

WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("Lease") is effective February 10, 2014, between the Idaho Water Resource Board ("Board"), and

Lessor: SUN VALLEY LONG TERM HOLDING LLC
PO BOX 4944
KETCHUM, ID 83340
(208) 578-3636

RECEIVED

APR 28 2014

**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.
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>
37-02055	1.60 CFS	NA	80.0 AC	82.2 AC
37-11445	0.05 CFS	NA	2.2 AC	82.2 AC
Combined Lease Totals:	1.65 CFS	NA	82.2 AC	82.2 AC

The water rights described herein shall be available for rental from the Bank as follows:

Authorized Period of Use under Lease: 05/01 to 10/31

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, 2018.
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.

SUN VALLEY LONG TERM HOLDING LLC
PO BOX 4944
KETCHUM, ID 83340

By 
Printed Name STEVEN R BROWN

Date 4/2/14
Title MANAGING PARTNER

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 04-28-2014

Lease approved by IDWR 

Date 04-28-2014

ATTACHMENT A
WATER RIGHT NO. 37-02055
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: SUN VALLEY LONG TERM HOLDING LLC
 PO BOX 4944
 KETCHUM, ID 83340
 (208) 578-3636

Priority Date: 7/24/1906

Source: WARM SPRINGS CREEK **Tributary to:** BIG WOOD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	05/01 to	10/31	1.60 CFS	NA
	Total:		1.60 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

WARM SPRINGS CREEK	SESESE	Sec. 30, Twp 04N, Rge 17E, BLAINE County
WARM SPRINGS CREEK	NENWNE	Sec. 31, Twp 04N, Rge 17E, BLAINE County

PLACE 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	
04N	17E	29					0.9	0.6	25.0	7.1		7.6	9.0						50.2
04N	17E	30				4.0									11.0			16.9	31.9
04N	17E	31	0.1																0.1

Total Acres: 82.2

Limited to acres within place of use described above: 80.0 AC

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
37-02055 and 37-11445	1.65 CFS	NA	82.2 AC	82.2 AC

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 rights listed below are limited to the irrigation of a combined total of 82.2 acres in a single irrigation season. Combined Right Nos.: 37-2055 and 37-11445
13. This right is limited to the irrigation of 80.0 acres within the place of use described above.
14. Use of water under this right will 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. 37.

ATTACHMENT A
WATER RIGHT NO. 37-11445
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

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

Lessor: SUN VALLEY LONG TERM HOLDING LLC
 PO BOX 4944
 KETCHUM, ID 83340
 (208) 578-3636

Priority Date: 4/1/1930

Source: WARM SPRINGS CREEK **Tributary to:** BIG WOOD RIVER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	05/01 to	10/31	0.05 CFS	NA
	Total:		0.05 CFS	NA

LOCATION OF POINT(S) OF DIVERSION:

WARM SPRINGS CREEK	SESESE	Sec. 30, Twp 04N, Rge 17E, BLAINE County
WARM SPRINGS CREEK	NENWNE	Sec. 31, Twp 04N, Rge 17E, BLAINE County

PLACE 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	
04N	17E	29					0.9	0.6	25.0	7.1		7.6	9.0						50.2
04N	17E	30				4.0									11.0			16.9	31.9
04N	17E	31	0.1																0.1

Total Acres: 82.2

Limited to acres within place of use described above: 2.2 AC

COMBINED LIMITS OF LEASED RIGHT:

<u>Combined Rights</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
37-02055 and 37-11445,	1.65 CFS	NA	82.2 AC	82.2 AC

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 rights listed below are limited to the irrigation of a combined total of 82.2 acres in a single irrigation season. Combined Right Nos.: 37-2055 and 37-11445
13. This right is limited to the irrigation of 2.2 acres within the place of use described above.
14. Use of water under this right will 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. 37.

Receipt No. 0098317Fee Amount \$ 500.00Date/by 2-12-2014 CJ

(For Department Use Only)

RECEIVED
FEB 10 2014
DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

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

Name of Seller/Lessor Sun Valley Long Term Holding LLC Phone 208-928-7100
Mailing address c/o John Campbell, PO Box 986, Hailey, ID, 83333 Email jc@idahotower.com

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

If the entire right is for sale or lease, check here ☒, list the water right number, and skip to Part B.

1. <u>Water Right Number</u>	<u>Amount (cfs/ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>37-11445</u>	_____	_____	_____ to _____
	_____	_____	_____ to _____
	_____	_____	_____ to _____
Total Amount: _____			

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. **Total Acres** _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. 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 to the proposed sale or lease and list name of entity:

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.

Headgate, ditch, flood irrigation

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

37-2055

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

Yes ☐ No ☒

If yes, describe.

4. 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 right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.

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

If yes, describe.

D. REQUIRED ITEMS

This form must be signed and submitted with the following REQUIRED items:

- Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
- Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.
-  A completed Internal Revenue Service (IRS) Form W-9. If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

E. SALE/LEASE AGREEMENT

1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☐
- .

If lease, for a period from 05/01/2014 to 12/31/2014 (not to exceed 5 years). 12/31/2018 see 3-3-2014 email

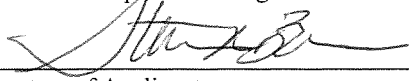
2. Show the minimum payment acceptable to the Seller/Lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

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 right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

- Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
- While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
- A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
- While a right is in the bank, forfeiture provisions are stayed.
- Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.


Signature of Applicant

Steven R. Brown, Manager

Printed Name and Title*

2/6/14
Date

Signature of Applicant

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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

RECEIVED
FEB 10 2014
 DEPARTMENT OF
 WATER RESOURCES

STATE OF IDAHO
 WATER RESOURCE BOARD

Receipt No. 0098317
 Fee Amount \$ 500.00
 Date/by 2-12-14 CJ
 (For Department Use Only)

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

Name of Seller/Lessor Sun Valley Long Term Holding LLC Phone 208-928-7100
 Mailing address c/o John Campbell, PO Box 986, Hailey, ID, 83333 Email jc@idahotower.com

A. DESCRIPTION OF WATER RIGHT, OR PORTION THEREOF, OFFERED TO THE BANK

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1. <u>Water Right Number</u>	<u>Amount (cfs/ac-ft)</u>	<u>Nature of Use</u>	<u>Period of Use</u>
<u>37-2055</u>	_____	_____	_____ to _____
	_____	_____	_____ to _____
	_____	_____	_____ to _____
Total Amount: _____			

2. Source of water _____ tributary to _____

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	¼	¼	¼	County

4. Lands irrigated or place of use: *See Part D for additional information regarding place of use.

Twp	Rge	Sec	NE ¼				NW ¼				SW ¼				SE ¼				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	

If the right is for irrigation, show total number of acres offered to the bank. **Total Acres** _____

B. OWNERSHIP

1. Are you currently listed in IDWR's records as the owner of the water right being offered to the bank? Yes ☒ No ☐
 If no, provide documentation of your authority to sign on behalf of the right holder OR attach a Notice of Change in Water Right Ownership form along with the required documentation and fee.
2. 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 to the proposed sale or lease and list name of entity:
- _____

C. GENERAL INFORMATION

1. Please provide a description of the current diversion system.

Headgate, ditch, flood irrigation

2. Describe any other water rights used for the same purpose or at the same place of use as described above.

37-11445

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

Yes ☐ No ☒

If yes, describe.

4. 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 right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.

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

If yes, describe.

D. REQUIRED ITEMS

This form must be signed and submitted with the following REQUIRED items:

1. Plat map, survey map or aerial photograph clearly showing the specific acres proposed to be idled by this lease application.
2. Filing fee of \$250.00. If you are submitting more than one lease application and the rights have a common place of use or common diversion rate or common diversion volume, the combined maximum fee is \$500.00.
3. A completed Internal Revenue Service (IRS) Form W-9. If your water right is rented, we will be unable to issue payment to you without a current W-9 form.

E. SALE/LEASE AGREEMENT

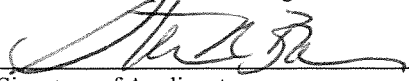
1. Is the water right, or portion thereof, described above offered to the Idaho Water Resource Board (IWRB) for sale
- ☐
- or lease
- ☐
- ?
-
- If lease, for a period from
- 05/01/2014
- to
- 12/31/2014
- (not to exceed 5 years).
- 12/31/18
- see 3-3-2014 e-mail

2. 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 right for sale or lease to the Idaho Water Resource Board.

The owner/lessor acknowledges the following:

1. Payment to the owner/lessor is contingent upon the sale or rental of the right from the bank.
2. While a right is in the bank, the owner/lessor of the right may not use the right even if the right is not rented from the bank.
3. A right accepted into the bank stays in the bank until the Board releases it or the lease term expires.
4. While a right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.


 Signature of Applicant

 Steven R. Brown, Manager
 Printed Name and Title*

2/6/14
 Date

Signature of Applicant

Printed Name and Title*

Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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



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

April 28, 2014

SUN VALLEY LONG TERM HOLDING LLC
PO BOX 4944
KETCHUM ID 83340

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 37-02055 & 37-11445

Dear Lessor:

Water Rights 37-02055 and 37-11445 were leased into the Water Supply Bank on February 10, 2014 in accordance with the executed original Lease Contract enclosed. **Your water rights as described on the Lease Contract 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, 2018**, 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 287-4910.

Sincerely,

Clay Webster
Technical Records Specialist

Enclosure: Executed Lease Contract

c: James P. Speck – Speck & Aanestad
Allen Merritt – IDWR Southern Regional Manager
Kevin Lakey – Watermaster State District 37

SPECK & AANESTAD
A PROFESSIONAL CORPORATION
ATTORNEYS

JAMES P. SPECK
jim@speckandaanestad.com
DOUGLAS J. AANESTAD
doug@speckandaanestad.com

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340

TELEPHONE
(208) 726-4421
FACSIMILE
(208) 726-0752

April 24, 2014

Mr. Clay Webster
Technical Records Specialist
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

RECEIVED

APR 28 2014

**DEPARTMENT OF
WATER RESOURCES**

Re: Water Supply Bank Lease Contracts for Water Rights 37-02055 and 37-11445

Dear Clay:

Enclosed you will find the signed duplicate originals of the above-referenced Water Supply Bank Lease Contract. Once they have been signed by the Department, please send an executed copy back to my client at the address in the Contract with a copy to me.

Please call me if you have any questions. Thank you.

Sincerely,

SPECK & AANESTAD
A Professional Corporation

By: _____


James P. Speck

JPS:jef
Enclosure
cc: Client w/encl.



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

April 14, 2014

STEVEN R BROWN
SUN VALLEY LONG TERM HOLDING LLC
PO BOX 4944
KETCHUM ID 83340

RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 37-02055 AND 37-11445 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 BOTH 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, 2018**, 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

Technical Records Specialist

Enclosure: Proposed Lease Contracts

c. James P. Speck – Speck & Aanestad

Skaggs, Pam

From: jkmoly@BasicSP.net
Sent: Friday, April 11, 2014 1:46 PM
To: Skaggs, Pam
Cc: danbrown@sunvalley.net; tisherbine4@gmail.com; geakin@svskylan.net
Subject: Re: Upper Wood River Water Users Association Inc - Shares on Sun Valley Long Term Holding LLC property

Pam,
This is a follow up of our conversation today by phone. Our records show 200 shares in the name of Sun Valley Long Term Holdings.
As to your question regarding putting shares in the water bank, we are not sure if IDWR would view them as bankable. The shares are delivered through the association on an on call basis, first requested/first delivered. Not all shares are delivered or deliverable each year. You would need to contact Kevin Lakey, District 37/37M water master, in order to find a record of delivered shares per year.
If we can be of further assistance, please let us know.
Sincerely,
UWRWUA
Kristy Molyneux

--- Pam.Skaggs@idwr.idaho.gov wrote:

From: "Skaggs, Pam" <Pam.Skaggs@idwr.idaho.gov>
To: "jkmoly@BasicSP.net" <jkmoly@BasicSP.net>
CC: Dan <danbrown@sunvalley.net>, Rocky <tisherbine4@gmail.com>, Grace <geakin@svskylan.net>
Subject: Upper Wood River Water Users Association Inc - Shares on Sun Valley Long Term Holding LLC property
Date: Tue, 8 Apr 2014 17:22:37 +0000

Kristy,

Thank you for your previous response to my inquiry regarding the property related to MV Properties LLC and BLM. I am also reviewing Water Supply Bank (Bank) leases for Rights 37-2055 and 37-11445 in the name of Sun Valley Long Term Holding LLC for irrigation of 82.2 acres of land located at 4N, 17E, Sections 29 (50.2 acres), 30 (31.9 acres) and 31 (0.1 acre). Blaine County tax lot information also shows Board Mill and Sunset Ranch Inc as property owners of this parcel of land.

Rights 37-891 and 37-892 in the name of Upper Wood River Water Users Association Inc. (Association) also overlap this same place of use. Can you provide me with any information regarding the number of Association shares that may be related to this land? Is the Association open to leasing a proportionate share of their rights into the Bank with the private water rights?

I appreciate your help and any information you can provide.

Pam

Pamela S. Skaggs

Skaggs, Pam

From: Skaggs, Pam
Sent: Tuesday, April 08, 2014 11:23 AM
To: 'jkmoly@BasicISP.net'
Cc: Dan; Rocky; Grace
Subject: Upper Wood River Water Users Association Inc - Shares on Sun Valley Long Term Holding LLC property

Kristy,

Thank you for your previous response to my inquiry regarding the property related to MV Properties LLC and BLM. I am also reviewing Water Supply Bank (Bank) leases for Rights 37-2055 and 37-11445 in the name of Sun Valley Long Term Holding LLC for irrigation of 82.2 acres of land located at 4N, 17E, Sections 29 (50.2 acres), 30 (31.9 acres) and 31 (0.1 acre). Blaine County tax lot information also shows Board Mill and Sunset Ranch Inc as property owners of this parcel of land.

Rights 37-891 and 37-892 in the name of Upper Wood River Water Users Association Inc. (Association) also overlap this same place of use. Can you provide me with any information regarding the number of Association shares that may be related to this land? Is the Association open to leasing a proportionate share of their rights into the Bank with the private water rights?

I appreciate your help and any information you can provide.

Pam

Pamela S. Skaggs
Water Rights Supervisor
Idaho Department of Water Resources
322 E Front St
PO Box 83720
Boise ID 83720-0098
Phone (208) 287-4951
Fax (208) 287-6700

No. C 21137	Due no later than Aug 31, 2012 Annual Report Form		2. Registered Agent and Address (NO PO BOX)			
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE	1. Mailing Address: Correct in this box if needed. UPPER WOOD RIVER WATER USERS ASSOCIATION, INC. KRISTY MOLYNEUX 10407 HWY 75 BELLEVUE ID 83313		KRISTY MOLYNEAX 10407 HWY 75 BELLEVUE ID 83313			
			3. <u>New</u> Registered Agent Signature:*			
4. Corporations: Enter Names and Business Addresses of President, Secretary, and Directors. Treasurer (optional).						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
DIRECTOR	JOHN MOLYNEUX	10407 HWY 75	BELLEVUE	ID	USA	83313
DIRECTOR	ROCKY SHERBINE	200 BASELINE ROAD	BELLEVUE	ID	USA	83313
DIRECTOR	DAN BROWN	247 GLENDALE ROAD	BELLEVUE	ID	USA	83313
SECRETARY	KRISTY MOLYNEUX	10407 HWY 75	BELLEVUE	ID	USA	83313
PRESIDENT	WILLIAM SHERBINE	153 BASELINE ROAD	BELLEVUE	ID	USA	83313
5. Organized Under the Laws of: ID C 21137		6. Annual Report must be signed.* Signature: Kristy Molyneux Name (type or print): Kristy Molyneux Date: 06/13/2012 Title: Secretary				
Processed 06/13/2012		* Electronically provided signatures are accepted as original signatures.				

MEMORANDUM

To: Water Right No(s). 37-2055 and 37-11445
From: Clay Webster thru Pam Skaggs
Date: April 2, 2014
Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: The department received the applications to lease the entirety of these two water rights into the bank on February 10, 2014.

Question #2 on the application "Is the diversion works or system owned or managed by an irrigation district or water delivery company? **If yes**, provide written consent from the company or corporation or irrigation district to the proposed sale or lease and list the name of the entity." This block was marked "yes" with no additional information provided. These rights overlap with water rights 37-891A and 37-892 (Upper Wood River Water User's Association). I contacted Jim Speck of Speck & Aanestad about this. He stated that the Sun Valley Long term Holding LLC owns shares in Upper Wood River Water User's Assn Inc. He informed me that they have been told that while their rights are in the bank the idled area must not be irrigated.

The applications originally identified 12-31-2014 as the lease end date. On 03-03-2014 an email was received from Jim Speck requesting that the lease term be extended to 12-31-2018.

AUTHORITY TO FILE: The applications were signed by Steven R. Brown, manager of Sun Valley Long Term Holding LLC, current owner of these water rights.

WATER RIGHT VALIDITY: These water rights were partially decreed in August 2011. Forfeiture is not an issue.

INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: Contacted Upper Wood River Water Users Association Inc. (Association) regarding overlapping rights 37-891A and 37-892. The secretary of the Association noted that 200 shares associated with the overlapping rights are in the name of Sun Valley Long Term Holdings (see 04-11-2014 email in file). These rights are very limited in use per conditions of the rights, not available to all share holders in any season, and watermaster confirmed they have not been called for in years. No apparent enlargement thru this lease.

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 leased right(s) are subject to Water District # 37. Kevin Lakey commented by telephone on 04-14-2014 that he had no concerns regarding overlapping rights 37-891A and 37-892 in the name of Upper Wood River Water Users Association Inc., noting that the rights had not been delivered in 10 years. Region staff also had no concerns regarding this lease.

Webster, Clay

From: Merritt, Allen
Sent: Wednesday, April 02, 2014 1:48 PM
To: Webster, Clay
Subject: RE: WSB Lease Applications for Sun Valley Long Term Holding LLC

No comments.

From: Webster, Clay
Sent: Wednesday, April 02, 2014 1:39 PM
To: Merritt, Allen
Subject: WSB Lease Applications for Sun Valley Long Term Holding LLC

Allen,

I am processing the Lease Applications for the entirety of the water rights. Do you have any concerns or comments for the region? Thanks.

Sincerely,

Clay Webster

Technical Records Specialist
clay.webster@idwr.idaho.gov
208-287-4910

Idaho Department of Water Resources (IDWR)
208-287-4800
www.idwr.idaho.gov

Webster, Clay

From: Webster, Clay
Sent: Wednesday, April 02, 2014 11:09 AM
To: 'watermanager@cableone.net'
Subject: Water Supply Bank Lease Applications for Sun Valley Long Term Holding, LLC
Attachments: 37-2055.pdf

Kevin,

I am processing Water Supply Bank Lease Applications for the entirety of water rights 37-2055 and 37-11445. Do you have any concerns with these rights being leased into the Bank? Thanks.

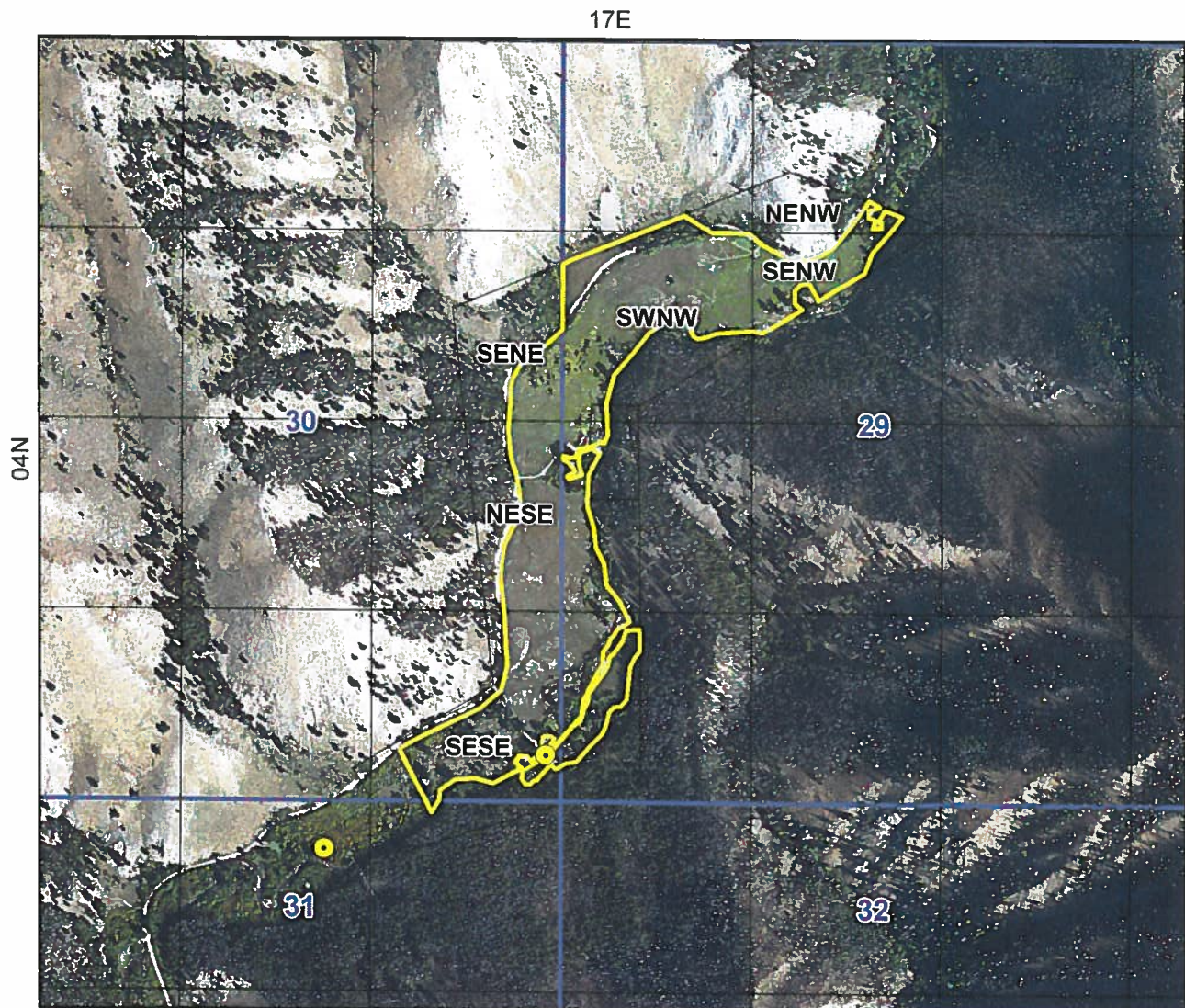
Sincerely,

Clay Webster

Technical Records Specialist
clay.webster@idwr.idaho.gov
208-287-4910

Idaho Department of Water Resources (IDWR)
208-287-4800
www.idwr.idaho.gov

State of Idaho
Department of Water Resources
Water Right License
37-2055 and 37-11445



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

0 0.15 0.3 0.6 Miles



Field, Christine

From: Jim Speck [jim@speckandaanestad.com]
Sent: Monday, March 03, 2014 4:27 PM
To: Field, Christine
Subject: RE: Filing Fee Request

Christine,

I just noticed that the applications request only a one year term. They should request 5 years, i.e. until Dec. 31, 2018. Can you simply make that change per this e-mail since the contracts have not yet been signed?
Thank you so much.

Jim

-----Original Message-----

From: Field, Christine [mailto:Christine.Field@idwr.idaho.gov]
Sent: Wednesday, February 12, 2014 1:05 PM
To: Jim Speck
Subject: RE: Filing Fee Request

Jim,

The \$500 filing fee arrived today.

Thank you for the quick turn around on taking care of this fee.

Christine

-----Original Message-----

From: Jim Speck [mailto:jim@speckandaanestad.com]
Sent: Wednesday, February 12, 2014 9:39 AM
To: Field, Christine
Subject: RE: Filing Fee Request

Christine,

Please confirm that you have received the \$500 filing fee. Thanks.

Jim

-----Original Message-----

From: Field, Christine
Sent: Monday, February 10, 2014 3:35 PM
To: 'jim@speckandaanestad.com'

Hello James,

My name is Christine, and I am writing to you regarding the WSB Lease Applications that you filed with the Dept of Water Resources for Sun Valley Long Term Holding LLC. The Lease Applications were received by the department Monday, February 10, 2014.

We are missing the required filing fees to process your Request for the Lease Applications. A fee of \$500 is required to process the Lease Applications for W/R 37-2055 and W/R 37-11445.

Please submit the required filing fee at your earliest convenience so we may continue to process the Lease Extensions.

If you have any questions on the application process, feel free to contact me 208-287-4824.

Sincerely,

Christine Field
Water Supply Bank Support

RECEIVED

FEB 12 2014

DEPARTMENT OF
WATER RESOURCES

TELEPHONE
(208) 726-4421
FACSIMILE
(208) 726-0752

SPECK & AANESTAD
A PROFESSIONAL CORPORATION
ATTORNEYS

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340

JAMES P. SPECK
jim@speckandaanestad.com
DOUGLAS J. AANESTAD
doug@speckandaanestad.com

February 10, 2014

Idaho Department of Water Resources
Attention: Christina Field
P.O. Box 83720
Boise, Idaho 83720-0098

**RE: *Sun Valley Long Term Holding, LLC -
Applications to Lease Water Rights Nos. 37-2055 and 37-11445
to Water Supply Bank
Filing fee***

Dear Christina:

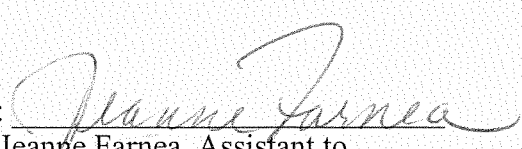
As you so kindly noted in your email to Jim Speck, I neglected to enclose the filing fee for the above-referenced matter. I have enclosed our firm's check payable to the Department for the \$500 filing fee for the Applications for the above-referenced water rights. Please accept my apologies for omitting them from the previous mailing.

Please call if you have any questions about this matter. Thank you.

Sincerely yours,

SPECK & AANESTAD
A Professional Corporation

By:


Jeanne Farnea, Assistant to
James P. Speck

Enclosures

Field, Christine

From: Jeanne Farnea [jeanne@speckandaanestad.com]
Sent: Monday, February 10, 2014 4:39 PM
To: Field, Christine
Subject: FW: Filing Fee Request

Christine,

I apologize!! I sent out the letter without the referenced check. It is going out to you today. Again, I apologize for the inconvenience.

jeanne

Jeanne E. Farnea
Assistant to James P. Speck and Douglas J. Aanestad
Speck & Aanestad, PC
120 East Ave. N.
P.O. Box 987
Ketchum, Idaho 83340-0987
Tele: (208) 726-4421
Fax: (208) 726-0752
jeanne@speckandaanestad.com

THIS IS A CONFIDENTIAL COMMUNICATION. This email and any attachments are intended only for the addressee's eyes only and may contain privileged and confidential information. If you are not the intended recipient any review, distribution or copying is a violation of the addressee's right to privacy and strictly prohibited. If you received this email in error notify the sender at once by reply email or telephone. Thank you.

From: Jim Speck [<mailto:jim@speckandaanestad.com>]
Sent: Monday, February 10, 2014 3:37 PM
To: jeanne@speckandaanestad.com
Subject: FW: Filing Fee Request

Pls take care of this!!

From: Field, Christine [<mailto:Christine.Field@idwr.idaho.gov>]
Sent: Monday, February 10, 2014 3:35 PM
To: 'jim@speckandaanestad.com'
Subject: Filing Fee Request

Hello James,

My name is Christine, and I am writing to you regarding the WSB Lease Applications that you filed with the Dept of Water Resources for Sun Valley Long Term Holding LLC. The Lease Applications were received by the department Monday, February 10, 2014.

We are missing the required filing fees to process your Request for the Lease Applications. A fee of \$500 is required to process the Lease Applications for W/R 37-2055 and W/R 37-11445.

Please submit the required filing fee at your earliest convenience so we may continue to process the Lease Extensions.

If you have any questions on the application process, feel free to contact me 208-287-4824.

Sincerely,

Christine Field
Water Supply Bank Support

SPECK & AANESTAD

A PROFESSIONAL CORPORATION

ATTORNEYS

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340

JAMES P. SPECK
jim@speckandaanestad.com

DOUGLAS J. AANESTAD
doug@speckandaanestad.com

TELEPHONE
(208) 726-4421
FACSIMILE
(208) 726-0752

RECEIVED

FEB 10 2014

**DEPARTMENT OF
WATER RESOURCES**

February 6, 2014

Pamela S. Skaggs
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

**RE: *Sun Valley Long Term Holding, LLC -
Applications to Lease Water Rights Nos. 37-2055 and 37-11445
to Water Supply Bank***

Dear Pam:

Enclosed you will find the original and a copy of an Application to Sell or Lease a Water Right to the Water Supply Bank for each of the above-referenced water rights together with a signed W-9 for each Application and our firm's check payable to the Department for the \$500 filing fee. I have not included maps since the entire combined place of use for both water rights will be idled by these Applications.

Please receipt date-stamp the copies and return them to me in the postage prepaid, self addressed envelope I have included for that purpose. Kindly call me right away if you have any questions or concerns about these Applications. Thank you.

Sincerely yours,

SPECK & AANESTAD
A Professional Corporation

By: 
James P. Speck

Enclosures

cc: Client w/encl.