

GROUND LEASE FOR MUNICIPAL WATER WELL LOT

THIS GROUND LEASE ("Ground Lease") is made by and between Joint School District No. 2, dba West Ada School District, an Idaho school district and body politic and corporate of the State of Idaho (herein referred to as "Landlord") and the **CITY OF MERIDIAN**, an Idaho Municipal Corporation (herein referred to as "Tenant").

1. Definitions.

The following terms as used in this Ground Lease shall have the meanings hereinafter set forth:

- 1.1 **"Landlord"**: Joint School District No. 2, dba West Ada School District, an Idaho school district and body politic and corporate of the State of Idaho.
- 1.2 **"Tenant"**: The City of Meridian, and Idaho Municipal Corporation.
- 1.3 **"Leased Premises"**: That portion of real property as Legally Described on **Exhibit "A"** and generally depicted on **Exhibit "B"** attached hereto and incorporated herein by this reference.
- 1.4 **"Improvements"**: The improvements to be constructed on the leased premises pursuant to Article 5.1.
- 1.5 **"Easement Premises"**: The water main easement set forth in **Exhibit "C"** attached hereto and incorporated herein by this reference.

2. Lease and Easement

- 2.1 **Lease of Ground.** In consideration of the rents and covenants herein stipulated to be paid and performed, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Leased Premises. Title to the Leased Premises at the effective date of this Agreement shall be free of all liens, encumbrances, easements, restrictions, rights and conditions of record or known to Landlord except those approved by Tenant in writing.
- 2.2 **Use of Leased Premises.** In addition to the terms and conditions set forth in Article 6 of this Agreement, the Tenant shall use and occupy the Leased Premises only as a location for the drilling and operation of a municipal water well and related purposes, and for no other purpose whatsoever, and subject to the following restrictions: Tenant shall make no unlawful use of the Leased Premises, nor shall Tenant conduct any activities of an ultra-hazardous nature upon the Leased Premises.

2.3 Easement. Tenant's use of the Leased Premise requires an associated Water Main Easement dated of even date herewith and to be recorded as a separate document in the land records of Ada County Idaho. Payment for the Easement is included in the Rent set forth in Article 4. The parties agree to execute and record a vacation of the Easement upon the expiration of this Lease and any extension term.

3. Term.

3.1 Landlord leases and Tenant rents the Leased Premises for a primary term of Ninety-Nine (99) consecutive years commencing upon the "Effective Date" as defined in Section 19 of this Agreement and terminating on the Ninety-Ninth (99th) anniversary of the commencement date of the primary term.

3.2 Provided that this Lease shall be in full force and effect and that Tenant shall not be in default under any of the terms or conditions hereof, the Parties shall have an option to extend the term of this Lease upon mutual agreement.

3.3 Holding Over. Holding over is prohibited; provided, however, that the Parties understand and agree that any holding over by Tenant of the Leased Premises at the expiration, termination or cancellation of this Lease, for any reason, including, but not limited to, default for any reason or natural expiration, shall operate and be construed as a tenancy from month-to-month. If Tenant holds over beyond the term of this Lease or any extension or renewal hereof, Tenant shall be liable to Landlord for all costs, including a reasonable attorney fee, which may be incurred by Landlord for an action for unlawful detainer or for any appropriate action to recover possession of the Leased Premises against Tenant.

4. Rent.

4.1 Tenant agrees to pay Landlord rent for the first year in the amount of One Thousand Dollars (\$1,000.00). Rent for the remainder of the term shall be in the amount of One Hundred Dollars (100.00) per year. The entire rent due for the 99 year term may be paid in advance at the execution of this Lease, and whose receipt shall be acknowledged by Landlord.

4.2 Rent payments shall be mailed to the West Ada School District, Attn: Superintendent, 1303 E. Central Drive, Meridian, Idaho 83642, unless Landlord notifies Tenant in writing of a different location.

Landlord shall provide Tenant written notice of any failure to pay rent and provide 30 days from said notice to allow Tenant to cure the same.

- 4.3 In the event this Ground Lease is terminated pursuant to the provisions of this Lease prior to the end of the primary term or additional term then in effect, Rent shall be prorated to the date of termination, and Landlord shall refund to Tenant any rent paid and unearned as of the date of termination, together with any other sums paid by Tenant for periods beyond the date of termination.

5. Improvements on the Leased Premises.

- 5.1. Tenant may construct or have constructed such improvements on the Leased Premises as may be reasonably suitable for use of the Leased Premises for the purposes outlined in this Lease. Landlord shall not be obligated to construct any improvements on the Leased Premises for any reason.
- 5.2 After completion of the construction of the improvements, Tenant may, without the further consent of Landlord, make such further improvements or alterations as Tenant may from time to time deem necessary or convenient in connection with its use and occupancy of the Leased Premises as permitted under this Ground Lease.
- 5.3 Tenant shall not permit the lien of any contractor, subcontractor, mechanic, labor or materialman, or any other lien of any kind or nature to be imposed upon the Leased Premises, and shall promptly cause the same to be removed if any lien is imposed. Tenant shall not make any general assignment for the benefit of creditors.
- 5.4 Tenant shall not place or allow to be placed any mortgage or deed of trust or other encumbrance on any improvements on the Leased Premises or on Tenant's interest in the Leased Premises without the prior approval of Landlord.
- 5.5 Fee title to all improvements constructed on the Leased Premises by Tenant and all additions, alterations and improvements thereto made by Tenant, even though a part of the realty, shall be and remain in Tenant during the term of this Ground Lease or any extension thereof.
- 5.6 Upon the termination or expiration of this Ground Lease or any extensions thereof, Tenant shall at once peacefully surrender and deliver the whole of the above-described Leased Premises

together with all improvements (except all trade fixtures, furniture, and equipment) thereon to the Landlord, Landlord's agents or assigns. Upon such termination, Tenant shall de-commission the water well according to the rules of the State of Idaho then in effect. After de-commissioning of the well, fee title to all improvements then located on the Leased Premises shall pass to and vest in Landlord, and Tenant shall execute and deliver to Landlord a good and sufficient quitclaim deed of the Tenant's interest in this Agreement and the Leased Premises.

6. Use.

- 6.1** The Leased Premises shall be used only as a location for a municipal domestic water well and associated facilities.
- 6.2** Tenant shall use the Leased Premises in continued operations and shall not abandon the Leased Premises during the lease term or any extensions thereof.
- 6.3** Tenant shall, at all times, obtain and comply with all of such permits, licenses and approvals of any government agency, and keep the same in full force and effect, and, where applicable, renew or extend all of such licenses, permits or approvals, all at Tenant's sole cost and expense.
- 6.4** Tenant shall, in conducting any activity or business on the Leased Premises, comply with all environmental laws. If the Tenant fails to comply with any applicable environmental laws, the Landlord may enter the Leased Premises and take all reasonable and necessary measures, at the Tenant's expense, to insure compliance with environmental laws, after providing Tenant 30 days prior written notice of Landlord's intent to do so which identifies Tenant's specific failures to comply as alleged by Landlord. In the event of a release or a threatened release of hazardous materials, hazardous wastes or other contaminants into the environment relating to or arising out of the Tenant's use or occupancy of the Leased Premises, or in the event of any third party claim, demand, action or notice is made against the Tenant regarding the Tenant's failure or alleged failure to comply with any environmental laws, the Tenant immediately shall notify the Landlord in writing and shall provide the Landlord with copies of any written claims, demands, notices or actions, so made. The Tenant shall undertake such steps to remedy and remove any hazardous materials or hazardous wastes and any other environmental contamination caused by the Tenant on or under the Leased Premises, as are necessary to protect the public health and safety and the

environment from actual or potential harm and to bring the Leased Premises into compliance with all environmental laws.

- 6.5 Landlord covenants that so long as no default has occurred, Tenant shall have quiet and peaceful possession of the Leased Premises free and clear of any person claiming by, through or under Landlord, and subject to all matters and rights of record appearing on the land or known to Tenant as of the effective date of this Ground Lease.
- 6.6 While no such taxes or assessments may be validly imposed at this time against the Tenant by any governmental entity, if, in the future such taxes or assessments are allowed and upheld as valid against the Tenant, then Tenant shall pay any such ad valorem tax or assessment which may be lawfully and validly assessed against Tenant's interest in the Leased Premises, Tenant's improvements, or any of Tenant's personal property located on the Leased Premises.
- 6.7 Tenant's signage on the Leased Premises shall comply in all respects with the requirements for signs contained in Meridian City Code.
- 6.8 Tenant may obtain electrical or other utility services consistent with any recorded utility easement obtained by the Tenant at such locations as approved in writing by Landlord which approval shall not be unreasonably withheld. If necessary, Tenant shall seek and obtain from Landlord all appropriate utility easements which are not now the subject of an existing and legally sufficient utility easement, which easements shall be recorded as provided by law. Landlord shall cooperate with Tenant and utility service provider. Tenant shall pay for any and all costs resulting from the installation, maintenance or operation of utilities in connection with its use of the Leased Premises.

7. **Utility Charges.** Tenant shall pay, prior to delinquency, all utilities or services used by the Leased Premises during the term of this Ground Lease.

8. **Maintenance and Repair.**

- 8.1 Tenant shall, at Tenant's sole cost and expense, maintain the Leased Premises and improvements in good repair and condition. Tenant agrees to maintain any improvements upon the Leased Premises in a good state of repair and condition, including the appearance of the improvements. Such maintenance, repairs and replacements shall be made promptly as and when necessary.

- 8.2 Tenant shall make suitable arrangements for the storage, collection, and removal of all trash, garbage and other refuse resulting from Tenant's activities on the Leased Premises.

9. **Liability of Parties and Insurance.**

- 9.1 Landlord will defend Tenant against any claims that arise solely from wrongful acts, omissions or negligence of Landlord in the course of performance of this Agreement, but does not assume responsibility for the acts, omissions or negligence of the Tenant or its officials, employees, agents, and invitees. Tenant will defend Landlord against all claims that occur upon the Leased Premises and/or which arise from the activities or actions of Tenant upon the Leased Premises, and from the wrongful acts, omissions or negligence of Tenant in the course of performance of this Agreement, but does not assume responsibility for the acts, omissions or negligence of the Landlord or its officials, employees, agents, and invitees. Each party shall promptly notify the other of any claim arising under this Agreement and shall cooperate fully with the defending party or its representatives in the defense of such claim. This indemnity is provided by and between Landlord and Tenant as public agencies under Idaho law, only to the extent allowed by law, and is subject to the limitations on liability and damages provided by the Idaho Tort Claims Act.

- 9.2 **Liability Insurance.** Tenant, at its own expense, shall keep and maintain in full force and effect a comprehensive policy of property and general liability insurance policy issued by a company licensed to engage in the insurance business in the State of Idaho, insuring all of Tenant's obligations under this Agreement, including Tenant's activities upon, in and about the Leased Premises, in the limits set forth in the Idaho Tort Claims Act, naming Landlord as a Certificate Holder.

10. **Condemnation.** In the event of a partial or total taking of the Leased Premises by condemnation, eminent domain or any transfer thereof, this Ground Lease shall terminate. Tenant shall be entitled to all awards for taking of Tenant's Improvements on the Leased Premises, and any payments as may be due from the Condemning Authority for the interruption and relocation of Tenant's Improvements.

11. **Assignment, Subletting.** Neither Tenant nor Landlord shall assign this Ground Lease - 6

Ground Lease or sublet the whole or any part of the Leased Premises.

12. Default and Termination.

12.1 In the event of a monetary default consisting of the failure to pay rent or other money due Landlord from Tenant, Tenant shall be in default immediately upon the day such payment is due and not made, subject to Landlord's compliance with Section 4.2 herein. In addition to any other remedy, Landlord may exercise a remedy of terminating this Ground Lease in the event of a monetary default thirty (30) days after Landlord gives written notice of Tenant's monetary default if such default is not fully cured within such thirty (30) day period. Any failure by Tenant to pay sums due under this Ground Lease shall be deemed a material default.

12.2 In the event of a default other than a monetary default, either party shall be deemed to be in default and subject to termination upon the expiration of thirty (30) days from the receipt of written notice from the other party specifying the particulars in which the party has failed to perform the obligations of this Ground Lease, unless that party, prior to the expiration of said thirty (30) days, has rectified the particulars specified in the notice. However, such party shall not be in default if such failure cannot be rectified within the thirty (30) day period, provided such default will not cause the loss of any of the governmental permits, licenses or approvals authorizing operations on the Leased Premises, and provided such party is using good faith and commercially reasonable efforts to rectify the particulars.

12.3 The failure of a party to insist upon a strict performance of any of the terms, conditions and covenants herein shall not be deemed a waiver of any rights or remedies that said party may have, and shall not be deemed a waiver of any subsequent breach or default of the terms, conditions and covenants herein contained.

13. Compliance with Laws.

13.1 Tenant shall comply with and cause the Leased Premises to be in compliance with all laws, statutes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations and requirements of and agreements with all governments, departments, commissions, boards, courts, authorities, agencies and officials which now or at any time hereafter may be applicable to the Leased Premises or any part

thereof, or any construction upon, use or condition of the Leased Premises or any part thereof, and all contracts, agreements, easements, encumbrances, covenants, conditions and restrictions existing at the commencement of the Term or thereafter consented to by Tenant in writing affecting the Leased Premises or the ownership, occupancy or use thereof or construction thereon.

14. Notices. Any notices required or desired to be given under this Ground Lease shall be in writing and personally served or given by U.S. Mail. Postal notices shall be deemed to be given on the date deposited with the United States Postal Service. Any notice given by mail shall be sent first class, postage prepaid, return receipt requested, addressed to the party to receive it at the party's principal place of business or at such other address as the party may from time to time direct in writing.

15. Attorneys' Fees. If either party to this Ground Lease is required to initiate or defend litigation in any way connected with this Ground Lease, the prevailing party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees. If either party to this Ground Lease is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Ground Lease, or obligation of the other party to this Ground Lease, then the party so litigating shall be entitled to reasonable attorneys' fees from the other party to this Ground Lease. Attorneys' fees shall include attorneys' fees on any appeal. In addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and the discovery, travel and all other necessary costs incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

16. Time is of the Essence. Time is and shall be deemed of the essence in respect to the performance of each provision of this Ground Lease.

17. Article Headings. The article headings of the Ground Lease are inserted only for reference and do not affect the terms and provisions hereof.

18. General Provisions.

18.1 All of the provisions contained in this Ground Lease shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

18.2 In the event of any violation or threatened violation by any person of any of the easements, covenants or restrictions contained in this Ground Lease, Landlord and Tenant shall each have the right to enjoin such violation or threatened violation in a court of

competent jurisdiction. The right of injunction shall be in addition to all other remedies set forth in this Ground Lease.

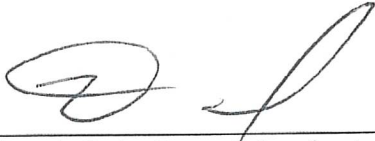
- 18.3 If any term, covenant, condition or agreement of this Ground Lease or the application of it to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Ground Lease or the application of such term, covenant, condition or agreement to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition or agreement of this Ground Lease shall be valid and shall be enforced to the extent permitted by law.
- 18.4 This Ground Lease contains the entire agreement between the parties hereto and supersedes all prior agreements, oral or written, with respect to the subject matter hereof. The provisions of this Ground Lease shall be construed as a whole and not strictly for or against any party.
- 18.5 In construing the provisions of this Ground Lease and whenever the context so requires, the use of a gender shall include all other genders, the use of the singular shall include the plural, and the use of the plural shall include the singular.
- 18.6 The provisions of this Ground Lease are not intended to create, nor shall they be in any way interpreted or construed to create, a joint venture, partnership, or any other similar relationship between the parties. This Ground Lease is not intended to create, nor shall it be in any way interpreted or construed to create, any third party beneficiary rights in any person not a party hereto unless otherwise expressly provided herein.
- 18.7 This Ground Lease or a "Memorandum of Ground Lease" shall be executed and acknowledged by the parties and may be recorded in Ada County, Idaho. Such Memorandum of Ground Lease shall include a recitation of the effective date of this Ground Lease and a recitation of the date of Tenant's occupancy of the Leased Premises for use as a domestic water well lot.

19. Effective Date.

- 19.1 Effective Date. The "effective date" for this Ground Lease shall be date upon which both parties have fully executed this Agreement.

END OF TEXT. SIGATURES ON FOLLOWING PAGES

LANDLORD:
JOINT SCHOOL DISTRICT NO. 2,
dba WEST ADA SCHOOL DISTRICT

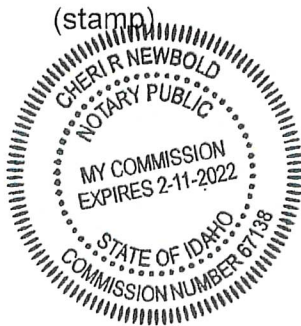


Dr. Derek Bub, Superintendent

STATE OF IDAHO)
) ss
County of Ada)

On this 28 day of September, in the year of 2021, before me a Notary Public of said State, personally appeared Dr. Derek Bub (signer), known or identified to me to be the Superintendent of the Joint School District No. 2, dba, West Ada School District who subscribed said District's name to the foregoing instrument, and acknowledged to me that he executed the within instrument on behalf of said District.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Cheri R. Newbold
Notary Signature

TENANT:
CITY OF MERIDIAN

Mayor

Attest by Chris Johnson, City Clerk

STATE OF IDAHO)
)
County of Ada)

This record was acknowledged before me on _____ (date) by _____
and Chris Johnson on behalf of the City of Meridian, in their capacities as Mayor and City
Clerk, respectively.

(stamp)

Notary Signature

EXHIBIT A
LEASE AREA DESCRIPTION
FOR THE
CITY OF MERIDIAN, IDAHO

A parcel located in the SE 1/4 of the SW 1/4 of Section 8, Township 3 North, Range 1 East, Boise Meridian, and being a part of Lot 8 of Block 1 of *LOCUST GROVE INDUSTRIAL PARK* as shown in Book 41 of Plats at Page 3391 in the office of the Recorder, Ada County, Idaho, more particularly described as follows:

Being the south 140.00 feet of the east 130.00 feet of Lot 8 of Block 1 of *LOCUST GROVE INDUSTRIAL PARK*.

This parcel contains 18,116 square feet (0.416 acres) more or less, and is subject to any easements existing or in use.

Prepared by: Kyle A. Koomler, PLS
Civil Survey Consultants, Incorporated
January 27, 2021

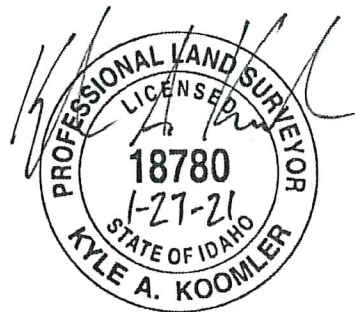


EXHIBIT B

SKETCH TO ACCOMPANY LEASE AREA DESCRIPTION FOR
THE CITY OF MERIDIAN LOCATED IN THE SE 1/4 OF THE
SW 1/4 OF SECTION 8, TOWNSHIP 3 NORTH, RANGE 1
EAST, BOISE MERIDIAN, ADA COUNTY, IDAHO

