



## City of Ketchum

September 7, 2021

Mayor Bradshaw and City  
Councilors City of Ketchum  
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

### **Recommendation to Approve Starbucks Lease Addendum.**

#### Recommendation and Summary

Staff requests Council authorize the Mayor's signature on the Starbucks lease Addendum.

**"I move to authorize the Mayor to sign the Starbucks Lease Addendum."**

The reasons for the recommendation are as follows:

- Cairde Group seeks to renew the final five-year term of their Starbucks tenant lease at the location of 491 Sun Valley Road
- Both Cairde Group and the City agree to addendum terms
- Legal has reviewed the material and approves to proceed

#### History

- The Cairde Group initiated a lease with the Urban Renewal Agency in August of 2011.
- The original term was extended for an additional five-years by amendment in November 2016.
- The final five-year lease extension, per the recommended addendum, when approved, will take effect November 2021.

#### Financial Impact

The new five-year lease calls for no increase in fiscal year 2022 but then 2% increases in the following years.

The City of Ketchum will recognize the following financials from this agreement:

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
\$ 5,539.00 pr. month	\$ 5,649.78 pr. month	\$ 5,762.78 pr. month	\$ 5,877.78 pr. month	\$ 5,995.78 pr. month

Sincerely,

*Tara Fenwick*

Tara Fenwick  
City Clerk

Attachments:

- Addendum 2021
- Amendment 2016
- Original Lease

## Lease Renewal Addendum

THIS LEASE ADDENDUM ("Addendum") amends and addends 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



## AMENDMENT TO LEASE AGREEMENT

This Amendment ("Amendment") is made by and between the Cairde Group, an Idaho limited liability company ("Tenant"), and the Ketchum Urban Renewal Agency, a public body corporate and politic ("Landlord", and together with Tenant, the "Parties").

**Recitals.** This Amendment is made in contemplation of the following facts and purposes:

A. Tenant and Landlord are parties to a Lease, dated April 4, 2011 ("Lease"), under and by virtue of which Tenant leased a portion of the real property commonly known as 491 Sun Valley Road, Ketchum, Idaho as more particularly described in the Lease.

B. On or about January 28, 2016, pursuant to §4.2 of the Lease, Tenant notified Landlord in writing that it was exercising its right to extend the original term for an additional five years. Thereafter, the Parties completed the process under Section 4.1 of the Lease to establish the Rent for the first extended term.

C. The Parties now desire to amend and supplement the Lease as hereinafter provided in order to clarify the description of the Premises, memorialize the extension of the Term, provide their respective addresses for notice, and to establish the Rent amounts for the first extended term.

**Amendments.** In view of the foregoing, the Parties agree to amend and supplement the Lease, as follows:

1. The Parties incorporate the above recitals into this Amendment and affirm such recitals are true and correct.

2. Section 1.1 of the Lease is supplemented by adding the following address for notice to Landlord: "Post Office Box 2315, Ketchum, Idaho 83340."

3. Section 1.2 of the Lease is supplemented by adding the following address for notice to Tenant: "Post Office Box 6336, Ketchum, Idaho 83340."

4. The site plan referenced in Section 1.3 and attached as Exhibit A to the Lease is deleted and the site plan attached to this Amendment as Exhibit A is substituted therefore. The Premises are depicted in yellow on Exhibit A and the Common Area is depicted in salmon color on Exhibit A.

5. Section 1.4 of the Lease is supplemented by adding the following language: "Landlord and Tenant acknowledge and agree that Tenant has duly exercised its right to extend the original term for five years commencing on November 1, 2016 and ending on October 31, 2021, unless further extended pursuant to Section 4.2."

6. The reference to November 1, 2016 in Section 1.7 is deleted and October 31, 2021 is substituted therefore.

7. Section 1.8 is deleted and the following substituted therefore:

- "Rent: \$ 5,539.00 per month. Monthly Rent is calculated at \$2.82 per sq/ft for the interior of the Premises (1900 sq/ft) and \$1.81 x .4 per sq/ft for the exterior of the Premises (250 sq/ft)."
8. The Section 1.13 is deleted and the following substituted therefore:
- **"Separately Metered Utilities; Other Expenses.** Tenant shall pay for the separately metered utilities serving only the Premises. All other expenses, unless otherwise stated herein, are included in the Rent."
9. The first paragraph of Section 4.1 is deleted and the following substituted therefore:
- **Rent.** Beginning with the Rent Commencement Date, Tenant shall pay to Landlord, at the address set forth in Section 1.1 until notified in writing by Landlord, on the first day of each month, in advance, Rent in accordance with the schedule set forth in Section 1.8. Except as otherwise provided them parties intend that the Rent shall be inclusive of all occupancy expense for Tenant. Rent for any partial month at the beginning or end of the Term shall be pro-rated. Provided there is no default by Landlord under this Lease, all payments of Rent shall be made without deduction, set off, discount, or abatement in lawful money of the United States in good and immediately available funds.
10. The first sentence of Section 6.1 is deleted.
11. Section 11.3 is deleted and the following substituted therefore:
- **"Separately Metered Utilities and Janitorial Serving the Premises.** Tenant shall be responsible for all separately metered utilities serving only the Premises and janitorial service for the Premises. Separately metered utilities serving only the Premises and janitorial service serving the Premises are not included in the Rent."
12. Section 11.4 is deleted.
13. Section 11.5 is amended to include professional property management, janitorial service for the Common Areas at least three days each week, window cleaning, Christmas decorations, annual deep cleaning of building, snow removal and landscape maintenance as services to be provided by the Landlord without additional cost to Tenant.
14. All references to "Base Rent" in the Lease are amended and replaced with "Rent".
15. All references to Additional Rent in the Lease are deleted.
16. No Further Amendments. Except as amended by this Amendment, 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 Amendment, the provisions of this Amendment shall control.
17. Effective Date. This Amendment is effective as of the date on which the last of Landlord and Tenant execute this Amendment, and such date will be set forth in the first paragraph of this Amendment where indicated. Landlord and Tenant have no rights with respect to this Amendment until Landlord and Tenant have both executed this Amendment.



18. Rule of Construction. Landlord and Tenant acknowledge they and, if they so choose, their respective counsel have reviewed and revised this Amendment and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of the Lease, this Amendment or any exhibits, attachments and addenda to the Lease and/or this Amendment. All capitalized terms in the Agreement shall have the meaning in the Agreement when used in this Amendment, unless otherwise defined herein.

19. Brokers. Landlord and Tenant represent and warrant to the other that they have not had any dealings with any real estate brokers or agents in connection with the negotiation of this Amendment. Each party agrees to indemnify and hold the other harmless from and against any and all liability and cost that the indemnified party may suffer in connection with any real estate brokers claiming by, through, or under the indemnifying party seeking any commission, fee or payment in connection with this Amendment.

20. Counterparts. This Amendment may be executed in multiple counterparts, each of which taken together shall constitute one and the same agreement binding upon the parties. Signatures transmitted by facsimile or via e-mail in a pdf format shall have the same force and effect as original signatures on this Amendment.

This Amendment is executed as of the date first above written.

Ketchum Urban Renewal Agency

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Cairde Group, an Idaho limited liability

By: \_\_\_\_\_

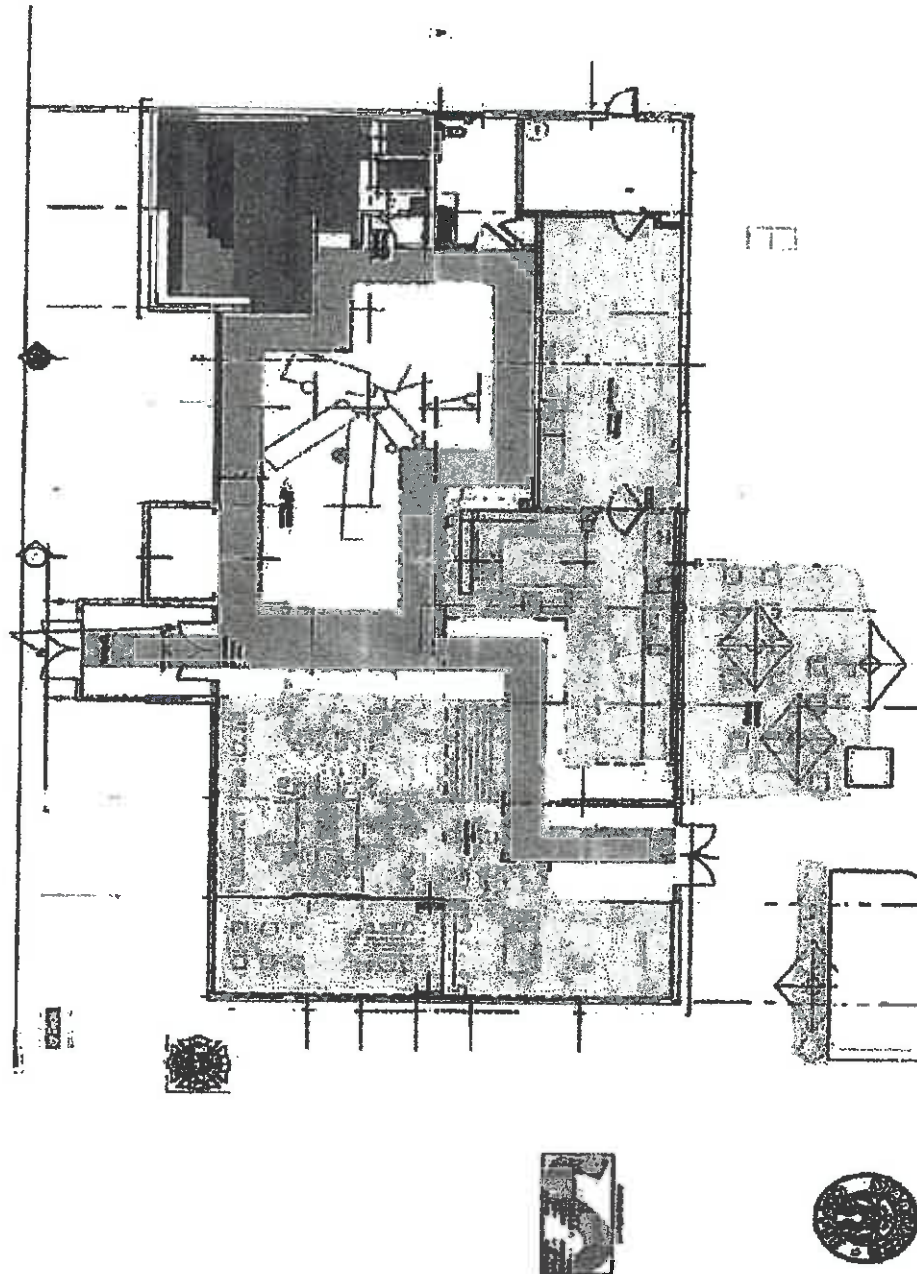
Name: \_\_\_\_\_

Its: \_\_\_\_\_

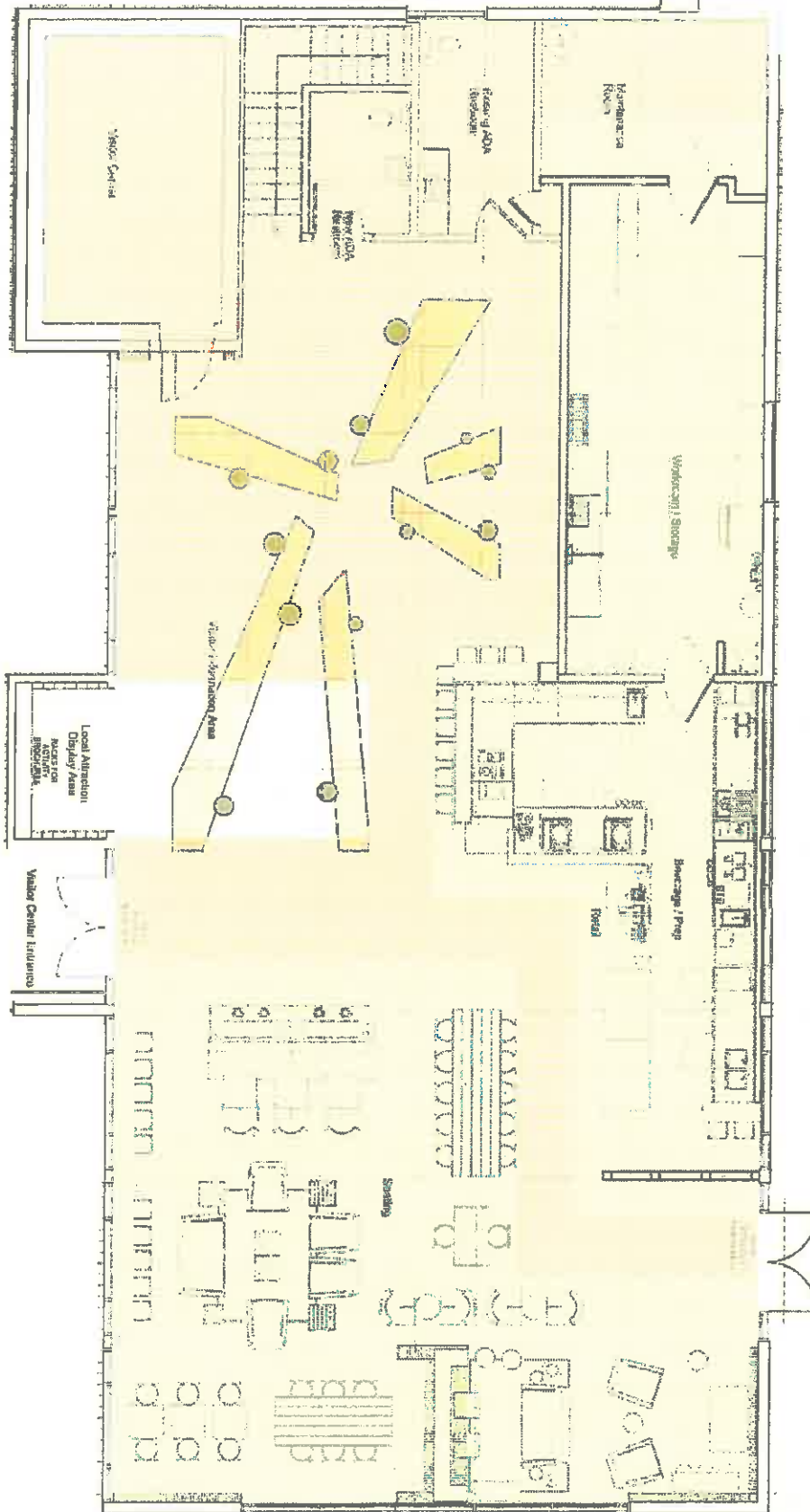
Date: \_\_\_\_\_

**EXHIBIT A (Site Plan)**

**[to be replaced with high resolution color version]**



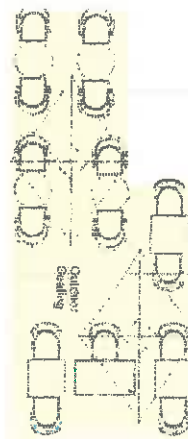
# EXHIBIT A



## LEGEND

STARBUCKS LEASE  
1900 SF INTERIOR  
250 SF EXTERIOR

COMMON AREA  
1496 SF



GRAPHIC SCALE  
1 inch = 10 ft.

AN EXHIBIT SHOWING  
**STARBUCKS LEASE**  
PREPARED BY GALENA ENGINEERING  
PREPARED FOR THE KETCHUM URBAN RENEWAL AGENCY

02/02/17



# LEASE AGREEMENT

BETWEEN

KETCHUM URBAN RENEWAL AGENCY (KURA)

AN IDAHO POLITICAL SUBDIVISION

AS LANDLORD

AND

CAIRDE GROUP

AN IDAHO LIMITED LIABILITY COMPANY

AS TENANT

DATED EFFECTIVE: August 4, 2011



## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is entered into effective this \_\_\_\_ day of \_\_\_\_\_, 2011, by and between the Ketchum Urban Renewal Agency, an Idaho political subdivision located in Blaine County, Idaho ("Landlord") and the Cairde Group, an Idaho limited liability company ("Tenant").

**1. Basic Lease Provisions.** For purposes of this Lease, the following terms have the following definitions and meanings:

**1.1 Landlord's Address (For Notices):**

**1.2 Tenant's Address for Notices:**

**1.3 Premises** attached hereto as Exhibit A, containing approximately 1,900 square feet on the ground floor and 250 square feet on the Town Square.

**1.4 Term:** Five (5) years, with two five year options, commencing November 1, 2011.

**1.5 Rent Commencement Date (or "Commencement Date"):** November 1, 2011.

**1.6 Occupancy Date:** November 1, 2011 (Tenant may enter upon execution for improvements).

**1.7 Expiration Date:** November 1, 2016 (of first term).

**1.8 Base Rent:** \$3,000 per month (\$1.50 per square foot on the ground level and .60 per square foot for outside space on Town Square). Additional rent shall consist of Tenant's share of utilities, landscape maintenance, snow removal, and taxes as set forth in this Lease.

**1.9 Security Deposit:** None.

**1.10 Permitted Use:** Operation of a Starbucks franchise, and all purposes, uses and operations related thereto, which will include, without limitation, limited food and beverages, specifically including alcohol, that do not require an exhaust hood or grill. Tenant will share ground floor space with a co-tenant which is currently the Sun Valley/Ketchum Visitors Center. The Buildings hours of operations will be governed by Tenant's hours of operations and set by Tenant's management which may change from time to time. Landlord authorizes Tenant to change all exterior locks on the Building such that only Tenant or its agents will have key access to the Building. Landlord agrees that within fifteen (15) days of execution of this Lease it will amend the lease with the Visitors Center to provide for the above. Landlord agrees that any future lease of the portion of the Building not currently leased by Tenant will contain the above provisions. Furthermore, Landlord acknowledges and understands that additional changes to the Building or the Premises may be required by the Idaho Alcohol Beverage Control and authorizes Tenant to make any such reasonable modifications. Layout of the tenant spaces is shown on the





Attached Site Plan, Exhibit A. Said site plan may be amended from time to time as agreed to by the co-tenants. See also Section 3, Common Areas.

**1.11 Improvements:** Landlord shall within 30 days of execution of the Lease construct the improvements set forth in Exhibit B, with the exception of the fire suppression system, which shall be completed within 60 days of the execution of the Lease. Tenant shall pay \$20,503 of the improvement cost with such payment to be due prior to occupation of the Premises; or, at its option, shall take responsibility for \$20,503 of improvements from the Kearns contract, thereby lowering the total of the Kearns contract by \$20,503, subject to approval by Kearns.

**1.12 Termination:** If tenant exercises both extension options, beginning November 1, 2021, Landlord retains the right to terminate the Lease provided it provides Tenant with one year's written notice. A termination payment of \$100,000 shall be paid to Tenant if the termination date is between November 1, 2021 and November 1, 2023. A termination payment of \$75,000 shall be paid to Tenant if the termination date is between November 1, 2023 and November 1, 2024. A termination payment of \$50,000 shall be paid to Tenant if the termination date is between November 1, 2024 and November 1, 2025. A termination payment of \$25,000 shall be paid to Tenant if the termination date is after November 1, 2025, but prior to Lease maturity. Landlord stipulates that it does not intend to terminate this Lease (other than for Tenant's non-performance or breach) unless it has scheduled the property for redevelopment.

**1.13 Tenant's Share of Expenses Percentage:** Utilities will be separately metered and paid for by Tenant. All other shared expenses not otherwise capable of being separately metered will be paid by Tenant by multiplying such shared expense by a percentage determined by dividing the rentable area of the Premises by the rentable area of the Building. Landlord, at its sole costs and expense, will purchase and install any meters required by this Section 1.13.

**1.14 Exhibits:** The Exhibits which are attached to this Lease are incorporated herein by this reference.

**1.15 Defined Terms:** The headings provided in this Section 1 in bold print are used in this Lease as defined terms.

**1.16 Rider to Lease:** That certain Rider to Lease, of even date herewith, by and between Landlord, Tenant and Starbucks Corporation, which terms and conditions are incorporated herein by reference, as if fully set forth herein. In the event of a conflict between the terms and conditions of this Lease, and the Rider to Lease, the terms and conditions of the Rider to Lease shall control.

**1.17 Beer and Wine License:** The parties acknowledge that Tenant will apply for a beer and wine licenses for use on the Premises, and that said license is integral to Tenant's intended use of the Premises. Accordingly Landlord agrees: (1) to forever waive any right to object to the issuance or renewal of Tenant's beer and wine license provided Tenant has complied with all City and State laws pertaining to the sale of alcohol, and (2) that if Tenant is



unable to obtain said license by January 15, 2012 or the license once issued is revoked or not renewed due to no fault of Tenant, then this Lease may be terminated at Tenant's option.

**1.18 Exclusive Uses.** Landlord covenants and agrees that, so long as Tenant is not in default under this Lease and is operating its Permitted Use in all or substantially all of the Premises, Landlord will not, after the Effective Date of this Lease, lease any other premises in the Building to any tenant for the purpose of operating (i) a coffee shop; (ii) a restaurant which more than 20% of its sales are derived from the sale of coffee; or (iii) any business (x) which competes with Tenant, as determined by Tenant in its sole but reasonable discretion, or (y) which will have a material adverse impact on Tenant's business or operations, as determined by Tenant in its sole but reasonable discretion.

This Section 1 represents a summary of the basic terms and definitions of this Lease. In the event of any inconsistency between the terms contained in this Section 1 and any specific provision of this Lease, the terms of the more specific provision shall prevail.

**2. Premises.** In consideration of the payment of rent and the performance of the covenants and agreements hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, together with and subject to all conditions, restrictions, obligations, rights, privileges, easements and appurtenances thereto, and all other Project documents referred to therein, or any other easement(s), use or restriction agreements for the Building as have been executed by Landlord, and which cover the Premises.

In the event of a lawsuit filed by a third party, such that the Landlord cannot temporarily deliver the Premises, the Landlord agrees to abate the Base Rent and the Additional Rent during such time. If Landlord's inability to deliver the Premises becomes permanent due to such lawsuit, or if Landlord is unable to deliver the Premises to Tenant within six (6) months from the date hereof, Landlord agrees to reimburse Tenant for all directly associated and documented expenses, including expenses for Tenant improvements. Landlord's inability to deliver the Premises due to a lawsuit shall only be determined to be permanent after a decision by the Idaho Supreme Court that Landlord is legally prohibited from leasing the Premises. Subject to the provisions of Section 9, below, and the Rider to Lease, upon payment to Tenant for all expenses set forth herein, Landlord shall obtain title to any goods, fixtures and/or improvements for which expenses are paid.

**3. Common Areas.** Tenant shall have the non-exclusive right to use all common areas located within the Building, including, but not limited to, entrance ways, restrooms, foyers and other areas intended to be used in common by all of the tenants of the Building and their invitees, and the common areas located on the land on which the Building is situated, including, but not limited to, the sidewalks adjacent to the Building and all other areas on such land intended to be used in common by all of the tenants of the Building and their invitees (collectively, "Common Areas").

Tenant agrees to cooperate with other tenants in the Building to ensure a peaceful and harmonious use of the common areas. In the event that a conflict arises between the Tenant and



other tenants in the Building, such conflict shall be resolved between the tenants, with the assistance of the Chairman, Vice-Chairman, and attorney for the KURA.

#### **4. Rent and Term.**

**4.1 Rent.** Beginning with the Rent Commencement Date, Tenant shall pay to Landlord, at the address set forth in Section 1.1, until otherwise notified in writing by Landlord, on the first day of each month, in advance, Base Rent in accordance with the schedule set forth in Section 1.8. Base Rent for any partial month at the beginning or end of the Term shall be prorated. As used in this Lease, the term "Rent" shall mean Base Rent and Additional Rent, as defined below. Provided there is no default by Landlord under this Lease, all payments of Rent shall be made without deduction, set off, discount, or abatement in lawful money of the United States in good and immediately available funds.

In the event that Tenant shall exercise its option for additional terms, Base Rent shall be calculated for such additional terms as follows: 120 days prior to the Lease renewal date, letters from the office managers (or similar alternative) of three commercial leasing brokers will be solicited (the "Letters"). The Tenant and the Landlord shall each choose a commercial leasing broker and the third commercial leasing broker shall be chosen by mutual agreement between the Landlord and Tenant. The Letters will set forth single price estimates from each firm for the prevailing market lease rate for high traffic area, ground floor, Class A restaurant space in downtown Ketchum based on transactions occurring in the previous twelve months. The arithmetic median or average, whichever is greater, of these three estimates will then be multiplied by .95 to establish the Base Rent for the subsequent five year period. The Base Rent will apply to the 1,900 square feet of interior space. The Base Rent applicable to the 250 of outdoor space on the Town Square shall be the Base Rate multiplied by 0.4.

**4.2 Term.** The Term shall be for the period designated in Section 1.4 commencing on the Commencement Date, and the first Term shall end on the Expiration Date, set forth in Section 1.7. Tenant shall be entitled to renew the Lease for two additional five year terms. In order to exercise such option, Tenant shall provide written notice of Tenant's intention to exercise such option to Landlord at the address set forth in Section 1.1 at least 180 days prior to the expiration of the Term.

#### **5. Uses.**

**5.1 General Use.** The Premises shall be used only for the use set forth in Section 1.10 ("Permitted Use") and for no other use without the prior written consent of Landlord. Tenant shall not commit or allow to be committed any waste upon the Premises, or any nuisance or other act in or about the Premises that disturbs the quiet enjoyment of any other tenant in the Building. Tenant shall comply with all laws and regulations relating to its use or occupancy of the Premises or of the Common Areas. Tenant shall observe such rules and regulations for the Building as may be adopted by Landlord, provided such rules and regulations are reasonable and consistently applied.



**5.2 No Hazardous Substances.** Tenant agrees not to use, store or deposit any substance that is hazardous or dangerous to person, property or the environment (or any similar substance) as now or hereafter defined by or determined pursuant to any applicable law or regulation ("Hazardous Substance") in, on or about the Premises in violation of applicable law, and Tenant shall indemnify and hold Landlord harmless against any liability, damages, costs, loss or claim therefor, including attorneys' fees incurred in connection therewith, arising from or related to the presence of any Hazardous Substance in, on or about the Premises, which presence was caused by Tenant, its agents, employees, subleases or anyone otherwise associated with Tenant.

**5.3 Insurance Risks.** Tenant will not do or permit to be done any act or thing upon the Premises, the Building or the Common Areas which would (a) jeopardize or be in conflict with fire insurance policies covering the Building and fixtures and property in the Building; (b) increase the rate of fire insurance applicable to the Building to an amount higher than it otherwise would be for the general office use of the Building; or (c) subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon the Premises.

**6. Personal Property Taxes.** Tenant shall pay, prior to delinquency, all taxes and assessments payable with respect to all Property of Tenant located on the Premises. "Property of Tenant" shall mean and include all personal property of Tenant including inventory, equipment, floor, ceiling and wall coverings, furniture and trade fixtures kept or used on or installed in the Premises and any improvements to the Premises that are owned by and separately assessed to Tenant.

**6.1 Real Property Taxes.** Tenant is responsible for the Tenant's Share (as set forth in Section 1.13) of real property taxes on the Premises. In the event that real property taxes are not assessed against the Premises, Tenant shall pay to the Landlord Payment in Lieu of Taxes in an amount equivalent to the amount that would have been assessed. The Payment in Lieu of Taxes ("PILT") shall be determined as follows. Annually, letters, using the procedure set forth in Section 4.1 will be solicited by the Landlord as to the market value of the Building. The PILT shall be calculated by multiplying the applicable levy rate by the market value of the Building and allocating the PILT according to the proportion of use of the building by the Tenant.

**7. Assignment and Subletting.** Subject to the terms and conditions of that certain Rider to Lease, of even date herewith, by and between Landlord, Tenant and Starbucks Corporation, which terms and conditions are incorporated herein by reference, Tenant shall not, without first obtaining Landlord's written consent: (1) sell, assign, mortgage, or transfer this Lease (or any interest therein); (2) sublease all or any portion of the Premises; or (3) allow the use or occupancy of the Premises by anyone other than Tenant. No assignment or sublease shall relieve Tenant of any liability under this Lease. Landlord's consent to any assignment or sublease shall not operate as a waiver of the necessity for consent to any subsequent assignment or sublease. This Lease shall not be assigned by operation of law. If Tenant is a corporation, any transfer of this Lease by merger, consolidation or liquidation, or any change in the ownership of, or power to vote, a majority of its outstanding voting stock (including redemption thereof) shall constitute an assignment hereunder. If Tenant is a partnership, any transfer of this Lease by merger,





consolidation, liquidation or dissolution of the partnership, or any change in the ownership of a majority of the partnership interests shall constitute an assignment hereunder.

As set forth in the Rider to Lease, and notwithstanding anything in the foregoing to the contrary, Landlord has granted Starbucks Coffee Company an exclusive first right to assume this Lease.

**8. Care of Premises.** Subject to the terms of Article 11, Tenant shall keep the Premises in a neat, clean and sanitary condition and shall at all times preserve them in good condition and repair, ordinary wear and tear excepted. If Tenant shall fail to do so, Landlord may at its option place the Premises into said condition and state of repair, and in such case Tenant on demand shall pay or reimburse Landlord for the costs thereof.

**9. Surrender of Premises; Removal of Property.** Subject to the terms of Section 13, upon expiration or termination of the Lease Term, whether by lapse of time or otherwise (including any holdover period), Tenant at its expense shall: (1) remove Tenant's goods and effects and those of all persons claiming under Tenant; (2) remove any and all improvements and fixtures installed by Tenant (except if such expiration or termination occurs within five years of the execution of the Lease, and Starbucks Corporation has not assumed the Lease, any of the fixtures as set forth on Exhibit C, which Landlord has given written notice it desires to have remain); (3) repair and restore the Premises to a condition as good as received by Tenant from Landlord or as thereafter improved by either Tenant or Landlord, reasonable wear and tear excepted; and (4) promptly and peacefully surrender the Premises.

Fixtures shall be defined as anything affixed to real property when it is attached to it by roots, imbedded in it, permanently resting upon it, or permanently attached to what is thus permanent, as by means of cement, plaster, nails, bolts, or screws, and may include trade fixtures. Improvement means a permanent addition to or betterment of real property that enhances its capital value and that involves the expenditure of labor or money and is designed to make the property more useful or valuable as distinguished from ordinary repairs.

Any property left on the Premises after the expiration or termination of the Lease Term shall be deemed to have been abandoned and to have become the property of Landlord to dispose of as Landlord deems expedient. Tenant shall be liable for all costs associated with the disposal of such property. Tenant hereby waives all claims for damages that may be caused by Landlord's reentering and taking possession of the Premises or removing and storing Tenant's property as herein provided, and Tenant shall indemnify and hold harmless Landlord therefrom. No such reentry shall be considered or construed to be a forcible entry.

**10. Condition of Premises; Alterations.**

**10.1 Landlord's Improvements;** Other than those terms outlined in 1.11, Tenant is accepting the Premises "as-is" and Landlord shall have no obligation to make any improvements to the Building or Premises. Landlord has not made any representations or promises whatsoever with respect to the Building or the Premises, and Tenant is relying on its own investigation and



inspection of the Premises and its own determination of the suitability of the Premises, physically and legally, for its intended use.

**10.2 Tenant's Improvements.** Tenant shall be solely responsible for making any additional improvements to the Premises desired by Tenant, subject to the requirements of Section 10.3 below.

**10.3 Alterations.** Except as provided in Section 1.11, Tenant shall make no additions, changes, alterations or improvements to the Premises or any electrical, mechanical or fire protection facilities pertaining to the Premises ("Work") without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. All work shall be at Tenant's sole cost and shall be performed in a good and workmanlike manner in compliance with all applicable laws, codes and regulations, and all materials used shall be of a quality comparable to those in the Premises and the Building and shall be in accordance with plans and specifications approved by Landlord. All damages or injury done to the Premises, the Common Area or the Building by Tenant or by any persons who may be in or upon the Premises, the Common Area or the Building with the express or implied consent of Tenant, shall be paid for by Tenant.

Tenant agrees to include in all construction contracts for work performed upon the Premises or Building a notice to all contractors, subcontractors, laborers and material suppliers that: (i) the Tenant is not acting as the agent of the Landlord; (ii) Tenant's interest in the Premises and Building is subject to the terms and conditions of the Lease; (iii) upon the termination of the Lease, title to all improvements located on the Premises and Building shall pass to the Landlord free and clear of all claims, liens and encumbrances; and (iv) the contractors, subcontractors, laborers and material suppliers agree that their rights to the Premises and Building, if any, shall be limited to the rights of the Tenant under the Lease.

## **11. Services and Maintenance.**

**11.1 Basic Services.** Tenant shall be responsible for any special mechanical, cooling, heating, ventilation, electrical or other requirements not set forth in Exhibit B. Landlord shall not be liable for any loss or damage caused by or resulting from any variation, interruption or failure of such services unless caused by the willful misconduct of Landlord, and no temporary interruption or failure of such services incident to the making of repairs, alterations or improvements or due to accident or strike conditions shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder.

**11.2 Maintenance.** Tenant shall repair and maintain in good condition and repair, the Premises, and any and all appurtenances thereto, during the term of this Lease.

**11.3 Basic Utilities.** Tenant shall be responsible for the Tenant's Share (based on consumption if separately metered) of all costs and expenses associated with the furnishing of utilities and services, including but not limited to sewer, electricity and natural gas service to the Premises, which services shall be provided by Landlord. Tenant shall pay all costs associated with water service and janitorial service.



**11.4 Optional Services.** Tenant shall be responsible for the Tenant's Share of all landscape maintenance and snow removal services provided by Landlord for Tenant and the Premises, which will include a charge for landscape maintenance and snow removal services on the Premises.

**11.5 Landlord's Obligations.** Except as otherwise provided in this Lease, Landlord will repair and maintain the following in good order, condition and repair (including any necessary replacements): (a) the foundation, exterior walls and roof of the Building; (b) the electrical, mechanical, plumbing, heating and air conditioning systems located in the Building and serving the Common Areas (or otherwise used in common by all tenants of the Building); (c) the Common Areas, including, without limitation, keeping the Common Areas in clean and sightly condition during the Term; and (d) subject to the provisions of Section 11.1, above, the electrical, mechanical, plumbing, heating and air conditioning systems serving the Premises.

**12. Entry and Inspection.** Landlord, upon reasonable notice to Tenant (and at any time in case of emergency), may enter the Premises for the purpose of inspection, cleaning, repairing, altering or improving the Premises or the Building subject to Tenant's reasonable security requirements. Landlord shall have the right at reasonable times and upon reasonable notice to Tenant to enter the Premises for the purpose of showing the Premises to any prospective purchasers, mortgagees or tenants of the Building.

**13. Damage or Destruction.**

**13.1 Damage and Repair.** In case of damage to the Premises or the Building by fire or other casualty, Tenant immediately shall notify Landlord. If the Building is damaged by fire or any other cause to such extent that the Landlord elects not to repair such damage and restore the Building, then Landlord no later than the sixtieth (60th) day following the damage may give Tenant a notice of election to terminate this Lease. In the event of such election this Lease shall be deemed to terminate on the third (3rd) day after the giving of such notice, and Tenant shall surrender possession of the Premises within a reasonable time thereafter, and the Rent shall be apportioned as of the date of Tenant's surrender and any Rent paid for any period beyond such date shall be repaid to Tenant. If the Landlord elects to repair such damage and restore the Building and does so with reasonable promptness, Tenant shall have no right to terminate this Lease. To the extent that the Premises are rendered untenantable, Rent shall proportionally abate during the period of such untenantability, unless such damage resulted from or was contributed to directly or indirectly by the act, fault or neglect of Tenant, Tenant's officers, contractors, subcontractors, agents, employees, invitees or licensees. Notwithstanding the foregoing, in the event of damage to the Premises or the Building which is not repaired by Landlord within ninety (90) days following said damage, Tenant shall have the option to terminate the Lease, and upon said termination, the Lease shall be of no further force and effect, and the Tenant shall have no further obligations hereunder.

**13.2 Business Interruption; Property of Tenant.** No damages, compensation or claims shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or the Building. Landlord will not



carry insurance of any kind on the Premises or any property of Tenant, including inventory, equipment, floor, ceiling and wall coverings, furniture and trade fixtures, and any improvements to the Premises that are paid for by Tenant and Landlord shall not be obligated to repair any damage thereto or replace the same. Tenant shall obtain, at the Tenant's expense, all insurance coverage that Tenant deems necessary that are in addition to the insurance coverages by the Building Ownership Association, including additional coverage for all personal property and tenant improvements located in Unit 2.

**14. Indemnification and Waiver of Liability.** Landlord and Tenant shall each indemnify, hold harmless and defend the other from and against all liabilities, damages, suits, obligations, fines, losses, claims, actions, judgments, penalties, charges, costs, or expenses, including, without limitation, attorneys' and other professional fees and disbursements, in conjunction with any loss of life, personal injury and/or property damage arising out of or relating to the ownership, occupancy or use of any part of the Premises or the Building occasioned wholly or in part by any act or omission of the other or its officers, contractors, subcontractors, licensees, agents, servants, employees, guests, invitees or visitors, or any assignee or sublessee or any other party for whom Landlord or Tenant would otherwise be liable. Landlord shall not be liable for any loss or damage to persons or property sustained by Tenant or other persons, which may be caused by theft, or by any act or neglect of any tenant or occupant of the Building or any other third parties, or Landlord, except for Landlord's willful misconduct or gross negligence.

**15. Insurance.**

**15.1 Liability Insurance.** Tenant, at its own expense, shall keep and maintain in full force and effect a policy of commercial general liability insurance including a contractual liability endorsement covering Tenant's obligations under Section 14, insuring Tenant's activities upon, in and about the Premises and the Building against claims of bodily injury or death or property damage or loss with a limit of not less than Two Million Dollars (\$2,000,000) combined single limit per occurrence and in the aggregate (per policy year).

**15.2 Building Insurance Policy Requirements.** All insurance required under this Section 15 shall be with companies qualified to do business in the State of Idaho. Each insurance policy shall provide that it is not subject to cancellation or material alteration except after thirty (30) days prior written notice to Landlord and Tenant. Tenant shall deliver to Landlord prior to the Rent Commencement Date and from time to time thereafter, copies of policies of such insurance or certificates evidencing the existence and amounts of same and naming Landlord as an additional insured thereunder, and each policy or certificate shall provide that the interest of Landlord therein shall not be affected by any breach by Tenant of any provision of such policy or the policy for which such certificate evidences coverage. All certificates shall expressly provide that the coverage evidenced thereby shall be primary and that any policies carried by Landlord shall be excess and noncontributory with such primary insurance. The limits of any required insurance policy shall not limit the liability of Tenant under this Lease.

**15.3 Landlord's Insurance Obligations.** Landlord will at all times during the Term maintain the insurance this Section 15.3 describes.





**15.3.1. Property Insurance.** Property insurance on the Building in an amount not less than the full insurable replacement cost of the Building insuring against loss or damage by fire and such other risks as are covered by the current ISO Special Form policy. Landlord, at its option, may obtain such additional coverages or endorsements as Landlord deems appropriate or necessary in its sole discretion, including without limitation insurance covering foundation, grading, excavation and debris removal costs; business income and rents insurance; earthquake insurance; terrorism insurance; and flood insurance. Landlord may maintain such insurance in whole or in part under blanket policies. Tenant acknowledges and agrees that Landlord's property insurance will not cover or be applicable to any property of Tenant within the Premises or otherwise located at the Property.

**15.3.2. Liability Insurance.** Commercial general liability insurance against claims for bodily injury, personal injury, and property damage occurring at the Property in such amounts as Landlord deems appropriate or necessary in its sole discretion. Such liability insurance will protect only Landlord and, at Landlord's option, Landlord's lender, and does not replace or supplement the liability insurance this Lease obligates Tenant to carry.

**15. Waiver of Subrogation.** Notwithstanding any other provision to the contrary herein, Landlord and Tenant release each other, their agents and employees from liability and waive all right of recovery against each other for any loss from perils insured against under their respective policies for damage caused by fire or other perils (including those covered by all risk extended coverage) that are covered by insurance, regardless of any fault or negligence.

**16. Signs.** Other than signage anticipated, or required, by, or for, a "Starbucks" franchise (both interior and exterior), Tenant shall not place on the exterior of the Premises or the Building or on any part of the interior of the Premises visible from the exterior thereof, any sign or advertising matter without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, and shall comply with all signage standards and restrictions set by the City of Ketchum.

**17. Condemnation.**

**17.1 Entire Taking.** If all of the Premises or the Building or such portions of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain or conveyance in lieu thereof, this Lease shall automatically terminate as of the date title vests in the condemning authority and all Rent shall be paid to that date.

**17.2 Partial Taking.** In the event of a taking of a part of the Building other than the Premises, and if Landlord determines that the Building should be restored in such a way as to alter the Premises materially, Landlord may terminate this Lease and the term and estate hereby granted by notifying Tenant of such termination within sixty (60) days following the date of vesting of title; and this Lease and the term and estate hereby granted shall expire on the date specified in the notice of termination, not less than sixty (60) days after the giving of such notice, as fully and completely as if such date were the date hereinbefore set forth for the expiration of the Lease Term, and the Rent hereunder shall be apportioned as of such date. Subject to the



foregoing provisions of this Section 17.2, in case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion by which the net rentable area of the Premises is reduced, such Rent reduction to be effective as of the date title to such portion vests in the condemning authority.

**17.3 Awards and Damages.** Landlord reserves all rights to damages to the Premises for any partial or entire taking by eminent domain. Tenant shall have the right however, to claim and recover from the condemning authority compensation for any loss to which Tenant may sustain for Tenant's moving expenses, business interruption or taking of Property of Tenant, including, without limitation, termination of Tenant's leasehold interest, to the extent that such loss is awarded separately in the eminent domain proceeding and not out of or as part of the damages recoverable by Landlord.

## **18. Default; Remedies.**

**18.1 Events of Default.** Each of the following shall be deemed a default by Tenant and a material breach of this Lease:

**18.1.1** Failure by Tenant to pay when due any Rent hereunder if such failure shall continue for a period of ten (10) days after the delivery to Tenant of written notice of such failure; or

**18.1.2** Failure by Tenant to perform or observe any of the other terms, covenants, conditions, agreements or provisions of this Lease if such failure shall continue for a period of thirty (30) days after Landlord has delivered to Tenant written notice listing the reasons for Tenant's default; provided that in the event the alleged default cannot reasonably be cured within such period, to commence action and proceed diligently to cure such alleged default; or

**18.1.3** Any misrepresentation or material omission of information made by Tenant orally to Landlord or in any documents or other materials provided by Tenant to Landlord in connection with this Lease; or

**18.1.4** Any prolonged absence by Tenant from the Premises ("Vacation"), or an absence from the Premises of ten (10) business days or more while Tenant is in default ("Abandonment"); or

**18.1.5** This Lease, any part of the Premises, or any property of Tenant's are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment by any creditor of Tenant or claimant against Tenant, and said attachment is not discharged or disposed of within thirty (30) days after its levy; or

**18.1.6** Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors; or



18.1.7 Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for all or substantially all of the property of Tenant, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment; or

18.1.8 The doing or permitting to be done by Tenant of any act which creates a mechanic's or other lien or claim against the land or Building of which the Premises are a part and the same is not released or otherwise provided for by indemnification satisfactory to Landlord within 30 days thereafter; or

18.1.9 Tenant fails to take possession of the Premises on the Rent Commencement Date.

**18.2 Landlord Remedies for Tenant Default.** If any default occurs hereunder, Landlord may, at any time thereafter and without waiving any other rights hereunder, do one or more of the following:

18.2.1 Terminate this Lease, by written notice on the earliest date permitted by law or on any later date specified in such notice, in which case Tenant's right to possession of the Premises will cease and this Lease will be terminated, except as to Tenant's liability;

18.2.2 Without further demand or notice, reenter and take possession of the Premises or any part of the Premises, repossess the same, expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution, damage or otherwise and without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or other amounts payable under this Lease or as a result of any preceding breach of covenants or conditions;

18.2.3 Without further demand or notice, cure any Event of Default, and charge Tenant as additional rent the cost of effecting such cure, including without limitation reasonable attorneys' fees and interest on the amount so advanced at the rate of prime plus two percent (2%) per annum or the highest interest rate allowed by applicable law, which ever is less, provided that Landlord will have no obligation to cure any such Event of Default of Tenant;

If Tenant should abandon, vacate or surrender the Premises or be dispossessed by process of law, any personal property left upon the Premises may be deemed abandoned, or, at the option of Landlord, on such reentry Landlord may take possession of any and all furniture, fixtures or chattels in or on the Premises and sell the same.

Should Landlord elect to reenter as provided in Section 18.2.2 or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may, from time to time, without terminating this Lease, relet the Premises or any part of the



Premises in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Premises) as Landlord, in its reasonable discretion may so choose. Landlord will in no way be responsible or liable for any failure to relet the Premises, or any part of the Premises, or for any failure to collect any rent due upon such reletting. No such reentry or taking possession of the Premises by Landlord will be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. No written notice from Landlord under this Section or under a forcible or unlawful entry and detainer statute or similar law will constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right following any such reentry or reletting to exercise its right to terminate this Lease by giving Tenant such written notice, in which event this Lease will terminate as specified in such notice.

**18.3 Certain Damages.** In the event that Landlord does not elect to terminate this Lease as permitted in Section 18.2.1, Tenant will pay to Landlord monthly Rent and other sums as provided in this Lease that would be payable under this Lease if such repossession had not occurred. Tenant will pay such rent and other sums to Landlord monthly on the day on which the monthly rent would have been payable under this Lease if possession had not been retaken, and Landlord will be entitled to receive such rent and other sums from Tenant on each such day thereafter during the Term of this Lease.

**18.4 Continuing Liability After Termination.** If this Lease is terminated on account of the occurrence of an Event of Default, Tenant shall not remain liable to Landlord for damages as a result of said default.

**18.5 Cumulative Remedies.** Any suit or suits for the recovery of the amounts and damages set forth above may be brought by Landlord or Tenant, from time to time, at said parties election, and nothing in this Lease will be deemed to require either party to await the date upon which this Lease or the Term would have expired had there occurred no Event of Default. Each right and remedy provided for in this Lease is cumulative and is in addition to every other right or remedy provided for in this Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord or Tenant of any one or more of the rights or remedies provided for in this Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by Landlord or Tenant of any or all other rights or remedies provided for in this Lease or now or after the Commencement Date existing at law or in equity or by statute or otherwise. All costs incurred by Landlord or Tenant in collecting any amounts and damages owing by the defaulting party pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by Landlord or Tenant, will also be recoverable by the non-defaulting party.

**18.6 Landlord's Default.** If Landlord defaults in the performance of any of its obligations under this Lease, Tenant will notify Landlord of the default and Landlord will have 30 days after receiving such notice to cure the default. If Landlord is not reasonably able to cure





the default within said 30 day period, Landlord shall not be in default if it commences to cure the default within the thirty (30) day period and diligently pursues completion of same. If Landlord fails to timely cure any default, Tenant, in its sole and absolute discretion, may either: (i) terminate the Lease upon notice to Landlord; or (ii) cure the default, and deduct any amounts necessary for said cure from its future financial obligations to Landlord under the Lease.

## **18.7 Late Payments.**

**18.7.1 Interest.** All Rent not paid within thirty (30) days of the due date hereunder shall bear interest from the date due at the rate of fifteen percent (15%) per annum or the maximum permitted by law, whichever is less.

**18.7.2 Late Charges.** Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by the Lease, the exact amount of which are now and will be extremely difficult to ascertain other than such charges and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of Rent or any other sums due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, Tenant shall pay to Landlord a late charge equal to ten percent (10%) of the amount(s) past due. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

**19. Landlord's Default.** In the event of any default in the obligation of Landlord under this Lease, Tenant will deliver to Landlord written notice listing the reasons for Landlord's default and Landlord will have thirty (30) days following receipt of such notice to cure such alleged default or, in the event the alleged default cannot reasonably be cured within such period, to commence action and proceed diligently to cure such alleged default.

**20. Subordination to Mortgage.** This Lease is and shall be subordinate to any mortgage or deed of trust placed at any time on the Building by Landlord and to any and all advances to be made thereunder and to interest thereon and all modifications, renewals and replacements or extensions thereof ("Landlord's Mortgage"), and Tenant shall attorn to the holder of any Landlord's Mortgage or any person or persons purchasing or otherwise acquiring the Building at any sale or other proceeding under any Landlord's Mortgage; provided, however, that so long as Tenant is not in default hereunder, Tenant's possession of the Premises shall not be disturbed and all other rights of Tenant under this Lease shall be recognized; provided, further, that Tenant's attornment shall be deemed to occur automatically without further agreement of Tenant. Notwithstanding the foregoing, Tenant will execute, acknowledge and deliver to Landlord, within five (5) days after written demand by Landlord, such documents as may be reasonably requested by Landlord or the holder of Landlord's Mortgage, to confirm or effect any such subordination.



**21. Holdover.** If Tenant shall, with the written consent of Landlord, hold over beyond the expiration of the Term, or if Landlord shall so notify Tenant at any time upon or after the expiration of the Term, such tenancy shall be deemed a month-to-month tenancy that may be terminated as provided by applicable state law. During such tenancy Tenant shall be bound by all the terms, covenants and conditions as herein specified as far as applicable, except rental, which shall be One Hundred Fifty Percent (150%) of the Base Rent due during the last year prior to the expiration of the Term.

**22. Notices.** All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, postage prepaid, or sent by recognized overnight courier, i.e. federal express, or sent by facsimile and confirmed by telephone to Landlord and to Tenant at the addresses set forth in Section 1 (except that, after the Lease commences, any such notice may be so mailed or delivered by hand to Tenant at the Premises), or to such other addresses as may from time to time be designated by any such party in writing. Notices mailed as aforesaid shall be deemed given at the earlier of three (3) days after the date of such mailing or upon the date of receipt.

**23. Costs and Attorneys' Fees.** If Tenant or Landlord shall bring any action for relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the prevailing party for all reasonable attorneys' fees (including attorneys' fees on appeal) and costs (including court costs and disbursements) which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. The prevailing party will be that party who was awarded judgment as a result of trial or arbitration, or who receives a payment of money from the other party in settlement of claims asserted by that party.

**24. Estoppel Certificate.** Landlord and Tenant mutually agree, from time to time, upon written request, to execute, acknowledge and deliver to the requesting party a written estoppel certificate or statement confirming various matters with respect to this Lease and Tenant's occupancy of the Premises, in such form as the requesting party may reasonably request. It is intended that any such statement or certificate delivered pursuant to this Section 24 may be relied upon by the requesting party and its designee. Any estoppel statement or certificate requested pursuant to this Section 24, shall be provided within five (5) days of receipt of a written request therefore.

**25. Limitation of Landlord's Liability.** Notwithstanding any other Lease provision, all covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord, but are made and intended for the purpose of binding only Landlord's interest in the Building. No personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against Landlord or its shareholders, directors and officers or their respective heirs, legal representatives, successors or assigns on account of this Lease or on account of any covenant, undertaking or agreement of Landlord contained in this Lease.



**26. Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Premises or in the Building, other than a transfer for security purposes only, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer. Tenant agrees to attorn to the transferee, such attornment shall be deemed to occur automatically without further agreement of Tenant.

**27. Nonwaiver.** Waiver by Landlord or Tenant of any term, covenant or condition herein contained or any breach thereof shall not be deemed to be a waiver of any other term, covenant, or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of any Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent.

**28. Quiet Possession.** Landlord warrants that so long as Tenant is not in default under this Lease beyond any applicable cure period and so long as this Lease has not been terminated, subject to the terms and conditions of this Lease, Tenant's quiet possession of the Premises during the Term shall not be disturbed by Landlord or others claiming through Landlord.

**29. [Intentionally Omitted]**

**30. General.**

**30.1 Miscellaneous.** Titles or captions to sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and permitted assigns. This Lease contains all covenants and agreements between Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises and Tenant's use of the Building and the Property and other matters set forth in this Lease. No prior agreements or understandings pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall remain in full force and effect. Time periods for Landlord's performance under any provisions of this Lease shall be extended for periods of time during which Landlord's performance is prevented due to circumstances beyond Landlord's control, including without limitation, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of God, war or other strife. This Lease shall be governed by and construed in accordance with the laws of the State of Idaho. Time is of the essence of this Lease. This Lease may be executed in two or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement. Neither this Lease nor any memorandum hereof shall be recorded in the real property records of the county wherein the Property is located. The word "day" means "calendar day" herein and the computation of time



shall include all Saturdays, Sundays and holidays for purposes of determining time periods specified herein.

**30.2 [Intentionally Omitted]**

**30.3 Authority.** If Tenant is a corporation, the individual executing this Lease on behalf of Tenant represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of the Tenant in accordance with a duly adopted resolution of the board of directors of Tenant and in accordance with Tenant's bylaws, and that this Lease is binding upon Tenant in accordance with its terms. If Tenant is a partnership, the individual executing this Lease on behalf of Tenant represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of the Tenant in accordance with Tenant's partnership agreement, and that this Lease is binding upon Tenant in accordance with its terms.

**30.4 Joint and Several Liability.** If more than one person executes this Lease as Tenant, then (i) each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed and performed by Tenant, and (ii) the term "Tenant" as used in this Lease shall mean and include each of them jointly and severally and any act of or notice from, or notice or refund to, or signature of, any one or more of them, with respect to the tenancy of this Lease, including without limitation any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

[end of text]





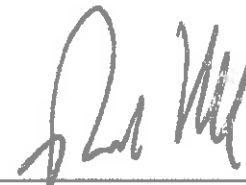
IN WITNESS WHEREOF, the Landlord and the Tenant have signed their name and affixed their seals the day and year first above written.

**TENANT:**


  
Cairde Group, LLC  
Its: Manager

**LANDLORD:**

By:

  
Chairman, Ketchum Urban Renewal  
Agency

**Attest:**

  
Secretary

(See Attachment for  
original signature)

**EXHIBITS:**

Exhibit A – Site Plan

Exhibit B- Landlord Improvements

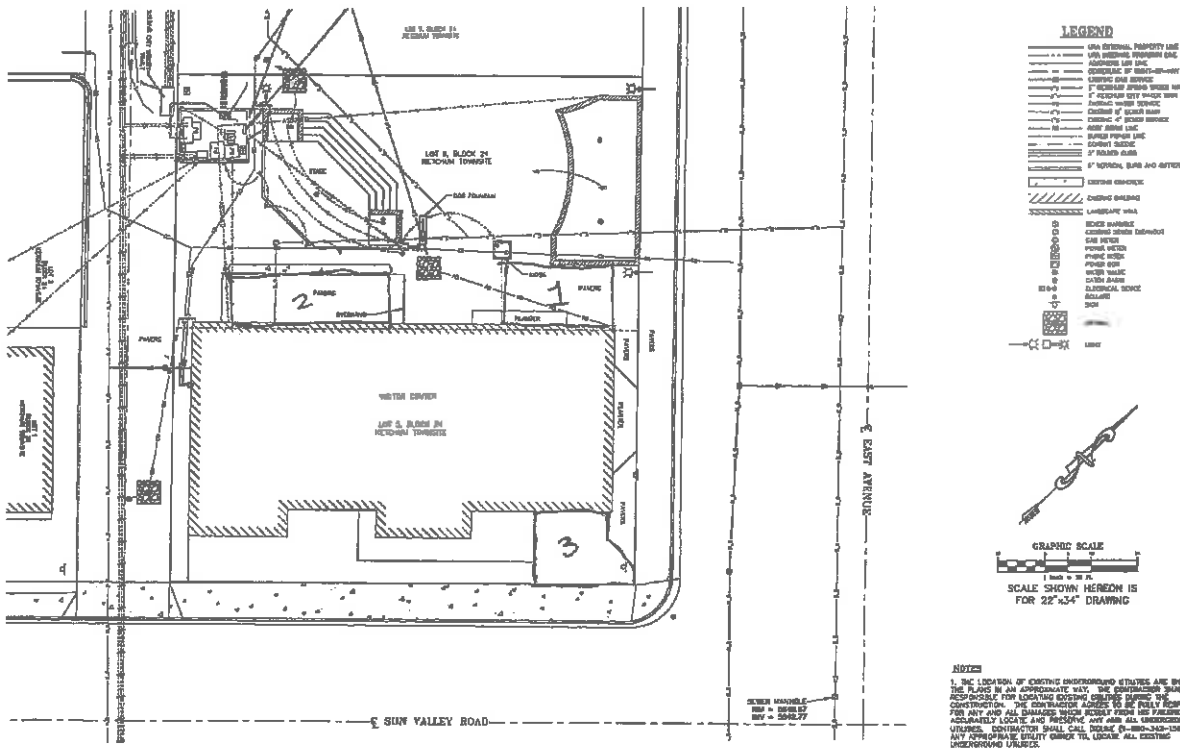
Exhibit C – Fixtures



Attachment A to 08/04/11 URA/Cairde Lease & Premises  
Outside Leasable Areas for Consideration

Area 1: Approx.  $12 \times 30 = 360$  ft<sup>2</sup>  
Area 2: Approx.  $10 \times 20 = 200$  ft<sup>2</sup>  
560 ft<sup>2</sup>

Area 3: Not calculated



**NOTES**

1. THE LOCATION OF EXISTING UNDERGROUND UTILITIES ARE DEPEND ON THE PLANS IN AN APPROPRIATE WAY. THE CONTRACTOR SHALL BE RESPONSIBLE FOR LOCATING EXISTING UTILITIES BEFORE THE CONSTRUCTION. THE CONTRACTOR SHALL BE FULLY RESPONSIBLE FOR ANY AND ALL DAMAGES WHICH RESULT FROM HIS FAILURE TO ACCURATELY LOCATE AND PRESERVE ANY AND ALL UNDERGROUND UTILITIES. CONTRACTOR SHALL CALL 800-8-342-1203, FOR ANY APPROPRIATE UTILITY ORIGIN TO LOCATE ALL EXISTING UNDERGROUND UTILITIES.

[illegible]



Attachment B to  
08/04/11 ~~Exhibit~~ UPA/Carde Lease:  
Landlord Improvements

4/26/11 submittal  
to UPA



KEARNS, MCGINNIS &  
VANDENBERG, INC.  
BUILDING CONTRACTORS

ITEM	DESCRIPTION OF WORK	Additional TI's	Value	Price	/unit	Quantity	Notes
\$ 11,885	1 General Conditions						
800	Building Permit			\$ 2	/ft. <sup>2</sup>		assume waived
890	Insurance	\$ 750	\$ 945	1.5%	%		
900	Performance Bond		\$ 2,040	2.0%	%		savings here if deleted
1210	Misc./Contingency	\$ 1,000	\$ -	\$ 4	/ft. <sup>2</sup>		
1511	Temporary Utilities and Facilities		\$ -	\$ 0.85	/ft. <sup>2</sup>		
1517	Temporary Telephone		\$ -	\$ 110	/mo.		
1523	Sanitary Facilities		\$ -	\$ 95	/mo.		
1525	Equipment Rental		\$ -	\$ 400	/mo.		
1841	Hola/Crane		\$ -	\$ 2,000	/mo.		
1800	Blueprinting and Shipping		\$ -	\$ 1,000	/ea		
1850	Storage and Moving		\$ -	\$ 1,000	/ea		
1724	Engineering/Survey		\$ -	\$ 0.40	/ft. <sup>2</sup>		
1740	Window Cleaning		\$ 1,400	\$ 4,000	/ea		remove film from windows
1741	Final Cleaning		\$ -	\$ 0.85	/ft. <sup>2</sup>		
1742	Progressive Cleaning		\$ -	\$ 0.85	/ft. <sup>2</sup>		
1743	Dumpster Rental		\$ -	\$ 800	/mo.		
1800	Snow Removal		\$ -	\$ 200	/mo.		
1900	Punch List		\$ -	\$ 1	/ft. <sup>2</sup>		
1896	Project Management		\$ -	\$ 400	/mo		
1898	Superintendent	\$ 4,500	\$ 1,500	\$ 9,000	/mo		2-4 more weeks
1897	Foreman		\$ -	\$ 3,000	/mo.		
1908	Contractor's Overhead	\$ 2,500	\$ 3,750	6.0%	%		reduced
1999	Contractor's Profit	\$ 1,500	\$ 2,250	3.0%	%		reduced
\$16,195	2 SITE CONSTRUCTION						
2305	Demolition	\$ 4,320	\$ -	\$ 45	/hr		p3. Remove existing Visitor's Center walls, 3m 4d
	Remove Carpet	\$ 12,200					p3. Remove tile, carpet and glue and stain floor
	Trenching	\$ 1,280					p3. Trench for water and sewer, 2m, 2d @ \$40/hr
2310	Excavation		\$ 16,195	\$ 34.25	/yds		
2316	Backfill		\$ -	\$ 10.10	/yds		
2315	Grading		\$ -	\$ 0.94	/ft. <sup>2</sup>		
2320	Exported Fill		\$ -	\$ 15	/yds		
2321	Imported Fill		\$ -	\$ 15	/yds		
2335	Driveway Subbase		\$ -	\$ 15	/yds		
2510	Water Service		\$ -	\$ 4,000	/ea		
2520	Well		\$ -	\$ 10,000	/ea		
2530	Sewer Service		\$ -	\$ 4,000	/ea		
2540	Septic System		\$ -	\$ 4,000	/ea		
2550	Utilities Conduit to House		\$ -	\$ 35	/lin.ft		
2620	Footing Drain		\$ -	\$ 2	/lin.ft		
2630	Catch Basins, Grates & Drainage		\$ -	\$ 400	/ea		
2700	Terrace Subbase		\$ -	\$ 84	/yds		
2740	Asphalt Pavement		\$ -	\$ 2.50	/ft. <sup>2</sup>		
2770	Curbs and Gutters		\$ -	\$ 5	/lin.ft		
2775	Sidewalks		\$ -	\$ 14	/ft. <sup>2</sup>		p5. assume existing adequate
2780	Concrete Pavers		\$ -	\$ 6.50	/ft. <sup>2</sup>		
2780	Heated Pavers		\$ -	\$ 10	/ft. <sup>2</sup>		
2785	Stone Pavers		\$ -	\$ 14	/ft. <sup>2</sup>		
2840	Sprinkler Tap		\$ -	\$ 1,000	/ea		
2820	Fences and Gates		\$ -	\$ 20	/lin.ft		p5. assume existing trash enclosure adequate
2830	Retaining Walls		\$ -	\$ 25	/ft. <sup>2</sup>		
2900	Landscaping		\$ -	\$ 12	/ft. <sup>2</sup>		p6. assume site, irrigation & landscaping adequate as is
\$ -	3 CONCRETE						
3300	Foundation and Slabs		\$ -	\$ 360	/cu.ft		
3370	Interior Floor Slabs	\$ 1,000	\$ -	\$ 5	/ft. <sup>2</sup>		p3.
3371	Interior Concrete Stairing		\$ -	\$ 8	/ft. <sup>2</sup>		
3372	Lightweight Concrete		\$ -	\$ 2	/ft. <sup>2</sup>		
3375	Concrete Caps		\$ -	\$ 40	/lin.ft		
3980	Concrete Cutting & Coring	\$ 1,360	\$ -				p3. Cut for utilities, 90 ft @ \$16/ft cut and remove may conflict with heating ducts, conduit, etc.
\$ -	4 MASONRY						
4220	Exterior Block		\$ -	\$ 12	/ft. <sup>2</sup>		
4400	Exterior Stone Veneer		\$ -	\$ 42	/ft. <sup>2</sup>		
4850	Interior Stone Veneer		\$ -	\$ 42	/ft. <sup>2</sup>		
4880	Fireplaces		\$ -	\$ 32	/ft. <sup>2</sup>		
4890	Chimney Cap		\$ -	\$ 60	/ft. <sup>2</sup>		



\$ -	5 METALS				
5120	Structural Steel		\$ -	\$ 15,000	each
5130	Steel Connections		\$ -	\$ 2,500	each
5520	Handrails and Railings		\$ -	\$ 200	/lin. ft.
5530	Gratings		\$ -	\$ 22	/ft. <sup>2</sup>
5540	Sheetmetal Fabrication		\$ -	\$ 5,000	/sq.
5600	Metal Chimney Shroud		\$ -	\$ 5,000	each
\$ -	6 WOOD AND PLASTICS				
6110	Framing Material		\$ -	\$ 16	/ft. <sup>2</sup>
6120	Framing Labor		\$ -	\$ 16	/ft. <sup>2</sup>
6125	Pickup Framing		\$ -	\$ 5,000	each
6130	Timber Package		\$ -	\$ 100	/lin.ft.
6160	Log Installation		\$ -	\$ 12	/ft. <sup>2</sup>
6200	Interior Trim Labor		\$ -	\$ 10	/ft. <sup>2</sup>
6220	Interior Trim Materials		\$ -	\$ 5	/ft. <sup>2</sup>
6270	Closet Shelving		\$ -	\$ 1,000	/ea.
6410	Cabinets		\$ -	\$ 600	/lin. ft.
6412	Upstairs vanities		\$ -	\$ 600	/lin. ft.
6420	Wood Deck Material		\$ -	\$ 10	/ft. <sup>2</sup>
6325	Wood Deck Labor		\$ -	\$ 10	/ft. <sup>2</sup>
6430	Soffit Material		\$ -	\$ 2.50	/ft. <sup>2</sup>
6431	Soffit Labor		\$ -	\$ 20	/ft. <sup>2</sup>
6440	Fascia Material		\$ -	\$ 3	/lin. ft.
6441	Fascia Labor		\$ -	\$ 5	/lin. ft.
6450	Exterior Trim Material		\$ -	\$ 3	/ft. <sup>2</sup>
6461	Exterior Trim Labor		\$ -	\$ 30	/piece
6480	Sliding Material		\$ -	\$ 4	/ft. <sup>2</sup>
6481	Sliding Labor		\$ -	\$ 4	/ft. <sup>2</sup>
6485	Sliding Chinking		\$ -	\$ 2	/ft. <sup>2</sup>
6470	Trellis Material		\$ -	\$ 50	/lin. ft.
6476	Trellis Labor		\$ -	\$ 100	/lin. ft.
\$ -	7 THERMAL/MOISTURE PROTECTION				
7100	Foundation Waterproofing		\$ -	\$ 1	/ft. <sup>2</sup>
7210	Insulation		\$ -	\$ 2	/ft. <sup>2</sup>
7220	Roofing		\$ -	\$ 10	/ft. <sup>2</sup>
7500	Membrane Roofing		\$ -	\$ 8	/ft. <sup>2</sup>
7620	Rain Gutters		\$ -	\$ 28	/lin. ft.
7840	Fire Sprinkler System	\$ 15,000	\$ -	\$ 4.50	/ft. <sup>2</sup>
\$ -	8 DOORS AND WINDOWS	\$ 2,800			
8200	Doors		\$ -	\$ 341	each
8201	Front Door		\$ -	\$ 3,000	each
8202	Door Installation	\$ 3,000	\$ -	\$ 225	each
8300	Garage Doors and Openers		\$ -	\$ 5,000	each
8500	Windows and Glass Doors		\$ -	\$ 380	each
8501	Window Installation		\$ -	\$ 150	each
8600	Greenhouse		\$ -	\$ 15,000	each
8710	Door Hardware		\$ -	\$ 250	each
8711	Hardware Installation		\$ -	\$ 120	each
\$ -	9 FINISHES				
9200	Plaster		\$ -	\$ 6.00	/ft. <sup>2</sup>
9220	Sarco		\$ -	\$ 7	/ft. <sup>2</sup>
9250	Drywall	\$ 300	\$ -	\$ 2	/ft. <sup>2</sup>
9260	Acoustical Ceiling				
9310	Tile Material		\$ -	\$ 20	/ft. <sup>2</sup>
9315	Tile Installation		\$ -	\$ 35	/ft. <sup>2</sup>
9380	Granite and Marble Countertops		\$ -	\$ 95	/ft. <sup>2</sup>
9630	Tile Flooring		\$ -	\$ 25	/ft. <sup>2</sup>
9545	Wood Flooring		\$ -	\$ 6,000	each
9650	Vinyl Flooring		\$ -	\$ 35	/sq. ft.
9680	Carpet removal		\$ -	\$ 15	/hr
9682	New Carpet		\$ -	\$ 30	
9910	Painting and Stain		\$ -	\$ 9	/ft. <sup>2</sup>
9920	Pre-Coat		\$ -	\$ 0.50	/ft.
\$ -	10 SPECIALTIES				
10310	Fireplace Doors		\$ -	\$ 3,000	/ea
10400	Range Hood		\$ -	\$ 2,500	/ea
10600	Mirrors		\$ -	\$ 500	each
10810	Master Shower Doors		\$ -	\$ 3,000	/ea
10815	Tub Enclosures		\$ -	\$ 1,500	
10620	Kitchen and Bath Accessories		\$ -	\$ 400	/ea
\$ -	11 EQUIPMENT				
11450	Appliances		\$ -	\$ 25,000	/ea
11452	Appliance Installation		\$ -	\$ 1,500	
11460	Elevator		\$ -	\$ 30,000	each
11470	Fireplace Insert		\$ -	\$ 3,000	/ea
11500	Built-in Vacuum		\$ -	\$ 2,500	/ea.

leave walls in place as they are for Starbuck's work area  
moving walls for ADA bathroom included in 15400

p5. assume adequate as existing

p8.  
p8 4" water line and connections

p7. Provide exterior rear service door?

p7. Provide/move storefront entry to town square

p7. Storefront windows are single glazed

p7. 84/m coat walls to level 4 finish, 500R @ \$ .60/ft

p8. stain concrete included in 2305





\$ -	13 SPECIAL CONSTRUCTION					
13700	Security System		\$ -	\$ 0.75	/ft. <sup>2</sup>	
13800	Hot Tub		\$ -	\$ 8,000	each	
\$ 51,700	15 MECHANICAL					
15400	Plumbing Rough-In & Trimout	\$ 7,200	\$ -	\$ 5.25	/ft. <sup>2</sup>	NMV, Expand restroom to ADA p4. Stub 4" sewer and water to connection points p8. pressure trap and backflow preventer p8. keyed, frost-free, recessed hose bib
15410	Plumbing Fixtures	\$ 800	\$ -	\$ 600	each	ADA toilet and lav
15200	HVAC		\$ 51,700	\$ 7	/ft. <sup>2</sup>	price with HRV eliminated many questions about installation and coordination deleted cost of visitor center mezzanine offices most likely extra costs for repairing or replacing below slab ducting
15710	Kitchen Venting		\$ -	\$ 1,500	each	
15711	Bath Fan Venting		\$ -	\$ 500	each	
15712	Dryer Venting		\$ -	\$ 1,000	each	
15713	Crawl Space Venting		\$ -	\$ 1,000	each	
15720	Radon Mitigation		\$ -	\$ 2,000	each	
15740	Humidifier		\$ -	\$ 1,500	each	
15770	Hydronic Heat - House/Garage		\$ -	\$ 8.00	/ft. <sup>2</sup>	
15775	Snowmelt Hydronic Heat		\$ -	\$ 11	/ft. <sup>2</sup>	
\$ 1,825	16 ELECTRICAL					
16100	Electrical Rough-In & Trim out		\$ 1,825	\$ 10	/ft. <sup>2</sup>	reduced bid by 9%, existing service is adequate
16210	Temporary Service		\$ -	\$ 700	/ea.	questions remain about equipment requirements
16220	Electrical Service Upgrade		\$ -	\$ 2,500	/ea.	
16800	Lighting and Fixtures		\$ -	\$ 5	/ft. <sup>2</sup>	
16700	Telephone and Communications		\$ -	\$ 2	/ft. <sup>2</sup>	
16810	Sound and Video		\$ -	\$ 3	/ft. <sup>2</sup>	
16820	Heat Tape		\$ -	\$ 7,000	each	
16830	Spe Wiring		\$ -			
16840	Landscape Lighting		\$ -			

Total \$ 59,400 \$ 81,605

\$ 141,005



## **Exhibit C – Fixtures**

Casework  
Track lighting  
Can lighting  
LED fixtures  
Fireplace system  
Glass washer  
Ambient food case  
Water filtration system  
Wall tile







## FORM OF RIDER TO LEASE

This Rider to Lease ("Rider") is entered into as of this 4<sup>th</sup> day of August, 2011, by and between KURA ("Lessor"), Cairde Group, LLC ("Licensee"), and Starbucks Corporation ("Starbucks").

### RECITALS

A. Starbucks and Licensee are parties to a Master Licensing Agreement dated \_\_\_\_\_, 2011 (the "Licensing Agreement"), under which Licensee operates a retail unit, as a licensee of Starbucks.

B. Lessor and Licensee have entered into or will enter into one or more lease agreements (collectively, the "Lease"; and referred to in the Licensing Agreement as the "Occupancy Agreement") for the premises located at 491 Sun Valley Road, Ketchum, Idaho (the "Premises"), to be leased by Lessor to Licensee for use as the retail unit.

C. Lessor and Licensee desire to make this Rider an addendum to the Lease in order to grant Starbucks certain rights to assume and assign the Lease or to assert other rights relating to the Lease or the Premises under certain circumstances.

NOW, THEREFORE, the parties covenant and agree as follows:

### AGREEMENT

1. **Assignment of Lease.** Notwithstanding anything in the Lease to the contrary, Licensee shall be permitted to assign its interest in the Lease to Starbucks, or to a parent, subsidiary or affiliate of Starbucks, at any time during the term of the Lease for any reason whatsoever with no further consent of Lessor required. Lessor hereby waives any requirement under the Lease that Licensee or the proposed assignee (including, without limitation, Starbucks) pay a fee in connection with the assignment contemplated by this Rider.

2. **Notice of Default or Termination.** Lessor shall simultaneously furnish Starbucks with a copy of any notice of default or notice of termination arising out of the Lease that Lessor sends to Licensee. Starbucks address for notices is: Starbucks Corporation, 2401 Utah Avenue South, Suite 800, Mailstop S-LA3, Seattle, Washington 98134, Attn: Department of Law and Corporate Affairs, or such other address as Starbucks subsequently provides in writing to Lessor.

3. **Cure of Licensee Defaults.** Lessor acknowledges that Starbucks shall be permitted to cure any default of Licensee under the Lease, but further acknowledges that Starbucks is not obligated to cure any such default. Lessor shall provide Starbucks (or its agent) full access to the Premises so as to give Starbucks the opportunity to cure any default under the Lease, in the event that Starbucks elects to cure the default in question. Lessor further acknowledges and agrees that Starbucks shall have the right (but not the obligation) to cure any default of Licensee under the Lease within fifteen (15) days after the expiration of the period specified in the Lease for the cure of the default in question.





**4. Assumption of Lease.** Upon any termination of the Lease prior to the expiration of the term of the Lease, or in the event of the termination or expiration of the Licensing Agreement, Starbucks or any of its parents, subsidiaries or affiliates shall have the option to assume the Lease or to enter into a new lease with Lessor upon the same terms and conditions as the Lease, except that the term of such new lease shall be for the remainder of the original Lease term and, upon Starbucks exercise thereof, for any option terms. If Starbucks exercises its option to assume the Lease, and provided that Starbucks does not later default on any of its obligations under the Lease, then Starbucks shall have the right, upon written notice to Lessor, to assign its rights as Licensee under the Lease to a duly authorized licensee of Starbucks without the consent of Lessor; provided, however, that any such assignment shall only become effective upon Starbucks providing to Lessor all of the following:

(a) the name, address and contact person of the new licensee (the "Assignee");

(b) a duly executed copy of a licensing agreement between the Assignee and Starbucks (or its affiliate);

(c) a duly executed assignment agreement under which the Assignee agrees to assume the Lease unconditionally; and

(d) a duly executed new Rider (on Starbucks then-current form) addressing all of the issues addressed in this Rider, to be entered into between Starbucks, the Assignee and Lessor, which Lessor shall execute in a timely manner.

**5. Release of Obligations.** Upon the date of delivery to Lessor of all of the documents listed in Section 4 of this Rider, the assignment to the Assignee shall become effective and Starbucks shall be released from performance of any obligations under the Lease, including, without limitation, any payment obligation thereunder.

**6. Outstanding Debts of Licensee.** If Starbucks exercises its right to assume Licensee's rights under the Lease within ninety (90) days after any termination of the Lease (or at any time in the absence of a termination), then Starbucks shall not be responsible for any outstanding debt of Licensee to Lessor, and such debt shall not prevent Starbucks exercise of its right to assume Licensee's rights under the Lease or to enter into a new lease upon the same terms and conditions as the Lease, and shall not prevent Starbucks taking possession of the Premises. In such circumstances, Lessor agrees that it shall seek recovery of any debt incurred by Licensee from Licensee and shall not seek repayment from Starbucks or seek to condition any transfer of the Lease or Starbucks (or its assignee's) use of or access to the Premises upon payment of any Licensee debt. If Starbucks exercises its right to assume Licensee's rights under the Lease later than ninety (90) days after a termination of the Lease, then Starbucks right to assume Licensee's rights under the Lease shall be contingent on Starbucks paying any outstanding debt incurred by Licensee to Lessor arising out of the Lease.



7. **Amendments to the Lease.** Lessor and Licensee shall not alter or amend any material terms or conditions of the Lease without the prior written consent of Starbucks, which consent Starbucks shall not unreasonably withhold. Any unapproved amendment or alteration shall be null and void as to Starbucks and shall not affect or limit Starbucks rights hereunder.

8. **Removal of Improvements.** If, upon the expiration or earlier termination of the Lease, Licensee fails to remove from the Premises or its surroundings any trademarked property, trade dress, proprietary software, equipment, and any and all furniture and fixtures installed in the Premises (the "Improvements"), and Starbucks does not assume the Lease or otherwise take possession of the Premises, and specifically excluding those as set forth on Exhibit C to the Lease, then notwithstanding anything in the Lease to the contrary, Lessor shall provide Starbucks full access to the Premises to de-identify the Premises and to remove from the Premises any or all Improvements. In no event shall Lessor have any right to use, transfer in any manner, or display any of the Improvements. Lessor hereby acknowledges and agrees that, notwithstanding anything in the Lease to the contrary, Starbucks has a prior right, title, and interest in and to any such Improvements, notwithstanding any agreement between Lessor and Licensee with respect thereto.

9. **Consideration.** The parties acknowledge the receipt of good and valuable consideration for the rights granted herein.

10. **Binding Effect.** This Rider shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.


11. **Not a Guarantee.** Lessor acknowledges that Starbucks is executing this Rider solely for the purposes of acknowledging the provisions contained herein, and Lessor agrees that the execution of this Rider by Starbucks shall in no way be construed to obligate Starbucks for the performance or guarantee of any terms, conditions, obligations and covenants in the Lease, except as specifically set out in this Rider.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the parties have executed this Rider effective the date first above written.


**CAIRDE GROUP, LLC**

By:   
Print Name: JANE D. RIZZO  
Title: MANAGER  
Date: 8/3/11

**STARBUCKS CORPORATION**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

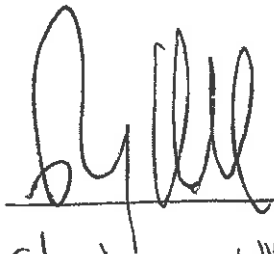
**LESSOR**

By:   
Print Name: Randy Hall  
Title: Chair, Ketchikan UIC-X  
Date: August 4, 2011



August 4, 2011

I hereby sign the Lease of Property located at 491  
Sun Valley Road, Ketchikan between KUPA and  
the Cairde Group dated August 4, 2011, inclusive of  
the Lease Rider.

A handwritten signature in dark ink, appearing to be 'Byll', written over a horizontal line.

Chairman, KUPA





### FORM OF RIDER TO LEASE

This Rider to Lease ("Rider") is entered into as of this 12th day of August, 2011, by and between KURA ("Lessor"), Cairde Group, LLC ("Licensee"), and Starbucks Corporation ("Starbucks").

### RECITALS

A. Starbucks and Licensee are parties to a Master Licensing Agreement dated August 12, 2011 (the "Licensing Agreement"), under which Licensee operates a retail unit, as a licensee of Starbucks.

B. Lessor and Licensee have entered into or will enter into one or more lease agreements (collectively, the "Lease"; and referred to in the Licensing Agreement as the "Occupancy Agreement") for the premises located at 491 Sun Valley Road, Ketchum, Idaho (the "Premises"), to be leased by Lessor to Licensee for use as the retail unit.

C. Lessor and Licensee desire to make this Rider an addendum to the Lease in order to grant Starbucks certain rights to assume and assign the Lease or to assert other rights relating to the Lease or the Premises under certain circumstances.

NOW, THEREFORE, the parties covenant and agree as follows:

### AGREEMENT

1. **Assignment of Lease.** Notwithstanding anything in the Lease to the contrary, Licensee shall be permitted to assign its interest in the Lease to Starbucks, or to a parent, subsidiary or affiliate of Starbucks, at any time during the term of the Lease for any reason whatsoever with no further consent of Lessor required. Lessor hereby waives any requirement under the Lease that Licensee or the proposed assignee (including, without limitation, Starbucks) pay a fee in connection with the assignment contemplated by this Rider.

2. **Notice of Default or Termination.** Lessor shall simultaneously furnish Starbucks with a copy of any notice of default or notice of termination arising out of the Lease that Lessor sends to Licensee. Starbucks address for notices is: Starbucks Corporation, 2401 Utah Avenue South, Suite 800, Mailstop S-LA3, Seattle, Washington 98134, Attn: Department of Law and Corporate Affairs, or such other address as Starbucks subsequently provides in writing to Lessor.

3. **Cure of Licensee Defaults.** Lessor acknowledges that Starbucks shall be permitted to cure any default of Licensee under the Lease, but further acknowledges that Starbucks is not obligated to cure any such default. Lessor shall provide Starbucks (or its agent) full access to the Premises so as to give Starbucks the opportunity to cure any default under the Lease, in the event that Starbucks elects to cure the default in question. Lessor further acknowledges and agrees that Starbucks shall have the right (but not the obligation) to cure any default of Licensee under the Lease within fifteen (15) days after the expiration of the period specified in the Lease for the cure of the default in question.



**4. Assumption of Lease.** Upon any termination of the Lease prior to the expiration of the term of the Lease, or in the event of the termination or expiration of the Licensing Agreement, Starbucks or any of its parents, subsidiaries or affiliates shall have the option to assume the Lease or to enter into a new lease with Lessor upon the same terms and conditions as the Lease, except that the term of such new lease shall be for the remainder of the original Lease term and, upon Starbucks exercise thereof, for any option terms. If Starbucks exercises its option to assume the Lease, and provided that Starbucks does not later default on any of its obligations under the Lease, then Starbucks shall have the right, upon written notice to Lessor, to assign its rights as Licensee under the Lease to a duly authorized licensee of Starbucks without the consent of Lessor; provided, however, that any such assignment shall only become effective upon Starbucks providing to Lessor all of the following:

(a) the name, address and contact person of the new licensee (the "Assignee");

(b) a duly executed copy of a licensing agreement between the Assignee and Starbucks (or its affiliate);

(c) a duly executed assignment agreement under which the Assignee agrees to assume the Lease unconditionally; and

(d) a duly executed new Rider (on Starbucks then-current form) addressing all of the issues addressed in this Rider, to be entered into between Starbucks, the Assignee and Lessor, which Lessor shall execute in a timely manner.

**5. Release of Obligations.** Upon the date of delivery to Lessor of all of the documents listed in Section 4 of this Rider, the assignment to the Assignee shall become effective and Starbucks shall be released from performance of any obligations under the Lease, including, without limitation, any payment obligation thereunder.

**6. Outstanding Debts of Licensee.** If Starbucks exercises its right to assume Licensee's rights under the Lease within ninety (90) days after any termination of the Lease (or at any time in the absence of a termination), then Starbucks shall not be responsible for any outstanding debt of Licensee to Lessor, and such debt shall not prevent Starbucks exercise of its right to assume Licensee's rights under the Lease or to enter into a new lease upon the same terms and conditions as the Lease, and shall not prevent Starbucks taking possession of the Premises. In such circumstances, Lessor agrees that it shall seek recovery of any debt incurred by Licensee from Licensee and shall not seek repayment from Starbucks or seek to condition any transfer of the Lease or Starbucks (or its assignee's) use of or access to the Premises upon payment of any Licensee debt. If Starbucks exercises its right to assume Licensee's rights under the Lease later than ninety (90) days after a termination of the Lease, then Starbucks right to assume Licensee's rights under the Lease shall be contingent on Starbucks paying any outstanding debt incurred by Licensee to Lessor arising out of the Lease.



7. **Amendments to the Lease.** Lessor and Licensee shall not alter or amend any material terms or conditions of the Lease without the prior written consent of Starbucks, which consent Starbucks shall not unreasonably withhold. Any unapproved amendment or alteration shall be null and void as to Starbucks and shall not affect or limit Starbucks rights hereunder.

8. **Removal of Improvements.** If, upon the expiration or earlier termination of the Lease, Licensee fails to remove from the Premises or its surroundings any trademarked property, trade dress, proprietary software, equipment, and any and all furniture and fixtures installed in the Premises (the "Improvements"), and Starbucks does not assume the Lease or otherwise take possession of the Premises, and specifically excluding those as set forth on Exhibit C to the Lease, then notwithstanding anything in the Lease to the contrary, Lessor shall provide Starbucks full access to the Premises to de-identify the Premises and to remove from the Premises any or all Improvements. In no event shall Lessor have any right to use, transfer in any manner, or display any of the Improvements. Lessor hereby acknowledges and agrees that, notwithstanding anything in the Lease to the contrary, Starbucks has a prior right, title, and interest in and to any such Improvements, notwithstanding any agreement between Lessor and Licensee with respect thereto.

9. **Consideration.** The parties acknowledge the receipt of good and valuable consideration for the rights granted herein.

10. **Binding Effect.** This Rider shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

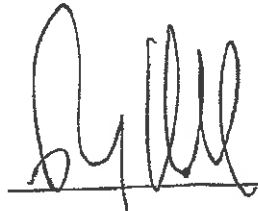
11. **Not a Guarantee.** Lessor acknowledges that Starbucks is executing this Rider solely for the purposes of acknowledging the provisions contained herein, and Lessor agrees that the execution of this Rider by Starbucks shall in no way be construed to obligate Starbucks for the performance or guarantee of any terms, conditions, obligations and covenants in the Lease, except as specifically set out in this Rider.

*[Signature Page Follows]*



August 4, 2011

I hereby sign the lease of Property located at 491  
Sun Valley Road, Ketchikan between KUPA and  
the Cairde Group dated August 4, 2011, inclusive of  
the Lease Rider.


  
\_\_\_\_\_  
Chairman, UPA







IN WITNESS WHEREOF, the parties have executed this Rider effective the date first above written.

**CAIRDE GROUP, LLC**

By:   
Print Name: JANE D. RIZZO  
Title: MANAGER  
Date: 8/3/11

**STARBUCKS CORPORATION**

By:   
Print Name: Doug Setzman  
Vice President  
Title: \_\_\_\_\_  
Date: 8/12/11

**LESSOR**   
By: \_\_\_\_\_  
Print Name: Randy Hall  
Title: Chair, Ketuhm URA  
Date: August 4, 2011

