

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("**Lease**") is effective April 25, 2013, between the Idaho Water Resource Board ("**Board**"), and

Lessor: HEMINGWAY'S BLIND LLC
36 BENNINGTON PLACE
NEW CANAAN CT 06840
(203) 594-9686
Mike.mcgavick@xlgroupp.com

RECEIVED

JUN 03 2013

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>
37-2683B	0.48 CFS	75.8	NA	25.4 AC
Combined Lease Totals:	0.48 CFS	75.8	NA	25.4 AC

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.

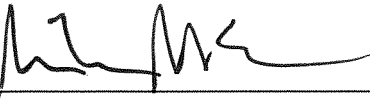
Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2017.
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.

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

HEMINGWAY'S BLIND LLC

36 BENNINGTON PLACE
NEW CANAAN CT 06840

By  _____

Date 5/28/13

Printed Name Mike McGavick

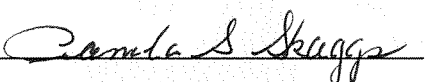
Title Manager

IDAHO WATER RESOURCE BOARD

322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By  _____
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 06-04-2013

Lease approved by IDWR  _____

Date 06-04-2013

ATTACHMENT A
WATER RIGHT NO. 37-2683B
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: **HEMINGWAY'S BLIND LLC**
 36 BENNINGTON PLACE
 NEW CANAAN CT 06840
 (203) 594-9686

Priority Date: 08/23/1961

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	0.48 CFS	75.8
	Total:		0.48 CFS	75.8

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER NW¼NE¼SW¼ Sec. 20,Twp 01S, Rge 20E, BLAINE 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	
01S	20E	26													26	14	7	12	59.0

Total Acres: 59.0

Acre Limit: 25.4

ADDITIONAL 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, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
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.
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. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
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 when combined with all other rights shall provide no more than 0.02 cfs per acre or more than 3.5 afa per acre at the field headgate for irrigation of the lands below.
13. This right is limited to the irrigation of 25.4 acres within the place of use described above in a single irrigation season.
14. The unleased portion of Water Right 37-2683B and Water Right 37-7349B are limited to the irrigation of a combined total of 36.8 acres in single irrigation season within the described place of use.
15. The leased portion of 37-2683B is limited to 25.4 acres within the described place of use in a single irrigation season.
16. The unleased portion of 37-2683B is limited to 33.4 acres in a single irrigation season. The unleased portion of 37-2683B when combined with Right 37-7349B is limited to 36.8 acres, 0.76 cfs and 141.9 af in a single irrigation season.
17. The unleased portion of right 36-2683B and right 36-7349B is limited to the irrigation of a specific 36.8 acres within the 152.0 place of use authorized by these rights in a single irrigation season. The specific 36.8 acres to be irrigated by the right holder is identified on the map submitted with the lease information. Before changing the 36.8 acres to be irrigated within the 152.0 acres place of use, the right holder shall submit a new land list and representative map to the Department prior to the irrigation season in which the change will occur.