

AGREEMENT

WHEREAS, the Cities of Red Lodge and Bridger, Montana, hereinafter referred to as "Cities," and the County of Carbon, Montana, hereinafter referred to as "County," have agreed to the establishment of a joint City-County airport;

AND, WHEREAS, such joint arrangement seems the most desirable means for furnishing airport service to the Cities and County;

AND, WHEREAS, such an arrangement is authorized by Part 2, Chapter 10, Title 67, Montana Code Annotated;

AND, WHEREAS, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Agreement.

NOW, THEREFORE, IT IS MUTALLY AGREED as follows:

1. The Cities and County agree each with the other to jointly participate as hereinafter provided in the maintenance, operation, and improvement of the airports hereinafter described.
2. CONTRIBUTIONS TO EXPENSES. The Cities and County shall levy and contribute equal mills for payment of the expenses of construction, improvement, equipment, maintenance, and the operation of such airport.
3. JOINT AIRPORT BOARD. The Board shall consist of seven members as follows: Two members appointed by the Red Lodge City Council; two members appointed by the Bridger City Council; and three members appointed by the Board of County Commissioners of the County. The appointed members shall serve for terms of three years. Both original and successive appointees shall serve until their successors are appointed and qualified. Vacancies shall be filled for the unexpired portion of the term by the appropriate appointing body. Members shall serve without compensation. The Board shall choose one of its members as chairman and shall select a secretary who may or may not be a member.

All meetings of the Board shall be conducted in accordance with Roberts Rules of Order or other generally accepted parliamentary procedure rules.

All meetings of the Board shall comply with Montana's Open Meeting Law as required by MCA 2-3-201, et. seq.

4. POWERS OF THE BOARD. The Board, except as hereinafter provided, shall acquire necessary property for, establish, construct, enlarge, improve, maintain, equip, operate and regulate the airport and other air navigation facilities and airport protection privileges to be jointly acquired, controlled and operated under this Agreement. The Board may exercise on behalf of the County and Cities all the powers of each granted by Chapter 10, Title 67, Montana Code Annotated, and all other applicable laws, both state and federal, except as otherwise provided in this Agreement. Rules and regulations may be proposed by the Board but shall be enacted only by the Cities and County. No real property and no airport, other air navigation facility, or air protection privilege acquired under this Agreement shall be disposed of by the Board by sale, lease or otherwise except by authority of both the Cities and County; but the Board may lease space, area or improvements

and grant concessions on airports for aeronautical purposes, or purposes incidental thereto, subject to the provisions of Section 67-10-205, Montana Code Annotated.

The forms of hangar lease agreements for the Cities are attached hereto as Exhibits A and B respectively and shall be used without modification by the Airport Board.

5. REAL PROPERTY. The Cities of Red Lodge and Bridger, and the County of Carbon are presently the owners of the real property as defined in Schedules C and D attached hereto as the latest Certificates of Survey on record with the Clerk and Recorder, which said real property, together with all improvements erected thereon, presently constitute the airports which is the subject of this Agreement. However, such real property and improvements shall be under the supervision and control of the Joint Airport Board in accordance with the terms of this Agreement. No real property, airport, restricted landing area or air protection privilege shall be acquired, and no condemnation proceedings shall be instituted, except after authority to do so has been granted in each individual case by the Cities and County. Condemnation proceedings shall be instituted in the names of the Cities and County jointly. Real property acquired under this Agreement shall be held by the Cities and County as tenants in common. The Cities and the County shall own respective interests in the property acquired hereunder based upon each party's actual contribution toward the cost thereof.
6. BUDGET. The Board shall, each year prior to July 1, prepare a budget for the ensuing fiscal year and shall set forth the following:
 - A. Estimated revenues, divided as follows:
 1. Federal and state grants;
 2. Contributions from Cities;
 3. Contributions from County;
 4. Earnings from concessions, leases and charges made for the use of airport facilities; and
 5. Miscellaneous revenues.
 - B. Estimated expenditures, divided as follows:
 1. Personnel services;
 2. Services other than personnel;
 3. Supplies and materials;
 4. Equipment;
 5. Real estate and improvements;
 6. Debt service; and
 7. Miscellaneous expenditures.

Such budget shall be submitted not later than July 1 to the Cities and the County. The budget shall be for the information of the Cities and County to assist in their financial planning and action by the Cities and County. The final decisions of the Cities and County as to the requested contributions shall be reported back to the Joint Board which shall adjust the budget, if necessary. If either the Cities or the County fixes its contribution at less than the amount requested by the Joint Board, the contribution of the other shall be decreased proportionately, unless the latter shall decide to pay a larger portion of the total contribution than is required by the Agreement. The expenditure allowances as so finally adjusted and approved shall control the year's spending program, except that excess revenues received may be spent upon the approval of the Joint Board. The Joint Board shall not itself levy taxes or borrow money, and it shall not approve any claims or incur any

obligations for expenditure, unless there is unencumbered cash to the credit of the Joint Board with which to pay the same.

7. FINANCES. For the purpose of providing the Joint Board with monies for the necessary expenditures in carrying out the provisions of this Agreement, a joint fund shall be created and maintained into which shall be deposited the share of each of the constituent public agencies as provided by the joint agreement. Each of the constituent public agencies shall provide its share of the fund from sources available to each. Any federal, state, or other contributions or loans, and the revenues obtained from the joint ownership, control and operations of any airport or air navigation facility under the jurisdiction of the Joint Board shall be paid into the joint fund. Disbursements from such fund shall be made by order of the Board, subject to the limitations of law and the provisions of this Agreement.
8. REPORTS. The Board shall, as soon as possible after the end of each fiscal year, prepare and present to the Cities and County a summary of actual revenue, expenses, leases signed, and a copy of all of the minutes of the Board. The Board shall also prepare and present to federal and state officials such reports as may be required by law, regulation or contract.
9. TERMINATION. This Agreement shall be in full force and effect for the term of five years until terminated by written notice from either party to the other party at least thirty days prior to the expiration of any such period. Notwithstanding termination, powers of the Board under this Agreement shall continue to the extent necessary to maintain and operate the airport until disposition under paragraph 10 of the property acquired under this Agreement.
10. DISPOSITION OF PROPERTY UPON TERMINATION. As soon as practicable after termination of this Agreement, the Cities and County shall dispose of all property acquired under the Agreement, including surplus funds, in any manner they shall then agree upon. If no agreement as to disposition is reached within three months after termination of this Agreement, the existing Joint Board shall constitute an advisory board on disposition of the airport property. The Board shall, as soon as possible, prepare and recommend to the Cities and County a complete plan for the disposition of all property acquired under this Agreement, and such plan shall provide for the continuation of the use of the property as a public airport, if practicable. Upon termination of this Agreement, and in the absence of another arrangement mutually agreed upon, each party shall assume the payment of debts and liabilities incurred by the Board in the same proportion as it is required to contribute to the expenses thereof under paragraph 2.
11. DISPUTE RESOLUTION. The Parties agree that the laws of the State of Montana govern this Agreement. The Parties agree that venue is proper within the courts of Carbon County, Montana. If a dispute arises, the Parties, through a representative(s) with authority to settle a dispute, shall meet and attempt to negotiate a resolution of the dispute in good faith no later than ten business days after the dispute arises. If negotiations fail, the Parties may utilize a third party mediator and equally share the costs of the mediator or file suit.
12. ENFORCEMENT. Specific performance of the provisions of this Agreement may be enforced against either party by the other party.
13. AMENDMENTS. This Agreement may be amended in any particular by following the procedure used for the adoption of the Agreement.

IN WITNESS WHEREOF, the Cities of Red Lodge and Bridger have caused this Agreement to be signed by its Mayor and Clerk and sealed with the seal of the City, and the County of Carbon has caused this Agreement to be signed by the Chairman of the Board of County Commissioners and the County Clerk and Recorder and sealed with the official seal of the County.

DATED this 14th day of December, 2010.

CITY OF RED LODGE

By (MAYOR)

By (CLERK)

Stephen C. Reed
Debbie L. Lomnick

CITY OF BRIDGER

By (MAYOR)

By (CLERK)

William Frost
Kearna Hay

COUNTY OF CARBON

By (Board of County Commissioners)

By (County Clerk and Recorder)

Doreo Dacler
Maurice Higman

COUNTY OF CARBON

By (Board of County Commissioners)

By (County Clerk and Recorder)

John J. Maxwell
Maurice Higman

COUNTY OF CARBON

By (Board of County Commissioners)

By (County Clerk and Recorder)

John E. Brinker
Maurice Higman