



City of Ketchum

October 18, 2021

Mayor Bradshaw and City Councilors:

Notification of Lease Addendum Change

"The Council acknowledges the requested change and authorizes the Mayor to sign the updated Caidre Group (Starbucks) Lease Addendum."

Summary

On September 7, 2021, Council approved a Lease Addendum with the Caidre Group.

Shortly after that date, the Caidre Group requested the following modifications, which were reviewed by City counsel and negotiated as agreeable:

- Agreement 1 – Improved clarity in language
- Agreement 2 – Improved language on rent and annual increases
- Agreement 3 – Clarification for use of maintenance room
- Agreement 4 – Increase notice for access in non-emergency situations
- Agreement 7 – Confirmation that Addendum will resolve conflict between provisions in Lease and Addendum
- Agreement 8 – Clarification on effective date of Addendum

Respectfully,

Tara Fenwick

Tara Fenwick
City Clerk

Attachments:

- Final Lease Addendum
- Council Approved Addendum

Lease Renewal Addendum

THIS LEASE ADDENDUM ("Addendum") amends and adds to the Lease Agreement entered into on August 4, 2011 ("Lease"), and this Addendum is effective as of _____, 2021, by and between the City of Ketchum, an Idaho municipal corporation ("Landlord") and the Cairde Group, an Idaho limited liability company ("Tenant").

RECITALS

- A. The Ketchum Urban Renewal Agency (KURA) and the Cairde Group (Tenant) entered into the original Lease on August 4, 2011 for commercial rental of the Premises as identified in the Lease .
- B. Starbucks Corporation (Starbucks) and Tenant are parties to a Master Licensing Agreement, under which Tenant operates a retail unit as a licensee of Starbucks. Pursuant to a Form of Rider to Lease, dated August 4, 2011, Starbucks must provide written consent to any alteration or amendment to the Lease.
- C. KURA transferred and assigned its interest to the City of Ketchum (Landlord).
- D. Tenant has retained possession of the Premises commencing on November 1, 2011, for the initial five-year term; and previously exercised Tenant's first five-year option commencing on November 1, 2016.
- E. Tenant has provided notice of intent to exercise the second and final five-year option.
- F. Landlord and Tenant desire to enter into this Addendum to amend, resolve, and clarify the terms of the second five-year extension of the Lease.

THEREFORE, the parties agree as follows:

AGREEMENT

- 1. **Term.** Tenant is exercising their second and final five-year extension option, as a result of which the term shall be extended for the five years commencing on November 1, 2021 and ending on October 31, 2026, pursuant to Section 4.2 of the Lease.
- 2. **Rent.** The Parties agree that for the second extension term, rent shall remain at the existing monthly rate for November 1, 2021 through October 31, 2022, and then increase two percent (2%) annually beginning on November 1, 2022 and continuing on the first day of November in calendar year 2023, 2024 and 2025. Landlord and Tenant hereby expressly waive their respective rights and obligations under Section 4.1 of the Lease for determining the rent during the second extension term.
- 3. **Use of Maintenance Room.** Tenant is permitted to access and use the maintenance room, a portion of which is contemplated within the rent, for product receiving and storage.

Tenant shall not permit any such storage to materially interfere with any service provider access to fire or power panels, nor any other technical equipment (hereafter referred together as "Technical Equipment"). Tenant shall not permit any agent, manager, employee, or shipping or delivery personnel to touch or alter any Technical Equipment. Any damaged caused to such Technical Equipment by violation of this section will be remediated at the cost of the Tenant. Landlord is not responsible for any injury to agent, manager, employee, or shipping or delivery personnel caused by a failure to uphold this section of the Addendum. Landlord reserves the right to restrict Tenant access to the Maintenance Room in the event service providers are on the Premises for maintenance or repairs of the Technical Equipment, or the surrounding areas.

4. **Landlord Access.** Landlord will keep a key to the Premises for emergency purposes and will seek to reasonably provide Tenant with 48-hour written notice if non-emergency access to the Premises is required. Landlord shall be responsible for safeguarding the key to prevent unauthorized use for which Landlord shall indemnify and hold Tenant harmless from any loss or liability.
5. **Maintenance Requests.** Tenant will report to Landlord, ideally in writing, any concerns regarding the Premises and including surrounding non-leased common area space. Tenant maintenance requests and concerns are to be reported directly to Landlord and not to Landlord's contracted service providers.
6. **Severability.** This Addendum amends certain provisions in the Lease. The Lease remains the operating document, and any provision not amended by this Addendum remains in full force, and agreed to by all parties for the remainder of the agreed upon term identified above. If any provision of this Addendum is found to be unenforceable, all other provisions will remain in effect.
7. **No Further Amendments.** Except as amended by this Addendum, the Lease remains unchanged and in full force and effect. If there is any conflict between the provisions of the Lease and the provisions of this Addendum, the provisions of this Addendum shall control.
8. **Effective Date.** This Amendment is effective as of the date on which the last of Landlord and Tenant execute this Addendum, and such date will be set forth in the first paragraph of this Addendum where indicated. Landlord and Tenant have no rights with respect to this Addendum until Landlord and Tenant have both executed this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum effective to the date designated.

CAIRDE GROUP, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

CITY OF KETCHUM

By: _____

Print Name: Neil Bradshaw

Title: Mayor

Date: _____

Attest: _____

Tara Fenwick, City Clerk

Approved and accepted

STARBUCKS CORPORATION

By: _____

Print Name: _____

Title: _____

Date: _____

Lease Renewal Addendum

THIS LEASE ADDENDUM ("Addendum") amends and adds to the Lease Agreement entered into on August 4, 2011 ("Lease"), and this Addendum is effective to _____, 2021, by and between the City of Ketchum, an Idaho municipal corporation ("Landlord") and the Cairde Group, an Idaho limited liability company (Tenant).

RECITALS

- A. The Ketchum Urban Renewal Agency (KURA) and the Cairde Group (Tenant) entered into the original Lease Agreement on August 4, 2011 for commercial rental of the Premises as identified in the Lease Agreement.
- B. Starbucks Corporation (Starbucks) and Tenant are parties to a Master Licensing Agreement, under which Tenant operates a retail unit as a licensee of Starbucks. Pursuant to a Form of Rider to Lease, dated August 4, 2011, Starbucks must provide written consent to any alteration or amendment to the Lease.
- C. KURA transferred and assigned its interest to the City of Ketchum (Landlord).
- D. Tenant has retained possession of the Premises commencing on November 1, 2011, for the initial five-year term; and previously exercised Tenant's first five-year option commencing on November 1, 2016.
- E. Tenant has provided notice of intent to exercise the second and final five-year option.
- F. Landlord and Tenant desire to enter into this Addendum to amend, resolve, and clarify the terms of the second five-year extension of the Lease.

THEREFORE, the parties agree as follows:

AGREEMENT

- 1. **Term.** Tenant is exercising their second and final five-year extension option, commencing on November 1, 2021, pursuant to Section 4.2 of the Lease.
- 2. **Rent.** The Parties agree that for the second extension term, rent shall remain at the existing base monthly rate for November 1, 2021 through October 31, 2022, and then increase two percent (2%) annually beginning on November 1, 2022.
- 3. **Use of Maintenance Room.** Tenant is permitted to access and use the maintenance room, a portion of which is contemplated within the rent, for product receiving and storage. Tenant shall not permit any such storage to obscure any service provider access to fire or power panels, nor any other technical equipment (hereafter referred together as "Technical Equipment"). Tenant shall not permit any agent, manager, employee, or shipping or delivery personnel to touch or alter any Technical Equipment. Any damaged caused to such

Technical Equipment by violation of this section will be remediated at the cost of the Tenant. Landlord is not responsible for any injury to agent, manager, employee, or shipping or delivery personnel caused by a failure to uphold this section of the Addendum. Landlord reserves the right to restrict Tenant access to the Maintenance Room in the event service providers are on the Premises for maintenance or repairs of the Technical Equipment, or the surrounding areas. Landlord likewise reserves the right to remove Tenant access to the Maintenance Room for failure to uphold this section of the Addendum.

4. **Landlord Access.** Landlord will keep a key to the Premises for emergency purposes and will seek to reasonably provide Tenant with 24-hour written notice if non-emergency access to the Premises is required.
5. **Maintenance Requests.** Tenant will report to Landlord, ideally in writing, any concerns regarding the Premises and including surrounding non-leased common area space. Tenant maintenance requests and concerns are to be reported directly to Landlord and not to Landlord's contracted service providers.
6. **Severability.** This Addendum amends certain provisions in the Lease. The Lease remains the operating document, and any provision not amended by this Addendum remains in full force, and agreed to by all parties for the remainder of the agreed upon term identified above. If any provision of this Addendum is found to be unenforceable, all other provisions will remain in effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Addendum effective to the date designated.

CAIRDE GROUP, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

STARBUCKS CORPORATION

By: _____

Print Name: _____

Title: _____

Date: _____

CITY OF KETCHUM

By: _____

Print Name: Neil Bradshaw

Title: Mayor

Date: _____

Attest: _____
Tara Fenwick, City Clerk