

REAL PROPERTY LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), effective January 01, 2025 (the "Date of this Lease"), by and between the CITY OF SANDPOINT, a public body, corporate and politic (the "Lessor") and the BONNER COUNTY HISTORICAL SOCIETY, an Idaho not for profit organization (the "Lessee").

WHEREAS, the Lessor owns that real property (the "Premises"), which is illustrated and designated on the "Premises Map" attached to this Lease as Attachment No. 1 and incorporated herein by reference, and is more particularly described in the "Legal Description of the Premises", attached to this Lease as Attachment No. 2 and incorporated herein by reference; and

WHEREAS, pursuant and subject to the terms and conditions set forth herein, the Lessee shall lease the premises from the Lessor and the Lessor shall lease the Premises to the Lessee in order to accommodate the Lessee's continued use of the Premises.

NOW, THEREFORE, in consideration of the foregoing and of the mutual conditions, promises and covenants hereinafter contained, the parties hereto hereby agree as follows:

1. LEASE OF PREMISES

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor the Premises in an "as-is" condition, in accordance with the following terms and conditions.

2. USE OF PREMISES

During the term hereof, the Premises shall be used by Lessee solely for the purpose(s) described on Attachment No. 3 to this Lease and incorporated herein by reference.

3. TERM OF LEASE

The term of this Lease shall commence on the Date of this Lease (the "Effective Date") and shall terminate December 31, 2055 ("Initial Term"). Lessee may request to extend this Lease for an additional (30) thirty-year term beginning January 01, 2056 by submitting a written request, received by Lessor at least 60 days prior to the termination of the Initial Term. Any extension must be agreed upon by both parties through an amendment to this Agreement, executed by both Parties. Nothing in this Lease shall be construed as granting Lessee any right to extend the Initial Term without Lessor's express written consent.

4. HOLDING OVER

In the event Lessee holds over beyond the end of the term with express written consent of Lessor, such holding over shall be at the annual rent established in Paragraph 5 of this Lease and subject to all other terms and conditions of the Lease. Lessee may not hold over without the express consent of Lessor. Any holding over without Lessor's express written consent shall not constitute a tenancy-at-will or renewal of this Lease, but instead shall be deemed a tenancy at sufferance subject to all terms and conditions of this Lease.

5. RENT

The Lessee agrees to and shall pay the Lessor annual rent in the amount of One Dollar (\$1.00) (the "Rent") during the Initial Term. The Rent shall be payable 30 days from date of Invoice by Lessor. In the event the Lessee extends the Initial Term as set forth in Section 3, the amount of rent to be paid by the Lessee to the Lessor during such extension period shall be negotiated and agreed to in writing prior to the commencement of such extension period and included in the amendment to this Agreement.

6. TENANT IMPROVEMENTS

Lessee shall be solely responsible for all tenant improvements required to utilize the Premises as permitted and contemplated by this Lease. Any improvements made by Lessee during this Lease shall become the property of Lessor upon the expiration or termination of this Lease. Lessee waives any right to remove or receive payment for such improvements. This provision excludes Lessee's trade fixtures, furniture, and personal property not permanently affixed to the Premises, which Lessee shall remove prior to lease end, repairing any resulting damage. Any personal property not removed shall, at Lessor's option, become Lessor's property or be disposed of at Lessee's expense.

7. REPAIR AND MAINTENANCE

During the term of this Lease, including both the Initial Term and any extension thereof, the Lessee shall be responsible for all repairs and all maintenance of the Premises.

Lessor shall provide maintenance and repairs to the parking lot area, including snow removal.

8. UTILITIES AND SERVICES

The Lessor shall provide sewer and water connections and the Lessee shall be solely responsible for payment of all utilities and services furnished to, or used by the Lessee at the Premises, including without limitations, gas, electricity, water, sewer, telephone, cable, janitorial service, waste refuse and all pertinent taxes, levies, connection charges, fees, and surcharges, if applicable.

9. ALTERATIONS AND REPAIRS

The Lessee acknowledges that it accepts the Premises in an "as-is" condition and agrees to make no demands upon the Lessor for any alterations or improvements, unless agreed to by the Lessor. The Lessee shall have the right to make alterations or improvements only upon receipt of written approval thereof from the Lessor, which will not be unreasonably denied.

10. TAXES

The Lessee shall pay prior, to delinquency, all taxes and assessments which may be levied upon or assessed against the Premises and all taxes and assessments of every kind and nature whatsoever arising in any way from the use, occupancy or possession of the Premises or assessed against the improvements situated thereon, together with all taxes levied upon or assessed against Lessee's

Property. To that end, the Lessor shall not be required to pay any taxes or assessments whatsoever which relate to or may be assessed against this Lease, the Premises, improvements and Lessee's Property. The Lessee may, at its option, contest in good faith and by appropriate and timely legal proceedings any such tax and assessment; provided, however, that the Lessee shall indemnify and hold harmless the Lessor from any loss or damage resulting from any such contest, and all expenses of same (including, without limitation, all attorneys' fees, court and other costs) are paid solely by the Lessee.

11. INDEMNIFICATION

The Lessee agrees to indemnify and hold harmless the Lessor, its agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with Lessee's operations, or its services hereunder, including any workers' compensation suits, liability, or expense, arising from or connected with services performed on behalf of the Lessee by any person pursuant to this Lease.

12. INSURANCE

The Lessee shall keep and maintain proof of general liability insurance with a company authorized to do business within the State of Idaho, insuring the public against any loss or damage which may result to any person or persons, or any damage to property, arising from their use, operation or occupancy of the Premises. A Certificate of Insurance shall be provided to the Lessor and the Lessor shall be named as Additional Insured. Such policy of insurance shall, at all times be kept in full force and effect during the term of this Lease. The insurance policy shall provide liability insurance of not less than One Million Dollars (\$1,000,000), per occurrence and \$2,000,000 in the aggregate. The Lessee specifically acknowledges that the Lessor does not maintain and shall not maintain any fire, casualty, hazard, or liability insurance whatsoever to protect the property of the Lessee.

The Lessee shall further provide to Lessor proof of workers' compensation coverage as applicable, in amounts required by state statute and shall be kept in full force and effect during the term of this Lease.

13. FAILURE TO PROCURE INSURANCE

Failure on the part of the Lessee to procure or maintain required insurance shall constitute a material breach of this Lease upon which the Lessor may immediately terminate this Lease or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by the Lessor shall be repaid by the Lessee to the Lessor upon demand, or the Lessor may offset the cost of the premiums against any monies due to the Lessee from the Lessor.

14. DEFAULT

The Lessee agrees that if a default is made in any of the covenants and agreements herein contained to be kept by the Lessee, the Lessor may forthwith revoke and terminate this Lease.

15. ASSIGNMENT

This Lease is personal to the Lessee, and in the event the Lessee shall attempt to assign or transfer the same in whole or part, all rights hereunder shall immediately cease and come to an end.

16. OPERATIONAL RESPONSIBILITIES

During the term of this Lease, including both the Initial Term and any extension thereof, the Lessee shall:

- (a) Use the Premises for the purpose of operating a museum;
- (b) Comply with the terms and conditions set forth in this Lease;
- (c) Comply with and abide by all applicable rules and regulations required by the Lessor;
- (d) Comply with all applicable local, state and federal ordinances, laws and regulations and, in the course thereof, obtain and keep in effect all permits and licenses required to conduct the authorized activities on the Premises;
- (e) Maintain the Premises in a clean and sanitary condition;
- (f) Assume the risk of loss, damage or destruction due to theft, fire and casualty of any and all fixtures and personal property belonging to the Lessee that are installed or placed upon or within the Premises;
- (g) Repair any and all damage to the Premises caused by or arising out of the Lessee's use of the Premises;
- (h) Permit the Lessor and/or its authorized representatives to enter the Premises at any time during business hours for the purpose of determining whether the Lessee is in compliance with the terms and conditions of this Lease;

17. NOTICES

Notices desired or required to be given by this Lease or by any law now or hereafter in effect may be given by personal service or by enclosing the same in a sealed envelope addressed to the party for whom intended and by depositing such envelope with postage prepaid in the United States Post Office or any substation thereof, or any public letter box, and any such notice and the envelope containing the same shall be addressed to Lessee as follows:

City of Sandpoint
City Clerk
1123 Lake Street
Sandpoint, Idaho 83864

or such other place as may hereinafter be designated in writing by the Lessee and the notices and envelopes containing the same to Lessor shall be addressed to:

Bonner County Historical Society

611 S. Ella Street
Sandpoint, Idaho 83864
Attn: Executive Director

18. WARRANT OF AUTHORITY

Each of the undersigned signatories for the Lessee hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessor from all damages, costs, and expenses, which result from a breach of this material representation.

19. TERMINATION OF LEASE

Lessee may terminate this Agreement with (90) days written notice to Lessor. Rent paid will not be prorated and Lessee will receive no refund of rent paid under Section 5.

Lessor may terminate this Agreement if Lessee is in breach of any portion of this Agreement. Lessee will be provided written notice of any breach or default and Lessee shall have 30 days to rectify said breach or default. If Lessee does not rectify the breach within the 30 days, Lessor may terminate and Lessee shall have 30 days to vacate Premises.

In the event of termination by Lessor due to Lessee's default, all improvements made by Lessee shall immediately become the property of Lessor without compensation to Lessee, consistent with Section 6 of this Lease.

Termination of this Lease for any reason whatsoever shall not release either party from liability or obligation hereunder resulting from an event which may have occurred before such termination, or thereafter in case by the terms of this Lease it is provided that certain things shall or may have to be done after such termination (including, but not limited to, removal of fixtures and equipment placed on the Premises by the Lessee).

20. DISPUTE RESOLUTION

Prior to initiating any lawsuit or legal proceeding arising from or relating to this Lease, the parties agree to participate in good faith in at least one (1) mediation session conducted by a mutually agreed upon mediator. The parties shall share equally in the cost of mediation. This requirement shall not apply where immediate injunctive relief is necessary to prevent irreparable harm. This provision shall survive the termination of this Lease.

21. OPPORTUNITY FOR REVIEW AND CONSTRUCTION

The parties acknowledge that they have each had the opportunity to have this Lease reviewed by independent legal counsel of their choosing prior to execution. This Lease is the product of negotiation between the parties, and shall not be interpreted more strictly against one party than against the other merely because it may have been prepared by one of the parties or their counsel. Both Lessor and Lessee hereby waive the application of any rule of law that would otherwise interpret this Lease against the party who drafted it.

22. SEVERABILITY

If any term, provision, covenant, or condition of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated. The parties agree that each term and provision of this Lease is material and that they have been negotiated in good faith. In the event any portion of this Lease is found to be unenforceable, the parties agree to negotiate in good faith to reach an agreement as close as possible to the invalidated provision.

23. INCORPORATION OF RECITALS AND ATTACHMENTS

The recitals set forth at the beginning of this Lease and all attachments referenced herein (Attachments No. 1, 2, and 3) are hereby incorporated into and made an integral part of this Lease by this reference, and the parties hereby acknowledge the accuracy thereof. The parties agree that such recitals and attachments shall be binding upon the parties with the same force and effect as the other provisions of this Lease. In the event of any inconsistency between the terms in the main body of this Lease and the attachments, the terms of the main body of this Lease shall control.

24. LIENS

The Lessee shall have no power to do any act or make any contract which may be created or be the foundation for any lien, mortgage or other encumbrance upon the Premises or in the buildings or improvements thereon; it being agreed that should the Lessee cause any alterations, rebuilding, replacements, changes, additions, improvements, or repairs to be made to the Premises, or labor performed or material furnished therein, thereon or thereto, neither the Lessor nor the Premises under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished, but all such alterations, rebuilding, replacements, changes, additions, improvements, and repairs, and labor and material, shall be made, furnished and performed at the Lessee's expense, and the Lessee shall be solely and wholly responsible to the contractors, laborers and material men furnishing and performing such labor and material.

If, because of any act or omission (or alleged act or omission) of the Lessee, any mechanic's or other lien, charge or order for the payment of money shall be filed against the demised Premises or any buildings or improvements thereon, or against the Lessor (whether or not such lien, charge or order is valid or enforceable as such), the Lessee shall, at its own cost and expense, cause the same to be cancelled and discharged of record or bonded within ten (10) days after notice to the Lessee of the filing thereof, and the Lessee shall indemnify and save harmless the Lessor against and from all costs, expenses, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees, resulting therefrom.

25. LESSEE ADMINISTRATION OF LEASE

The Lessor and/or his or her authorized designee shall have the authority to administer the Lessor's responsibilities under this Lease in accordance with its terms.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lease, or caused it to be duly executed, as of the day, month and year first above written.

LESSOR:

CITY OF SANDPOINT, a public body, corporate and politic

By: _____
Jeremy Grimm, Mayor

ATTEST:

Melissa Ward, City Clerk

STATE OF IDAHO)
COUNTY OF BONNER) ss.

On this ____ day of _____, 2025, before me the undersigned Notary Public, personally appeared Jeremy Grimm, known or identified to me to be the Mayor of Sandpoint, Idaho, the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same on behalf of the City of Sandpoint, Idaho.

IN WITNESS WHEREOF I have hereunto set my hand and seal the day and year first Written in this certificate.

Notary Public – State of Idaho

Residing at _____

Commission Expires: _____

LESSEE:

BONNER COUNTY HISTORICAL SOCIETY, an Idaho not for profit organization

STATE OF IDAHO)
 : ss.
County of Bonner)

On this ____ day of _____, 2025, before me the undersigned Notary Public, personally appeared _____, known or identified to me to be the _____ of the Bonner County Historical Society, the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same on behalf of the Bonner County Historical Society.

IN WITNESS WHEREOF, I have set my hand and seal the day and year as above written.

Notary Public for Idaho

Residing at _____

Commission Expires: _____

Attachment No. 1
Premises Map



Attachment No. 2
Legal Description

Per Instrument No. 522945 as recorded with Bonner County on April 28, 1998

A portion of property lying in Section 27, Township 57 North, Range 2 West, Boise Meridian, City of Sandpoint, Bonner County, Idaho, more particularly described as;

Beginning at the Northwest quarter corner of Section 27, Thence N.89° 58' 36" East, 1,322.7 feet to the intersection of the centerlines of Ella Avenue and Ontario Street, Thence S. 00° 13' 34" E, 307.21 feet to the true point of beginning and the east right of way line of Ella Ave.

Thence S. 89° 55' 49" E., 296.66 feet, (N. 87° 08' 10" E, 297.50 feet, Record)

Thence S. 00° 04' 11" E., 206.06 feet, (S. 02° 51' 50" W, 206.06 feet, Record)

Thence S. 89° 55' 49" W., 297.50 feet, (N 87° 08' 10" W, 297.50 feet, Record) to the East Right of Way line of Ella Ave.

Thence Northeasterly along the East Right of Way line to the True Point of Beginning. 1.41 Acres more or less.

Attachment No. 3
Use of Premises

The Lessee shall use the Premises to meet its operational objective of utilizing Premises as an exhibit area and no permanent structures or improvements shall be made on said property. Furthermore, it is expressly understood and agreed between the Lessor and the Lessee that excluded from the leased property described below is the children's play area and building commonly referred to as the Lion's Club building located thereon; and said building and play area is excluded from use by the Lessee. The property described below (commonly known as the "exhibition area") is jointly leased to the Lion's Club. The Lion's Club and the Bonner County Historical Society should communicate to prevent any conflicts of the exhibition area. If there are any unresolved conflict/s in scheduling for the exhibition area, the Bonner County Historical Society shall have priority. The legal description of the jointly leased premises is:

Per Instrument No. 5229945 as recorded with Bonner County on April 28, 1998

A portion of property lying in Section 27, Township 57 North, Range 2 West, Boise Meridian, City of Sandpoint, Bonner County, Idaho, more particularly described as;

Beginning at eh Northwest quarter corner of Section 27, Thence N.89° 58' 36" East, 1,322.7 feet to the intersection of the centerlines of Ella Avenue and Ontario Street, Thence S. 00° 13' 34" E, 210.52 feet (S.00° 51' 50" W 210.52 feet, Record), Thence N. 89° 55' 49" E, 13.56 feet (S. 87° 08' 10" E 15 feet, Record) to the true point of beginning and the East Right of Way line of Ella Avenue.

Thence N. 89° 55' 49" E. 283.37 feet, (S. 87° 08' 10" E, 282.50 Record)

Thence S. 00° 04' 11" E. 96.69 feet, (S 02° 51' 50" W, 96.69, Record)

Thence N 89° 55' 49" W. 296.66 feet, (N 87° 08' 10" W. 296.50, Record) to the East Right of Way line of Ella Avenue

Thence Northeasterly along the East Right of Way to the True Point of Beginning. .64 Acres more or less