

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

Dan Smith
Authorized Agent