

## **LEASE**

This **Lease** is entered into by the Department of Corrections, (herein, **Lessor** and/or **Department (DOC)**), and Butch Sweet of Milliron Triangle Cattle of Miles City, Montana, (herein, **Lessee**). The land that is the subject of the **Lease** is located near Miles City, Montana. The total number of acres is 256.2 acres. There are 78.2 grazing acres, 148.3 hayland acres and 29.7 unsuitable acres owned by the State of Montana Department of Corrections.

**DESCRIBED LEASE AREA:** Containing 256.2 Acres  
Parcel No. 1-A parcel of land located in the NE4, N2NW4, N2SW4NW4 plus 24' R/W in the SE4SW4NW4, SE4NW4 less 54.16 acre school site, Custer County, Montana.

**TERM OF YEARS:** The term of this **lease** is five (5) years, beginning July 1, 2014 through June 30, 2019.

**PAYMENT:** The Department of Corrections, in consideration of the payment of \$60.00 (sixty and 00/100 dollars) per acre for 148.3 hayland acres plus \$1,000.00 (one thousand and 00/100 dollars) for a total of \$9,898.00 (nine thousand eight hundred ninety-eight and 00/100 dollars) to be tendered annually, hereby leases the above-described land to the **Lessee**. The **Lessee**, in consideration of the **lease** of the above described lands and the mutual agreements contained in this **Lease** hereby agrees to tender the annual payment to the **Lessor** on or before June 30th, each year, with the first payment due and payable to the **Lessor's** office, located at 4 North Haynes Ave., Miles City, Montana, on or before June 30, 2015.

**FURTHER AGREEMENTS:** The parties to this **Lease** mutually agree to the following terms and conditions:

Conversion of classified grazing lands to cropland without prior approval as required by law subjects this entire **lease** to cancellation.

**SUBLEASING PREMISES:** Subleasing (allowing any other person and/or their livestock to utilize the State land) without receiving approval from the **DOC** may subject the **lease** to cancellation. Subleasing on terms less advantageous to the sublessee than the terms given by **DOC** shall result in cancellation.

Since the property subject of this **lease** is **DOC** property and not controlled by the provisions of State Trust Land, **Lessee** has exclusive right to grant or withhold permission for hunting on the property during the term of the **Lease**.

**REPORTS:** The **Lessee** shall submit reports as requested by the **Lessor**, including seeding and crop reports, weed control reports and improvement reports. Failure to submit such reports may result in cancellation of the **lease**.

**CULTIVATION:** **Lessee** hereby agrees to seed and cultivate croplands in a husbandman-like manner. **Lessee** also agrees to rotate livestock on pasturelands in a husbandman-like manner and to prevent overgrazing and weed introduction. The

**Lessee** further agrees to keep the land clear of weeds and care for it in accordance with approved farm methods as determined by the **Lessor**, Department of Natural Resources and Custer County Weed Department.

**IMPROVEMENTS:** **Lessee** may place improvement upon the lands under this **Lease**, only upon approval by the DOC. A report of proposed improvements, containing such information as the **Lessor** may request concerning the cost of the improvements, their suitability for the uses ordinarily made of the land, and their character (whether fixed or moveable) shall be submitted to the **Lessor** prior to installation thereof on the premises. Failure to obtain approval prior to placement of the improvement may result in such improvements not being recognized by the **Lessor** for purposes of reimbursement of such improvements. In addition, placing improvements on state lands without receiving prior approval may result in cancellation of the **lease**.

**LIENS:** **Lessor** shall have a lien upon all buildings, structures, fences, other improvements, and all crops growing upon the land for any rentals due DOC.

**COMPENSATION FOR IMPROVEMENTS:** **Lessee** agrees to maintain the existing improvements including fences, ditches and head gates and not to commit waste on the premises. **Lessee** agrees to reduce the value of all improvements (as identified in Attachment 1 of this **lease**) made to **Lessor's** property by 50% as of June 30, 2019. If the **Lessee** is again awarded a five year **lease** (beginning on July 1, 2019) the value of all improvements (as identified in Attachment 1 of this **lease**) will be reduced to a value of zero as of June 30, 2024.

**ASSIGNMENT OF LEASE:** If all rentals due have been paid and the terms of this **lease** have not been violated, the **lease** may be assigned on the forms provided for that purpose by the Department, but no such assignment shall be binding on the State unless the assignment is filed with the Department, approved by the Department, and the appropriate assignment fees submitted for such assignment. An assignment which is signed by both parties shall be conclusive proof that all payments for improvements have been paid to the assignor by the assignee. The **leasehold** interest herein may only be transferred to any other party by a properly executed assignment which must be approved by the Department prior to such transfer becoming effective. Until an assignment becomes effective, the Department will consider the **Lessee** listed above to be the **Lessee** for all purposes. There may be no consideration given for the assignment of a **lease** other than the value of the improvements, if any.

**RENEWAL LEASE:** If all rents due under this **lease** have been paid, the **Lessee** shall upon making proper application to the Department be entitled to have this **lease** renewed at any time within thirty (30) days prior to its expiration for an additional period not exceeding ten years; and if there is no other applicant then offering to **lease** the land, the **lease** shall be issued at the minimum rental as determined under statutes then in effect. If there are two or more persons desiring to **lease** the same tract, the former **Lessee** shall have the preference right to the **lease** to the extent that he may take the **lease** at the highest bid made by any other

applicant. However, subleasing may cause loss of this renewal right. The department's rules concerning subleasing should be consulted. The **Lessee** desiring to renew the **lease** must make application to the Department prior to January 28 of the year of expiration. Failure to do so will result in the **lease** becoming an unleased tract upon expiration, with the loss of the preference right and subject to competitive bidding.

**CANCELLATION OF LEASE BY THE STATE:** The Department shall have the power and authority in its discretion to cancel a **lease** for any of the following causes: For fraud or misrepresentation, or for concealment of facts relating to its issue, which if known would have prevented its issue in the form or to the party issued; for using the land for other purposes than those authorized by the **lease**, for overgrazing or any other misuse of the state lands involved, and for any other cause which in the judgment of the Department makes the cancellation of the **lease** necessary in order to do justice to all parties concerned, and to protect the interest of the state. Such cancellation shall not entitle the **Lessee** to any refund of rentals paid or exemption from the payment of any rents, penalties or other compensation due the state. **Lease** cancellation for these causes is subject to appeal as provided in Section 77-6-211, MCA.

**LANDS MAY BE SOLD:** The Board of Land Commissioners may in their discretion exchange the lands under this **lease** for other lands, offer the lands under this **lease** for sale at any regular public sale of state lands held in the county where the land is stipulated upon the same terms and in the same manner as land not under **lease**, subject, however, to the rights of the **lessee** to compensation for improvements as herein provided; and subject also to the provision that the new owner will not be given possession by the state prior to July 1 following the date of exchange or sale unless the **lease** expires prior to that date, except through special agreement with the **Lessee**.

**RESERVATIONS:** The DOC reserves all rights and interest to the land under this **Lease** other than those specifically granted by this **Lease**. These reservations include but are not limited to the following:

- 1) **Mineral and timber reservation:** All coal, oil, gas and other minerals and deposits of stone, gravel, sand, gems and other non-minerals valuable for building, mining or other commercial purposes and all timber and trees are excepted from the operation of this **Lease**. The **Lessee** shall not open any mine or quarry, pit or diggings situated on the said land whether such mine, quarry, pit or diggings was open on the date of this **Lease** or not. The **Lessee** shall not cut, remove, use or destroy any such timber or standing trees.
- 2) **Right of Way Reservation:** The DOC reserves a right-of way to the United States Government over the land above described for ditches, canals, tunnels, telephone and telegraph, and power lines now constructed or to be constructed by the United States Government. The State also reserves the right of granting rights-of-way on the above-described lands for other

purposes. The DOC also reserves to itself and its representatives the right to enter upon the land embraced by the **Lease** for the purpose of prospecting and exploring for minerals and for the purpose of mining, drilling or developing and removing such minerals and for all operations relating thereto. DOC also reserves to itself and its permittees the right to enter upon said land for the purpose of cutting and removing timber, wood, and other forest products, and for removing gravel, sand, building stone and other non-minerals. The DOC reserves the right to grant permits for advertising such as signs and billboards.

- 3) **Additional Reservation:** The DOC reserves the right to enter upon the land subject of this **Lease** to assure compliance with the conditions set forth herein.

**NOXIOUS WEEDS AND PESTS:** Lessee agrees, at his own expense and cost to keep the land free from noxious weeds and to exterminate pests to the same extent as a private owner, and shall be required to comply with the provision of Section 77-6-114, MCA which provides that the **Lessee** of state land lying within the boundaries of any noxious weed control and weed seed extermination district shall assume and pay all assessment and taxes levied by the Board of County Commissioners for such district on the leased lands, and such assessment and tax levies shall be imposed upon **Lessee** as a personal property tax and shall be collected by the County Treasurer in the same manner regular personal property taxes are collected.

**FIRE PREVENTION & SUPPRESSION:** The **Lessee** assumes all responsibility for carrying on at his own cost and expense all fire prevention and suppression work necessary or required to protect the foliage, trees, buildings and structures on the land to the same extent as a private owner.

**UNLAWFUL USE OF LANDS OR PREMISES:** If any part of the lands or premises under this **lease** are used or allowed or permitted to be used for any purpose contrary to the laws of the State or of the United States, such unlawful use shall in the discretion of the **Lessor** constitute sufficient reason for the cancellation of the **lease**.

**SURRENDER OF PREMISES:** Upon the Expiration or Termination of the **Lease**, the **Lessee** shall peaceably yield up and surrender the possession of the land and any improvements appurtenant thereto to the **Lessor**, or to the subsequent **Lessee**.

**INDEMNIFICATION:** The **Lessee** agrees to hold harmless and indemnify the **Lessor** from any cause of action arising under the operation of this **Lease** from any losses to the **Lessor** occasioned by the levy of any penalties, fines, charges or assessments made against the above lands or crops growing upon the lands, by the United States Government because of any violation of or noncompliance with any federal farm program or the acts by the **Lessee**.

**LAWS AND RULES:** The **Lessee** agrees not to use or permit the use of the land for any purpose contrary to the laws of this State or the United States. **Lessee** further agrees to comply with all applicable laws and rules in effect on the date of this **Lease** or which may, from time to time be adopted.

**MULTIPLE USE MANAGEMENT:** Pursuant to the obligations imposed by law, to administer state lands under a multiple-use management concept, the state reserves the right to dispose of any and all interests in the above described land, subject, however to such interests granted to the **Lessee** under the terms of this **lease**. The **Lessee** may not close the land under **lease** at any time to the public for general recreational use, as defined in ARM 36.25.14, without advanced written permission of the Department. Permission to close lands categorically closed under ARM 36.25.150 is hereby granted and no further permission is required.

**LEASE WITHDRAWAL:** All or any portion of the land under **lease** may be withdrawn from this **lease** by the state. The **Lessee** shall be entitled to reasonable compensation for any improvements thereon. The lands may be withdrawn to promote the duties and responsibilities of the Board of Land Commissioners.

## **TERMINATION OF LEASE**

**Termination by Lessee:** **Lessee** may terminate this **Lease** at any time with 60 days notice to the **Lessor**. Notice shall be effective upon written notice delivered to the **Lessor** at the following address: Pine Hills Youth Correctional Facility, 4 North Haynes Avenue, Miles City, Montana 59301. In case of **Lessee's** voluntary termination of the **Lease**, payment will be due and owing to **DOC** on or before the date of termination on pro rata basis.

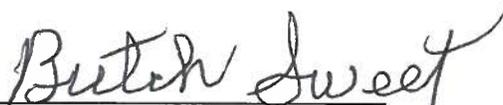
**Termination by Lessor:** **DOC** may terminate this **Lease** for any of the following causes:

- 1) Fraud or misrepresentation, or for concealment of facts relating to the issue of the **Lease**;
- 2) Using the Land for purposes other than those authorized by the **Lease**;
- 3) Breach of the Terms of this **Lease**. **Lessor** may terminate this **Lease** for breach of its terms provided that **Lessor** notifies the **Lessee** in writing of the breach and allows **Lessee** 30 days to cure the breach prior to terminating the **Lease**; and
- 4) Any other cause which in the judgment of the **Lessor** makes the cancellation of the **Lease** necessary in order to do justice to all parties concerned and to protect the interest of the **Lessor**.
- 5) Such termination shall be effective upon written notice delivered to the **Lessee** at the following address Butch Sweet, Milliron Triangle Cattle, 1900 North Daly, Miles City, Montana 59301.
- 6) Upon termination all rents shall be due and payable and shall be assessed upon a pro rata basis. Such termination shall not entitle the **Lessee** to any refund of rentals paid or exemption from the payment of any penalties or other compensation due.

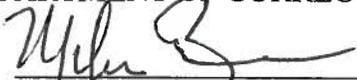
- 7) **Lease** termination for this cause is subject to appeal as provided in §77-6-211, MCA.

IN WITNESS WHEREOF, the **Lessor** and the **Lessee** have caused this **Lease** to be executed in duplicate. The Department cannot disburse any payments under this Lease until a fully executed original Lease is returned to the Department of Corrections, Contracts Management Bureau, PO Box 201301, Helena, MT 59620-1301.

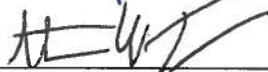
**LESSEE**

  
\_\_\_\_\_  
Butch Sweet, Milliron Triangle Cattle, Lessee

DEPARTMENT OF CORRECTIONS

By:   
\_\_\_\_\_  
Mike Batista, Department

By:   
\_\_\_\_\_  
Cindy McKenzie, YSD Administrator and Co-Land Manager

By:   
\_\_\_\_\_  
Steve Ray, PHYCF Superintendent and Co-Land Manager

## ATTACHMENT #1

Steel Posts	895 x \$4.95 =	\$4,430.25
Railroad Ties	228 x \$10.00 =	\$2,280.00
Barb Wire for Fencing	54 rolls x \$50.00 =	\$2,700.00
Metal Gates	5 (16' gates) x \$200.00 =	\$1,000.00
Metal Gates	4 (12' gates) x \$165.00 =	\$660.00
Metal Gates	1 (10' gate) x \$140.00 =	\$140.00
Hog Panels	19 (16' panels) x \$24.99 =	\$474.81
Sheet Metal Windbreak	140 sheets x \$5.00 =	\$700.00
Corral Planks (2' x 8')	478 x \$9.95 =	\$4,756.10
Water Hydrants (10')	2 x \$155.00 =	\$310.00
Cattle Guard	12' x \$1,272.00 =	\$1,272.00
Wood Wind Break (1' x 6')	240 x \$1.50 =	\$360.00
Heated Automatic Water Units	2 x \$409.00 =	\$818.00
Water Tanks	2 (6' tire tanks) x \$575.00 =	\$1,150.00
Water Tanks	1 (8' tire tanks) x \$625.00 =	\$625.00
Water Tanks	2 (6' metal) x \$320.00 =	\$640.00
Water Tanks	1 (10' cement) x \$500.00 =	\$500.00
Head Gates	1 x \$2,000.00 =	\$2,000.00
Shallow Wells	2 - 30' wells x \$25.00/cased ft =	\$1,500.00
Submersible Pump	1 - ¾ hp installed x \$729.99 =	\$729.99
Water Check	T & Y Canal	\$8,000.00
Total Improvements		\$35,046.15