

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 802

This Lease Contract ("**Lease**") is between the Idaho Water Resource Board ("**Board**"), and

LESSOR: BROWN BRAVO II LLC
C/O GABE SANTOS 101 MISSION ST STE 505
SAN FRANCISCO, CA 94105-1738

RECEIVED
MAY 21 2018
DEPARTMENT OF
WATER RESOURCES

RECITALS

1. The Board is authorized under chapter 17, title 42, Idaho Code to operate a water supply bank and to contract with lessors to act as an intermediary in facilitating the rental of water.
2. The Lessor has filed a completed application to lease water rights described below into the Water Supply Bank on forms supplied by the Idaho Department of Water Resources and received by the Department on April 09, 2018.
3. The Director of the Idaho Department of Water Resources has reviewed the application for compliance with the Water Supply Bank rules and has approved the Lease subject to conditions listed below.

NOW, THEREFORE, in consideration of the mutual covenants and contracts herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **WATER RIGHTS:** The Lessor shall lease and the Board shall accept into the Bank the Applicant's water rights described as follows:

Summary of Water Rights or Portions Leased to the Bank

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)
13-7068	12/14/1973	GROUND WATER	1.14	345.9	153.0
Combined Lease Totals			1.14	345.9	153.0

2. **COMPENSATION:** The Lessor shall accept and the Board shall pay compensation determined by the amount of water rented under the following rental rate during such times as the water is rented from the Bank over the term of this Lease.

Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** The term of this lease shall be January 1, 2018 to December 31, 2022. This Lease shall bind the parties and take effect when both parties have signed it.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.

WATER SUPPLY BANK LEASE CONTRACT No. 802

5. **CHANGE OF WATER RIGHT:** This lease specifies water right elements including but not limited to: diversion rates; diversion volumes; number of acres authorized to be irrigated; places of use; points of diversion; beneficial uses; and seasons of use. During the term of this lease, if a water right is administratively changed due to a water right split and renumbering, this lease may be reduced by an equal amount to reflect the water right elements as legally defined under the water right. If a lease contract cannot be reduced sufficient to reflect the legal definition of a water right as amended through a water right split and/or water right transfer, the Board may release the water right from the Water Supply Bank.
6. **ASSIGNMENT OF CONTRACT:** This lease is between the Board and the Lessor, who is the recognized owner or designated representative of the recognized owners of water rights described herein. Should ownership of any part of a water right herein described change during the term of this lease, either through a water right split, a water right transfer, sale of property to which the water right is appurtenant, or through any other recognized water right reassignment, the lease benefits and obligations to the conditions of acceptance for any such water rights will be assigned to the new owners.
7. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

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IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

LESSOR: BROWN BRAVO II LLC
C/O GABE SANTOS 101 MISSION ST STE 505
SAN FRANCISCO, CA 94105-1738

By *Patrick Juari*
Title AUTHORIZED OFFICER
Date 5-16-2018

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By *Brian Patton*
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 7/10/2018

Lease approved by IDWR *Cheryl Webb*

Date 7-10-2018

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 802

ATTACHMENT A WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water rights or portions thereof leased to the bank are described as follows:

Source and Location of Point(s) of Diversion for Water Right No(s): 13-7068

GROUND WATER SENE Sec. 7 Twp 10S Rge 40E CARIBOU County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
13-7068	IRRIGATION	05/01	to	10/01	0.000 cfs	0.00 AF
Totals:					1.140 cfs	345.90 AF

PLACES OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

Twp	Rng	Sec	NE				NW				SW				SE				Totals			
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE				
10S	40E	7	36.0			39.0												39.0			39.0	153.0

Total Acres: 153.0

ADDITIONAL CONDITIONS OF ACCEPTANCE

1. The water rights referenced above will be rented from the bank at the current rental rate.
2. There is no rental payment to the lessor of the water right if the right or a part thereof is not rented from the bank.
3. While a right is in the bank, the lessor may not use the right without approval of the Department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B.
4. A right accepted into the bank stays in the bank until the Board releases it, or the lease term expires. A right may be released from the bank upon request, provided the Board approves the release. Unless approved by the Department, leased rights may not be immediately available for release.
5. While a water right is in the bank, forfeiture provisions are stayed pursuant to Idaho Code § 42-223(5).
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
7. Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
8. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other Department application process.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 802

9. In accordance with Idaho Code § 42-248 and § 42-1409(6), all owners of water rights are required to notify the Department of any changes in mailing address or change in ownership of all or part of a water right. Notice must be provided within 120 days of the change.
10. If a water right leased into the Water Supply Bank is sold or conveyed during the lease term, and if the leased right was rented, the rental proceeds will be disbursed in the following manner regardless of any arrangements between the buyer(s) and seller(s) to the contrary:
 - a. Rental payments will go to the lessor(s) of record at the beginning of the rental season, even if the Department processes a Notice of Change in Water Right Ownership during the rental season.
 - b. New lessor(s) of record will receive payment for any subsequent rental seasons.
11. The water right(s) is leased to the bank subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.
12. The right holder shall either install a measuring device or provide a certified measurement by a professional engineer or install an access port or other device as specified by the Department.
13. The issuance of this right does not grant any right-of-way or easement across the land of another.
14. Use of water under this right may be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 13T.

Idaho Water Resource Board
Water Supply Bank Lease Contract No. 802

13-7068

Effective until December 31, 2022

This map depicts the **place of use to be idled** pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



- Approved Lease Point of Diversion
- ▭ Approved Lease Place of Use
- ▭ Townships
- ▭ PLS Sections
- ▭ Quarter Quarters



0 0.25 0.5 Miles

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

APR 9 2018

DEPARTMENT OF
WATER RESOURCES

APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANK

Designated Applicant Brown Bravo II, LLC

(Select one owner – see item 1A on the application)

Water Right No. 13-7068

(One water right per application)

Is this application being submitted with a rental application as a lease/rental package?

Yes No

This application must be prepared in accordance with the minimum requirement checklist below. Use this checklist to ensure all necessary documentation has been provided. This checklist is part of the lease application and must be included with the lease application. Applications that do not meet the minimum requirements will not be processed and may be returned or denied.

MIMUMUM REQUIREMENT CHECKLIST

All items must be checked as either *Attached (Yes)* or *Not Applicable (N/A)*

Yes

- Completed *Application to Sell or Lease a Water Right to the Water Supply Bank*.
- Application filing fee of \$250.00 per water right. If you are submitting more than one lease application and the water rights have an overlapping, common place of use, or a common diversion rate or volume, the total fee for all water rights is \$500.00. For places of use, multiple water rights must be used to irrigate the same lands in order to qualify for the joint filing fee. Individual filing fees are required for water rights that share a common permissible place of use but which cover separate acres within the permissible place of use.
- Confirmation this form has been printed **single sided**, per requirement of the Water Supply Bank.

Attachment N/A Yes

- 1A Signatures and contact information for *all owners* of the water right to be leased or sold on this application.
- 1B An Internal Revenue Service (IRS) Form W-9 for the Designated Applicant.
- 1C Notice of Change in Water Right Ownership form (accessible from www.idwr.idaho.gov).
- 1D Contact information for an authorized representative and documentary proof they are authorized to represent the Designated Applicant on this application. If the Designated Applicant is a business, partnership, municipality, organization or association, include documents identifying officers authorized to sign or act on behalf of the entity.
- 2 Description of a water right portion offered to the Water Supply Bank.
- 3 A map that clearly outlines the specific location where irrigated acres will be dried up, or where a beneficial use of water will be suspended. You have the option of printing a map using the map tool on IDWR's website at: www.idwr.idaho.gov.
- 4A Written consent from irrigation district or water delivery company.
- 4G Evidence demonstrating the water right has not been forfeited pursuant to Section 42-222(2), Idaho Code.

Department Use Only

Fee Amount \$ <u>250.00</u>	Received By: <u>[Signature]</u>	Date Received: <u>4-9-2018</u>	Receipt # <u>C104932</u>
W-9 received? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	(Route W-9 to Fiscal)	Name on W-9: <u>Brown Ba Bravo II LLC</u>	

1075

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

1. CONTACT INFORMATION

- A. This application must be completed by a Designated Applicant who is a current owner of the water right being sold or leased to the Water Supply Bank. If there are additional current owners, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant Brown Bravo II, LLC, c/o Gabe Santos

Mailing Address 101 Mission Street, Suite 505, San Francisco, CA 94105

Street City State Zip Code

Email Address gabe.santos@homesteadcapital.com

Phone Number (415) 369-9918

- The Designated Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

- The Designated Applicant is representing additional water right holders who have completed Attachment 1A.

- B. Has the Designated Applicant submitted an IRS Form W-9 to this Department within the last 2 years? Yes No
If no, complete the form and attach to this application (Attachment 1B).

- C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes No
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

- D. Is this application being completed by an authorized representative of the Designated Applicant? Yes No
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1D).

Name of Representative T.J. Budge

Organization Racine Olson

Professional Title Attorney

Email Address tjb@racinelaw.net

Mailing Address P.O. Box 1391, Pocatello, Idaho 83204-1391

Phone Number 208-232-6101

- Send all correspondence for this application to the representative and not to the Designated Applicant.

OR

- Send original correspondence to the Designated Applicant and copies to the representative.

2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK

- The full water right is being offered to the Bank.

OR

- A part of the water right is being offered to the Bank.

If a portion of the water right is being offered, complete Attachment 2.

3. MAP

Attach a map of the point(s) of diversion and place(s) of use proposed to be idled by this lease application. Make sure the idled place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to idle. If the water right proposed for lease is located within a permissible place of use (PPU) and portions of the PPU will continue to receive water from non-leased water rights, clearly outline on a map the acres within the PPU that will continue to be irrigated, as well as acres that will be idled during the lease term. Label the map Attachment 3.

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

4. GENERAL INFORMATION

- A. Is the diversion works or system owned or managed by an irrigation district or water delivery company? Yes No
If yes, provide written consent from the company, corporation or irrigation district authorizing the proposed sale or lease (Attachment 4A).

If your water right is delivered through a canal, lateral or ditch operated by a canal company, irrigation district, or similar delivery entity, your lease request must include written consent from the company, district, or similar entity for your removal of water from its system pursuant to [Section 42-108, Idaho Code](#) and [IDAPA WSB Rule 37.02.03.25.02e](#).

- B. Please provide a description of the current water diversion and delivery system.
Groundwater well with electric pump.

- C. Describe any other water rights used for the same purpose at the same place of use as the water right being offered to the Bank. None

- D. Are any of the water rights identified in Section 4C stacked with the water right proposed for lease? Yes No

Stacked water rights are used together to achieve a common beneficial use, such as irrigation of the same lands. Stacked water rights cannot be separated and must be jointly leased to the Water Supply Bank. Stacked water rights qualify for the multiple fee payment of \$500.

- E. Will the present place of use continue to receive water from any other source? Yes No

If yes, explain the relationship between the different water sources and how enlargement of the authorized use will not occur if this water right is leased. Applicant has acquired shares of stock from Last Chance Canal Company that will be used to irrigate the current place of use going forward.

- F. Identify annual volumes and/or rates of water diverted in the last 5 years to accomplish the beneficial use authorized by this water right. Unknown. Applicant recently purchased property.

- G. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes No

If yes, describe the circumstances and attach evidence to demonstrate how the water right has not been lost through forfeiture (Attachment 4G). See [Section 42-223, Idaho Code](#) for exceptions to forfeiture. Your application may be denied if forfeiture concerns are not addressed.

- H. Is this water right involved in any other IDWR process, such as an application for transfer or a mitigation plan?

If yes, describe. Yes No

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

5. SALE/LEASE AGREEMENT

A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale or lease ?

If lease, specify the years when the use of water will be suspended: 2018 to 2022 (maximum lease period 5 calendar years).
(Year) (Year)

B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

Current rental rate _____

I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this water right for sale or lease to the Idaho Water Resource Board.

The Designated Applicant acknowledges the following:

1. Payment to the Designated Applicant is contingent upon the sale or rental of the water right from the Bank.
2. While a water right is in the Bank, the seller/lessor of the water right may not use the water right, even if the water right is not rented from the Bank.
3. A water right accepted into the Bank stays in the Bank until the Designated Applicant receives written confirmation from the Board or Water Supply Bank that the water right has been released from the Bank.
4. While a water right is in the Bank, forfeiture is stayed.
5. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the water right or any element of the water right.



Signature of Designated Applicant

Gabe Santos

Printed Name

4/4/18

Date

Signature of Authorized Representative

Printed Name

Date

Mail to:
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

**STATE OF IDAHO
WATER RESOURCE BOARD**

ATTACHMENT 1A

Additional Water Right Holders Party to the Lease Application

For the water right on this application, list all owners (individuals or business entities) of the right or the property to which it is appurtenant. All water right holders must sign a Water Supply Bank Lease Application. However, only the Designated Applicant needs to provide a completed IRS Form W-9 (Attachment 1B). **All correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Applicant.** If additional space is needed to list any other water right holders, attach a second copy of Attachment 1A.

If submitting multiple applications, it is only necessary to complete one Attachment 1A for the group of applications. List each water right below.

Water Right No(s). _____

	Designated Applicant	Applicant #2	Applicant #3
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

	Applicant #4	Applicant #5	Applicant #6
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

**STATE OF IDAHO
WATER RESOURCE BOARD**

Complete Attachment 2 if only a portion of the water right is offered to the Bank.

ATTACHMENT 2

DESCRIPTION OF A WATER RIGHT PORTION OFFERED TO THE WATER SUPPLY BANK

<u>Water Right Number</u>	<u>Nature of Use</u>	<u>Leased Rate</u> (cfs)	<u>Leased Volume</u> (af)	<u>Leased Acres</u> (ac)
_____	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	Total Amounts:	_____	_____	_____

2. Source of water _____ tributary to _____

3. Point(s) of diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

July 11, 2018

BROWN BRAVO II LLC
C/O GABE SANTOS
101 MISSION ST STE 505
SAN FRANCISCO CA 94105-1738

RE: WATER SUPPLY BANK LEASE CONTRACT FOR WATER RIGHT 13-7068

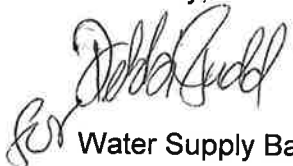
Dear Lessor:

Water right **13-7068** was leased into the Water Supply Bank (Bank) as of April 9, 2018, in accordance with the enclosed executed lease contract. **Your water right, as described on the lease contract, is considered leased into the Bank and should remain unused until it is formally released from the Bank.** More information and further restrictions placed on your water right while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The right will automatically be released from the Bank on **December 31, 2022**, unless the right is released earlier by the Water Resource Board (Board). On behalf of the Board, the Department of Water Resources (Department) can evaluate an early release of the lease contract upon your request. To release the water right from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available on our public website at www.idwr.idaho.gov. **Please note your water right may not be available for immediate release if it has been rented or is being considered for a future rental. Furthermore, it is at the discretion of the Department whether or not a water right can be released early from a lease contract.**

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,


for Water Supply Bank

Enclosure: Executed Lease Contract

c: James Cefalo - IDWR Eastern Region
Craig Shuler - Water District 13T
Last Chance Canal Co Ltd
T J Budge - Racine Olson

RECEIVED

JUL 09 2018

DEPT OF WATER RESOURCES

7/9/2018

Water Supply Bank
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Re: Water Right 13-7068

To Whom It May Concern,

I am the watermaster for Last Chance Canal Company ("LCCC") and am familiar with the land to which water right no. 13-7068 is appurtenant. This land is within the LCCC service area and, if it were supplied canal water, would receive water from the Turner Canal which is part of the LCCC system. I have served as the watermaster for the Turner Canal for more than 12 years and during that time there have been no canal shares associated with the land irrigated with groundwater under water right no. 13-7068. I've spoken with farmers in the area who have farmed that property in the past and am told it has not been irrigated with surface water for 30-35 years.

Should you have any questions concerning this letter, feel free to call me.

Sincerely,



WES LUNT
Last Chance Canal Company Watermaster
wesluntlc@gmail.com
(208) 221-2858

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement ("First Amendment") amends the Purchase and Sale Agreement ("Agreement") dated June 19, 2017, between Joshua Tyler Adams as "Seller" and Brown Bravo II, LLC as "Buyer." The parties hereby agree to amend the Agreement as follows:

1. Real Property. The Agreement identifies the Real Property by maps attached thereto as Exhibit A. The Real Property has since been surveyed. The parties agree that the Real Property consists of Parcel 1 (28.17 acres), Parcel 2 (1.12 acres), Parcel 3 (237.80 acres), Parcel 4 (160.54 acres), Parcel 5 (158.77 acres), Parcel 6 (4.54 acres), and Parcel 7 (10.88 acres) identified on the survey attached hereto as *Exhibit A*, for a total of 601.82 acres.

2. Water Rights. Exhibit B to the Agreement is hereby amended to identify the following water rights: Idaho water right no. 13-7068, 700 shares of stock in Last Chance Canal Company, and 700 shares of stock in North Extension Canal Company.

3. Land Exchange Agreement. [REDACTED]

4. Purchase Price. [REDACTED]

5. Escrow. [REDACTED]

[REDACTED]

6. Continuance of Agreement. All provisions of the Agreement, as amended hereby, shall remain in full force and effect and unchanged. If any provision of this First Amendment conflicts with the Purchase Agreement, the provisions of this First Amendment shall control.

7. Counterparts. This Amendment may be executed in any number of counterparts (including execution by facsimile or other electronic transmission) with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same document. Signature pages may be detached from the counterparts and attached to a single copy of this consent to physically form one document.

[End of First Amendment; Signatures Below]

SELLER:

JOSHUA TYLER ADAMS

By: _____
JOSHUA TYLER ADAMS

Date: _____

BUYER:

BROWN BRAVO II LLC

By: Happy Valley USA II, L.L.C., a Delaware limited liability company
Its: Sole Member

By: Homestead Capital USA Farmland Fund II, L.P.
Its: Managing Member

By: Homestead Capital USA Farmland Fund II, GP, L.P.
Its: General Partner

By: Homestead Capital USA Farmland Fund II, UGP, L.L.C.
Its: General Partner

By: Gabe Santos
Gabe Santos, Member

Date: 8/8/17

By: Daniel Little
Daniel Little, Member

Date: 8/8/17

SELLER:

JOSHUA TYLER ADAMS

By: 
_____ JOSHUA TYLER ADAMS

Date: 8-9-2017

BUYER:

BROWN BRAVO II LLC

By: Happy Valley USA II, L.L.C., a Delaware limited liability company
Its: Sole Member

By: Homestead Capital USA Farmland Fund II, L.P.
Its: Managing Member

By: Homestead Capital USA Farmland Fund II, GP, L.P.
Its: General Partner

By: Homestead Capital USA Farmland Fund II, UGP, L.L.C.
Its: General Partner

By: _____
Gabe Santos, Member

Date: _____

By: _____
Daniel Little, Member

Date: _____

EXHIBIT A

Survey

EXHIBIT B

Land Exchange Agreement

Hersley, Jean

From: Hersley, Jean
Sent: Friday, July 06, 2018 10:39 AM
To: 'TJ Budge'
Cc: Tessa Sparrow
Subject: RE: Water Supply Bank Lease for Brown Bravo II, LLC

Thank you. The addendum helps. The Department will wait to hear from the water master. If we don't hear anything within 30 days, the Department will execute the lease as non-rentable to avoid enlargement concerns.

Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942

From: TJ Budge [mailto:tjb@racinelaw.net]
Sent: Friday, July 06, 2018 10:20 AM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Cc: Tessa Sparrow <tps@racinelaw.net>
Subject: RE: Water Supply Bank Lease for Brown Bravo II, LLC

Here is the addendum to the purchase agreement which sets forth the purchase of 700 shares of Last Chance Canal Company stock. I've redacted the purchase price and related information.

T.J. Budge
RACINE OLSON
201 E. Center St. | P.O. Box 1391 | Pocatello, Idaho 83204
P: (208) 232-6101 | F: (208) 232-6109
www.racinelaw.net

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From: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Sent: Friday, July 6, 2018 10:11 AM
To: TJ Budge <tjb@racinelaw.net>
Cc: Tessa Sparrow <tps@racinelaw.net>
Subject: RE: Water Supply Bank Lease for Brown Bravo II, LLC

You also mentioned that the applicant acquired shares from the Last Chance Canal Company. The Department will need documentation that shares were purchased. Thank you.

Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942

From: TJ Budge [mailto:tjb@racinelaw.net]
Sent: Friday, July 06, 2018 10:10 AM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>

Cc: Tessa Sparrow <tps@racinelaw.net>
Subject: FW: Water Supply Bank Lease for Brown Bravo II, LLC
Importance: High

Jean,

Thanks for reaching out about this. I spoke with the watermaster several weeks ago who confirmed that surface water has not historically been used to irrigate the place of use of the groundwater right. I sent him a letter to sign to verify that but have not received it back yet. I will follow up with him today.

Thanks,

T.J. Budge
RACINE OLSON
201 E. Center St. | P.O. Box 1391 | Pocatello, Idaho 83204
P: (208) 232-6101 | F: (208) 232-6109
www.racinelaw.net

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From: Tessa Sparrow
Sent: Friday, July 6, 2018 8:37 AM
To: TJ Budge <tjb@racinelaw.net>
Subject: FW: Water Supply Bank Lease for Brown Bravo II, LLC
Importance: High

TJ,

I received the email below from Jean Hersley with IDWR. I am not exactly sure what I need to provide them. Can you help on this? It appears they is a deadline.

Tessa Sparrow
Legal Assistant



201 E. Center Street / P.O. Box 1391
Pocatello, Idaho 83204
(208)232-6101 - Phone
(208)232-6109 - Fax

www.racinelaw.net

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From: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Sent: Friday, July 6, 2018 8:18 AM

To: Tessa Sparrow <tps@racinelaw.net>

Subject: FW: Water Supply Bank Lease for Brown Bravo II, LLC

I sent the email below to TJ regarding information the Department of Water Resources needs before we can execute the Water Supply Bank Leases for Brown Bravo II, LLC. The Department typically gives 30 days to respond before we return the application.

Sharla Cox in our Eastern Region Office suggested I contact you for help in getting the documentation we need. Can you help?

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

From: Hersley, Jean

Sent: Tuesday, May 29, 2018 9:38 AM

To: TJ Budge <tjb@racinelaw.net>

Subject: Water Supply Bank Lease for Brown Bravo II, LLC

Question 4E on the application to lease a water right to the Water Supply Bank asks, "*Will the present place of use continue to receive water from any other source?*" The answer was "yes" and the explanation "*Applicant has acquired shares of stock from Last Chance Canal Company that will be used to irrigate the current place of use going forward.*" The Department will need documentation of when the shares were purchased. We are making sure the surface water from the Canal Company and the ground water source on the water right have never been co-mingled. The contract leasing this water right to the Bank will not be signed until the Department receives this information. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

Memo

To: 13-7068
From: Jean Hersley
Date: 6/4/18
Re: WSB Lease

Brown Bravo II submitted a WSB Lease Application to lease water right 13-7068 to the Water Supply Bank. The contracts were mailed to the water right holder and comments were solicited from the water master and Eastern Region office. James Cefalo in our Eastern office suggested we contact Last Chane Canal Company LTD to see when canal shares were purchased and whether surface water has ever been delivered to the property.

I spoke with Jodi Matthews on June 1, 2018. She said she doesn't have any paperwork that states Brown Bravo II purchased canal shares from anyone. She did say that Josh Adams, the previous owner of water right 13-7068, recently paid for all his canal shares for this year. However, Mr. Adams has other property in the area.

I also checked the WMIS records and nothing has been recorded since 1998.

I emailed TJ Budge, the attorney for Brown Bravo II, asking him when the canal shares were purchased.



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

May 8, 2018

LAST CHANCE CANAL CO LTD
C/O MARK MATHEWS
670 MINGO RD
GRACE ID 83241

RE: Water Supply Bank Lease Application for Water Rights: 13-7068

Dear Watermaster:

The Department of Water Resources is soliciting information on a proposed lease submitted by Brown Bravo II, LLC. On the application, they stated that shares have recently been purchased from the Last Chance Canal Co., LTD. to irrigate land appurtenant to water right 13-7068. The information needed is whether the canal shares have been delivered to the property. The property is located in Township 10S, Range 40E, Section 7.

Please respond within 14 days of the date of this letter via postal mail or you may fax it to me at (208) 287-6700, Attn: Jean or email to jean.hersley@idwr.idaho.gov.

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

Sincerely,

Jean Hersley
Technical Records Specialist II

Hersley, Jean

From: Cefalo, James
Sent: Friday, May 11, 2018 9:40 AM
To: Hersley, Jean
Subject: RE: WSB Lease 13-7068

Jean,

We look at all ground water / surface water overlaps pretty closely. Prior to approval of the WSB lease, I think the Department should contact Last Chance Canal to verify that the shares were "recently" acquired. If the shares were acquired more than one year ago, we should ask the canal company whether surface water has been delivered to the property. It should also be possible to look at power records for the ground water well. If the two sources of water were used on the same acres during an irrigation season, the rights are stacked and the WSB lease should be denied.

James

From: Hersley, Jean
Sent: Tuesday, May 08, 2018 8:45 AM
To: Cefalo, James <James.Cefalo@idwr.idaho.gov>
Subject: WSB Lease 13-7068

Please let me know if you have any comments or concerns. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*



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GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

May 8, 2018

BROWN BRAVO II LLC
C/O GABE SANTOS
101 MISSION ST STE 505
SAN FRANCISCO CA 84105

RE: APPLICATIONS TO LEASE WATER RIGHT 13-7068 TO THE WATER SUPPLY BANK

****TIME SENSITIVE RESPONSE REQUIRED****

Dear Applicant:

The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return ALL Lease Contracts within 14 days.** Upon signature and return of the contracts, the Department will also sign the original contracts and return an executed copy to you. The Lease Contract is not considered final until you and the Department have both signed.

The right will automatically be released from the Bank on **December 31, 2022**, unless the right is released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. To propose a new lease period, submit a new Application to Sell or Lease a Water Right to the Water Supply Bank form along with applicable fees to the Department. These forms are available from any IDWR office or from our public website at <http://www.idwr.idaho.gov>. Please note your rights may not be available for immediate release if they have been rented.

Please review the conditions of acceptance listed on the Lease Contract, including #3 which says:
"While a right is in the bank, **the lessor may not use the right** without approval of the department even if the right is not rented from the bank. Any violation of the terms of this lease may result in enforcement procedures pursuant to Idaho Code § 42-351 for illegal diversion and use of water and may include civil penalties pursuant to Idaho Code § 42-1701B."

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,



for
Water Supply Bank

Enclosure: Proposed Lease Contracts

c: Racine Olson



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

May 8, 2018

CRAIG SHULER
WATER DISTRICT No. 13T
255 W 4 S
SODA SPRINGS ID 83276

RE: Water Supply Bank Lease Application for Water Rights: 13-7068

Dear Watermaster:

The Department of Water Resources is soliciting your comments or concerns on the proposed lease submitted by Brown Bravo II, LLC. A copy of the review memo and draft contract is enclosed.

Please review the information, then complete the enclosed recommendation form and return it to this office within 7 days of the date of this letter. You may return the form via postal mail or you may fax it to me at (208) 287-6700, Attn: Jean or email to jean.hersley@idwr.idaho.gov.

If you have any questions, please contact this office at (208) 287-4800.

Sincerely,

A handwritten signature in cursive script that reads "Jean Hersley". The signature is written in black ink and is positioned above the typed name.

Jean Hersley
Technical Records Specialist II

Enclosure(s)

Hersley, Jean

From: Hersley, Jean
Sent: Tuesday, May 08, 2018 8:45 AM
To: Cefalo, James
Subject: WSB Lease 13-7068
Attachments: Idled Acres.pdf; Lease Application Review Checklist July 2017.xls; Report - Lease Contract - # 802.docx

Please let me know if you have any comments or concerns. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

Hersley, Jean

From: TJ Budge <tjb@racinelaw.net>
Sent: Friday, May 04, 2018 3:48 PM
To: Hersley, Jean
Cc: gabe.santos@homesteadcapital.com
Subject: RE: WSB Lease for Brown Bravo II LLC

Jean,

I apologize if the application was not clear, but this water right is not stacked with canal water. It has historically been irrigated solely with groundwater. Canal shares have been acquired and provisions are being made to enable this property to be irrigated with surface water going forward. The intent is to maintain 13-7068 as an independent right and eventually transfer it to other lands. Therefore, I kindly ask that the Water Supply Bank make water right 13-7068 available to rent. You are welcome to confirm with Last Chance Canal Company that this land has been historically irrigated with ground water and not surface water.

Thanks,

T.J. Budge
RACINE OLSON
201 E. Center St. | P.O. Box 1391 | Pocatello, Idaho 83204
P: (208) 232-6101 | F: (208) 232-6109
www.racinelaw.net

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From: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Sent: Friday, May 4, 2018 1:19 PM
To: TJ Budge <tjb@racinelaw.net>
Cc: gabe.santos@homesteadcapital.com
Subject: WSB Lease for Brown Bravo II LLC

The Department is in the process of reviewing your request to place water right 13-7068 in the Water Supply Bank through the 2022 season. You stated on the application that the place of use (POU) would continue to receive water from shares from Last Chance Canal Co. Due to concerns of enlargement, this right will be accepted to the Bank for forfeiture protection but will be un-rentable.

Contracts will go out next week. If you have any questions, please contact the Department. Thank you.

Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942

WATER SUPPLY BANK

Lease Review Checklist

Applicant(s) Name: Brown Bravo II LLC

Memo Date: May 4, 2018

Water Right Number(s): 13-7068

Reviewers Name: Jean

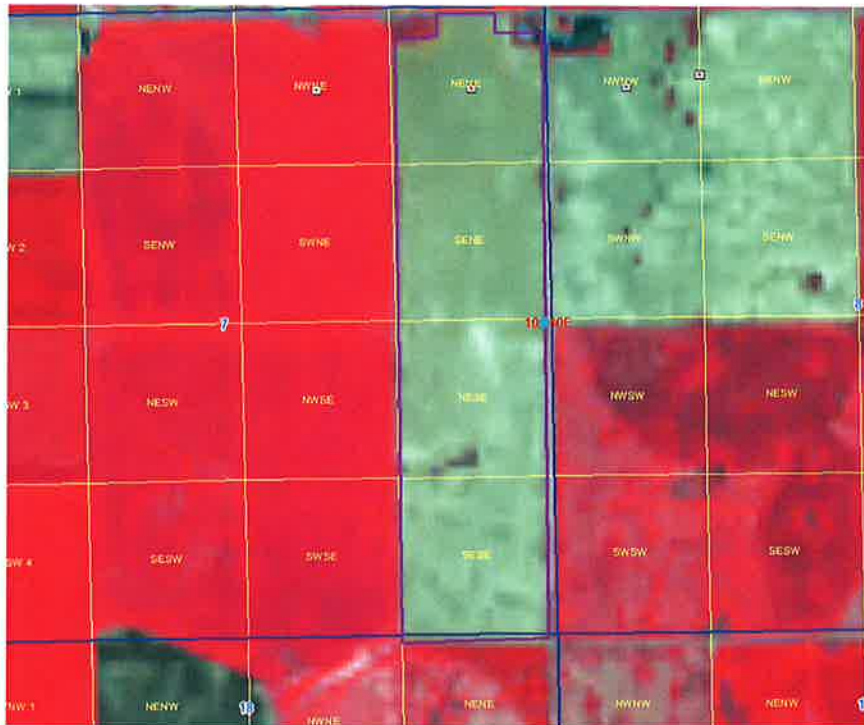
Quick Tools

Decreed Year	No Forfeiture Concerns Thru:
2011	2017
2012	2018
2013	2019
2014	2020
2015	2021

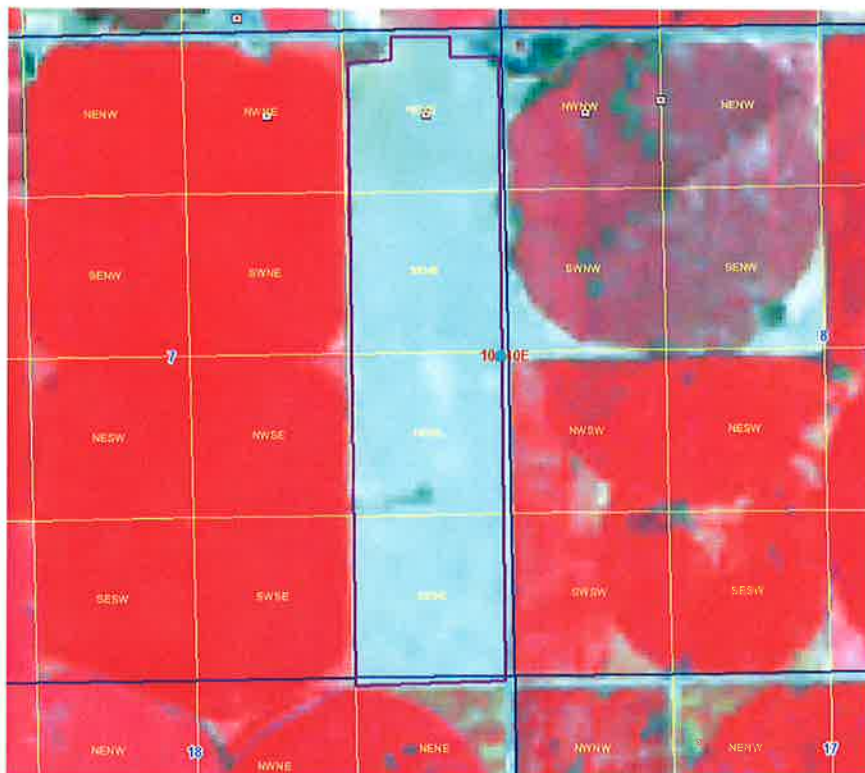
		Check box		COMMENTS/CONCERNS:
1	Fill out WSB Data Entry Checklist for Leases (Front of File)	x		
2	Reason for lease of water rights (Brief description of lease proposal in narrative)			
	Portion of right			
	All of right	x		
3	Check GWMA/CGWA/ADC and basin 63 areas of concern (note area in comments)			Bancroft-Lund WD 13T moratorium
		Yes	No	
4	Rentable? (If no explain in comments or narrative)			?
5	Authority to file			
	Current owner or designated applicant	x		
	SOS Web site checked for business entity	x		Gabe Santos
	Other (explain in comments)			
6	Water Right validity			
	Decreed/Licensed/Statutory claim date (write in comments section)			1993
	Past irrigation to ensure forfeiture is not an issue if decreed or licensed over 7 years ago (consider transfers that changed the POU, rentals to the POU etc.)			
	Has this right previously been leased to the bank or in CREP?		x	
7	Injury to other water rights			
	If the POD is through a delivery entity, was consent provided?		na	
	If the POD is through a delivery entity, was holdback required? (percentage in comments)			%
	Any other concerns			
8	Enlargement concerns	Check box		
	Complete a POU comparison overlap analysis	x		
	Complete a combined limits review	x		
	Complete POD overlap analysis (if there is an overlap add condition to lease)	x		
		Yes	No	
	Are there overlapping rights that need to be placed in the bank also?		x	
	Will the place of use continue to receive water? (if yes explain in comments)	x		Last Chance Canal Co
9	Local Public Interest			
	Does the processor know of any problems this action will cause for the local public?		x	
10	Have you contacted regional office and watermaster for comment/concerns?	x		
	Send the watermaster comment request form or e-mail request	x		
11	Area Headgate requirement (write in Comments)			3.5
12	Is water right involved in any other department action? Pull file and check database () Ownership Change () Transfer () Mitigation () Other - Explain in comments		x	ownership was recently updated

Narrative: The Department received this application on April 9, 2018, along with an ownership change. The applicant wishes to place the entire right in the Bank. Gabe Santos, registered agent, signed the application. This ground water right was licensed in 1993 and was involved in the Bancroft-Lund Adjudication. Overlaps with surface water rights from P4 Production LLC and Last Chance Canal Co. The lands have historically been irrigated solely with ground water Applicant recently acquired shares from the Last Chance Canal Co. and will irrigate the POU with those shares. The intent is to maintain 13-7068 as an independent right and eventually transfer it to other lands. Currently within WD 13T. Letter was sent to Last Chance Canal Co. LTD to verify that shares had been purchased. No response was received. Brown Bravo II purchased the land in August of 2017 and acquired the canal shares after that. The WMIS data is not up to date as the last site visit was in 1998. No reason to believe the canal shares and this water right have ever been used together. No enlargement concerns.

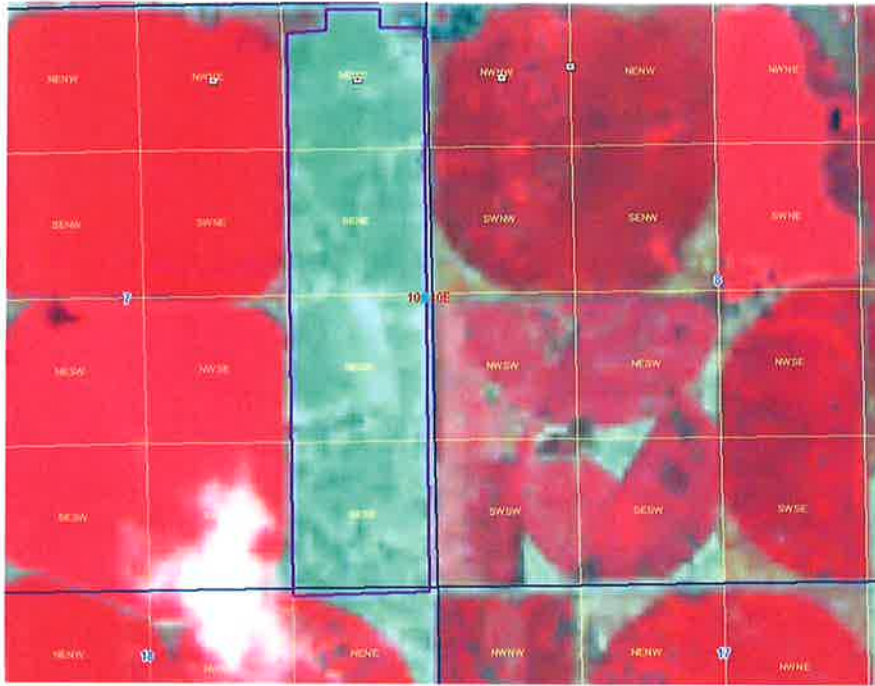
Sentinel, June 5, 2016



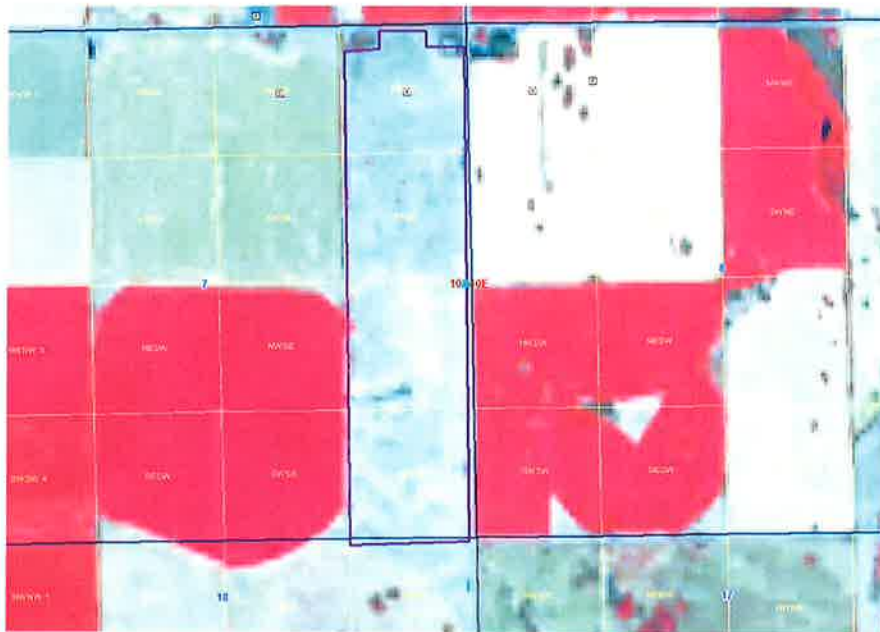
July 2, 2016



July 10, 2017

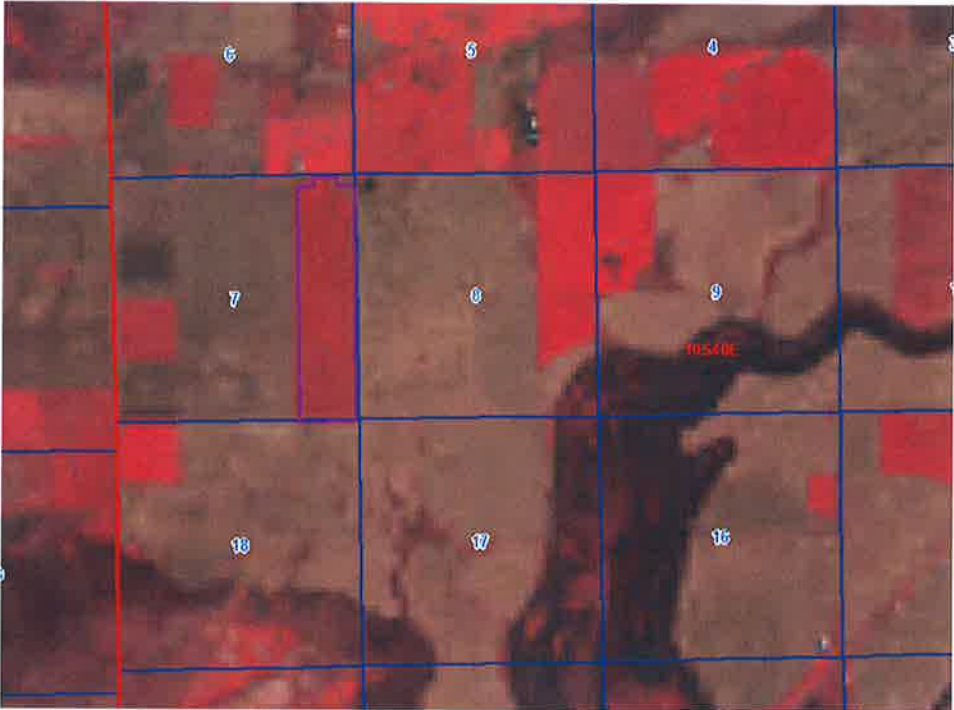


August 19, 2017

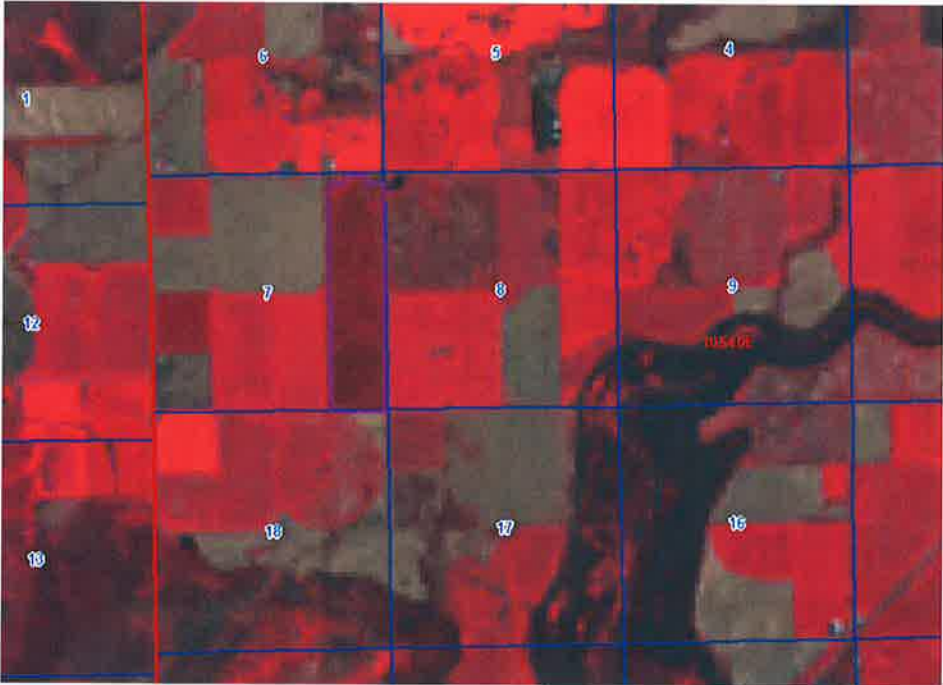


Landsat

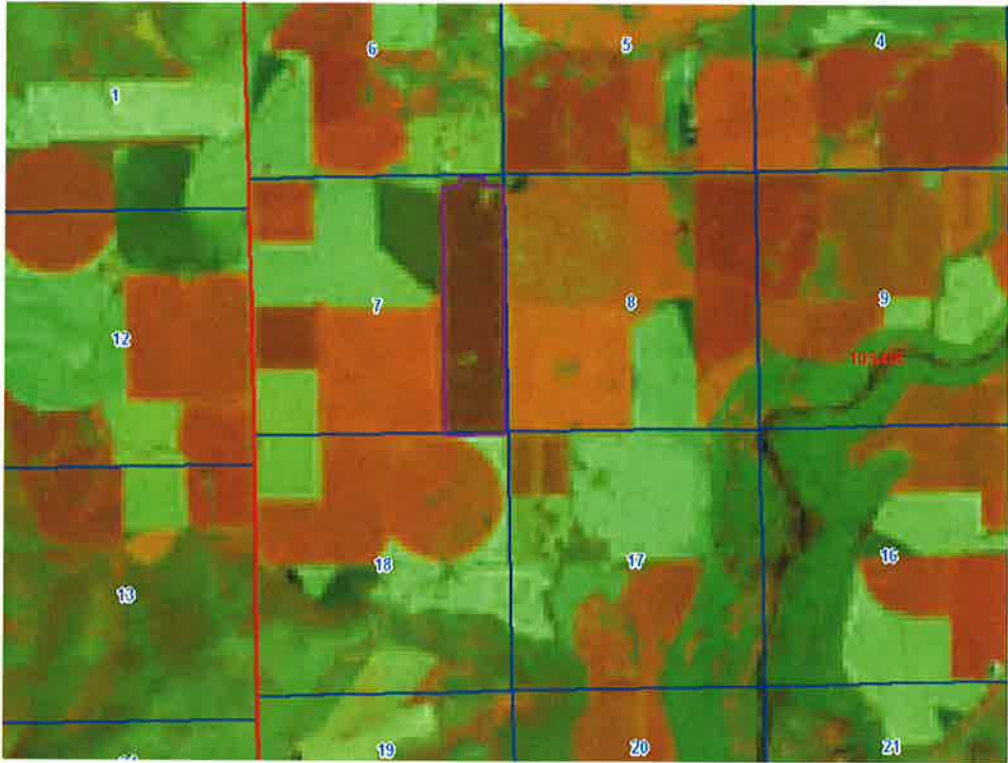
April 28, 2015



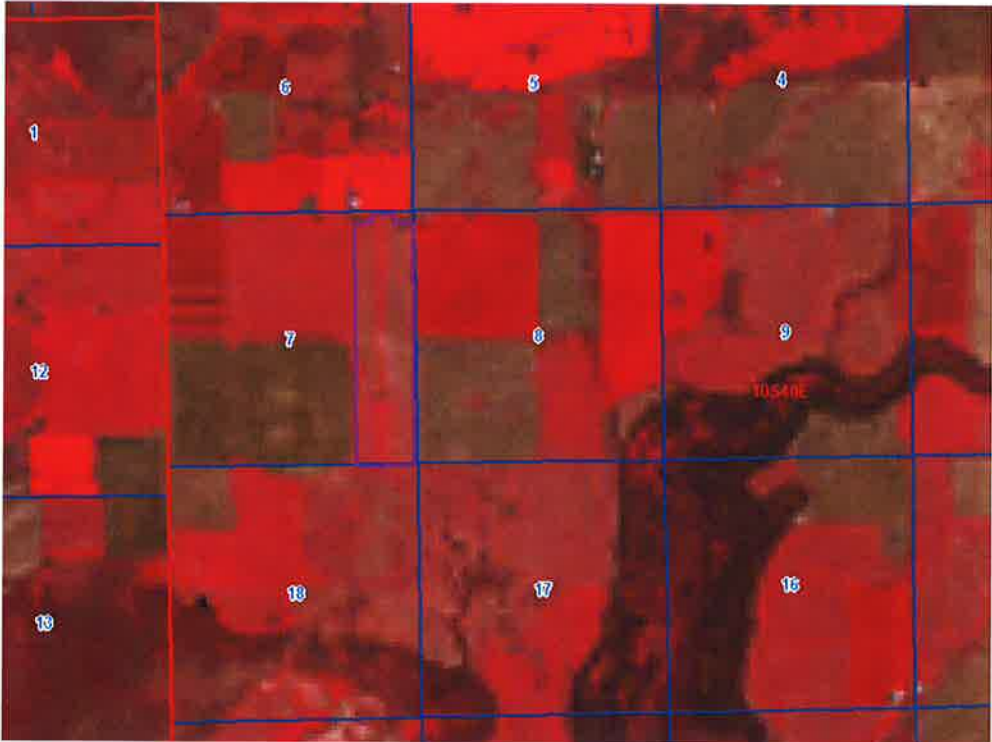
May 30, 2015



June 15, 2015



May 27, 2014



October 18, 2014

