STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

# WATER SUPPLY BANK LEASE CONTRACT No. 2072

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

**LESSOR:** DRASHNER BENCH LLC
C/O KATHRYN GARDNER PO BOX 1200
HAILEY, ID 83333

**LESSOR:** GARDNER BENCH LLC
C/O KATHRYN GARDNER PO BOX 1200
HAILEY, ID 83333

## 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 and received by the Department on March 07, 2025.

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**

| Water Right No. | Priority Date | Source | Diversion Rate (CFS) | Diversion Volume (AF) |
|---|---|---|---|---|
| 37-22241 | 4/1/1912 | COLD SPRING GULCH, tributary to SINKS | Not Stated | 1.0 |
| **Lease Totals** | | | **Not Stated** | **1.0** |

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**: The term of this lease shall be January 1, 2026 to December 31, 2030. This Lease shall bind the parties and take effect when both parties have signed it.

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.

# WATER SUPPLY BANK LEASE CONTRACT No. 2072

5. **CHANGE OF WATER RIGHT:** This lease specifies water right elements including but not limited to: diversion rates; diversion volumes; number of acres authorized to be irrigated; places of use; points of diversion; beneficial uses; and seasons of use. During the term of this lease, if a water right is administratively changed due to a water right split and renumbering, this lease may be reduced by an equal amount to reflect the water right elements as legally defined under the water right. If a lease contract cannot be reduced sufficient to reflect the legal definition of a water right as amended through a water right split and/or water right transfer, the Board may release the water right from the Water Supply Bank.

6. **ASSIGNMENT OF CONTRACT:** This lease is between the Board and the Lessor, who is the recognized owner or designated representative of the recognized owners of water rights described herein. Should ownership of any part of a water right herein described change during the term of this lease, either through a water right split, a water right transfer, sale of property to which the water right is appurtenant, or through any other recognized water right reassignment, the lease benefits and obligations to the conditions of acceptance for any such water rights will be assigned to the new owners.

7. **DUPLICATE ORIGINAL**: This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

# WATER SUPPLY BANK LEASE CONTRACT No. 2072

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

**LESSOR:** DRASHNER BENCH LLC
C/O KATHRYN GARDNER PO BOX 1200
HAILEY, ID 83333

By M M Ruzicka
Title manager
Date 11-1-2025

**LESSOR:** GARDNER BENCH LLC
C/O KATHRYN GARDNER PO BOX 1200
HAILEY, ID 83333

By Kathryn Gardner
Title Manager
Date 10-29-2025

**IDAHO WATER RESOURCE BOARD**
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By _____ Date 11/4/25
Brian Patton, Executive Manager
Idaho Water Resource Board

Lease approved by IDWR _____ Date 11/4/25

STATE OF IDAHO
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# WATER SUPPLY BANK LEASE CONTRACT No. 2072

## ATTACHMENT A
## WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water rights or portions thereof leased to the bank are described as follows:

**Source and Location of Point(s) of Diversion for Water Right No(s): 37-22241**

| | | | | | |
|---|---|---|---|---|---|
| COLD SPRING GULCH | NWNESE | Sec. 30 | Twp 04N | Rge 18E | BLAINE County |

| Water Right | Beneficial Use | Season of Use | | | Diversion Rate (CFS) | Volume (AF) |
|---|---|---|---|---|---|---|
| | | From | | To | | |
| 37-22241 | AESTHETIC | 01/01 | to | 12/31 | Not Stated | 1.0 AF |
| | | | | **Totals:** | Not Stated | 1.0 AF |

**PLACES OF USE TO BE IDLED UNDER THIS LEASE: AESTHETIC**

| Twp | Rng | Sec | NE | | | | NW | | | | SW | | | | SE | | | | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | NE | NW | SW | SE | NE | NW | SW | SE | NE | NW | SW | SE | NE | NW | SW | SE | |
| 04N | 18E | 30 | | | | | | | | | | | | | X | | | | X |

### 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, or the lease term expires. A right may be released from the bank upon request, 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 pursuant to Idaho Code § 42-223(5).
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 SUPPLY BANK LEASE CONTRACT No. 2072

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, even if the Department processes a Notice of Change in Water Right Ownership during the rental season.
    b. New lessor(s) of record will receive payment for any subsequent rental seasons.
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. Aesthetic use for 12,000 square foot surface area by 3.6 ft average depth pond.
13. Use of water under this right may be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 37.
14. The source for this water right has been administered as a separate stream from the Big Wood River. This leased right will not be considered as a rental candidate for applications on the Big Wood River.

IDAHO DEPARTMENT OF
WATER RESOURCES

322 E Front Street, Suite 648, Boise ID 83702 • PO Box 83720, Boise ID 83720-0098
Phone: 208-287-4800 • Fax: 208-287-6700 • Email: idwrinfo@idwr.idaho.gov • Website: idwr.idaho.gov

**Governor Brad Little** **Director Mathew Weaver**

November 5, 2025

DRASHNER BENCH LLC
GARDNER BENCH LLC
C/O KATHRYN GARDNER
PO BOX 1200
HAILEY, ID 83333

**RE: WATER SUPPLY BANK LEASE CONTRACTS 2072**
**FOR WATER RIGHT(S) 37-22241**

Dear Lessor:

Water right **37-22241 is** leased into the Water Supply Bank (Bank) as of January **2026** in accordance with the enclosed executed lease contract. **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**. More information and further restrictions placed on your water rights while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The right(s) will automatically be released from the Bank on **December 31, 2030,** unless the rights are released earlier by the Water Resource Board (Board). To release the water rights 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 on our public website at www.idwr.idaho.gov. **Please note your water rights may not be available for immediate release if they are rented.**

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

Sincerely,

*Kris Margheim*

Kris Margheim
Technical Records Specialist

Enclosure: Executed Lease Contract

c: IDWR- Southern Region Office
Charlie S. Baser (via email)
Water District No. 37 (via email)