

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 530

RECEIVED
MAY 27 2021
DEPARTMENT OF
WATER RESOURCES

This is to certify that:

FRANK TIEGS LLC
PO BOX 3350
PASCO, WA 99302-3350

filed an application to rent water from the Water Supply Bank ("Bank"). The Idaho Water Resource Board ("Board"), being authorized to operate a Bank and to contract by and through the Director of the Idaho Department of Water Resources ("Director, Department") for rental of water from the Bank, agrees to rent water as follows:

Summary of Water Rights or Portions Rented from the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
61-2162	1/22/1964	GROUND WATER	0.67	309	66.8	0.01	4.5
Combined Rental Totals			0.67	309	68.8	0.01	4.5

Term of Rental: This rental agreement shall take effect when all parties have signed it and shall continue in effect until December 31, 2025. Use of rental water shall be authorized as of either the date this rental agreement takes effect or the first day of the rental season of use, in 2021, whichever occurs last.

Annual Rental Fee:

2021 - 2022: \$6,192.00 annually
2023 - 2025: \$7,120.80 annually

The full fee for the rental of the above-described right(s) is \$6,192.00 per year for years 2021 - 2022 and \$7,120.80 per year for years 2023 - 2025. The rental fee includes an administrative fee of \$619.20 per year for years 2021 - 2022 and \$712.08 per year for years 2023 - 2025.

An annual payment shall be received by the Department on or before December 31 each year preceding the use of the rented water rights. The agreement will be void if payment is not received by the due date in a given year. Rental fees are non-refundable. To voluntarily terminate the agreement early, notify the Department in writing prior to the rental fee due date.

Total Water Use Authorized Under Rental Agreement

Beneficial Use	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)	Rate/Acre (CFS/AC)	Volume/Acre (AF/AC)
IRRIGATION	0.67	275	68.8	0.01	4.0
Combined Total	0.67	275	68.8	0.01	4.0

*** The authorized water usage reflects a reduction from the water right elements rented, to account for enlargement concerns**

Detailed water right conditions are attached.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 530

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Frank Tiegs
Signature of Renter

5-25-21
Date

Frank Tiegs
Printed Name

Managing Member
Title

*Title required if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By Brian Patton
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Date 6/2/21

Rental approved by IDWR FT

Date 6/2/21

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK RENTAL AGREEMENT No. 530

WATER USE DETAILS

LOCATION OF POINT(S) OF DIVERSION

GROUND WATER	NESE	Sec. 24, Twp 04S, Rge 06E,	ELMORE County
GROUND WATER	SESE	Sec. 25, Twp 04S, Rge 06E,	ELMORE County
GROUND WATER	SWSW	Sec. 25, Twp 04S, Rge 06E,	ELMORE County
GROUND WATER	SWNW	Sec. 25, Twp 04S, Rge 06E,	ELMORE County

BENEFICIAL USE
IRRIGATION

DIVERSION RATE
0.67 CFS

VOLUME
275 AF

SEASON OF USE

From To
4/1 10/31

RENTERS PLACE OF USE: IRRIGATION

Twp	Rng	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
04S	06E	23														6.5			6.5
04S	06E	26					9.5			7.5	38			7.3					62.3

Total Acres: 68.8

RENTAL AGREEMENT CONDITIONS OF ACCEPTANCE

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
6. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
7. Renter acknowledges and agrees that the Director may terminate authorization for the use of a water right based on a water right's priority date.
8. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
9. The use of water for irrigation under this right may begin as early as March 1 and may continue to as late as November 15, provided other elements of the right are not exceeded. The use of water before April 1 and after October 31 under this remark is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier 10/26/2000.
10. This rental agreement does not authorize the construction of a well.
11. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the place of use.

Effective until December 31, 2025

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**STATE OF IDAHO
WATER RESOURCE BOARD**

RECEIVED

**APPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANK**

MAR 15 2021DEPARTMENT OF
WATER RESOURCES**Applicant Name:** Frank Tiegs LLC**Is this application being submitted with a lease application as a lease/rental package?**Yes ☐ No ☒**If yes, specify companion water rights in Section 4**

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. **Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.**

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

Yes

- ☒ Completed *Application to Rent Water from the Board's Water Supply Bank*
- ☒ Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank

Attachment N/A Yes

- | | | |
|-----------|-------------------------------------|--|
| 2 | ☒ | A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request |
| 3A | ☐ | ☒ Detailed information on a proposed use of rental water |
| 3F | ☒ | ☐ Authorization from the owner/operator of the rental point(s) of diversion |
| 3H | ☒ | ☐ Water modeling to account for the impacts of the rental request |
| 3J | ☒ | ☐ Documents justifying a rate of flow greater than 0.02 cfs/acre |
| 3K | ☒ | ☐ Authorization from the owner/operator of the property at the proposed rental place(s) of use |
| 4B | ☐ | ☒ Explanation of how the rental water will sufficiently accomplish your rental purposes |
| 4C | ☒ | ☐ Explanation of consumptive use amounts for water rights experiencing a change in nature of use |

Department Use Only – Proposed Water Right(s)

61-2162

2009

**STATE OF IDAHO
WATER RESOURCE BOARD**

Application to Rent Water (Continued)

1. CONTACT INFORMATION

- A. Applicant Frank Tiegs LLC
- Mailing Address PO BOX 3350 PASCO, WA 99302
- Street City State Zip Code
- Email Address _____ Phone Number 509-545-4545
- B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐
- If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.
- Representative Greg Sullivan Professional Title Engineer
- Organization Brockway Engineering Relationship to Applicant Consultant
- Mailing Address 2016 N Washington St Ste 4 Twin Falls, Idaho 83301
- Email Address greg.sullivan@brockwayeng.com Phone Number 208-736-8543

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it **Attachment 2**.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

- A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them **Attachment 3A**:

The proposed rental will supply adequate irrigation water for this farm until a permanent water right can be transferred to this location.

- B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
1.0 CFS	309.6 AF	1.0 CFS	309.6 AF	68.8 AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

- C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
4/1/2021	6/1/2021	☐ 1	☐ 2	☐ 3	☐ 4	☒ 5	☒ Process application as soon as possible	☐ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):
Existing wells, pumps, motors, mainlines and delivery systems.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
04S 06E Sec.24 SWSW	Ground Water	61-2207A, et al.
04S 06E Sec.24 NESE	Ground Water	61-2207A, et al.
04S 06E Sec.25 SWNW	Ground Water	61-2207A, et al.
04S 06E Sec.25 SWSW	Ground Water	61-2207A, et al.

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as **Attachment 3F**.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☐ Irrigation 68.8 (number of acres) Duration: Subject to IDWR standard seasons of use
- ☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Other: _____ from: _____ (mm/dd) to: _____ (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☐ Yes ☐ No ☒
If yes, justify the rate of flow and attach any supporting documents as **Attachment 3J**. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☒ No ☐
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it **Attachment 3K**.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:
61-2207A, et al.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☒ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. **Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request.** For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
61-2162	Irrigation	3.1	1440	320		1.0	309.6	68.8
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	1.0	309.6	68.8
						CFS	AF	AC

**Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.*

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

N/A

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☐ No ☒

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☒ No ☐
If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☒ No ☐
If yes, describe:
In the near future after the water right can be identified and permanently transferred.

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒
If yes, describe the date and location of the NOV.

- D. Additional Information
None

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.


Signature of Applicant


Printed Name of Applicant

3-10-21
Date

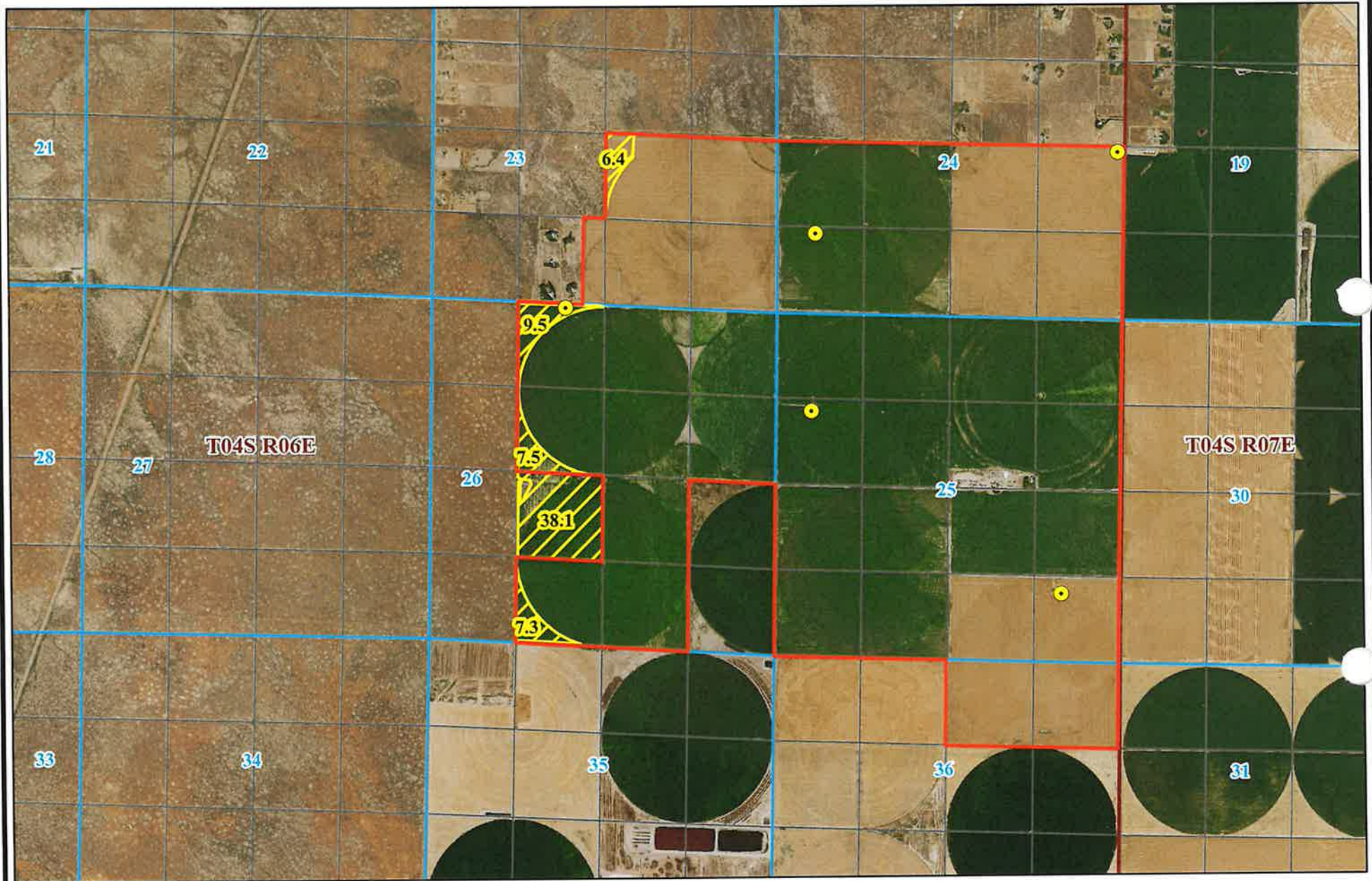
Signature of Representative

Printed Name of Representative

Date

Mail to:

Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098



0 0.25 0.5 Miles

CLOVER HOLLOW FARM

2021-2025 WATER BANK RENTAL
NAIP 2019 AERIAL

- Legend
- POD
 - PPU Clover Hollow
 - Clover_Hollow_WSB_Rental





FARMING LEASE
No. C600007
FRANK TIEGS, L.L.C.

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO, Idaho State Board of Land Commissioners
c/o Idaho Department of Lands
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee: Frank Tiegs, L.L.C., a Washington limited liability company registered
to do business in the State of Idaho
c/o Frank Tiegs
6610 W. Court St
PO Box 3110
Pasco, WA 99302-3110
Email address: ttippett@westernmort.com
Phone: 509-521-9354

Lease Term: Commencement: January 1, 2020
Termination: December 31, 2029

Rent: The annual rent payment is due on January 1st of each year.

FARMING:

Irrigation 40 acres at [REDACTED] per acre

Rent terms are more particularly described in *Section 3. Rental Rate and Modification of Rent* of the Lease Provisions.

Leased Premises Legal Description: See Attachment B

Primary Use of Leased Premises: Farming

Bond: N/A

Liability Insurance: N/A

Lease Documents: The Lease ("Lease") consists of the following components:
SUMMARY OF LEASE PROVISIONS
LEASE PROVISIONS
SIGNATURE PAGES
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEASED PREMISES LEGAL DESCRIPTION
ATTACHMENT C – SITE MAP(S) #1
ATTACHMENT D – REPORTS

***This Summary of Lease Provisions ("Summary") is for convenience and ease of review only. The information stated in the Summary is intended to be accurate and consistent with the contract terms set forth in the following Lease. In the event any information stated in the Summary is inconsistent with the Lease Provisions or Attachments, the Lease Provisions and Attachments will control.**

[Remainder of page intentionally left blank]

LEASE PROVISIONS

1. Lessor, in consideration of the rental paid and the covenants, conditions and restrictions contained in the Lease (including the Summary of Lease Provisions, Signature Page and all Attachments, including any Special Terms and Conditions, as may be amended), does hereby lease and demise unto Lessee, the lands ("Leased Premises") described in Attachment B for the uses specified herein. Lessor and Lessee are collectively referred to herein as the "parties" and individually as a "party". "Including" and "includes" mean including, but not limited to.

2. **Use of Leased Premises.**

Farming Use. Lessee is authorized to use the number of acres identified on this Lease as cropland. The location and management of said acres shall be as designated in this Lease. Said use shall be in accordance with this Lease. No use of the Leased Premises for crop purposes shall occur prior to the final approval of this Lease by Lessor. Lessee shall pay to Lessor an additional rental for the identified acres of cropland, whether cultivated or not, in an amount determined by Lessor pursuant to Lessor's current cropland rental policy, along with the annual base rental payment as set forth in the *Rental Rate and Modification of Rent* Section of the Lease.

3. **Rental Rate; Modification of Rent; Late Payment.**

- A. Annual Rent Payment. Lessee shall pay to Lessor, in lawful money of the United States, each year's rent for every acre and/or AUM covered by the Lease. Each year's rent shall be in an amount to be calculated pursuant to Lessor's most current formulas for each applicable use at the time the rental is calculated or recalculated. The rent shall be paid on or before the annual rental payment due date, as stated in the Summary of Lease Provision, of each year for the balance of the term of the Lease. Lessee shall pay the annual rental to Lessor without abatement, offset, or deduction of any kind, unless otherwise authorized by Lessor through a completed Lease Adjustment form provided by Lessor. Lessor reserves the right to increase or decrease the annual rent. Lessee will be notified one hundred eighty (180) calendar days in advance of the due date of any increase in rent.
- B. Accrual of Interest and Late Payment Charges. In the event any rent or other financial obligation due by Lessee to Lessor under the terms of the Lease is not paid in full when due, Lessee shall also pay: 1) interest accruing thereon at the statutory rate of interest as provided by law (12% per annum) until payment is made in full; and, 2) a late charge which shall accrue in full as of the first day of each and every calendar month of such delinquency until payment is made in full in the amount of [REDACTED] or one percent (1%) of the unpaid principal obligation(s), whichever is greater. All payments shall be applied first to the payment of accrued interest and to accrued late charges, and then to unpaid principal. 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 interest and late charges, Lessor does not waive any right to declare a breach, or to pursue any right or remedy available to Lessor by reason of such breach available at law or in equity, after the expiration of any applicable notice or cure period.
- C. Lien. The amount of the rent, and accruing late charges and interest, shall constitute a lien in favor of Lessor against all of Lessee's improvements and other property on the Leased Premises, including crops and livestock.

4. **Lease Terms Generally.**

- A. Lease Terms and Conditions. The terms and conditions of the Lease address all activities that may take place under the Lease, and may include farming, the construction of improvements, vegetation, noxious weed control, and other factors identified by Lessor as necessary for inclusion in the Lease, as well as any special terms and conditions based on the specific characteristics of the Leased Premises or of Lessee's use of the Leased Premises.
- B. Modification of Lease Terms and Conditions. Lessor may review and modify any terms and conditions of the Lease upon any change in conditions, laws, or regulations; provided that Lessor shall give Lessee no less than thirty (30) calendar days' notice of any such modifications prior to the effective date thereof. Modifications mutually agreeable to both Lessor and Lessee may be made at any time by written agreement of the parties.

- C. Compliance Required. Lessee shall abide by this Lease. If Lessee fails to abide by the Lease, Lessee will be deemed in breach, and the Lease will be subject to termination.
- D. Reimbursement for Non-Standard Administrative Costs. Lessee shall reimburse Lessor for non-standard administrative costs incurred to address issues of compliance, and the same shall be considered additional rent, due upon demand by Lessor. Lessor's request for payment to Lessee will include a detailed description of the work completed and actual expense incurred.
- E. Attachment A may contain special terms and conditions of the Lease, as may be modified. Failure to comply with any special terms and conditions shall constitute a default of the Lease, and the failure of Lessee to cure such default may result in the termination of the Lease.

5. Subleasing or Assignment.

- A. Written Approval Required. Lessee shall not assign the Lease, or sublease or authorize another person to use any part of the Leased Premises without the prior written consent of Lessor to be evidenced by Lessor's execution of consent forms provided by Lessor for that purpose. Any request for approval of a sublease or assignment must be in filed writing and with the appropriate processing fee, and must comply with the statutes and rules governing subleasing or assignment. Any request for approval of a sublease must be accompanied by a copy of the proposed sublease agreement. Lessor may withhold consent for any reason. Any attempt by Lessee to sublease Lessee's interest in the Leased Premises or any part of the Leased Premises, or to assign the Lease, shall be void unless Lessor has given prior written consent. No request for Lessor's approval of any assignment or sublease will be considered unless all rent or late charges and interest due has been paid in full, and Lessee is in good standing under the terms of this Lease and all other contracts with Lessor. No sublease will act as a release of Lessee's obligations hereunder unless Lessor executes a separate written release of Lessee. Lessor has no obligation to release Lessee hereunder, and Lessor can withhold such release at Lessor's sole discretion. Any sublease or assignment shall be subject to the provisions of this Lease, as well as such additional terms and conditions Lessor may require. The sublease shall not extend beyond the term of the Lease.
- B. Additional Rent Due. In the event the Leased Premises is subleased by Lessee for an amount greater than the base rental, Lessee shall, in addition to Lessee's annual base rental, pay to Lessor as additional rent an amount equal to one-half (1/2) the difference between Lessee's base rental rate, and the rental rate paid to Lessee by sublessee.
- C. Improvements. Upon an approved assignment, the ownership of any existing Lessee-owned improvements under the Lease must be separately negotiated between Lessee and such assignee, and title to the improvements transferred to the assignee.
- D. Copies to be Filed. Copies of all assignments, subleases, pasturage or any other agreement of any kind or nature involving the use of the Leased Premises by an individual or entity other than Lessee shall be timely delivered by Lessee to Lessor.

6. Leasehold Mortgage.

Lessee shall not mortgage, pledge or otherwise dispose of Lessee's interest in this Lease, or any portion thereof, including any Lessee-owned improvements or fixtures on the Leased Premises, without the prior written consent of Lessor. Lessee shall use mortgage or deed of trust forms provided by Lessor, and shall submit completed forms and any required fee to Lessor for review and approval. The term of a mortgage agreement shall not exceed the term of the Lease, and shall terminate if this Lease is terminated for any reason. Lessor may accept or reject a leasehold mortgage in its sole discretion.

7. Environmental, Safety and Sanitary Requirements.

- A. No Hazardous Materials. Lessee shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, substance or material, including petroleum products, such as oil, gasoline, or any other substance that is known, or is suspected to be a hazardous waste, substance or material on the Leased Premises except in the acceptable and customary use associated with weed and pest control, machinery, equipment and vehicles. Lessee shall be responsible, and shall pay all costs, for the removal or other

appropriate remedial action regarding any hazardous waste, substance or material that Lessee may have caused or allowed to be introduced on the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with all applicable federal, state, and local laws, regulations, rules and ordinances. Lessee shall immediately, upon the introduction of any hazardous waste, substance or material on the Leased Premises, contact Lessor and the Idaho Department of Environmental Quality ("DEQ"), and enter into a consent order for remediation with DEQ. Provided, however, that Lessee shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ unless Lessee is so authorized in writing by Lessor. In the event of the introduction of any hazardous waste, substance or material, Lessor may require Lessee to enter into any consent order or other agreement with any other relevant agency. Lessee shall indemnify, defend and hold Lessor harmless from any and all costs, expenses, damages and fines, including without limitation all reasonable attorney fees and costs, including attorney fees and costs on appeal, relating to and including any hazardous waste, substances, materials, or pollution. The amount of any costs incurred by Lessor due to Lessee's violation of this provision shall constitute a non-standard administrative cost and a lien in favor of Lessor against all of Lessee's interest in the Lease and all improvements and other property on the Leased Premises including crops and livestock.

- B. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection, prevention and burning. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from burning garbage or household trash and any burning on the land, including the burning of wood, weeds or other debris, but excepting campfires if necessary for the use under the Lease, without the prior written permission of Lessor.
- C. Sanitary Requirements. Concerning activities authorized under the Lease, Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter, and in the same or better condition as when the Lease was issued. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local laws, rules and regulations. Lessee shall dispose of sewage on the Leased Premises only if specifically authorized by Lessor. Lessee shall not store trash on the Leased Premises nor transport trash, garbage, litter or debris onto the Leased Premises. Lessee shall dispose of all trash, garbage and carcasses in conformity with all applicable federal, state, and local laws, rules and regulations. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.

8. **No Warranties; Public Use.**

- A. No Warranty of Title. Lessor does not warrant title to the Leased Premises or the resources that may exist on the Leased Premises. The Lease is issued only under such title as the State of Idaho may have as of the date of commencement, or as may be subsequently acquired. Lessee is solely responsible for satisfying itself with respect to the ownership of the Leased Premises. If Lessor is subsequently divested of said title, no liability will be incurred by Lessor by virtue of the Lease for any loss or damage to Lessee. Nor will any claim for refund, rents, or other amounts paid to Lessor be made by Lessee, its successors or assignees.
- B. No Warranty of Merchantability or Fitness. Lessee expressly acknowledges that neither Lessor, nor any agent or representative of Lessor, has made any representation of warranty, either express or implied, with respect to the title, merchantability, or fitness of the Leased Premises for any particular purpose or use, including the uses for which the Lease is granted. Lessee accepts the Leased Premises in an "as is" condition, and relies solely on Lessee's own inspection of the Leased Premises.
- C. Quiet Enjoyment. Lessor agrees that Lessee, upon payment of the rent and performing the terms of the Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder during the term hereof. Lessee acknowledges that the Lease is non-exclusive, and Lessor retains the right to use of the Leased Premises, or to grant rights to others for use of the Leased Premises to the extent any such use does not materially interfere with Lessee's purpose and use allowed hereunder, unless otherwise provided for in the Lease.
- D. Public Use. Lessee must allow the general public the right to use the Leased Premises for any lawful use available to the public for lands owned by Lessor. However, nothing in the Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands, including the Leased Premises. Public use of state lands shall not be restricted without prior written approval of Lessor. The Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

9. **Water Right and Water Use.**

- A. Water Use on the Leased Premises. Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of the Lease, but only for the use allowed in the Lease and only in conformance with Idaho water law.
- B. Future Water Rights and Water Use Generally. The establishment of any new water right, including instream livestock use or stock watering rights, by Lessee or Lessor on the Leased Premises during the term of the Lease shall be by and for Lessor, and no claim thereto shall be made by Lessee. If a new water right is established on the Leased Premises during the term of the Lease, Lessee agrees that its application of water to beneficial use is on behalf of and as an agent for Lessor. Lessee may act as an agent for Lessor only for the purpose of applying water to beneficial use. Such water rights shall attach to and become appurtenant to the Leased Premises, and Lessor shall be the owner thereof. The use of any water rights by Lessee shall be in conformance with Idaho water law. Lessee must receive the prior written consent of Lessor, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights or water use in and for the State of Idaho for any of the following:
 - i. To drill and use a water well;
 - ii. To develop and use any source of water;
 - iii. To cause any water to be conveyed or diverted off the Leased Premises; or
 - iv. To bring water onto the Leased Premises.
- C. Water Systems. If water is supplied to the Leased Premises by a water system operated by the State of Idaho, including Lessor, the use of such system and the supply of water provided thereby may be curtailed or terminated upon thirty (30) calendar days written notice to Lessee from Lessor. Neither Lessor nor its agents and employees, nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to Lessee by reason of the failure of, damage to, termination or curtailment of the operation of any water system or source supplying water to the Leased Premises.
- D. Improvements in Aid of Water Use. Improvements, whether pre-existing or future, made in aid of any and all water use on, or diversion from, the Leased Premises are subject to the improvement permit requirements of the Lease.
- E. No Right of Access to Water Rights Upon Termination. Upon the termination of the Lease, for any reason, Lessee shall have no right to access any point of diversion or any place of use of any water right on the Leased Premises without the prior written consent of Lessor.

10. **Noxious Weeds.**

- A. Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the responsibility of Lessee, unless otherwise provided for in the Lease.
- B. Lessee shall ensure that prior to moving onto the Leased Premises, all equipment is free of noxious weeds and their seeds, as defined by the Idaho Department of Agriculture and any local Cooperative Weed Management Area. The cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.
- C. All straw and forage used for livestock feed, with the exception of that grown on the Leased Premises or on Lessee's immediately adjacent land, must be certified in accordance with the Idaho State Department of Agriculture's Noxious Weed Free Forage and Straw Certification Rules (IDAPA 02.06.31.000 *et seq.*), and must be certified as Idaho State Noxious Weed Free.

11. **Construction of Improvements.**

- A. **Permit Required.** Lessee shall not construct or reconstruct, initiate or place improvements or structures of any character (collectively "improvements") on or to the Leased Premises without the prior express, and written permission of Lessor. Said permission shall be in the form of a permit issued by Lessor, and shall be required for any improvement placed on the Leased Premises, including range improvements, buildings or other structures, water developments, fences, vegetation treatment, and the clearing of land. Lessee shall submit project plans to Lessor. If the project plans are approved and permitted in writing by Lessor, then Lessee shall construct and implement the improvements in full compliance with the approved plans, the permit and all applicable statutes, rules and building codes. Permitted improvements shall be the property of Lessee, unless otherwise provided in the permit or the Lease. Failure to obtain a written permit prior to construction and implementation of any improvement will be considered a trespass violation and may result in the termination of the Lease or cause Lessor to initiate proceedings, including those provided for in IDAPA 20.03.14.90. The improvements shall be removed by Lessee if directed by Lessor, or Lessor may remove the improvements at Lessee's cost. Any improvements associated with the uses authorized in the Lease and placed on endowment land prior to January 1, 1970, are considered grandfathered and properly authorized even though there may be no documentation of authorization.
- B. **Fences.** If Lessor deems it necessary to protect any lands owned by the State of Idaho in the Leased Premises, the following procedure will be utilized to establish requirements for locating and cost sharing for the construction of partition (boundary) fences between the Leased Premises and an adjacent landowner(s). Lessor, Lessee and the adjoining landowner(s) may meet on-site and off-site to identify property boundary lines for the location of fences, negotiate alternative location(s), and negotiate other terms of such construction. If Lessor deems that new partition fence is necessary, Lessee will be required to construct the fence by a date approved by Lessor. Lessor will provide the adjacent landowner(s) with written notice stating that one half (½) of the partition fence will be built by Lessee within six months after the date of the notice, and that the adjoining landowner must build the remaining one half (½) of the partition fence within that same timeframe. If an adjacent landowner does not complete the fence within the six month timeframe Lessee will complete the entire fence by a date approved by Lessor. After complete construction, Lessee may choose to place a lien on the adjacent land for recovery of Lessee's costs of construction. Lessee acknowledges and agrees that Lessor maintains the final decision making authority for the location and cost allocation of any partition fences on, over or along any lands of the Leased Premises; the AUMs and the total acreage of the Leased Premises may be modified by Lessor, alone, through a lease adjustment in order to effectuate such final decision by Lessor. Any actual cost incurred or extra IDL resources expended by Lessor to ensure Lessee's compliance shall be considered a non-standard administrative cost. Improvement credit for Lessee's partition fences will be determined in accordance with IDAPA 20.03.14.000 *et seq.*, the Rules Governing Grazing, Farming, Conservation, Noncommercial Recreation, and Communication Site Leases. If Lessee recovers the cost of constructing the adjacent landowner's portion(s) of partition fence, no improvement credit will be allowed for Lessee's construction of the adjacent landowner's portion(s).
- C. **Condition of Improvements.** At all times during the term of the Lease, Lessee shall keep all improvements in good repair and functional condition to the satisfaction of Lessor. Any and all fences and gates shall be neat, stock-proof and lawful fences.
- D. **Maintenance of Improvements.** Lessee may be required to remove or reconstruct improvements in poor or non-serviceable condition. Existing maintenance agreements on lands acquired from the federal government shall remain in effect until amended by the parties involved. If maintenance is not being accomplished, Lessor shall provide a letter to Lessee informing Lessee of the violation of the Lease. If work is not begun within thirty (30) calendar days and completed in a timeframe specified by Lessor, Lessor may contract repairs and bill Lessee for actual costs incurred, which shall be considered a non-standard administrative cost, or Lessor may terminate the Lease, in Lessor's discretion.
- E. **Removing Improvements.** Lessee shall not remove, relocate or otherwise alter any improvements without the prior written approval of Lessor.
- F. **Cost of Improvements.** Any permitted improvements constructed by Lessee, shall be constructed at Lessee's own expense, unless Lessor and Lessee shall have entered into a prior written cost sharing agreement for construction of such improvements.
- G. **Permitted Improvements At Lease Termination.** Upon the termination of the Lease for any reason, and in the event Lessor leases the Leased Premises to a new lessee, Lessor shall require the new lessee to pay Lessee

the then existing value of the permitted improvements in accordance with the then existing statutes and rules, less any and all amounts owed to Lessor to cure any default by Lessee. Said value shall be determined through a valuation conducted by Lessor, which may factor in Lessee's documented cost of construction if the improvements were authorized after July 1, 2009, in Lessor's discretion. Improvement payments shall be first applied towards any rent or other monies due to Lessor before being disbursed to Lessee. Under no circumstance shall Lessor be obligated to pay any such value for improvements to Lessee, such obligation shall be solely on the subsequent lessee, if any. Any improvements which Lessee is entitled or required to remove upon termination of the Lease must be removed within six (6) months of the termination of the Lease, or such additional time as Lessor may authorize, otherwise it shall be deemed abandoned, and title to such abandoned improvements shall vest in Lessor upon notice to Lessee, in Lessor's discretion.

- H. **Unapproved Improvements.** At any time during the term of this Lease, or upon the termination of the Lease for any reason, Lessor may require, at Lessor's sole discretion, that Lessee remove any improvements placed on the Leased Premises without a prior permit from Lessor. The full cost of such removal, including the restoration of the Leased Premises, shall be solely Lessee's. In the event Lessor does not elect to require such removal, Lessee's failure to secure such permit shall constitute forfeiture of the improvements, at Lessor's discretion. Title to any improvements placed on the Leased Premises without a permit from Lessor shall, at Lessor's discretion, immediately vest in Lessor without payment to Lessee and without waiver of Lessor's right to require removal of the same by Lessee.
- I. **Lessor's Removal of Improvements.** Lessor may, at its discretion, remove or have removed the abandoned or non-permitted improvements, and Lessee shall be responsible for the full cost of removal and restoration of the Leased Premises. Nothing herein shall relieve Lessee from the obligation to remove any improvements as required by Lessor under the terms of the Lease, or pursuant to the terms of the permit authorizing the improvements.

12. No Liens.

Lessee shall not permit or suffer any lien of any kind or nature to be placed on or enforced against the Leased Premises, the leasehold interest, or any improvements thereon, including tax liens, any mechanics' liens or material suppliers' liens. Lessee shall ensure that full payment is made for all labor performed at Lessee's instance and for any and all materials joined or affixed to the Leased Premises or any improvements thereon.

13. Sale, Exchange or Change in Use of Leased Premises.

- A. **Sale.** Lessor may sell all or any portion of the Leased Premises during the term of the Lease. Lessor will notify Lessee that the Leased Premises are being considered for sale at the time the proposed sale is scheduled for submission to the Land Board for approval. Lessee will be notified of a scheduled sale at least thirty (30) calendar days prior to the sale date. Lessee shall deliver immediate possession of the land sold to Lessor, or to the person or party as may be specified in writing by Lessor or Lessor's designee, unless the land remains subject to the Lease, or unless Lessee is to be permitted to harvest a growing crop before surrendering possession. When creditable improvements are present, and Lessee delivers possession of the land, Lessor shall value them in accordance with Idaho Code § 58-313, or the then-existing applicable statute or rule, and Lessee shall be paid for the improvements by the purchaser on the day of the sale.
- B. **Consent To Land Exchange.** Lessee acknowledges that the Leased Premises, or any portion thereof, may be the subject of a future land exchange by Lessor, and Lessee hereby consents to the inclusion of any such land, or portion thereof, in any land exchange deemed necessary or appropriate by Lessor. This consent is given in compliance with Idaho Code § 58-138. In the event Lessor chooses to include the Leased Premises, or any portion thereof, in any proposed land exchange in the future, Lessor shall provide Lessee with at least thirty (30) days written notice from the Director of the Department of Lands prior to such land exchange. Upon the consummation of the proposed land exchange, that portion of land included within the exchange shall be deleted from the Lease, and Lessee's lease payment obligation for the ensuing year(s) shall be reduced proportionately. Lessee shall be entitled to continue to use the lands included within any such exchange for the balance of the year in which the exchange occurs unless otherwise notified in writing by Lessor, in which event the Lease payment for such year shall be prorated.
- C. **Change in Use.** The Lease may be terminated in whole or in part upon one hundred eighty (180) calendar days written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is

incompatible with the use authorized by the Lease, as designated by Lessor. In the event of early termination due to change in land use, Lessee will be entitled to a pro rata refund of the premium bid for a conflicted Lease.

14. Relationship of the Parties.

Lessee is not an officer, employee, or other authorized agent of the State of Idaho for any purpose other than the development of waters rights as set forth in *Section 9. Water Right and Water Use*, above. In no event shall any official, officer, employee or agent of Lessor or of the State of Idaho be in any way personally liable or responsible for any covenant or obligation contained in the Lease, express or implied, nor for any statement, representation or warranty made by Lessee in connection herewith.

15. Reservations by Lessor.

Lessor expressly reserves and excepts the following rights:

- A. To enter upon the Leased Premises, or any portion thereof, during the term of the Lease for any purpose, including inspecting the Leased Premises or any improvements.
- B. All rights not expressly granted to Lessee under the Lease, including all rights to timber, water, 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 Lessor or abandoned by any lessee.
- C. To grant easements and rights-of-way over and across the Leased Premises provided such easements or rights-of-way do not materially affect Lessee's use and enjoyment of the Leased Premises under the terms of the Lease. Lessor shall coordinate with Lessee before approving any easement or right-of-way application on the Leased Premises. If the easement or right-of-way materially and adversely impacts the value of Lessee's improvements or any growing and immature crops, then Lessor, as the grantee of such easement or right-of-way, shall, before exercising the same, pay Lessee the reasonable diminution in value of any permitted improvements and any growing and immature crops. Said value shall be determined by Lessor's valuation.
- D. To issue other leases on the Leased Premises. Such other leases may be for any purpose deemed appropriate by Lessor provided such other leases do not materially affect Lessee's use and enjoyment of the Leased Premises under the terms of the Lease. Other lease purposes may include the exploration and development of oil or gas, geothermal, mineral deposits, and placer deposits as provided by Title 47, Idaho Code. In the event any such other lease is granted by Lessor which materially and adversely impacts the value of Lessee's improvements or any growing and immature crops, the other lessee shall, before exercising the same, pay Lessee the reasonable diminution in value of any permitted improvements and any growing and immature crops. Said value shall be determined by Lessor's valuation. If any such other lease conflicts with the grazing use or makes consumptive use of forages, the grazing rental will be adjusted to reflect such loss of use.
- E. To require that changes be made in the use under the Lease, and/or to the improvements on the Leased Premises, including, but not limited to, the sanitation or other facilities for the protection of public health, safety, preservation of property or water quality.
- F. To reserve as Lessor's sole property any and all water appurtenant to Lessor's land or from any source arising thereon, and to hold water rights for any beneficial use that may be developed as a result of the Lease, and as further provided in *Section 9. Water Right and Water Use*, herein.
- G. Rights of ingress, egress, and access, over and across the Leased Premises for Lessor and its lessees, permittees, contractors, and assigns on existing roads, or on suitable alternative roads provided by Lessee.
- H. To change the use of the Leased Premises, in whole or in part, for other uses that will better achieve the fiduciary obligations of Lessor to endowment beneficiaries. Upon a change in use, the Lease may, at Lessor's discretion, be terminated in whole or as to the affected part. In the event of any such termination due to a change in use, the provisions of *Section 11. Construction of Improvements*, herein, relating to compensation for permitted improvements shall apply.

- I. To sell timber on the Leased Premises or otherwise conduct forest management activities. Lessor reserves the right to restrict or prohibit grazing use on all or portions of the Leased Premises for timber management purposes. Lessee will be given not less than one hundred eighty (180) calendar days written notice of any such restrictions or termination of grazing use, together with a map of the restricted area.
- J. To restrict or prohibit grazing on all or any portion thereof of the Leased Premises in response to emergency conditions including fires, flooding and drought.
- K. To sell all or any portion of the Leased Premises at any time during the term of the Lease, and as further provided in *Section 13. Sale, Exchange or Change-in-Use of Leased Premises*, herein.
- L. To harvest seed from plants on any portion of the Leased Premises not being farmed. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on farming operations.
- M. To close roads for road protection, wildlife protection or administrative purposes. Planned road closures will be reviewed with Lessee prior to action by Lessor.
- N. To claim all improvements placed upon the Leased Premises remaining after six (6) months in cases of abandonment by Lessee; or to take possession immediately in cases of termination upon breach, and Lessee's failure to cure, of any of the conditions of this Lease; or to remove the same in Lessor's sole discretion, at Lessee's cost. No improvements will be disposed of by Lessor until all administrative procedures have been exhausted, waived, or not timely acted on by Lessee.

16. Indemnification.

- A. Lessee shall indemnify, defend, and save harmless Lessor, the State of Idaho, its officers, agents, employees, and volunteers from and against any and all liability, claims, damages, losses, expenses, actions, settlements, attorneys' fees, and suits whatsoever caused by, arising out of, or in connection with Lessee's acts or omissions under this Lease or Lessee's failure to comply with any applicable state, local or federal statute, law, regulation, rule or ordinance.
- B. Upon the receipt by Lessee of Lessor's or the State of Idaho's tender of indemnity and defense, Lessee shall immediately take all reasonable actions necessary, including, but not limited to providing a legal defense for Lessor and the State of Idaho, and to begin fulfilling its obligation to indemnify, defend, and save harmless Lessor and the State of Idaho. Lessee's indemnification and defense liabilities described herein shall apply regardless of any allegations that a claim or suit is attributable in whole or in part to any act or omission of Lessor, the State of Idaho under this Lease. However, if it is determined by a final judgment that Lessor, the State of Idaho's negligent act or omission is the sole proximate cause of a suit or claim, neither Lessor nor the State of Idaho shall be entitled to indemnification from Lessee with respect to such suit or claim, and Lessor and the State of Idaho in its discretion, may reimburse Lessee for reasonable defense costs attributable to the defense provided by any Special Deputy Attorney General appointed pursuant to *Section 16.C, Indemnification*.
- C. Any legal defense provided by Lessee to Lessor and the State of Idaho under this section must be free of any conflicts of interest, even if retention of separate legal counsel for Lessee and, Lessor and the State of Idaho, is necessary. Any attorney appointed to represent Lessee, the State of Idaho must first qualify as and be appointed by the Attorney General of the State of Idaho as a Special Deputy Attorney General pursuant to Idaho Code Sections 67-1401(13) and 67-1409(1).

17. Payment of Taxes, Assessments or Fees – Lien.

Unless otherwise provided, Lessee shall pay all water charges, fees, assessments or taxes of any nature that may be legally levied or assessed against the Leased Premises, or any portion of the Lease Premises, or on any improvements. If any of the same are not paid by Lessee, such amounts due shall constitute a lien in favor of the State of Idaho against all of Lessee's improvements, livestock, and crops growing on the Leased Premises.

18. Lessee's Default.

- A. Lessee's Failure to Comply. Lessee's failure to comply with the Lease shall be a breach giving rise to a basis for termination of this Lease. Upon default by Lessee, Lessor shall provide Lessee a notice of default providing at least thirty (30) calendar days' written notice of default and opportunity to cure. Notice of any intention to terminate the Lease upon failure to cure shall be provided to Lessee. If the default is non-financial in nature and cannot reasonably be cured within thirty (30) days, then the corrective action required of Lessee and a longer period to cure may be provided by Lessor. If the corrective action or cure is not taken within the specified time or does not occur, then the Lease shall automatically terminate on the date specified in the written notice without any further notice or demand by Lessor, unless otherwise agreed by Lessor in writing. Lessee shall not, while in default or breach, remove any of the improvements, or crops thereon, whether crops are harvested or not, unless directed by Lessor. In addition to the rights and remedies granted or reserved to Lessor in the Lease, Lessor shall have all other rights and remedies against Lessee as are available at law or in equity. Lessor's pursuit of any particular right or remedy for breach shall not, in and of itself, constitute a waiver or relinquishment of any other compatible claim or remedy against Lessee.
- B. Obligations Incurred by Reason of Lessee Default. In the event Lessee fails to perform any act or do anything which Lessee is required to do under the terms of the Lease, Lessor shall have the right, but not the obligation, to perform on behalf of Lessee, any such action. Lessee shall immediately reimburse Lessor for all costs and expenses, including attorneys' fees (including fees from the Office of the Attorney General of the State of Idaho), incurred by Lessor in performing any such act or thing. Lessee's obligation to pay costs hereunder shall be deemed to be a non-standard administrative cost.

19. Surrender of Land.

Lessee shall, at the termination of the Lease, deliver immediate possession and vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of Lessee's entry thereon, except for reasonable use and wear, acts of God, or damage by causes beyond the reasonable control of Lessee. Upon vacating, Lessee shall leave the Leased Premises free and clear of all rubbish and debris, and with all improvements in good order and condition.

20. Termination By Mutual Agreement.

The Lease may be terminated by mutual agreement between Lessor and Lessee.

21. Notices.

- A. Notices. Any notice or any demand given under the terms of the Lease shall be deemed given and delivered on the date when personally delivered, or if mailed, the date written notice is deposited in the United States Mail, and mailed by regular or certified mail, postage prepaid and properly addressed to the appropriate party.
- B. Addresses. Unless changed by notice in writing, any notice, demand, and communication under the Lease shall be addressed to Lessor at:

Idaho State Board of Land Commissioners
c/o Idaho Department of Lands
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

and to Lessee at the address set forth at the beginning of the Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

22. Waiver.

A waiver by Lessor of any breach of any term, covenant or condition of the 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 the Lease. The acceptance of rent by Lessor hereunder shall not be construed to be a waiver of any violation of any term or

condition of the Lease. No payment by Lessee of a lesser amount than is due according to the terms of the Lease shall be deemed or construed to be anything other than a partial payment on account of the most recent rent due, nor shall any endorsement or statement on any check or letter accompanying any payment be deemed to create an accord and satisfaction.

23. Attorney's Fees and Costs.

In the event either party initiates a legal proceeding under the Lease, the prevailing party in that legal proceeding shall be entitled to such additional sums as the court may award for reasonable attorney's fees (including fees from the Office of the Attorney General of the State of Idaho) and costs (including appraisal fees and expert fees) incurred in such proceeding.

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

- A. Full compliance. Lessee shall fully comply with all applicable federal, state, or local statutes, ordinances, rules, regulations and laws now existing or hereafter enacted or ratified. This shall include all applicable rules and regulations and standards promulgated by the State Board of Land Commissioners or the Idaho Department of Lands, including, but not limited to, the rules governing leasing of endowment lands, IDAPA 20.03.14.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall Lessee allow the same to be committed thereon. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

25. Miscellaneous.

- A. No Trespass. Lessee shall not allow Lessee's livestock to graze or run at large over any lands of Lessor in a manner not approved by the Lease. Lessee shall not authorize any other person to graze or run livestock over Lessor's lands without the express written consent of Lessor.
- B. Appraisals and Valuations. Any appraisal or valuation by Lessor called for in the Lease shall be done by Lessor in accordance with applicable state laws and regulations, and the then-existing policy of Lessor, if any.
- C. Subject to Existing Leases/Easements. The Lease is expressly subject to any right-of-way permit, easement, lease or contract, including any present or future timber sale contract, that is now in force and effect, or that may hereafter be granted relating to the Leased Premises.
- D. Timber. The Lease does not authorize Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by Lessee or with Lessee's knowledge or consent, shall result in termination of the Lease without notice and an opportunity to cure. Lessee shall be responsible for all damages incurred by reason of such breach, including damages in the amount of treble (three times) the value of the timber used or taken and all other damages. Said timber value will be determined by Lessor.
- E. Modification. Unless otherwise provided herein, the Lease may be modified only upon written agreement of all parties.
- F. Binding on Heirs and Successors. The Lease shall inure to the benefit of and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties.
- G. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- H. Entire Agreement. The Lease contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of the Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning the Lease except those which are expressly contained herein.

- I. Governing Law and Forum. The Lease shall be construed in accordance with and governed by the laws of the State of Idaho, and the parties consent to the jurisdiction and venue of the Idaho State District Court located in Ada County in the event of any dispute with respect to the Lease or the Leased Premises.
- J. Severability. In the event any provision of the 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.
- K. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

THE UNDERSIGNED HAVE READ THIS CONTRACT AND UNDERSTAND AND AGREE TO ITS TERMS.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed on the day and year written below.

LESSEE SIGNATURES

FRANK TIEGS, L.L.C.,
an Washington limited liability company registered to do
business in the State of Idaho

Date: 12-17-19

Frank Tiegs
FRANK TIEGS, Manager

STATE OF Washington)
County of Franklin) ss.

On this 17th day of December, 2019, before me a notary public in and for said state, personally appeared **FRANK TIEGS**, known or identified to me to be the manager of **FRANK TIEGS, L.L.C.**, a Washington limited liability company registered to do business in the State of Idaho, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company 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)



Teresa M. Fritz
Notary Public
Residing at: Richland
My Commission Expires: 4-29-22

LESSOR SIGNATURES

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

Secretary of the State of Idaho

President of the State Board of Land Commissioners
and Governor of the State of Idaho

Director Department of Lands

STATE OF IDAHO)
 : ss
COUNTY OF ADA)

(SEAL)

On this _____ day of _____, in the year 20____, before me _____,
a Notary Public in and for said State, personally appeared Brad Little, 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 Lawrence E.
Denney, known to me to be the Secretary of the State of Idaho and Dustin T. Miller, 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: _____
Commission Expires: _____

Attachment A
SPECIAL TERMS AND CONDITIONS

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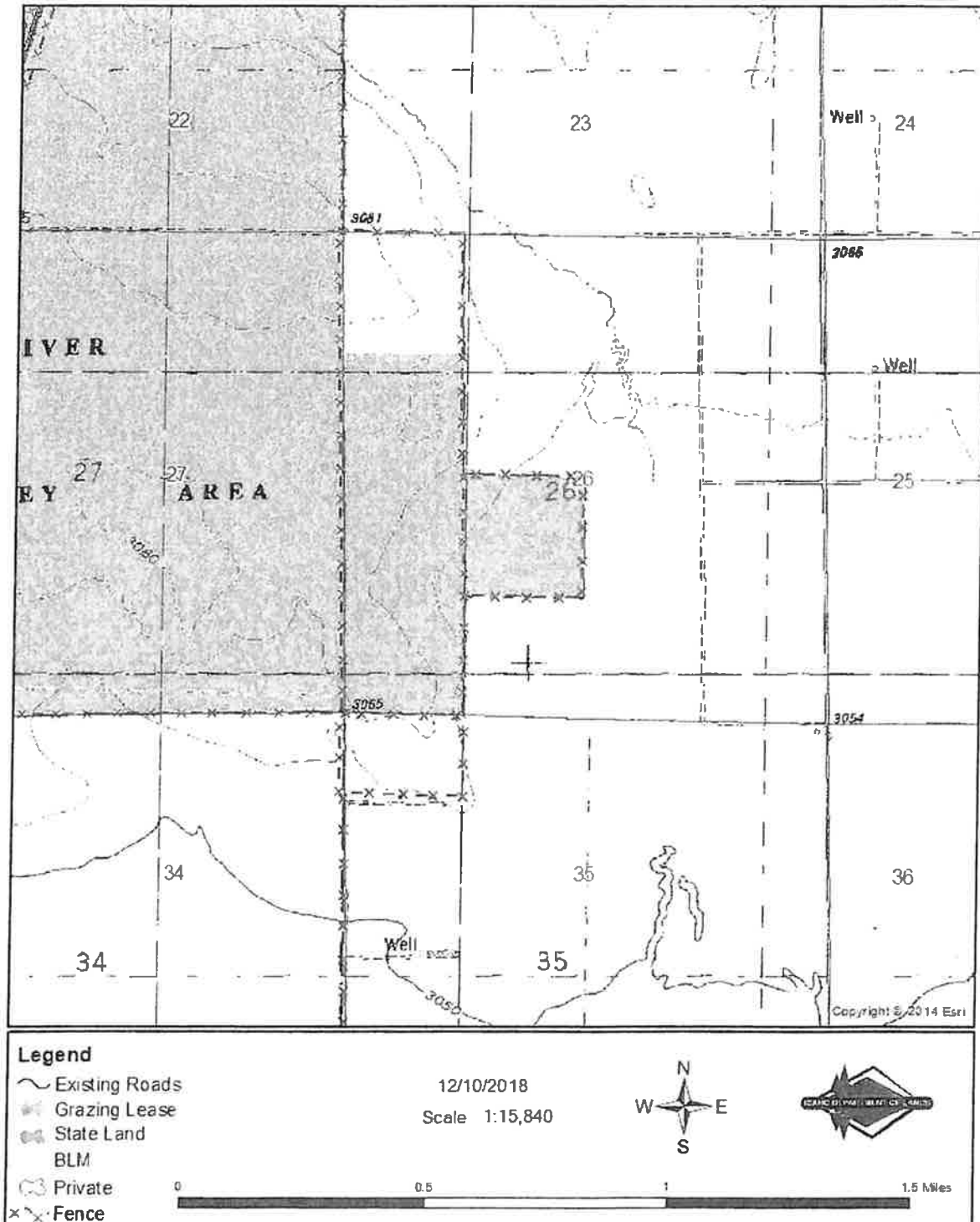
Attachment B
LEASED PREMISES LEGAL DESCRIPTION

TWN	RNG	SEC	Legal Description	County	Endowment	Acres	Irrigated Acres
04S	06E	26	NESW	Elmore	AC	40	40
					Total:	40	40

Attachment C
SITE MAP(S)

MAP #1

C600007
T04S. R06E. Sec 26



ANNUAL CROPLAND PRODUCTION REPORT

Per the terms of your lease, please fill out the information below as it applies to the leased state endowment trust lands portion of your operation. Please complete the front and back side of this form and submit to the Area Office by April 1st of each year.

REPORTING YEAR: 2018

Lease No: _____ Lessee Name: _____ FSA Office: _____ Farm Number: _____

CROPS PLANTED ON LEASE IN YEAR: _____

☐ NONE (explain): _____ (fallow, enrolled in CRP, etc.)

CROP 1 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ Yield/acre: _____☐ Irrigated acres: _____ Yield/acre: _____

CROP 2 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ Yield/acre: _____☐ Irrigated acres: _____ Yield/acre: _____

CROP 3 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ Yield/acre: _____☐ Irrigated acres: _____ Yield/acre: _____

FEDERAL PAYMENTS FOR ACRES IN LEASE IN YEAR: _____

(CRP, Crop Insurance, NRCS-EQIP)

☐ NONE

Program Name 1: _____

Crop Type: _____ Acre: _____ Yield: _____ Payment Rate: _____

Program Name 2: _____

Crop Type: _____ Acre: _____ Yield: _____ Payment Rate: _____

Program Name 3: _____

Crop Type: _____ Acre: _____ Yield: _____ Payment Rate: _____

2 YEAR CROP SCHEDULE AND ROTATION PLAN

Instructions: Please outline your crop schedule/rotation for the next two years

Do you foresee potential modifications to your current crop rotation plan? Yes ☐ No ☐

If yes, please explain:

Year: _____

CROP 1 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

CROP 2 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

CROP 3 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

Year: _____

CROP 1 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

CROP 2 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

CROP 3 – type: _____ (wheat, barley, hay, etc.)

☐ Dryland acres: _____ ☐ Irrigated acres: _____

☐ Fallow acres: _____

SIGNED: _____

LESSEE

DATE

Area and Bureau Office Use Only

(IDL DATE STAMP)



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 E Front Street, Suite 648 • PO Box 83720 • Boise ID 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700

Website: idwr.idaho.gov • Email: idwrinfo@idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

June 3, 2021

FRANK TIEGS LLC
PO BOX 3350
PASCO, WA 99302-3350

**RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 61-2162, 2-7062, 2-7157C, 2-7061, 2-7064, 2-7237A, 2-10181 & 2-10189 AGREEMENTS 530, 531 & 534**

Dear Renter:

Please find enclosed a receipt in the amount of **\$133,476.80** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 308, 2,335, & 4,179 acre-feet of water for irrigation of 68.8, 486.6 & 914.5 acres during 2021. Upon receipt of this fully executed agreement, you are authorized to divert water in compliance with the conditions of water use described in the agreement.

Pursuant to the Water Supply Bank Rules, 90% or \$123,129.12 of the rental fee will be paid to the lessor(s) and 10% or \$13,347.68 will be retained by the Department to offset administrative costs.

If you have any questions, please contact this office at bank@idwr.idaho.gov or (208) 287-4800.

Sincerely,

Amanda Johnson-Veibell

for
Water Supply Bank

Enclosures: Receipt No. C110446
Rental Agreement (copy)

c: Sascha Marston – Fiscal
Greg Sullivan – Brockway Engineering



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 E Front Street, Suite 648 • PO Box 83720 • Boise ID 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700

Website: idwr.idaho.gov • Email: idwrinfo@idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

May 21, 2021

FRANK TIEGS LLC
PO BOX 3350
PASCO, WA 99302-3350

RE: APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK
WATER RIGHT NO(S). 61-2162, 2-7062, 2-7157C & 2-7061 AGREEMENT 530 & 531

TIME SENSITIVE RESPONSE REQUIRED

Dear Applicant:

The Department of Water Resources acknowledges receipt of your application to rent water from the Water Supply Bank. I have enclosed a **Water Supply Bank Rental Agreement for your review and signature**. Upon signature and return of the original agreement, together with the rental fee described below, the Department will also sign the original agreement and return an executed copy to you. Execution of the agreement and compliance with the conditions of approval authorize diversion and use of water as provided in the agreement.

A rental fee of \$46,712.80 was calculated based on the current rental rate of \$20.00 per acre-foot times a diversion volume of 2,335 acre-feet.

Please send a check for \$46,712.80 made payable to the Idaho Department of Water Resources, **together with the signed rental agreement, within 14 days** so I can complete processing.

Pursuant to the Water Supply Bank Rules, 90% or \$42,041.52 of the rental fee will be paid to the lessor(s) and 10% or \$4,674.28 will be retained by the Department to offset administrative costs.

If you have any questions, please contact this office at bank@idwr.idaho.gov or (208) 287-4800.

Sincerely,

Amanda Johnson-Veibell

for
Water Supply Bank

Enclosure

c: IDWR Front Desk
Greg Sullivan – Brockway Engineering

Veibell, Amanda

From: Hummer, Phill
Sent: Tuesday, May 18, 2021 12:55 PM
To: Miller, Nick
Subject: WSB Rental 530 Frank Tiegs
Attachments: Draft Rental Agreement - Frank Tiegs LLC 68.8 ac.docx; Rental Review Memo.docx; Rental Map v2.pdf; WSB Rental Application _ 2009.pdf

Nick,

The attached rental application for 68.8 acres near State Highway 51 and Jarvis Dr. has been processed and an agreement will be mailed to the applicant for signature (also attached). As the regional manager and water master of water district 161, please let me know if there are any issues with the proposed rental that I have overlooked. If I don't receive comments within 14 days I will assume there are no concerns.

Phill Hummer
Water Rights Supervisor
IDWR State Office
(208) 287-4925

Memorandum

To: Water Right 61-2162

From: Justin Ferguson

Date: April 1, 2021

Re: Water Supply Bank Rental Application 2009

Purpose/Narrative: The Department received an application March 15, 2021 on behalf of Frank Tiegs LLC requesting a rental of 68.8 acres to supplement his existing water right portfolio. This application is, in effect, a continuation of prior rentals to supplement his existing water right portfolio, allowing irrigation on acreage that would otherwise not be irrigable.

From a review of both the acreage irrigated during 2019 and the scope of the water right portfolio covering the acreage, it appears Mr. Tiegs has irrigated approximately 1,586.5 acres excluding the areas covered by the prior rental agreement. As the total acreage authorized under water rights 61-2207A, 61-2207B, 61-7114, 61-7206D, 61-7262A, 61-10561, 61-12185, 61-12203 & 61-12205 only provide for 1,438 acres, it appears that Mr. Tiegs' water rights have been used in full and there does not appear to be a concern for enlargement. However, as a total of approximately 1,586.5 were observed as irrigated, an additional rental for the remaining 148.5 acres may be necessary to continue the current irrigation practices without receiving a possible Notice of Violation from the Department for unauthorized irrigation.

Provided in the application package is an agreement between Frank Tiegs LLC and the Idaho Department of Lands allowing Mr. Tiegs to irrigate and harvest on the acreage managed by the Department of Lands. As the agreement does not expire until 2029, a rental of five years should not pose an issue.

The points of diversion on the application did not match the map. The points of diversion on the agreement will be based on the map submitted with the application.

Authority to File: The applications were prepared at Brockway Engineering and signed by Mr. Frank Tiegs as an agent for Frank Tiegs LLC. Additionally, a land use agreement provided by the Department of Lands authorizes the use of lands not owned by Mr. Tiegs. No concerns at this time.

Water Right Validity/Forfeiture Evaluation: The water rights being used to facilitate this rental are currently leased to the Bank and available for rent. No concerns at this time.

Injury Evaluation: No injury is apparent through this rental as the intent is a continuation of irrigation practices established under previous agreements. Both the points of diversions used for this rental and the historic point of diversion for the water right being used both fall within the Mountain Home Ground Water Management Area. No injury is apparent to local water users moving the water right within the Ground Water Management Area and should result in no net difference in the impact to the underlying aquifer.

Enlargement of Use: During the review for this application the total amount of acreage irrigated was measured to verify that the full amount of Mr. Tiegs' water rights had been used and that the acreage could not be covered under permanent water rights. Based on the satellite imagery compiled in Appendix A, the full acreage of Mr. Tiegs' water rights have been exhausted and the rental will be used on acreage not otherwise irrigable. The applicant requested 1.0 cfs and 309.6 af for 68.8 acres. However, the existing water rights authorize 19.98 cfs, 5752 af, for 1438 acres (when considering combined limits) for a duty of 0.0138

cfs/acre and 4 af/acre. Any rental agreement approved should be limited to amounts consistent with the duty of water of the water right also diverted from the same system and to the standard headgate volume of the area to ensure there is no enlargement of use.

As stated in the previous section, it appears a total of 148.5 acres were irrigated without an authorization during 2019. Mr. Tiegs also received an enforcement action, E2016-933, which was resolved via a transfer to cover the acreage permanently. As such it may be necessary to involve the Department's Enforcement Section moving forward to help Mr. Tiegs avoid any further enforcement actions.

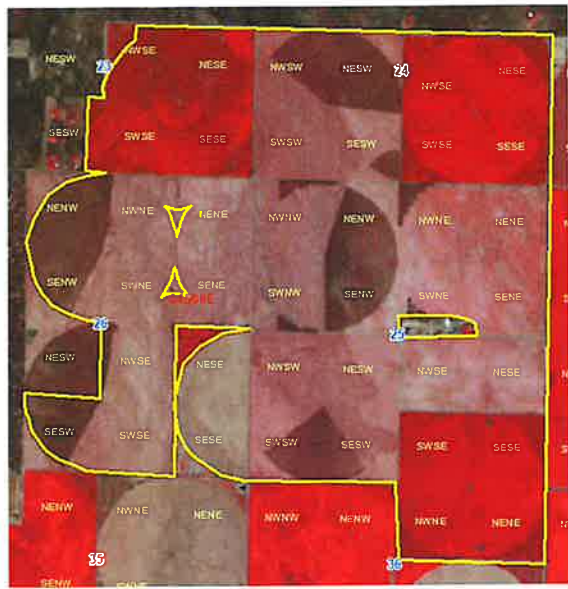
Local Public Interest: Staff are unaware of any local public interests that are averse to the rental.

Beneficial Use/Conservation of Water Resources: The rental appears consistent with the conservation of water resources in Idaho.

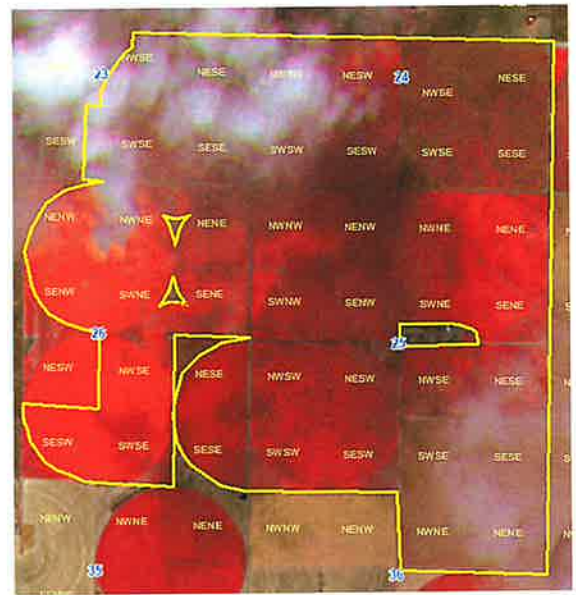
Department/Watermaster Comments: Comments were requested from Western Region and Watermaster of water district 161. No concerns were received.

Water Supply Bank Evaluation: Bank staff recommend the approval of this application for Frank Tiegs LLC through the end of 2025.

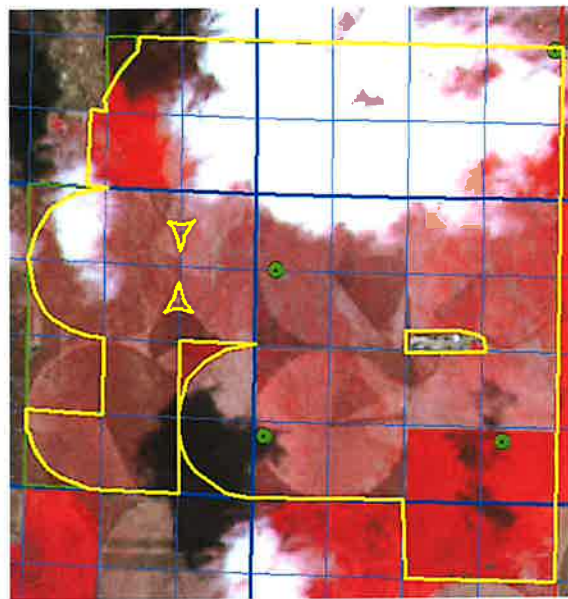
Appendix A. 2019 Observed Irrigation of Clover Hollow Farm



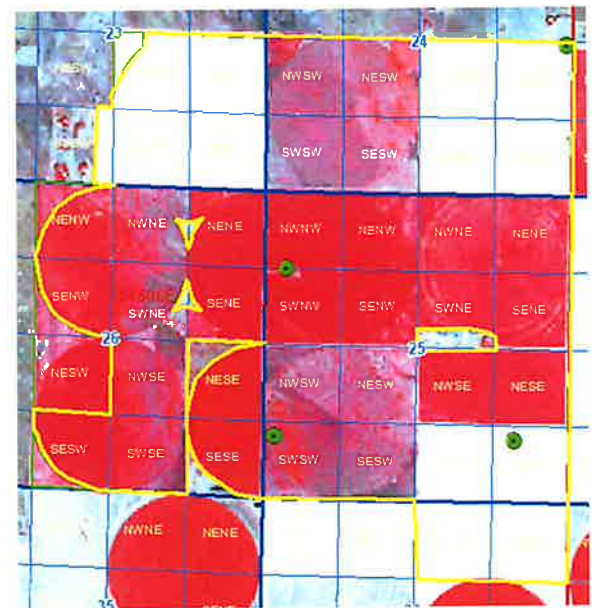
May 29, 2019



July 13, 2019



June 8, 2019



August 22, 2019

**Note: There appears to have been a crop harvest between Mid-July and Mid-August*



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

RECEIVED

MAR 15 2021

DEPARTMENT OF
WATER RESOURCES

March 10, 2021

Remington Buyer
Idaho Water Supply Bank
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

Re: Frank Tiegs LLC

Dear Mr. Buyer:

Frank Tiegs LLC desires to rent 68.8 acres from water right 61-2162 for a period of 5 years. Based on the Water Supply Bank Processing spreadsheet, water right 61-2162 should be available for rental.

Please copy our office on all correspondence regarding this application.

Sincerely,

Greg Sullivan, M.S., Engineer

Cc: Jim McClelland

Enc: Rental Application, Aerial Map, BLM Lease Agreement

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
BROCKWAY,
PH.D., P.E.

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506

2009