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110 2nd St. South )  
Great Falls, MT 59401 )  
Attention: Tony L. Hale )

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Total Pages: 4 R 28.00 By:mdalley 02/26/2010 01:41:09 PM  
Cascade County, Rina Ft Moore - Clerk & Recorder



326274-6f

**MEMORANDUM OF LEASE AND OPTION**

THIS MEMORANDUM OF LEASE AND OPTION is made and entered into effect as of the 26<sup>th</sup> day of February, 2010, by and between SME ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., having an address of P.O. Box 80152, Billings, Montana 59108-0152 ("Lessor"), and SOUTHERN MONTANA ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC., having an address of 3521 Gabel Road, Suite 5, Billings, Montana 59102 ("Lessee").

1. **TERM AND PREMISES.** For the initial term of FIFTY (50) years and upon the provisions set forth in that certain Lease Agreement of even date herewith from Lessor to Lessee ("Lease"), all of which provisions are specifically made a part hereof as fully and completely as if set out in full herein, Lessor leases to Lessee and Lessee leases from Lessor the following real property located in Cascade County, Montana, containing 197.561 acres, more or less, described and shown as "Parcel B" on that certain Certificate of Survey No. S-0004660 filed for record February 4, 2010 in the office of the Clerk and Recorder of Cascade County, Montana, including therein the W1/2SE1/4 of Section 24 and the N1/2NW1/4 and NW1/4NE1/4 of Section 25, all in Township 21 North, Range 5 East, P.M.M., together with all appurtenances thereto, including, but not limited to, all easements, water rights, airspace, and all necessary subjacent support, but specifically excluding any improvements or structures whatsoever (collectively "the Premises").

2. **OPTION TO PURCHASE.** Reference is particularly made to Section 11.01 of the Lease wherein Lessee is given the option on the terms and conditions set forth therein, to purchase the Premises upon the terms and subject to the provisions set forth therein.

3. **PURPOSE OF MEMORANDUM OF LEASE AND OPTION.** This Memorandum of Lease and Option is an abstract of the Lease prepared in accordance with the provisions of Section 70-21-101, Montana Code Annotated, and shall neither enlarge nor diminish the obligations or rights of any party to the Lease.

4. **COPY OF LEASE.** A full and complete copy of the Lease will be furnished by Lessor, without cost, upon request of any person.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute and deliver this Memorandum of Lease as of the day and year first above written.

**LESSOR:**

**SME ELECTRIC GENERATION AND  
TRANSMISSION  
COOPERATIVE, INC.**

By: William C. FitzGerald  
Its: President

**LESSEE:**

**SOUTHERN MONTANA ELECTRIC  
GENERATION AND  
TRANSMISSION COOPERATIVE, INC.**

By: John E. Dunkley  
Its: Vice President

STATE OF MONTANA     )  
                                      : SS.  
County of Yellowstone    )

This instrument was acknowledged before me on this 25<sup>th</sup> day of February, 2010, by William FitzGerald, known to me to be the President of SME ELECTRIC GENERATION AND TRANSMISSION COOPERATIVE, INC.



Lisa J. Johnson

**LISA J. JOHNSON**  
NOTARY PUBLIC for the State of Montana  
Residing at Billings, Montana  
My Commission Expires  
June 02, 2013

- see seal -  
[Type, Stamp or Print Name]  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_, Montana  
My commission expires \_\_\_\_\_, 20\_\_.

STATE OF MONTANA     )  
  : ss.  
County of Yellowstone\_\_\_\_\_)

This instrument was acknowledged before me on this 25<sup>th</sup> day of February,  
2010, by John PINKKI, known to me to be the  
Vice President of SOUTHERN MONTANA ELECTRIC GENERATION AND  
TRANSMISSION COOPERATIVE, INC.



Lisa Johnson  
LISA J. JOHNSON  
NOTARY PUBLIC for the State of Montana  
Residing at Billings, Montana  
My Commission Expires  
June 02, 2013

- see seal -  
[Type, Stamp or Print Name]  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_, Montana  
My commission expires \_\_\_\_\_, 20\_\_.

## **EXHIBIT A TO MEMORANDUM OF LEASE AND OPTION**

### **Legal Description of the Premises**

PARCEL B of Certificate of Survey No. S-0004660, according to the plat thereof filed February 4, 2010 in the office of the Clerk and Recorder of Cascade County, Montana, including therein the W1/2SE1/4 of Section 24 and the N1/2NW1/4 and NW1/4NE1/4 of Section 25, all in Township 21 North, Range 5 East, P.M.M., Cascade County, Montana.