

RECEIVED

MAR 25 2015

DEPARTMENT OF
WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT

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

Lessor: LAFFERTY INVESTMENTS LLC
PO BOX 16
WENDELL ID 83355
(208)536-6547

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.
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

<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
47-7463	35.03 CFS	Not Stated	NA	NA
Combined Lease Totals: 35.03 CFS Not Stated NA NA				

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: 1/1 to 12/31

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

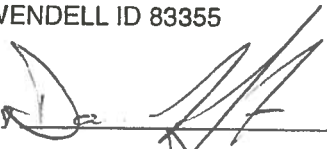
3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2019.
4. **WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE:** The Lessor shall abide by all terms and conditions contained in the Water Supply Bank Conditions of Acceptance, attached hereto as "Attachment A" and incorporated herein by this reference.
5. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

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

LAFFERTY INVESTMENTS LLC

PO BOX 16

WENDELL ID 83355

By 

Printed Name Dan Lafferty

Date _____

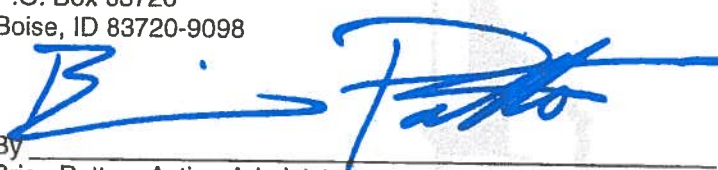
Title _____

IDAHO WATER RESOURCE BOARD

322 East Front Street

P.O. Box 83720

Boise, ID 83720-9098

By 

Brian Patton, Acting Administrator
Idaho Water Resource Board

Date March 25, 2015

Lease approved by IDWR 

Date 3/25/2015

ATTACHMENT A
WATER RIGHT NO. 47-7463
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: LAFFERTY INVESTMENTS LLC
 PO BOX 16
 WENDELL ID 83355
 (208)536-6547

Priority Date: 3/13/1978

Source: UNAMED STREAM **Tributary to:** MUD CREEK

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
FISH PROPOGATION	01/01	to 12/31	35.03 CFS	Not Stated
	Total:		35.03 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

UNNAMED STREAM NWNESW Sec. 12, Twp 09S, Rge 14E, TWIN FALLS County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: FISH PROPAGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
09S	14E	11													X				

Total Acres: 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, the lease term expires, or upon request from the lessor to change the term of the lease, 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.
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.
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.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
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 source of this water right is waste water. The wasting of water may be discontinued at any time.
13. Source is also known as Silo Creek.
14. Use of water under this right is subject to policies set forth in the State of Idaho Water Plan, including Policy No. 32F.

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

DEC 11 2014

DEPARTMENT OF
WATER RESOURCESWATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLIST

An application to lease or sell a water right into the Water Supply Bank must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. 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. **Incomplete applications will be returned to applicants for completion.**

Designated Applicant Lafferty Investments, LLCWater Right No. 47-7463

One water right per application

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

YES

- ☒ Completed *Water Supply Bank Lease or Sale Application Checklist* (this form).
- ☒ Completed *Application to Sell or Lease a Water Right to the Water Supply Bank* (pages 2-3).
- ☒ Application filing fee of \$250.00. If you are submitting more than one lease application and the water rights have a common place of use, or common diversion rate, or common diversion volume, the combined maximum fee is \$500.00.

Attachment N/A YES

- | | | | |
|----|-------------------------------------|-------------------------------------|---|
| 1A | ☒ | ☐ | Contact information for <i>all owners</i> of the water right that is being leased or sold on this application. |
| 1B | | ☒ | An <u>Internal Revenue Service (IRS) Form W-9</u> for the Designated Applicant. |
| 1C | ☒ | ☐ | <i>Notice of Change in Water Right Ownership</i> form (accessible from www.idwr.idaho.gov). |
| 1D | ☒ | ☐ | Written consent from irrigation district or water delivery company. |
| 1E | ☒ | ☐ | 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. |
| 3D | ☒ | ☐ | Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. |
| 4 | | ☒ | 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. If you don't already have a detailed map, you can create one using IDWR's online General Mapping Tool (http://maps.idwr.idaho.gov/mapall/) to locate a water right place of use or point of diversion. |

Department Use Only

Fee Amount \$ 500Received By: JmhDate Received: 12-11-14Receipt # C099688W-9 received? Yes ☒ No ☐

(Route W-9 to Fiscal)

Name on W-9: Lafferty Investments

**STATE OF IDAHO
WATER RESOURCE BOARD**

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

1. CONTACT INFORMATION

- A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, 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 Lafferty Investments, LLC Email Address laffertyconst@cableone.net
Mailing Address PO Box 16, Wendell, ID 83355 Phone Number 208-536-6547

☒ 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 completed an IRS Form W-9 (Attachment 1B)? Yes ☒ No ☐

- 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 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 1D).

- E. 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 1E).

Name of Representative Lori Graves Organization SPF Water Engineering, LLC
Professional Title Water Rights Specialist Email Address lgraves@spfwater.com
Mailing Address 300 E. Mallard Dr., Ste 350, Boise, ID 83706 Phone Number 208-383-4140

☐ 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

Water Right Number 47-7463 ☒ 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 a water right is being offered, complete Attachment 2)

3. GENERAL INFORMATION

- A. Please provide a description of the current water diversion system.

Dams, ditches

- B. 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

C. Will the present place of use continue to receive water from any other source?

Yes ☐ No ☒

If yes, describe. _____

D. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. _____

E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes ☐ No ☒

If yes, describe. _____

4. 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, for a period from date of submittal to 5 years (maximum lease period 5 years).
(Month / Day / Year) (Month / Day / 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

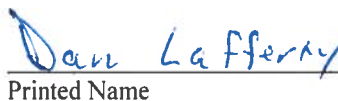
I hereby assert that the information contained in this application is true to the best of my knowledge, and that I have the authorities necessary to offer this water right for sale or lease to the Idaho Water Resource Board.

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 provisions are stayed.
5. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the water right or any elements of the water right.



Signature of Designated Applicant



Printed Name

12-5-14
Date

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

List all individuals or business entities that are owners of the property to which the water right on this application is appurtenant. All water right holders must be signatories to 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.

Water Right No. 47-7463

	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			

[Close](#)IDAHO DEPARTMENT OF WATER RESOURCES
Water Right Report

12/2/2014

WATER RIGHT NO. 47-7463

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	LAFFERTY INVESTMENTS LLC PO BOX 16 WENDELL, ID 83355 (208)536-6547
Original Owner	ROBERT SNEDIGAR 321 E CONCORDIA DR TEMPE, AZ 85282 (480)967-4695
Original Owner	DAVID R SNEDIGAR 1026 E 1000 N SHELLEY, ID 83247 (208)543-4014

Priority Date: 03/13/1978

Basis: Decreed

Status: Active

<u>Source</u>	<u>Tributary</u>
UNNAMED STREAM	MUD CREEK

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
FISH PROPAGATION	1/01	12/31	35.03 CFS	
Total Diversion			35.03 CFS	

Location of Point(s) of Diversion:

UNNAMED STREAM|NWNWSW|Sec. 12|Township 09S|Range 14E|TWIN FALLS County

Place(s) of use:

Place of Use Legal Description: FISH PROPAGATION TWIN FALLS County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
09S	14E	11		NESE										

Conditions of Approval:

1. G21 The source of this water right is waste water. The wasting of water may be discontinued at any time.
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.
3. B01 Source is also known as Silo Creek.
4. R34 Use of water under this right is subject to policies set forth in the State of Idaho Water Plan, including Policy No. 32F.
5. G16 This right remains subject to the right of the original appropriator, in good faith and in compliance with state laws governing changes in use and/or expansion of water rights, to cease wasting water, to change the place or manner of wasting it, or to recapture it.

Dates:

Licensed Date:

Decreed Date: 10/27/2009

Permit Proof Due Date: 8/1/1985

Permit Proof Made Date: 1/1/1900

Permit Approved Date: 8/27/1980

Permit Moratorium Expiration Date:

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:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

State of Idaho
Department of Water Resources

Water Right
47-7463

FISH PROPAGATION

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.



-  Point of Diversion
-  Place Of Use Boundary
-  Townships
-  PLS Sections
-  Quarter Quarters
-  Taxlots

0 0.035 0.07 0.14 Miles





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

March 25, 2015

LAFFERTY INVESTMENTS LLC
PO BOX 16
WENDELL ID 83355

RE: WATER SUPPLY BANK LEASE CONTRACTS FOR RIGHT #'S 47-7463 & 47-7462

Dear Lessor:

Water Right #'s 47-7462 & 47-7463 were leased into the Water Supply Bank on January 1, 2015 in accordance with the executed original Lease Contracts enclosed. **Your water rights as described on the Lease Contracts are considered leased into the Bank and should remain unused until they are formally released from the Bank.**

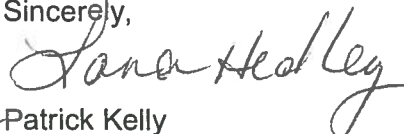
The rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are released earlier by the Board, or upon your request. **Please note your rights may not be available for immediate release if they have been rented.** To release the right from the Bank prior to the release date, submit a written request on the *Request to Release a Water Right from the Bank* form. This form is available from our public website at www.idwr.idaho.gov.

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 me at 287-4933.

Sincerely,


for Patrick Kelly
Water Resource Agent

Enclosure: Executed Lease Contract

c: Lori Graves – SPF Water Engineering
Allen Merritt Regional Manager – IDWR Southern Region



RECEIVED

MAR 25 2015
DEPARTMENT OF
WATER RESOURCES

March 23, 2015

Jean Hersley and Clay Webster
IDWR State Office
PO Box 83720
Boise, ID 83720-0098

Subject: *Signed Lease Contracts, Water Rights 47-7462 & 47-7463*

Dear Clay & Jean,

Enclosed on behalf of Lafferty Investments are two copies of each contract for the water rights listed above. Thank you for allowing me to mail the contracts, rather than hand-delivering to meet the deadline. I appreciate your consideration.

Please let me know if there are any questions. Thanks Clay and Jean.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Graves".

Lori Graves
Water Rights Specialist

Cc: Dan Lafferty

Enclosures

SPF file number: 1138.0010



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

February 25, 2015

LAFFERTY INVESTMENTS LLC
PO BOX 16
WENDELL ID 83355

RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 47-7462 AND 47-7463 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(s) to the Water Supply Bank. **I have enclosed four 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 rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are 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 me at 287-4910.

Sincerely,

Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts

c. Lori Graves – SPF Water Engineering

Kelly, Patrick

From: Merritt, Allen
Sent: Thursday, February 19, 2015 3:23 PM
To: Kelly, Patrick
Subject: RE: Water Supply Bank Lease Review

Patrick,

I have no issues with this lease. These rights will likely never be rented and I do not know how they could be since they are for fish propagation from a limited source.

As for comments from WD01 they are not regulated by any water district.

Allen

From: Kelly, Patrick
Sent: Wednesday, February 18, 2015 1:51 PM
To: Merritt, Allen; Swank, Lyle
Subject: Water Supply Bank Lease Review

Gentlemen,

Attached is a review memo for water rights 47-7462 & 47-7463 which are being applied for in the WSB. Please review the memo and provide any comment within 10 days.

Thank you,

Patrick Kelly

Water Resource Agent

Idaho Department of Water Resources

322 E. Front St.

Boise, Idaho 83702

d: 208.287.4933

f: 208.287.6700

patrick.kelly@idwr.idaho.gov

MEMORANDUM

To: Water Right No(s): 47-7462 & 47-7463

From: Patrick Kelly

Date: 2/18/2015

Re: Review of Application to Lease Water Right to the State Water Supply Bank

PURPOSE/NARRATIVE: On December 11, 2014, IDWR received an application to lease all of the above rights to the WSB for 5 years through the 2019 season. These are fish propagation water rights out of an unnamed stream in Twin Falls County. It should be recognized that the source is actually waste water, and that the availability of the water may be discontinued at any time as described in conditions of the permit.

AUTHORITY TO FILE: Dan Lafferty signed the lease application. Mr. Lafferty is the active registered agent according to the ID SOS database for Lafferty Investments LLC, water right owner.

WATER RIGHT VALIDITY: The above water rights were decreed in the SRBA on 10/27/2009. This is within the time limits for forfeiture

INJURY TO OTHER WATER RIGHTS: A letter was sent to the applicant on January 8, 2015 requesting consent from the Twin Falls Canal Company. An agreement between the water user and TFCC was returned. The fish runways are located adjacent to the canal and is subject to availability of wastewater. Any non diversion would not injure other water right holders further down the canal.

ENLARGEMENT OF USE: No enlargement is evident through the lease alone.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease appears consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The right is subject to Water District 1. Comment will be requested from the watermaster and IDWR's Southern Regional office.

FISH PROPAGATION AGREEMENT

THIS AGREEMENT, entered into this 27 day of JANUARY, 2015, by and between the Twin Falls Canal Company ("TFCC" or "Company"), an Idaho non-profit corporation, and Lafferty Investments LLC, an Idaho limited liability company ("Water User"):

RECITALS

WHEREAS, the Water User desires to make non-consumptive use of waters within TFCC's irrigation system in constructed ponds and/or raceways for fish propagation use pursuant to water right nos. 47-7462 and 47-7463; and

WHEREAS, TFCC has a first and prior right to the use of said waters, but agrees to allow the use thereof if Water User executes and complies with this Agreement which acknowledges Water User's responsibilities.

COVENANTS

NOW, THEREFORE, in consideration of the mutual and independent covenants hereinafter stated, the parties agree as follows:

1. All construction plans shall be subject to the prior approval of the Company. Facility construction and operation shall:

- (a) Not interfere or affect the Company's delivery of water to its shareholders at any time;
- (b) Not block existing rights of way or traditional accesses of TFCC;
- (c) Not cause any erosion to Water User's system;
- (d) Not cause excessive evaporation;
- (e) Not cause water pollution;
- (f) Not block existing drainage or seepage flows or cause drainage and seepage problems on TFCC or adjacent properties;
- (g) Not impair the easement and right of way of TFCC for the full flow of water for irrigation and drainage;
- (h) Not impair operation, maintenance, construction and reconstruction of TFCC facilities;
- (i) Not be the basis of or claim any flood damages against TFCC.

2. Water User agrees to implement any mitigation measures required by TFCC in the event the construction or operation causes any problems identified in Paragraph 1(a) above, including specifically causing any water pollution, drainage, seepage, or erosion issues.

3. It is understood and agreed that the Water User has no right to demand any water from TFCC even though Water User may hold water rights issued by IDWR (including

water right nos. 47-7462 and 47-7463), and TFCC shall have no responsibility for cessation or reduction of any flows for any reason. It is understood and agreed that the water in question is in fact water which TFCC has a prior right to use and that TFCC may change the manner in its use or delivery which may reduce or cease flows available to Water User at any time.

4. It is further understood and agreed that any construction, operation or maintenance work, including, but not limited to, additional mowing work or costs related to the water quality of Water User's discharges, which may be required by TFCC after the date hereof by reason of Water User's activities, necessitating the expenditure of work or funds by TFCC, will be billed to the Water User as such expenses are incurred and Water User agrees to reimburse TFCC for said expenses within thirty (30) days thereafter, including any attorneys' fees incurred by TFCC in regard thereto. TFCC may turn off Water User's diversion at any time any said bill is thirty (30) days delinquent.

5. Water User's facilities shall at all times be maintained, repaired, renewed and operated at the sole expense of Water User.

6. Water User shall be liable for reimbursement of TFCC for all damages or expenses incurred in the replacement of said canals, ditches and rights of way if Water User abandons such facilities.

7. Water User hereby waives any claim or claims against TFCC and releases TFCC for any losses which may occur to fish by reason of lack of water quantity or quality or TFCC's use of aquatic herbicides, pesticides, mowing chemicals, or any other chemical or for any other reason whatsoever, whether or not due to the negligence of TFCC.

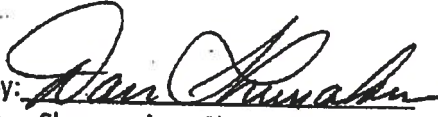
8. It is further agreed that the Water User will indemnify and hold harmless TFCC for and against all claims, suits, damages, costs, losses, and expenses in any manner resulting from or arising out of the construction, operation, maintenance, renewal, repair, use or existence of the Water User's facilities whether heretofore or hereafter made, including TFCC's attorneys' fees and including damage to crops of other shareholders resulting from interference with the delivery of water from TFCC.

9. Water User's failure to comply with any provision of this Agreement shall be deemed a default, and Water User's failure to remedy such default within thirty (30) days after mailed notice specifying such default to Water User shall result in termination hereof, at which time Water User agrees that Company may cease all water deliveries to Water User's facilities and Water User shall have no further rights hereunder. Water User also agrees to pay TFCC's attorneys' fees in any action brought to terminate this Agreement or in subsequent actions to collect amounts owing to TFCC by Water User prior to said termination.

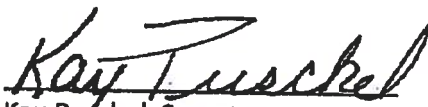
10. The parties hereby bind themselves, their heirs, proper assigns, successors, and legal representatives.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this
27 day of JANUARY, 2015.

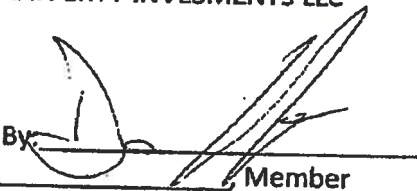
TWIN FALLS CANAL COMPANY

By: 
Dan Shewmaker, Chairman

ATTEST:


Kay Puschal, Secretary

LAFFERTY INVESTMENTS LLC

By: 
Member

January 8, 2015

SPF WATER ENGINEERING
ATTN: LORI GRAVES
300 E MALLARD DR SUITE 350
BOISE ID 83706

**RE: ADDITIONAL INFORMATION REQUEST FOR PROCESSING APPLICATION(S) TO
LEASE WATER RIGHT NO(S). 47-7462 & 47-7463 TO THE WATER SUPPLY BANK**

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

Dear Applicant:

The Idaho Department of Water Resources (Department) acknowledges receipt of the application(s) to lease the above referenced water right(s) to the Idaho Water Resource Board's Water Supply Bank (Bank). The Department will review your application as resources allow.

If the right(s) is determined to be eligible for acceptance into the Bank, the right will be entered as of the date of receipt of the application. The acceptance date may be adjusted when additional information is required. A preliminary review of your application(s) has been completed and it has been determined that additional information is required to continue processing.

Please provide the following information within 14 days of the date of this letter or the application will be denied:

- Written consent from the Twin Falls Canal Company.

The department will continue processing your application(s) once you have submitted the requested information. Water right forms are available from the Department's web site at www.idwr.idaho.gov. If you have any questions, please contact me at (208) 287-4910.

Sincerely,

Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Receipt #C099688

c: Consultant – SPF Water Engineering