

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Ident. Number 63-32649
Date Received: 7/18/1989
Receipt No: X777777
Received By:

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name of Claimant(s)

MC KAY PROPERTIES LP Phone:
6100 S EAGLE RD
MERIDIAN ID USA 83642

2. Date of Priority: 04/14/1987

3. Source: GROUND WATER Trib. to:

4. Point of Diversion:

Township	Range	Section	1/4 of 1/4 of 1/4 Lot	County	Type
03N	01E	32	NE SE	ADA	

5. Description of diverting works:

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or) A.F.A
IRRIGATION	03/15	11/15	1.89	481.5

7. Total Quantity Appropriated is:
1.89 C.F.S. and/or 481.5 A.F.A.

8. Total consumptive use:

9. Non-irrigation uses:

10. Place of use:

Township	Range	Section	1/4 of 1/4 Lot	Use	Acres
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03N	01E	32	NW	SE	IRRIGATION	34
			SE	NW	IRRIGATION	33.3
			NE	SW	IRRIGATION	4.7
			NE	SE	IRRIGATION	35
Section Acres						107
Total Acres						107

11. Place of use in counties: ADA

12. Do you own the property listed above as place of use? Yes

13. Other Water Rights Used:

14. Remarks:

This right when combined with all other rights shall provide no more than .02 cfs per acre nor more than 4.5 afa per acre for irrigation of the lands above.

This right is a split from former right 63-10416 .

15. Basis of Claim: License

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
_____	<u>63-10416</u>	<u>Y</u>	_____	_____	_____
_____	<u>63-16414</u>	<u>N</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts.
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) D.J. McKay
5875 S. Eagle Rd., Meridian, ID 83642
4. New Owner/Claimant(s) McKay Properties, LP
Name Connector (Check one): ☐ and, ☐ or, ☐ and/or
- New Mailing Address 6100 S. Eagle Rd.
- City, State and ZIP Code Meridian, ID 83642
- New Telephone Number (208) 888-3760
5. Date you acquired the property August 27, 2004

RECEIVED

FEB 01 2007

WATER RESOURCES
WESTERN REGION

6. **If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7.** If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number <u>63-10416</u>		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	<u>1.89 cfs</u>	<u>107.0 acres</u>
Stock		
Domestic		
Other		
Total		

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation		
Stock		
Domestic		
Other		
Total		

7. Signature of New Owner(s) or Claimant(s) L. Dammir McKay
(include title if applicable)

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by <u>JAL</u>	Date <u>2-1-07</u>	Fee <u>N/A</u>
Receipted by <u>JAL</u>	Date _____	Receipt No. _____
Processed by <u>JAL</u> AJ	Date <u>5-2-07</u>	WR _____ Date _____

1X FA 307117

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 08/27/04 09:31 AM
DEPUTY Vicki Allen
RECORDED - REQUEST OF
First American

15 3
AMOUNT 75.00 25



WHEN RECORDED, RETURN TO:

L. Edward Miller
GIVENS PURSLEY LLP
601 W. Bannock St.
P.O. Box 2720
Boise, Idaho 83701
(208) 388-1209

SPECIAL WARRANTY DEED

FOR VALUE RECEIVED, McKay Properties, L.P., an Idaho limited partnership, the Grantor, hereby grants, bargains, sells and conveys unto Blackrock, LLC, an Idaho limited liability company, whose address is 10040 W. Highlander Road, Boise, ID 83709, the Grantee(s), the real property, excluding any and all water rights, located in Meridian, Ada County, Idaho legally described on Exhibit A (the "Premises"), which is attached hereto and incorporated herein by this reference.

TO HAVE AND TO HOLD the Premises with its appurtenances, except for any and all water rights, which the Grantor reserves for itself, unto the Grantee(s), Grantee's successors and assigns forever, subject to rights reserved in federal patents, building or use restrictions, building and zoning regulations and ordinances of any governmental unit, rights of way and easements established or of record or shown on any survey, and all those matters set forth in the Schedule of Exceptions contained on Exhibit B hereto.

IN WITNESS WHEREOF, the undersigned, being all of the general partners of McKay Properties, L.P., an Idaho limited partnership, have caused their names to be hereunto subscribed this 26th day of August, 2004.

McKay Properties, L.P.,
an Idaho limited partnership

Darwin Junior McKay

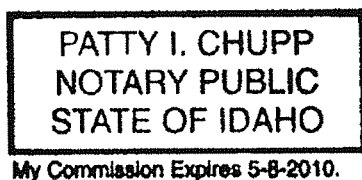
Darwin Junior McKay, General Partner

Lorraine R. McKay

Lorraine R. McKay, General Partner

State of Idaho)
) ss.
County of Ada)

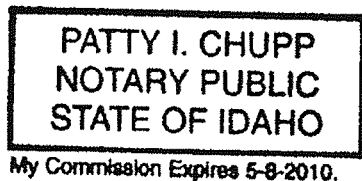
On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Darwin Junior McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said limited partnership name.



Patty I. Chupp
Notary Public for Idaho
Residing at: Bowen, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Lorraine R. McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that she executed the same in said limited partnership name.



Patty I. Chupp
Notary Public for Idaho
Residing at: Bowen, Idaho
My commission expires: 5/8/2010

EXHIBIT A
Legal Description of the Premises

AUG. 18, 2004 2:45PM

Ng-7589 P. 2



NEW PARCEL 2 DESCRIPTION
For D. J. McKAY
Job No. 03053 August 18, 2004

Land within Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

The Northwest 1/4 of the Southeast 1/4; The Northeast 1/4 of the Southwest 1/4;
The Southeast 1/4 of the Northwest 1/4; and a portion of the Northeast 1/4 of the
Southeast 1/4, more particularly described by metes and bounds as follows:

COMMENCING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32,
Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" Iron pin
with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin,
bears North 00°12'18" East, 1338.21 feet;

thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West,
528.00 feet, to a set 5/8" iron pin with a plastic cap, and the POINT OF BEGINNING;

thence continuing along said South Line, North 89°50'04" West, 801.98 feet, to a found 5/8" iron
pin with a plastic cap marking the Southwest Corner thereof;

thence along the South Line of the Northwest 1/4 of the Southeast 1/4, North 89°50'19" West,
1329.85 feet, to a found 1/2" iron pin marking the Southwest Corner thereof;

thence along the South Line of the Northeast 1/4 of the Southwest 1/4, North 89°51'16" West,
1340.65 feet, to the Southwest Corner thereof;

thence along the West Line of the Northeast 1/4 of the Southwest 1/4, North 00°09'41" West,
1345.73 feet, to the Northwest Corner thereof;

thence along the West Line of the Southeast 1/4 of the Northwest 1/4, North 00°50'11" East,
1338.77 feet, to a found 5/8" iron pin marking the Northwest Corner thereof;

thence along the North Line of the Southeast 1/4 of the Northwest 1/4, South 89°46'37" East,
1335.86 feet, to the Northeast Corner thereof;

thence along the East Line of the Southeast 1/4 of the Northwest 1/4, South 00°17'40" West
1337.70 feet, to an aluminum cap monument, set in concrete marking the Southeast Corner
thereof;

thence along the North Line of the North 1/2 of the Southeast 1/4, South 89°41'35" East,
2660.56 feet to a 3/4 inch iron pin marking the Northeast Corner thereof;

thence along said East Line, South 00°12'18" West 472.16 feet;

thence North 89°50'04" West 528.00 feet to a set 5/8" iron pin with a plastic cap;

thence South 00°12'18" West 866.05 feet to the POINT OF BEGINNING.

Containing 154.19 acres, gross and 153.92 acres net, more or less, AND subject to a road right
of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described
parcel of land and any easements and rights of way of record or otherwise existing.

PAcKay\PLA-E-14-0403053-PARCEL 2.DOC

Treasure Valley Engineers, Inc.
5060 E. Franklin Rd, Suite 220
Nampa, Idaho 83657



Office: (208) 463-0305
Fax: (208) 463-0291
www.treasurevalleyengineers.com

SPECIAL WARRANTY DEED - 3

S:\CLIENTS\6758\3\Special Warranty Deed - EXECUTION COPY-0001.DOC

EXHIBIT B

Schedule of Exceptions

[attached]

307117/MLC
Your No. MCKAY PROPERTIES

SCHEDULE B - Section 2

EXCEPTIONS

Any Policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

PART I:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any liens, or rights to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

NOTE: The foregoing numbered exceptions (1-6) may be eliminated in an ALTA Extended or EAGLE Coverage Policy.

continued

307117/MLC
Your No. MCKAY PROPERTIES

SCHEDULE B CONTINUED

7. INTENTIONALLY DELETED.

The new parcel number for our property for 2004 will be Code Area 240, A.P. No. S-1132-24-4710 & S-1132-24-17200

8. Levies and assessments of the Nampa Meridian Irrigation District.

9. Levies and assessments of the Boise Kuna Irrigation District.

10. Right of way for EAGLE ROAD, FARR LATERAL & PIERCE LATERAL.

11. Reservations in U.S. Patent, recorded in Book 6 of Patents at Page 426, Official Records.

12. An Easement over said land in favor of IDAHO POWER COMPANY, a corporation, for power lines and incidental purposes as set forth in an instrument recorded October 18, 1955, as Instrument No. 384634, Official Records.

13. Agreement for an access roadway, by and between ARVINE GALE & MARIAM GALE, husband and wife; GLEN E. CLAYTON and WILDA CLAYTON, husband and wife, and D.J. MCKAY and LORAIN MCKAY, husband and wife, recorded August 22, 1966, as Instrument No. 646605, Records of Ada County, Idaho.

14. An Easement over said land in favor of IDAHO POWER COMPANY, a corporation, for power lines and incidental purposes as set forth in an instrument recorded June 4, 1987, as Instrument No. 8733096, Official Records.

15. Agreement for an access roadway, by and between WILLIAM DEAN MCKAY and CYNTHIA MCKAY, husband and wife, GLEN E. CLAYTON and WILDA CLAYTON, husband and wife, and D.J. MCKAY and LORAIN MCKAY, husband and wife, recorded December 4, 1995, as Instrument No. 95089234, Records of Ada County, Idaho.

continued

307117/MLC
Your No. MCKAY PROPERTIES

SCHEDULE B CONTINUED

16. Relocation Agreement and Grant of Easement for relocation of Pierce Lateral, recorded April 10, 1997, as Instrument No. 97027413, Records of Ada County, Idaho.

17. Lack of a right of access to and from said land, as to that portion of said property lying Westerly of Farr Lateral and Pierce Lateral.

18. General and Special Taxes for the year 2004, an accruing lien not due or payable until the fourth Monday in November 2004 when the bills are issued, the first half of which is not delinquent until after December 20, 2004.

END SCHEDULE B

18. A Declaration of Easements and Agreement shall be recorded prior to Closing, a copy of which is attached hereto as part of this Exhibit B to the Special Warranty Deed.

WHEN RECORDED, RETURN TO:

L. Edward Miller
GIVENS PURSLEY LLP
601 W. Bannock Street
PO Box 2720
Boise, Idaho 83701
(208) 388-1209

DECLARATION OF EASEMENTS AND AGREEMENT

THIS DECLARATION OF EASEMENTS AND AGREEMENT (the "Agreement") is made this 26th day of August, 2004 (the "Effective Date") by McKay Properties, L.P., an Idaho limited partnership (the "McKay Properties") and Darwin Junior McKay (a/k/a D. Junior McKay) and Lorraine R. McKay, husband and wife (the "McKays") (McKay Properties and the McKays shall be collectively referred to as the "Declarant"), and is entered into as of the same date by and between McKays and Blackrock, LLC, an Idaho limited liability company (the "Buyer"). McKay Properties, McKays, and Buyer may be individually referred to as a "Party" or collectively as the "Parties" as appropriate under the circumstances.

RECITALS

A. Declarant is the owner of that certain real property legally described as the NE ¼ SE ¼ SEC. 32 T 3 N, R 1 E, B.M., Ada County, Idaho (the "Servient Estate"); and

B. Declarant desires to declare, create and constitute a perpetual easement along the southern border of the Servient Estate (the "Irrigation Easement") for the benefit of two parcels of land legally described on Exhibit A, which is attached hereto and incorporated herein by this reference (the "Dominant Estates").

C. McKays are the owner of that certain real property legally described on Exhibit B, which is attached hereto and incorporated herein by this reference (the "Retained Property").

D. McKays desire to declare, create and constitute an easement (the "Emergency Easement") along the southern border of the Retained Property. The Emergency Easement shall be for the benefit of that parcel of land legally described on Exhibit C, which is attached hereto and incorporated herein by this reference (the "Purchased Property").

E. McKays and Buyer desire to provide the terms for a future sale or exchange of a certain fifty (50) foot wide strip of land along the southern border of the Retained Property.

DECLARATION OF THE IRRIGATION EASEMENT

NOW, THEREFORE, Declarant hereby declares that all of the Servient Estate shall be held, sold and conveyed subject to the following perpetual easement which shall run with the Servient Estate and be binding on all parties having any right, title or interest in the Servient Estate or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

1. **LOCATION OF IRRIGATION EASEMENT.** The Irrigation Easement shall be ten (10) feet in width and shall run continuously across the entire southern border of the Servient Estate. The approximate location of the Irrigation Easement is depicted graphically on Exhibit D, which is attached hereto and incorporated herein by this reference.

2. **PURPOSE OF IRRIGATION EASEMENT.** The Irrigation Easement shall be for aboveground and underground irrigation facilities, including but not limited to, irrigation pipes and ditches (the "Irrigation Facilities"), and for the installation, maintenance, repair, and replacement thereof. This Irrigation Easement shall also include a right of ingress and egress to maintain the Irrigation Facilities described above. All pipes, equipment and their related components placed within the Irrigation Easement by Declarant or Declarant's agents, employees, or contractors, and any water transported thereby shall remain the property of Declarant.

3. **BURIAL OF THE IRRIGATION FACILITIES.** Buyer, and Buyer's successors and assigns, shall have the right, at its sole cost and expense, to bury the Irrigation Facilities within the Irrigation Easement; provided such burial in no way reduces the amount of, increases the cost of, or impedes the flow of the water transported by such Irrigation Facilities. The time and manner of the burial of the Irrigation Facilities shall be subject to Declarant's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, and the excavation and construction shall be performed in a professional and first-class fashion using high-quality materials.

4. **EASEMENT NON-EXCLUSIVE.** The Irrigation Easement herein declared and granted is non-exclusive, but all other uses of the Irrigation Easement by the owners of the Servient Estate shall be subject to Declarant's rights and uses. In the event the use of the Irrigation Easement by any of the owners of the Servient Estate results in damage to the Irrigation Facilities, those owners of the Servient Estate responsible for such damage shall be liable for all repairs and replacements.

5. **NO PUBLIC RIGHT OF WAY OR BENEFIT:** This declaration and creation of the Irrigation Easement is not intended to confer any benefit upon the general public.

DECLARATION OF THE EMERGENCY EASEMENT

NOW, THEREFORE, McKays hereby declare that the Retained Property shall be held, sold and conveyed subject to the following perpetual easement which shall run with the Retained Property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

1. **LOCATION OF EMERGENCY EASEMENT.** The Emergency Easement shall be twenty (20) feet in width and shall run continuously across the entire southern border of the Retained Property. The approximate location of the Emergency Easement is depicted graphically on Exhibit E, which is attached hereto and incorporated herein by this reference.

2. **PURPOSE OF EMERGENCY EASEMENT.** The Emergency Easement shall be used exclusively for: (i) secondary emergency ingress and egress to the Purchased Property as may be required by a governmental authority; and (ii) temporary construction access for

development of the Purchased Property until another access from Eagle Road is established. In no event, however, shall the Emergency Easement be used for general ingress or egress to the Purchased Property or any other purpose besides those provided in this Section.

2.1 **Dust.** In the event the Emergency Easement is used as a temporary construction access, Buyer shall take all actions reasonably necessary to control dust arising from such use.

3. **TERMINATION OF THE EMERGENCY EASEMENT.** In the event no governmental authority requires the Emergency Easement to serve as a secondary emergency ingress and egress in order for the Purchased Property to be developed, then this Emergency Easement shall terminate upon the date of approval of the final plat for that portion of the Purchased Property located in the NE ¼ SE ¼ SEC. 32 T 3 N, R 1 E, B.M., Ada County, Idaho.

4. **EMERGENCY EASEMENT NON-EXCLUSIVE.** The Emergency Easement herein declared and granted is non-exclusive, and shall be subordinate to the use of the Easement by the Dominant Estate. No use of the Emergency Easement, therefore, shall impede the transmission of water by the Irrigation Facilities located on the Easement nor hinder maintenance of the Irrigation Facilities. In the event use of the Emergency Easement results in damage to the Dominant Estates' Irrigation Facilities, the owner of the Purchased Property shall be responsible for such damage and shall be liable for all repairs and replacements.

5. **NO PUBLIC RIGHT OF WAY OR BENEFIT.** This declaration and creation of the Emergency Easement is not intended to confer any benefit upon the general public.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, and in consideration of the recitals above, and the promises and the mutual representations, covenants, undertakings and agreements hereinafter contained, McKays and Buyer agree as follows:

1. **PURCHASE OR EXCHANGE.** Subject the following provisions, Buyer shall have an option (the "Option") to purchase from McKays a rectangular fifty (50) foot-wide strip of land extending across the entire southern border of the Retained Property, which strip of land is illustratively shown on Exhibit F, attached hereto and incorporated herein by this reference (the "Strip").

1.1 **Duration.** The Option shall expire twelve (12) months from the Effective Date.

1.2 **Exercise.** Buyer shall provide McKays with thirty (30) days written notice of Buyer's intent to exercise the Option.

1.3 **Option Price.** The price of the Strip Buyer shall purchase under the Option shall be calculated on the basis of Thirty-Eight Thousand Dollars (\$38,000) per gross acre.

1.4 **Limitation on Exercise of the Option.** Buyer may exercise the Option only if McKays, in their sole and absolute discretion, determine that Buyer's purchase of the Strip shall have no detrimental effect on McKays' ability to develop the Retained Property.

1.5 **Alternative.** In the event McKays do not grant consent for the exercise of the Option as required in Section 1.4, Buyer shall then have an option (the "Option-2") to exchange land of equal square footage contiguous to the Retained Property and on its western border for the Strip; provided, however, the land received by McKays in the exchange is of such configuration as to be practically integrated into and useful to the Retained Property. Option-2 shall expire on the same date and shall be exercised in the same manner as the Option.

1.5.1 **Survey.** Buyer and McKays acknowledge that the exercise of the Option or Option-2 shall require additional survey work of the Retained Property, including any additions of land thereto. To provide McKays with a new legal description of the Retained Property, and any additions of land thereto, Buyer agrees to provide at its sole cost and expense such survey work upon its exercise of the Option or Option-2.

1.6 **General Intent.** The general intent of this Agreement is to provide Buyer with possibilities to acquire the Strip, but in no event, other than with McKays' consent, shall such acquisition result, in McKays' sole and absolute discretion, in the Retained Property being so diminished as to result in its being in violation of any governmental ordinances, requirements, rules, or regulations or its being otherwise less capable of further development.

2. **PIPE.** Buyer acknowledges that currently a pipe belonging to McKays is located on the Easement within the Strip (the "Pipe"). In the event Buyer exercises the Option or Option-2, and at any time thereafter construction in the Strip requires the burial of the Pipe, Buyer, at its sole cost and expense, shall effect such burial at such time in a manner subject to McKays' approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

3. **PUMP AND WELL.** Buyer acknowledges that currently a pump, well, and other irrigation pumping equipment belonging to McKays is located on the Easement within the Strip (the "Pump and Well"). In the event Buyer exercises the Option or Option-2 and at any time thereafter construction in the Strip requires the relocation of the Pump and Well, Buyer, at its sole cost and expense, shall effect such relocation of the Pump and Well, and any related facilities now or hereafter existing, including, without limitation, any power poles and electrical facilities, to a location and in a manner subject to McKays' approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

3.1 **Permits.** Buyer shall be responsible for obtaining, and for all costs and expenses associated therewith, any and all necessary licenses and permits for relocating the Pump and Well and any power poles and electrical facilities as provided in Section 3, including, but not limited to, a permit for a new well and point of diversion.

3.2 **Easement.** Upon relocation of the Pump and Well as provided in Section 3, Buyer shall provide any necessary easements across the Strip or its property so that the Pump and Well may be connected to the Pipe, power poles and electrical facilities may be relocated to provide the Pump and Well with electricity, and to ensure that all land irrigated by the Pump and Well prior to their relocation remain equally irrigated after the relocation. Buyer, at its own expense, shall also pay all costs associated with purchasing and laying any pipe necessary to connect the relocated Pump and Well with the Pipe.

3.3 **Off-Season.** Any physical work of Buyer on the Pipe or the Pump and Well shall take place and be completed during the "Non-Irrigation Season," hereby defined as the period of each year extending from November 1 of one year to March 1 of the next year.

4. **INGRESS AND EGRESS.** In the event Buyer exercises the Option or Option-2 and acquires the Strip, McKays shall retain for the benefit of the Retained Property an easement across the entire Strip for ingress and egress. This easement shall terminate only when (i) the Strip is dedicated to the public for road right-of-way purposes and is accepted and confirmed by the appropriate public road authority; and (ii) curb cuts for ingress and egress are provided for the Retained Property at locations acceptable to McKays.

5. **PUBLIC ROAD.** Buyer shall indemnify and hold the McKays harmless for any costs imposed by a public authority associated with construction of a public road across the Strip.

6. **MISCELLANEOUS.**

6.1 **Paragraph Headings.** The headings in this Agreement are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any of the provisions of this Agreement.

6.2 **Provisions Severable.** In the event any non-material term or provisions of this Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.

6.3 **Attorneys' Fees.** In the event of any action or proceeding brought by a Party against another under this Agreement, the prevailing Party shall be entitled to recover all reasonable attorneys' fees, including attorneys' fees on appeal, and all costs of the litigation. If an action or proceeding is not commenced, but it is necessary for the Party who sought compliance with this Agreement to retain the services of legal counsel in that process, then that Party shall be entitled to receive from the Party who has failed to perform all reasonable attorneys' fees and related costs.

6.4 **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the statutes, laws, legal decisions, rules, and regulations of the State of Idaho.

6.5 **No Waiver.** No waiver of any breach by a Party of the terms of this Agreement shall be deemed a waiver of any subsequent breach of the Agreement.

6.6 **Other Documents.** The Parties agree to execute and deliver such other documents as may be necessary or desirable to carry out the purposes of this Agreement.

6.7 **Time of the Essence.** Time and timely performance is of the essence of this Agreement.

6.8 **Recitals and Exhibits.** The recitals to this Agreement and the exhibits attached hereto are incorporated herein as if set forth in full. However, in the event of any

conflict between such recitals and/or exhibits and the test of this Agreement, this Agreement shall control.

6.9 Integration. This Agreement (including the exhibits hereto) sets forth the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all other agreements, understandings, communications, representations, or negotiations, whether oral or written, relating thereto. There are no other agreements, representations, or warranties, either oral or written, express or implied, relating to the subject matter of this Agreement that are not expressly set forth in this Agreement, and no agreement, statement, promise, representations, or warranty relating to the subject matter of the Agreement that is not expressly set forth in this Agreement shall be valid or binding in any case.

6.10 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, and their respective heirs, personal representatives, successors and assigns.

6.11 Remedies. In the event of a breach hereunder by a Party, the non-breaching Party shall have all remedies available at law or in equity, including injunctive or other equitable relief.

6.12 Notice. Any notice under this Agreement shall be in writing and shall be delivered in person or by overnight delivery service (so long as such service provides written confirmation of delivery). Notice may also be given by fax, provided that the notice is concurrently given through overnight delivery service. All notices shall be addressed to the Parties, respectively, as provided below, or at such other addresses as the Parties may from time to time direct in writing. Any notice shall be deemed to have been given on (a) the day of actual delivery or refusal, (b) one day after placement with an overnight delivery service, or (c) the day of facsimile transmission, provided such delivery is confirmed through notice given through an overnight delivery service.

If to McKay Properties
or the McKays:

Darwin Junior McKay
5875 S. Eagle Road
Meridian, Idaho 83642
208-888-2488

Pat Hambelton
7115 Diamond
Boise, Idaho 83709
208-362-9667

If to Buyer:

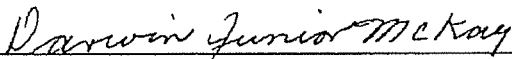
Blackrock, LLC
Attn: Doug McMaster
10040 W. Highlander Road
Boise, ID 83709

[remainder of page intentionally left blank]

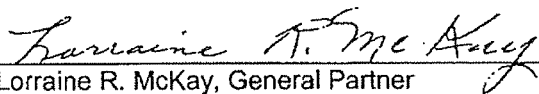
IN WITNESS WHEREOF, the Parties have executed this Declaration of Easements and Agreement effective the year and day first above written.

"MCKAY PROPERTIES"

McKay Properties, L.P., an Idaho limited partnership

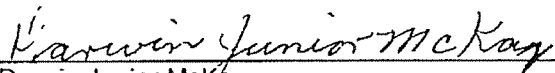


Darwin Junior McKay, General Partner

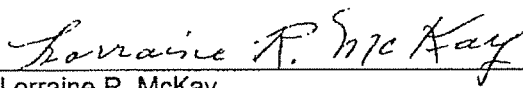


Lorraine R. McKay, General Partner

"MCKAYS"



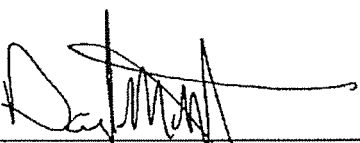
Darwin Junior McKay



Lorraine R. McKay

"BUYER"

Blackrock, LLC, an Idaho limited liability company



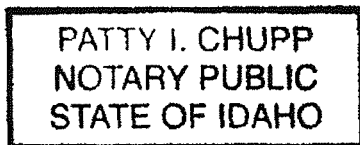
Douglas R. McMaster, Manager

EXHIBITS

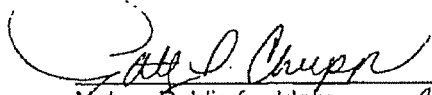
- Exhibit A – Legal Description of the Dominant Estates
- Exhibit B – Legal Description of the Retained Property
- Exhibit C – Legal Description of the Purchased Property
- Exhibit D – Graphic Depiction of the Irrigation Easement
- Exhibit E – Graphic Depiction of the Emergency Easement
- Exhibit F – Graphic Depiction of the Strip

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Darwin Junior McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said limited partnership name.



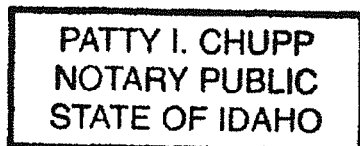
My Commission Expires 5-8-2010.



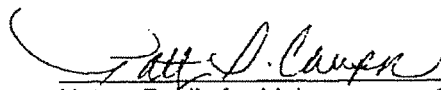
Notary Public for Idaho
Residing at: Bowen, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Lorraine R. McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that she executed the same in said limited partnership name.



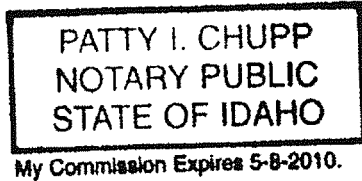
My Commission Expires 5-8-2010.



Notary Public for Idaho
Residing at: Bowen, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

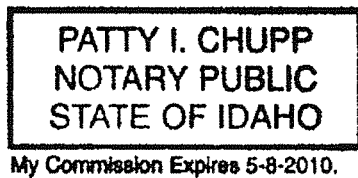
On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Darwin Junior McKay, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.



Patty I. Chupp
Notary Public for Idaho
Residing at: Bosse, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Lorraine R. McKay, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

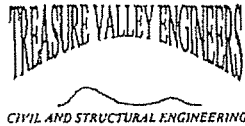


Patty I. Chupp
Notary Public for Idaho
Residing at: Bosse, Idaho
My commission expires: 5/8/2010

EXHIBIT A TO THE DECLARATION OF EASEMENTS AND AGREEMENT

Legal Description of the Dominant Estates

The Dominant Estate shall be comprised of two parcels of land, each respectively described on the following two pages.



NEW PARCEL 1 DESCRIPTION
For D. J. McKAY
Job No. 03053 August 16, 2004

Land within the Northeast 1/4 of the Southeast 1/4, Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

BEGINNING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32, Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin, bears North 00°12'18" East, 1338.21 feet;

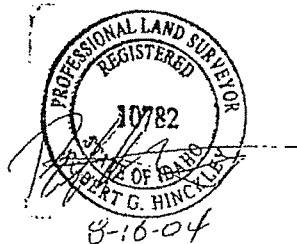
thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West, 528.00 feet, to a set 5/8" iron pin with a plastic cap;

thence North 00°12'18" East, 866.05 feet, to a set 5/8" iron pin with a plastic cap;

thence South 89°50'04" East, 528.00 feet, to a point on the East Line of said Northeast 1/4 of the Southeast 1/4;

thence along said East Line, South 00°12'18" West, 866.05 feet, to the POINT OF BEGINNING.

Containing 10.50 acres, gross and 10.00 acres net, more or less, AND subject to a road right of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described parcel of land and any easements and rights of way of record or otherwise existing.



P:\McKay\PLA-8-14-04\03053-PARCEL 1.DOC

Treasure Valley Engineers, Inc.
1000 S. 10th St., Suite 100
Boise, Idaho 83702

Office: (208) 333-0308
Fax: (208) 333-0309
www.treasurevalleyeng.com

Parcel III

A Parcel of land situated in a portion of the South half of the Southwest quarter of the Southwest quarter of Section 33, Township 3 North, Range 1 East, Boise Meridian, Ada County, Idaho, as shown on record of Survey Number 4531, recorded February 2, 1999, as Instrument No. 99010162, for L. Darwin McKay as Parcel A and described as follows:

Beginning at the Southwest corner of Section 33; thence
North 00 degree 00'00" East 1338.06 feet to a 5/8 inch rebar marking the South 1/16 corner
common to Sections 32 and 33; thence along the Northerly line of said South half of the
Southwest quarter
North 89 degrees 54'18" East 992.43 feet to a point marking the centerline of the Ten Mile Creek;
thence along said centerline the following courses:
South 58 degrees 58'00" East 431.55 feet to a point; thence
South 45 degrees 13'00" East 744.00 feet to a point; thence
south 12 degrees 08'30" East 389.70 feet to a half inch rebar; thence leaving said centerline and
along the Southerly line of the said Southwest quarter
South 89 degrees 42'48" West 1669.75 feet to the point of beginning.

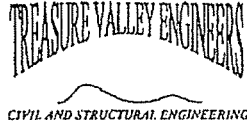
Excepting therefrom the following described land as shown as Parcel B on said record of survey:

Beginning at the Southwest corner of Section 33; thence along the Westerly line of the said
Southwest quarter
North 00 degree 00'00" East 326.06 feet to a half inch rebar; thence
South 48 degrees 49'33" East 170.96 feet to a half inch rebar; thence
North 89 degrees 42'48" East 139.97 feet to a half inch rebar; thence
North 00 degree 00'00" East 128.01 feet to a half inch rebar; thence
North 89 degrees 42'48" East 449.84 feet to a half inch rebar; thence
South 00 degree 00'00" East 340.87 feet to a half inch rebar; thence along the Southerly line of
the said Southwest quarter
South 89 degrees 42'48" West 718.50 feet to the point of beginning.

Except any portions of Parcels I, II and III lying within the right of way of West Lake Hazel Road
or South Eagle Road.

EXHIBIT B TO THE DECLARATION OF EASEMENTS AND AGREEMENT

Legal Description of the Retained Property



NEW PARCEL 1 DESCRIPTION For D. J. McKAY Job No. 03053 August 16, 2004

Land within the Northeast 1/4 of the Southeast 1/4, Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

BEGINNING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32, Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin, bears North 00°12'18" East, 1338.21 feet;

thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West, 528.00 feet, to a set 5/8" iron pin with a plastic cap;

thence North 00°12'18" East, 866.05 feet, to a set 5/8" iron pin with a plastic cap;

thence South 89°50'04" East, 528.00 feet, to a point on the East Line of said Northeast 1/4 of the Southeast 1/4;

thence along said East Line, South 00°12'18" West, 866.05 feet, to the POINT OF BEGINNING.

Containing 10.50 acres, gross and 10.00 acres net, more or less, AND subject to a road right of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described parcel of land and any easements and rights of way of record or otherwise existing.



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Treasure Valley Engineers, Inc.
1000 North 10th Street
Boise, Idaho 83702

03053-1231-0000005
12/15/04
www.treasurevalleyengineers.com

EXHIBIT C TO THE DECLARATION OF EASEMENTS AND AGREEMENT

Legal Description of the Purchased Property

Aug. 18, 2004 2:45PM

No. 7589 P. 2



NEW PARCEL 2 DESCRIPTION

For D. J. McKAY

Job No. 03053 August 18, 2004

Land within Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

The Northwest 1/4 of the Southeast 1/4; The Northeast 1/4 of the Southwest 1/4;
The Southeast 1/4 of the Northwest 1/4; and a portion of the Northeast 1/4 of the
Southeast 1/4, more particularly described by metes and bounds as follows:

COMMENCING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32,
Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin
with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin,
bears North 00°12'18" East, 1338.21 feet;
thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West,
528.00 feet, to a set 5/8" iron pin with a plastic cap, and the POINT OF BEGINNING;

thence continuing along said South Line, North 89°50'04" West, 801.98 feet, to a found 5/8" iron
pin with a plastic cap marking the Southwest Corner thereof;
thence along the South Line of the Northwest 1/4 of the Southeast 1/4, North 89°50'19" West,
1329.85 feet, to a found 1/2" iron pin marking the Southwest Corner thereof;
thence along the South Line of the Northeast 1/4 of the Southwest 1/4, North 89°51'16" West,
1340.65 feet, to the Southwest Corner thereof;
thence along the West Line of the Northeast 1/4 of the Southwest 1/4, North 00°09'41" West,
1345.73 feet, to the Northwest Corner thereof;
thence along the West Line of the Southeast 1/4 of the Northwest 1/4, North 00°50'11" East,
1338.77 feet, to a found 5/8" iron pin marking the Northwest Corner thereof;
thence along the North Line of the Southeast 1/4 of the Northwest 1/4, South 89°46'37" East,
1335.86 feet, to the Northeast Corner thereof;
thence along the East Line of the Southeast 1/4 of the Northwest 1/4, South 00°17'40" West
1337.70 feet, to an aluminum cap monument, set in concrete marking the Southeast Corner
thereof;
thence along the North Line of the North 1/2 of the Southeast 1/4, South 89°41'35" East,
2660.56 feet to a 3/4 inch iron pin marking the Northeast Corner thereof;
thence along said East Line, South 00°12'18" West, 472.16 feet;
thence North 89°50'04" West, 528.00 feet to a set 5/8" iron pin with a plastic cap;
thence South 00°12'18" West, 866.05 feet to the POINT OF BEGINNING.

Containing 164.19 acres, gross and 153.92 acres net, more or less, AND subject to a road right
of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described
parcel of land and any easements and rights of way of record or otherwise existing.

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Treasure Valley Engineers, Inc.
2600 E. Franklin Rd., Suite 220
Boise, Idaho 83706



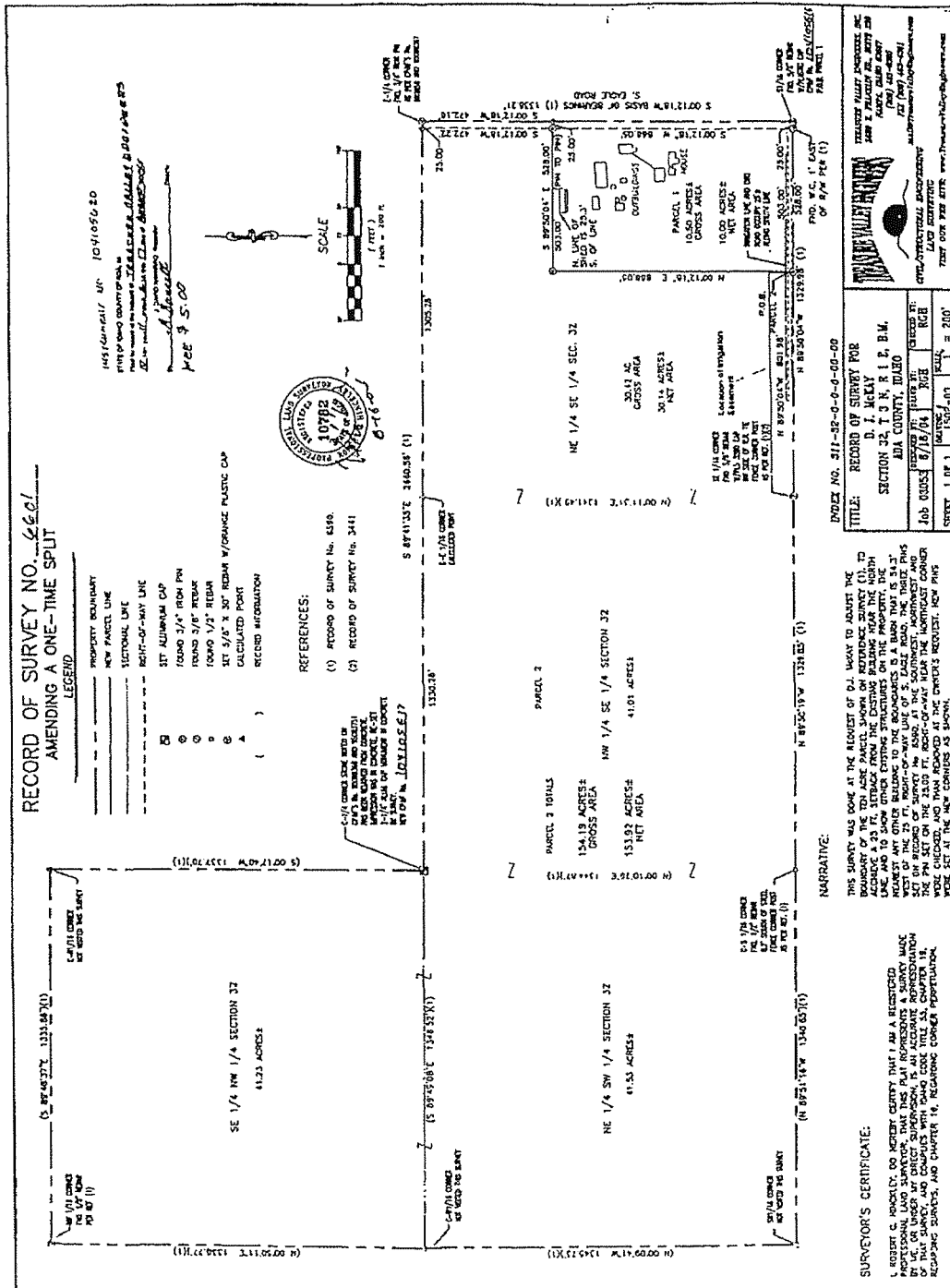
Office: (208) 463-0300
Fax: (208) 463-0301

www.treasurevalleyengineers.com

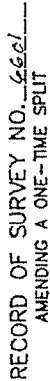
SPECIAL WARRANTY DEED - 22

S:\CLIENTS\6758\3\Special Warranty Deed -- EXECUTION COPY-0001.DOC

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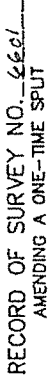


Graphic Depiction of the Emergency Easement



S:\CLIENTS\6758\3\Special Warranty Deed -- EXECUTION COPY-0001.DOC

Graphic Depiction of the Strip



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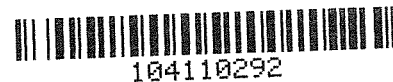
FA 307117

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 08/27/04 09:31 AM
DEPUTY Vicki Allen
RECORDED - REQUEST OF
First American

AMOUNT 21.00

7

4



WHEN RECORDED, RETURN TO:

L. Edward Miller
GIVENS PURSLEY LLP
601 W. Bannock St.
P.O. Box 2720
Boise, Idaho 83701
(208) 388-1209

ENTITLEMENT TO WATER QUITCLAIM DEED

FOR VALUE RECEIVED, **McKay Properties, L.P.**, an Idaho limited partnership, and **D J McKay** and **Lorraine R. McKay**, husband and wife, collectively referred to hereinafter as the Grantor, do hereby quitclaim all of their right, title and interest, if any, to the following entitlements to water:

Boise-Kuna Irrigation District
Identifying No: Code 69 for 42.47 acres
Legal Description: S2 NW4 SE4 and NE4 SW4, Section 32 3N1E

Nampa Meridian Irrigation District
Identifying No: NM1137 for 88.84 acres
Legal Description: SE4 NW4 NE4 SE4 and N-HF NW4 SE4, Section 32 3N1E
(Grantor retains and does not hereby convey any right it possesses to continue irrigating with Nampa Meridian Irrigation District water the approximately ten and a half (10.5) gross acre parcel legally described on Exhibit A.)

5.3% of the water right granted through Ground Water Permit Number 63-10416, which is appurtenant to six acres of the property legally described on Exhibit B.

unto **Blackrock, LLC**, an Idaho limited liability company, the Grantee, whose address is 10040 W. Highlander Road, Boise, Idaho 83709. Grantor further agrees that any such right or entitlement may, at the option of Grantee or its successor in interest, be transferred to another point of diversion, place of use and/or type of use.

IN WITNESS WHEREOF, the undersigned have caused their names to be hereunto subscribed this 26th day of August, 2004.

McKay Properties, L.P.,
an Idaho limited Partnership

D J McKay and Lorraine McKay,
husband and wife

Darwin Junior McKay
Darwin Junior McKay, General Partner

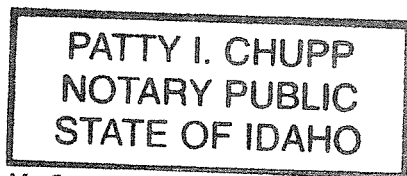
D. J. McKay
D J McKay

Lorraine R. McKay
Lorraine R. McKay, General Partner

Lorraine R. McKay
Lorraine R. McKay

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Darwin Junior McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that he executed the same in said limited partnership name.

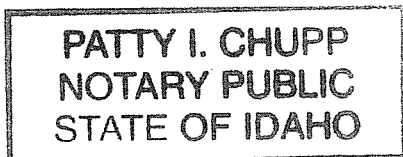


My Commission Expires 5-8-2010.

Patty I. Chupp
Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Lorraine R. McKay, known or identified to me to be a general partner in the partnership of McKay Properties, L.P., a limited partnership, the general partner or one of the general partners who subscribed said limited partnership name to the foregoing instrument, and acknowledged to me that she executed the same in said limited partnership name.

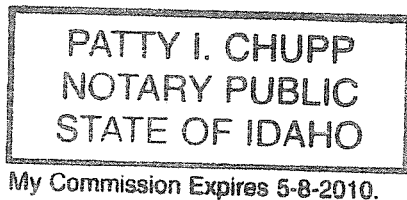


My Commission Expires 5-8-2010.

Patty I. Chupp
Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

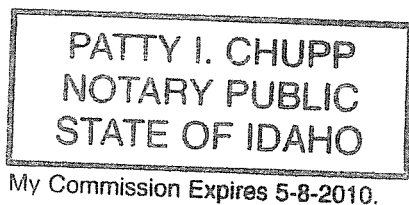
On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared D J McKay, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.



Patty I. Chupp
Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 5/8/2010

State of Idaho)
) ss.
County of Ada)

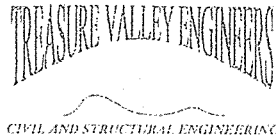
On this 26th day of August, 2004, before me, a Notary Public in and for said State, personally appeared Lorraine R. McKay, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.



Patty I. Chupp
Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 5/8/2010

EXHIBIT A

The Ten and a Half (10.5) Gross Acre Parcel



NEW PARCEL 1 DESCRIPTION
For D. J. McKAY
Job No. 03053 August 16, 2004

Land within the Northeast 1/4 of the Southeast 1/4, Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

BEGINNING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32, Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin, bears North 00°12'18" East, 1338.21 feet;

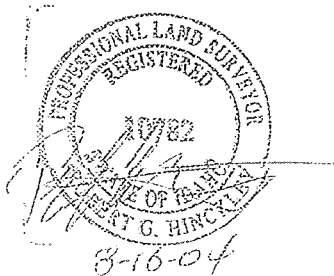
thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West, 528.00 feet, to a set 5/8" iron pin with a plastic cap;

thence North 00°12'18" East, 866.05 feet, to a set 5/8" iron pin with a plastic cap;

thence South 89°50'04" East, 528.00 feet, to a point on the East Line of said Northeast 1/4 of the Southeast 1/4;

thence along said East Line, South 00°12'18" West, 866.05 feet, to the POINT OF BEGINNING.

Containing 10.50 acres, gross and 10.00 acres net, more or less, AND subject to a road right of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described parcel of land and any easements and rights of way of record or otherwise existing.



PAMcKay\PLA-8-14-04\03053-PARCEL 1.DOC

Treasure Valley Engineers, Inc.
4680 E Franklin Rd, Suite 100
Bozeman, Idaho 83607

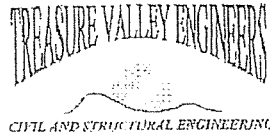
Office (208) 483-0565
Fax (208) 483-4331
www.TreasureValleyEngineers.com

EXHIBIT B

Legal Description of the Property

Aug 18, 2004 2:45PM

No. 7589 P. 2



NEW PARCEL 2 DESCRIPTION

For D. J. McKAY

Job No. 03053 August 18, 2004

Land within Section 32, T3N, R1E, B.M., Ada County, Idaho, as follows:

The Northwest 1/4 of the Southeast 1/4; The Northeast 1/4 of the Southwest 1/4;
The Southeast 1/4 of the Northwest 1/4; and a portion of the Northeast 1/4 of the
Southeast 1/4, more particularly described by metes and bounds as follows:

COMMENCING at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 32,
Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin
with a plastic cap, from which the East 1/4 Corner of Section 32, marked by a found 3/4" iron pin,
bears North 00°12'18" East, 1338.21 feet;
thence along the South Line of said Northeast 1/4 of the Southeast 1/4, North 89°50'04" West,
528.00 feet, to a set 5/8" iron pin with a plastic cap, and the POINT OF BEGINNING;

thence continuing along said South Line, North 89°50'04" West, 801.98 feet, to a found 5/8" iron
pin with a plastic cap marking the Southwest Corner thereof;
thence along the South Line of the Northwest 1/4 of the Southeast 1/4, North 89°50'19" West,
1329.85 feet, to a found 1/2" iron pin marking the Southwest Corner thereof;
thence along the South Line of the Northeast 1/4 of the Southwest 1/4, North 89°51'16" West,
1340.65 feet, to the Southwest Corner thereof;
thence along the West Line of the Northeast 1/4 of the Southwest 1/4, North 00°09'41" West,
1345.73 feet, to the Northwest Corner thereof;
thence along the West Line of the Southeast 1/4 of the Northwest 1/4, North 00°50'11" East,
1338.77 feet, to a found 5/8" iron pin marking the Northwest Corner thereof;
thence along the North Line of the Southeast 1/4 of the Northwest 1/4, South 89°46'37" East,
1335.86 feet, to the Northeast Corner thereof;
thence along the East Line of the Southeast 1/4 of the Northwest 1/4, South 00°17'40" West
1337.70 feet, to an aluminum cap monument, set in concrete marking the Southeast Corner
thereof;
thence along the North Line of the North 1/2 of the Southeast 1/4, South 89°41'35" East,
2860.56 feet to a 3/4 inch iron pin marking the Northeast Corner thereof;
thence along said East Line, South 00°12'18" West 472.16 feet;
thence North 89°50'04" West 526.00 feet to a set 5/8" iron pin with a plastic cap;
thence South 00°12'18" West 866.05 feet to the POINT OF BEGINNING.

Containing 154.19 acres, gross and 153.92 acres net, more or less, AND subject to a road right
of way for South Eagle Road of 25.00 feet on the Easterly boundary of the above-described
parcel of land and any easements and rights of way of record or otherwise existing.

P:\McKay\PLA-E-14-0403053-PARCEL 2.DWG

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Warner, Idaho 83437



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REFORMATION AND RESTATEMENT
OF LIMITED PARTNERSHIP AGREEMENT
OF

McKAY PROPERTIES, L.P.

THIS AGREEMENT is made to be effective as of the 27th day of September, 2004, by and between DARWIN JUNIOR McKAY, LORRAINE R. McKAY, LAWRENCE DARWIN McKAY, MARY ANN McKAY MILLER, PATRICIA LOU McKAY HAMBELTON, CHARMAINE McKAY ANDERSON, WILLIAM DEAN McKAY and BRENT WILEY RITCHIE, hereinafter collectively referred to as the "General Partners" and each singly as a "General Partner," and, DARWIN JUNIOR McKAY, LORRAINE R. McKAY, LAWRENCE DARWIN McKAY, MARY ANN McKAY MILLER, PATRICIA LOU McKAY HAMBELTON, CHARMAINE McKAY ANDERSON, WILLIAM DEAN McKAY and BRENT WILEY RITCHIE, hereinafter collectively referred to as the "Limited Partners" and each singly as a "Limited Partner."

WHEREAS, on April 24, 2003, Darwin Junior McKay and Lorraine R. McKay entered into the McKay Properties, L.P. a limited partnership agreement and a certificate of limited partnership for McKay Properties, L.P., was filed with the Secretary of State for the State;

WHEREAS, on November 7, 2003, Lawrence Darwin McKay, Mary Ann McKay Miller, Patricia Lou McKay Hambelton, Charmaine McKay Anderson, William Dean McKay and Brent Wiley Ritchie were admitted as additional Limited Partners pursuant to that certain Gratuitous Assignment of Partnership Units dated November 7, 2003;

WHEREAS, on _____, 2004, Lawrence Darwin McKay, Mary Ann McKay Miller, Patricia Lou McKay Hambelton, Charmaine McKay Anderson, William Dean McKay and Brent Wiley Ritchie were admitted as additional General Partners pursuant to that certain Gratuitous Assignment of General Partnership Units and consent by all partners dated _____, 2004;

WHEREAS, pursuant to subparagraph 29(b) of the McKay Properties, L.P., limited partnership agreement all the partners by written consent may amend said limited partnership agreement; and

WHEREAS, the parties hereto desire to reform and restate the limited partnership agreement to McKay Properties, L.P.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the parties hereby reform and restate the McKay Properties, L.P., limited partnership agreement as follows:

1. CONTINUATION OF EXISTING LIMITED PARTNERSHIP:

(a) The parties intend that for purposes of state law and applicable tax laws the newly reformed and restated limited partnership is to be a continuation of the existing limited partnership (sometimes hereinafter referred to as the "Partnership") and is to be governed by this new limited partnership agreement and by the Idaho Uniform Limited Partnership Act, as set forth in Idaho Code, Section 53-102 et seq.

(b) The parties have executed and filed a certificate of formation of a limited partnership in the office of the Secretary of State of the State of Idaho on April 24, 2003, and hereby agree, acting either directly or through an attorney-in-fact, to execute such further documents (including amendments to the certificate) and take such further action as shall be appropriate to comply with the requirements of law for the formation and operation of a limited partnership in all other counties, states and foreign countries where the Partnership may wish to do business.

2. PARTNERSHIP NAME: The name of the Partnership shall be: McKay Properties, L.P.

3. PURPOSES OF PARTNERSHIP: The purposes of the Partnership are as follows:

(a) To consolidate the management and control of certain assets and properties of the Partners which consolidation should improve the efficiency of the management of those assets and properties by holding them in a single, flexible entity.

(b) To avoid the fractionalization of the ownership of certain assets and properties of the Partners in order to receive a higher price in the event of a sale of any of the assets and properties.

(c) To the extent allowed by law, to protect those assets and properties of the Partners which are contributed to the Partnership from any unknown future creditors of the Partners.

(d) To provide flexibility in the management of certain assets and properties of the Partners not available through the use of corporations, trusts and other business entities.

(e) To acquire (by purchase, exchange, lease, hire or otherwise), hold, own, develop, improve, manage, operate, let as lessor or sublessor, sell, convey, mortgage and encumber, either alone or in conjunction with others, as partners, joint venturers or otherwise, real estate of every kind, character and description whatever, wherever located, and interests of all kinds therein; and to carry on the business of managing agent,

broker, finder, consultant and all other functions in connection therewith.

(f) (i) To acquire by purchase, subscription, exchange, lease, hire or otherwise, (ii) to hold, own, mortgage, pledge, hypothecate, exchange, vote, use, manage and place in voting trust, (iii) to sell, assign, and otherwise dispose of, (iv) in every other manner to obtain, use, dispose of and deal in and with, either alone or in conjunction with others, as partners, joint venturers or otherwise, personal property of every kind, tangible or intangible, wherever situated, and interests of every kind therein, and to hold or trade securities and/or commodities in a cash or margin account; and (v) to invest, hold or trade in futures, (long and short positions) put and call options (covered and uncovered and any combination thereof), hybrids, derivatives (including structured notes) and any other type of financial instrument.

(g) (i) To carry on any other lawful business or activity which may be conducted by a limited partnership organized under the Idaho Uniform Limited Partnership Act, as set forth in Idaho Code, Section 53-201 et seq.; and (ii) to exercise all other powers and to engage in all activities which may be necessary, convenient and/or customary in order to carry out the

business of the Partnership, except as expressly limited by the provisions of this Agreement or applicable law.

(h) To accomplish any of the foregoing purposes for its own account or as nominee, agent or trustee for other individuals, partnerships, corporations, limited liability companies or other entities.

4. **PLACE OF BUSINESS:** The principal place of business of the Partnership shall be 5875 South Eagle Road, Meridian, Idaho 83642, or at such other place as may from time to time be designated by the General Partners.

5. **NAMES AND ADDRESSES OF PARTNERS:** The names and addresses of the Partners are:

General Partners:

Darwin Junior McKay
5875 South Eagle Road
Meridian, Idaho 83642

Lorraine R. McKay
5875 South Eagle Road
Meridian, Idaho 83642

Lawrence Darwin McKay
25 Horizon Drive
Boise, Idaho 83702

Mary Ann McKay Miller
14210 Cypress Falls Drive
Cypress, Texas 77429

Patricia Lou McKay Hambelton
7115 Diamond
Boise, Idaho 83709

Charmaine McKay Anderson
491 West 870 South
Orem, Utah 84058

William Dean McKay
3112 West 27th Avenue
Kennewick, Washington 99337

Brent Wiley Ritchie
1200 South 6000 West
Rexburg, Idaho 83440

Limited Partners:

Darwin Junior McKay
5875 South Eagle Road
Meridian, Idaho 83642

Lorraine R. McKay
5875 South Eagle Road
Meridian, Idaho 83642

Lawrence Darwin McKay
25 Horizon Drive
Boise, Idaho 83702

Mary Ann McKay Miller
14210 Cypress Falls Drive
Cypress, Texas 77429

Patricia Lou McKay Hambelton
7115 Diamond
Boise, Idaho 83709

Charmaine McKay Anderson
491 West 870 South
Orem, Utah 84058

William Dean McKay
3112 West 27th Avenue
Kennewick, Washington 99337

Brent Wiley Ritchie
1200 South 6000 West
Rexburg, Idaho 83440

The General Partners and Limited Partners are sometimes collectively referred to as the "Partners" and each singly as a "Partner."

6. **POWERS OF PARTNERS:** (a) In addition to, and not in limitation of, any rights and powers conferred by law or other provisions of this Agreement, the General Partners shall have power to manage all of the business, affairs and assets of the Partnership, including, but not limited to, power to sell, exchange or otherwise dispose of the assets of the Partnership and power to mortgage, pledge or otherwise encumber any of such assets. Any action regarding the business and affairs of the Partnership may be taken on the approval or consent of the General Partners who own a majority of the General Partnership Units. Provided however, that any act involving a value of ten thousand dollars (\$10,000) or more may be taken only on the approval or consent of the General Partners who own at least seventy percent (70%) of the General Partnership Units.

(b) Subject to the provisions of subparagraph 6(a), the General Partners are expressly authorized to execute

and deliver (i) all deeds, mortgages, deeds of trust, assignments, leases, subleases and other agreements covering or affecting interests in the property of the Partnership; (ii) all checks, drafts and other orders for the payment of Partnership funds; (iii) all promissory notes or other documents to evidence Partnership obligations; (iv) all other instruments of any kind or character relating to the affairs of the Partnership, whether like or unlike the foregoing; and (v) any other acts to further the purposes of the Partnership.

(c) No Limited Partner, acting as a Limited Partner, may participate in the management of the Partnership.

(d) Notwithstanding the foregoing provisions of this paragraph 6, no action shall be taken with respect to the following decisions without prior written consent of a majority of the Limited Partners:

(i) The Partnership filing a petition in bankruptcy;

(ii) Any act that would make it impossible to carry on the Partnership's business; and

(iii) Any act in contravention of the Partnership Agreement.

Furthermore, if the Partnership owns a life insurance policy (or interest therein) insuring the life of any Partner, or

the joint lives of any Partners, or possesses any incident of ownership with respect to such policy, the insured Partner or Partners, as the case may be, shall have no right or power to exercise or to otherwise participate in the exercise of any power with respect to such policy. The exercise of any power with respect to any such policy shall be vested in the General Partners, other than the insured Partner or Partners, or if there is no General Partner other than the insured Partner or Partners then only by a majority of the Limited Partners, other than the insured Partner or Partners.

7. **ACCOUNTS:** (a) Complete and accurate books of account, to be maintained on the cash basis of accounting, shall be kept at the Partnership's principal place of business, and shall be open to inspection by any Partner or by said Partner's authorized representative at any time during ordinary business hours. The Partnership's accounting period shall be the calendar year.

(b) Separate capital and drawing accounts, as described in subparagraph (b)(i) and (b)(ii), respectively, of this paragraph 7, shall be maintained for each Partner.

(i) A capital account shall be maintained for each Partner and shall be maintained in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv).

(ii) A drawing account shall be maintained for each Partner and shall be (A) increased by allocations to a Partner of partnership income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Treasury Regulations Section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulations Section 1.704-1(b)(4)(i); and (B) shall be decreased by: (1) the amount of money and/or property distributed to a Partner pursuant to paragraph 13(b), (2) allocations to a Partner of Partnership expenditures of the type described in Internal Revenue Code Section 705(a)(2)(B), and (3) allocations of Partnership losses and deductions (or items thereof), including losses and deductions described in Treasury Regulations Section 1.704-1(b)(2)(iv)(g), but excluding Partnership expenditures as described in this subparagraph 7(b)(ii)(B)(2) above and losses or deductions described in Treasury Regulations Section 1.704-1(b)(4)(i) or (iii). A drawing account may have a debit or credit balance; however, no interest shall be paid to a Partner or due from a Partner on the basis of such Partner's drawing account.

(c) The books of the capital accounts shall be closed promptly after the close of each fiscal year, and a report shall be prepared and sent to each Partner showing a balance

sheet as of the end of such year, a statement of income and expense of such year, and a statement of each Partner's capital investment and income or loss. In addition, a report shall be prepared and sent to each Partner showing the balance of such Partner's drawing account. The drawing account shall be closed to the capital account as often as necessary to ensure that the Partnership is in compliance with the rules contained in Internal Revenue Code Section 704(b) and the Regulations thereunder and prior to any liquidation of the Partner's interest in the Partnership or of the Partnership and the application of the provisions of paragraph 16 or 17.

8. CONTRIBUTION TO CAPITAL AND INTEREST IN INCOME:

(a) The Partners have conveyed and assigned to the Partnership certain property. These assets constitute the capital of the Partnership and have been credited to the Partners' respective capital accounts in accordance with the fair market value of assets contributed.

(b) The Partners may but shall not be required to make additional contributions to Partnership capital. Any such additional contributions shall be approved in advance by the General Partners and credited to the Partners' respective capital accounts in accordance with the fair market value of the assets contributed. Nothing in this Agreement shall prevent any Partner

from making unsecured cash loans to the Partnership by agreement with the Partnership. Furthermore, the General Partners by unanimous consent may authorize the issuance of more Partnership Units, either General or Limited, in exchange for additional contributions of capital to the Partnership.

9. **ALLOCATIONS AMONG PARTNERS:** (a) The capital of the Partnership has been divided into equal parts, hereinafter referred to as "Units."

(b) The General Partners have the following number of Units, hereinafter referred to as "General Partnership Units":

Darwin Junior McKay and Lorraine R. McKay, husband and wife	16 units
Lawrence Darwin McKay	14 units
Mary Ann McKay Miller	14 units
Patricia Lou McKay Hambelton	14 units
Charmaine McKay Anderson	14 units
William Dean McKay	14 units
Brent Wiley Ritchie	14 units

(c) The Limited Partners shall have the following number of units, hereinafter referred to as "Limited Partnership Units":

Darwin Junior McKay and Lorraine R. McKay, husband and wife	5,520 units
Lawrence Darwin McKay	730 units
Mary Ann McKay Miller	730 units
Patricia Lou McKay Hambelton	730 units
Charmaine McKay Anderson	730 units
William Dean McKay	730 units
Brent Wiley Ritchie	730 units

10. **PARTNERSHIP COSTS AND EXPENSES:** (a) All costs and expenses of the Partnership shall be paid from Partnership funds, including, but not limited to: (i) costs of acquiring real and personal property interests; (ii) the fees and commissions of special consultants; (iii) salaries of employees; (iv) legal and accounting fees and expenses, including those in connection with the formation of the Partnership; (v) taxes (except income taxes payable by the Partners), insurance, interest, travel expenses, long distance telephone and facsimile expenses, repair and maintenance expenses; and (vi) every other cost and expense incurred in the Partnership business whether like or unlike the foregoing.

(b) All payments under this paragraph and all compensation paid to the General Partners under the paragraph entitled "Management Fee" shall be treated as Partnership costs

and expenses for Partnership accounting purposes and not as a payment or partial payment of profits to the General Partners.

11. **ALLOCATION OF PROFITS AND LOSSES FOR INCOME TAX PURPOSES:** (a) Except as otherwise provided in paragraph 12, the net profits or losses of the Partnership shall be allocated to the Limited Partners and General Partners in proportion to the number of Units held by each such Partner as compared to the total number of Units of the Limited Partners and the General Partners.

(b) Notwithstanding the above subparagraph (a) of this paragraph 11, no Limited Partner shall receive an allocation of loss that will create or increase a negative balance in such Limited Partner's capital account except as otherwise provided in paragraph 16. Any such loss shall be allocated to the General Partners.

(c) When there has been a transfer of a Unit or Units during a particular fiscal year of the Partnership, the net profits or net losses or distributions for such year shall be allocated between the transferor and the transferee pursuant to Internal Revenue Code Section 706(d) and the Regulations thereunder as follows. Such transferor Partner shall be entitled to the profits and be charged with the losses in respect to such interests as determined by a closing of the partnerships books on

the date of the disposition, otherwise known as the "interim closing" method, pursuant to Treasury Regulation Section 1.706-1(c)(2)(ii), unless the transferor and the transferee agree otherwise to use an alternative method in accordance with said Treasury Regulation and notify, in writing, the Partnership as to their agreement.

12. **OTHER ALLOCATIONS:** Notwithstanding any other provision affecting allocation of profits and losses herein, the General Partners may make any tax allocation necessary to ensure that the Partnership is in compliance with the substantial economic effect safe harbor rules contained in the provisions of Internal Revenue Code Section 704(b) and (c) and the Regulations thereunder; including the qualified income offset and other provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), as now in effect and as may hereafter be amended.

13. **DISCRETIONARY DISTRIBUTIONS:** (a) Distributions may be made from time to time in such amounts as determined and agreed upon by the General Partners who hold at least seventy percent (70%) of the General Partnership Units in their sole discretion. The General Partners may distribute any amount which the General Partners reasonably determine is not required to be retained by the Partnership to meet the reasonably foreseeable cash requirements and needs of the business and activities of the

Partnership and to establish an adequate reserve for the payment of Partnership liabilities and contingencies. Any such distributions shall be made to the Partners in the proportion specified in the following subparagraph (b) of this paragraph 13. Distributions may be made from the Partnership's current or prior years net profits, loan proceeds, capital contributions, cash reserves or any other source the General Partners deem appropriate.

(b) Distributions shall be made to the Limited Partners and to the General Partners in the ratio that each Partner's number of Units, whether General Partnership Units or Limited Partner Units, bears to the aggregate Units held by the General and Limited Partners. Such payments made pursuant to this paragraph are not intended to be guaranteed payments pursuant to Internal Revenue Code Section 707(c).

(c) For purposes of this Agreement, net profits or net losses shall be determined in accordance with Internal Revenue Code Section 704(b) and the Regulations thereunder.

14. **NOMINEE:** The title to all Partnership properties shall be held in the Partnership name, or in the name of any nominee (including a Partner so acting) designated by the General Partners. The General Partners may enter into nominee agreements with any such person, and such agreements may contain provisions

indemnifying the nominee, except for such person's willful misconduct.

15. **DISSOLUTION AND TERMINATION:** (a) The Partnership shall terminate: (i) upon the death, resignation, incapacity or bankruptcy of a General Partner, unless there exists at least one other General Partner able to act as such; (ii) upon the death, resignation, incapacity or bankruptcy of a General Partner and there exists no other General Partner, unless the remaining Partners agree within ninety (90) days in writing to continue the Partnership; (iii) upon the written agreement of all the Partners; or (iv) upon the date stated in the paragraph entitled "Term."

(b) If upon the death, resignation, incapacity or bankruptcy of a General Partner, there exists at least one other General Partner, the existing General Partner or General Partners shall continue as the General Partner or General Partners, as the case may be, and the interest of the withdrawn General Partner shall automatically be converted into a Limited Partner interest. Such converted interest shall be entitled to the same interest in capital, profits and losses as the interest of the withdrawn General Partner.

If upon the death, resignation, incapacity or bankruptcy of a General Partner, there exists no other General

Partner, the Partners elect to continue the Partnership pursuant to this paragraph 15 and select a new General Partner, the interest of the withdrawn General Partner shall automatically be converted into a Limited Partner interest (as of the date of such election by the remaining partners). Such converted interest shall be entitled to the same interest in capital, profits and losses as the interest of the withdrawn General Partner. In the event the newly selected General Partner is also a Limited Partner, then the lesser of ten percent (10%) or one hundred (100) of the Limited Partnership Units owned by the newly selected General Partner shall automatically be converted into General Partnership Units (as of the same date), and such converted interest shall be entitled to the same interest in capital, profits and losses as before the conversion. In the event the newly selected General Partner is an assignee of Limited Partnership Units, then the selection of the General Partner by the Partners pursuant to this paragraph 15 shall also be deemed consent to admit such newly selected General Partner as an additional Limited Partner, the lesser of ten percent (10%) or one hundred (100) of the Limited Partnership Units owned by the newly selected General Partner shall automatically be converted into General Partnership Units (as of the same date), and such converted interest shall be entitled to the same interest in

capital, profits and losses as before the conversion. In the event the newly selected General Partner is not also a Limited Partner or an assignee of Limited Partnership Units, then the Partnership shall issue additional General Partnership Units to such newly selected General Partner in exchange for a contribution to the Partnership from such newly selected General Partner; provided however, the contribution shall be sufficient to ensure that there will be no dilution in the value of the remaining Partners' interest in the Partnership.

16. **DEFICIT CAPITAL ACCOUNT RESTORATION:** Each General Partner shall be obligated to restore any deficit in such Partner's capital account upon the ultimate liquidation of such Partner's interest in the Partnership. Limited Partners are not obligated to restore any deficit in their capital accounts unless such Limited Partner establishes or increases a deficit restoration requirement for any year by a written instrument delivered to the General Partners by April 15th of the following year. Such instrument shall set forth the maximum amount by which such opting Limited Partner is required to restore such Limited Partner's negative capital account. Any such restoration obligation shall be satisfied by no later than the later of the end of the Partnership's taxable year in which the Partnership

interest is liquidated, or ninety (90) days from the date of liquidation.

17. **DISTRIBUTIONS UPON LIQUIDATION:** Upon liquidation, the Partners shall continue to share profits or losses during liquidation in the same proportions as before dissolution. The Partnership assets or proceeds thereof shall be distributed in payment of the liabilities of the Partnership in the following order:

(a) To the payment of debts and liabilities of the Partnership other than to debts of the Partners, and the expenses of liquidation including a sales commission to the selling agent, if any;

(b) To the payment of the debts and liabilities of the Partnership to the Limited Partners;

(c) To the payment of the debts and liabilities of the Partnership to the General Partners;

(d) To the setting up of any reserves which the General Partners deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partners arising out of or in connection with the Partnership. Said reserves shall be paid over by the General Partners to a commercial bank to be designated by the General Partners, as Escrow Agent, to be held for the purpose of disbursing such

reserves in payment of any of the aforementioned contingencies, and at the expiration of such period as the General Partners shall deem advisable, to distribute the balance thereof in the manner provided in this paragraph and in the order named;

(e) In the event that any General or Limited Partner is obligated to restore any deficit in such Partner's capital account pursuant to the preceding paragraph 16, such deficit shall be restored by such Partner.

(f) To the General Partners and Limited Partners in accordance with the positive balances in their capital accounts and also in accordance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2);

(g) To the General Partners and Limited Partners in the ratio that each Partner's number of capital Units, whether General or Limited, bears to the aggregate number of Units of General and Limited. If there is not a sufficient amount to return all capital contributions to the Partners, they shall share pro rata in the losses in the same proportion as set forth in the Paragraph entitled "Allocation of Profits and Losses for Income Tax Purposes;"

(h) In the event of liquidation distribution of the Partnership's property in kind, the fair market value of such property shall be determined by an independent appraiser actively

engaged in appraisal work, selected by a majority of the Partnership interests. The Partners shall receive an undivided interest in such property equal to the portion of the proceeds to which they would be entitled under the immediately preceding subparagraph of this paragraph, as if such property were sold;

(i) A reasonable time as determined by the General Partners, not to exceed one year, shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to the creditors so as to enable the General Partners to minimize any losses attendant upon liquidation.

18. WAIVER OF PARTITION AND JUDICIAL DISSOLUTION:

Each Partner hereby waives any rights that such Partner may have to partition the Partnership or its assets. Except as provided in paragraph 15(a), each Partner hereby waives any rights such Partner may have to dissolve or liquidate the Partnership. Each Partner hereby waives any rights such Partner may have to obtain a judicial dissolution except as allowed pursuant to Idaho Code Section 53-245.

19. POWER OF ATTORNEY: (a) Each Limited Partner, by the execution of this Agreement, does irrevocably constitute and appoint the General Partners, with full power of substitution, as the Partner's true and lawful attorney, in the Partner's time,

place and stead, to execute, acknowledge, swear to and file (i) the original certificate of formation of limited partnership and all amendments thereto required by law or the provisions of this Agreement; (ii) all certificates and other instruments necessary to qualify or continue the Partnership as a limited partnership or partnership wherein the Limited Partners have limited liability in the states or foreign countries where the Partnership may be doing business; (iii) all instruments which effectuate the provisions of any part of this Agreement or any amendment to this Agreement; (iv) all instruments which enable the Partnership to conduct its business in accordance with the terms of this Agreement; and (v) all conveyances and other instruments necessary to effectuate the completion of the dissolution and termination of the Partnership after the Partnership has been dissolved or terminated in accordance with the terms of this Agreement. Notwithstanding the foregoing provisions of this subparagraph 19(a), no power granted pursuant to this paragraph 19 shall entitle the General Partners to alter the economic entitlements associated with any Units without first obtaining the written consent of all Partners. Each General Partner hereby appoints each other General Partner as such Partner's true and lawful attorney to execute, acknowledge, swear

to and file all amendments to the Certificate of Limited Partnership.

(b) The powers of attorney granted herein shall be deemed to be coupled with an interest and shall be irrevocable and survive the death or legal incompetency of a Limited Partner or in the case of a Limited Partner which is not a natural person, such Limited Partner's merger, dissolution or other termination of existence. In the event of any conflict between this Agreement and any instruments filed by such attorney pursuant to the power of attorney granted in this paragraph, this Agreement shall control.

(c) The powers of attorney granted herein shall survive the transfer by any Limited Partner of such Limited Partner's Units.

20. **LIMITATION ON LOSSES:** Except as otherwise provided in paragraph 16, no Limited Partner shall be liable for losses of the Partnership in excess of such Partner's capital contributions to the Partnership.

21. **PLEDGE PROHIBITION:** Without the express consent of the General Partners, no Limited Partner shall pledge, assign or otherwise grant any security interest in Limited Partnership Units.

22. **TAX ELECTIONS:** No election shall be made to exclude the Partnership from the application of the provisions of Subchapter K of the Internal Revenue Code or from any similar provisions of state tax laws. If a Partnership interest is transferred, a Partner dies, or Partnership assets are distributed to a Partner, the General Partners may, in such Partners' sole discretion, cause the Partnership to elect to cause the basis of the Partnership's assets to be adjusted for federal income tax purposes pursuant to Internal Revenue Code Sections 734 and 743.

23. **TRANSFER OF UNITS:** (a) The Partners do not want Units to be made generally available to persons other than the present Partners. Therefore, any transfer of Units that is not in accordance with the terms of this paragraph 23 shall not be valid or reflected on the Partnership's books.

(i) Any Partner or such Partner's representative who wishes to transfer any of such Partner's Units, or who has reason to believe that an involuntary transfer or transfer by operation of law (including but not limited to a transfer under a Will or trust as a result of the death of a Partner) is reasonably foreseeable, shall first give each other Partner written notice of such Partner's intent to transfer such offered Units or of such Partner's knowledge that such

involuntary transfer or transfer by operation of law is reasonably foreseeable. Such notice shall contain a description of what portion of such Partner's total Units that will be so transferred, the consideration that will be paid (if any), and the terms of transfer and of any payment of consideration (including, but not limited to, the relative percentages of cash and debt, and the duration, interest rate, and payment schedule of any debt instruments), and the name, address (both home and office), and business or occupation of the person to whom such Units would be transferred, and any other facts which are or would reasonably be deemed material to the proposed transfer.

(ii) Upon the receipt of such notice, each Partner shall have a right to buy a proportionate share of the offered Units. Each Partner may buy a share of such Units with the same proportion to the whole of such Units as the purchasing Partner's own Units bears to those of all Partners (except the transferring Partner). If some Partners do not exercise their option, the remaining Partners may exercise the option to purchase any interests of the Partners who are not exercising their options. Each Partner may exercise this right of first refusal by giving the transferring Partner written notice within thirty (30) days after receipt of the latter's notice.

(iii) If the Partners do not agree to buy all of the offered Units, the transferring Partner may complete the intended transfer in accordance with subparagraph 23(b). If such transfer is not completed within thirty (30) days after expiration of the last exercise period, any attempted transfer will be deemed pursuant to a new offer and this section shall again apply.

(iv) If the proposed transfer for which notice is given under this paragraph 23 is a transfer for value, and if the proposed transferee proposes to make payment in cash, debt instruments, or any type of property for which there is a national or regional public market (including, but not limited to, stocks, bonds, or other securities regularly traded on a regional or national exchange or over-the-counter), then each Partner who elects to buy part of the offered Units under this paragraph 23 shall do so at the same purchase price as was contained in the transferring Partner's written notice of intent to transfer. The purchase price may be paid in equal amortized annual installments over a period of twenty (20) years, with a down payment of zero and the deferred balance bearing interest at the long-term applicable federal rate in effect at the time of the transfer for transactions of this type. The purchasing Partner will give the selling Partner a promissory note as

evidence of this debt, and the purchasing Partner may prepay all or any part of the principal balance of the note at any time without penalty or premium.

(v) If the proposed transfer is not described in subparagraph (iv), then each Partner who elects to buy all or any part of the offered Units under this paragraph 23 shall do so at its fair market value. The fair market value of such Units shall be determined by an independent appraisal performed by the Certified Public Accountant regularly employed to prepare the tax returns of the Partnership or, if there be no such Certified Public Accountant, by another Certified Public Accountant selected by the General Partners owning a majority of the General Partnership Units, whose decision in this matter shall be conclusive. The fair market value appraisal shall take into account appropriate discounts for lack of marketability and minority interest or any other pertinent discounts. Such purchase price shall be paid at the closing for the sale of such Units, as follows: zero percent of such purchase price in cash at such closing, and the balance in twenty (20) equal amortized annual installments beginning one year after the date of such closing, with simple interest included in each installment, computed against the outstanding principal balance at the long-

term applicable federal rate in effect for transactions of this type on the date of such closing.

(vi) The purchase of the Units pursuant to this paragraph 23 will take place at a closing to be held not later than the tenth (10th) day after the earlier of: (1) the date on which the Partners' purchase options all have expired; or (2) the earliest date on which the Partners in the aggregate exercise their purchase options, if any, to buy all of the offered Units. The closing will be held during normal business hours at the Partnership's principal business office, or at any other place to which the Partners agree. At the closing, the purchasing Partner will pay for the Units, and the Partnership will change its books to indicate the change of the Units.

(b) Notwithstanding the provisions of this paragraph 23, no person to whom a Unit is properly transferred shall be substituted as a new Partner in place of the transferring Partner until (1) such person has agreed in a writing delivered to the General Partners, to assume all of the obligations and undertakings of the transferor under this Agreement; (2) the General Partners consent in writing to such admission, and (3) such person has paid to the Partnership a fee not to exceed five hundred dollars (\$500) to cover the preparing, executing and recording of all pertinent documents.

24. **WITHDRAWAL OF LIMITED PARTNER:** If a Limited Partner withdraws from the Partnership created herein in accordance with Idaho Code Section 53-233, said Limited Partner shall become an assignee of the Limited Partnership as of the date of withdrawal in accordance with Idaho Code Section 53-234.

25. **NOTICES:** All notices, consents and demands contemplated hereunder shall be in writing and shall be deemed given if mailed by first class mail, postage prepaid, and addressed as set forth in this Agreement. Any Partner may specify a different address by sending a notice thereof to the Partnership. If the address of the Partnership is changed, written notice thereof shall be mailed to each Partner. The General Partners shall mail a copy of the Certificate of Limited Partnership and any amendments thereto to any Limited Partner upon the written request of any Limited Partner, but shall not otherwise be required to deliver or mail a copy of the certificate or amendment to Limited Partners.

26. **TERM:** The Partnership commenced on April 24, 2003, the date a Certificate of Limited Partnership was duly filed with the Secretary of State of the State of Idaho. The Partnership shall terminate fifty (50) years from the date of filing the Certificate of Limited Partnership.

27. **MANAGEMENT FEE:** The General Partners may receive reasonable compensation from the Partnership, which fee shall be based upon the risk assumed by the General Partners and their management services to the Partnership.

28. **INDEMNIFICATION OF GENERAL PARTNERS:** The General Partners shall not be liable to the Partnership or the Limited Partners for any act or omission performed or omitted by the General Partners in good faith pursuant to the authority granted to the General Partners by this Agreement, and shall only be liable to the Partnership or the Limited Partners for acts or omissions arising out of fraud, bad faith, gross negligence or other similar breach of fiduciary duty. The Partnership shall indemnify, defend and hold the General Partners harmless from any loss or damage incurred by the General Partners on behalf of the Partnership in furtherance of the Partnership's interests, except for any liability arising out of fraud, bad faith, gross negligence or other similar breach of fiduciary duty.

29. **GENERAL PROVISIONS:** (a) This instrument contains the entire agreement between the parties.

(b) This Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by the parties sought to be charged with such amendment or waiver.

(c) This Agreement shall be construed in accordance with and governed by the laws of the State of Idaho.

(d) This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective personal representatives and assigns, except as above set forth.

30. **SEVERABILITY:** If any provision of this Agreement is deemed invalid or unenforceable for any reason, the remaining provisions of this Agreement shall not be affected thereby but rather shall be enforced to the greatest extent permitted by applicable law.

31. **COUNTERPARTS:** This Agreement may be executed through the use of multiple original counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

GENERAL PARTNERS:

Darwin Junior McKay
Darwin Junior McKay

Lorraine R. McKay
Lorraine R. McKay

Lawrence Darwin McKay
Lawrence Darwin McKay

Mary Ann McKay Miller

Patricia Lou McKay Hambelton
Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay

Brent Wiley Ritchie

LIMITED PARTNERS:

Darwin Junior McKay
Darwin Junior McKay

Lorraine R. McKay
Lorraine R. McKay

Lawrence Darwin McKay
Lawrence Darwin McKay

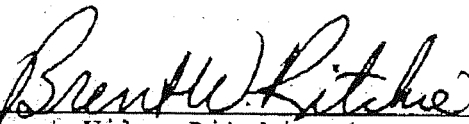
Mary Ann McKay Miller

Patricia Lou McKay Hambelton
Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay

Brent Wiley Ritchie


Brent Wiley Ritchie

LIMITED PARTNERS:

Darwin Junior McKay

Lorraine R. McKay

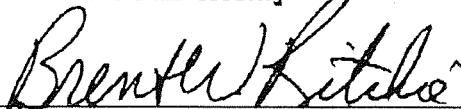
Lawrence Darwin McKay

Mary Ann McKay Miller

Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay


Brent Wiley Ritchie

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Lawrence Darwin McKay

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Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay
William Dean McKay

Brent Wiley Ritchie

LIMITED PARTNERS:

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Lorraine R. McKay

Lawrence Darwin McKay

Mary Ann McKay Miller

Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William D. McKay
William Dean McKay

Brent Wiley Ritchie

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Lawrence Darwin McKay

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Charmaine McKay Anderson

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Charmaine McKay Anderson
Charmaine McKay Anderson

William Dean McKay

Brent Wiley Ritchie

rather shall be enforced to the greatest extent permitted by applicable law.

31. **COUNTERPARTS:** This Agreement may be executed through the use of multiple original counterparts.

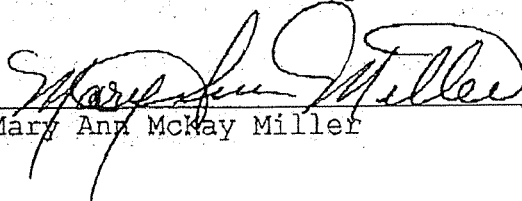
IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

GENERAL PARTNERS:

Darwin Junior McKay

Lorraine R. McKay

Lawrence Darwin McKay



Mary Ann McKay Miller

Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay

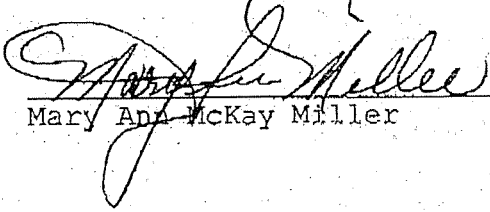
Brent Wiley Ritchie

LIMITED PARTNERS:

Darwin Junior McKay

Lorraine R. McKay

Lawrence Darwin McKay


Mary Ann McKay Miller

Patricia Lou McKay Hambelton

Charmaine McKay Anderson

William Dean McKay

Brent Wiley Ritchie

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A63-10416
Date Received: 7/18/1989
Receipt No: W 003700
Received By: Das

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: D. J. MC KAY
Address: 5875 S. EAGLE RD.
MERIDIAN, ID

208-888-2488

83642-0000

2. Date of Priority: APR 14, 1987

3. Source: GROUNDWATER

Trib. to:

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4	Lot	County
03N	01E	32	NE	SE			ADA

5. Description of diverting works:

6. Water is used for the following purposes:

Purpose	From	To	C.F.S	(or)	A.F.A.
IRRIGATION	03/15	11/15	2.000		508.50

7. Total Quantity Appropriated is:
2.000 C.F.S. (and/or)

508.50 A.F.A.

8. Total consumptive use is

Acre Feet Per Annum.

9. Non-irrigation uses:

10. Place of Use:

Township	Range	Section	1/4 of	1/4	Lot	Use	Acres
03N	01E	32	SE	NW		IRR	34.0
			NE	SW		IRR	5.0
			NE	SE		IRR	40.0
			NW	SE		IRR	34.0

Section Acres 113.0

A63-10416

Page 1

Date: 07/18/89

MICROFILMED
AUG 24 1992

10. Place of Use: Continued

Total Acres 113.0

11. Place of use in counties: ADA

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:

SURFACE WATER RTS FROM NAMPA-MERIDIAN & BOISE-KUNA IRR DIST

14. Remarks:

15. Basis of Claim: LICENSE

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do _____ do not ☒ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments:

For Individuals:

I/We do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant(s): x D.J. McTray Date: x July 18-1989
Date: _____

State of Idaho)
County of Ada) SS.

Subscribed and sworn (or affirmed) before me this 18th day

of July 19 89

David R Tuttle
Notary Public

Seal.

Residing at Boise Id

My Commission Expires 9/15/1994

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 01/06/06 10:31 AM
DEPUTY Patti Thompson
RECORDED - REQUEST OF
First American

AMOUNT 24.00 8



106002656

AFTER RECORDING MAIL TO:

Providence Development Group, LLC
701 S. Allen Street
Meridian, ID 83642

RECEIVED

JUN - 1 2007

WATER RESOURCES
WESTERN REGION

209010

WARRANTY DEED

File No.: 4102-740707 (PC)

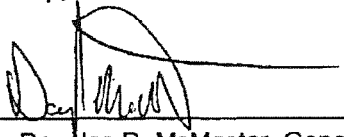
Date: January 04, 2006

For Value Received, **Blackrock, LLC and Triple D Land & Livestock, LLC**, hereinafter referred to as Grantor, does hereby grant, bargain, sell and convey unto **Providence Development Group, LLC**, hereinafter referred to as Grantee, whose current address is **701 S. Allen Street, Meridian, ID 83642**, the following described premises, situated in **Ada County, Idaho**, to wit:

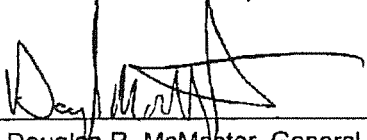
See legal description attached hereto and made a part hereof.

TO HAVE AND TO HOLD the said premises, with their appurtenances, unto said Grantee, and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

Blackrock, LLC... by: McMaster Limited
Partnership, member


By: Douglas R. McMaster, General
Partner

Triple D Land & Livestock, LLC... by:
McMaster Limited Partnership, member


By: Douglas R. McMaster, General
Partner

APN:

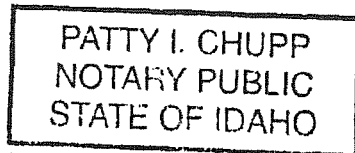
Warranty Deed
- continued

File No.: 4102-740707 (PC)
Date: 01/04/2006

STATE OF Idaho)
SS.
COUNTY OF Ada)

On this 5th day of January, 2006, before me, a Notary Public in and for said State, personally appeared **Douglas R. McMaster**, known or identified to me to be the person whose name is subscribed to the within instrument as **General Partner of McMaster Limited Partnership, member of the Blackrock, LLC**, limited liability company, and acknowledged to me that such limited company executed same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



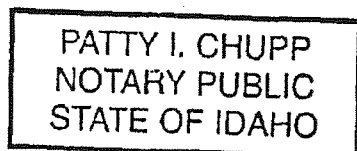
My Commission Expires 5-8-2010.


Notary Public for the State of Idaho
Residing at: Boise, ID
My Commission Expires: 5/8/2010

STATE OF Idaho)
SS.
COUNTY OF Ada)

On this 5th day of January, 2006, before me, a Notary Public in and for said State, personally appeared **Douglas R. McMaster**, known or identified to me to be the person whose name is subscribed to the within instrument as **General Partner of McMaster Limited Partnership, member of the Triple D Land & Livestock, LLC**, limited liability company, and acknowledged to me that such limited company executed same.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



My Commission Expires 5-8-2010.

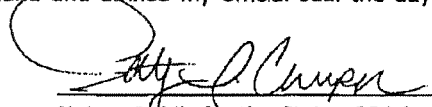

Notary Public for the State of Idaho
Residing at: Boise, ID
My Commission Expires: 5/8/2010

EXHIBIT A

LEGAL DESCRIPTION:

Parcel I:

The Northwest Quarter of the Southeast Quarter; the Northeast Quarter of the Southwest Quarter; the Southeast Quarter of the Northwest Quarter; and a portion of the Northeast Quarter of the Southeast Quarter of Section 32, Township 3 North, Range 1 East, Boise Meridian, Ada County, Idaho, more particularly described as follows:

Commencing at the Southeast corner of the Northeast Quarter of the Southeast Quarter of Section 32, Township 3 North, Range 1 East of the Boise Meridian, which is marked by a found 5/8" iron pin, with a plastic cap, from which the East 1/4 corner of Section 32, marked by a found 3/4" iron pin, bears North 00°12'18" East, 1338.21 feet; thence along the South line of said Northeast Quarter of the Southeast Quarter, North 89°50'04" West, 528.00 feet, to a set 5/8" iron pin with a plastic cap, and the POINT OF BEGINNING; thence continuing along said south line, North 89°50'04" West, 801.98 feet, to a found 5/8" iron pin with a plastic cap marking the Southwest corner thereof; thence along the South line of the Northwest Quarter of the Southeast Quarter, North 89°50'19" West, 1329.85 feet, to a found 1/2" iron pin marking the Southwest corner thereof; thence along the South line of the Northeast Quarter of the Southwest Quarter, North 89°51'16" West, 1340.65 feet, to the Southwest corner thereof; thence along the West line of the Northeast Quarter of the Southwest Quarter, North 00°09'41" West, 1345.73 feet to the Northwest corner thereof; thence along the West line of the Southeast Quarter of the Northwest Quarter, North 00°50'11" East, 1338.77 feet, to a found 5/8" iron pin marking the Northwest corner thereof; thence along the North line of the Southeast Quarter of the Northwest Quarter, South 89°46'37" East, 1335.86 feet to the Northeast corner thereof; thence along the East line of the Southeast Quarter of the Northwest Quarter, South 00°17'40" West 1337.70 feet, to an aluminum cap monument, set in concrete marking the Southeast corner thereof; thence along the North line of the North half of the Southeast Quarter, South 89°41'35" East, 2660.56 feet to a 3/4 inch iron pin, marking the Northeast corner thereof; thence along said East line, South 00°12'18" West, 472.16 feet; thence North 89°50'04" West, 528.00 feet to a set 5/8" iron pin with a plastic cap; thence South 00°12'18" West, 866.05 feet to the POINT OF BEGINNING.

Parcel II:

A parcel of land being a portion of the South 1/2 of the Northeast 1/4 of Section 32, Township 3 North, Range 1 East, Boise Meridian; Ada County, Idaho; more particularly described as follows:

Beginning at an Iron Pin marking the Section Corner common to Sections 28, 29, 32, and 33, Township 3 North, Range 1 East, Boise Meridian; Ada County, Idaho; thence, along the section line common to said Sections 32 and 33, also being the centerline of South Eagle Road, S 00° 46'00" W 1338.76 feet to an Iron Pin marking the North 1/16 Section Corner common to said Sections 32 and 33; thence, continuing along said section line, S 00° 46'00" W 1338.76 feet to an Iron Pin marking the 1/4 Section Corner common to said Sections 32 and 33; thence, leaving said section line, and along the east-west center 1/4 section line, N 89° 07'03" W 25.00 feet to an Iron Pin marking the Intersection of said center 1/4 section line, and the west right-of-way line of said S. Eagle Road; said Iron Pin also being the REAL POINT OF BEGINNING; thence, leaving said center 1/4 section line, and along said west right-of-way line,

N 00° 46'00" E 326.34 feet to an Iron Pin; thence, leaving said west right-of-way line,
N 89° 07'03" W 251.89 feet to an Iron Pin; thence, N 00°46'00" E 255.57 feet to an Iron Pin; thence,
S 89°07'03" E 113.10 feet to an Iron Pin on the northeasterly top of bank of the Ten-Mile Drain; thence,
along said northeasterly top of bank, N 46°53'25" W 889.12 feet to an Iron Pin; thence, continuing along
said northeasterly top bank, N 36°03'05" W 198.64 feet to an Iron Pin marking the Intersection of said
northeasterly top of bank and the north 1/16 section line of said Section 32; thence, leaving said
northeasterly top of bank, and along the north 1/16 section line of said Section 32,
N 89°08'57" W 1718.25 feet to an Iron Pin marking the Center-North 1/16 Section Corner of said Section
32; thence, leaving said north 1/16 section line, and along the north-south center 1/4 section line,
S 00°51'34" W 1337.29 feet to a Stone Monument marking the Center 1/4 Corner of said Section 32;
thence, leaving said north-south center 1/4 section line, and along the east-west center 1/4 section line,
S 89°07'03" E 2635.42 feet to the REAL POINT OF BEGINNING

PERMITTED EXCEPTIONS

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (A) Unpatented mining claims; (B) Reservations or exceptions in patents or in Acts authorizing the issuance thereof; (C) Water rights, claims or title to water; whether or not the matters excepted under (A), (B) or (C) are shown by the public records.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

PARCEL I

7. General and Special Taxes for the year 2006, an accruing lien not due or payable until the fourth Monday in November 2006 when the bills are issued, the first half of which is not delinquent until after December 20, 2006.
8. General taxes which may be assessed and extended on any "subsequent" or "occupancy" tax roll, which may escape assessment of the regular tax roll; which are a lien not yet due or payable.

9. Liens, levies and assessments by Nampa-Meridian Irrigation District.
10. Liens, levies and assessments by Boise Kuna Irrigation District.
11. Right of way for Eagle Road, Farr Lateral & Pierce Lateral.
12. Rights, rights of way, reservations and exceptions in the patent recorded in Book 6 of Patents, Page 426.
13. Easement, including terms and provisions contained therein:
Recording Information: 384634
In Favor of: IDAHO POWER COMPANY
For: power lines
14. Agreement upon the terms, conditions and provisions contained therein:
Dated:
Parties: ARVINE GALE and MARIAM GALE, husband and wife;
GLEN E. CLAYTON and WILDA CLAYTON, husband and wife; and D.J. MCKAY and LORAIN MCKAY, husband and wife
Recorded: August 22, 1966
Instrument No.: 646605
15. Easement, including terms and provisions contained therein:
Recording Information: 8733096
In Favor of: IDAHO POWER COMPANY
For: power lines
16. Agreement upon the terms, conditions and provisions contained therein:
Dated:
Parties: WILLIAM DEAN MCKAY and CYNTHIA MCKAY, husband and wife; GLEN E. CLAYTON and WILDA CLAYTON, husband and wife; and D.J. MCKAY and LORAIN MCKAY, husband and wife
Recorded: December 4, 1995
Instrument No.: 95089234
17. Relocation Agreement and Grant of Easement for relocation of Pierce Lateral, recorded April 10, 1997, as Instrument No. 97027413, Records of Ada County, Idaho.

18. Declaration of Easements and Agreements, recorded August 27, 2004, as Instrument No. 104110289, Records of Ada County, Idaho
19. Memorandum of Agreements, recorded August 27, 2004, as Instrument No. 104110290, Records of Ada County, Idaho
20. Reservations contained in Special Warranty Deed, recorded August 27, 2004, as Instrument No. 104110291, Records of Ada County, Idaho
21. Lack of a right of access to and from said land, as to that portion of said property lying Westerly of Farr Lateral and Pierce Lateral.

PARCEL II

22. General and Special Taxes for the year 2006, an accruing lien not due or payable until the fourth Monday in November 2006 when the bills are issued, the first half of which is not delinquent until after December 20, 2006.
23. General taxes which may be assessed and extended on any "subsequent" or "occupancy" tax roll, which may escape assessment of the regular tax roll; which are a lien not yet due or payable.
24. Liens, levies and assessments by Nampa-Meridian Irrigation District.
25. Right of way for Ten Mile Creek.
26. Except mineral or water rights, claims or title to mineral or water.
27. Rights, rights of way, reservations and exceptions in the patent recorded in Book 4 of Patents, Page 27.
28. The effect of a map purporting to show the land and other property, filed Survey No. 6082, Instrument No. 103031085 of Record of Surveys.

Amended by Survey 6198, Instrument No. 103106022

BOTH PARCELS I & II)

29. Memorandum of Understanding, recorded November 3, 2005, as Instrument No. 105166614, Records of Ada County, Idaho
30. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/ACSM survey.

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 09/28/06 02:45 PM
DEPUTY Vicki Allen
RECORDED - REQUEST OF
Blackrock Developers

AMOUNT 6.00 2



After recording, please return to:
Blackrock Developers, LLC
Attn: Daniel G. Zang
701 South Allen Street, Suite 104
Meridian, ID 83642

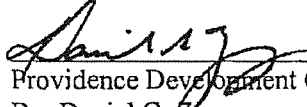
QUITCLAIM DEED

FOR VALUE RECEIVED, Providence Development Group, LLC, an Idaho Limited Liability Company (hereinafter "Grantor"), does hereby convey, release, remise and forever quit claim unto Blackrock Developers, LLC, an Idaho Limited Liability Company (hereinafter "Grantee"), whose current address is: 701 South Allen Street Suite 104 Meridian, Idaho 83642, the following described premises to wit:

See legal description attached hereto as "Exhibit A" and made a part hereof.

TO HAVE AND TO HOLD the said premises, unto the said grantees, heirs and assigns forever.

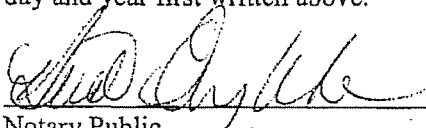
Date: 09/28/2006

By: 
Providence Development Group, LLC
By: Daniel G. Zang
Its: Manager

State of Idaho)
) S.S.
County of Ada)

On this 28th day of September, in the year of 2006, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Daniel G. Zang known or identified to me to be the Manager of the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

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


Notary Public
Residing at: Meridian
My Commission Expires: 1-19-2011

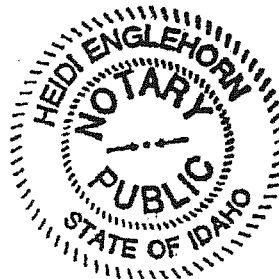


EXHIBIT "A"

Project: 10-04-122
Date: November 15, 2004
Revised: August 14, 2006

PLAT DESCRIPTION
FOR
BLACKROCK SUBDIVISION

That portion of Section 32, Township 3 North, Range 1 East, Boise Meridian, Ada County Idaho, more particularly described as follows:

Commencing at the East ¼ corner of Section 32, thence along the Northerly boundary of the Southeast ¼ of Section 32, North 89°40'05" West, 48.00 feet to the POINT OF BEGINNING;

thence South 00°13'44" West, 472.28 feet;

thence North 89°48'38" West, 480.00 feet;

thence South 00°13'44" West, 865.89 feet to the Southerly boundary of the North ½ of the Southeast ¼ Section 32;

thence along said boundary, North 89°48'26" West, 2,131.85 feet to the Southwest corner thereof;

thence along the Southerly boundary of the Northeast ¼ Southwest ¼ of Section 32, North 89°50'45" West, 1,340.60 feet to the Southwest corner thereof;

thence along the Westerly boundary of said Northeast ¼ Southwest ¼, North 00°10'12" West, 1,347.28 feet to the Northwest corner thereof;

thence along the Westerly boundary of the Southeast ¼ Northwest ¼ of Section 32, North 00°53'12" East, 1,337.41 feet to the Northwest corner thereof;

thence along the Northerly boundary, South 89°43'51" East, 1,335.91 feet to the Northeast corner thereof;

thence along the Northerly boundary of the South ½ of the Northeast ¼ of Section 32, South 89°41'56" East, 1,718.43 feet to the Northeasterly top of bank of the Ten Mile Drain;

thence along the said top of bank, South 36°35'50" East, 198.56 feet;

thence South 47°26'09" East, 889.12 feet;

thence leaving the top of bank of the Ten Mile Drain, North 89°39'49" West, 113.10 feet;

thence South 00°13'14" West, 255.57 feet;

thence South 89°39'49" East, 228.89 feet;

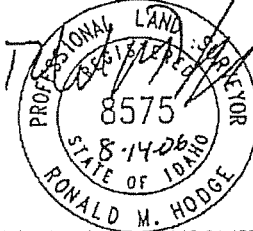
thence South 00°13'15" West, 326.34 feet to POINT OF BEGINNING.
Containing 223.411 acres, more or less.

END OF DESCRIPTION

Prepared by:
J-U-B ENGINEERS, Inc.
Ronald M. Hodge, P.L.S.

RMH/tlk:

F:\ProjectManagers\GAL\10-04-122 - Blackrock Subdivision Plat & Plans\10-04-122-Survey\Descriptions\BlackrockPlatBoundary.doc





First American

First American Title Company of Idaho, Inc.
211 West State St
Bo ID 83702
Phn - (208) 344-5888
Fax - (208) 344-1495

RECEIVED

JUN 11 2007

WATER RESOURCES
WESTERN REGION

CLOSING ESCROW INSTRUCTIONS

To: **First American Title Company of Idaho, Inc.**
Escrow Officer: **Patty Chupp**

File No.: **4102-307117 (PC)**

Date: **July 27, 2004**

Re: **0000 S. Eagle Rd., Meridian, ID 83642**

I hereby agree to purchase the hereinafter described property located at **0000 S. Eagle Rd., Meridian, ID 83642**, for a total consideration of \$, and will on or before **August 27, 2004** hand you said consideration which is payable as follows:

Earnest Money Deposit \$ **100,000.00**
New Loan to file \$
Balance in cash at closing (closing costs are additional)

I will deliver to you any additional funds and execute any instruments which are necessary to comply with the terms hereof, all of which you may use when you hold for me:

Closing statement, Read and approved preliminary report, Read and approved documents prepared by Givens Pursley, Attys.

and when you can issue your standard coverage form policy of title insurance with liability of \$ on the property described as follows:

Legal Description attached hereto as Exhibit A and by this reference incorporated herein.

SHOWING TITLE VESTED IN: **Blackrock, LLC**

FREE OF ENCUMBRANCES EXCEPT:

1. Exceptions numbered **1-18**, inclusive, as shown in the title commitment dated July 27, 2004, issued in connection with this escrow, a copy of which has been reviewed.
2. Other: **The undersigned sellers will surrender the water stock certificates to the buyer outside of escrow. The transfer fees will be the responsibility of the Buyers herein.**

OTHER INSTRUCTIONS: All conditions of the Purchase and Sale Agreement, dated and any Addendum's thereto have been satisfied and met.

PRORATE AND/OR ADJUST THE FOLLOWING AS OF **August 27, 2004**

1. Taxes based on the amount of the last tax statement of the Tax collector issued prior to close of escrow. (If the amount of the new tax bill issued by the Tax Collector after close of escrow is more or less than the amount used for proration purposes, the difference, if any, will be adjusted by the parties herein outside of escrow.) Seller to forward to Buyer any present or future tax bills on property herein.
2. Interest on any existing trust deeds, improvements, assessments and/or bonds taken over by Buyer.
3. Rental or Lease, per rent or lease statement handed you.

4. Charge the Buyer and credit the Seller the amount of any funds held in an impound account, if any, in connection with an existing loan.

I hereby agree to pay any charges including usual Buyer escrow fees and any advance and expenses that are properly chargeable to me regardless of the consummation of this escrow. At the close of escrow, you are to deliver all documents, etc., to the persons entitled thereto.

Then you are instructed to disburse deposited funds pursuant to the Escrow Settlement Statement examined and approved by the parties hereto and by this reference made a part hereof. Proceeds of this escrow may be disbursed by your check payable to the respective parties, and your checks and documents may be mailed to the addresses set forth in these instructions.

When all documents have been signed and you have received all necessary funds, you are authorized to record the necessary documents, disburse funds collected in accordance with these instructions, and have the title insurance policy issued. Adjustments may be made on interest, unusual recording fees, and approved payment of bills and rents received after the signing of these instructions. You are authorized to pay any additional interest due on loan payoffs to lender after closing.

GENERAL PROVISIONS

All disbursements shall be made by your check. All funds received in this escrow shall be deposited in one or more of your general escrow accounts with any bank doing business in the State of Idaho and may be transferred to any other general escrow account or accounts. Upon specific instructions from all parties to this escrow, you may hold funds as otherwise instructed herein.

The expression 'close of escrow' means that date on which instruments referred to herein are filed for record and funds disbursed, unless otherwise indicated in these instructions.

You are to furnish a copy of these instructions, amendments thereto, closing statements and/or any other documents deposited in this escrow to the lender or lenders, the real estate broker or brokers and/or the attorney or attorneys involved in this transaction upon request of such lenders, brokers or attorneys. Should you, before or after close of escrow, receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any action or proceedings for the determination of such conflict.

The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees suffered or incurred by you in connection with, or arising out of this escrow, including, but without limiting the generality of the foregoing, a suit in interpleader brought by you.

If any party to this escrow elects to cancel these instructions because of the failure of any party to comply with any of the terms hereof within the time limits provided herein, said party so electing to cancel shall deliver to escrow agent a written notice to the other party and escrow agent shall hereupon become cancelled. When the written notice is delivered to escrow agent by the party so electing to cancel escrow agent shall within five days thereafter send a copy of said notice to the other party in the manner proved by law and the usual practices of this escrow agent.

In the event said other party shall fail within said ten day period to comply with all of the terms hereof, these instructions shall become cancelled and escrow agent is thereupon authorized: (a) first, to pay to the party electing to cancel any money deposited hereunder by said other party, after deducting any charges; (b) second, to pay to the party electing to cancel, any money deposited by said party, after deducting any charges remaining unpaid; and (c) third, to return all documents deposited hereunder to the party who delivered the same except documents executed by more than one party, which shall be marked 'cancelled' and retain in the files of escrow agent.

Both Seller and Buyer acknowledge by their signatures hereon the following: We/I have been specifically informed that First American Title Company (hereinafter designated as First American) is not licensed to practice law and no legal advice has been offered by First American or any of its employees. We/I have been further informed that First American is acting only as escrow holder and that it is forbidden by law from offering any advice to any party respecting the merits of this escrow transaction or the nature of the instruments utilized and that it has not done so. We/I have not been referred by First American to any named attorney or attorneys or discouraged from seeking advice of any attorney, but have been requested to seek legal counsel of our/my own choosing at our/my own expense if we/I have doubt concerning any aspect of this transaction.

I further declare all instruments to which I am a part, if prepared by First American, have been prepared under the direction of my attorney or myself and particularly declared that copying legal descriptions from title reports onto forms of deeds, etc., or reforming of legal descriptions or agreements is, or will be solely at my direction or request.

I have been afforded adequate time and opportunity to read and understand these escrow instructions and all other documents referred to therein.

DISCLOSURE OF TAXPAYER IDENTIFICATION NUMBERS

Internal Revenue Code Section 6109(h) imposes requirements for furnishing, disclosing, and including taxpayer identification numbers in tax returns to a residential real estate transaction involving seller-provided financing. The parties understand that the disclosure reporting requirements are exclusive obligations between the parties to this transaction and that First American Title Company of Idaho, Inc., is not rendering an opinion concerning the effect of this law on this transaction, and the parties are not acting on any statements made or omitted by the escrow or closing officer.

To facilitate compliance with this law, the parties to this escrow hereby authorize First American Title Company of Idaho, Inc., to release any party(ies) taxpayer identification number to any requesting party who is a party to this transaction. The requesting part shall deliver a written request to escrow. The parties hereto waive all rights of confidentiality regarding their respective taxpayer identification numbers and agree to hold First American Title Company of Idaho, Inc., harmless against any fees, costs, or judgments incurred and/or awarded in connection with the release of taxpayer identification numbers.

PENALTIES

Penalties for failure to comply will most likely be assessed against the individual taxpayers for failure to provide the information.

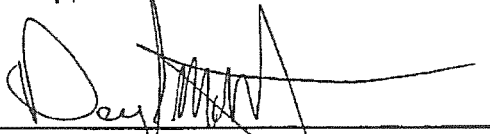
Any amendments of and/or supplements to any instructions must be in writing. If any Earnest Money Agreements, Receipt and Agreements to Purchase or the like are attached to these instructions and one or more terms of said agreements conflict with or vary from these instructions, these instructions shall nevertheless control.

The Seller agrees to sell and the Buyer agrees to buy the property herein described upon the terms hereof.

Date: July 27, 2004

BUYER(S):

Blackrock, LLC by: McMaster Limited Liability
Partnership, Member



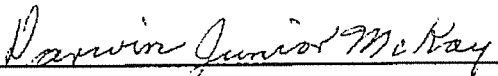
By: Douglas R. McMaster, General
Manager

I/We approve of the foregoing instructions, agree to be bound thereof, and agree to sell and will deliver to you papers, instructions and/or funds required from me within the time limits specified herein, which you are authorized to deliver when you can issue your policy of title insurance as set forth above. You are instructed to use the money and record the instruments to comply with said escrow instructions and to pay all encumbrances of record necessary, without further approval including prepayment penalties to show title as herein provided. I agree to pay your usual sellers escrow fee, drawing of documents and such other charges which are advanced for my account regardless of the consummation of this escrow. I also agree to pay the policy of title insurance premium and recording fees which are properly chargeable to me.

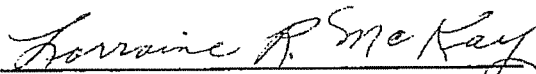
At the close of escrow, you are to mail any documents and your check or checks payable to:

SELLER(S):

McKay Properties, L.P., an Idaho limited
partnership



By: Darwin Junior McKay, General
Partner



By: Lorraine R. McKay, General Partner

5.4. No Contingencies. Other than during the Review Period, this Agreement has no contingencies in favor of the Buyer and no conditions precedent to Buyer's obligations hereunder.

5.5. Water Rights. Attached hereto and incorporated herein as Exhibit E is information concerning certain water rights which Seller believes Seller owns and are available for use on the Property. Seller hereby expressly disclaims any representation or warranty with respect to any water rights owned by Seller and/or available for use on the Property. The information set forth in Exhibit E is provided to Buyer solely for its use in connection with Buyer's due diligence review. Buyer agrees that Buyer will independently investigate and verify the water right information set forth on Exhibit E during the Review Period and that Buyer is not relying on any information, oral or written, including but not limited to the information on Exhibit E, provided to Buyer by Seller. Seller is expressly reserving to Seller all water rights owned by Seller including, but not limited to ground water permit number 63-10416 shown on Exhibit E, other than the two (2) surface water rights identified on Exhibit E (the "Transferred Surface Water Rights"). The Transferred Surface Water Rights and 6 acre portion of the ground water right described below, will be quitclaimed or otherwise transferred to Buyer by Seller, without representation or warranty of any kind, at Closing (defined below).

Additionally and notwithstanding the foregoing, Buyer agrees to buy and Seller agrees to sell that portion of ground water permit number 63-10416 appurtenant to six (6) acres of the Property. The total ground water right is 113 acres. This 6-acre portion of the ground water rights is approximately 5.3% of the right.

The purchase price for the water right shall be \$24,000.00 (6 acres time \$4,000/acre) payable in cash at Closing (defined below). This \$24,000 shall be in addition to the Purchase Price set forth above.

5.6. Return of Seller's Documents. If escrow or this Agreement is terminated for any reason, Buyer shall, within five (5) days following such termination, deliver to Seller all documents and materials relating to the Property previously delivered to Buyer by Seller and copies of all reports, studies, documents and materials obtained by Buyer from third parties in connection with the Property and Buyer's investigation thereof.

5.7. Emergency Access. Seller agrees, at Buyer's request, to grant to Buyer at closing a non-exclusive emergency easement to be located on the southern most twenty (20) feet of the Retained Property. The emergency easement shall be for secondary emergency ingress and egress only. The emergency easement shall contain such terms and conditions as Seller deems necessary to protect Seller's interests.

6. CLOSING AND RELATED MATTERS.

6.1. Closing Date. The closing for the Property shall take place on a date selected by Buyer and before 5:00 p.m. on June 30, 2004 (the "Closing"). Buyer shall provide Seller with not less than ten (10) days prior written notice of the Closing date.

6.2. Escrow Closing. The closings of the transactions contemplated herein shall take place at the office of the Title Company. Buyer and Seller shall deposit in escrow with the Title Company all instruments, documents and monies (payable in cash by wire funds or official bank check to Seller), as necessary to complete the sale in accordance with this Agreement, including, but not limited to, the Deed, a quitclaim deed or assignment of the Transferred Surface Water Rights, the Note and the Mortgage. The cost of the Title Company's

9.4. Farming After Closing. After Closing, in the event Buyer desires to lease the Property for farming purposes, Buyer shall provide The Turf Company (Darwin McKay) a first right to lease the Property on such terms and conditions as they may agree. In the event the parties are either unable to agree upon such a lease or they agree to such a lease and it expires or terminates for any reason, Seller shall have a reasonable time, not to exceed sixty (60) days, from the date of such expiration, termination, or notice given by Buyer that the parties shall enter into no lease to remove its irrigation facilities (excluding buried main lines) located on the Property, other than those for which an easement exists.

10. BROKERAGE. Except as provided below, both Seller and Buyer attest they have not used a real estate broker in this transaction. Seller agrees to indemnify, defend and hold Buyer harmless from and against any and all liabilities, demands, claims, actions or causes of action, losses, damages, costs and expenses (including reasonable attorneys' fees) sustained or incurred by Buyer and resulting from brokerage commissions asserted by any party as a result of dealings by Seller claimed to give rise to such brokerage commission. Buyer agrees to indemnify, defend, and hold Seller harmless from and against any and all liabilities, demands, claims, actions or causes of action, losses, damages, costs and expenses (including reasonable attorneys' fees) sustained or incurred by Seller and resulting from brokerage commissions asserted by any other party as a result of dealings by Buyer claimed to give rise to such brokerage commission.

11. NOTICES. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (so long as such services provide written confirmation of delivery) (including U.S. Postal Service Express Mail) or certified mail, return receipt requested, or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice given by facsimile shall be verified by confirmation. All notices shall be addressed to the parties at the addresses contained herein or at such other addresses as the parties may from time to time direct in writing. Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) the day of mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

If to Seller:

Darwin Junior McKay
5875 S. Eagle Road
Meridian, Idaho 83642
208-888-2488

If to Buyer:

Pat Hamblon
7115 Diamond
Boise, Idaho 83709
208-362-9667

Triple D Land and Livestock LLC

Attn: Doug McMaster
5450 W. Gowen Road
Boise, ID 83709

If to Title Company:

First American Title Company
211 W. State Street
Boise, Idaho 83702

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 63-32649

NAME AND ADDRESS: MC KAY PROPERTIES LP
3738 S BASILICA WAY
MERIDIAN ID 83642

~~6100 S EAGLE RD~~
~~MERIDIAN ID 83642~~

SOURCE: GROUND WATER

TRIBUTARY:

QUANTITY: 1.890 CFS
481.500 AFY

USE OF THIS RIGHT WITH RIGHT NO. 63-16414 IS LIMITED TO A TOTAL
COMBINED DIVERSION RATE OF 2.14 CFS.

PRIORITY DATE: 04/14/1987

POINT OF DIVERSION:

T03N R01E S32 NESE Within ADA County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	03/15 11/15	1.890 CFS 481.50 AFY

The use of water for irrigation under this right may begin as early as March 1, provided other elements of the right are not exceeded. The use of water before March 1 under this remark is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than the date a partial decree is entered for this right.

PLACE OF USE: IRRIGATION in ADA County

T03N R01E S32	SENW	33.30	T03N R01E S32	NESW	4.70
T03N R01E S32	NESE	35.00	T03N R01E S32	NWSE	34.00

107 ACRES TOTAL

USE OF THIS RIGHT WITH RIGHT NO. 63-16414 IS LIMITED TO THE
IRRIGATION OF A COMBINED TOTAL OF 107 ACRES IN A SINGLE
IRRIGATION SEASON.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

Use of this right is combined with water from Boise-Kuna Irrigation District.

This right is a split from former right 63-10416 .

Use of this right is combined with water from Nampa Meridian Irrigation District.

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA

Case No. 39576

Water Rights: 63-16414, 63-324⁶⁴69

NOTICE OF COMPLETED
ADMINISTRATIVE
PROCEEDING

IDWR has completed the following administrative proceeding:

☒ Address change

☐ Substitution of Party

☐ IC § 42-222 transfer

☐ Point of diversion

☐ Place of use

☐ Period of use

☐ Nature of use

☐ Split of water right

☐ Change in ownership

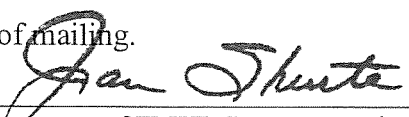
☐ Other

☐ IC § 42-219 license

IDWR certifies that it has completed its investigation into the changes to the elements of the water rights listed above as set forth in the attached *Amended Director's Report(s)* for said water right(s). No other changes have been made to the elements of these water rights except as set forth above.

IDWR has served copies of the *Notice of Completed Administrative Proceeding* and *Amended Director's Report(s)* on the claimant(s), prior claimant(s) and all parties in the subcases affected, if any, as reflected on the attached certificate of mailing.

DATED: June 22, 2007


Signature of IDWR Representative

CERTIFICATE OF MAILING

I certify that on June 22, 2007, I delivered the original and copies of this form, including all attachments, to the following persons, postage prepaid if required and addressed as follows:

1. Original to:

Clerk of the District Court	☐	overnight mail
Snake River Basin Adjudication	☒	regular mail
P.O. Box 2707	☐	hand-delivered
Twin Falls, ID 83303-2707	☐	facsimile

2. Copies to:

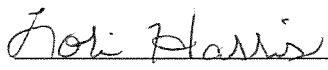
Clive Strong	☐	overnight mail
Off ice of the Attorney General	☒	regular mail
P.O. Box 44449	☐	hand-delivered
Boise, ID 83711-4449	☐	facsimile

United States Dept of Justice	☐	overnight mail
Environment & Natural Resource Div	☒	regular mail
550 West Fort Street MSC 033	☐	hand-delivered
Boise ID 83724	☐	facsimile

3. Copies to all parties to the subcase:

McKay Properties LP	☐	overnight mail
3738 S Basilica Way	☒	regular mail
Meridian ID 83642	☐	hand-delivered
	☐	facsimile

☐	overnight mail
☐	regular mail
☐	hand-delivered
☐	facsimile



Signature of person mailing this document



State of Idaho

DEPARTMENT OF WATER RESOURCES

2735 Airport Way • Boise, Idaho 83705-5082

Phone: (208) 334-2190 • Fax: (208) 334-2348 • Web Site: www.idwr.idaho.gov

WESTERN REGION

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Interim Director

June 22, 2007

MC KAY PROPERTIES LP
3738 S BASILICA WAY
MERIDIAN ID 83642

Re: Water Right Nos. 63-16414, 63-32649

Dear Sir or Madam:

Enclosed are copies of the above referenced water rights, which reflect your change of address. Also enclosed is a copy of the Notice of Completed Administrative Proceedings which has been sent to the Snake River Basin Court as notification of the change.

If you have any questions concerning the enclosed water rights, please feel free to contact this office.

Sincerely,

Lori Harris
Technical Records Specialist 2
Adjudication Section
Western Region Office

LH:l
Enclosures

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

CHANGE IN ADDRESS

This form can be used to notify the Department of a change in
address of the owners of record for the listed water rights.

(Please print or type)

[] Water Right Number(s): 63-16414

[] Name(s): McKay Properties LP

[] Old Mailing Address: 6100 S. Eagle Rd
Meridian ID
83642

[] New Mailing Address: 3738 S. Basilica Way
Meridian, ID
83642

Telephone Number: (208) 362 - 7667

[] Signature(s) of Owner(s) *Jonathan J. Henshelter*
General Partner

(Include your title if on behalf of company or organization)

Date: June 14, 2007

Send to:

IDWR Northern Region
7600 Mineral Dr., Suite 100
Coeur d'Alene, ID 83815
(208) 762-2800

IDWR Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, ID 83402-1718
(208) 525-7161

IDWR Western Region
2735 Airport Way
Boise, ID 83705-5082
(208) 334-2190

IDWR Southern Region
1341 Fillmore St., Suite 200
Twin Falls, ID 83301-3380
(208) 736-3033

RECEIVED

JUN 15 2007

WATER RESOURCES
WESTERN REGION

✓
SP
6-15-07

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 63-32649

NAME AND ADDRESS: MC KAY PROPERTIES LP
6100 S EAGLE RD
MERIDIAN ID 83642

SOURCE: GROUND WATER

TRIBUTARY:

QUANTITY: 1.890 CFS
481.500 AFY

USE OF THIS RIGHT WITH RIGHT NO. 63-16414 IS LIMITED TO A TOTAL
COMBINED DIVERSION RATE OF 2.14 CFS.

PRIORITY DATE: 04/14/1987

POINT OF DIVERSION:

T03N R01E S32 NESE Within ADA County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	03/15 11/15	1.890 CFS 481.50 AFY
The use of water for irrigation under this right may begin as early as March 1, provided other elements of the right are not exceeded. The use of water before March 1 under this remark is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than the date a partial decree is entered for this right.		

PLACE OF USE: IRRIGATION in ADA County

T03N R01E S32	SESW	33.30	T03N R01E S32	NESW	4.70
T03N R01E S32	NESE	35.00	T03N R01E S32	NWSE	34.00

107 ACRES TOTAL

USE OF THIS RIGHT WITH RIGHT NO. 63-16414 IS LIMITED TO THE
IRRIGATION OF A COMBINED TOTAL OF 107 ACRES IN A SINGLE
IRRIGATION SEASON.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

Use of this right is combined with water from Boise-Kuna Irrigation District.

This right is a split from former right 63-10416 .

Use of this right is combined with water from Nampa Meridian Irrigation District.

**IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS**

In Re SRBA	)	Water Rights: 63-10416 (Split)
	)	63-32649, 63-32650
Case No. 39576	)	NOTICE OF COMPLETED
	)	ADMINISTRATIVE
_____	)	PROCEEDING

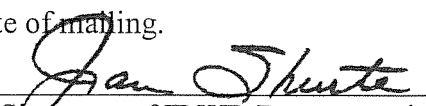
IDWR has completed the following administrative proceeding:

- ☐ Address change
- XX Substitution of Party
- ☐ IC § 42-222 transfer
 - ☐ Point of diversion ☐ Place of use
 - ☐ Period of use ☐ Nature of use
 - ☐ Split of water right ☐ Change in ownership
 - ☐ Other
- ☐ IC § 42-219 license

IDWR certifies that it has completed its investigation into the changes to the elements of the water rights listed above as set forth in the attached *Amended Director's Report(s)* for said water right(s). No other changes have been made to the elements of these water rights except as set forth above.

IDWR has served copies of the *Notice of Completed Administrative Proceeding* and *Amended Director's Report(s)* on the claimant(s), prior claimant(s) and all parties in the subcases affected, if any, as reflected on the attached certificate of mailing.

DATED: May 4, 2007



Signature of IDWR Representative

CERTIFICATE OF MAILING

I certify that on May 4, 2007, I delivered the original and copies of this form, including all attachments, to the following persons, postage prepaid if required and addressed as follows:

1. Original to:

Clerk of the District Court	☐ overnight mail
Snake River Basin Adjudication	☒ regular mail
P.O. Box 2707	☐ hand-delivered
Twin Falls, ID 83303-2707	☐ facsimile

2. Copies to:

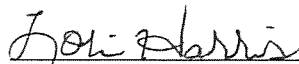
Clive Strong	☐ overnight mail
Off ice of the Attorney General	☒ regular mail
P.O. Box 44449	☐ hand-delivered
Boise, ID 83711-4449	☐ facsimile

United States Dept of Justice	☐ overnight mail
Environment & Natural Resource Div	☒ regular mail
550 West Fort Street MSC 033	☐ hand-delivered
Boise ID 83724	☐ facsimile

3. Copies to all parties to the subcase:

Mc Kay Properties LP	☐ overnight mail
6100 S Eagle Rd	☒ regular mail
Meridian ID 83642	☐ hand-delivered
	☐ facsimile

D J Mc Kay	☐ overnight mail
5875 S Eagle Rd	☒ regular mail
Meridian ID 83642	☐ hand-delivered
	☐ facsimile



Signature of person mailing this document



State of Idaho

DEPARTMENT OF WATER RESOURCES

2735 Airport Way • Boise, Idaho 83705-5082

Phone: (208) 334-2190 • Fax: (208) 334-2348 • Web Site: www.idwr.idaho.gov

WESTERN REGION

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Interim Director

May 4, 2007

MC KAY PROPERTIES LP
6100 S EAGLE RD
MERIDIAN ID 83642

Re: Original Water Right No. 63-10416

Renumbered to Water Right Nos. 63-32649

Dear Sir or Madam:

We have received and processed a Change of Ownership for a portion of the original Claim to a Water Right Number as referenced above. This change of ownership resulted in a split of the original claim.

When a portion of the original water right has been conveyed to another and the original right has been split, then the original right number is renumbered to represent each split. Each split contains only the portion of the original right for each separate owner. The above referenced new water right number reflects your remaining portion of the original right after the change of ownership. Enclosed is a copy of this new water right for your records. Please refer to your new number when corresponding with our office. Also enclosed is a copy of the Notice of Completed Administrative Proceedings, which has been sent to the SRBA Court as notification of this change.

If you have any questions concerning this ownership change, or the enclosed copy, please feel free to contact this office.

Sincerely,

Lori Harris
Technical Records Specialist 2
Adjudication Section
Western Region Office

LH:1
Enclosures

cc: Roxanne Brown-SPF Water Engineering LLC



SPF

Water Engineering, LLC
water resource consultants

383-4140

January 31, 2007

IDWR Western Region
2735 Airport Way
Boise, ID 83705

Subject: Notice of Change in Water Right Ownership
Water Right/Subcase No(s) 63-10416, 63-16414

Dear Western,

Enclosed on behalf of McKay Properties LP, is a *Notice of Change in Water Right Ownership* document. There is no fee for these changes.

McKay Properties LP sold approximately 153.0 acres to Blackrock LLC, retaining all of water right 63-16414 and 94.7% of water right 63-10416. The transaction is supported by the enclosed copies of both the *Special Warranty Deed* excluding the water rights from the land sale, and the *Entitlement to Water Quit Claim Deed* conveying the water rights separately. The *Reformation and Restatement of Limited Partnership Agreement of McKay Properties, LP* supports Darwin McKay's authority to sign the ownership change document.

Please let me know if there are any questions concerning this change.

Sincerely,

Roxanne Brown
Water Rights Specialist

Cc: Darwin McKay

Enclosures

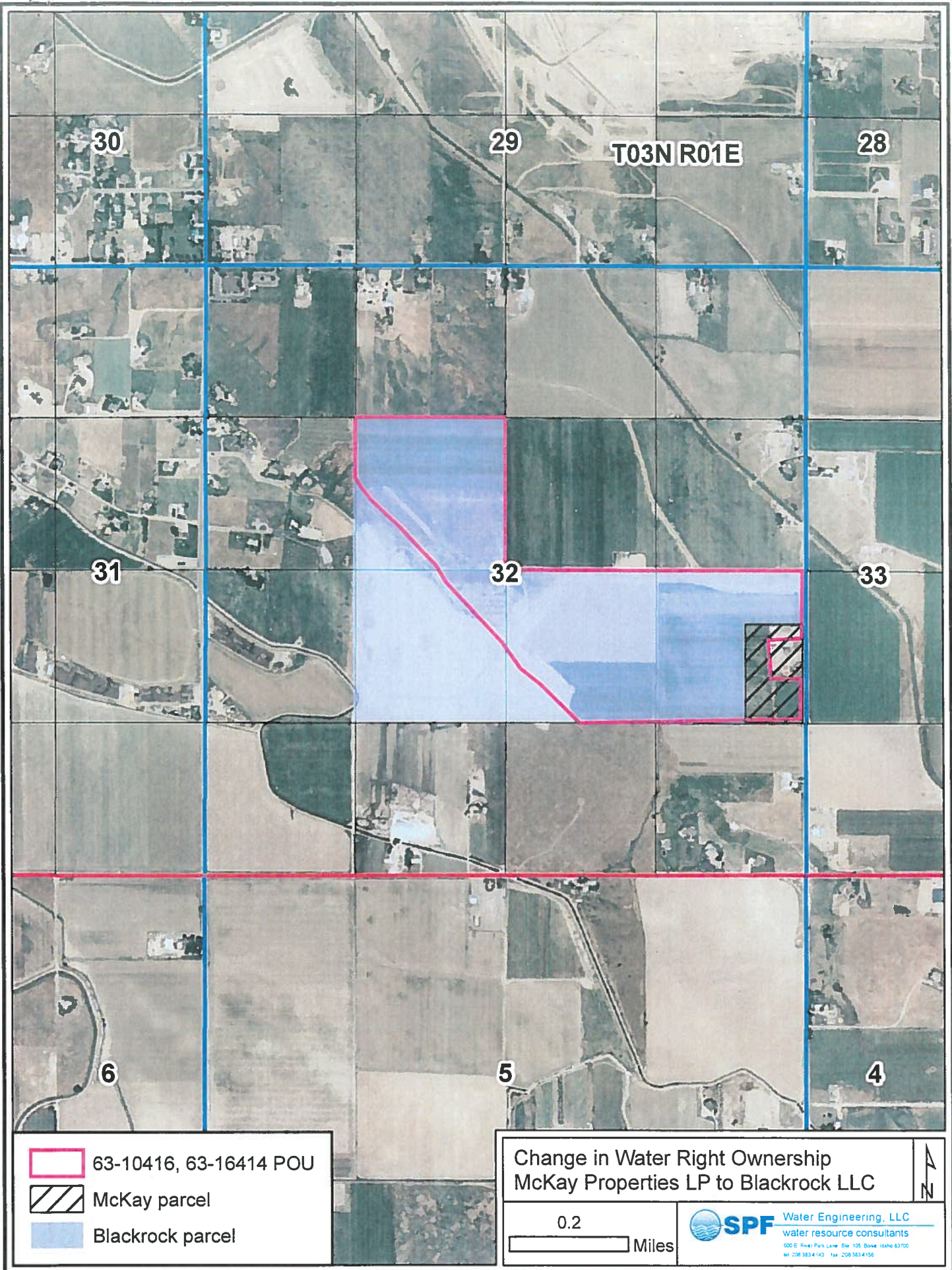
Special Warranty Deed
Entitlement to Water Quit Claim Deed
Limited Partnership Agreement, McKay Properties LP

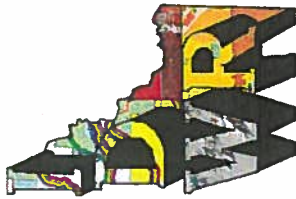
SPF file number: 388.0010

RECEIVED

FEB 01 2007

WATER RESOURCES
WESTERN REGION





Idaho Department of Water Resources

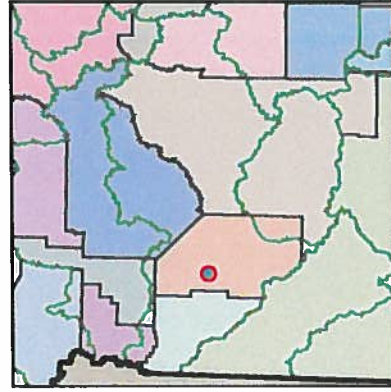
SRBA Recommendation:

63-32649

(Irrigation)

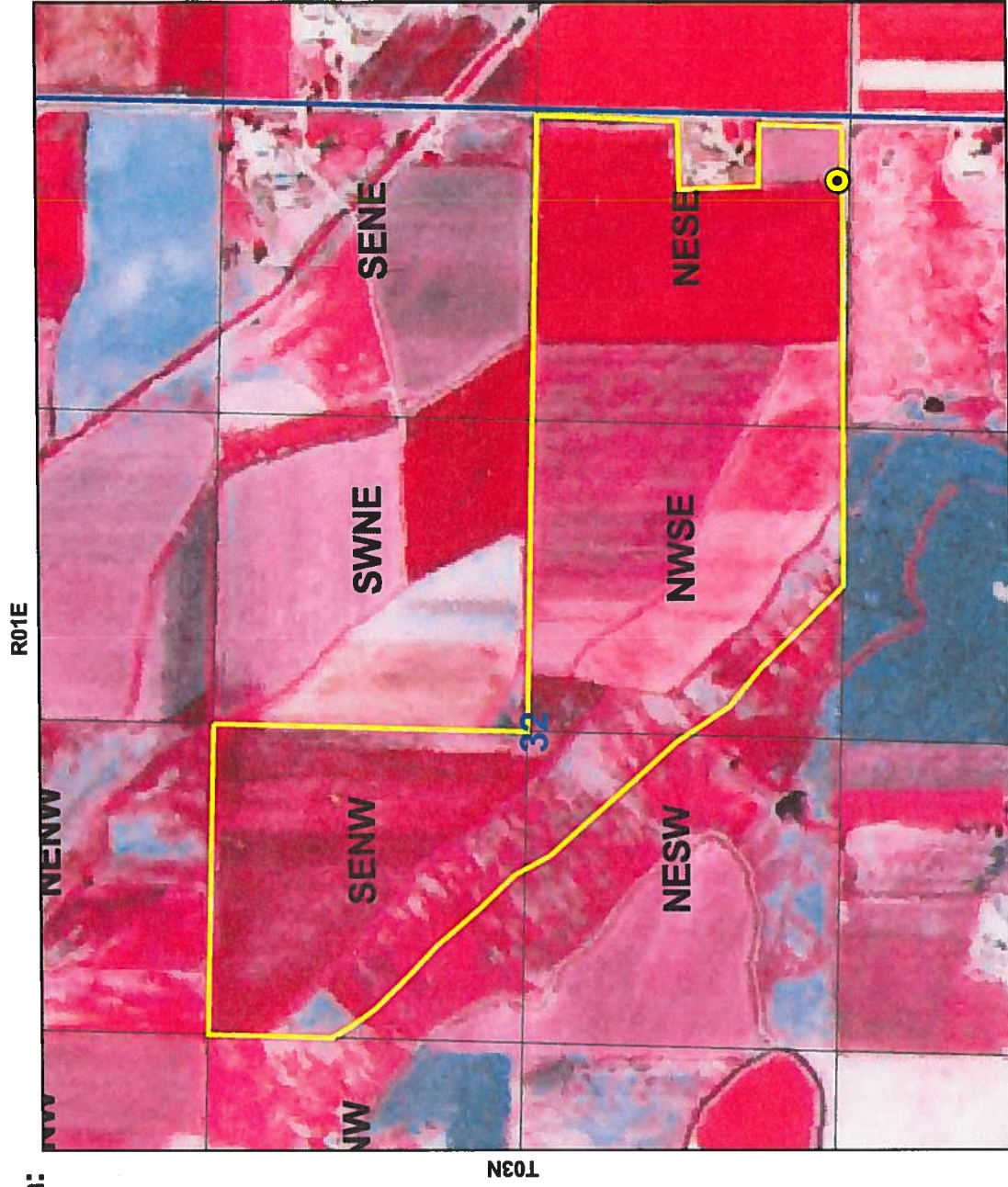
Legend

- Point of Diversion
- Place of Use
- Townships
- PLS Sections
- Quarter Quarters



Ada County
IDWR Basin 63

Prepared by K. Walker
On Tuesday, May 22, 2007
1987/88 Aerial Photography



0.6 Miles

0.3

0



Idaho Department of Water Resources

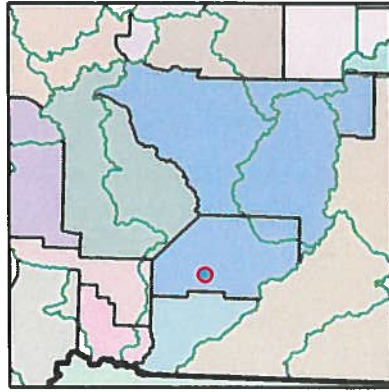
SRBA Recommendation:

63-32649

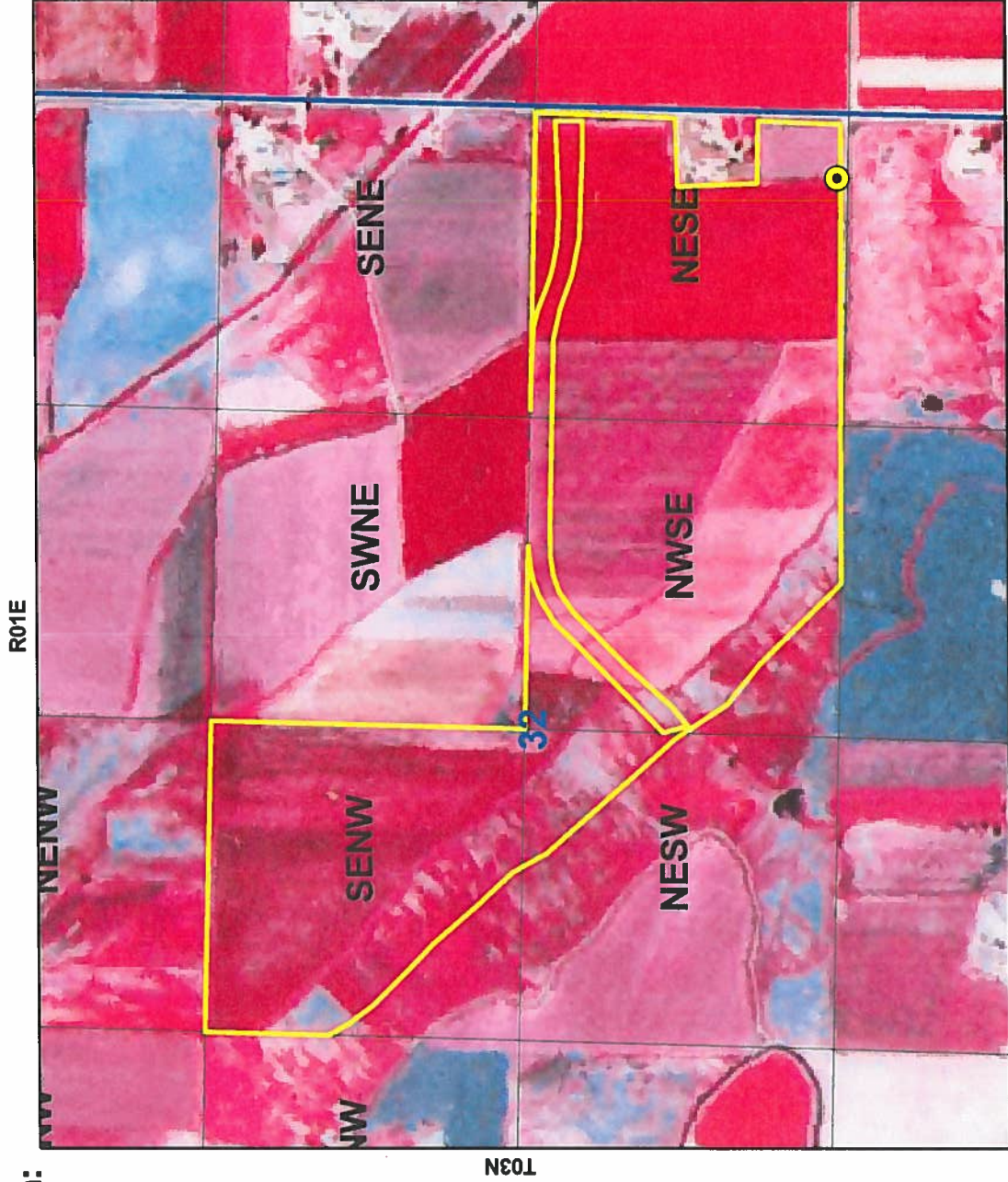
(Irrigation)

Legend

-  Point of Diversion
-  Place of Use
-  Townships
-  PLS Sections
-  Quarter Quarters



Ada County
IDWR Basin 63



0 0.3 0.6 Miles

Prepared by S. Egbert
On Wednesday, September 26, 2007
1987/88 Aerial Photography



SPECIAL WARRANTY DEED FOR WATER RIGHT

FOR VALUE RECEIVED, D J Mc Kay, ("Grantor"), whose address is 5875 South Eagle Road, Meridian, ID 83642 does hereby grant, bargain, sell, convey and assign unto Blackrock, LLC, an Idaho limited liability company ("Grantee"), whose address is c/o Doug McMaster, Masco, Inc., 5450 West Gowen Road, Boise, ID 83709, the following described portion of Water Right No. 63-16414 (Hereinafter this portion is referred to as the "Water Right"):

Quantity: 0.12 cubic feet per second

Acres: 6.0 acres (irrigation of 3.0 acres in the NWSE and 3.0 acres in the NESE, T3N, R1E, S32, Ada County, Idaho.

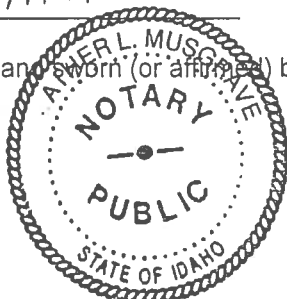
TO HAVE AND TO HOLD, the above-described portion of Water Right No. 63-16414 unto the Grantee and to the successors and assigns of Grantee forever. And the said Grantor does hereby represent, warrant and covenant to and with the said Grantee, that it is the owner in fee simple of the Water Right, that the Water Right is free from all encumbrances, that the Water Right has been diverted and beneficially used (or that the nonuse thereof is legally excused) so as to avoid partial or complete forfeiture or abandonment, and that the Water Right was the sole source of water used on the land to which it was appurtenant.

IN WITNESS WHEREOF, the Grantor has executed this Deed this 1st day of August, 2007.

Doreen L Hambleton
Grantor

State of Idaho)
County of ADA) SS.

Subscribed and sworn (or affirmed) before me this 1st of August, 2007.



Doreen L Musgrave
Notary Public
Residing at Meridian, Idaho
My commission Expires April 17, 2013



SPECIAL WARRANTY DEED FOR WATER RIGHT

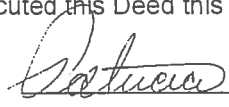
FOR VALUE RECEIVED, D J Mc Kay, ("Grantor"), whose address is 5875 South Eagle Road, Meridian, ID 83642 does hereby grant, bargain, sell, convey and assign unto Blackrock, LLC, an Idaho limited liability company ("Grantee"), whose address is c/o Doug McMaster, Masco, Inc., 5450 West Gowen Road, Boise, ID 83709, the following described portion of Water Right No. 63-10416 (Hereinafter this portion is referred to as the "Water Right"):

Quantity: 0.11 cubic feet per second, 27.0 acre feet per year

Acres: 6.0 acres (irrigation of 3.0 acres in the NWSE and 3.0 acres in the NESE, T3N, R1E, S32, Ada County, Idaho.

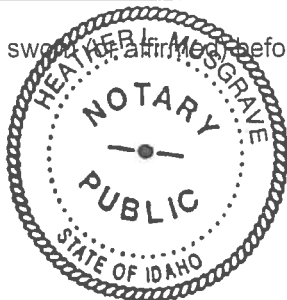
TO HAVE AND TO HOLD, the above-described portion of Water Right No. 63-10416 unto the Grantee and to the successors and assigns of Grantee forever. And the said Grantor does hereby represent, warrant and covenant to and with the said Grantee, that it is the owner in fee simple of the Water Right, that the Water Right is free from all encumbrances, that the Water Right has been diverted and beneficially used (or that the nonuse thereof is legally excused) so as to avoid partial or complete forfeiture or abandonment, and that the Water Right was the sole source of water used on the land to which it was appurtenant.

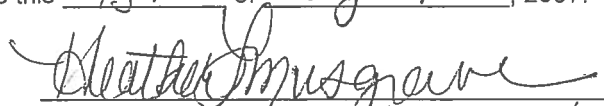
IN WITNESS WHEREOF, the Grantor has executed this Deed this 1 day of August, 2007.


Grantor

State of Idaho)
County of ADA) SS.

Subscribed and sworn to before me this 1st of August, 2007.




Residing at Meridian, Idaho
My commission Expires April 17, 2013