

Preliminary

CONSOLIDATION AGREEMENT

THIS AGREEMENT is made and entered into this 10 day of August, 2003, by and between the **PROGRESSIVE IRRIGATION DISTRICT**, hereinafter referred to as the **PROGRESSIVE**, and **POPLAR IRRIGATION DISTRICT**, hereinafter referred to as **POPLAR**.

WITNESSETH:

1. PROGRESSIVE is a large irrigation district created, existing and operating pursuant to I.C. § 43-1401, et seq. There are approximately 31,500 acres included within its boundaries.
2. POPLAR is a much smaller irrigation district located in the Poplar/Ririe area of Bonneville County. There are about 800 acres within its boundaries.
3. The Boards of Directors for both districts have determined it to be in the best interest of the respective districts they be consolidated into a single district with the POPLAR being consolidated into the PROGRESSIVE.

The respective districts therefore agree for a consolidation of the two (2) districts on the following terms and conditions:

1. CONSOLIDATION OF POPLAR INTO PROGRESSIVE:

- A. The POPLAR district shall be consolidated into the PROGRESSIVE.
- B. The name and officers of the PROGRESSIVE shall be retained. There will no longer be a POPLAR district nor any officers or directors thereof.
- C. When the consolidation is completed, notices duly published, elections held, and approval of the District Court obtained, POPLAR shall cease to exist. It shall then have been consolidated into and become a part of the PROGRESSIVE.

2. THE EXISTING POPLAR DISTRICT:

- A. POPLAR encompasses approximately 800 acres. It has both decreed and storage water rights which are described as follows:

Decree:	24 cfs with a priority of 6/1/1902
	12 cfs with a priority of 1/22/1916
Storage:	American Falls 663 acre feet
	Palisades 1,550 acre feet
	Jackson 1,589 acre feet

- B. Historically, the POPLAR diverted from the Snake River into a long canal known as the Riley Ditch. However, much of the Riley Ditch was destroyed by the 1997 flood. POPLAR has since installed two (2) pumps in the Anderson Canal, a PROGRESSIVE canal, and pumps from the Anderson Canal to the Riley Ditch, but downstream some distance so the Riley Ditch is now only approximately two (2) miles in length.
- C. In addition to the Riley Ditch, the POPLAR system includes a 40 HP pump and a 60 HP pump, a pumping station, panel and a spare 40 HP motor. The pumps run during the irrigation season to lift the water from the Anderson Canal into the Riley Ditch.

3. OPERATION, MAINTENANCE AND COSTS:

- A. The PROGRESSIVE will take over the operation and maintenance of the POPLAR system which will include the pumping station, pumps and motors, the Riley Ditch and the headgates in the ditch. PROGRESSIVE will also furnish the ditch rider, levy and collect the assessments, and in effect take over the entire operation and management of the POPLAR as part of the PROGRESSIVE system.
- B. The POPLAR decreed and storage water rights described in paragraph 2.A. will become water rights of the PROGRESSIVE.
- C. All rights of way and/or easements of any kind or nature however acquired, owned by the POPLAR, will become rights of way and/or easements of the PROGRESSIVE.
- D. The parties agree the POPLAR acreage will be assessed the same as the PROGRESSIVE plus:
 - (1) An additional \$.50 per acre for the maintenance and/or replacement of the pumping station, pumps, motors, electrical panel and associated equipment.
 - (2) In addition, the POPLAR acreage will be assessed whatever amounts are necessary to pay the power bills incurred by the pumps and pumping station. That amount can be estimated at the beginning of the season and included in an assessment before the costs are incurred and any deficiency picked up in the following years assessment and any excess credited to the following years assessment, or the entire assessment may be made the year following when the actual costs are known.

4. ARTICLES AND BY-LAWS: Once consolidated, the patrons in the POPLAR district will be subject to the Articles, By-Laws, rules and regulations of the PROGRESSIVE. Its own Articles, By-Laws, rules and regulations will have no further force nor effect. The patrons of the POPLAR will be treated the same as patrons of the PROGRESSIVE and will indeed become patrons of the PROGRESSIVE, except for the differences are agreed to herein.

5. DELINQUENT ASSESSMENTS AND OUTSTANDING OBLIGATIONS:

- A. The POPLAR will either collect all delinquent assessments, cancel them, or pay the same so that there will be no delinquencies through calendar year 2001 in POPLAR.
- B. POPLAR further represents that it has no outstanding claims or obligations. To the extent such claims and obligations are incurred for the operation of the 2003 irrigation season, they will be assumed by the PROGRESSIVE provided the PROGRESSIVE is notified and approves of the same before they are incurred.

6. REPRESENTATION: The existing Board of Directors and management of the PROGRESSIVE shall remain in place. The POPLAR is located generally east of and adjacent to Division No. 1 of the PROGRESSIVE. Its patrons will become part of said Division No. 1 and will vote as part of said division. A future director of that division could be from the POPLAR acreage, if nominated and elected.

7. CONDITIONAL AGREEMENT: This agreement is conditionally executed and approved by the Boards of both districts as shown by appropriate signature hereafter. However, it shall become binding and effective only on completion of the following:

- A. The POPLAR shall hold a special election, publish appropriate notices, and obtain a 2/3 vote of its members (who vote) in favor of consolidation as set forth in this agreement.
- B. The Directors of the POPLAR shall notify the PROGRESSIVE of the vote, and if the 2/3 vote is in favor, shall petition the Directors of the PROGRESSIVE for consolidation as per the terms of this agreement.
- C. The PROGRESSIVE shall publish notice in the Idaho Falls Post Register as required by law of the proposed consolidation for three (3) consecutive weeks. The notice shall state the filing of the petition, the general description of this agreement, and notify interested persons of a time to appear at the office of the PROGRESSIVE to voice either approval and/or objections to

the petition and consolidation. Failure of any person to appear and object shall be taken as a consent by said party to the consolidation.

- D. The Directors shall conduct a hearing at the time scheduled, and give due consideration to any objections to consolidation. If in the judgment of the Directors of the PROGRESSIVE, the consolidation should be disapproved, they shall be entitled to disapprove the consolidation notwithstanding the signatures hereto. It is the intent of this paragraph that the Directors give due and careful consideration to objections and not necessarily be bound by this agreement.
- E. If following the hearing, the PROGRESSIVE approves of the consolidation, it shall then file a petition in the District Court in Bonneville County asking for approval and confirmation of these proceedings by the court.
- F. If the court approves all of the proceedings, the Board shall enter an order in its minutes admitting the POPLAR as part of the PROGRESSIVE, which order shall contain a description of the lands certified by the secretary of the PROGRESSIVE, and shall be filed for record in the office of the recorder in and for Bonneville County.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year in the acknowledgments hereinafter set forth.

PROGRESSIVE IRRIGATION DISTRICT:

By: _____
President/Chairman

Attest:

By: _____
Secretary

POPLAR IRRIGATION DISTRICT:

By: Robert Adams
President/Chairman

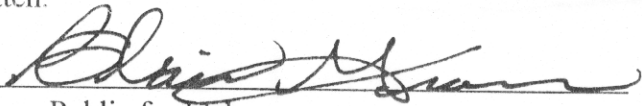
Attest:

By: Harold L. Gulam
Secretary

STATE OF IDAHO)
)ss
County of Jefferson)

On this ^{xx}~~12~~ day of August, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared Robert Adams, known to me to be the President/Chairman of the **PROGRESSIVE IRRIGATION DISTRICT** whose name(s) is (are) subscribed to the foregoing, and acknowledged to me that he (she) (they) executed the same on behalf of the **PROGRESSIVE IRRIGATION DISTRICT**.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this acknowledgment first above written.

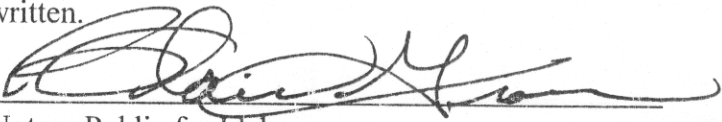

Notary Public for Idaho
Residing at: Rigby, Idaho
Commission Expires: 10/24/2003

(seal)

STATE OF IDAHO)
)ss
County of Jefferson)

On this 16 day of August, 2003, before me, the undersigned, a Notary Public in and for said state, personally appeared Gary Graham known to me to be the President/Chairman of the **POPLAR IRRIGATION DISTRICT** whose name(s) is (are) subscribed to the foregoing, and acknowledged to me that he (she) (they) executed the same on behalf of the **POPLAR IRRIGATION DISTRICT**.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this acknowledgment first above written.


Notary Public for Idaho
Residing at: Rigby, Idaho
Commission Expires: 10/24/2003

(seal)