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Middle Republican Natural Resources District

June 14, 2007

Ann Bleed, Director
Nebraska Department of Natural Resources
P.O. Box 94676
Lincoln, NE 68509-4676

Re: Republican River Compact Compliance

Dear Ann:

On behalf of the Republican River Basin Coalition ("Coalition"), I am providing this communication to clarify the Coalition's position with respect to the accounting of water recently leased by the Coalition. As you know, the Coalition entered into lease agreements with the Frenchman Valley Irrigation District, Riverside Irrigation Company, Inc., and Frenchman-Cambridge Irrigation District in an effort to ensure the delivery of water to the State of Kansas to assist the State of Nebraska in compliance with the Republican River Compact (the "Compact"). In entering into those lease agreements, we were informed that the full amount of water that had been leased would not necessarily be protected for delivery to the Kansas state line. We understood that the inability to protect the full amount of leased water resulted from legal limitations.

As you know, the lease agreements represent a substantial commitment of resources by the Coalition and the individual natural resources districts to assist the State of Nebraska in compliance with the Compact. It is the desire of the Coalition to deliver to Kansas, and only to Kansas, the maximum amount of water under the lease agreements allowed by law. Accordingly, we ask that you exercise your authorities to the maximum extent allowable by law to ensure the taxpayers of the Republican River Basin maximize the value of their investment in water. Your actions with respect to these agreements is important, not just for 2007, but all subsequent years in which our taxpayers may be asked to provide similar support.

Sincerely,

Daniel L. Smith on behalf of the Republican
River Basin Coalition

cc: Governor Dave Heineman
Attorney General Jon Bruning

RECEIVED

JUN 18 2007

DEPARTMENT OF
NATURAL RESOURCES

DNR 006868

MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 5th day of JUNE in the year of 2007 by and between the REPUBLICAN RIVER BASIN COALITION, hereinafter referred to as the "COALITION", and FRENCHMAN CAMBRIDGE 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 Irrigation Season as hereinafter defined in Paragraph II(B). 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:

A. "Water Supply" or "2007 Water Supply" shall mean up to 26,000 acre-feet of storage and natural flow water available to the District for beneficial use from Harry Strunk Lake for the 2007 Irrigation Season as defined below.

B. "Irrigation Season" shall mean the date beginning on June 10, 2007 and ending on the date of the last water delivery for direct irrigation, which date shall be no later than September 1, 2007.

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 2007 Irrigation Season as defined above.

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 complied with all requirements necessary to allow it to enter into this agreement and perform all actions herein required.

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 represents and affirms that, in accordance with all relevant state statutes, that it has authority to enter into this Agreement. The Coalition further represents and affirms that it has complied with all requirements necessary to enter into this Agreement

B. The Coalition will pay the sum of seven million seven hundred seven-hundred eighty-five thousand dollars (\$7,785,000.00) 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 (1) 60 days of the sale of any bonds issued by the Coalition to achieve the purposes of this Agreement; or (2) 180 days from the date this Agreement is entered, whichever is earlier. These payments compensate the District for leasing the rights to the use of its Water Supply for the 2007 Irrigation Season to the Coalition for the term of this Agreement.

C. 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.

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

FRENCHMAN CAMBRIDGE IRRIGATION DISTRICT

5 June 2007
Date

Dale G. Cramer
President

REPUBLICAN RIVER BASIN COALITION

1 June 2007
Date

Dominic L. Smith
Authorized Agent

MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 6th day of June in the year of 2007 by and between the **REPUBLICAN RIVER BASIN COALITION**, hereinafter referred to as the "COALITION", and **RIVERSIDE IRRIGATION COMPANY, INC.**, hereinafter referred to as the "COMPANY."

WHEREAS, the Company has the rights to natural flow of the Republican River 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 Company's Water Supply for the calendar year 2007; and

WHEREAS, the Company 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 Company for beneficial use at the Headgate of Riverside 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 2,000 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 COMPANY AGREES TO PERFORM AS FOLLOWS:

A. The Company agrees to lease the rights to the use of its Water Supply to the Coalition 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 Company represents and affirms that, in accordance with all relevant state statutes and Company procedures, the Company has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the Company, authorizing it to enter into this Agreement.

C. The Company 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 Company agrees to defend, enforce and uphold the provisions of this Agreement to ensure the lease of the use of the Company's 2007 Water Supply to the Coalition.

IV. THE COALITION AGREES TO PERFORM AS FOLLOWS:

A. The Coalition will pay the sum of one hundred twenty-six thousand dollars (\$126,000.00) to the Company, as payment in full to lease the use of the Company's 2007 Water Supply. Payment shall be made to the Company 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 Company 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.

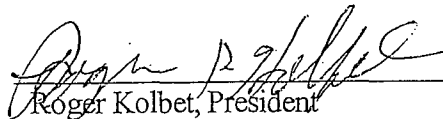
B. The Natural Resources Districts and surface water irrigation districts will continue to work together to meet the State of Nebraska's obligations under the Republican River Compact and Settlement Agreements.

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 Company's 2007 Water Supply to the Districts.

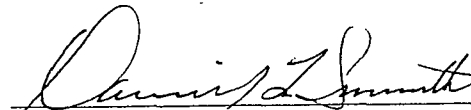
RIVERSIDE IRRIGATION COMPANY, INC.

6-6-07
Date


Roger Kolbet, President

REPUBLICAN RIVER BASIN COALITION

1 June 2007
Date


Authorized Agent

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 ^{earlier} ~~later~~. 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.

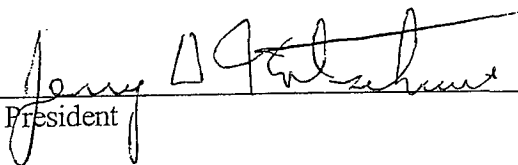
C. By execution of this Agreement, the Coalition represents and affirms that it has appropriated and secured the funds necessary to meet its obligations under this Agreement.

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

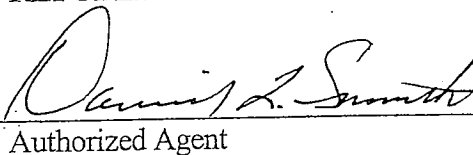


President

REPUBLICAN RIVER BASIN COALITION

1 June 2007

Date



Authorized Agent