

COPY

MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 5 day of June in the year of 2007 by and between the **REPUBLICAN RIVER BASIN COALITION**, hereinafter referred to as the "COALITION", and **FRENCHMAN VALLEY IRRIGATION DISTRICT** hereinafter referred to as the "DISTRICT".

WHEREAS, the District has the rights to natural flow for an identified Water Supply as hereinafter defined in Paragraph II for the year 2007; and

WHEREAS, the Coalition desires to "lease" the use of the District's Water Supply for the calendar year 2007; and

WHEREAS, the District is willing to "lease" the use of its Water Supply for the calendar year 2007 to the Coalition.

NOW THEREFORE, in consideration of these facts, the parties agree as follows:

I. DURATION OF AGREEMENT

This agreement is for the period from the execution of this Memorandum of Agreement (hereinafter "Agreement") to the end of the 2007 calendar year. There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

II. DEFINITIONS

For purposes of the Agreement, the following term(s) are defined as follows:

"Water Supply" or "2007 Water Supply" shall mean the total amount of natural flow that would be available to the District for beneficial use at the Headgate of the Culbertson Canal during the 2007 calendar year. Based on the average of natural flow diversions, as reflected in the State's records for the years 2001 to 2005, the expected water supply from natural flow is approximately 8,000 acre-feet per year. Both parties agree that the actual amount of natural flow could be more or less than the five-year average.

III. THE DISTRICT AGREES TO PERFORM AS FOLLOWS:

A. The District agrees to lease the rights to the use of its Water Supply for the period from the date of the execution of this Agreement to the end of the 2007 calendar year.

B. By execution of this Agreement, the District represents and affirms that, in accordance with all relevant state statutes and District procedures, the District has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the District, authorizing it to enter into this Agreement.

C. The District agrees to consult and collaborate with the State of Nebraska, the Republican River Basin Natural Resources Districts and other basin water resource interests

during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin.

D. The District agrees to defend, enforce and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the District's 2007 Water Supply to the Coalition.

IV. THE COALITION AGREES TO PERFORM AS FOLLOWS:

A. The Coalition will pay the sum of six hundred forty thousand dollars (\$640,000.00) to the District, as payment in full to lease the use of the District's 2007 Water Supply. Payment shall be made to the District within one hundred eighty (180) days of the execution of this Agreement or within 60 days of the sale of any bonds issued by the Coalition to achieve the purposes of this Agreement, whichever is ~~later~~^{earlier}. These payments compensate the District for leasing the rights to the use of its Water Supply for the calendar year 2007 to the Coalition for the term of this Agreement.

B. The Natural Resources Districts and surface water irrigation districts will continue to work together to meet Nebraska's obligations under the Republican River Compact and Settlement Agreements.

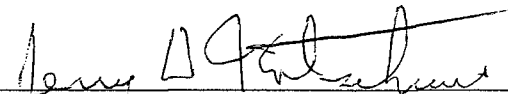
C. By execution of this Agreement, the Coalition represents and affirms that it has appropriated and secured the funds necessary to meet its obligations under this Agreement.

D. The Coalition agrees to defend and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the District's 2007 Water Supply to the Coalition.

FRENCHMAN VALLEY IRRIGATION DISTRICT

JUN 05 2007

Date

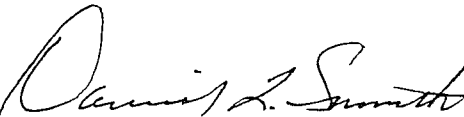


President

REPUBLICAN RIVER BASIN COALITION

1 June 2007

Date



Authorized Agent