

**STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK LEASE ACCEPTANCE**

This is to certify that: CITY OF CASCADE
PO BOX 759
CASCADE ID 83611
(208) 382-4279

has requested to lease the water right(s) listed below to 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") the acquisition of water rights for the Board's Bank, agrees to lease the water right to the Bank as follows:

Summary of Water Rights or Portions Leased to the Bank

	Water Right	Lease Rate	Lease Volume	Acre Limit	Total Leased Acres
	65-3138	2.34 CFS	N/A	N/A	N/A
COMBINED LEASE TOTALS:		2.34 CFS	N/A	N/A	N/A

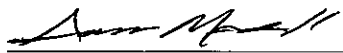
TERM OF LEASE: Lease Begin Date: May 20, 2005
Expiration Date: Indefinite

RENTAL AVAILABILITY: Season of Use: 01/01 to 12/31

MINIMUM PAYMENT ACCEPTABLE: Current Rental Rate

Detailed Lease Acceptance attached.

Dated this 28TH day of NOVEMBER, 2008



FOR DAVID R. TUTHILL, JR., Director
Department of Water Resources

**WATER RIGHT NO. 65-3138
WATER SUPPLY BANK LEASE ACCEPTANCE**

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

Lessor: CITY OF CASCADE
PO BOX 759
CASCADE ID 83611
(208) 382-4279

Priority Date: 06/01/1899

Source: CAMPBELL CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>
MUNICIPAL	01/01	to 12/31	2.34 CFS
Total:			2.34 CFS

LOCATION OF POINT(S) OF DIVERSION:

CAMPBELL CREEK L4 (NW¼NW¼) Sec. 3 Twp 13N Rge 03E VALLEY County

PLACE OF USE DESCRIBED UNDER THE LEASED WATER RIGHT: MUNICIPAL

Place of use is within city limits of Cascade.

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 section 42-351, Idaho Code, for illegal diversion and use of water, and may include civil penalties pursuant to Section 42-1701B, Idaho Code.
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.
9. In accordance with Sections 42-248 and 42-1409(6), Idaho Code, 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.

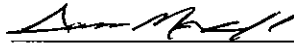
**WATER RIGHT NO. 65-3138
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CONDITIONS OF ACCEPTANCE

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. Rental of the right from the bank may require additional review to confirm the availability of the surface water sources and the extent of beneficial use.

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.

Dated this 28TH day of NOVEMBER, 2008



FOR DAVID R. TUTHILL, JR., Director
Department of Water Resources