



**GRAZING, FARMING, or
CONSERVATION LEASE No.**

SUMMARY OF LEASE PROVISIONS:

Lessor: STATE OF IDAHO, Idaho State Board of Land Commissioners
c/o Idaho Department of Lands
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

Lessee:
Lease Term: Commencement: January 1, 2020
Termination: SEE LEASE FACT SHEET

Rent: The annual rent payment is due on May 1st of each year.

GRAZING/FARMING/CONSERVATION:

Cattle SEE LEASE FACT SHEET
Acres SEE LEASE FACT SHEET

Rent terms are more particularly described in *Section 3. Rental Rate and Modification of Rent* of the Lease Provisions.

Leased Premises Legal Description: See Attachment B

Primary Use of Leased Premises:
Bond:

Liability Insurance:

Lease Documents: The Lease ("Lease") consists of the following components:
SUMMARY OF LEASE PROVISIONS
~~LEASE PROVISIONS~~
SIGNATURE PAGES
ATTACHMENT A – SPECIAL TERMS AND CONDITIONS
ATTACHMENT B – LEASED PREMISES LEGAL DESCRIPTION
ATTACHMENT C – SITE MAP(S) #1 and #2

***This Summary of Lease Provisions ("Summary") is for convenience and ease of review only. The information stated in the Summary is intended to be accurate and consistent with the contract terms set forth in the following Lease. In the event any information stated in the Summary is inconsistent with the Lease Provisions or Attachments, the Lease Provisions and Attachments will control.**

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SAMPLE

LEASE PROVISIONS

1. Lessor, in consideration of the rental paid and the covenants, conditions and restrictions contained in the Lease (including the Summary of Lease Provisions, Signature Page and all Attachments, including any Special Terms and Conditions, as may be amended), does hereby lease and demise unto Lessee, the lands ("Leased Premises") described in Attachment B for the uses specified herein. Lessor and Lessee are collectively referred to herein as the "parties" and individually as a "party". "Including" and "includes" mean including, but not limited to.
2. **Use of Leased Premises.**
 - A. **Grazing Use.** Lessee is authorized to use the number of acres identified in the Lease for grazing domestic livestock at the identified AUM rate. The location and management of grazing livestock shall be designated in the Lease. Said use shall be in accordance with the Lease. No use of the Leased Premises for grazing purposes shall occur prior to the final approval of the Lease by Lessor.
 - B. The grazing period, AUMs, number of stock to be grazed, and any special provisions deemed necessary by Lessor shall be determined by Lessor, and may be adjusted from time to time after giving Lessee thirty (30) calendar days written notice of any such modification. Lessee shall furnish such information as may be required to assist Lessor in determining the grazing period, AUMs, and number of stock to be grazed.
3. **Rental Rate; Modification of Rent; Late Payment.**
 - A. **Annual Rent Payment.** Lessee shall pay to Lessor, in lawful money of the United States, each year's rent for every acre and/or AUM covered by the Lease. Each year's rent shall be in an amount to be calculated pursuant to Lessor's most current formulas for each applicable use at the time the rental is calculated or recalculated. The rent shall be paid on or before the annual rental payment due date, as stated in the Summary of Lease Provision, of each year for the balance of the term of the Lease. Lessee shall pay the annual rental to Lessor without abatement, offset, or deduction of any kind, unless otherwise authorized by Lessor through a completed Lease Adjustment form provided by Lessor. Lessor reserves the right to increase or decrease the annual rent. Lessee will be notified one hundred eighty (180) calendar days in advance of the due date of any increase in rent.
 - B. **Accrual of Interest and Late Payment Charges.** In the event any rent or other financial obligation due by Lessee to Lessor under the terms of the Lease is not paid in full when due, Lessee shall also pay: 1) interest accruing thereon at the statutory rate of interest as provided by law (12% per annum) until payment is made in full; and, 2) a late charge which shall accrue in full as of the first day of each and every calendar month of such delinquency until payment is made in full in the amount of twenty-five dollars (\$25.00) or one percent (1%) of the unpaid principal obligation(s), whichever is greater. All payments shall be applied first to the payment of accrued interest and to accrued late charges, and then to unpaid principal. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate Lessor for higher administration costs associated with administering such late payments, and is not intended as a penalty. By assessing interest and late charges, Lessor does not waive any right to declare a breach, or to pursue any right or remedy available to Lessor by reason of such breach available at law or in equity, after the expiration of any applicable notice or cure period.
 - C. **Lien.** The amount of the rent, and accruing late charges and interest, shall constitute a lien in favor of Lessor against all of Lessee's improvements and other property on the Leased Premises, including crops and livestock.
4. **Lease Terms Generally.**
 - A. **Lease Terms and Conditions.** The terms and conditions of the Lease address all activities that may take place under the Lease, and may include farming, the construction of improvements, vegetation, noxious weed control, and other factors identified by Lessor as necessary for inclusion in the Lease, as well as any special terms and conditions based on the specific characteristics of the Leased Premises or of Lessee's use of the Leased Premises.
 - B. **Modification of Lease Terms and Conditions.** Lessor may review and modify any terms and conditions of the Lease upon any change in conditions, laws, or regulations; provided that Lessor shall give Lessee no less

than thirty (30) calendar days' notice of any such modifications prior to the effective date thereof. Modifications mutually agreeable to both Lessor and Lessee may be made at any time by written agreement of the parties.

- C. Compliance Required. Lessee shall abide by this Lease. If Lessee fails to abide by the Lease, Lessee will be deemed in breach, and the Lease will be subject to termination.
- D. Reimbursement for Non-Standard Administrative Costs. Lessee shall reimburse Lessor for non-standard administrative costs incurred to address issues of compliance, and the same shall be considered additional rent, due upon demand by Lessor. Lessor's request for payment to Lessee will include a detailed description of the work completed and actual expense incurred.
- E. Attachment A may contain special terms and conditions of the Lease, as may be modified. Failure to comply with any special terms and conditions shall constitute a default of the Lease, and the failure of Lessee to cure such default may result in the termination of the Lease.

5. Subleasing or Assignment.

- A. Written Approval Required. Lessee shall not assign the Lease, or sublease or authorize another person to use any part of the Leased Premises without the prior written consent of Lessor to be evidenced by Lessor's execution of consent forms provided by Lessor for that purpose. Any request for approval of a sublease or assignment must be in filed writing and with the appropriate processing fee, and must comply with the statutes and rules governing subleasing or assignment. Any request for approval of a sublease must be accompanied by a copy of the proposed sublease agreement. Lessor may withhold consent for any reason. Any attempt by Lessee to sublease Lessee's interest in the Leased Premises or any part of the Leased Premises, or to assign the Lease, shall be void unless Lessor has given prior written consent. No request for Lessor's approval of any assignment or sublease will be considered unless all rent or late charges and interest due has been paid in full, and Lessee is in good standing under the terms of this Lease and all other contracts with Lessor. No sublease will act as a release of Lessee's obligations hereunder unless Lessor executes a separate written release of Lessee. Lessor has no obligation to release Lessee hereunder, and Lessor can withhold such release at Lessor's sole discretion. Any sublease or assignment shall be subject to the provisions of this Lease, as well as such additional terms and conditions Lessor may require. The sublease shall not extend beyond the term of the Lease.
- B. Additional Rent Due. In the event the Leased Premises is subleased by Lessee for an amount greater than the base rental, Lessee shall, in addition to Lessee's annual base rental, pay to Lessor as additional rent an amount equal to one-half (1/2) the difference between Lessee's base rental rate, and the rental rate paid to Lessee by sublessee.
- C. Improvements. Upon an approved assignment, the ownership of any existing Lessee-owned improvements under the Lease must be separately negotiated between Lessee and such assignee, and title to the improvements transferred to the assignee.
- D. Copies to be Filed. Copies of all assignments, subleases, pasturage or any other agreement of any kind or nature involving the use of the Leased Premises by an individual or entity other than Lessee shall be timely delivered by Lessee to Lessor.

6. Leasehold Mortgage.

Lessee shall not mortgage, pledge or otherwise dispose of Lessee's interest in this Lease, or any portion thereof, including any Lessee-owned improvements or fixtures on the Leased Premises, without the prior written consent of Lessor. Lessee shall use mortgage or deed of trust forms provided by Lessor, and shall submit completed forms and any required fee to Lessor for review and approval. The term of a mortgage agreement shall not exceed the term of the Lease, and shall terminate if this Lease is terminated for any reason. Lessor may accept or reject a leasehold mortgage in its sole discretion.

7. Environmental, Safety and Sanitary Requirements.

- A. No Hazardous Materials. Lessee shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, substance or material, including petroleum products, such as oil, gasoline, or any other

substance that is known, or is suspected to be a hazardous waste, substance or material on the Leased Premises except in the acceptable and customary use associated with weed and pest control, machinery, equipment and vehicles. Lessee shall be responsible, and shall pay all costs, for the removal or other appropriate remedial action regarding any hazardous waste, substance or material that Lessee may have caused or allowed to be introduced on the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with all applicable federal, state, and local laws, regulations, rules and ordinances. Lessee shall immediately, upon the introduction of any hazardous waste, substance or material on the Leased Premises, contact Lessor and the Idaho Department of Environmental Quality ("DEQ"), and enter into a consent order for remediation with DEQ. Provided, however, that Lessee shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ unless Lessee is so authorized in writing by Lessor. In the event of the introduction of any hazardous waste, substance or material, Lessor may require Lessee to enter into any consent order or other agreement with any other relevant agency. Lessee shall indemnify, defend and hold Lessor harmless from any and all costs, expenses, damages and fines, including without limitation all reasonable attorney fees and costs, including attorney fees and costs on appeal, relating to and including any hazardous waste, substances, materials, or pollution. The amount of any costs incurred by Lessor due to Lessee's violation of this provision shall constitute a non-standard administrative cost and a lien in favor of Lessor against all of Lessee's interest in the Lease and all improvements and other property on the Leased Premises including crops and livestock.

- B. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection, prevention and burning. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from burning garbage or household trash and any burning on the land, including the burning of wood, weeds or other debris, but excepting campfires if necessary for the use under the Lease, without the prior written permission of Lessor.
- C. Sanitary Requirements. Concerning activities authorized under the Lease, Lessee shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter, and in the same or better condition as when the Lease was issued. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local laws, rules and regulations. Lessee shall dispose of sewage on the Leased Premises only if specifically authorized by Lessor. Lessee shall not store trash on the Leased Premises nor transport trash, garbage, litter or debris onto the Leased Premises. Lessee shall dispose of all trash, garbage and carcasses in conformity with all applicable federal, state, and local laws, rules and regulations. Lessee is responsible for all costs associated with sewage, garbage and litter disposal.

8. No Warranties; Public Use.

- A. No Warranty of Title. Lessor does not warrant title to the Leased Premises or the resources that may exist on the Leased Premises. The Lease is issued only under such title as the State of Idaho may have as of the date of commencement, or as may be subsequently acquired. Lessee is solely responsible for satisfying itself with respect to the ownership of the Leased Premises. If Lessor is subsequently divested of said title, no liability will be incurred by Lessor by virtue of the Lease for any loss or damage to Lessee. Nor will any claim for refund, rents, or other amounts paid to Lessor be made by Lessee, its successors or assignees.
- B. No Warranty of Merchantability or Fitness. Lessee expressly acknowledges that neither Lessor, nor any agent of representative of Lessor, has made any representation of warranty, either express or implied, with respect to the title, merchantability, or fitness of the Leased Premises for any particular purpose or use, including the uses for which the Lease is granted. Lessee accepts the Leased Premises in an "as is" condition, and relies solely on Lessee's own inspection of the Leased Premises.
- C. Quiet Enjoyment. Lessor agrees that Lessee, upon payment of the rent and performing the terms of the Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder during the term hereof. Lessee acknowledges that the Lease is non-exclusive, and Lessor retains the right to use of the Leased Premises, or to grant rights to others for use of the Leased Premises to the extent any such use does not materially interfere with Lessee's purpose and use allowed hereunder, unless otherwise provided for in the Lease.
- D. Public Use. Lessee must allow the general public the right to use the Leased Premises for any lawful use available to the public for lands owned by Lessor. However, nothing in the Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands, including the Leased Premises. Public use

of state lands shall not be restricted without prior written approval of Lessor. The Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

9. Water Right and Water Use.

- A. Water Use on the Leased Premises. Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of the Lease, but only for the use allowed in the Lease and only in conformance with Idaho water law.
- B. Future Water Rights and Water Use Generally. The establishment of any new water right, including instream livestock use or stock watering rights, by Lessee or Lessor on the Leased Premises during the term of the Lease shall be by and for Lessor, and no claim thereto shall be made by Lessee. If a new water right is established on the Leased Premises during the term of the Lease, Lessee agrees that its application of water to beneficial use is on behalf of and as an agent for Lessor. Lessee may act as an agent for Lessor only for the purpose of applying water to beneficial use. Such water rights shall attach to and become appurtenant to the Leased Premises, and Lessor shall be the owner thereof. The use of any water rights by Lessee shall be in conformance with Idaho water law. Lessee must receive the prior written consent of Lessor, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights or water use in and for the State of Idaho for any of the following:
 - i. To drill and use a water well;
 - ii. To develop and use any source of water;
 - iii. To cause any water to be conveyed or diverted off the Leased Premises; or
 - iv. To bring water onto the Leased Premises.
- C. Water Systems. If water is supplied to the Leased Premises by a water system operated by the State of Idaho, including Lessor, the use of such system and the supply of water provided thereby may be curtailed or terminated upon thirty (30) calendar days written notice to Lessee from Lessor. Neither Lessor nor its agents and employees, nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to Lessee by reason of the failure of, damage to, termination or curtailment of the operation of any water system or source supplying water to the Leased Premises.
- D. Improvements in Aid of Water Use. Improvements, whether pre-existing or future, made in aid of any and all water use on, or diversion from, the Leased Premises are subject to the improvement permit requirements of the Lease.
- E. No Right of Access to Water Rights Upon Termination. Upon the termination of the Lease, for any reason, Lessee shall have no right to access any point of diversion or any place of use of any water right on the Leased Premises without the prior written consent of Lessor.

10. Noxious Weeds.

- A. Lessee shall cooperate with Lessor or any other agency authorized to undertake programs for control or eradication of noxious weeds. Lessee shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code, except those resulting from activities beyond Lessee's control. Costs for control of noxious weeds on the Leased Premises shall be the responsibility of Lessee, unless otherwise provided for in the Lease.
- B. Lessee shall ensure that prior to moving onto the Leased Premises, all equipment is free of noxious weeds and their seeds, as defined by the Idaho Department of Agriculture and any local Cooperative Weed Management Area. The cleaning of contaminated equipment and vehicles shall not take place on any state endowment land, including the Leased Premises.
- C. All straw and forage used for livestock feed, with the exception of that grown on the Leased Premises or on Lessee's immediately adjacent land, must be certified in accordance with the Idaho State Department of Agriculture's Noxious Weed Free Forage and Straw Certification Rules (IDAPA 02.06.31.000 *et seq.*), and must be certified as Idaho State Noxious Weed Free.

11. Construction of Improvements.

- A. **Permit Required.** Lessee shall not construct or reconstruct, initiate or place improvements or structures of any character (collectively "improvements") on or to the Leased Premises without the prior express, and written permission of Lessor. Said permission shall be in the form of a permit issued by Lessor, and shall be required for any improvement placed on the Leased Premises, including range improvements, buildings or other structures, water developments, fences, vegetation treatment, and the clearing of land. Lessee shall submit project plans to Lessor. If the project plans are approved and permitted in writing by Lessor, then Lessee shall construct and implement the improvements in full compliance with the approved plans, the permit and all applicable statutes, rules and building codes. Permitted improvements shall be the property of Lessee, unless otherwise provided in the permit or the Lease. Failure to obtain a written permit prior to construction and implementation of any improvement will be considered a trespass violation and may result in the termination of the Lease or cause Lessor to initiate proceedings, including those provided for in IDAPA 20.03.14.90. The improvements shall be removed by Lessee if directed by Lessor, or Lessor may remove the improvements at Lessee's cost. Any improvements associated with the uses authorized in the Lease and placed on endowment land prior to January 1, 1970, are considered grandfathered and properly authorized even though there may be no documentation of authorization.
- B. **Fences.** If Lessor deems it necessary to protect any lands owned by the State of Idaho in the Leased Premises, the following procedure will be utilized to establish requirements for locating and cost sharing for the construction of partition (boundary) fences between the Leased Premises and an adjacent landowner(s). Lessor, Lessee and the adjoining landowner(s) may meet on-site and off-site to identify property boundary lines for the location of fences, negotiate alternative location(s), and negotiate other terms of such construction. If Lessor deems that new partition fence is necessary, Lessee will be required to construct the fence by a date approved by Lessor. Lessor will provide the adjacent landowner(s) with written notice stating that one half (½) of the partition fence will be built by Lessee within six months after the date of the notice, and that the adjoining landowner must build the remaining one half (½) of the partition fence within that same timeframe. If an adjacent landowner does not complete the fence within the six month timeframe Lessee will complete the entire fence by a date approved by Lessor. After complete construction, Lessee may choose to place a lien on the adjacent land for recovery of Lessee's costs of construction. Lessee acknowledges and agrees that Lessor maintains the final decision making authority for the location and cost allocation of any partition fences on, over or along any lands of the Leased Premises; the AUMs and the total acreage of the Leased Premises may be modified by Lessor, alone, through a lease adjustment in order to effectuate such final decision by Lessor. Any actual cost incurred or extra IDL resources expended by Lessor to ensure Lessee's compliance shall be considered a non-standard administrative cost. Improvement credit for Lessee's partition fences will be determined in accordance with IDAPA 20.03.14.000 *et seq.*, the Rules Governing Grazing, Farming, Conservation, Noncommercial Recreation, and Communication Site Leases. If Lessee recovers the cost of constructing the adjacent landowner's portion(s) of partition fence, no improvement credit will be allowed for Lessee's construction of the adjacent landowner's portion(s).
- C. **Condition of Improvements.** At all times during the term of the Lease, Lessee shall keep all improvements in good repair and functional condition to the satisfaction of Lessor. Any and all fences and gates shall be neat, stock-proof and lawful fences.
- D. **Maintenance of Improvements.** Lessee may be required to remove or reconstruct improvements in poor or non-serviceable condition. Existing maintenance agreements on lands acquired from the federal government shall remain in effect until amended by the parties involved. If maintenance is not being accomplished, Lessor shall provide a letter to Lessee informing Lessee of the violation of the Lease. If work is not begun within thirty (30) calendar days and completed in a timeframe specified by Lessor, Lessor may contract repairs and bill Lessee for actual costs incurred, which shall be considered a non-standard administrative cost, or Lessor may terminate the Lease, in Lessor's discretion.
- E. **Removing Improvements.** Lessee shall not remove, relocate or otherwise alter any improvements without the prior written approval of Lessor.
- F. **Cost of Improvements.** Any permitted improvements constructed by Lessee, shall be constructed at Lessee's own expense, unless Lessor and Lessee shall have entered into a prior written cost sharing agreement for construction of such improvements.

- G. **Permitted Improvements At Lease Termination.** Upon the termination of the Lease for any reason, and in the event Lessor leases the Leased Premises to a new lessee, Lessor shall require the new lessee to pay Lessee the then existing value of the permitted improvements in accordance with the then existing statutes and rules, less any and all amounts owed to Lessor to cure any default by Lessee. Said value shall be determined through a valuation conducted by Lessor, which may factor in Lessee's documented cost of construction if the improvements were authorized after July 1, 2009, in Lessor's discretion. Improvement payments shall be first applied towards any rent or other monies due to Lessor before being disbursed to Lessee. Under no circumstance shall Lessor be obligated to pay any such value for improvements to Lessee, such obligation shall be solely on the subsequent lessee, if any. Any improvements which Lessee is entitled or required to remove upon termination of the Lease must be removed within six (6) months of the termination of the Lease, or such additional time as Lessor may authorize, otherwise it shall be deemed abandoned, and title to such abandoned improvements shall vest in Lessor upon notice to Lessee, in Lessor's discretion.
- H. **Unapproved Improvements.** At any time during the term of this Lease, or upon the termination of the Lease for any reason, Lessor may require, at Lessor's sole discretion, that Lessee remove any improvements placed on the Leased Premises without a prior permit from Lessor. The full cost of such removal, including the restoration of the Leased Premises, shall be solely Lessee's. In the event Lessor does not elect to require such removal, Lessee's failure to secure such permit shall constitute forfeiture of the improvements, at Lessor's discretion. Title to any improvements placed on the Leased Premises without a permit from Lessor shall, at Lessor's discretion, immediately vest in Lessor without payment to Lessee and without waiver of Lessor's right to require removal of the same by Lessee.
- I. **Lessor's Removal of Improvements.** Lessor may, at its discretion, remove or have removed the abandoned or non-permitted improvements, and Lessee shall be responsible for the full cost of removal and restoration of the Leased Premises. Nothing herein shall relieve Lessee from the obligation to remove any improvements as required by Lessor under the terms of the Lease, or pursuant to the terms of the permit authorizing the improvements.

12. No Liens.

Lessee shall not permit or suffer any lien of any kind or nature to be placed on or enforced against the Leased Premises, the leasehold interest, or any improvements thereon, including tax liens, any mechanics' liens or material suppliers' liens. Lessee shall ensure that full payment is made for all labor performed at Lessee's instance and for any and all materials joined or affixed to the Leased Premises or any improvements thereon.

13. Sale, Exchange or Change in Use of Leased Premises.

- A. **Sale.** Lessor may sell all or any portion of the Leased Premises during the term of the Lease. Lessor will notify Lessee that the Leased Premises are being considered for sale at the time the proposed sale is scheduled for submission to the Land Board for approval. Lessee will be notified of a scheduled sale at least thirty (30) calendar days prior to the sale date. Lessee shall deliver immediate possession of the land sold to Lessor, or to the person or party as may be specified in writing by Lessor or Lessor's designee, unless the land remains subject to the Lease, or unless Lessee is to be permitted to harvest a growing crop before surrendering possession. When creditable improvements are present, and Lessee delivers possession of the land, Lessor shall value them in accordance with Idaho Code § 58-313, or the then-existing applicable statute or rule, and Lessee shall be paid for the improvements by the purchaser on the day of the sale.
- B. **Consent To Land Exchange.** Lessee acknowledges that the Leased Premises, or any portion thereof, may be the subject of a future land exchange by Lessor, and Lessee hereby consents to the inclusion of any such land, or portion thereof, in any land exchange deemed necessary or appropriate by Lessor. This consent is given in compliance with Idaho Code § 58-138. In the event Lessor chooses to include the Leased Premises, or any portion thereof, in any proposed land exchange in the future, Lessor shall provide Lessee with at least thirty (30) days written notice from the Director of the Department of Lands prior to such land exchange. Upon the consummation of the proposed land exchange, that portion of land included within the exchange shall be deleted from the Lease, and Lessee's lease payment obligation for the ensuing year(s) shall be reduced proportionately. Lessee shall be entitled to continue to use the lands included within any such exchange for the balance of the year in which the exchange occurs unless otherwise notified in writing by Lessor, in which event the Lease payment for such year shall be prorated.

- C. Change in Use. The Lease may be terminated in whole or in part upon one hundred eighty (180) calendar days written notice by Lessor if the use of the Leased Premises is to be changed to any other use that is incompatible with the use authorized by the Lease, as designated by Lessor. In the event of early termination due to change in land use, Lessee will be entitled to a pro rata refund of the premium bid for a conflicted Lease.

14. Relationship of the Parties.

Lessee is not an officer, employee, or other authorized agent of the State of Idaho for any purpose other than the development of waters rights as set forth in *Section 9. Water Right and Water Use*, above. In no event shall any official, officer, employee or agent of Lessor or of the State of Idaho be in any way personally liable or responsible for any covenant or obligation contained in the Lease, express or implied, nor for any statement, representation or warranty made by Lessee in connection herewith.

15. Reservations by Lessor.

Lessor expressly reserves and excepts the following rights:

- A. To enter upon the Leased Premises, or any portion thereof, during the term of the Lease for any purpose, including inspecting the Leased Premises or any improvements.
- B. All rights not expressly granted to Lessee under the Lease, including all rights to timber, water, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, fee title to the Leased Premises, and title to all appurtenances and improvements placed thereon by Lessor or abandoned by any lessee.
- C. To grant easements and rights-of-way over and across the Leased Premises provided such easements or rights-of-way do not materially affect Lessee's use and enjoyment of the Leased Premises under the terms of the Lease. Lessor shall coordinate with Lessee before approving any easement or right-of-way application on the Leased Premises. If the easement or right-of-way materially and adversely impacts the value of Lessee's improvements or any growing and immature crops, then Lessor, as the grantee of such easement or right-of-way, shall, before exercising the same, pay Lessee the reasonable diminution in value of any permitted improvements and any growing and immature crops. Said value shall be determined by Lessor's valuation.
- D. To issue other leases on the Leased Premises. Such other leases may be for any purpose deemed appropriate by Lessor provided such other leases do not materially affect Lessee's use and enjoyment of the Leased Premises under the terms of the Lease. Other lease purposes may include the exploration and development of oil or gas, geothermal, mineral deposits, and placer deposits as provided by Title 47, Idaho Code. In the event any such other lease is granted by Lessor which materially and adversely impacts the value of Lessee's improvements or any growing and immature crops, the other lessee shall, before exercising the same, pay Lessee the reasonable diminution in value of any permitted improvements and any growing and immature crops. Said value shall be determined by Lessor's valuation. If any such other lease conflicts with the grazing use or makes consumptive use of forages, the grazing rental will be adjusted to reflect such loss of use.
- E. To require that changes be made in the use under the Lease, and/or to the improvements on the Leased Premises, including, but not limited to, the sanitation or other facilities for the protection of public health, safety, preservation of property or water quality.
- F. To reserve as Lessor's sole property any and all water appurtenant to Lessor's land or from any source arising thereon, and to hold water rights for any beneficial use that may be developed as a result of the Lease, and as further provided in *Section 9. Water Right and Water Use*, herein.
- G. Rights of ingress, egress, and access, over and across the Leased Premises for Lessor and its lessees, permittees, contractors, and assigns on existing roads, or on suitable alternative roads provided by Lessee.
- H. To change the use of the Leased Premises, in whole or in part, for other uses that will better achieve the fiduciary obligations of Lessor to endowment beneficiaries. Upon a change in use, the Lease may, at Lessor's discretion, be terminated in whole or as to the affected part. In the event of any such termination due to a

change in use, the provisions of *Section 11. Construction of Improvements*, herein, relating to compensation for permitted improvements shall apply.

- I. To sell timber on the Leased Premises or otherwise conduct forest management activities. Lessor reserves the right to restrict or prohibit grazing use on all or portions of the Leased Premises for timber management purposes. Lessee will be given not less than one hundred eighty (180) calendar days written notice of any such restrictions or termination of grazing use, together with a map of the restricted area.
- J. To restrict or prohibit grazing on all or any portion thereof of the Leased Premises in response to emergency conditions including fires, flooding and drought.
- K. To sell all or any portion of the Leased Premises at any time during the term of the Lease, and as further provided in *Section 13. Sale, Exchange or Change-in-Use of Leased Premises*, herein.
- L. To harvest seed from plants on any portion of the Leased Premises not being farmed. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on farming operations.
- M. To close roads for road protection, wildlife protection or administrative purposes. Planned road closures will be reviewed with Lessee prior to action by Lessor.
- N. To claim all improvements placed upon the Leased Premises remaining after six (6) months in cases of abandonment by Lessee; or to take possession immediately in cases of termination upon breach, and Lessee's failure to cure, of any of the conditions of this Lease; or to remove the same in Lessor's sole discretion, at Lessee's cost. No improvements will be disposed of by Lessor until all administrative procedures have been exhausted, waived, or not timely acted on by Lessee.

16. Indemnification.

- A. Lessee shall indemnify, defend, and save harmless Lessor, the State of Idaho, its officers, agents, employees, and volunteers from and against any and all liability, claims, damages, losses, expenses, actions, settlements, attorneys' fees, and suits whatsoever caused by, arising out of, or in connection with Lessee's acts or omissions under this Lease or Lessee's failure to comply with any applicable state, local or federal statute, law, regulation, rule or ordinance.
- B. Upon the receipt by Lessee of Lessor's or the State of Idaho's tender of indemnity and defense, Lessee shall immediately take all reasonable actions necessary, including, but not limited to providing a legal defense for Lessor and the State of Idaho, and to begin fulfilling its obligation to indemnify, defend, and save harmless Lessor and the State of Idaho. Lessee's indemnification and defense liabilities described herein shall apply regardless of any allegations that a claim or suit is attributable in whole or in part to any act or omission of Lessor, the State of Idaho under this Lease. However, if it is determined by a final judgment that Lessor, the State of Idaho's negligent act or omission is the sole proximate cause of a suit or claim, neither Lessor nor the State of Idaho shall be entitled to indemnification from Lessee with respect to such suit or claim, and Lessor and the State of Idaho in its discretion, may reimburse Lessee for reasonable defense costs attributable to the defense provided by any Special Deputy Attorney General appointed pursuant to *Section 16.C, Indemnification*.
- C. Any legal defense provided by Lessee to Lessor and the State of Idaho under this section must be free of any conflicts of interest, even if retention of separate legal counsel for Lessee and, Lessor and the State of Idaho, is necessary. Any attorney appointed to represent Lessee, the State of Idaho must first qualify as and be appointed by the Attorney General of the State of Idaho as a Special Deputy Attorney General pursuant to Idaho Code Sections 67-1401(13) and 67-1409(1).

17. Payment of Taxes, Assessments or Fees – Lien.

Unless otherwise provided, Lessee shall pay all water charges, fees, assessments or taxes of any nature that may be legally levied or assessed against the Leased Premises, or any portion of the Lease Premises, or on any improvements. If any of the same are not paid by Lessee, such amounts due shall constitute a lien in favor of the State of Idaho against all of Lessee's improvements, livestock, and crops growing on the Leased Premises.

18. Lessee's Default.

- A. Lessee's Failure to Comply. Lessee's failure to comply with the Lease shall be a breach giving rise to a basis for termination of this Lease. Upon default by Lessee, Lessor shall provide Lessee a notice of default providing at least thirty (30) calendar days' written notice of default and opportunity to cure. Notice of any intention to terminate the Lease upon failure to cure shall be provided to Lessee. If the default is non-financial in nature and cannot reasonably be cured within thirty (30) days, then the corrective action required of Lessee and a longer period to cure may be provided by Lessor. If the corrective action or cure is not taken within the specified time or does not occur, then the Lease shall automatically terminate on the date specified in the written notice without any further notice or demand by Lessor, unless otherwise agreed by Lessor in writing. Lessee shall not, while in default or breach, remove any of the improvements, or crops thereon, whether crops are harvested or not, unless directed by Lessor. In addition to the rights and remedies granted or reserved to Lessor in the Lease, Lessor shall have all other rights and remedies against Lessee as are available at law or in equity. Lessor's pursuit of any particular right or remedy for breach shall not, in and of itself, constitute a waiver or relinquishment of any other compatible claim or remedy against Lessee.
- B. Obligations Incurred by Reason of Lessee Default. In the event Lessee fails to perform any act or do anything which Lessee is required to do under the terms of the Lease, Lessor shall have the right, but not the obligation, to perform on behalf of Lessee, any such action. Lessee shall immediately reimburse Lessor for all costs and expenses, including attorneys' fees (including fees from the Office of the Attorney General of the State of Idaho), incurred by Lessor in performing any such act or thing. Lessee's obligation to pay costs hereunder shall be deemed to be a non-standard administrative cost.

19. Surrender of Land.

Lessee shall, at the termination of the Lease, deliver immediate possession and vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of Lessee's entry thereon, except for reasonable use and wear, acts of God, or damage by causes beyond the reasonable control of Lessee. Upon vacating, Lessee shall leave the Leased Premises free and clear of all rubbish and debris, and with all improvements in good order and condition.

20. Termination By Mutual Agreement.

The Lease may be terminated by mutual agreement between Lessor and Lessee.

21. Notices.

- A. Notices. Any notice or any demand given under the terms of the Lease shall be deemed given and delivered on the date when personally delivered, or if mailed, the date written notice is deposited in the United States Mail, and mailed by regular or certified mail, postage prepaid and properly addressed to the appropriate party.
- B. Addresses. Unless changed by notice in writing, any notice, demand, and communication under the Lease shall be addressed to Lessor at:

Idaho State Board of Land Commissioners
c/o Idaho Department of Lands
300 North 6th Street, Suite 103
PO Box 83720
Boise ID 83720-0050

and to Lessee at the address set forth at the beginning of the Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

22. Waiver.

A waiver by Lessor of any breach of any term, covenant or condition of the Lease shall not be deemed to be a waiver of any past, present or future breach of the same or any other term, covenant or condition of the Lease. The acceptance of rent by Lessor hereunder shall not be construed to be a waiver of any violation of any term or

condition of the Lease. No payment by Lessee of a lesser amount than is due according to the terms of the Lease shall be deemed or construed to be anything other than a partial payment on account of the most recent rent due, nor shall any endorsement or statement on any check or letter accompanying any payment be deemed to create an accord and satisfaction.

23. Attorney's Fees and Costs.

In the event either party initiates a legal proceeding under the Lease, the prevailing party in that legal proceeding shall be entitled to such additional sums as the court may award for reasonable attorney's fees (including fees from the Office of the Attorney General of the State of Idaho) and costs (including appraisal fees and expert fees) incurred in such proceeding.

24. Lessee's Compliance with Applicable Laws and Rules.

- A. Full compliance. Lessee shall fully comply with all applicable federal, state, or local statutes, ordinances, rules, regulations and laws now existing or hereafter enacted or ratified. This shall include all applicable rules and regulations and standards promulgated by the State Board of Land Commissioners or the Idaho Department of Lands, including, but not limited to, the rules governing leasing of endowment lands, IDAPA 20.03.14.
- B. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall Lessee allow the same to be committed thereon. Lessee shall not do anything which will create a nuisance or a danger to persons or property.

25. Miscellaneous.

- A. No Trespass. Lessee shall not allow Lessee's livestock to graze or run at large over any lands of Lessor in a manner not approved by the Lease. Lessee shall not authorize any other person to graze or run livestock over Lessor's lands without the express written consent of Lessor.
- B. Appraisals and Valuations. Any appraisal or valuation by Lessor called for in the Lease shall be done by Lessor in accordance with applicable state laws and regulations, and the then-existing policy of Lessor, if any.
- C. Subject to Existing Leases/Easements. The Lease is expressly subject to any right-of-way permit, easement, lease or contract, including any present or future timber sale contract, that is now in force and effect, or that may hereafter be granted relating to the Leased Premises.
- D. Timber. The Lease does not authorize Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by Lessee or with Lessee's knowledge or consent, shall result in termination of the Lease without notice and an opportunity to cure. Lessee shall be responsible for all damages incurred by reason of such breach, including damages in the amount of treble (three times) the value of the timber used or taken and all other damages. Said timber value will be determined by Lessor.
- E. Modification. Unless otherwise provided herein, the Lease may be modified only upon written agreement of all parties.
- F. Binding on Heirs and Successors. The Lease shall inure to the benefit of and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties.
- G. Lessee's Non-Discrimination. Lessee shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- H. Entire Agreement. The Lease contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of the Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning the Lease except those which are expressly contained herein.

- I. Governing Law and Forum. The Lease shall be construed in accordance with and governed by the laws of the State of Idaho, and the parties consent to the jurisdiction and venue of the Idaho State District Court located in Ada County in the event of any dispute with respect to the Lease or the Leased Premises.
- J. Severability. In the event any provision of the Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- K. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

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SAMPLE

SPECIAL TERMS AND CONDITIONS*

***THESE TERMS ARE AN EXAMPLE ONLY - TERMS AND CONDITIONS
MAY VARY FROM LEASE TO LEASE AND DEPEND ON PRIMARY USE
PLEASE CONTACT AREA OFFICE FOR MORE INFORMATION**

Season of Use (specific dates and total number of days): TBD

Management Provision:

The following Management Provision is a summary of the grazing management strategy agreed to by Lessee and Lessor to address identified resource concerns and management objectives.

Lessee is authorized to remove ___ AUMs of forage annually from the Leased Premises by grazing ___ cow/calf pairs and between _____ and _____ each year. Turnout and removal dates are subject to change based on range readiness and forage availability or as agreed to by Lessee and Lessor. Authorized use will not exceed _____ AUMs annually, unless otherwise approved by Lessor.

Livestock Management/Rotation Strategy:

Lessee will graze the Leased Premises (_____ acres of endowment land) in conjunction with approximately _____ acres of private lands owned/managed by Lessee, utilizing a five pasture deferred rotation system.

Salt and Minerals:

Lessee will place all salt and mineral supplements a minimum of ¼ mile from any water location or riparian area. Salt and mineral supplements will be placed throughout the Leased Premises to increase livestock dispersal and expedite pasture rotation.

Proper Use Criteria:

Upland and riparian utilization levels of no more than 50% will be targeted, along with a riparian greenline stubble height of four inches, and will be based on end of season growth.

Annual Plans:

At Lessor's request, Lessee will meet with Lessor prior to the grazing season to discuss any resource concerns that may be identified by Lessor or changes that need to be made to annual management of the Leased Premises.

Adjacent Lands:

Leased Premises covered under this lease will be managed in conjunction with adjacent lands. Lessee must notify the Lessor if Lessee loses control of adjacent lands. Additional fencing may be required if Lessee loses control of the adjacent lands that are managed with the Leased Premises. Failure to notify Lessor of a loss of ownership/control will be considered a breach of the lease.

Attachment B
LEASED PREMISES LEGAL DESCRIPTION

| TWN | RNG | SEC | Legal Description | County | Endowment | Acres | AUMS |
|-----|-----|-----|-----------------------------|--------|-----------|-------|------|
| | | | SEE LEASE FACT SHEET | | | | |
| | | | | | Total: | | |

SAMPLE

Attachment C
SITE MAP(S)

MAP #1

SEE LEASE FACT SHEET FOR MAP(S)

SAMPLE

SAMPLE