

AMENDED **WATER SUPPLY BANK LEASE CONTRACT** AMENDED

This Lease Contract ("Lease") is effective March 20, 2014, between the Idaho Water Resource Board ("Board"), and

Lessor: NORTHERN AGRICULTURE II LLC
1803 WOODFIELD DR STE B
SAVOY IL 61874

RECEIVED

APR 28 2014

DEPARTMENT OF
WATER RESOURCES

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources.
3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS:** The Lessor shall lease and the Board shall accept into the Bank the Applicant's water rights described as follows:

Summary of Water Rights or Portions Leased to the Bank

<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
35-7789	4.68 CFS*	936.0 AF	NA	234.0 AC
Combined Lease Totals:	4.68 CFS	936.0 AF	NA	234.0 AC

*Lease of Right No. 35-7789 is limited to a total diversion rate of 3.95 cfs.

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: April 1 to November 1

2. **COMPENSATION:** The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2016.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.
5. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

MAY 01 2014

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

NORTHERN AGRICULTURE II LLC
1803 WOODFIELD DR STE B
SAVOY IL 61874

By 

Date 4/24/14

Printed Name MARK HUTSON

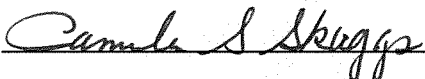
Title Agent

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By 

Date 05-01-2014

Brian Patton, Acting Administrator
Idaho Water Resource Board

Lease approved by IDWR 

Date 05-01-2014

ATTACHMENT A
WATER RIGHT NO. 35-7789
WATER SUPPLY BANK LEASE ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: NORTHERN AGRICULTURE II LLC
 1803 WOODFIELD DR STE B
 SAVOY IL 61874

Priority Date: 02/16/1978

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	04/01	to 11/01	4.68 CFS*	936.0 AF
	Total:		4.68 CFS*	936.0 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NW¼NW¼ Sec. 24 Twp 07S Rge 30E POWER County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
07S	30E	23	39			40													79
07S	30E	24					38	39	40	38									155

Total Acres: 234

CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, the lease term expires, or upon request from the lessor to change the term of the lease.
5. While a water right is in the bank, forfeiture provisions are stayed.
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into 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.

WATER RIGHT NO. 35-7789
WATER SUPPLY BANK LEASE ACCEPTANCE

CONDITIONS OF ACCEPTANCE

9. In accordance with Idaho Code § 42-248 and 42-1409(6), all owners of water rights are required to notify the department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. Upon acceptance of a water right into the Board's water supply bank, the owner of the right may withdraw the right within thirty (30) days of acceptance into the bank if the owner does not agree with the conditions of acceptance.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. This right and Right No. 35-7267A are limited to a total combined rate of 5.20 cfs.
13. Use of this right is combined with water from Aberdeen Springfield Canal Co.
14. *Lease of Right No. 35-7789 is limited to a total diversion rate of 3.95 cfs.





State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

May 1, 2014

NORTHERN AGRICULTURE II LLC
1803 WOODFIELD DR STE B
SAVOY IL 61874

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT 35-7789

Dear Lessor:

Water Right **35-7789** was leased into the Water Supply Bank on March 20, 2014 in accordance with the executed original Lease Contract enclosed. **Your water rights as described on the Lease Contract are considered leased into the Bank and should remain unused until they are formally released from the Bank.**

The rights will automatically be released from the Bank on **December 31, 2016**, unless the rights are released earlier by the Board, or upon your request. **Please note your rights may not be available for immediate release if they have been rented.** To release the right from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available from our public website at www.idwr.idaho.gov.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:

"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact me at 287-4944.

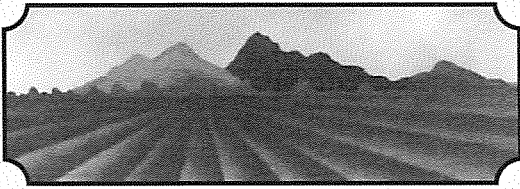
Sincerely,

for Cherie Palmer

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: Greg Sullivan – Brockway Engineering PLLC
Kerry Mack – Farmland Management Services
James Cefalo- IDWR Eastern Regional Office



**FARMLAND
MANAGEMENT
SERVICES**

RECEIVED
APR 28 2014
DEPARTMENT OF
WATER RESOURCES

April 25, 2014

Cherie Palmer
Idaho Department of Water Resources
322 East Front Street
Boise, ID 83720-0098

RE: Amendment of Contract to Lease Water Right 35-7789 to the Water Supply Bank

Dear Ms. Palmer,

Enclosed, please find the two original Water Supply Bank Lease Contracts as you requested. Please note that we did not receive them in our office until April 21, 2014, so your request to have them returned within 14 days was impossible. The address listed for Northern Agriculture II, LLC is INCORRECT, so it took some time for the documents to find their way to our office. If possible please have the address changed to the address on this letterhead or advise on how we need to go about correcting the address. Under the circumstances, I had the documents signed as soon as was humanly possible and hope that you can be lenient with the due date. Please do not hesitate to contact me at (209) 410-7854 or kerry@fmsturlock.com should you need anything further.

Sincerely,

Kerry Mack
Real Estate Manager

Enclosures



Shipment Receipt

Address Information

Ship to:

CHERIE PALMER
Idaho Dept. of Water
Resources
322 East Front Street

BOISE, ID
83720-0098
US
2082874800

Ship from:

KERRY MACK
FARMLAND
MANAGEMENT SERVICES
301 E. MAIN ST

TURLOCK, CA
95380
US
2096690742 18

Shipment Information:

Tracking no.: 798666940544
Ship date: 04/25/2014
Estimated shipping charges: 23.40

Package Information

Pricing option: FedEx Standard Rate
Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 0.50 LBS
Declared Value: 0.00 USD
Special Services:
Pickup/Drop-off: Drop off package at FedEx location

Billing Information:

Bill transportation to: MyAccount-596
Your reference: ContractAmendmentX2
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, pro and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) Sheets for details on how shipping charges are calculated.



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

April 8, 2014

NORTHERN AGRICULTURE II LLC
1803 WOODFIELD DR STE B
SAVOY IL 61874

RE: AMENDMENT OF CONTRACT TO LEASE WATER RIGHT 35-7789 TO THE WATER SUPPLY BANK

******TIME SENSITIVE RESPONSE REQUIRED*****

Dear Applicant:

The Department of Water Resources has completed its review of your request to release water right 35-7788B from the Water Supply Bank. Water right 35-7788B has been released from the bank. However, water right 35-7789 is under the same contract as water right 35-7788B (enclosed). I have amended your contract to include water right 35-7789 only. The amendment simply removes water right 35-7788B from your original contract.

I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return BOTH Lease Contracts within 14 days. Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The right will automatically be released from the Bank on **December 31, 2016**, unless the right is released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease portion of the water right, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. Please note your rights may not be available for immediate release if they have been rented.

Lastly, please review the conditions of acceptance listed on the Lease Contract, especially #3.

If you have questions regarding this matter, please contact me at 287-4944.

Sincerely,

Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts

c. Greg Sullivan – Brockway Engineering PLLC

APR 21 2014

RECEIVED
APR 15 2014

BY: