Form 42-24-24-24-24-2(4) Re 1/1)

OCT 19 2020

## STATE OF IDAHO DEPARTMENT OF WATER RESOURCES



DEPT OF WATER RESOURCES SOUTHERN REGION

#### DEPARTMENT OF WATER RESOURCES

### Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, see #6 of the instructions.

	I Water Right/f Jaim No.   Shlif?		Leased to Water Supply Bank?	Woter Dight/Claim No 1		Leased to Water Supply Bank?			
	37-20900	Yes 🗀	Yes 🛮		Yes □	Yes 🗆			
		Yes 🗌	Yes □		Yes 🗌	Yes 🗌			
		Yes 🗌	Yes 🗆		Yes 🔲	Yes 🗆			
		Yes 🗌	Yes □		Yes 🗌	Yes 🗆			
		Yes 🗌	Yes 🗆		Yes 🗌	Yes 🗌			
2.	Previous Owner's Name:		e of current water right holder/claimant						
3.	New Owner(s)/Claimant(s):	0 1/11 11/1 0 0 11/1 1							
	P.O. Box 2410		Sun \			83353			
	Mailing address		City		State	ZIP			
	(208)622-9507		pat@	svwsd.com					
	Telephone		Email						
4.	☐ The water rights or cla	ims were div ims were div	ided as specifically identi- ided proportionately base	fied in a deed, contract, or of d on the portion of their plac					
5.	Date you acquired the water	rights and/or	claims listed above: Jun	e 8, 2020					
6.	If the water right is leased to Supply Bank leases associate completed <u>IRS Form W-9</u> for rights with multiple owners year following an acknowled	ed with the var payment to must specify	water right. Payment of re be issued to an owner. A a designated lessor, using	evenue generated from any r new owner for a water right g a completed Lessor Design	ental of a lea under lease s nation form.	sed water right requires a shall supply a W-9. Water Beginning in the calendar			
7.	This form must be signed and submitted with the following <b>REQUIRED</b> items:								
8.	Signature:	-	Gen	eral Manager		9/3/2020			
	Signature of new	owner/claima		if applicable		Date			
	Signature: Signature of new	owner/claima	nnt Title,	if applicable		Date			
For	IDWR Office Use Only:  Receipted by  Active in the Water Supply Bank	Date c? Yes □ No	A Poceip	t No. Sold 12 O		ipt Amt. <u>#25@</u> -9 received? Yes \( \bar{\text{No}} \)			

#### DECLARATION AND ACKNOWLEDGEMENT OF GIFT

#### **DECLARATION OF GIFT**

SAGEWILLOW, LLC, a Nevada limited liability company ("Donor"), the owner of that certain Water Right, which is more particularly described below, does hereby make a gift of all of Donor's right title and interest in the Water Right to the Sun Valley Water and Sewer District, an Idaho municipal corporation ("Donee"). The Water Right is described as follows:

Idaho Water Right 37-20900.

Said gift is subject to Donee's acceptance of and agreement to the following terms and conditions:

- 1. <u>Representations and Warranties</u>. Donor hereby makes the following representations and warranties, each of which individual representation and warranty (i) is material and being relied upon by Donee in accepting this gift, and (ii) is true in all respects as of the date hereof and shall be true in all respects on the closing date:
- 1.1. The execution of this Declaration and delivery by Donor to Donee, Donor's performance hereof and the transactions contemplated hereby have been duly authorized by all requisite action on the part of Donor.
- 1.2. Donor is the sole owner of the entire right, title and interest in and to the Water Right.
- 1.3. The Water Right is free and clear of all liens and encumbrances, subject to the Water Right having been assigned to the Idaho Water Supply Bank.
- 1.4. Donor is not involved in or aware of any pending or threatened litigation which does or will affect the Water Right, nor are there any actions or proceedings pending or threatened against Donor before any court or administrative agency in any way connected with the Water Right.
- 2. <u>Market Value of Property</u>. The Property has been appraised by WestWater Research, LLC, dated June 1, 2020, a copy of which Appraisal is attached hereto as Exhibit A. Donor and Donee shall file all required federal, state and local gift and other tax returns and documents based on the terms contained herein and consistent with the Appraisal of the Property.
- 3. <u>Disclaimer</u>. Donor makes no warranties, express or implied, to Donee beyond those expressly provided in this Declaration. Donor makes no representations of any material fact concerning the Water Right beyond those expressly provided in this Declaration. Donee is familiar with water rights in general, is familiar with this Water Right, has had an adequate opportunity to investigate said Water Right, has made a thorough independent investigation of said Water Right and is relying solely upon its examination and inspection thereof; and, Donee accepts the Water Right "as is".

#### 4. Closing.

- 4.1. The closing of the gift pursuant to this Declaration shall be on or before June 30, 2020. An executed copy of this Declaration shall serve as escrow instructions.
- 4.2 At closing, Donor and Donee shall have prepared, signed and delivered to the appropriate party this Declaration and Acknowledgement of Gift, the water transfer documents prescribed by the Department of Water Resources, IRS Form 8283, the IRS letter documenting the charitable contribution and any other documents or instruments necessary to complete this gift transaction.
- 4.2. Donee, at Donee's sole cost, shall file all transfer documents with the Idaho Department of Water Resources in order to complete the transfer of the Water Right from Donor to Donee.
- 4.3 Donor and Donee shall pay for their own attorney's fees incurred in this transaction.
- 5. <u>Exhibits</u>. All exhibits attached to this Declaration are hereby incorporated into this Declaration by reference.
- 6. <u>Applicable Law</u>. This Declaration is being executed and delivered within the State of Idaho and shall be construed and enforced in all respects in accordance with the laws of the State of Idaho.

It is Donor's intention in the execution of this Declaration of Gift that the above described gift shall be effective on the closing date. Donor does hereby confirm and acknowledge that Donor is making this gift for charitable reasons and without any consideration.

IN WITNESS WHEREOF, this Declaration of Gift is executed as of this day of day of 2020.

SAGEWILLOW, LLC.

Its: Manager

#### ACKNOWLEDGEMENT OF GIFT

Sun Valley Water and Sewer District, being the Donee named in this Declaration of Gift, does hereby acknowledge that it has received a copy of the Declaration; its performance hereof and the transactions contemplated hereby have been duly authorized by all requisite action on the part of the Donee; it accepts and agrees to the terms and conditions contained in the Declaration; and it has accepted and received the gift of the Water Right set forth therein subject to such terms and conditions contained in said Declaration of Gift.

IN WITNESS WHEREOF, this Acknowledgement of Gift is executed this 2 day of Geptents 2020.

SUN VALLEY WATER AND SEWER DISTRICT

By:

CHAIRM NO OF BOARD

	*	

# Letter Opinion of Value for Idaho Water Right 37-20900

### **Prepared for**

The Edmund Dumke Estate
C/O James P. Speck
SPECK & AANESTAD
120 East Avenue North
P.O. Box 987
Ketchum, ID 83340

Ву

WestWater Research LLC 805 W. Idaho Street, Suite 310 Boise, ID 83702



April 10, 2020

#### **Background & Purpose**

Speck & Aanestad PC is assisting the Dumke Family in the Probate of the Estate of Edmund Dumke. The Estate is the owner of Sagewillow LLC, a Nevada LLC which is the current owner of Idaho Water Right 37-20900 (subject right). Speck & Aanestad contracted WestWater Research LLC to provide a Limited Scope Letter Opinion of Value for the subject right. This Letter Opinion of Value is intended to be used by Speck & Aanestad PC and the Estate of Edmund Dumke only for estimating the permanent sale value of the subject right for tax purposes in the probate of Mr. Dumke. This analysis is limited in scope and makes several extraordinary assumptions in determining the stated opinion of value. The assumptions made are as follows:

- The Subject Right is Valid & Transferable This analysis did not conduct any due diligence for the subject right and relies upon the characteristics of the rights as stated in the Idaho Department of Water Resources' (IDWR) Water Right Report for water right 37-20900 (See **Appendix A**). It is assumed that the subject right is fully valid as stated on the Water Right Report, is without any defects or encumbrances and that the full volume of 66.5 acre feet per year is available for transfer.
- The Subject Right's Marketable Area is the Elkhorn Gulch Area A comprehensive market analysis was not undertaken for this Letter Opinion of Value. It is assumed that the subject right is fully transferable within the Elkhorn Gulch area. Transferability outside of the Elkhorn Gulch area is unknown due to unresolved questions as to the hydrologic connectivity of the Elkhorn Gulch area to the Wood River Valley. Previous attempted transfers of the subject right out of the area were challenged by the Idaho Department of Water Resources and subsequently withdrawn. For the purposes of this letter, it is assumed that the subject right cannot be transferred out of the Elkhorn Gulch area.

These assumptions were made in lieu of a formal and detailed analysis of the subject right and if violated may have significant impacts on the opinion of value stated below.

#### **Subject Right**

The characteristics of the subject right are listed in **Table 1**; the full Water Right Report from IDWR can be found in **Appendix A** along with a map of the location of the subject right in **Appendix B**. The subject right is located in the Elkhorn Village area of the City of Sun Valley, immediately east of the City of Ketchum in Baine County, Idaho. It is a groundwater right with a rate of 0.2 cfs, providing for the irrigation of 19 acres with a total annual volume of 66.5 AFA. The right authorizes irrigation from the middle of March through the middle of November, with no winter supplies.

Table 1: Summary for Water Right 37-20900

Table 1. Summary for Water Right 37-20900						
Water Right Number:	37-20900					
Owner Name:	Sagewillow LLC					
Source:	Ground Water					
Uses:	Irrigation					
Periods of Use:	March 15th - November 15th					
Rate (cfs):	0.2					
Volume (AF)	66.5					
Priority Date:	Janurary 6th, 1975					
Point of Diversion:	(43.6794, -114.3230)					
Place of Use:	19 acres within Township:04N, Range:18E, Section:16, Quarter:NW, Sixteenth:SW					
Additional Information:	Is a split from former right 37-7416B. Currently in Water Supply Bank.					

The subject right was recently part of three proposed transfer applications.<sup>1</sup> The transfers would have resulted in the subject right being split and sold to users along the Big Wood River. The transfer applications were protested by both the Idaho Water Resources Board (IWRB) and the South Valley Ground Water District. Both parties claimed that the transfers would detrimentally impact rights they own or represent. The IWRB noted in its protest that it is not clear that the source aquifer for the subject rights is connected to the alluvial aquifer along the Big Wood River, thus creating the possibility for injury if the transfer were to be approved. The transfer applications were subsequently withdrawn in late 2019. Conversely, the subject rights have been leased to the Idaho Water Supply Bank (WSB) since at least 2012, with many rentals of the subject right occurring to points of diversion and places of use outside of the Elkhorn Gulch area.

#### **Big Wood River Groundwater**

As with the entirety of the Snake River Basin above the border with Oregon, the Big Wood River Basin is closed to new water appropriations.<sup>2</sup> The Big Wood River has a number of senior surface water users throughout the basin, with a large volume of water being diverted by senior irrigators far downstream near Gooding. Throughout the basin, junior groundwater users also pump water for irrigation. Growth in the Upper Wood River Valley has spurred an increase in demand for water rights in that area for high valued domestic uses. In order to avoid increasing overall water use, these new users must acquire senior water rights and transfer them to their new point of diversion and use.

#### Elkhorn Gulch Area

Hydrologically, the subject right is located within the Elkhorn Gulch drainage. The drainage is small, comprising only around 13 square miles. It is home to the Elkhorn Village area and the base of the Elkhorn Lift at the Sun Valley Ski Area. The area is mostly high value residential with a number of multi-family buildings near the Ski Lift base area as well as a golf course. Most of the land in the area that is developable appears to have been developed. The hydrology of the area is not clear. USGS modeling efforts show only low

https://idwr.idaho.gov/files/legal/orders/1992/19920515-Original-ESRP.pdf, https://idwr.idaho.gov/files/legal/orders/1993/19930106-Snake-Amendment.pdf



<sup>&</sup>lt;sup>1</sup> Transfer Numbers 83053, 83058, 83132

volumes of groundwater infiltration from Elkhorn Gulch into the wider Big Wood alluvial aquifer. However, satellite imagery clearly shows water from the Elkhorn Gulch drainage flowing through the lower gulch area into a series of ponds and eventually emptying into the Big Wood River near the Hwy 75 Bridge. As such it is not clear if the subject right's aquifer is hydrologically connected to the Big Wood River. The recent IWRB protests resulted in the owner of the subject right withdrawing the three transfer applications and suspending the sale of the subject right outside of the Elkhorn Gulch area. As stated, this valuation assumes the transferable region for the subject right is limited to only the Elkhorn Gulch area.

There are 55 water right points of diversion within the Elkhorn Gulch area. WestWater reviewed the publicly available documentation for each water right. Aside from the subject right, the only other rights that have been transacted separate from land are a number of rights owned by The Community School. The subject right and the Community School rights have been leased in various years to the Idaho Water Supply Bank (WSB). Renters of the subject right and the Community School rights include a HOA north of Ketchum, a homeowner near Gimlet, both of which leased the water in order to expand landscaping irrigation on their properties.

#### Rohe Decision

The transferability of water rights in the Wood River Basin outside of the Elkhorn Gulch area is affected by a 2010 IDWR decision limiting the ability to move water rights upstream. The ruling concluded that surface water rights transferred upstream must be subordinated to a minimum streamflow right held by the IWRB. The "Rohe Decision" protects the minimum stream flow water rights 37-7919 and 37-8307 in the reach of the Big Wood River from Warm Springs Creek downstream approximately 18 miles. Under the ruling, senior surface water rights that have are transferred upstream are subject to curtailment 3 days after flows at the Hailey gauge drop below 189 cfs. Effectively, water rights in upstream areas near Ketchum have the ability to be transferred to a wide area downstream. If a new user is on a tributary of the Wood River, they are effectively limited to water rights on the same tributary. Of note is that the application of the Rohe Decision to WSB leases appears to be less stringent, with a number of leases approved within the Ketchum area that saw temporary transfers of rights upstream in the Wood River Valley.

The Rohe Decision affects the potential marketability of downstream senior water rights to upstream residential and commercial developments. Limitations imposed on upstream transfers have a positive influence on the value of water rights in upstream areas where options for new or expanded water use are limited.

#### **Comparable Sales Analysis**

Sales of similar water rights can represent the most effective method in valuing water rights. To track water right markets, WestWater maintains a database of water right sales and leases throughout Idaho and the western United States. The database currently contains information on approximately 20,000 permanent water right transactions occurring from 1995 to the present. Idaho experiences relatively few water right transactions separate from land. The majority of transactions occur in the Eastern Snake Plain area, with few larger sales in the Wood River area. WestWater utilized available comparable sales and completed a cursory review of recent IDWR transfer applications and WSB contracts in the Wood River Valley.

A number of WSB leases were identified. For most of the identified transactions, including a number of transactions involving the subject right and rights owned by the Community School, the lessor and lessee approached the WSB separately, with the WSB acting as a clearinghouse with prices administratively set at \$20/AF/Yr. Because these prices were administratively set, they are not considered an indication of market value.

#### Ketchum Market

A number of leases were identified in the Ketchum area that were negotiated between parties and are shown in **Table 2**. The most recent lease rates vary from . These prices are high and are indicative of the unique supply and demand conditions in the Ketchum area. As stated, due to the Rohe decision water rights cannot be moved upriver, so any demand for water rights must be fulfilled by water rights already in the Ketchum area. Demand in the Ketchum area is driven by irrigation of large landscaped areas around high value real estate. Some of the lessees were driven into the lease market after being notified by the IDWR that they were illegally irrigating and would need to lease or acquire water rights to continue irrigating.

Table 2: Identified Ketchum Lease Transactions (2010-2020)3

Sale #	Grantor	Grantee	Year	Water Type	Trans. Location	Acres	AF	\$/AF /Yr
L1	Irrigator	Homeowners	2018- 2020	GW	NW Ketchum	22.4	29.13	
L2	HOA	Homeowner	2019	GW	NW Ketchum	1	3	
L3	Homeowner	Homeowner	2016	GW	W of Ketchum	1	3.5	
L4	Homeowner	Homeowner	2016	GW	N of Ketchum	0.8	2.4	

The sales and leases in the Ketchum area outside of the Elkhorn Gulch area are not considered to be directly comparable to the subject right due to differences in market conditions. Water rights in the Ketchum area are tributary to the Big Wood River. The Elkhorn Gulch area is not considered to be tributary to the Wood River as currently interpreted by IDWR and as such the subject right cannot be sold into the Ketchum market. As well, the Ketchum market is characterized by a high demand for water rights. A review of all water rights in the Elkhorn Gulch area shows no market activity, indicating a low demand for water rights. Finally, many of the Ketchum area leases were in response to a notice of violation from the IDWR; distressed sales are not typically considered accurate indications of market value.

#### Permanent Sales

In order to value the subject rights, permanent sales in low demand areas similar to the Elkhorn Gulch area were identified. As stated, the Rohe Decision separates the Wood River Valley into an upper section with high demand but low supply of water rights and a lower section with low demand. As such, while the Elkhorn Gulch area is geographically closer to the upper section of the Wood River Valley, the assumed lack of

<sup>&</sup>lt;sup>3</sup> All monetary values have been adjusted to 2019 dollars using the US National CPI as recommended by the Idaho Department of Labor.



hydrologic connectivity makes any spatial relationship irrelevant. Instead, the low demand in the Elkhorn Gulch area makes it most similar to the lower section of the Wood River Valley.

Table 3: Identified Permanent Sale Transactions (2010-2020)4

Sale #	Grantor	Grantee	Year	Water Type	Trans. Location	Acres	AF	\$/AF
P1	Broker	Industrial	2019	GW	SW of Bellevue	1	3.5	
P2	Homeowner	Broker	2019	GW	SW of Bellevue	1	3.5	
P3	Irrigator	Homeowner	2011	GW to SW	SW of Bellevue to N of Hailey	2	7	

**Table 3** summarizes the three permanent sale transactions within the region that are considered to be comparable to the subject right. The oldest sale was in 2011 and was a purchase from an irrigator in the Bellevue area to a homeowner north of Hailey. This transfer is unique in that it was an upstream transfer that was first agreed before the Rohe Decision but was approved after the Decision and was thus subject to the stipulations of the Decision. This transfer is given less weight as the sale occurred prior to the Rohe Decision and does not reflect current regulatory conditions. The two most recent transactions occurred SW of Bellevue from a homeowner to an industrial user via a broker. The two sales were for 3.5 AF of water rights at an average of \$3,500/AF.

The two 2019 sales are considered to be the most relevant to the subject right. They both occurred in an area with a low demand for water rights most similar to the Elkhorn Gulch area. They are also both groundwater rights, which tend to be more transferable due both to groundwater right's increased flexibility in the point of diversion and on-demand supply.<sup>5</sup> One way in which the rights transacted in the 2019 sales differ from the subject right is in their size.

<sup>&</sup>lt;sup>5</sup> Groundwater rights allow users much more flexibility in where they want to drill the well. As well, unlike many surface water sources which require calling a ditch rider to have your water turned on and off often at least a day in advance, groundwater assets can be utilized immediately with the flip of a switch.



<sup>&</sup>lt;sup>4</sup> All monetary values have been adjusted to 2019 dollars using the US National CPI as recommended by the Idaho Department of Labor.

#### **Opinion of Value**

This analysis provides a limited scope Letter Opinion of Value for Idaho water right 37-20900. The water right is located in the Elkhorn Gulch area of Sun Valley and provides 66.5 AF/year for the irrigation of 19 acres. The following provides a summary of the key points of this analysis:

- **Assumptions** Due to the limited scope of this analysis, several extraordinary assumptions were made: that the water right was fully valid and available for transfer, and that the water right was transferable only within the Elkhorn Gulch area.
- Rohe Decision The Rohe Decision limited upstream transfers of water rights, effectively stratifying the Wood River Valley into an upper valley with a high demand for water rights, but low supply and a lower valley with low demand, but high supply.
- Elkhorn Gulch Water Right Demand The Elkhorn Gulch area was determined to have a low demand for water rights, with no market sales identified in the public paperwork for the 55 water rights in the Elkhorn Gulch area. Although geographically close to the Ketchum area with an active and high priced water rights market, the lack of market demand for water rights in the Elkhorn Gulch area is most similar to the lower Wood River Valley.
- Comparable Sales A number of water right transactions were identified throughout the Wood River Valley. The most applicable of these transactions were in areas with low demand for water rights similar to the Elkhorn Gulch area. The sales most applicable to the subject right were two transactions that occurred in the Bellevue area in 2019 with an average value of

Based upon the above key points, WestWater submits the following Letter Opinion of Value to Speck & Aanestad PC and the Estate of Edmund Dumke for the purposes of estimating the permanent sale value of the subject right for tax purposes in the probate of Mr. Dumke.

Opinion of Value:

Respectfully Submitted,

sl Grant Zimmerman

Grant Zimmerman Research Associate/Water Economist West Water Research, LLC April 10, 2020



Confidential and Privileged Information

RECEIVED
SEP 0 3 2020

DEPT OF WATER RESOURCES SOUTHERN REGION

# Appendix A: IDWR 37-20900 Water Right Report





Home / Water Rights / Research / Search Water Rights

#### WATER RIGHT REPORT

3/29/2020 IDAHO DEPARTMENT OF WATER RESOURCES Water Right Report WATER RIGHT NO. 37-20900

Owner Type Name and Address Current Owner SAGEWILLOW LLC PO BOX 569

SUN VALLEY, ID 83353-0569

2087200343

Attorney

JAMES P SPECK SPECK & AANESTAD PC

PO BOX 987

KETCHUM, ID 83340-0998

2087264421

Priority Date: 01/06/1975

Basis: Decreed Status: Active

Water Supply Bank Status: Active

Source <u>Tributary</u> GROUND WATER

Beneficial Use From To Diversion Rate Volume IRRIGATION 03/15 11/15 0.2 CFS 66.5 AFA Total Diversion 0.2 CFS 66.5 AFA

Location of Point(s) of Diversion:

GROUND WATER NWSW Sec. 16 Township 04N Range 18E BLAINE County

Place(s) of use:

Place of Use Legal Description: IRRIGATION BLAINE County

Township Range Section Lot Tract | Acres Lot Tra 18E | 16 04N SWNW 19

Total Acres: 19 Conditions of Approval:

- 1. P21 THIS RIGHT IS A SPLIT FROM FORMER RIGHT 37-7416B.
- 2. C18 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.

Dates:

Licensed Date:

Decreed Date: 09/24/2010 Enlargement Use Priority Date: Enlargement Statute Priority Date:

Water Supply Bank Enrollment Date Accepted:

Water Supply Bank Enrollment Date Removed:

Application Received Date: Protest Deadline Date:

Number of Protests: 0

Other Information: State or Federal: S

Owner Name Connector: OR Water District Number: TBD Generic Max Rate per Acre: Generic Max Volume per Acre:

CivIl Case Number:



Old Case Number:

Decree Plantiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Water Supply Bank:

Lessor Name(s): SAGEWILLOW LLC

Lease Status: Active Lease Amount: All

Rental Availability: All Date Received: 3/27/2012

Lease Begin Date: 3/27/2012

Expiration Date: 12/31/2017

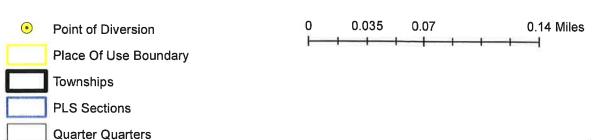
## State of Idaho Department of Water Resources

# Water Right 37-20900

#### **IRRIGATION**

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.

18E 04N The USDA-FSA Aerial Photography Field office asks to credited in derived profitors.



# Appendix B: IDWR 37-20900 Water Right Map



Governor

# State of Idaho DEPARTMENT OF WATER RESOURCES

322 E FRONT ST STE 648 PO BOX 83720 • BOISE, ID 83720-0098

Phone: (208)287-4800 • Fax: (208)287-6700 • Website: www.idwr.idaho.gov

Gary Spackman Director

October 19, 2020

SUN VALLEY WATER & SEWER DISTRICT PO BOX 2410 SUN VALLEY ID 83353-2410

Re: Change in Ownership for Water Right No(s): 37-20900

Dear Water Right Holder(s):

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department has modified its records and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Change in Water Right Ownership, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

A portion of water right(s) **37-20900** was leased to the Water Supply Bank (bank) in **2020**. To date, part of the right(s) appurtenant to **0.066** cfs and **6.3** acres (in the SWNW, Section 16, T04N, R18E) remain leased to the bank. In accordance with the bank lease acceptance, the lessor/current right holder (right holder) may not use the right(s) while it is in the bank, even if the right(s) is not rented from the bank. This portion will remain in the bank until **December 31, 2022** unless the right(s) are released earlier by the Idaho Water Resource Board or upon request by the right holder. To reduce the term of the lease, the right holder must submit a written request to the department. The department will verify if the right is rented or available for release, and notify the right holder of the release date.

Please note, water right owners are required to report any change of water right ownership and any change of mailing address to the Department within 120 days of the change. Reporting forms are available from any office of the Department, or from the Department's website.

If you have any questions concerning the enclosed information, please contact me at (208) 287-4942.

Sincerely,

ean Hersley

Technical Records Specialist 2

Enclosure(s)

c: James P Speck Water District No. 37