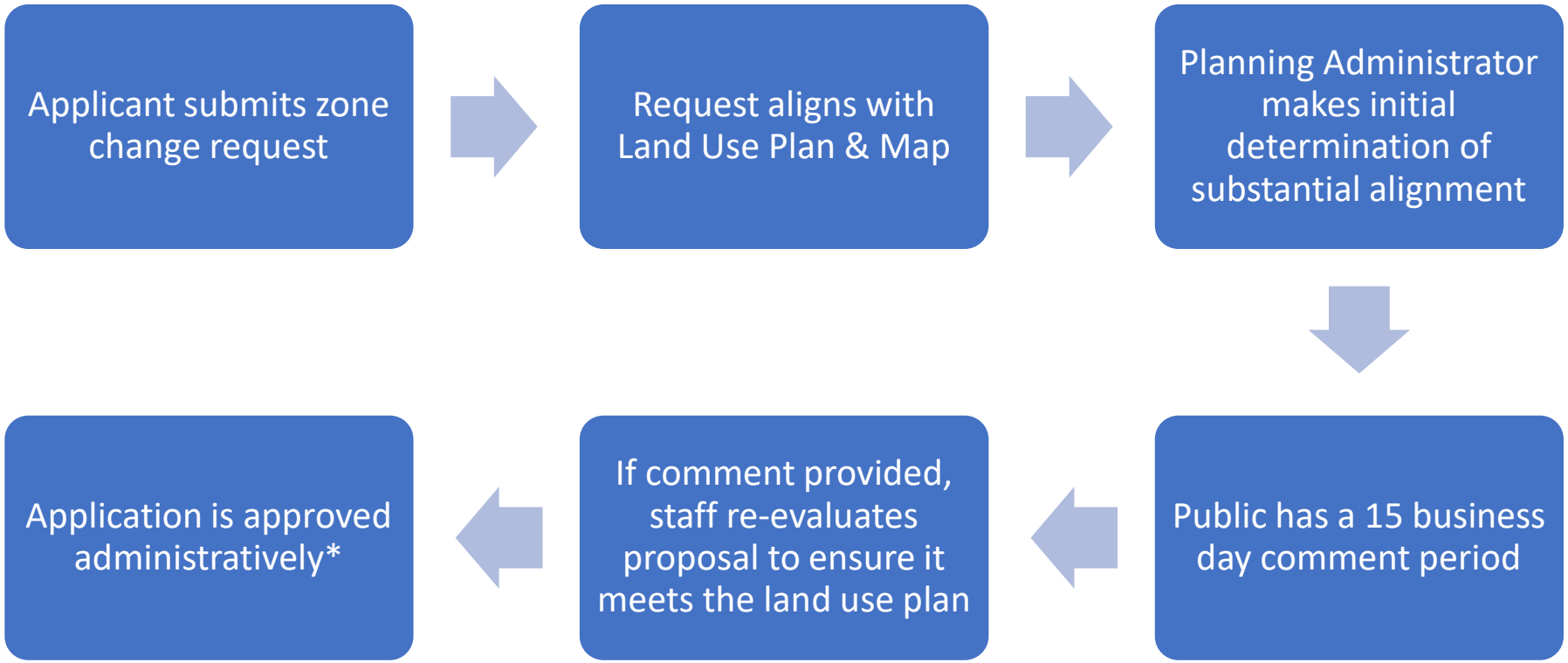
2023 Montana Land Use Planning Act

- Growth Policy – Billings 2045
  - Housing
  - Local services and facilities
  - Economic Development
  - Natural resources, environment, and hazards
- Subdivision regulations – updates following adoption of plan
- Zoning regulations – updates following adoption of plan
- **Administrative Review of Most Land Use Applications after Billings 2045 Adoption**

Zoning Applications Current Process



Process under MLUPA



* Appeal Process is Available

PROJECT TIMELINE

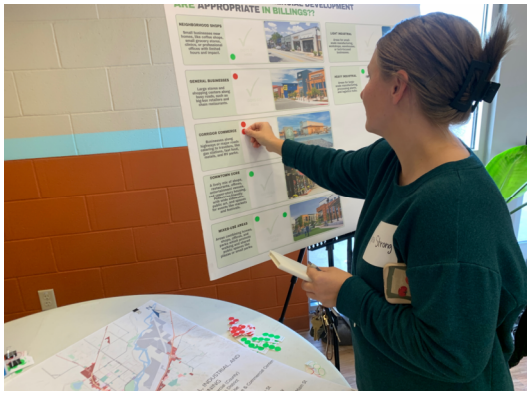












Engagement Snapshot To-Date

- Stakeholder meetings: 12
- Stakeholders engaged: 69 of 115
- Community workshops: 7
- Workshop attendees: 74
- Survey responses: 1,169
- Website visits: 4,990
- Current list serve reach: 228 recipients
- Comment cards: 25
- Online ad views: 9,094

- Nextdoor, Facebook, Instagram, Bus, Radio, and Billboard Ads
- Interviews with Billings Gazette, Yellowstone Public Radio (91.7), Desert Broadcasting (98.1, 105.9, 96.3, 106.7, 105.5, 94.1), Community 7, KULR8
- Tables at Strawberry Fest, Phillips66, Harvest Fest, Building & Remodeling Expo
- Flyers dropped off to 194 businesses around town
- Flyers placed in 150-200 swag bags from the City Hall Open House
- Presentations to Brews and News, Leadership Billings, Library Food for Thought, Heights Task Force, Midtown Community Collaborative, West End Task Force, Rimrock Task Force, Southside Task Force, Pioneer Park Task Force, Realtors Training Class

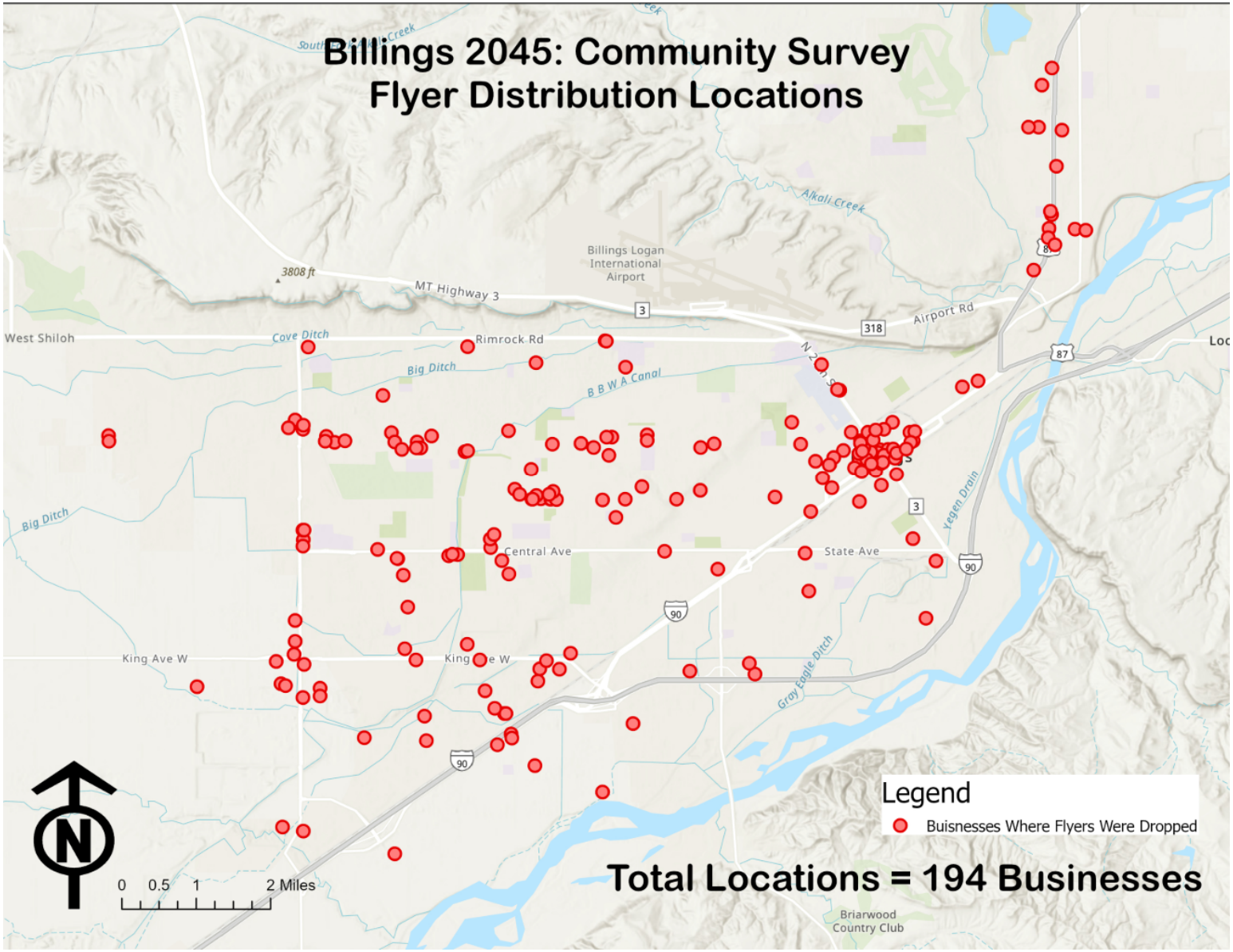


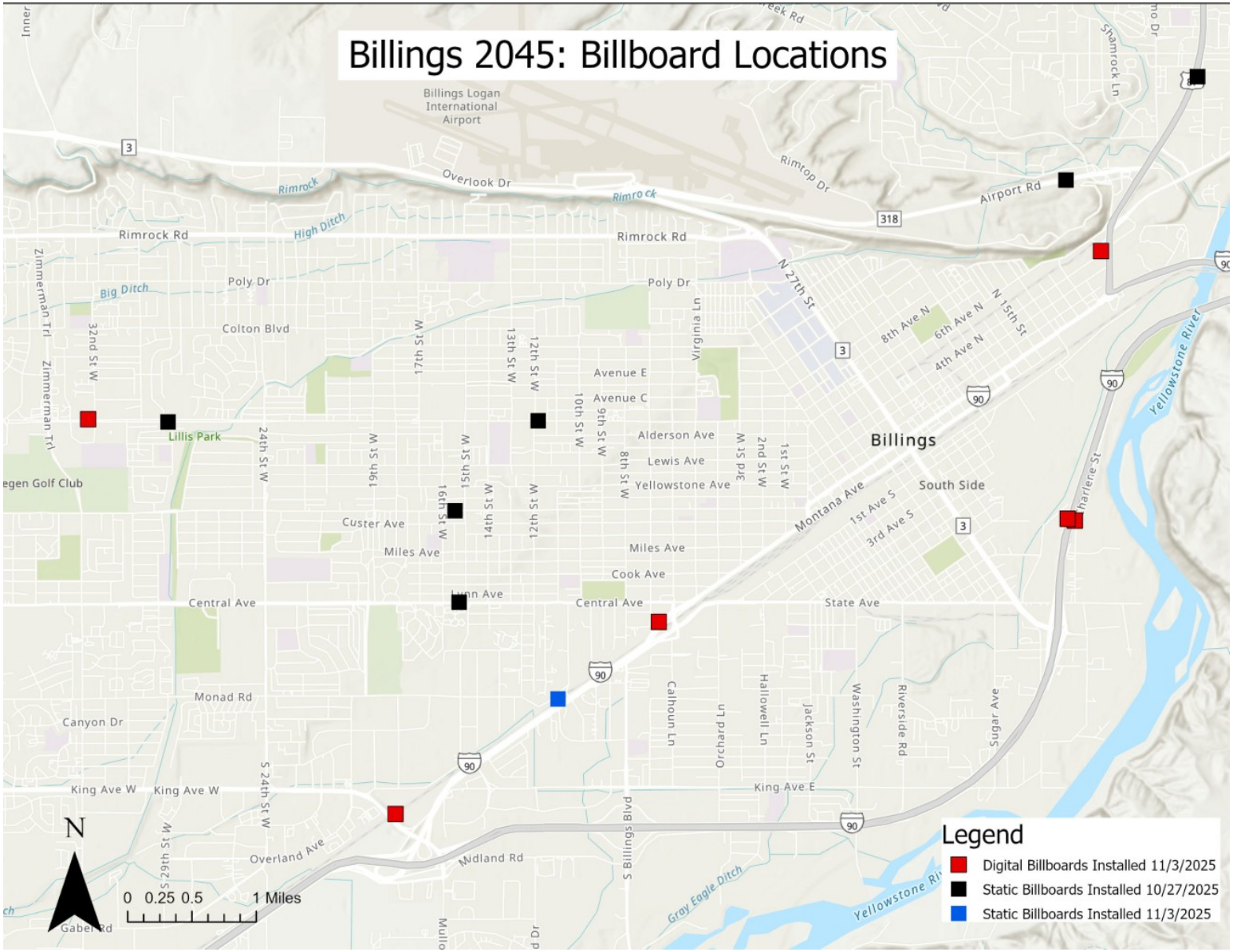




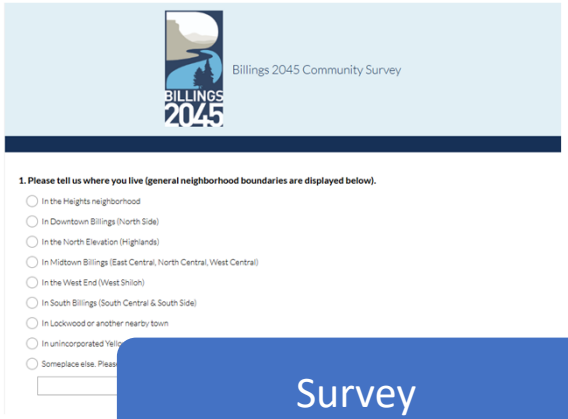





Billings 2045: Community Survey
Flyer Distribution Locations
Billings Logan International Airport
MT Highway 3
3808 ft
West Shiloh
Cove Ditch
Rimrock Rd
Big Ditch
B B W A Canal
Airport Rd
Alkali Creek
Central Ave
State Ave
King Ave W
Gray Eagle Ditch
Yegen Drain
Briarwood Country Club
0 0.5 1 2 Miles
Legend
Buisnesses Where Flyers Were Dropped
Total Locations = 194 Businesses


Billings 2045: Billboard Locations
Billings Logan International Airport
Rimrock Rd
Overlook Dr
Rimrop Dr
Airport Rd
318
Shamrock Ln
High Ditch
Big Ditch
Poly Dr
Colton Blvd
Zimmerman Trl
32nd St W
17th St W
13th St W
12th St W
Virginia Ln
N 27th St
8th Ave N
6th Ave N
4th Ave N
N 15th St
Yellowstone River
Avenue E
Avenue C
10th St W
9th St W
8th St W
Alderson Ave
Lewis Ave
Yellowstone Ave
3rd St W
2nd St W
1st St W
Billings
South Side
Montana Ave
1st Ave S
3rd Ave S
Lillis Park
24th St W
19th St W
16th St W
15th St W
14th St W
12th St W
Custer Ave
Miles Ave
Cook Ave
Lynn Ave
Central Ave
State Ave
Monad Rd
Canyon Dr
King Ave W
King Ave E
S 24th St W
S 29th St W
Overland Ave
Midland Rd
S Billings Blvd
Calhoun Ln
Orchard Ln
Hallowell Ln
Jackson St
Washington St
Riverside Rd
Sugar Ave
Gray Eagle Ditch
N
0 0.25 0.5 1 Miles
Legend
Digital Billboards Installed 11/3/2025
Static Billboards Installed 10/27/2025
Static Billboards Installed 11/3/2025

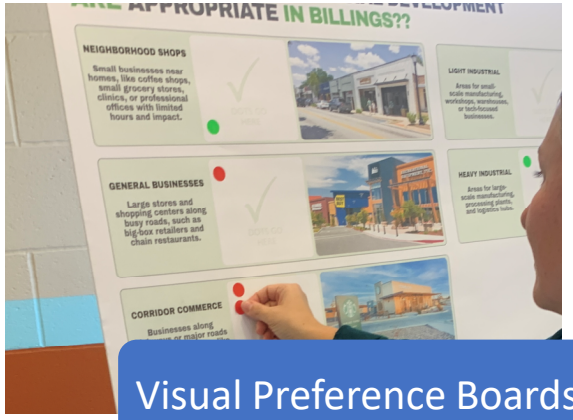
HOW WE ENGAGED: Planning Week



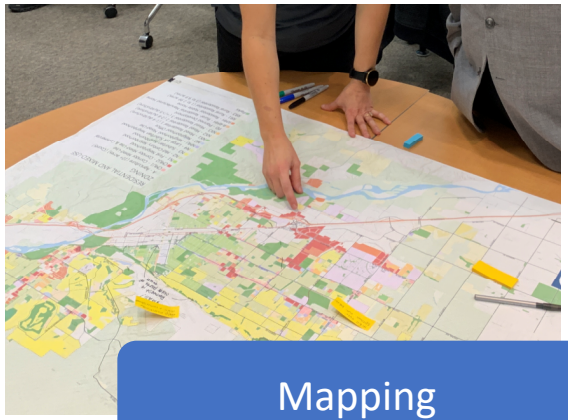
Survey



Comment Cards



Visual Preference Boards



Mapping



Community Canvas

WEST END PLAN NEIGHBORHOOD OUTREACH

- **Contract dates:**

November 2023 - Current

2 Surveys for a total of 218 respondents

2 Open houses

2 Community workshops

2,102 Unique website sessions

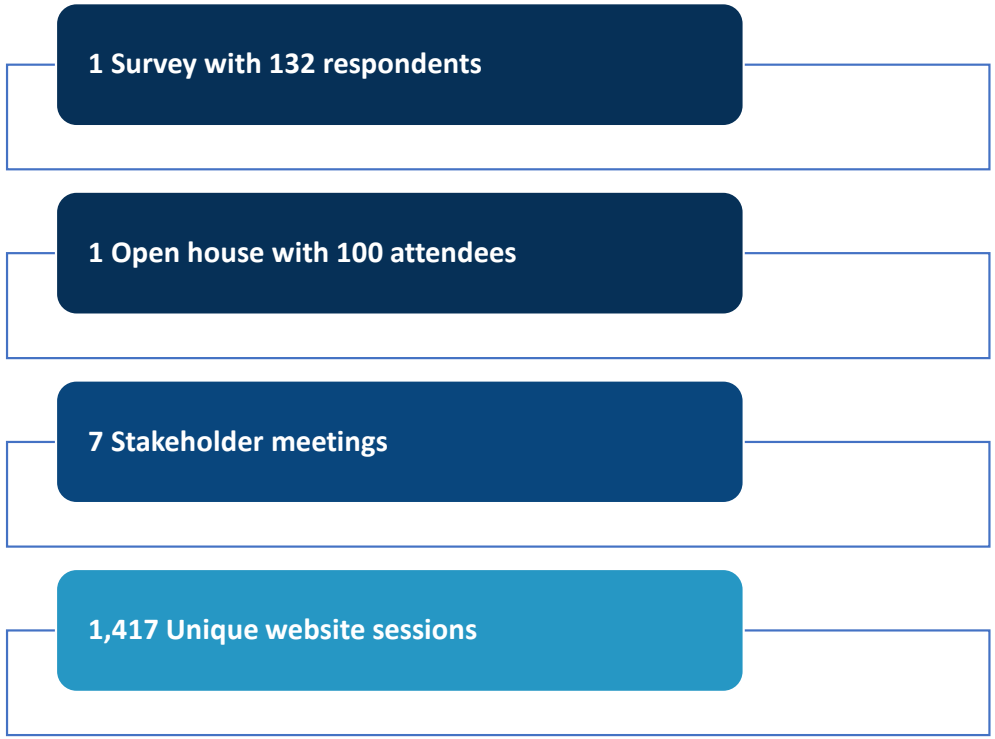
Presentation to City Council, West End Task Force, Billings Association of Realtors, and West End Rotary Club

105 Draft Future Land Use Map Comments

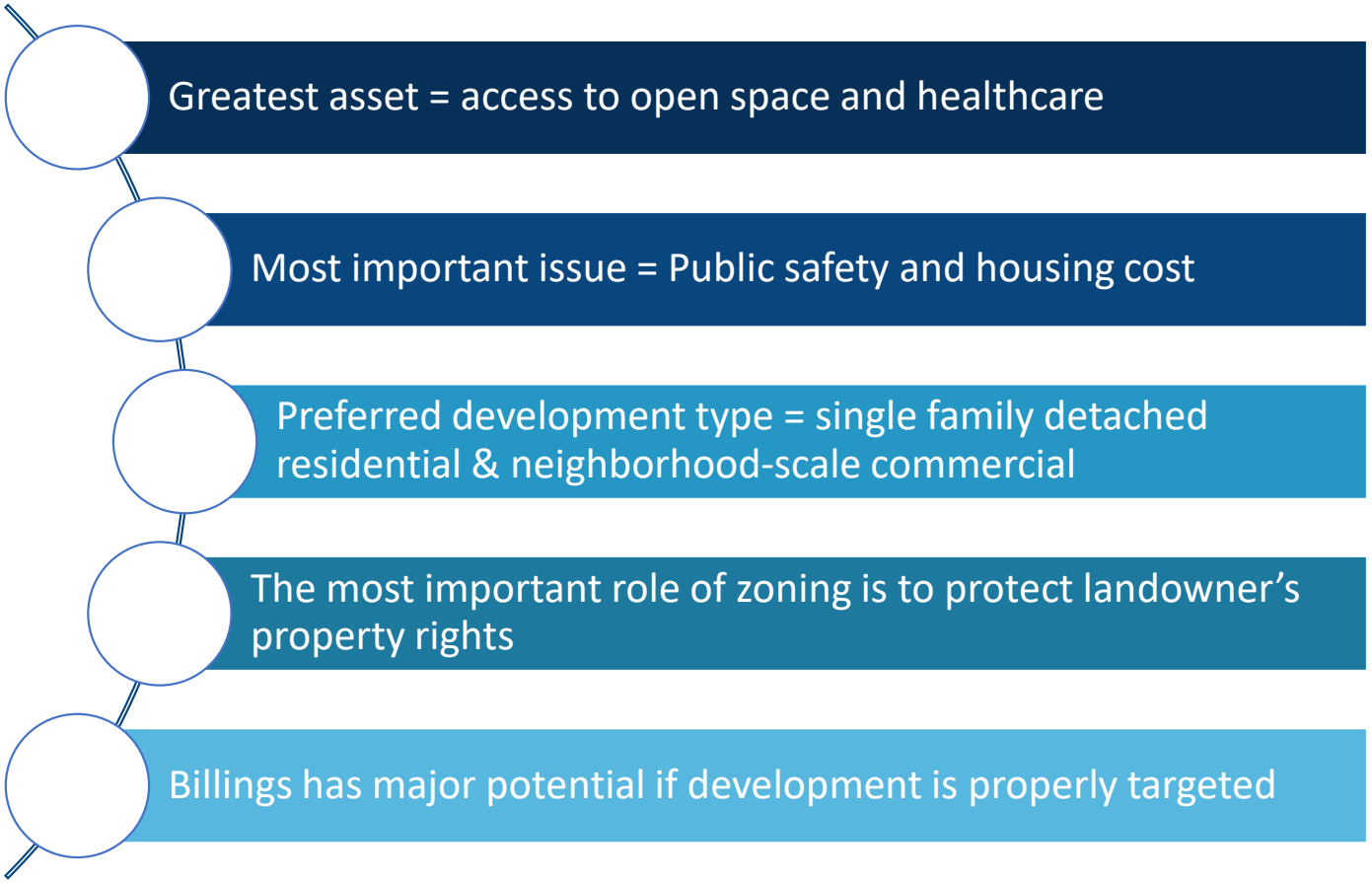
HEIGHTS PLAN NEIGHBORHOOD OUTREACH

- **Contract dates:**

May 2024 - Current



WHAT WE'VE HEARD:
Survey



OVERARCHING THEMES



1. Growth must be more intentional and coordinated



2. Infrastructure, services, and growth are inseparable



3. Housing affordability and housing choice are central concerns



4. Transportation and citywide connectivity need improvement



5. Equity and reinvestment in existing neighborhoods matter



6. Community character, downtown, and sense of place are priorities



7. Environmental stewardship and quality of life must be balanced with growth

BILLINGS GROWTH PROJECTIONS, 2025-2045

	2025 (Estimated)	2045 (Projected)	2025-2045 CAGR	Totals
Population	123,500	153,800	1.11%	30,300
Housing Units	55,300	71,500	1.29%	16,200
Jobs	84,900	106,600	1.21%	21,700
Industrial SF	7,912,300	10,169,000	1.26%	2,256,700
Office SF	6,273,100	7,357,000	0.80%	1,083,900
Retail SF	10,608,100	12,397,500	0.78%	1,789,400

Source: CoStar, Lightcast, Montana Department of Commerce, SB Friedman

Billings Housing Unit Permits 2019-2025

Permits Issued	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Single Family	273	342	414	310	198	233	200
Two Family	80	116	80	192	56	104	236
Townhome	11	5	28	199	19	286	72
Multi-family	30	126	427	708	24	192	58
Total	**394**	**589**	**949**	**1409**	**297**	**815**	**566**

Average Units Per Year 2019-2025: 717
Estimated Units Per Year 2025- 2045: 810

MCA76-25-302 Encouragement of development housing
(Must include five)

	IPC Recommendation	Council Direction
(a) Allow as a permitted use for at least a duplex where a single-unit dwelling is permitted	Already required - 2023 SB323	N/A
(b) Zone for higher density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers, as determined by the local government.	Create an overlay in appropriate areas throughout the city	
(c)Eliminate or reduce off-street parking requirements to require no more than one parking space per dwelling unit.	Will be implemented – 2025 HB492	N/A

	IPC Recommendation	Council Direction
(d)Eliminate impact fees for accessory dwelling units or developments that include multi-unit dwellings or reduce the fees by at least 25%.	Navigate when reviewing incentives within the Infill Policy winter 2026/spring 2027	
(e)Allow, as a permitted use, for at least one internal or detached accessory dwelling unit on a lot with a single-unit dwelling occupied as a primary residence.	Already allowed within the zoning code	
(f) Allow for single-room occupancy developments.	Already allowed within the zoning code	
(g) Allow, as a permitted use, a triplex or fourplex where a single-unit dwelling is permitted.	Navigate when reviewing incentives within the Infill Policy winter 2026/spring 2027	
(h) Eliminate minimum lot sizes or reduce the existing minimum lot size required by at least 25%.	Do not implement	

	IPC Recommendation	Council Direction
(i) Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multi-unit dwellings or mixed-use developments or remove at least half of those requirements.	Do not implement	
(j) Provide for zoning that specifically allows or encourages the development of tiny houses, as defined in Appendix Q of the International Residential Code as it was printed on January 1, 2023.	Already allowed within the zoning code	
(k) Eliminate setback requirements or reduce existing setback requirements by at least 25%.	Do not implement	
(l) Increase building height limits for dwelling units by at least 25%.	Do not implement	

	IPC Recommendation	Council Direction
(m) Allow multi-unit dwellings or mixed-use development as a permitted use on all lots where office, retail, or commercial are primary permitted uses.	Already required - 2023 SB245	N/A
(n) Allow multi-unit dwellings as a permitted use on all lots where triplexes or fourplexes are permitted uses.	Still exploring	

Further Questions, Discussion and Direction

MCA 76-25-302 Encouragement of development of housing.

(1) The zoning regulations authorized in 76-25-301 must include a minimum of five of the following housing strategies, applicable to the majority of the area, where residential development is permitted in the juridictional area:

Requirement	Discussion with IPC	Council Direction
(a) Allow, as a permitted use, for at least a duplex where a single-unit dwelling is permitted	Already required - 2023 SB323	N/A
(b) Zone for higher density housing near transit stations, places of employment, higher education facilities, and other appropriate population centers, as determined by the local government	Create an overlay in appropriate areas throughout the city	
(c) Eliminate or reduce off-street parking requirements to require no more than one parking space per dwelling unit	Will be implemented - 2025 HB 492	N/A
(d) Eliminate impact fees for accessory dwelling units or developments that include multi-unit dwellings or reduce the fees by at least 25%	Navigate when reviewing incentives within the Infill Policy, winter 2026/spring 2027	
(e) Allow, as a permitted use, for at least one internal or detached accessory dwelling unit on a lot with a single-unit dwelling occupied as a primary residence	Already allowed within the zoning code	
(f) Allow for single-room occupancy developments	Already allowed within the zoning code	
(g) Allow, as a permitted use, a triplex or fourplex where a single-unit dwelling is permitted	Navigate when reviewing incentives within the Infill Policy, winter 2026/spring 2027	
(h) Eliminate minimum lot sizes or reduce the existing minimum lot size required by at least 25%	Do not implement	
(i) Eliminate aesthetic, material, shape, bulk, size, floor area, and other massing requirements for multi-unit dwellings or mixed-use developments or remove at least half of those requirements	Do not implement	
(j) Provide for zoning that specifically allows or encourages the development of tiny houses, as defined in Appendix Q of the International Residential Code as it was printed on January 1, 2023	Already allowed within the zoning code	
(k) Eliminate setback requirements or reduce existing setback requirements by at least 25%	Do not implement	
(l) Increase building height limits for dwelling units by at least 25%	Do not implement	
(m) Allow multi-unit dwellings or mixed-use development as a permitted use on all lots where office, retail, or commercial are primary permitted uses	Already required - 2023 SB245	N/A
(n) Allow multi-unit dwellings as a permitted use on all lots where triplexes or fourplexes are permitted uses	Still exploring	

**Indicates strategies already required/implemented*