



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

Reasons for Recommendation:

- The original lease with KURA (2011) was: \$3,000/month plus tenant’s share of utilities, landscape maintenance, snow removal, and taxes; five-year term with two five-year options
- KURA transferred ownership to City in November of 2017
- The final five-year term was authorized by City Council in 2021
- The new lease will take effect November 1, 2026, with a ten-year term and one five-year option.
- The tenant has agreed to a significant monthly rate increase reflects the cost offset needed to implement the improvements to the building.
- Lease highlights to note:
 - 1.11. Landlord Use of Premises – 4 after-hours public meetings
 - Access was not included in previous lease versions
 - 1.12. Improvements – see Exhibit C for entire list, highlighted projects include:
 - New roof (complete)
 - Refresh of bathroom facilities
 - Repairs and updates to the HVAC, glass, and electrical systems
 - 16. Signs – Starbucks limited to the three existing exterior signs
 - City-solicited public feedback (2023) suggested strengthening signage for the Visitor Center/enhancing awareness that it is a public building
- Staff is meeting with the tenant on Monday, March 23 for final review and will update Council of any additional edits or requests.

Sustainability Impact:

Financial Impact:

None OR Adequate funds exist in account:	The FY2027 rent amount is \$8,000/month for a total annual rent of \$96,000 with escalation on the anniversary dates set forth in Exhibit B. Collected rent will be deposited in the General Fund.
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Attachments:

1. Cairde Group, LLC lease agreement #26996
○ Exhibit A – Site Plan
○ Exhibit B – Lease Rent Escalation
○ Exhibit C – Landlord improvements
○ Exhibit D – Signs

LEASE AGREEMENT

26996

BETWEEN

CITY OF KETCHUM

AN IDAHO POLITICAL SUBDIVISION

AS LANDLORD

AND

CAIRDE GROUP

AN IDAHO LIMITED LIABILITY COMPANY

AS TENANT

DATED EFFECTIVE: NOVEMBER 1, 2026

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease”) is entered into effective this first day of November 2026, by and between the City of Ketchum, 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):

City of Ketchum
P.O. Box 2315
Ketchum, ID 83340

1.2 Tenant’s Address for Notices:

Cairde Group, LLC
P.O. Box 6336
Ketchum, ID 83340

1.3 Premises: Attached hereto as **Exhibit A**, incorporating exclusive and shared space within the ground floor of the Visitor Center building.

1.4 Term: Ten (10) years, with one five-year option, commencing November 1, 2036.

1.5 Rent Commencement Date (or “Commencement Date”): November 1, 2026.

1.6 Occupancy Date: Tenant currently occupies the Premises under a prior Lease Agreement.

1.7 Expiration Date: November 1, 2036 (end of first term), subject to an additional five (5) year option.

1.8 Rent: Eight thousand dollars (\$8,000) per month for a total annual rent of Ninety-Six Thousand Dollars (\$96,000) with escalation on the anniversary dates as set forth on the Lease Escalation Exhibit attached hereto as **Exhibit B**.

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 as provided in Section 3 and in accordance with the Layout of the Premises on the Attached Site Plan,

Exhibit A. The Building's 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.

1.11 Landlord Use of Premises: Landlord shall have use of Premises after hours for a total of four (4) public meetings throughout each year. Tenant shall be notified in advance so accommodations can be made for Landlord use. This use is not intended to restrict Permitted Use of Tenant. In such case, Landlord shall be responsible for professional cleaning at the conclusion of such use prior to 6:00 am the next day and shall take sole responsibility for any damage to Starbucks property in the Premises.

1.12 Improvements: Landlord has committed to various enhancements to the Visitor Center Building prior to the commencement date of this Lease and through the term of the Lease as identified on Exhibit C, attached hereto (the "Improvements"). These Improvements include, but are not limited to, updating/refreshing public restrooms, repairs to HVAC, and repairs and updates to glass and electrical systems. Landlord intends to coordinate repair and improvement work with Tenant's improvement schedule. Should that not occur, rent shall be abated for the period of Tenant's business operation required to be closed during completion of Landlord repairs and improvements.

1.13 Early Termination: 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, 2036 and October 31, 2038. A termination payment of \$75,000 shall be paid to Tenant if the termination date is between November 1, 2038 and October 31, 2039. A termination payment of \$50,000 shall be paid to Tenant if the termination date is between November 1, 2039 and October 31, 2040. A termination payment of \$25,000 shall be paid to Tenant if the termination date is on or after November 1, 2040, 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.

1.14 Separately Metered Utilities; Other Expenses: Tenant shall pay for the separately metered utilities serving only Zones A and B of the Premises. All other expenses, unless otherwise stated herein, are included in the Rent.

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

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

1.17 Beer and Wine License: The parties acknowledge that Tenant may apply for a beer and wine license for use on the Premises, and that said license may be integral to Tenant's intended use of the Premises. Accordingly, Landlord agrees 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 law pertaining to the sale of alcohol.

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.

3. Shared Use/ Exclusive and Common Areas. Tenant shall have the exclusive right to use and occupy Zone A on Exhibit A for its business operations. Additionally, Tenant shall have the non-exclusive right to use all other 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"). It is understood that that Tenant owns and maintains the furnishings and décor in Zone B on Exhibit A, with any material changes requiring the approval of Landlord, not to be unreasonably withheld. Tenant shall also control and be responsible for art displayed in Zone B in accordance with Starbucks corporate standards. Landlord generally owns and maintains the furnishings and décor in Zone C, although the existing barstools are the property of Tenant. The walkway area in Zone C on Exhibit A shall remain clear of furnishings to allow for public ingress and egress. With respect to exterior Common Area on the southeast side of the building, it is agreed that Tenant shall provide, at its expense, at least four (4) tables with chairs subject to Landlord's reasonable approval, to be open to the general public with Tenant solely responsible for maintaining the cleanliness of said tables. Branded umbrellas for such tables shall be split 50%-50% between Starbucks and the Visitor Center, with each party responsible to provide said umbrellas. The right to use common areas does not allow control or alterations to the common areas without prior written approval of Landlord.

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 City Administrator.

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 unless otherwise notified in writing by Landlord, on the first day of each month, in advance, one twelfth (1/12) of the annual Rent in accordance with the schedule set forth in Section 1.8 and the Escalation Schedule attached as exhibit B. Except as otherwise provided, the 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 prorated. 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 exercises its option for an additional term, rent for that term shall be calculated as set forth on Exhibit B.

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 1.6. Tenant shall have the option to renew the Lease for one additional five (5) year term. 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 initial 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 owned by 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.

7. Assignment and Subletting. 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.

Landlord has granted Starbucks Coffee Company an exclusive first right to assume this Lease should Tenant terminate the Lease, and Starbucks Coffee Company or any approved Licensee of Starbucks Coffee Company shall be deemed a permitted assignee of Tenant for 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 fixtures installed by Tenant; (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, resting upon it, or 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. As a matter of clarification, the interior log walls in Zone B are not Tenant fixtures.

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 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 1.12, 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. Notwithstanding the foregoing, Tenant may complete a "refresh" during the month of November, 2026, at which time Tenant's business operations may be suspended. 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 specialized mechanical, cooling, heating, ventilation, electrical or other requirements not incorporated in the Building or identified for future completion on the Building Phasing Plan attached hereto on Exhibit C, attached hereto and incorporated herein. 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. Landlord shall repair and maintain in good condition and repair, the Premises, including all Common Areas, and any and all appurtenances thereto, during the term of this Lease. Tenant shall maintain Zone A in good condition and repair, including all fixtures and appurtenances thereto, during the term of this Lease.

11.3 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 Area (or otherwise used in common by all tenants of the Building); (c) the Common Areas, including, without limitation, keeping the Common Areas in a clean and slightly 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.

Landlord obligations will include professional property management and janitorial services for the Building and its Common Areas, including cleaning and replenishing the public restrooms, not less than five (5) days per week, Wednesdays through Sundays. Services will include, but not be limited to, window cleaning, annual deep cleaning on Building, snow removal and landscape maintenance services without additional cost to Tenant. Tenant is responsible for janitorial services for Zones A and B only.

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 untenable, Rent shall proportionally abate during the period of such untenability, 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 for 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 on the Building by the Landlord.

14. Indemnification and Waiver of Liability. To the extent permitted by law, 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.

15.3.3 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 the three existing exterior signs located on the Building and identified in Exhibit D, Tenant shall not place any signage or advertising matter on the exterior of the Premises or Building, or on any part of the interior of the Premises visible from the exterior, without the prior written consent of Landlord, which consent shall not be unreasonably withheld

or delayed. Tenant's permitted signage shall comply with all applicable 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

18.2 Landlord Remedies for Tenant Default. Subject to Starbucks Coffee Company rights under paragraph 7, 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 five percent (5%) 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 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, except as provided in Section 1.11 .

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 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. Tenant's obligations under this Lease are expressly contingent upon Tenant extending its Master License Agreement with Starbucks Corporation.

30.3 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: _____

LANDLORD:

By: _____

Mayor, City of Ketchum

Attest:

City Clerk

EXHIBITS:

Exhibit A – Site Plan

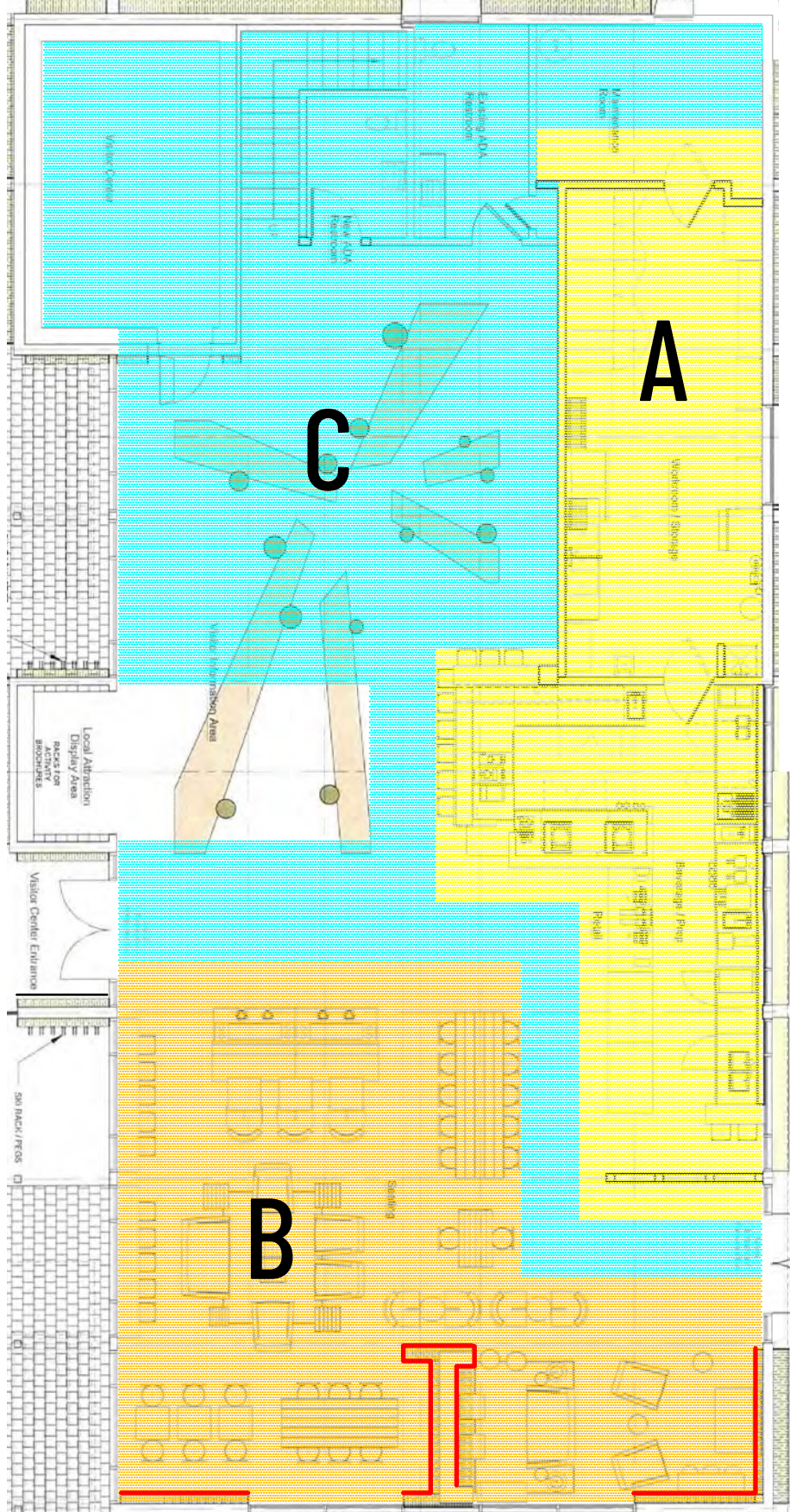
Exhibit B – Lease Rent Escalation

Exhibit C – Landlord Improvements

Exhibit D – Draft Branding Plan

EXHIBIT A
Site Plan

EXHIBIT A



LEGEND

- A** Starbucks exclusive use
- B** Shared use (Starbucks furniture; Starbucks and City art/history)
- C** Shared use; public access
- Starbucks art/history walls

GRAPHIC SCALE
1 inch = 10 ft.

Starbucks Lease

Exhibit A

11/1/2026

EXHIBIT B
Lease Rent Escalation

Lease Escalation Exhibit

- Year 1 -3 (No Escalator)
- Year 4 - 7 (3% Escalator)
- Year 8 - 10 (No Escalator)
- Year 11 - 14 (3% Escalator)
- Year 15 (No Escalator)

Annual Rent*

Year 1	\$	96,000
Year 2	\$	96,000
Year 3	\$	96,000
Year 4	\$	98,880
Year 5	\$	101,846
Year 6	\$	104,902
Year 7	\$	108,049
Year 8	\$	108,049
Year 9	\$	108,049
Year 10	\$	108,049
Year 11	\$	111,290
Year 12	\$	114,629
Year 13	\$	118,068
Year 14	\$	121,610
Year 15	\$	121,610

*Annual rent and monthly rent is and will be rounded to the nearest dollar

EXHIBIT C
Landlord Improvements

EXHIBIT C
Visitor Center Building Phasing Plan

Phase 1 - Shell and Core	Estimated Date
Reset & Restain exterior logs	Completed
Replace worn shingles with metal or composite shingle roofing including new insulation	Completed
Refresh existing bathrooms	April or November 2026
Vault Carpet and Lighting	April or November 2026
Move Totem and Shorten Counters	November 2026
Begin upgrade to electrical systems	Year 1-3
New HVAC system	Year 1-6
Begin enclosed drive-through area to relocate tenant refrigerated storage and equipment for improved interior environment and to allow for upgraded electrical and HVAC system controls	Year 1-6
Air Curtain & Entrance	Year 1-6
Years 7 - 10	
Replace dark dormer window glass with clear, high performance glazing	
Complete upgrade to electrical systems	
Complete enclosed drive-through area to relocate tenant refrigerated storage and equipment for improved interior environment and to allow for upgraded electrical and HVAC system controls	
Storefront Vestibule	
Future Envelope Improvements: Replace Storefront Windows w/ high performance double pane	

EXHIBIT D
Signs

A Starbucks Coffee sign is mounted on a wall made of stacked logs. The sign is dark wood with white text. Above the sign, a metal pipe with several spotlights is visible. Below the sign, a large, light-colored sack of coffee beans is leaning against the log wall. The building has a dark roof with a brown gutter. The ground in front is paved with grey cobblestones.

STARBUCKS COFFEE

Kelcham

Starbucks Coffee Company, Inc. is a leading provider of coffee and coffee products. The company is committed to providing high-quality coffee and coffee products to its customers. Starbucks Coffee Company, Inc. is a leading provider of coffee and coffee products. The company is committed to providing high-quality coffee and coffee products to its customers.



