



Meeting Notice of the Blaine County Recreation District Board of Directors

Date: Wednesday, January 4, 2023

Time: 9:00 a.m.

Place: BCRD Conference Room

Agenda of the Regular Session of the Board of Directors

1. Public Comment
2. Review of Prior Meeting Minutes
 - a. 12/12/2022 Regular Session (ACTION ITEM)
3. Department Updates
 - a. Finance:
 - o Recommendation from Board President to approve cash disbursements for December 2022 and authorize payment of bills and payroll for January 2022 when they become due. Consideration of approval of November 2022 credit card statement of Executive Director (ACTION ITEM).
 - o Finance Report – Review and approve October 2022 financial statement (ACTION ITEM).
 - b. Development and Communications
 - c. Programs
 - d. Trails
 - e. Executive Director
4. Old Business
 - a. Strategic plan check in and review. (DISCUSSION)
 - b. Galena Lodge concessionaire contract review. (ACTION ITEM)
5. New Business:
 - a. Review and approve annual FY 2021-2022 audit as presented by Harris and Co. (ACTION ITEM)
6. Executive Session per Idaho Statute to discuss organization issues 74-206(a)

Participation Information:

Anyone needing special accommodations to participate in this meeting should contact the Blaine County Recreation District at (208) 578-2273

Remote Participation:

Topic: BCRD Regular Board Meeting

Time: Jan 4, 2023 09:00 AM Mountain Time (US and Canada)

Join Zoom Meeting

<https://us06web.zoom.us/j/81063310369?pwd=aXZTLzI2RWc2RmdkV0kxdjBZbjRFUT09>

Meeting ID: 810 6331 0369

Passcode: s0aLeW

One tap mobile

+17193594580,,81063310369#,,,,*816344# US

+12532050468,,81063310369#,,,,*816344# US

BLAINE COUNTY RECREATION DISTRICT
Minutes for the Regular Session of the Board of Directors
Monday, December 12, 2022

Group: Blaine County Recreation District Board of Directors
Date: Monday, December 12, 2022
Time: 9:00AM to 11:00AM Regular Session
Place: Community Campus – BCRD Conference Room & via Zoom

Board Members: Mary Fauth, Mark Mary, Mat Hall

Absent:

BCRD Staff: Mark Davidson, Joan Kino, Morgan Buckert, Mollie Santo, Eric Rector, Mary Rose

Public: Jim Keller

Public Session – Regular Session of the Board of Directors (9:00AM-11:00AM)

Regular Session called to order at 9:03am

Agenda of the Regular Session of the Board of Directors

1. Public Comment

No public comment.

2. Review of Prior Meeting Minutes

a. 11/02/2022 Regular Session (ACTION ITEM)

Mark Mary made a motion to approve the November 2, 2022, Regular Session minutes. Mat Hall seconded. The motion passed unanimously.

3. Department Updates

a. Finance:

- o **Recommendation from Board President to approve cash disbursements for November 2022 and authorize payment of bills and payroll for December 2022 when they become due. Consideration of approval of October 2022 credit card statement of Executive Director (ACTION ITEM).**

Mary Fauth made a recommendation to approve cash disbursements for November 2022, authorize payment of bills and payroll for December 2022 when they become due, and approve October 2022 credit card statement of Executive Director. Mat Hall seconded. The motion passed unanimously.

- o **Finance Report – Review and approve September 2022 financial statement (ACTION ITEM).**

Joan Kino reviewed the financial dashboard for September 2022. Kino stated that expenditures are behind, which is a result of timing of reporting and actual expenses. Mark Davidson commented that legal fees have exceeded our budget due to the Galena Lodge contract negotiations but should level out over the course of the fiscal year. Overall, BCRD is ahead in revenue and budget. Eric Rector spoke on budget pertaining to the Trails Department. The Quigley project is almost complete; however, we need to determine building infrastructure plans before the project is officially completed. The north valley parking lots came in under budget, however, there will be some maintenance in the years ahead. A 4-wheeler was purchased instead of a snowmobile as described in the budget; this

has been determined to be the most useful machine for our needs. BCRD purchased a maintenance truck which was over budget given the lack of available inventory. The seal coat was \$30,000 over budget and that is directly due to oil prices. Rector stated that the company we worked with had stockpiled product which saved us money compared to if they bought it at the time of the project. Rector suggested we should keep this line item in the budget for the future. Davidson spoke on the trail counters and how they work. BCRD plans to continue using trail counters to obtain better information on what is happening and how our trails are being used. He stated we are in a conversation with the University of Idaho to assist with data interpretation and when ready may help us present use patterns and possible implications. This data will help determine if changes are needed, especially in relation to wildlife impacted by recreation. There were no questions on the finance report. Mat Hall made a motion to approve the September 2022 financial statement. Mark Mary seconded. The motion passed unanimously.

b. Development and Communications

Please see the written report.

c. Programs

Please see the written report.

d. Trails

Please see the written report.

e. Executive Director

Please see the written report.

4. Old Business

a. Galena Lodge concessionaire update. (DISCUSSION)

Mark Davidson provided an update on the concessionaire. The contract is almost finalized. There are a few items in the operating agreement that are still being discussed. The operating agreement spells out maintenance schedules and who is responsible. Davidson is planning to deliver a final contract to the Board at the January meeting Board to approval. Mary Fauth asked what the contract term is and if the operating agreement can be reviewed every year. Davidson confirmed that the contract is for 5 years, and the operating agreement will be reviewed and confirmed every year. Rector stated there will be a meeting every 6-months to plan for the season ahead.

b. Strategic Plan check in and review. (DISCUSSION)

Discussion has been pushed back to the next meeting to line up with end of the quarter.

c. New website update. (DISCUSSION)

Morgan Buckert provided an update on the new website. We are in the final stages of the website, with a launch date of January 4th. The new website will have consolidated dropdowns and Traillink will get a new frame. There are discussions to work with a company to implement live tracking of our Nordic grooming as part of the Traillink rebuild. There is a link for the whole website to be in Spanish. The website will

automatically update and has the option to manually update when necessary. Mat Hall reviewed the strategic plan; a big part of the plan is to incorporate more members of our community. Offering the website in Spanish is a large part of accomplishing that goal.

5. New Business:

a. Approval of Net Asset Activity as of 9/30/22 & Designation of Unassigned Fund Balance for end of FY21-22 (ACTION ITEM)

Joan Kino spoke on Net Asset Activity report as of September 30, 2022. Kino stated that the worksheet has last fiscal year and current fiscal year's data. The fees BCRD owes the Forest Service are not included in the report due to the Forest Service not providing us with an invoice reflecting fees owed for our SNRA special use permit, as a result the bottom-line number will decrease by approximately \$34,000. The final audit report will reflect this fund balance in the report. As always, any restricted funding will remain committed to specific aspects of our work, examples include the Wood River Trail, Quigley Trails Park, Galena and North Valley Trails. Kino recommended the board place net income from previous year into the Committed Funds category for future capital improvements. Mat Hall asked if there are downsides to raising money as committed. Kino replied that the Board can take action to change this amount at any time during the year. Davidson remarked that raising funds allows BCRD to allocated and support future capital projects as the Board considers necessary. Mat Hall made a motion to approve net asset report dated September 30, 2022. Mark Mary seconded. The motion passed unanimously.

Mark Mary made a motion to adjourn Regular Session meeting at 10:25am. Mat Hall seconded. The motion passed unanimously.

6. Executive Session per Idaho Statute to discuss organization issues 74-206(a)

Mary Fauth made a motion to adjourn the Executive Session meeting at 10:44am. Mark Mary seconded. The motion passed unanimously.

Attest:

BCRD Board President

Mark Davidson, BCRD Executive Director

BCRD Financial Dashboard Summary
Financial Review Period - October 2022

Legend

	Behind plan or trend
	Close to plan or trend
	Ahead of plan or trend

Total BCRD Income Statement Oct-22	MTD to Budget		YTD to Budget		Year on Year	
	Variance	Status	Variance	Status	Variance	Status
Total Revenue			144,777		-11,805	
COGS	See	YTD	-12,510		0	
Operating Expenses			-63,398		23,912	
Capital Expenditures			-352,767		-11,739	
Net income			573,451		-23,978	

Total BCRD Income Statement Categories Oct-22	MTD to Budget		YTD to Budget		Year on Year	
	Variance	Status	Variance	Status	Variance	Status
Property Tax			-37		-240	
Program Fees + Passes	See	YTD	-1,290		177	
Fundraising			124,525		-28,169	
Other Revenue			13,050		8,670	
Total Revenue			8,529		7,757	
Total Revenue	0		144,777		-11,805	
Cost of Goods Sold			-12,510		0	
Wages & Benefits			-27,322		13,271	
Marketing			-4,504		2,701	
Repair & Maintenance	See	YTD	24		2,668	
Consulting/Legal			-1,435		425	
Rent			-299		124	
Supplies			-3,797		269	
Utilities			-1,036		-1,330	
Other			-25,030		5,784	
Capex			-352,767		-11,739	
Total Expenses	0		-428,675		12,173	

Key Metrics Oct-22	MTD to Budget		YTD to Budget		Year on Year	
	Variance	Status	Variance	Status	Variance	Status
League fees			-1,633		-1,633	
Aquatics fees			0		0	
Aquatics passes			0		0	
Fitworks passes			1,492		850	
Fitworks classes	See	YTD	-65		264	
NVT Season passes			123,033		-29,019	
NVT day passes			0		0	
Rental Revenue			200		-575	
Operational Fundraising			13,050		8,670	
Earmarked Fundraising			0		0	
Gas			-57		80	

Net Income by Major Department Oct-22	MTD to Budget		YTD to Budget		Year on Year	
	Variance	Status	Variance	Status	Variance	Status
Tax Related Recreation			72,885		-7,784	
G&A			56,393		15,605	
BCRD@CC (Programs)	See	YTD	8,946		-16,615	
Aquatics			503		-1,009	
Tax Trails (WRT)			7,044		-5,765	
GNVT			500,566		-16,194	

Total BCRD Income Statement Nov-22 Preliminary and Normalized	MTD to Budget		YTD to Budget		Year on Year	
	Variance	Status	Variance	Status	Variance	Status
Total Revenue	142,488		287,265		151,692	
COGS	0		-12,510		0	
Operating Expenses	-25,534		-88,932		59,714	
Capital Expenditures	54,840		-297,927		31,263	
Net income	113,182		686,634		60,715	
Net Income Normalized						

Blaine County Recreation District

Balance Sheet

As of October 31, 2022

	<u>Oct 31, 22</u>
ASSETS	
Current Assets	
Checking/Savings	
0105 · Mountain West Bank-Checking	55,823.55
0110 · Mountain West-Imprest	558.98
0115 · Petty Cash	100.00
0120 · Cash On Hand	200.00
0140 · Savings-General Fund #980	1,613,645.05
0145 · Savings - WRT Fund #3178	384,824.17
0150 · Savings-Galena #1396	1,800,218.90
0160 · Savings-Harriman Trail #2273	176,367.33
0170 · Diversified Fund	403,241.67
0180 · Mtn West Bank-FLEX Acct	25,658.21
Total Checking/Savings	<u>4,460,637.86</u>
Accounts Receivable	
0205 · Accounts Receivable	3,886.83
0208 · Altru Credit Card Receivable	75,105.51
Total Accounts Receivable	<u>78,992.34</u>
Other Current Assets	
1499 · Undeposited Funds	576.09
Total Other Current Assets	<u>576.09</u>
Total Current Assets	<u>4,540,206.29</u>
Fixed Assets	
1110 · Property/Equip-Rec Dist	133,444.39
1120 · Property/Fixtures-Rec Dist	123,593.10
1130 · Aquatic-Property/Equipment	746,040.24
1140 · Aquatic-Furn/Fixtures	83,508.32
1150 · Aquatic-Design	54,951.06
1160 · Aquatic-Engineering	15,137.17
1170 · Aquatic-Construction	2,789,946.65
1180 · Aquatic-Landscape	36,703.72
1190 · Aquatic-Phase I	18,073.00
1220 · Storage Shed	8,207.00
1230 · Parks	128,625.94
1310 · WRT-Maintenance Equipment	2,327,392.25
1320 · WRT-Construction	6,894,536.05
1330 · WRT-Engineering	208,403.43
1340 · WRT-Land	308,258.54
1360 · Quigley Land	75,000.00
1410 · Galena Lodge	1,904,820.84
1420 · Galena Equipment	298,308.97
1510 · Community Campus Construction	666,747.00
1553 · Construction in Progress	216,647.00
1610 · HUB-Construction	183,089.00
1620 · HUB-Equipment	3,373.00
1700 · Accumulated Depreciation	-8,561,591.63
Total Fixed Assets	<u>8,663,215.04</u>
TOTAL ASSETS	<u>13,203,421.33</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · Accounts Payable	
2011 · Rent Payable	15,013.67

Blaine County Recreation District

Balance Sheet

As of October 31, 2022

	Oct 31, 22
2010 · Accounts Payable - Other	64,301.67
Total 2010 · Accounts Payable	79,315.34
Total Accounts Payable	79,315.34
Other Current Liabilities	
2110 · FICA Payable	7,414.98
2115 · Federal Withholding	3,843.00
2120 · State Withholding Tax Payable	2,749.00
2125 · SUTA Payable	117.40
2130 · PERSI Payable	9,547.93
2140 · PERSI Choice-Payable	813.69
2160 · Health Insurance Payable	711.78
2161 · AFLAC Pre-tax Payable	332.80
2162 · AFLAC (After-tax) Payable	58.24
2185 · S. V. Co. Combo Pass Payable	
2185.01 · Combo Season Pass	52,675.00
Total 2185 · S. V. Co. Combo Pass Payable	52,675.00
2200 · Sales Tax Payable	18,596.10
2323 · Advanced Revenue-NVT/ Harriman	13,646.16
2329 · Advanced Revenue-Other Programs	
2329.03 · Advanced Rev Quigley Developmnt	96,245.27
Total 2329 · Advanced Revenue-Other Programs	96,245.27
2350 · Galena Adventure Camp Scholarsh	1,167.40
Total Other Current Liabilities	207,918.75
Total Current Liabilities	287,234.09
Total Liabilities	287,234.09
Equity	
3000 · Investment in Fixed Asset	8,663,215.04
3010 · Fund Balance	3,718,307.46
3900 · Current Profit or Loss	486,629.02
Net Income	48,035.72
Total Equity	12,916,187.24
TOTAL LIABILITIES & EQUITY	13,203,421.33

Blaine County Recreation District
All BCRD Income Statement vs. Budget
 October 2022

	<u>Oct 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Property Tax				
4000 · Property Tax	1,273	1,310	-37	97%
Total Property Tax	<u>1,273</u>	<u>1,310</u>	<u>-37</u>	<u>97%</u>
Program Fees, Lessons				
4100 · Program Fees				
4100.04 · Soccer	-1,698	0	-1,698	100%
4100 · Program Fees - Other	348	500	-152	70%
Total 4100 · Program Fees	<u>-1,350</u>	<u>500</u>	<u>-1,850</u>	<u>-270%</u>
4101 · Program Fees (non-taxable)	9,125	8,500	625	107%
4350 · Lessons	0	0	0	0%
4360 · Class Fees	776	841	-65	92%
Total Program Fees, Lessons	<u>8,551</u>	<u>9,841</u>	<u>-1,290</u>	<u>87%</u>
Passes				
4305 · Combo Annual Pass	52,613	30,000	22,613	175%
4310 · Annual Passes				
4310.01 · Adult Season Pass (083)	181,361	0	181,361	100%
4310.02 · Dog Season Pass (083)	16,092	0	16,092	100%
4310.03 · Snowshoe Season Pass (083)	2,967	0	2,967	100%
4310 · Annual Passes - Other	1,039	101,475	-100,437	1%
Total 4310 · Annual Passes	<u>201,459</u>	<u>101,475</u>	<u>99,984</u>	<u>199%</u>
4320 · Day Passes	476	306	170	156%
4330 · Weekly Passes	0	0	0	0%
4335 · Month Pass	3,558	1,800	1,758	198%
Total Passes	<u>258,106</u>	<u>133,581</u>	<u>124,525</u>	<u>193%</u>
Fundraising				
4700 · Fundrasing - Nordic Pins	18,600	20,000	-1,400	93%
4710 · Fundraising-Donations				
4710.01 · Galena Donation	10,000	0	10,000	100%
4710.02 · NVT Donation	24,891	0	24,891	100%
4710 · Fundraising-Donations - Other	6,990	20,000	-13,010	35%
Total 4710 · Fundraising-Donations	<u>41,880</u>	<u>20,000</u>	<u>21,880</u>	<u>209%</u>
4711 · Fundraising-Earmarked Donations	0	0	0	0%
4720 · Fundraising-Sponsorships	0	8,000	-8,000	0%
4730 · Fundraising-Special Events	0	0	0	0%
4740 · Fundraising-Grants	570	0	570	100%
Total Fundraising	<u>61,050</u>	<u>48,000</u>	<u>13,050</u>	<u>127%</u>
Other Revenue				
4200 · Facility Rental	500	300	200	167%
4201 · Facility Rental (non-taxable)	0	0	0	0%
4210 · Equipment Rental	0	0	0	0%
4220 · Special Events	0	0	0	0%
4400 · Merchandise Sales	100	0	100	100%
4410 · Food Sales	3	0	3	100%
4500 · Miscellaneous	1,121	0	1,121	100%
4900 · Interest Income	8,070	965	7,105	836%
Total Other Revenue	<u>9,794</u>	<u>1,265</u>	<u>8,529</u>	<u>774%</u>
Total Income	<u>338,774</u>	<u>193,997</u>	<u>144,777</u>	<u>175%</u>
Cost of Goods Sold				
5010 · COS-Merchandise	0	7,500	-7,500	0%
5020 · COS-Food	0	5,010	-5,010	0%
Total COGS	<u>0</u>	<u>12,510</u>	<u>-12,510</u>	<u>0%</u>
Gross Profit	<u>338,774</u>	<u>181,487</u>	<u>157,287</u>	<u>187%</u>
Expense				
Payroll & Payroll Related				
Salaries				
6010 · Salaries	42,744	41,682	1,063	103%
6012 · Salary Vacation Leave	2,407	0	2,407	100%
Total Salaries	<u>45,151</u>	<u>41,682</u>	<u>3,470</u>	<u>108%</u>
Hourly				
6020 · Hourly Wages	40,218	56,855	-16,637	71%
6021 · Hourly Sick Leave	913	0	913	100%

Blaine County Recreation District
All BCRD Income Statement vs. Budget
October 2022

	<u>Oct 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
6022 · Hourly Vacation Leave	2,326	0	2,326	100%
6030 · Overtime	5	0	5	100%
Total Hourly	43,462	56,855	-13,393	76%
Seasonal				
6040 · Seasonal Payroll	13,814	11,305	2,509	122%
Total Seasonal	13,814	11,305	2,509	122%
Payroll Expenses				
6080 · Worker's Compensation	0	0	0	0%
6110 · FICA	6,687	8,401	-1,714	80%
6120 · SUTA	114	823	-710	14%
6130 · PERSI	10,042	12,215	-2,172	82%
6140 · Health Insurance	8,264	12,234	-3,970	68%
6141 · HSA Company Contribution	1,281	0	1,281	100%
6145 · Employee Benefits	272	304	-32	89%
Total Payroll Expenses	26,659	33,977	-7,317	78%
6050 · Bonuses	-10,000	0	-10,000	100%
6070 · Employee Relations	0	2,590	-2,590	0%
Total Payroll & Payroll Related	119,086	146,408	-27,322	81%
Marketing				
7015 · Advertising-Design	0	0	0	0%
7020 · Advertising-Production	3,172	0	3,172	100%
7025 · Advertising-Distribution	0	213	-213	0%
7030 · Advertising-Placement	608	340	268	179%
7035 · Advertising-Other	0	0	0	0%
7040 · Advertising Web Developmen	0	0	0	0%
7222 · Fundraising Expense	1,545	300	1,245	515%
7500 · Marketing	0	7,000	-7,000	0%
7520 · Postage	0	1,094	-1,094	0%
7535 · Promotion	0	880	-880	0%
Total Marketing	5,324	9,827	-4,504	54%
Repair & Maintenance				
7410 · Repair/Maintenance - other	0	40	-40	0%
7420 · Automobiles R/M				
7421.19 · Dodge Journey - 2018	0	0	0	0%
7420 · Automobiles R/M - Other	0	190	-190	0%
Total 7420 · Automobiles R/M	0	190	-190	0%
7430 · Buildings Repair/Maint	55	375	-320	15%
7440 · Equipment R/M	0	1,170	-1,170	0%
7450 · Grooming Equipment R/M				
7451.10 · 2012 PB100 WRT-Lake Creek-(083)	27	0	27	100%
7450 · Grooming Equipment R/M - Other	767	0	767	100%
Total 7450 · Grooming Equipment R/M	794	0	794	100%
7460 · Path Field Grounds Repair/Maint	1,950	1,000	950	195%
7470 · Snowmobiles Repair/Maint	0	0	0	0%
Total Repair & Maintenance	2,799	2,775	24	101%
Consulting / Legal				
7400 · Legal Fees	425	425	0	100%
7530 · Professional & Consulting Fees	0	1,435	-1,435	0%
Total Consulting / Legal	425	1,860	-1,435	23%
Rent				
7620 · Property Rent	19,344	19,643	-299	98%
Total Rent	19,344	19,643	-299	98%
Supplies				
7097 · Computer Supplies	0	325	-325	0%
7510 · Office Supplies	0	650	-650	0%
7511 · Operating Supplies	0	560	-560	0%
7845 · Supplies - other	288	2,550	-2,262	11%
Total Supplies	288	4,085	-3,797	7%
Utilities				
7810 · Sanitation	0	690	-690	0%
7910 · Electric	0	400	-400	0%
7915 · Natural Gas	0	10	-10	0%
7920 · Water	75	300	-225	25%

Blaine County Recreation District
All BCRD Income Statement vs. Budget
October 2022

	<u>Oct 22</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7925 · Cable TV	94	94	0	100%
7930 · Internet Connection	289	0	289	100%
Total Utilities	458	1,494	-1,036	31%
Other Miscellaneous				
7005 · Accounting & Auditing Fees	0	0	0	0%
7050 · Allocated Expenses	0	0	0	0%
7055 · Amenities	0	2,000	-2,000	0%
7060 · Automobile	0	10	-10	0%
7085 · Cellular & Satellite Phones	0	170	-170	0%
7090 · Chemicals	0	0	0	0%
7095 · Computer Services	9,181	19,630	-10,449	47%
7096 · Computer Software	314	603	-289	52%
7099 · Computer Hardware	0	7,950	-7,950	0%
7105 · Credit Card Fees	10,342	5,333	5,009	194%
7200 · Dues	0	185	-185	0%
7205 · Entertainment & Meals	0	395	-395	0%
7209 · Equipment Purchase	0	12,575	-12,575	0%
7223 · Furniture & Fixtures	0	400	-400	0%
7225 · Gasoline, Diesel & Motor Oil	653	710	-57	92%
7230 · Insurance	17,315	17,324	-9	100%
7250 · Janitorial Services	0	0	0	0%
7255 · Laundry	0	0	0	0%
7310 · Automobile Lease	0	0	0	0%
7330 · Equipment Lease	60	0	60	100%
7390 · Other	0	0	0	0%
7405 · Licenses & Permits	0	0	0	0%
7505 · Miscellaneous Exp	0	35	-35	0%
7525 · Printing	0	0	0	0%
7610 · Equipment Rent	0	0	0	0%
7630 · Other Rent	116	116	0	100%
7815 · Security	102	0	102	100%
7823 · Signs	0	0	0	0%
7825 · Small Tools and Parts	0	100	-100	0%
7840 · Subscriptions	0	500	-500	0%
7850 · Telephone	48	0	48	100%
7855 · Training	0	1,550	-1,550	0%
7860 · Travel	0	625	-625	0%
7865 · Uniforms	7,650	600	7,050	1275%
Total Other Miscellaneous	45,781	70,810	-25,030	65%
Total Expense	193,504	256,902	-63,398	75%
Net Ordinary Income	145,269	-75,415	220,685	-193%
Other Income/Expense				
Other Expense				
9010 · Capital Expenditures	97,233	450,000	-352,767	22%
Total Other Expense	97,233	450,000	-352,767	22%
Net Other Income	-97,233	-450,000	352,767	22%
Net Income	48,036	-525,415	573,451	-9%

Development and Communications

Gifts of Note:

\$1000 Carl Bontrager and Kathy Lynn
\$1000 Elaine and John French
\$2000 Thomas Wall IV
\$2500 SK2 Fund
\$5000 Wendy and Jim Drasdo
\$2000 Richard Smooke
\$1000 Diana and Mallory Walker
\$1500 Vaughan W. Brown Family Foundation
\$7500 Bill and Mindy Bush
\$35,000 Anonymous
\$1000 Erick and Heidi Younger
\$50,000 Heinz Family Foundation
\$1000 Laine and Claudia Meyer
\$1000 Megan and Justin Stevenson
\$7500 Michelle and Tom Praggastis
\$3000 Jay Graham and Eileen Hansen
\$1000 Sirius Fund
\$1000 Rick and Candace Emsiek
\$6000 Michael Mars
\$10,000 Joan Leidy Foundation
\$5,000 Winn Foundation

Year-end fundraising is a tiny bit ahead of last year and gifts should come in for about a month.

The new website is almost complete—Sara and I are editing and we plan to launch January 4. We're waiting until after the holidays to make sure there aren't any problems with Trailink like we had on Thanksgiving and Christmas a few years ago.

Toast the Season will be Thursday, January 26, at the Limelight Hotel. This event will be first come, first serve with cocktails and hors d'oeuvres with a small program thanking Erin and Don for their service. Invitations went out January 3 to Nordic season pass holders and the event will be capped at 200 people.

The first Ski Free Day was Saturday, December 10.

Other Free Ski Days are

January 8

February 25

March 22

Ski the Rails February 11

Wood River Trail Challenge January 27-February 24

Hispanic Ski and Snowshoe Day February 5

StoryWalk February 16-27

Programs

Adult Recreation:

There are several opportunities for adult recreation this January. We are currently running adult 3 v 3 basketball, adult futsal, and high school futsal leagues. Starting in January, we have session two of our adult pickleball league, and our 4, 4-week Nordic clinics at Quigley. We have added open gym time for volleyball and lacrosse to the schedule.

Youth Sports:

The BCRD has a volleyball clinic for youth players starting January 2nd. This camp will run for three weeks and is open to K-6 players. Youth Basketball starts January 23rd. The youth basketball season will run for 8 weeks, with practices in Bellevue, Hailey, and Ketchum. Registration numbers are excellent, and the addition of Hemmingway, has been very successful.

HUB:

The HUB will be expanding the roster post-Christmas break. We are planning to add 5-10 more children from our waitlist.

Trails

The Atmospheric River (rain/snow mix) keeps it exciting to say the least. The snowpack handled it well and we now have a solid BASE.

WRT-

Full winter now groomed for skate and classic, plowing parking lots etc.

Quigley-

Full winter now groomed for skate and classic, classic only, sledding hill, the new parking lot is working well. We tested the drains which seemed to work well. We had some avalanche activity in the water tank canyon. No impact to the trail system but the transformer for the tank itself has been damaged. I'm working with the city and Idaho power to fix this in the days to come.

Lake Creek-

Full winter operations groomed for both skate and classic 4 days a week.

NVT/Galena-

Full winter now groomed for skate and classic, Plowing parking lots, etc. Ice dam at Prairie Creek but should be sorted out soon.

Galena seems busy. Waiting for a replacement pump for the septic system, should be here soon.

Shop-

Had a few issues with the cats but nothing out of the ordinary for winter operations. Waiting on some parts. Back to full strength by the weekend hopefully.

Executive Director

We have had a busy month as we are seeing use of our facilities steadily increase and trail use remains high as always. The staff have worked hard to stay on top of the workload and continue to deliver services to the community. I have been making numerous calls to our supporters thanking them for their support. All those I talk to share how much they appreciate the BCRD, how much we do for the community overall, and their love for the trails. Negotiations with Kyle and Chelan, the next Galena Lodge concessionaires, have been completed, which will be presented to the Board. We are working with the SNRA to work out an agreement to assist in snow

removal of the parking area at the SNRA headquarters due to an expiring contract they have not been able to renew. We will complete this arrangement by the beginning of 2023. We are all gearing up for a fast start to 2023. In addition to our normal operations we have numerous program launches, updates to internal operating systems, and are starting to look at some major planning around future growth opportunities.

LEASE AGREEMENT

This Lease Agreement (“*Agreement*”) is made and entered into on _____, 2023, by and among the Blaine County Recreation District, an Idaho recreation district (“*BCRD*”), Paulmeyer LLC, an Idaho limited liability company (“*Lessee*”), and Kyle Oldemeyer and Chelan Pauly, the sole members of Lessee (individually, each a “*Principal*” and collectively, the “*Principals*”). BCRD, Lessee and the Principals may be referred to herein individually as a “*Party*” and collectively as the “*Parties*”.

Recitals

A. BCRD is the owner of certain fixtures, equipment, furnishings, buildings, improvements, memorabilia, photos and other historical items used in the business known as Galena Lodge and Cabins, and other tangible property, as more particularly set forth on Exhibit A attached hereto (collectively, the “*Property*”). “*Property*” as used in this Agreement shall also include any additional items or tangible property purchased or obtained by BCRD after the date hereof for use in the operation of the Concession (as hereinafter defined) and any improvements to the Property or Premises (as hereinafter defined) made by BCRD after the date hereof. BCRD also possesses certain rights to the names “Galena Lodge” and “Galena Lodge and Cabins”.

B. BCRD is the holder of (i) that certain Ski Area Term Special Use Permit issued by the United States Forest Service (“*USFS*”) for the purpose of operating and maintaining a winter sports resort serving as a headquarters for Nordic skiing activities and other year-round recreation activities, including, but not limited to, food service, lodging, retail sales, equipment rentals, Nordic ski school, certain ski trails and other ancillary facilities, known as the Galena Lodge and North Valley Trails ski area (the “*Ski Area Permit*”), and (ii) that certain Special Use Permit for Outfitting and Guiding issued by USFS for the purpose of outfitted and guided mountain biking (the “*Outfitting Permit*” and, together with the Ski Area Permit, the “*Permits*”), copies of which are attached hereto as Exhibit B. The permit areas described in the Permits on which the Property is located and the related recreational trail system generally associated with such areas and referred to as the Galena Lodge trails are referred to herein as the “*Premises*”.

C. BCRD desires to lease the Property to Lessee and Lessee desires to lease the Property from BCRD, in each case in accordance with the terms of this Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein, the mutual promises made in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Lease of Property. Effective May 1, 2023, subject to the terms and conditions of this Agreement, BCRD leases the Property to Lessee and Lessee leases the Property from BCRD. Lessee understands and acknowledges that this Agreement is for the lease of the tangible property comprising the Property and does not convey any real property interest.

2. Grant of License. Effective May 1, 2023, BCRD grants to Lessee a non-exclusive, non-transferable, non-sublicensable right and license to use the names “Galena Lodge” and “Galena Lodge and Cabins” (the “*Licensed Property*”), in each case during the term of this Agreement and solely for the purpose and in connection with operating an authorized concession consistent with the terms and conditions of this Agreement, the Permits and the operating plan attached hereto as Exhibit C, as such plan may be amended from time to time (the “*Operating Plan*”). Lessee shall not disparage, dilute or adversely affect the validity or goodwill associated with the Licensed Property. At all times, BCRD shall retain exclusive

ownership of the Licensed Property and all intellectual property and other rights associated with the Licensed Property, including, but not limited to, the domain name “galenalodge.com.”

3. Operating Plan. The Operating Plan sets forth the terms and conditions for the operation by Lessee of an authorized concession on the Premises using the Property (the “*Concession*”), including, without limitation, a description of the services offered by the Concession, including any services provided in conjunction with the Trail Rides Outfitter (as hereinafter defined), the days and hours of operation, peak periods of activity, the Parties’ respective obligations with respect to snow removal and trail grooming, and the amount and timing of ski pass sales commissions. The Parties agree to meet at least twice a year, once after the close of the summer season and again after the close of the winter season, on such days and at such times as the Parties may mutually agree, for the purpose of evaluating the Operating Plan and any changes that may be necessary or advisable or otherwise requested by a Party, and at such other times as otherwise may be required or necessary for BCRD to timely submit its annual operating plan to the USFS as required under the Permits. Any amendment to the Operating Plan shall be in writing and mutually agreed upon and signed by the Parties and shall be attached hereto as Exhibit C and made a part of this Agreement. Unless and until any proposed amendment to the Operating Plan is mutually agreed upon and signed by the Parties, the then existing Operating Plan shall remain in effect and govern the operation of the Concession.

4. Use of the Premises and Property.

a. Authorized Use. Lessee shall not use or permit the use of the Premises or the Property for any purpose other than as described in the Operating Plan without the prior written consent of BCRD. Lessee shall obtain, at Lessee’s sole cost and expense, any and all additional permits and licenses for the operation of the Concession consistent with this Agreement, the Operating Plan and the Permits, including any Idaho outfitters licenses that may be required of Lessee, the Principals or Lessee’s employees pursuant to Idaho Code 36-2101 et seq. Notwithstanding the foregoing, to the extent Lessee, the Principals or Lessee’s employees are required to obtain one or more outfitters licenses, such licenses shall only be obtained by Lessee in its capacity as Lessee (or Principals or employees of Lessee) under this Agreement with respect to any territory covered by the Outfitting Permit and in the event of a breach of this provision, BCRD shall be entitled to injunctive or other appropriate relief.

b. Non-Exclusive Use of Premises.

i. Lessee acknowledges and understands that under the terms of the Permits, the USFS has the right to access and enter upon the Premises for inspections and otherwise for such purposes as described in the Permits and to allow others to use the Premises in any way not inconsistent with the BCRD’s rights and privileges under the Permits.

ii. Lessee acknowledges and understands that BCRD reserves the right at all reasonable times to inspect the Property from time to time and to access and enter upon the Premises for the purpose of inspecting the Concession and its operations, performing its obligations under this Agreement, the Operating Plan and the Permits, making alterations or additions to any portion of the Property or Premises, posting and keeping posted notices of non-responsibility for construction, alteration or repair, as required or permitted by any law or ordinance, and otherwise as the BCRD shall determine from time to time consistent with its rights, privileges and obligations under the Permits; provided, however, BCRD will give Lessee at least forty eight (48) hours prior notice before inspecting the personal living quarters of the Principals or Lessee’s employees and provided, further, except in the case of an emergency, BCRD shall use commercially reasonable efforts to refrain from inspecting the Property and Premises pursuant to this Section 4(b)(ii) during traditional peak levels of activity at Galena Lodge unless the inspection can be completed without any unreasonable interference with Lessee’s operation of the Concession. BCRD may in the future wish to conduct additional programs, offer additional services, or

hold events within the Premises and consistent with the Permits or enter into agreements with third parties to provide such programs, services or events. If the BCRD wishes to provide any such programs, services or events, directly or indirectly, BCRD shall provide prior notice to Lessee and BCRD and Lessee shall work together in good faith to develop such programs, services or events in a manner that is mutually agreeable to the Parties and reduces any potential adverse effects on Lessee and its operation of the Concession.

iii. Lessee acknowledges and understands that there is a Special Use Permit issued by the USFS to a third party trail rides operation (the “*Trail Rides Outfitter*”) for the purpose of operating a trail rides business on a portion of the Premises, a copy of which is attached hereto as Exhibit D (the “*Trail Rides Permit*”). It shall be the sole responsibility of the Lessee, subject to the terms and conditions of the Permits and Trail Rides Permit, to establish and manage the day-to-day relationship, if any, between the Lessee and Trail Rides Outfitter.

iv. Lessee acknowledges and understands that the Concession and the Premises are public facilities on federal lands and except as otherwise permitted by this Agreement, the Permits or the Operating Plan, shall remain open to the public at all times for all lawful purposes.

c. Non-Discrimination. Lessee shall, during the term of this Agreement, in connection with the operation of the Concession and use of the Property and Premises, not discriminate against any person on the basis of race, color, religion, sex, national origin, age, or disability or by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally. In addition, Lessee and its employees shall comply with the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, as amended, and the Age Discrimination Act of 1975, as amended. Signs setting forth this policy of nondiscrimination to be furnished by the USFS pursuant to the Permits shall be conspicuously displayed at the public entrance to Property and at other exterior and interior locations on the Property and the Premises as may be directed by the USFS. Lessee acknowledges that USFS shall have the right to enforce the foregoing nondiscrimination provisions by suit for specific performance or by any other available remedy under the laws of the United States and of the state of Idaho.

d. Sale of Liquor by the Drink, Beer and Wine. Subject to and contingent upon Lessee obtaining and complying fully with all licenses required by the state of Idaho, Blaine County or others, for the sale by Lessee of liquor by the drink, beer and/or wine within the Premises, obtaining any other consents that may be required, including that of the USFS, and complying with the terms of this Agreement, the Permits, the Operating Plan, and all applicable laws, BCRD consents to the sale by Lessee of liquor by the drink, beer and wine upon the Premises. If at any time during the term of this Agreement Lessee ceases to comply with the foregoing, BCRD’s consent shall be deemed automatically revoked. Lessee acknowledges and understands USFS may revoke the privilege to sell liquor by the drink, beer and/or wine within the Premises in accordance with the terms of the Permits.

e. Compliance with Laws, Permits and Operating Plan. At all times during the term of this Agreement, in connection with the operation of the Concession and use of the Property and Premises, Lessee shall comply with all applicable laws, ordinances, regulations and rules, the terms of the Permits and the Trail Rides Permit, and the terms of this Agreement and the Operating Plan. Lessee shall not use the Property or the Premises or permit the Property or the Premises to be used in whole or in part (i) for or in connection with any offensive, noisy, or dangerous trade, business, manufacture or occupation, or any nuisance, or anything against public policy; or (ii) for any purpose or use that is in violation of any laws, ordinances, regulations or rules of any public authority at any time. Lessee further agrees to comply with all rules, orders, and regulations of the Idaho Fire Rating Bureau or similar succeeding authority, or any carrier of insurance on the Property with respect thereto. Upon an entry of judgment of any court of

competent jurisdiction or the admission by Lessee in any action or proceeding against Lessee that Lessee has violated any such laws, ordinances, regulations, orders or rules, this Agreement, the Permits, the Trail Rides Permit and/or the Operating Plan in the use of the Property or the Premises, Lessee shall promptly pay all liabilities, costs and expenses associated with any such violation by Lessee, including, without limitation, any fines, penalties, losses, damages, court costs and the reasonable attorneys' fees of the BCRD.

5. Termination. This Agreement shall terminate upon the earlier to occur of: (i) the mutual agreement of the Parties; (ii) 12:00 am Mountain time on April 30, 2028; (iii) revocation or termination of the Ski Area Permit by USFS as permitted by the terms of such Permit; or (iv) upon written notice to Lessee in the event of a default by Lessee as defined in Section 22 of this Agreement.

6. Right of First Refusal. If the BCRD determines it wishes to continue to lease the Property for the operation of the Concession on the Premises consistent with the Permits after April 30, 2028, and provided Lessee has not materially breached this Agreement, there is no existing event of default by Lessee, and, in the good faith, reasonable determination of the BCRD, Lessee has satisfactorily operated the Concession and is in sound financial condition, Lessee shall have a right of first refusal on a new lease agreement. In such event, BCRD shall provide written notice to Lessee no later than November 1, 2026 of the proposed terms of a new lease agreement and operating plan. Lessee shall have until December 31, 2026 to notify BCRD in writing whether Lessee desires to exercise its right of first refusal and accept the new lease agreement. If Lessee elects to exercise its right of first refusal, Lessee shall not be required to submit a new proposal to the BCRD nor go through the proposal approval process at the BCRD. If Lessee elects not to exercise its right of first refusal, this Agreement shall terminate in accordance with Section 5 and the BCRD may offer a lease agreement to any party it chooses.

7. Rent. For the use of the Property in accordance with the terms of this Agreement, Lessee shall pay BCRD, in lawful money of the United States, annual rent during the term of this Agreement due and payable no later than thirty (30) days after the end of each calendar year. The annual rent due to BCRD from Lessee shall be as follows: (i) for each calendar year ending December 31, 2023, 2024 and 2025, Lessee shall pay to BCRD an amount equal to three percent (3%) of Lessee's gross revenues from the operation of its business and the Concession ("**Total Gross Revenues**") for such year; provided, however, in no event shall rent paid to BCRD by Lessee in any such calendar year exceed Thirty Thousand Dollars (\$30,000); and (ii) for each calendar year ending December 31, 2026 and thereafter, Lessee shall pay to BCRD an amount equal to three percent (3%) on Total Gross Revenues for that year of up to \$699,999.99 and five percent (5%) on Total Gross Revenues of \$700,000.00 up to \$1,000,000.00. No additional rent shall be due on Total Gross Revenues that exceed \$1,000,000 in any calendar year.

8. Lessee's Records.

a. Financial Statements. During the term of this Agreement, Lessee shall provide BCRD with quarterly income and expense statements for all business transacted by Lessee in connection with the Property, including, without limitation, the Total Gross Revenues used to calculate rent owed in accordance with Section 7 of this Agreement, and such other categories of income and expense as the Parties may mutually agree. Such statements shall be due no later than 20 days after the end of each calendar quarter (the calendar quarter ends being March 31, June 30, September 30 and December 31).

b. Additional Reports. Upon request by BCRD, Lessee shall, in a timely manner, provide BCRD such additional reports or information as BCRD may reasonably request from time to time as required in the public interest, as necessary to confirm Lessee's performance and compliance with the terms of this Agreement, the Operating Plan and/or the Permits, or which BCRD may be required to submit to the USFS in accordance with the terms of the Permits; provided however, BCRD shall use commercially reasonable efforts to refrain from seeking any such additional reports or information during traditional times

of peak activity at Galena Lodge unless reports or information requested can be provided by Lessee without any unreasonable interference with Lessee's operation of the Concession.

c. Compliance with Permits. Lessee shall fully comply with all financial, accounting and record keeping requirements set forth in the Permits which are applicable to Lessee's operation of the Concession in accordance with this Agreement and the Operating Plan.

d. Inspection of Books and Records. On not less than ten (10) days prior written notice to Lessee, BCRD, or its duly authorized agent or representative, shall have the right to inspect all books and records of Lessee at Lessee's regular place of business during Lessee's regular business hours. BCRD may not make any such request more frequently than quarterly; provided however, BCRD shall use commercially reasonable efforts to refrain from any such inspections during traditional times of peak activity at Galena Lodge unless the inspection can be completed without any unreasonable interference with Lessee's operation of the Concession.

e. Confidentiality. BCRD shall maintain the confidentiality of all records, reports and other information disclosed by Lessee pursuant to the requirements of this Agreement; provided, however, the foregoing shall not apply to information already in the public domain, to information required to be disclosed under the terms of the Permits, or to information otherwise required to be disclosed pursuant to applicable law, rules, orders, regulations or judicial process.

f. Representation and Warranty Regarding Financial Information. Lessee and each of the Principals, jointly and severally, represent and warrant to BCRD that the financial statements to be provided to BCRD in accordance with this Section 8, when provided, (i) will present fairly in all material respects the financial position of Lessee as of the dates thereof and the revenues, expenses, and results of operations of Lessee for the periods covered thereby, in each case in conformity with the past accounting practices of Lessee; and (ii) will have been prepared, in all material respects, in accordance with the books and records of Lessee.

9. Utilities and Services.

a. Lessee's Obligations. Except as otherwise provided in this Agreement or the Operating Plan, Lessee shall be responsible for and shall pay the cost of all water, propane, heat, power, telephone, cable, internet, sewage, trash collection, janitorial, landscaping maintenance and all other materials and utilities supplied to the Property and the Premises on which the Property is located during the term of this Agreement, including the cost of any such materials, services and utilities supplied to portions of the Property and/or the Premises used primarily by BCRD, its employees, agents and contractors. At the termination of this Agreement, Lessee shall, at its expense, fill the propane tanks, if any, on the Premises to the levels at the commencement of this Agreement.

b. BCRD's Obligations. BCRD shall be responsible for and shall pay the cost of all charges related to the pay telephone located at Galena Lodge, for any portable toilets placed on the Property or Premises, and for gasoline, diesel or other fuels used to operate BCRD's grooming equipment located on the Property and/or the Premises.

c. Third-Party Service Providers. If a contractor, supplier, sub-contractor or other third-party service provider performs any repairs, maintenance, improvements, additions, alterations or other work on the Property and/or the Premises, it shall be the responsibility of the contracting Party (BCRD or Lessee) to pay all charges for trash removal, janitorial, landscaping maintenance and all other materials and services for mitigating the impacts resulting from the provision of such services by such third-party service provider.

d. Party Vacating Employee Housing. The Party vacating use of any portion of the Property or Premises used primarily for employee housing (apartment and cabins) and relinquishing that portion of the Property or Premises to the other Party for use shall be responsible for performing and/or paying for all charges for trash removal, janitorial and housekeeping services necessary so that portion of the Property or Premises is in good order, condition and repair upon vacating such Property or Premises.

10. Galena Lodge Ski School. During the term of this Agreement and in accordance with the terms of this Agreement, the Operating Plan and the Permits, Lessee shall operate, as part of the Concession, the Galena Lodge Ski School, on the trails at the Premises commonly known as the Galena Lodge trails and on the trails commonly referred to as the Harriman Trail and North Valley Trails between Galena Lodge and the Sawtooth National Recreation Area Headquarters; provided however, neither BCRD nor Lessee may close such trails or any portion thereof to the public at any time to conduct programs or activities of the ski school. Lessee acknowledges and agrees BCRD shall not be required to nor shall it provide any special grooming or other work on the trails to specifically accommodate the ski school and the ski school shall have access to the trails in their AS IS condition on a day-to-day basis. Lessee may not assign or delegate the operation of the ski school, in whole or in part, to any third party without the prior written consent of BCRD. Notwithstanding the foregoing or any other provision of this Agreement, if at any time BCRD in good faith reasonably determines that Lessee's operation of the Galena Lodge Ski School does not meet appropriate standards for such operation, BCRD shall provide written notice to Lessee specifying the issue(s) with the operation of the Galena Lodge Ski School by Lessee and, to the extent curable within a thirty (30) day period, provide Lessee with an opportunity to cure such issue(s). If Lessee does not cure the issue(s) identified in BCRD's written notice within thirty (30) days from the date of such notice, BCRD may terminate Lessee's operation of the ski school and the BCRD or its designee may assume the operation of the Galena Lodge Ski School from and after the end of such thirty (30) day period.

11. Signs and Advertising. The respective responsibility of the Parties for signage at the Property and on the Premises shall be as set forth in the Operating Plan; provided, however, Lessee acknowledges and agrees Lessee may not place any signage at the Property or on the Premises without the prior written consent of BCRD, which consent shall not be unreasonably withheld but which consent shall also require the necessary approval of the USFS as set forth in the Permits. Further, BCRD shall have the right to review and require changes to any and all advertising and marketing materials of Lessee, including website and social media content, if BCRD reasonably determines any such materials adversely affect the goodwill associated with the Licensed Property, are otherwise contrary to the policies and mission of BCRD, violate any provision of the Permits or applicable law, or are otherwise defamatory, deceptive, inaccurate, or offensive, and upon request of BCRD, approve any such materials in advance.

12. Trail Maps. On or before the opening day of the respective seasons for skiing and summer activities, BCRD shall provide Lessee with trail maps of the Premises for winter and summer use. The quantity, quality, look and appearance of such trail maps shall be in the sole discretion of BCRD. If Lessee wishes to use different trail maps from those provided by BCRD, Lessee shall be solely responsible for obtaining such maps and the cost thereof; provided, however, that any trail maps used by Lessee other than those provided by BCRD shall require the prior written approval of BCRD, which approval shall not be unreasonably withheld.

13. North Valley Trails Ski Pass Sales. Lessee, during its normal business hours and during the season when the North Valley Trails are open for skiing, shall sell daily, weekly and other ski passes for the North Valley Trail system. Lessee shall remit the sales revenue from the sale of such passes to BCRD on a monthly basis. Lessee shall receive a commission from BCRD for the sale of such ski passes in an amount and at such times as set forth in the Operating Plan. Any commissions owed Lessee under this Section 13 shall be offset against rent owed to BCRD by Lessee in accordance with the Operating Plan.

14. Property and Premises in AS IS Condition. BCRD makes no warranties as to the condition of the Property or Premises and Lessee accepts the Property and Premises in their **AS IS** condition as of May 1, 2023, subject to the results of any inspections conducted prior to May 1, 2023 and any damages or repairs for which it is determined and agreed based on such inspections that Zepler World Industries, Inc., the lessee of the Property as of the date of this Agreement, or the BCRD is liable or responsible.

15. Improvements, Additions and Alterations. Any improvement, addition or alteration to the Property or Premises must have the prior written approval of BCRD, such approval not to be unreasonably withheld. Any such improvement, addition or alteration, regardless of which Party pays for same, that is permanently attached to any part of the Property or Premises or any such improvement, addition or alteration that is paid for by BCRD, shall become a part of the Property and Premises and shall immediately upon its completion be made part of this Lease by its addition to Exhibit I hereto. Any improvement, addition or alteration that is paid for by Lessee and can be removed from the Property or Premises without damage thereto shall be deemed leasehold improvements which may be removed by Lessee upon termination of this Lease and shall immediately upon its completion be annotated in this Lease by its addition to Exhibit J hereto.

16. Repairs and Maintenance.

a. BCRD's Obligations. Except for damage caused by the negligence or willful misconduct of Lessee, its agents, representatives, contractors, guests, invitees and/or employees and/or the Principals, BCRD at its sole cost and expense shall keep in good order, condition and repair (except for annual maintenance and cleaning as agreed upon by the Parties or as otherwise set forth in this Agreement and/or the Operating Plan) the foundations, exterior walls, exterior roofs, chimneys, plumbing and septic systems, electrical systems, heating, ventilation systems, sprinkler systems, and generators of the Property; provided, however, BCRD shall not be required to otherwise restore any such items to a condition better than the AS IS condition accepted by Lessee pursuant to Section 14. BCRD shall have no obligation to make any repairs under this Section 16(a) or any replacement under Section 16(b) until a reasonable time after receipt of written notice of the need for such repairs or replacement from Lessee. Except in the case of an emergency, BCRD shall use commercially reasonable efforts to perform or cause to be performed any maintenance or repairs required by this Section 16(a) or any replacement required by Section 16(b) at such times as not to unreasonably interfere with Lessee's operation of the Concession.

b. Lessee's Obligations. Subject to the provisions of Section 16(a), and except for damage caused by the negligence or willful misconduct of BCRD, its agents, representatives, contractors, and/or employees, Lessee at its sole cost and expense shall keep in good order, condition and repair all other items comprising the Property, including, without limitation, all fixtures, appliances, furniture and equipment; provided, however, that if any such items of Property are in need of replacement and necessary for the continued operation of the Concession, as mutually determined and agreed upon by the Parties, BCRD shall replace such items at its sole cost and expense unless the need for replacement is a result of Lessee's breach of its obligations in this Section 16(b) or damage caused by the negligence or willful misconduct of Lessee, its agents, representatives, contractors, guests, invitees and/or employees and/or the Principals. Lessee at its sole cost and expense shall at all times during the term of this Agreement keep and maintain the Property in a clean, sanitary and safe condition and in accordance with all applicable laws, ordinances, and regulations of any governmental authority having jurisdiction.

c. Roads and Trails. BCRD and Lessee shall conduct at least two (2) mutual inspections of the roads and trails on the Premises each year, one prior to the start of the winter season and one prior to the start of the summer season and otherwise on such days and at such times as the Parties may mutually agree. Subject to any applicable limitations set forth in the Permits and/or other limitations identified by BCRD and/or Lessee, including, but not limited to, budgetary or manpower constraints, BCRD

and Lessee shall work in good faith to develop a mutually agreeable plan for mitigating any damage or other irregularities to said roads and trails. The respective obligations of the Parties to otherwise maintain the roads and trails on the Premises shall be as set forth in the Operating Plan. BCRD shall appoint a designee to serve as liaison with Lessee for the purposes set forth in this Section 16(c).

17. Mechanics and Other Liens. Lessee covenants and agrees to keep all of the Property and Premises and every part thereof and the buildings and other improvements thereon free and clear of and from any and all mechanics, materialmen's and other liens for work or labor done, services performed, materials, appliances or power contributed, used or furnished to be used in or about the Property or Premises for or in connection with any operations of Lessee, any alteration, improvement, or additions which Lessee may make or permit or cause to be made, or any work or construction by, for or permitted by Lessee on or about the Property and Premises, and at all times promptly and fully to pay and discharge any and all claims upon which any such lien may or could be based and to save and hold the BCRD and all of the Property and Premises and the building and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. No mechanics or materialmen's liens or mortgages, deeds of trust or other liens of any character whatsoever created or suffered by Lessee shall in anyway, or to any extent, affect the interest or rights of BCRD in the Property and Premises or attach to or affect BCRD's title to or rights in the Property or Premises, and Lessee covenants to indemnify and hold BCRD harmless from any and all costs or damages arising out of any breach of this Section 17 by Lessee.

18. Indemnity.

a. Lessee covenants and agrees that BCRD shall not at any time or to any extent whatsoever be liable, responsible, or in any way accountable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by Lessee, the Principals, or Lessee's agents, representatives, contractors or employees or by any person whatsoever may at any time be using or occupying or visiting the Property or Premises or be in, on or about the same, where such loss, injury, death, or damage shall be caused by or in any way result from or arise out of any act, omission, willful misconduct, or negligence of Lessee, the Principals, or Lessee's contractors, agents, representatives, guests, invitees or employees, and Lessee shall forever, indemnify, defend, hold and save BCRD, its officers, directors, agents, representatives, contractors and employees free and harmless of, from and against any and all claims, liabilities, loss or damage whatsoever on account of any such loss, injury, death, or damage, including attorneys' fees and costs incurred in defending such claim. Lessee hereby waives all claims against BCRD for damage to goods, wares, merchandise, or other property in, upon or about the Property or Premises except as allowed pursuant to Paragraph 19.

b. BCRD covenants and agrees that Lessee shall not at any time or to any extent whatsoever be liable, responsible, or in any way accountable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by BCRD, its agents, representatives, contractors, officers, directors, or employees or by any person whatsoever may at any time be on, about, or near, any ski trails maintained by BCRD, where such loss, injury, death, or damage shall be caused by or in any way result from or arise out of any act, omission, willful misconduct or negligence of BCRD, its officers, directors, contractors, agents, representatives or employees, and BCRD shall forever, indemnify, defend, hold and save Lessee free and harmless of, from and against any and all claims, liabilities, loss or damage whatsoever on account of any such loss, injury, death, or damage, including attorneys' fees and costs incurred in defending such claim.

c. BCRD shall indemnify, defend, protect and hold harmless Lessee from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings, costs and expenses (including reasonable attorney's fees) which relate to, and are connected

with or arise out of any action or inaction purportedly occurring before May 1, 2023, except to the extent caused by the Principals as employees of the lessee of the Property before May 1, 2023.

19. Insurance.

a. Fire and All Risk Coverage of Property. BCRD shall take out and maintain at BCRD's expense fire insurance with an all risk coverage endorsement insuring the Property in an amount equal to the cost of replacement. Unless BCRD is found to be at fault, Lessee hereby waives as against BCRD any and all claims and demands, of whatsoever nature, for damages, loss or injury to Lessee's fixtures, goods, wares, equipment and merchandise and/or any personal property of the Principals or any employee of Lessee in and upon the Property or Premises, as the case may be, which shall be caused by or result from fire and/or other perils, events or happenings which are the subject of this extended coverage insurance. BCRD shall provide Lessee with certificates of insurance issued by each of the insurance companies issuing any of the policies required pursuant to the provisions of this Section 19(a).

b. Public Liability. Lessee shall take out and maintain with respect to the Property and Premises, at Lessee's expense, public liability insurance with coverage in the amounts of not less than a combined bodily injury and property damage liability limit of one million dollars (\$1,000,000) per occurrence and with a per aggregate limit of three million dollars (\$3,000,000).

c. Worker's Compensation Insurance. Lessee shall maintain, at Lessee's expense, Worker's Compensation Insurance in compliance with Idaho law.

d. Policy Provisions. All of the policies required to be maintained by Lessee pursuant to the provisions of this Section 19 shall be with companies and in policies approved by and whose form is satisfactory and acceptable to BCRD, such approval not to be unreasonably withheld. Each policy shall designate BCRD, the USFS and any other entity which BCRD shall reasonably require to be named, as additional named insured. Although named as an additional insured, BCRD shall be entitled to recover under said policies for any loss occasioned to it, its servants, agents and employees by reason of the negligence of Lessee. Lessee shall provide BCRD with certificates of insurance issued by each of the insurance companies issuing any of the policies required pursuant to the provisions of this Section 19 and said certificate shall provide that the insurance issued thereunder shall not be altered or canceled until thirty (30) days after written notice to BCRD. In the event Lessee shall fail to take out or maintain any of the insurance required pursuant to this Section 19, BCRD shall have the right to obtain said policies in a reasonable manner in forms and with companies acceptable to BCRD and to pay any premium due thereon. All public liability, property damage, and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which BCRD may carry.

20. Destruction of Property. In case of damage by fire or other casualty to the Property so extensive as to amount practically to the total destruction of the buildings comprising the Property, this Lease shall cease, and the rent shall be apportioned to the time of the damage. In all other cases where any building or improvement comprising the Property or Premises is damaged by fire or other casualty against which Lessee and/or BCRD are required to carry insurance, the insured Party shall promptly repair, replace or rebuild such building or improvement. The proceeds of any insurance policies shall be kept in an escrow account and disbursed by the insured Party during the course of work. If the amount of insurance proceeds is insufficient to pay the necessary cost of repair, replacement or rebuilding, the insured Party shall pay the additional sum required. If the amount of insurance proceeds exceeds the necessary cost of repair, replacement or rebuilding, the insured Party shall retain the excess sum. If the lands covered by the Permits should, as the result of *force majeure*, become unreasonably suited during the remaining time of the term of this Agreement to the purposes for which this Agreement was entered by the Parties, then Lessee may, in its sole discretion, terminate this Agreement and shall have no further responsibility hereunder except to

comply with the provisions of Section 24 below. The provisions of this Section 20 are subject to the Parties' indemnity obligations set forth in Section 18.

21. No Assignment or Sublease. Lessee may not assign or transfer this Agreement, whether by operation of law or otherwise, or any of its rights or obligations under this Agreement, enter into any sublease or otherwise sell or transfer the Property, or any part thereof. In addition, during the term of this Agreement, the Principals may not sell, assign, pledge, hypothecate or otherwise transfer their interest in Lessee. Any assignment, sale or transfer in violation of this Section 21 shall be null and void.

22. Default and Remedies.

a. Defaults. The occurrence of any of the following shall constitute a material breach and default of this Agreement by Lessee:

i. Any failure by Lessee to pay when due any amounts required to be paid by Lessee hereunder after ten (10) days written notice of such failure;

ii. Any failure by Lessee to observe and perform any provision of or any of its obligations under this Agreement, the Operating Plan or the Permits where such failure continues for ten (10) days after written notice thereof from BCRD; provided that if the nature of such default is such that the same cannot with due diligence be cured within said period, Lessee shall not be deemed to be in default if it shall within said period, commence such curing and thereafter diligently prosecute the same to completion; or

iii. The abandonment of the Property by Lessee.

b. Termination of Agreement and Remedies. In the event of any default by Lessee as set forth in Section 22(a), then in addition to any and all other rights and remedies available to BCRD at law or in equity, BCRD shall have the right to immediately terminate this Agreement and all rights of Lessee hereunder by giving written notice to Lessee of BCRD's election to terminate this Agreement. If BCRD shall elect to terminate this Agreement, then it may recover from Lessee any and all damages, losses, costs, including attorneys' fees, expenses and other amounts suffered or incurred by BCRD as a result of, arising out of or in connection with the breach of this Agreement by Lessee and otherwise necessary to compensate BCRD for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, including but not limited to, any costs or expenses incurred by BCRD (i) to retake possession of the Property, including reasonable attorneys' fees and costs therefor; (ii) to maintain or preserve the Property after such default and to operate or cause to be operated the Concession; (iii) to repair the Property to substantially the same condition as existed at May 1, 2023; (iv) to find a new lessee to lease the Property and operate the Concession; and (v) lost rent from the date of default until a new lessee has been, or with the exercise of reasonable efforts, could have been secured.

c. Default by BCRD. In the event of a default or breach of this Agreement by BCRD, Lessee shall be entitled to all remedies afforded by law and equity.

d. Property of Lessee. In the event of any default by Lessee, all of Lessee's fixtures, furniture, equipment, improvements, additions, alterations, and other personal property (but not including the personal property of the Principals or Lessee's employees) shall remain on the Premises and within the buildings and improvements comprising the Property and in that event, and continuing during the length of said default, BCRD shall have the right, but not the obligation, to take exclusive possession of same and to use same, rent or charge free, until all defaults are cured, or at its option, or at any time during the term of this Lease or upon the termination thereof, to require Lessee to forthwith remove same, at Lessee's sole

cost and expense. In the event of any default by Lessee, BCRD shall also have the right, but not the obligation, with or without terminating this Lease, to reenter the Premises, including the buildings and improvements comprising the Property, and remove all property and persons therefrom, and any such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Lessee.

e. Agreement Not Terminated. In the event of any default by Lessee as set forth in Section 22(a), then, in addition to any and all other rights and remedies available to BCRD at law or in equity, BCRD may elect to continue this Agreement in effect and to enforce all rights and remedies under this Agreement, including, but not limited to, the recovery of all rent and other charges and amounts as they become due under this Agreement. Although Lessee's right to possession of the Property has not been terminated upon such election by BCRD, BCRD shall have the right at any time when Lessee has abandoned the Property to preserve or maintain the Property or to attempt to re-let the Property to another person or entity. Lessee understands and acknowledges that Lessee is not a tenant with respect to real property nor does Lessee have any property rights or leasehold interest in any part of the Premises and that Lessee's ability to use the Property on the Premises is pursuant to a revocable license. Notwithstanding and without contradicting the foregoing, Lessee acknowledges and agrees that should BCRD institute an unlawful detainer action or serve any notice pursuant to the unlawful detainer statutes of Idaho and any surrender of possession pursuant to such action or notice shall not (unless BCRD elects to the contrary in writing at the time of or at time subsequent to the institution of such action or the serving of such notices and such election) be deemed a termination of this Agreement. Notwithstanding a prior election by BCRD not to terminate this Agreement, BCRD shall nevertheless have the right to terminate this Agreement at any time an event of default exists and any prior election not to terminate this Agreement is not a waiver of BCRD's right to elect to do so in the future in accordance with the provisions of this Agreement.

23. Right to Recover Expenses.

a. Lessee's Right. In the event that BCRD fails to pay for the repair or replacement of any of the Property which BCRD is required to repair or replace under the terms of this Agreement, or to provide any ski trail grooming BCRD may be required to provide under this Agreement or the Operating Plan in a timely manner, then Lessee shall have the right to pay for such repairs and/or replacements and/or trail grooming and Lessee may deduct or retain the amounts so paid out of any rents or other sums that may then be due or that may thereafter become due under this Agreement or, if no such sums are or become due, recover the cost of said repairs and/or replacements and/or trail grooming from BCRD. If BCRD's failure to pay any such expense is based upon a good faith dispute over the services or work performed, including, without limitation, whether BCRD had the obligation to pay for such services or work under this Agreement, or the amount of the bill therefor, and BCRD so notifies Lessee of the dispute within ten (10) days after written notice from Lessee of Lessee's demand for payment, Lessee shall not have the right to make the payments or any future payments unless and until the dispute has been resolved.

b. BCRD's Right. If Lessee refuses or neglects to commence within ten (10) days after written demand from BCRD any repairs or maintenance required to be performed by Lessee pursuant to the terms of this Agreement or the Operating Plan, or to adequately complete such repairs within a reasonable time thereafter, BCRD may make the repairs without liability to Lessee for any loss or damage that may occur to Lessee's business by reason thereof. Notwithstanding the foregoing, if Lessee's failure to make or perform the required repairs or maintenance may result in imminent risk of personal injury or property damage, BCRD may proceed immediately to make the repairs or perform the maintenance without notice to Lessee and without liability to Lessee for any loss or damage that may occur to Lessee's business by reason thereof. If BCRD shall make such repairs, Lessee shall pay to BCRD immediately on demand as additional rent the cost thereof with interest at the rate of 1.25% per month from the date of payment by BCRD until repaid by Lessee.

24. Obligations of Lessee on Termination or Surrender. On the last day or sooner termination of the term of this Agreement, Lessee shall quit and surrender the Property, broom clean, in good condition and repair (reasonable wear and tear, and damage by act of God excepted), together with all alterations, additions, and improvements that may have been made in, to, or on the Property, except movable furniture and unattached movable trade fixtures paid for by Lessee or otherwise owned by Lessee, which Lessee shall have the right to remove, provided Lessee repairs any damage caused by such removal. Lessee shall ascertain from BCRD within thirty (30) days before the end of the term of this Agreement whether BCRD desires to have the Property or any part of the Property restored to the condition when the Property was delivered to Lessee, and if BCRD shall so desire, then Lessee shall so restore the Property or such part of the Property before the end of the term at Lessee's sole cost and expense. On or before the end of the term, Lessee shall remove all of its property from the Property, and all property not removed shall be deemed abandoned by Lessee. If the Property is not surrendered at the end of the term, Lessee shall indemnify BCRD against loss or liability resulting from delay by Lessee in surrendering the Property, including, without limitation, any claims made by any succeeding lessee founded on the delay. In addition to the foregoing, upon termination of this Agreement, Lessee shall provide BCRD with all passwords or similar security elements necessary to access the website, social media accounts, email accounts and similar property belonging to BCRD. To the extent Lessee has filed a Certificate of Assumed Business Name with the Idaho Secretary of State to do business as Galena Lodge or similar, upon termination of this Agreement, Lessee shall promptly cancel such certificate.

25. No Partnership of Joint Venture. Nothing in this Agreement is intended, or shall be deemed, to establish a joint venture or partnership between the Parties. No Party to this Agreement shall have any express or implied right or authority to assume or create any obligations on behalf of, or in the name of, any other Party, or to bind any other Party to any contract, agreement or undertaking with any third party or otherwise.

26. Option to Purchase Assets. Upon the termination of this Agreement, BCRD shall have the option to purchase from Lessee any of the tangible assets owned and used by Lessee in the operation of the Concession by Lessee at the then fair market value of such asset. The purchase price for any such asset shall be paid in cash and title to the asset shall be conveyed by Lessee to BCRD by bill of sale; provided, however, if the assets or any of them are encumbered by liens of creditors, the transfer may not be free and clear of any encumbrances if the proceeds from the sale are insufficient to pay in full such encumbrance.

27. Guaranty by Principals. The Principals, jointly and severally, hereby guaranty to BCRD the payment by Lessee of rent in accordance with the provisions of this Agreement and the timely, full and complete performance of all other covenants and obligations of Lessee under this Agreement. This guaranty is a continuing guaranty, binding upon the Principals, their successors, heirs and legal representatives, until Lessee has fully and completely performed all of the terms and conditions of this Agreement, or any extension or modification hereof. The guaranty shall in no way be affected or diminished by reason of any extension or modification of the Agreement agreed upon by BCRD and Lessee. The Principals hereby expressly waive notice of acceptance of guaranty, presentment, protest, demand, notice of non-payment, action and non-action, and expressly consent and agree that, upon default by Lessee under this Agreement, BCRD may, at its sole discretion, proceed against Lessee or the Principals, or any one of them. In the event suit or action is brought by BCRD against the Principals on account of or in connection with this guaranty, the prevailing Party in such action shall pay to the non-prevailing Party such sum as the Court may adjudge reasonable as attorney fees incurred by the prevailing Party.

28. Participation in Permitting Process. If BCRD becomes aware of any potential changes to the Permits being considered by USFS that could reasonably be anticipated to influence Lessee's operation of the Concession, including, without limitation, any proposed changes to the number of use days, BCRD shall promptly advise Lessee of the changes being considered and BCRD and Lessee shall work together

in good faith to develop one or more mutually agreeable responses to the USFS. Notwithstanding the foregoing, in no event may Lessee contact USFS or any of its agents, representatives or employees directly to discuss any matter related to the Permits.

29. Miscellaneous Provisions.

a. Severability. If any provision of this Agreement is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction (or, if applicable, an arbitrator), the remaining provisions of this Agreement shall not be affected and shall remain in full force and effect, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained in this Agreement. Any provision of this Agreement held invalid, illegal or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid, illegal or unenforceable.

b. Attorneys' Fees. If any Party brings a suit or other proceeding against another as a result of any alleged breach or failure by another Party to fulfill or perform any covenants or obligations under this Agreement, then the prevailing Party obtaining final judgment in such action or proceeding shall be entitled to receive from the non-prevailing Party the prevailing Party's reasonable attorneys' fees incurred by reason of such action or proceeding and all costs associated with such action or proceeding incurred by the prevailing Party, including the costs of preparation and investigation. The term "prevailing Party" shall mean the Party that is entitled to recover its attorneys' fees, costs and expenses in the proceeding under applicable law or the Party designated as such by the court or arbitrator. In addition to the foregoing, in the event a Party seeks to enforce this Agreement in any respect and as a result incurs attorneys' fees, costs and expenses other than by the bringing of any suit or other proceeding against another Party, whether by written demand or otherwise, the Party seeking enforcement of the terms and conditions of this Agreement, including any indemnity obligations of a Party, shall recover from the other Party its reasonable attorneys' fees, costs and expenses incurred in connection with enforcing performance of the terms of this Agreement.

c. Governing Law. The laws of the state of Idaho (without giving effect to its conflicts of laws principles) govern all matters arising out of or relating to this Agreement and all of the transactions it contemplates, including without limitation, its validity, interpretation, construction, performance, and enforcement.

d. Construction; Interpretation. The captions and headings contained in this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof. Each Party acknowledges that such Party, after negotiation, has reviewed and revised this Agreement. The terms of this Agreement shall be fairly construed and the usual rule of construction, to the effect that any ambiguities herein should be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments, modifications or exhibits hereto.

e. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, administrators, successors, and permitted assigns of the Parties.

f. Time of the Essence. The Parties agree and acknowledge that time is of the essence of this Agreement.

g. Advice of Counsel; Legal Representation. Each Party acknowledges such Party (i) has read this Agreement; (ii) has been advised to seek independent legal counsel and has either sought such counsel or determined after full consideration to forego such counsel; (iii) has had the opportunity to have the provisions and consequences of this Agreement, including its Exhibits, fully explained by such Party's

legal counsel; and (iv) is freely and voluntarily signing this Agreement upon advice furnished by such Party's legal counsel, if any.

h. Authority to Execute. The individuals who are signing this Agreement on behalf of an entity represent and warrant to the other Parties that they are, respectively, duly authorized to sign on behalf of such entity and to bind such entity to this Agreement.

i. Counterparts; Signature by Electronic Means. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or other electronic means, including .pdf via email, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes.

j. Entire Agreement. This Agreement and any attachments, schedules and/or exhibits hereto constitute the entire agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes and replaces all prior understandings, negotiations, commitments, writings and agreements between the Parties, whether written or oral, express or implied, with respect to its subject matter. Each Party to this Agreement acknowledges that no representations, warranties, inducements, promises or agreements, oral or otherwise, have been made by any Party, or anyone acting on behalf of any Party, which are not embodied herein.

k. Incorporation of Exhibits and Other Attachments. The exhibits and other attachments attached to this Agreement are an integral part of this Agreement and are incorporated in this Agreement by this reference as if fully set forth herein.

l. Mediation. In the case of any dispute among the Parties arising under or related to this Agreement, which dispute cannot be settled by reasonable discussion, the Parties agree that, prior to commencing any legal proceeding or otherwise resorting to arbitration, litigation, or some other dispute resolution procedure and upon the written request of a Party, they will first engage the services of a professional mediator agreed upon by the Parties and attempt in good faith to resolve the dispute through confidential, nonbinding mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association ("AAA"). Each Party shall bear one-half (1/2) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation. If the Parties are unable to agree upon a mediator within ten (10) days after receipt of the request for mediation, any Party may, upon written notice to the AAA and the other Parties, request that the AAA select a mediator from its panels consistent with its mediation rules. The Parties shall agree to a mutually convenient date and time to conduct the mediation; provided, that the mediation must occur within thirty (30) days of the request unless a later date is agreed to by the Parties in writing. The Parties shall participate in the mediation for at least one full mediation day before any Party has the option to withdraw from the process. The Parties may agree to continue the mediation process beyond one day, until there is a settlement agreement, or one Party or the mediator states that there is no reason to continue because of an impasse that cannot be overcome and sends a "notice of termination of mediation." In the case of a Party that is an entity, the entity shall designate a representative to have full and complete authority to resolve the dispute and to represent its interests in the mediation, and each Party may, in its sole discretion, include any number of other representatives in the mediation process. All mediation pursuant to the foregoing shall be treated as compromise and settlement negotiations, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings.

m. Modification. Neither this Agreement nor any exhibit attached hereto may be

modified, amended or changed by any party, except in writing, executed by all Parties hereto and specifying the modification, amendment or change; provided however, that the Permits shall be subject to modification by the USFS as provided in the Permits. In the event of any inconsistency between the terms of this Agreement or any exhibit attached hereto and the Permits, as the Permits may be modified from time to time, the terms set forth in the Permits shall control.

n. No waiver. No waiver of any of the provisions of this Agreement, including any exhibits attached hereto, shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

o. Notices. All notices, consents, waivers and other communications required or permitted under this Agreement must be in writing and will be deemed to have been given by a Party (a) when delivered by hand; (b) one day after deposit with a nationally recognized overnight courier service; (c) five days after deposit in the United States mail, if sent by certified mail, return receipt requested; or (d) when sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment (a confirming copy of the notice shall also be delivered by the method specified in (b) above); in each case costs prepaid and to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a Party may designate by notice to the other Parties).

If to BCRD:

Attn: Executive Director
1050 Fox Acres Road
Hailey, ID 83333
Facsimile: 208-788-2168
Email: mdavidson@bcrd.org

If to Lessee or Principals:

Attn: Kyle Oldemeyer and Chelan Pauly
15187 State Highway 75
Ketchum, ID 83340
HC 64 Box 8326
Ketchum, ID 83340-9705
Facsimile: _____
Email: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

BCRD

Blaine County Recreation District,
an Idaho recreation district

By: _____
Mark Davidson, Executive Director

LESSEE

Paulmeyer LLC,
an Idaho limited liability company

By: _____
Kyle Oldemeyer, Member

By: _____
Chelan Pauly, Member

PRINCIPALS

By: _____
Kyle Oldemeyer

By: _____
Chelan Pauly

Exhibit A
List of Property

(See attached.)

Exhibit B

Copies of Permits

(See attached.)

Exhibit C

Operating Plan

Preface: The goal of this Operating Plan is to give guidance and provide flexibility in the overall management of the Property, supporting infrastructure and trails. This Operating Plan is intended to set forth the obligations of each of the Parties, both individually and jointly. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Lease Agreement between the Parties to which this Operating Plan is attached.

1. Timeframe: This Operating Plan shall be effective as of May 1, 2023 and shall be reviewed at the end of each season (winter and summer) during the term of the Agreement and modified annually if necessary or more frequently as mutually agreed by the Parties.

2. Communications: In the event of an emergency, equipment failure, or other issue impacting the normal operation of the Concession by Lessee, the following BCRD and Lessee staff shall be contacted via phone or text:

BCRD

Eric Rector – (208) 720-6719

Eric Coury – (208) 720-1864

Mark Davidson – (208) 720-2475

Lessee

Kyle Oldemeyer – (208) 514-7304

Chelan Pauly Oldemeyer – (509) 669-1011

3. Property and Supporting Infrastructure Maintenance: Routine maintenance of the Property and Premises will be completed by the BCRD and/or Lessee in accordance with the terms of the Agreement, this Operating Plan or as otherwise mutually agreed by the Parties. The initial list of maintenance items and responsible Party shall be as set forth below on the following pages:

Category	BCRD Property	Responsible Party		General Notes
		BCRD	Lessee	
Galena Lodge Exterior	Deck	X		
	Picnic Tables	X		
	Roof	X	X	Snow removal when needed
	Logs Stained	X		
	Fence in front of dumpsters	X		
	Fence by dog deck	X		
	Lawn Sprinkler System	X		Lessee to coordinate repairs from damage caused by event contractors
	Infrared Heaters on Deck	X		
Galena Lodge Interior	Floors		X	
	Walls		X	
	Fryer		X	
	Grill		X	
	Flattop		X	
	Walk In Cooler		X	
	Walk In Freezer		X	
	Line Freezer		X	
	Waitstation Fridge		X	
	Line Drawer Coolers		X	
	Line Large Cooler		X	
	Line Small Cooler		X	
	Keg Cooler		X	
	Dishwasher, sprayer		X	
	Hood Ventilation System		X	
	Kitchen Sprinkler System		X	2x/year
	Ice Machine		X	
	3 Soup Warmers		X	
Vulcan 4 burner		X		
Vulcan 6 burner		X		
Couches		X		
Fire hose	X			
Galena Lodge Infrastructure	Generator	X		
	Boiler	X		
	East Septic System	X	X	BCRD will coordinate inspections and Lessee will coordinate tank pumping as needed
	Grease Trap		X	
	West Septic System	X	X	BCRD will coordinate inspections and Lessee will coordinate tank pumping as needed
	East Electrical System	X		Lessee will replace GFIs as needed.
	West Electrical System	X		
	All Chimneys		X	
	Water heater up steep stairs		X	
	Water heater in dry storage		X	
	West Propane Tanks		X	Rent tanks
	East Propane Tanks	X		Rent tanks
Plow truck	X		Truck and Plow owned by Lessee and BCRD provide maintenance	

Wax Hut	Roof	X	X	Snow removal when needed
	Logs Stained	X		
	Logs Chinked	X		
	Carpet		X	Clean 2x/year or as needed
	Wood Stove		X	
	Electric Heater		X	
Red Cabin	Roof	X	X	Snow removal when needed
	Logs Stained	X		
	Logs Chinked	X		
Cozy	Roof	X	X	Snow removal when needed
	Logs Stained	X		
	Logs Chinked	X		
	Electric Heater		X	
Leaky	Water Heater		X	
	Roof	X	X	Snow removal when needed
	Logs Stained	X		
Manager Cabin	Wood Stove		X	
	Propane heater bathroom		X	
	Propane heater main room		X	
	Well filter & pump	X		
	Water heater		X	
	Stove/oven		X	
	Fridge		X	
	Carpet		X	
	Roof	X	X	Snow removal when needed
	Logs Stained	X		
	Logs Chinked	X		
Deck	X			

4. **North Valley Trails Ski Pass Sales:** For all sales made by Lessee of daily, weekly, or other ski passes for the North Valley Trail system, Lessee shall receive a commission equal to six percent (6%) of the sales price of the passes sold by Lessee, not including taxes. The amount of such commission owed to Lessee shall be determined on an annual basis at the end of each year. The dollar value of ski passes given to employees of Lessee by Lessee during the year shall be deducted from the amount of commission owed to Lessee by BCRD, with any remaining commissions owed to Lessee offset against rent in accordance with Section 13 of the Agreement. Should the dollar value of ski passes given to employees of Lessee by Lessee during the year be greater than the commission owed Lessee, Lessee shall pay the difference to BCRD.
5. **Snowshoe Pass Sales:** For all sales made by Lessee of daily snowshoe passes, twenty percent (20%) of the gross revenue from such sales shall paid to BCRD by Lessee, such amount to be paid on a monthly basis.
6. **Fundraising:**
 - A. BCRD and Lessee will jointly agree on four (4) dates (two (2) during the summer season and two (2) during the winter season) for fundraising activities to be held at the Property.
 - B. BCRD will pay Lessee fair market rates, as reasonably determined by BCRD in good faith, for any work performed by Lessee in connection with such events and for the use of any portion of the Property during such events. Any such amounts owed to Lessee by BCRD shall be offset against rent owed by Lessee to BCRD.

Exhibit D

Trail Rides Permit

(See attached.)