

Mr. Jay McKenzie
McKenzie & McKenzie, P.A.
102 North State Street Suite 1
Preston, Idaho 83263

January 28, 2010

RE: Letter January 26, 2010

Dear Mr. McKenzie,

Upon reviewing your correspondence of January 26, 2010 several matters require clarification.

First: You are not representing Garden Creek Irrigation Company by official vote of the body of current shareholders as is required by laws and statutes of the company. No authorization has been given by the Directors of the Company and vote of the shareholders to employ your services.

Second: We cannot adhere to your so called "clients" request of "no contact" with Garden Creek Irrigation Company stockholders or officers in as much as we are the Directors of the company.

Third: The directors will continue to conduct business of the company in our elected capacity by going forward with the legally called special meeting on February 15, 2010.

On January 24, 2010 a notice of a special meeting of stockholders was outlined by Jack Hatley and Klain Christensen, following a telephone conversation with Reed Capell where he requested we go ahead with the meeting in his absence as it is currently inconvenient to participate. The meeting is to be held February 15, 2010 to elect new governing officers and discuss concerns of water system. The notice, along with envelopes were delivered personally by Mr. Jack Hatley, a director of said company, to secretary Leland Armstrong, with a request to send them out immediately. Mr. Armstrong stated he would do so right away. These notices have not been received by shareholders or by the Directors.

It appears that Leland Armstrong has failed to act in his elected responsibility. Garden Creek Irrigation Company by-laws state that one of the duties of secretary is to "see that all notices are duly given in accordance with the provision of the by-laws or as required". As the secretary has failed to perform in his duties by refusing to send notice of the February 15, 2010 meeting as specifically assigned to him by the directors of Garden Creek Irrigation Company, the directors will perform his duties as is their right, in order that all shareholders have equal opportunity to participate in company decisions and receive correct information regarding current issues at a formal meeting.

It has become apparent that a vigilante group of shareholders are attempting to block due process of the whole body of shareholders. They have circulated false information to shareholders. Meanwhile they are attempting to install a "gag order" by hiring you, to issue a demand that current officers not act in their elected duties for the Irrigation Company, or make contact with any other shareholders or officers. They have demanded by your writing that we not hold the specially called meeting, essentially trying to hamper the due process of a meeting.

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Department of Water Resources
Eastern Region

The decision to hire you was not done by resolution and affirmative vote in a formal meeting of the shareholders. Of the list that you provided in your correspondence, only two people are shareholders in Garden Creek Irrigation Company. This group hired you on their own. However, they are claiming Garden Creek Irrigation Company as the responsible party for your hire, and including non-shareholders who will benefit from your services for resolution of their private grievances. Be advised that the Garden Creek Irrigation Company will not be responsible for remuneration for your fees. The actions of this group is a direct violation of shareholder rights and agency to speak for themselves, and as a body to make decisions for the good of all. This small group is liable to the Garden Creek Irrigation Company for dishonest conduct and attempt to administer the affairs of the company without due process, for their own purposes.

In addition to illegal means to block the rightful functioning of the Garden Creek Irrigation Company shareholders, this vigilante group has also ordered Sheldon Hatley, President of the Garden Creek Irrigation District, and shareholder of Garden Creek Irrigation Company, that he can only contact members through you. Garden Creek Irrigation Company will not succumb to strong armed tactics of those who would try to usurp authority.

As legal and elected officers, Jack Hatley and Klain Christensen, are officially calling a special meeting of the Garden Creek Company and will conduct business as needed with those shareholders who choose to be present.

As to your request for specific information of the shareholders, our stock certificates within the Garden Creek Irrigation Company are our proof. The Garden Creek Irrigation Company was adjudicated the first 200 inches of water, and that is a matter of public record.

Jack Hatley, Director Garden Creek Irrigation Company
3417 West Arimo Road
Arimo, Idaho 83214



Klain Christensen, Director Garden Creek Irrigation Company
963 West Glover Road
Arimo, Idaho 83214



cc: Idaho Department of Water Resources