



INSTRUMENT AMENDMENT

Instrument No.: **B300002**

Individual or
Entity of Record: **HDB Marine**

Current Conditions: Rent for Winter Dock Storage. Annual rent shall be ONE THOUSAND DOLLARS (\$1,000.00) but lessee may request a \$500 credit for proven lake cleanup work. In no case shall annual base rent be less than \$500.00. Rent is due by January 1 of each year.

Current Cost: \$1,000.00 (\$500.00 with proof of clean up work)

New Conditions: Rent for Winter Dock Storage. Annual rent shall be FOUR THOUSAND SEVEN HUNDRED TWENTY DOLLARS (\$4,720.00) but Lessee may request a \$500 credit for proven lake cleanup work. In no case shall annual base rent be less than \$4,220.00. Rent is due by January 1 of each year.

New Cost: \$4,720.00 (\$4,220.00 with proof of clean up work)

Current Conditions: 1.A Rent: Annual rent shall be \$1,000.00 but lessee may request a \$500 credit for proven lake cleanup work. In no case shall annual base rent be less than \$500.00.

Current Cost: \$1,000.00 (\$500.00 with proof of clean up work)

New Conditions: 1.A Rent: Annual rent shall be \$4,720.00 but Lessee may request a \$500 credit for proven lake cleanup work. In no case shall annual base rent be less than \$4,220.00.

New Cost: \$4,720.00 (\$4,220.00 with proof of clean up work)

Current Conditions: 2.B Any new or change of use requires Lessor's prior written amendment of the Encroachment Permit and prior written adjustment of this lease.

New Conditions: 2.B Winter dock storage occurs from October 1 through May 31. The storage of previously-permitted encroachments and maintenance of those stored, previously-permitted encroachments is authorized during that period of use. Any new or change of use within the Line of Navigability requires Lessor's prior written amendment of the Encroachment Permit and prior written adjustment of this Lease. Any new or change of use beyond the Line of Navigability requires Lessor's prior written prior written adjustment of this Lease.

Current Conditions: 2013 Lease Provisions – 2. Use of Premises (A-F)

New Conditions: 2021 Lease Amendment

2. Use of Premises

- G. It is illegal to possess or transport Quagga or Zebra mussels into or through Idaho, and to launch infested watercraft. Lessee must inspect used boat lifts, docks and other materials from waterbodies other than Coeur d'Alene Lake for invasive species and ensure that they are free from such species prior to storage or installation. Lessee must provide Lessor with proof of inspection by an authorized inspector prior to installing the used boat lifts, docks and other materials and/or placing them in the water. Prior to installation call 877-336-8676 for decontamination.
- H. No equipment, boats, barges or associated machinery may be allowed to create petroleum product sheen on the water or otherwise create a release of petroleum or petroleum products due to petroleum products handling, use or storage. Lessee shall maintain an adequate supply of petroleum absorbent pads. Lessee must ensure that the Emergency Response Team phone number, 1-800-632-8000, is readily available at all times.
- I. Construction materials must be natural or pressure treated utilizing only those preservative chemicals registered for the specific uses by the U.S. Environmental Protection Agency (EPA). All treated wood materials must be produced in compliance with "Best Management Practices (BMPs) For the Use of Treated Wood in Aquatic and other Sensitive Environments" issued by the Western Wood Preservers Institute (WWPI) 2012. Treated materials not in contact with the water must be completely dry before use near navigable waters. Use of Chromated Copper Arsenate (CCA) treated wood must adhere to the EPA recommendations regarding use of arsenate treated wood. Contact Idaho Department of Environmental Quality for information on acceptable treatment methods and materials.
- J. Construction barges or other watercraft may not be grounded on the lakebed for any reason and may not be parked in the Leased Premises for more than fourteen (14) consecutive days.
- K. All construction shall meet the standards of the Uniform Building and International Fire Codes. Lessee shall contact the appropriate body of jurisdiction concerning these codes prior to installation.
- L. If any excavation or pile driving occurs Lessor and anyone acting on Lessor's behalf must comply with the provisions of the Underground Facilities Damage

Prevention Law (Idaho Code Title 55, Chapter 22). The one-call locator service number is 811.

- M. Lessee must submit a lighting plan to Lessor prior to any dock storage or other activities pursuant to this Lease. The lighting plan must meet applicable United States Coast Guard and/or Kootenai County regulations and requirements.
- N. Lessee must submit a maintenance plan to Lessor prior to any dock storage and/or other activities undertaken pursuant to this Lease. The maintenance plan must address the means by which Lessee will secure docks to piling. The plan must also include customer notification of the need to remove or secure all items on or attached to the dock or they risk losing them to the lake and at least two inspections by the Lessee per winter season to ensure that all of the floating encroachments are secured. Inspections must be documented in writing with a copy to Lessor by January 1 and April 1 of each year.
- O. Log booms are not authorized in the lease area.
- P. Lessee must remove floating dock debris associated with the Leased Premises or washed up on the adjacent shoreline by June 1 each year.
- Q. Lessee must inspect the lakebed under the storage area annually for sunken debris associated with the Leased Premises, and the sunken debris removed from the lake and disposed of at an upland location in compliance with local, state, and federal regulations. A yearly report on when this inspection and removal occurs, and what is removed from the lakebed, must be submitted with the yearly rental payment. See Attachment D.
- R. No demolition debris shall be allowed to fall to the lakebed or be dragged to shore. In the event inert demolition debris falls into the lake, a diver shall be deployed to retrieve the material with five (5) calendar days. If the material is toxic or hazardous it must be immediately removed from the water.

Current Conditions: Lease Index: ATTACHMENT D – REPORTS

New Conditions: Lease Index: ATTACHMENT D - INSPECTION AND CLEAN UP REPORT

Current Conditions:

Attachment B
LEGAL DESCRIPTION OF LEASED PREMISES

Township-Range Section	Legal Description	Acres	County	Fund
48N-04W 23	Adj to Govt Lot 4 in Lake Coeur d'Alene	0.54	Kootenai	GF

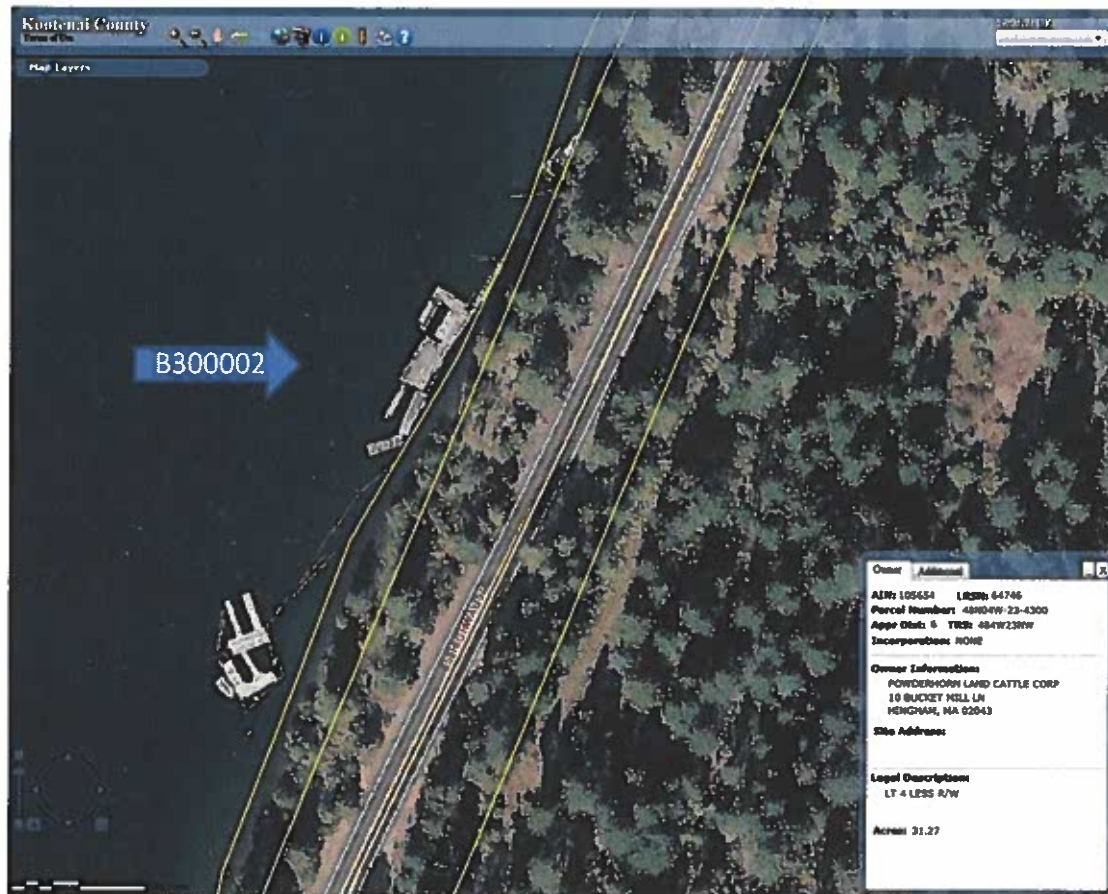
New Conditions:

Attachment B
LEGAL DESCRIPTION OF LEASED PREMISES

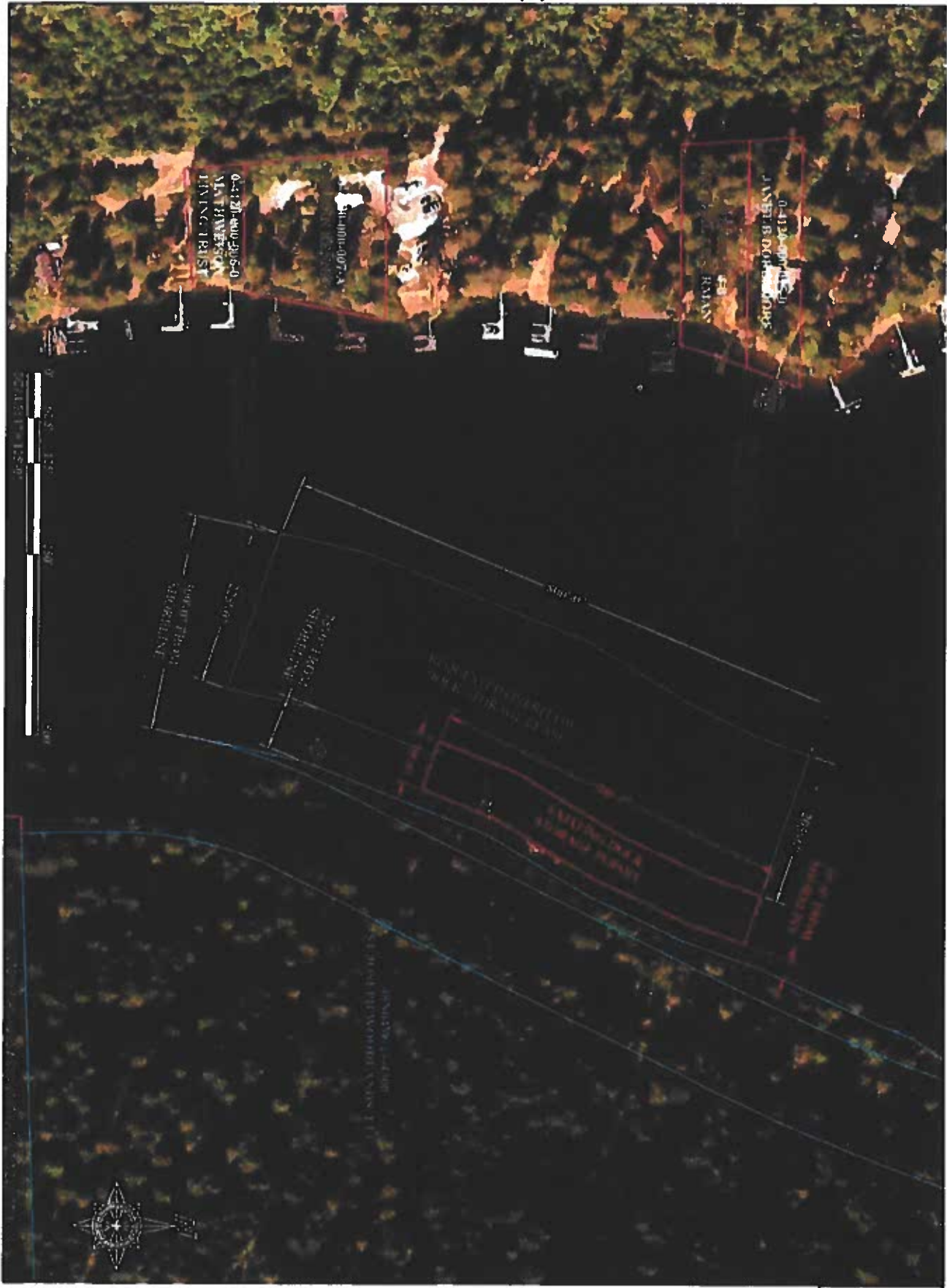
Instrument Number	Township	Range	Section	Legal Description	County	Endowment	Acres	Navigable Water Name
B300002	48N	04W	23	Bed of Coeur d'Alene Lake, Powderhorn Bay, adj to Gov Lot 4	Kootenai	ND	4.72	Coeur d'Alene Lake

Instrument Amendment - Page 5 of 10

Rev. Nov 2021



ATTACHMENT C
SITE MAP(S)



ATTACHMENT D
Reports
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ATTACHMENT D

Date of Lessee's Storage Area Lakebed Inspection _____

Date of Debris Removal _____

Where Debris Was Disposed of _____

Date: _____

STATE OF IDAHO)
)ss.
County of _____)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year first above written.

Notary Public
Residing at: _____
My Commission Expires: _____

Rev. Nov 2021

Instrument Amendment Justification

NOTE: Provide legal description(s) on the '**Attachment - Property Description**' when making any amendments to the property descriptions. Highlight all changes in yellow or use red font.

Justification: Lessee expanded use of the lake for winter dock storage around 2005. They have requested an additional 4 acres of winter dock storage space under this lease. Total lease area would be 4.72 acres. With the additional lease terms to protect the public trust values, this expansion is approved. See Lease Analysis dated 10/15/21 for additional details.

ATTENTION: If the amendment results in a credit of \$50 or less, the credit will be applied to future rent. *If the amendment results in a credit greater than \$50 and you wish to receive a refund, please check the refund box below.* All balances not refunded will be applied to future rent.

☒ I request a refund for any balance over \$50.

LESSEE ACCEPTANCE:

We, the undersigned, hereby agree that this Amendment shall become part of State of Idaho Instrument No. B300002, and that beginning December 10, 2021, and ending December 31, 2022, the above rates, acreages and conditions shall apply in accordance with this Amendment.

HDB Marine,
an Idaho corporation

Date: 1-5-2022

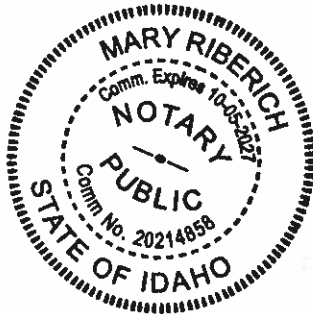
Keith Shannon
Keith Shannon, President

STATE OF IDAHO)
COUNTY OF Kootenai) ss.

On this 5 day of January, in the year 2022, before me a notary public, in and for said state, personally appeared **Keith Shannon**, known or identified to me to be the President of **HDB Marine**, an Idaho corporation, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year first above written.

(seal)



Mary Riberich
Notary Public
Residing at: Harrison, Idaho
My Commission Expires: 10-05-2027



January 4, 2022

Idaho Department of Lands
Mike Ahmer Resource Supervisor – Lands and Waterways
3258 W Industrial Loop
Coeur d' Alene, ID 83815

Dock Storage Maintenance Plan,

HDB marine will note the requirement to remove or secure all items to the dock in our agreement form that all customers sign. In addition, we will send yearly email reminders sent out to all dock storage customers. The Storage area will consist of pilings along the shore side of the storage area. These pilings will be inspected yearly and replaced as needed. The Storage docks will be affixed to the pilings using ropes and chain connections. These will be replaced as needed. We will at minimum check the storage area twice a year to make sure all ropes and attachments are secure. We will also do an underwater evaluation of the storage area via a diver once a year.

Should you have any questions or need additional information, please contact HDB at 208-689-3248.

Sincerely,

Isaac Shannon



INSTRUMENT ADJUSTMENT

Instrument No.: **B300002**

Individual or
Entity of Record: **HDB Marine – Mark Wagner**

Current Conditions: Annual rent shall be a base of ONE THOUSAND DOLLARS (\$1,000.00)

Current Cost: \$1,000.00

New Conditions: Annual rent shall be \$1,000.00 but lessee may request a \$500 credit for proven lake cleanup work. In no case shall annual base rent be less than \$500.00.

New Cost: \$500.00

NOTE: Provide legal description(s) on the 'Attachment - Property Description' when making any adjustments to the property descriptions or to the number of AUMs. Highlight all changes in yellow or use red font.

Justification: Lessee is a major marine contractor on Lake Coeur d'Alene, as such they perform good stewardship by removing loose debris from the lake in the normal course of conducting business. The lessee has submitted sufficient evidence since 2013 that they should have received the \$500 credit for 2013, 2014 and 2015. In addition, the area is responsible for not getting the adjustment submitted to L&W and the Department should remove the late fees. Therefore, the lessee owed \$500 for 2013, \$500 for 2014 and \$500 for 2015 for a total of \$2,000.00. However, they have paid \$1,000.00 and therefore their outstanding balance is \$500.00 for 2015.

ATTENTION: If the adjustment results in a credit of \$50 or less, the credit will be applied to future rent. *If the adjustment results in a credit greater than \$50 and you wish to receive a refund, please check the refund box below.* All balances not refunded will be applied to future rent.

☐ I request a refund for any balance over \$50.

RECEIVED
FEB 02 2015
Idaho Dept. of Lands
Mica Supervisory Area

INSTRUMENT HOLDER ACCEPTANCE:

We, the undersigned, hereby agree that this Adjustment shall become part of State of Idaho Instrument No. B300002, and that beginning January 1, 2013, and ending December 31, 2022, the above rates, acreages and conditions shall apply in accordance with this Adjustment.

1/28/2015 Date Mark Wagner Instrument Holder/Designated Agent HOB Marine Company Name (if applicable)

Date Instrument Holder/Designated Agent Company Name (if applicable)

STATE OF Idaho)
County of Kootenai) ss

(SEAL).

On this 28th day of January, in the year 2015, before me, a Notary Public in and for said State, personally appeared Mark Wagner
known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument as Instrument Holder, and acknowledged to me that said person(s) executed the same.

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



Becky Sue Napierala
Notary Public
My Commission Expires: 10/22/2020

IDAHO DEPARTMENT OF LANDS APPROVAL:

2/2/15
Date Approved

STATE OF Idaho)
County of Kootenai) ss.



Jim Brady
IDL Representative
Resource Supervisor
Title

(SEAL)

On this 2nd day of February, in the year 2015, before me, a Notary Public in and for said State, personally appeared Jim Brady
known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument as Instrument Holder, and acknowledged to me that said person(s) executed the same.

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

Susan Martindale
Notary Public
My Commission Expires: 4/17/2016

RECEIVED
NOV 04 2013
DEPARTMENT OF LANDS
ST. MARIES, IDAHO



COMMERCIAL SUBMERGED LANDS LEASE
Lease No. B300002
HDB Marine

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO
By and through the State Board of Land Commissioners
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee: HDB Marine
Attention: Keith Shannon, President
PO Box 8
Harrison, ID 83833

Lease Term: Commencement Date: January 1, 2013
Expiration Date: December 31, 2022

Rent: The annual base rent payment is due on January 1st of each year.
Rent terms are more particularly described in *Section 1. Rent* of the Lease Provisions.

Rent for **Winter Dock Storage**. Annual rent shall be a base of **ONE THOUSAND DOLLARS (\$1,000.00)** due by January 1 of each year.

Legal Description of Leased Premises: The LESSOR does hereby lease and demise unto the LESSEE, at the rate and for the use specified in Section 1 of the Lease Provisions, the lands described in Attachment B and as set forth in Encroachment Permit: **L-95-S-3955**, located at **LAKE COEUR D'ALENE** in the county of **KOOTENAI, State of Idaho.**

Lessor, in consideration of the rent paid and the covenants, conditions and restrictions hereinafter set forth, in the Lease (including all Attachments), does hereby lease and demise unto Lessee the lands described in Attachment B of this Lease for the uses specified herein.

Use of Leased Premises: **Winter Dock Storage**
See Section 2. Use of Premises of the Lease Provisions

Bond: **No** bond is required at this time

Liability Insurance: **\$1,000,000** Commercial General Liability
See Section 3. Insurance of the Lease Provisions.

Lease Index: SUMMARY OF LEASE PROVISIONS
LEASE PROVISIONS
SIGNATURE PAGE
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEGAL DESCRIPTION OF LEASED PREMISES
ATTACHMENT C – SITE MAP(S)
ATTACHMENT D – REPORTS

LEASE PROVISIONS

1. Rent.

Lessee shall pay the Lessor, as rent for the Leased Premises, the following amounts, determined and payable in the manner and at the time set forth herein, without abatement, offset or deduction of any kind, unless allowed by this Lease. All rent shall be paid in lawful money of the United States of America forwarded to the Lessor or as otherwise directed by the Lessor in writing.

- A. Rent for Winter Dock Storage. Annual rent shall be a base of \$1,000.00, due on or before January 1 of each successive year.
- B. Annual Rent Subject to Modification. Lessor reserves the right to increase or decrease the annual rent to be paid by the Lessee. The increase or decrease for the year shall be effective as of January 1 and payable by January 1. Lessor shall provide Lessee written notification one hundred and eighty (180) calendar days prior to the change in the annual Lease rental amount.
- C. Late Payment Charge. In the event any rent and gross receipts due hereunder are not paid in full when due, Lessee shall pay, in addition to such rent and gross receipts, a late charge in the first calendar month of such delinquency the amount of Twenty Five Dollars (\$25.00) or one percent (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month of such delinquency, Lessee shall pay an additional late charge equal to one percent (1%) of the then unpaid delinquency. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, Lessor does not waive any right to declare a breach and to pursue any right or remedy available to Lessor by reason of such breach, after expiration of any applicable notice or cure period.
- D. Lien. The amount of the unpaid rent, late charge, and interest shall be a lien on the Lessee's improvements and other property on the Leased Premises.

2. Use of Premises.

- A. The Leased Premises shall be used for Winter Dock Storage in accordance with Encroachment Permit #L-95-S-3955 and any successor permit(s). This Lease is contingent upon Lessee continually maintaining and complying with the provisions contained in the Encroachment Permit.
- B. Any new or change of use requires Lessor's prior written amendment of the Encroachment Permit and prior written adjustment of this Lease.
- C. Lessee agrees to not commit, nor permit any damage to or waste upon the Leased Premises or upon any of the improvements, nor permit any unlawful use of the Leased Premises, nor permit any use thereof except for the purposes stated herein.
- D. Lessee shall acquire and maintain all necessary permits and comply with all applicable laws, rules, regulations, or other provisions with the State of Idaho.
- E. Technical Reports. When requested by the Lessor, the Lessee will furnish technical information concerning the equipment located on the Leased Premises.
- F. Existing commercial marinas that desire to change their operations and convert some of their moorage to private use must keep at least fifty percent (50%) of their moorage available for use by the general public. This change in operations must be approved by the department through a new encroachment permit prior to implementation of the change. The permit application shall describe, in text and in drawings, which moorage will be public and which moorage will be private.

3. Insurance.

Lessee shall purchase and keep in force all insurance required by this Lease, including business interruption insurance, if required by the Lessor, to assure payment of the annual rent. Any failure to comply with any of the terms of this section shall be grounds for immediate termination of this Lease.

- A. **Commercial General Liability.** Lessee shall obtain, at Lessee's expense, and keep in effect during the term of this Lease, Commercial General Liability Insurance covering bodily injury and property damage caused by or resulting from the occupancy, use, and operations of any other activity on the Leased Premises carried on by Lessee, its assigns, agents, operators or contractors. This insurance shall include personal injury coverage, contractual liability coverage for the indemnity provided under this Lease. Coverage shall be combined single limit per occurrence, which shall not be less than One Million Dollars (\$1,000,000), or the equivalent. Each annual aggregate limit shall not be less than One Million Dollars (\$1,000,000), when applicable.
- B. **Property Insurance.** Lessee shall, throughout the term of this Lease at its own expense, keep and maintain in full force and effect, property insurance for what is commonly referred to as "All Risk" coverage, excluding earthquake and flood, on Lessee's improvements and personal property.
- C. **Workers' Compensation.** Lessee shall maintain Workers' Compensation Insurance and Employer's Liability, together with all other coverages required therefor.
- D. **Additional Insured.** The liability insurance coverage required for performance of the Lease shall include the State of Idaho, the Board of Land Commissioners, and the Department of Lands, its officers, agents, and employees as additional insureds, but only with respect to Lessee's activities (including the activities of Lessee's agents, operators, employees or contractors) relating to this Lease and/or any such activities upon, or related to, the Leased Premises. If the land surface and/or the improvements thereon covered by the Lease have been sold or leased by Lessor, then any such new owner or leaseholder of the surface rights and/or improvements shall also be an additional insured.
- E. **Insurance Policy Requirements.** All policies required under this Section shall be written as primary policies and not contributing to or in excess of any coverage Lessor may choose to maintain. All insurers shall have a Bests' rating of A- or better, and be authorized to do business in the State of Idaho. There shall be no cancellation, material change, potential exhaustion of aggregate limits or intent not to renew insurance coverage without thirty (30) days written notice from Lessee and its insurer to Lessor; provided however, that if such prior advanced written notice cannot reasonably be provided, then the Lessee and its insurer shall immediately notify Lessor as soon as either becomes aware of any such cancellation, termination, material change, or intent not to renew. In any event, Lessee shall immediately notify Lessor of any such notice of cancellation, termination, material change, or intent not to renew any policy required by this Lease and shall deliver to Lessor a copy of any such notice upon receipt thereof from any insurer.
- F. **Proof of Insurance.** Prior to taking occupancy or commencing operations or construction, and at least annually thereafter, Lessee shall furnish Lessor with a certificate of insurance executed by a representative of each insurer duly authorized to bind coverage, together with a copy of any applicable policy and policy endorsement showing compliance with all insurance requirements set forth herein including evidencing Lessor as additional insured. Lessee shall provide certified copies of all insurance policies required above within fifteen (15) days of Lessor's written request for certified copies. Failure of Lessor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee's obligation to maintain such insurance.
- G. **No Limitation of Liability.** By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, and such coverage and limits shall not be deemed as a limitation on Lessee's liability pursuant to this Lease.

4. Lease Term And Renewal Conditions.

- A. Lessor grants to Lessee the option to renew this Lease for additional ten (10) year terms commencing upon the expiration of the original Lease or subsequent Leases, provided that the Lessee shall submit an application for renewal by April 30 of the year of expiration of the Lease. Lessee understands and agrees that the Lessor has the sole discretion relating to the terms and conditions offered in any renewed lease and understands and agrees that the terms and conditions in a renewed lease may be materially different than this Lease.

B. Lessor will not consider a lease renewal unless the following conditions have been met:

- i. All rent due has been paid in full;
- ii. All Lessee gross receipts reporting requirements have been met;
- iii. Lessee continues to hold a valid Encroachment Permit and has complied with all provisions of the Encroachment Permit; and
- iv. Lessee has complied with all provisions of this Lease and fully and faithfully performed all obligations herein.

5. Bond.

Bonding is not required at this time. At the sole discretion of the Lessor, bonding may be required. Lessee shall have sixty (60) days from the date of notice to comply with any bonding requirements.

6. Sublease and Assignment.

- A. No Sublease or Assignment Without Consent. Lessee shall not sublease all or any part of the Leased Premises, or sublease all or any part of Lessee's improvements, or assign this Lease, or take out a mortgage or deed of trust without first obtaining the written consent of Lessor.
- B. Necessary Forms. Any request for approval of a sublease, assignment, mortgage, or deed of trust must be in writing, on forms provided by the Lessor and accompanied by a processing fee. Any attempt by Lessee to sublease Lessee's interest in all or any part of the land or all or any part of the Lessee's improvements, or to assign this Lease, or to take out a mortgage or deed of trust, without the prior written consent of Lessor, shall be void and shall constitute a breach of this Lease.
- C. Good Standing Required. No request for Lessor's approval of any assignment or sublease will be considered unless all rent due, late payment fees, and interest have been paid in full, and Lessee is in good standing under the terms of the Lease.
- D. Assignment Subject to Terms. Any assignment shall be subject to all of the terms and provisions of this Lease.
- E. Specific Transaction Only. Any consent by Lessor herein contained or hereafter given to any act or assignment, mortgage, pledge, or encumbrance shall be held to apply only to the specific transaction hereby or thereby approved.
- F. Proof of Assignment. In cases of assignment due to sale of the Lessee's interest, Lessee must provide to Lessor one copy of the purchase agreement or contract of sale signed and acknowledged by the buyer (Assignee) and seller (Assignor). In the case of assignment without a sale, appropriate documentation must be provided to the Lessor establishing that the Lease should be assigned. This may include, but not be limited to, a letter from Lessee indicating the transfer of the Lease as a gift; a divorce decree; a copy of will or probate order. Lessor may require additional proof as necessary.
- G. Lessee may sublease, provided that each such sublease shall be subject to all terms of this Lease, including termination of Lessee's interest under this Lease. Any such sublease shall be subject to and subordinate to the rights of the Lessor under this Lease, and any such sublease shall include, but not be limited to, the following:
 - i. No sublease shall relieve Lessee of its responsibility to pay and perform all of its obligations under this Lease to Lessor.
 - ii. The term of the sublease may not exceed the terms of this Lease.
 - iii. The Lessor is not liable for acts or omissions of the Lessee.
 - iv. The Sublessee will abide by all terms of this Lease.

- v. The Lessor is not liable for pre-payment, security deposits or other pre-paid charges made to Lessee by sublessees should this Lease be terminated.

The Lessor may impose additional requirements as a condition of approving the sublease request.

7. Lessee's Compliance with Applicable Laws and Rules.

- A. Full Compliance. Lessee's use of the Leased Premises and all improvements constructed thereon, shall fully comply with all statutes, ordinances, rules, regulations and laws of applicable federal, state and local governmental authorities. Lessee shall comply with all applicable rules and regulations and standards currently in effect or hereafter adopted by Lessor.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute waste, nor shall the Lessee allow the same to be committed thereon. The Lessee shall not do anything or allow any action which will create a nuisance or a danger to persons or property.
- C. Noxious Weeds. It is understood and agreed that the Lessee shall take measures to control noxious weeds within the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code. The Lessee shall also take measures to control invasive species within the Leased Premises in accordance with Title 22, Chapter 19, Idaho Code. The Lessee shall cooperate with state and other agencies authorized to undertake programs for control and/or eradication of noxious weeds and invasive species. Failure to comply will be considered a breach of this Lease and shall be considered a default pursuant to the Lease Provisions, Section 16 herein.

8. Environmental, Safety, and Sanitary Requirements.

- A. Sanitary Requirements. Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, noxious weeds, garbage and litter, so that the Leased Premises is maintained in as nearly natural state as possible. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local laws, rules and regulations pertinent to Lessee's use. The Lessee shall store and dispose of all trash and garbage in conformity with all legal requirements. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.
- B. Fire and Safety Regulations. Lessee shall comply with all applicable state laws and the rules of the Department of Lands for fire protection and prevention of fire. Lessee agrees to keep the Leased Premises free from fire hazards. Lessee is prohibited from burning garbage or household trash. The burning of wood or other debris requires the prior written permission of Lessor and must comply with applicable federal, state, or local law, regulation, rule, or ordinance.
- C. No Hazardous Materials. Lessee shall neither use nor permit upon the Leased Premises or premise the use, placement, transport or disposal of any hazardous waste or any other substance that is or is suspected to be a hazardous substance or material except as provided by federal, state or local laws, regulation or ordinance of manufacture. Lessee shall be responsible, at its own expense, for removing or taking other appropriate remedial action regarding such wastes, substances, or materials which Lessee may cause to be introduced, in accordance with applicable federal, state, or local laws, regulations, or ordinances.

9. No Warranty of Suitability.

- A. No Warranty. Lessee acknowledges that neither the Lessor, nor any agent or designee of the Lessor, has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by the Lessee. Lessee acknowledges that it has accepted the Leased Premises in an "AS IS CONDITION," and accepts liability for its condition.
- B. Quiet Enjoyment. Lessor agrees that the Lessee, upon payment of the rent and performing the terms of this Lease, may quietly have, hold, and enjoy the Leased Premises during the term hereof.

10. Payment of Taxes and Assessments.

On or before any due dates, the Lessee agrees to pay any and all real or personal property taxes, assessment or fees that may be assessed or levied by a governmental authority asserting such authority over the Leased Premises or its improvements. Lessee shall make such payment directly to the taxing authority and hold Lessor harmless from any claim or assessment.

11. Construction and Improvements.

Construction of Improvements. Lessee may construct improvements upon the Leased Premises under limited circumstances in accordance with the following:

- A. Lessee must first obtain the prior written consent of Lessor or Lessor's Designee.
- B. Lessee must furnish a complete set of construction plans and an accurate plot plan of all proposed improvements contemplated by Lessee and submit those plans and drawings to Lessor or Lessor's designee. After the construction plans and plot plan have been approved in writing by the Lessor, then the construction of the improvements must be in full compliance with all conditions under this Lease.
- C. Liens or Encumbrances. Lessee has no authority to and shall not place a lien or encumber state land or state owned improvements. The Lessee shall not place a lien or encumber the Lease or Lessee owned improvements unless given written consent by the Lessor.
- D. Treatment of Approved Improvements upon Lease expiration without renewal, or termination or default under the Lease.
 - i. Upon expiration without renewal or termination, or default of the Lease, Lessor shall have the right to require Lessee to remove all improvements, placed upon the Leased Premises, and to require Lessee to restore the Leased Premises to its natural or previous condition, all at Lessee's sole cost and expense.
 - ii. Upon Lease expiration without renewal, or termination or default under the Lease, Lessor has the right to enter the premises and remove any of the improvements, or otherwise dispose of such improvements, and charge the cost of removal and/or disposal and restoration to Lessee. Lessee shall also be responsible for all collection costs, including legal fees and interest. Lessee shall quietly surrender the Leased Premises to Lessor.
 - iii. Upon Lease expiration without renewal, or termination or default under the Lease, at Lessor's sole option, Lessor reserves the right to purchase such approved improvements from Lessee at market value. Market value is defined in this Lease as "The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest and assuming that neither is under undue duress."
 - iv. If the removal of Lessee improvements has not occurred by the date that the Lease expires or by the date of Lessee default, all rights, title and interest of the Lessee to any of the improvements shall, upon thirty (30) days written notice to Lessee or at a date determined at the sole discretion of the Lessor but not less than thirty (30) days, be deemed to revert to the State of Idaho and shall be considered abandoned in place by the Lessee.
- E. Treatment of Non-approved Improvements at any time during the Lease and upon Lease expiration without renewal, or termination, or default under the Lease.
 - i. Lessor shall have the right to require Lessee to remove all non-approved improvements placed or caused to be placed upon the Leased Premises, and to require Lessee to restore the Leased Premises to its natural or previous condition, all at Lessee's sole cost and expense. If removal as described above has not occurred by the date that the Lease expires and the Lease has not been renewed, has been terminated, or at the date of the Lessee default, all rights to title and interest of the Lessee to any of the non-approved improvements shall upon thirty (30) days written notice to the Lessee, or at a date determined at the sole discretion of the Lessor, but not less than thirty (30) days, be deemed to revert to the State of Idaho, and shall be considered abandoned in place by the Lessee.
 - ii. Any non-approved improvements not removed by the Lessee may be removed by the Lessor at the Lessee's sole cost and expense. Any legal fees and collection costs incurred by the Lessor shall also be the Lessee's

responsibility. Lessor has the right to enter the premises and remove any of the improvements, or otherwise dispose of such improvements, and charge the cost of removal and/or disposal and restoration to the Lessee. Lessee shall also be responsible for all collection costs including, but not limited to, legal fees and interest.

12. Relations of the Parties.

Lessee is not an officer, employee, or agent of the Lessor. Lessee covenants that it will satisfy and hold Lessor harmless against any lien, judgment, or encumbrance filed or made against the Leased Premises at the Lessee's sole and separate cost or expense.

13. Indemnification.

Lessee will indemnify, defend, and save harmless the Lessor, the State of Idaho, its officers, agents and employees from and against any liability, claims, damages, debts, demands, losses, costs, expenses, actions, obligations, judgments for damages, or injury to persons or property including, but not limited to, reasonable attorneys' fees and costs caused by or arising out of use or occupation of the Leased Premises by Lessee, or Lessee's agents, officers or employees or any person's failure to comply with any applicable state, federal, or local laws, statutes, rules, regulations or acts. This duty to indemnify, defend and save harmless shall encompass any claims which include or allege negligence of Lessor, its agents, officers or employees other than claims which arise solely out of negligence on the part of the Lessor, and this duty shall survive the termination or expiration of this Lease.

14. Inspection and Audit Rights.

- A. Inspection by Lessor. Lessee shall permit Lessor or Lessor's authorized agent or designee to inspect and enter the Leased Premises and any improvements at any reasonable time.
- B. Audit Rights. The Lessor shall have the right to audit, in such a manner, and at all reasonable times as it deems appropriate, all activities of the Lessee arising in the course of its operation under this Lease. Lessee must maintain its books, records, documents, and other evidence of accounting in accordance with generally accepted accounting principles so as to properly reflect its business. At sole discretion of the Lessor an audit of the Lessee's books or the supporting tax documents that has been filed with the Internal Revenue Service or the State Sales Tax Report may be performed by a Certified Public Accountant or agent of the Department of Lands. If an audit of gross receipts shows a discrepancy of ten percent (10%) or more, any additional rental owed, and the entire cost of the audit, shall be paid to the Lessor within thirty (30) days of notice to Lessee, as provided herein, unless a written payment plan detailing otherwise is approved by Lessor.

15. Reservations by Lessor.

The Lessor expressly reserves and excepts the following rights from the Lease:

- A. All timber rights, rights for oil and gas, geothermal rights, mineral rights, easements and rights-of-way, fee title to the Leased Premises, and title to all appurtenances and improvements placed thereon by the Lessor.
- B. The right to grant easements over the Leased Premises, providing said easements do not conflict in a material way with the approved improvements installed and maintained or operated by the Lessee upon the Leased Premises.
- C. The right to require that changes are made to the sanitation or other facilities for the protection of public health, safety or preservation of the Leased Premises.
- D. The right to issue leases for exploration and development of oil, gas, geothermal and mineral resources or any other lease, so long as such other use does not materially interfere with the authorized use under this Lease.
- E. To reserve, as its sole property, any and all water from any source arising on state land and to hold the water rights for any beneficial use that may develop as a result of this Lease.
- F. Right of ingress and egress over and across the herein described premises for itself and its assigns on existing roads or suitable alternative roads provided by the Lessee.

16. Lessee's Default.

- A. Lessee's breach of any of the terms of this Lease is a default and is a basis for termination of the Lease. Lessor shall provide Lessee written notice of the breach or violation and, if applicable, the corrective action required of Lessee. The notice shall specify the reasonable time to make a correction or cure the violation or breach. If the corrective action or cure is not taken within the specified time or does not occur, then the Lessor or Lessor's designee shall cancel the Lease effective on the date specified in the written termination notice, provided, however, that the notice shall be provided to Lessee no later than thirty (30) calendar days prior to the effective date of such termination.
- B. Lessee agrees to relinquish possession of the Leased Premises upon cancellation of the Lease with all permanent improvements thereon in good order and condition. In addition to the rights and remedies specifically granted to Lessor under this Lease, Lessor shall have such other rights and remedies as against Lessee as may be available at law or in equity, and Lessor's pursuit of any particular remedy for breach or default shall not, in and of itself, constitute a waiver or relinquishment of any other available claim of Lessor against Lessee.

17. Notices.

- A. All notice(s) including, but not limited to, a change in address, given in connection with the Lease shall reference the Lease number, shall be in writing and shall be delivered either by hand or by regular United States Mail to Lessor at the address listed in the Summary of Lease Provisions, and to Lessee at the address listed in Summary of Lease Provisions.
- B. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is the Lessee's duty to notify Lessor, in writing, of any change in Lessee's mailing address.

18. Waiver.

The waiver by the Lessor of any breach of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of any past, present, or future breach of the same or any other term, covenant, or condition of this Lease. The acceptance of rent by the Lessor hereunder shall not be construed to be a waiver of any term of this Lease. No payment by the Lessee of a lesser amount than shall be due according to the terms of this Lease shall be deemed or construed to be other than a partial payment on account of the most recent rent due, nor shall any endorsement or statement of any check or letter accompanying any payment be deemed to create an accord and satisfaction.

19. Attorneys' Fees and Costs.

In the event either party to this Lease shall institute a lawsuit of any kind under this Lease or action is taken by either party to obtain performance of any kind under this Lease, the unsuccessful party to such litigation agrees to pay to the prevailing party all costs and expenses, including reasonable attorneys fees, accountants fees and appraisers fees and fees of other experts, incurred therein by the prevailing party, including all such costs and expenses incurred with respect to an appeal and such may be included in the judgment entered in such action.

20. Officials, Agents and Employees Not Personally Liable.

In no event shall any official, officer, employee or agent of the State be in any way personally liable or responsible for any covenant or obligation contained in this Lease, express or implied, nor for any statement, representation or warranty made in connection herewith.

21. Miscellaneous.

- A. Modification. The Lease Provisions, excluding the rent adjustments, may be modified only by the prior written consent of the authorized representatives of the Lessor and Lessee.
- B. Complete Statement of Terms. No other understanding, whether oral or written, whether made prior to or contemporaneously with this Lease, shall be deemed to enlarge, limit, or otherwise effect the operation of this Lease.
- C. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.

- D. Paragraph Headings. The paragraph headings, titles, and captions used in this Lease are not to be construed as interpretations of the text but are inserted for convenience and reference only.
- E. Entire Agreement. This Lease contains the entire agreement between the parties as of the date concerning the subject matter hereof and supersedes all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises, or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein.
- F. Governing Law and Forum. This Lease shall be construed in accordance with and governed by the laws of the State of Idaho and the parties consent to the jurisdiction of Idaho State Courts located in Ada County in the event of any dispute with respect to this Lease.
- G. Binding on Heirs and Successors. It is understood and agreed that all terms, covenants, and conditions hereof shall be binding upon the approved subleases, approved assignees and Lessee's heirs or successors in interest.
- H. Severability. In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- I. License/Authorizations. Lessee shall be responsible for paying any fees for any license or authorizations that may be required from other entities as required in the course of doing business as it relates to this Lease.

This Lease (including the Summary of Lease Provisions, Lease Provisions, Signature Pages, and all Attachments) is made and entered into by and between the State of Idaho, acting by and through the Lessor, and Lessee.

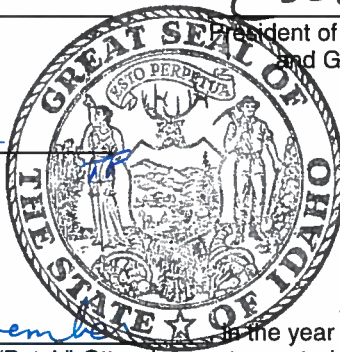
LESSOR SIGNATURES

COUNTERSIGNED: STATE BOARD OF LAND COMMISSIONERS OF THE STATE OF IDAHO

Ben Ysursa
Secretary of the State of Idaho

C. L. "Butch" Otter
President of the State Board of Land Commissioners
and Governor of the State of Idaho

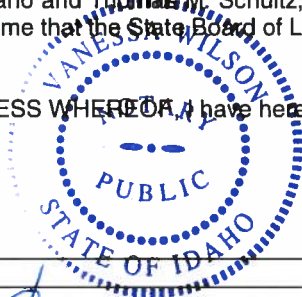
Thomas M. Schultz, Jr.
Director of the Department of Lands



STATE OF IDAHO)
COUNTY OF ADA)

On this 20th day of November, in the year 2013, before me, a Notary Public in and for said State, personally appeared C. L. "Butch" Otter, known to me to be the president of the State Board of Land Commissioners of the State of Idaho and the Governor of the State of Idaho; and Ben Ysursa, known to me to be the Secretary of the State of Idaho and Thomas M. Schultz, Jr., known to me to be the Director, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

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



Notary Public: Vanessa Wilson
Commission Expiration: 8-11-2014

LESSEE SIGNATURE(S)

x Keith Shannon President
(Lessee/Company)

x HOB Marine
(Lessee/Company)

x _____
(Lessee/Company)

x _____
(Lessee/Company)

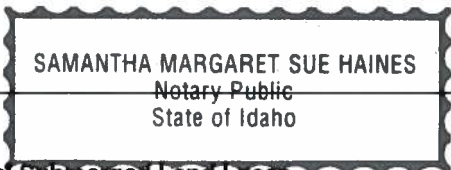
STATE OF Idaho)
COUNTY OF Kootenai)

(SEAL)

On this 28th day of October, in the year 2013, before me Samantha Margaret Sue Haines, a Notary Public, personally appeared Keith Shannon, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument, and acknowledged that he (she) (they) executed the same.

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

Notary Public: Samantha Margaret Sue Haines
Commission expires: 10/26/2018



ATTACHMENT A
SPECIAL TERMS AND CONDITIONS

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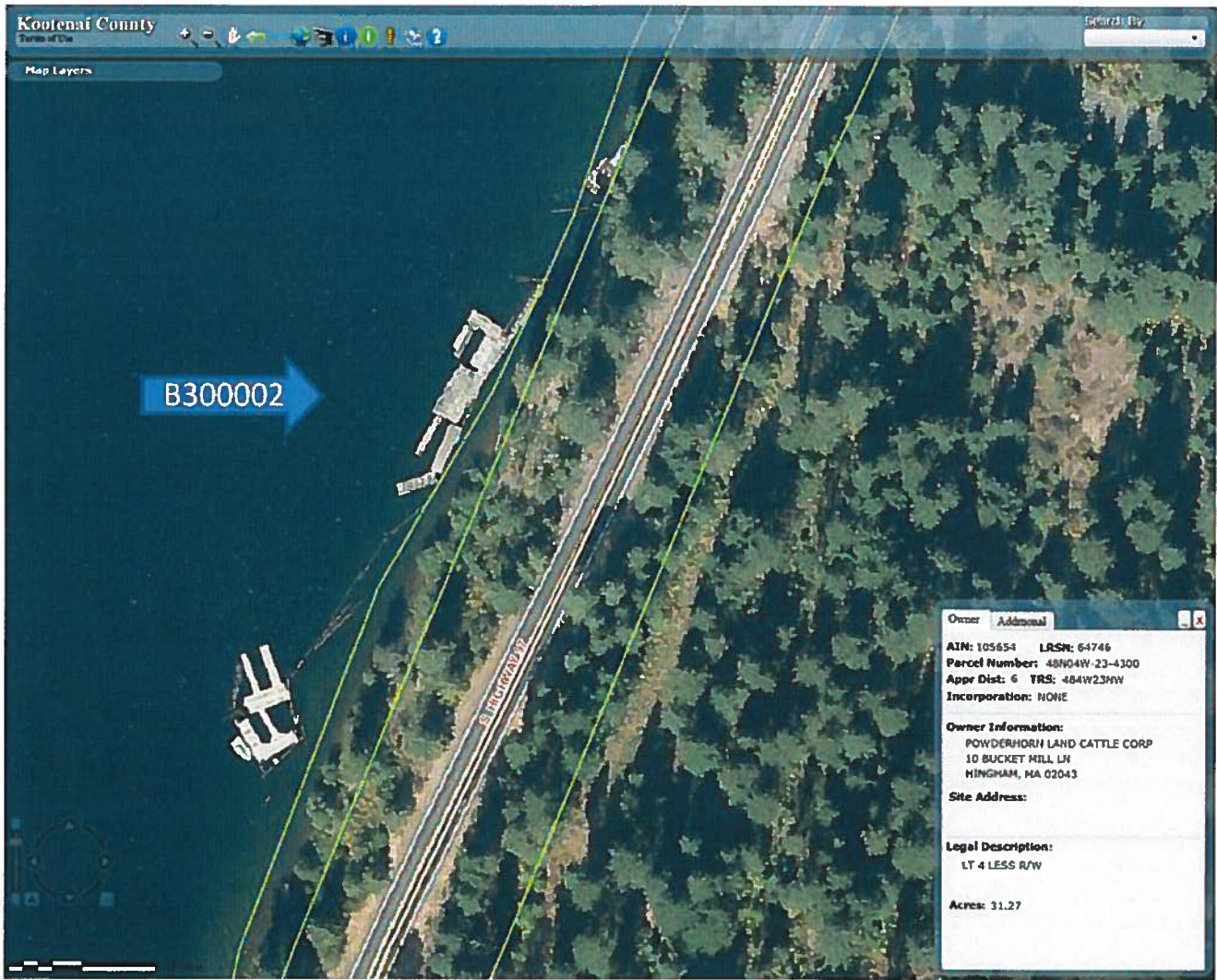
ATTACHMENT B

LEGAL DESCRIPTION OF LEASED PREMISES

Township-Range Section	Legal Description	Acres	County	Fund
48N-04W 23	Adj to Govt Lot 4 in Lake Coeur d'Alene	0.54	Kootenai	GF

ATTACHMENT C

SITE MAP(S)



ATTACHMENT D

REPORTS

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