

Slavin Law Office, Chartered

Milton A. (Jock) Slavin & Milton Chace Slavin
Attorneys at Law
116 North Center Street, Salmon, Idaho 83467
Telephone: 208-756-2030 ~~~ Facsimile: 208-756-2031

December 15, 2007

IDAHO DEPARTMENT OF WATER RESOURCES
900 North Skyline Drive, Suite A
Idaho Falls, Idaho 83402-1718

RECEIVED

DEC 19 2007

ATTN: Sharla Cox, Administrative Assistant

RE: Arrowhead Water District

Department of Water Resources
Eastern Region

Dear Ms. Cox:

Enclosed, as per your request please find a copy of the following documents:

1. Court Order dated October 17, 1978, wherein the Arrowhead Water District is in fact named, ARROWHEAD WATER DISTRICT. Said order was signed by Boyd R. Thomas, District Judge of the Seventh Judicial District; and
2. Agreement, dated July 11, 1984, which does incorrectly state Idaho Arrowhead Water District; and
3. Application for Permit, as amended, and dated October 5, 2007.

Should you have any questions regarding the above referenced documents, please feel free to contact my office at your earliest convenience, or Bob Kramer, Chairman of Arrowhead Water District at 208-756-1012.

Very truly yours,



MILTON A. SLAVIN

MAS\ras

Enclosures: cited

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AGREEMENT

THIS AGREEMENT is entered into this 11 day of July 1984, by and between IDAHO ARROWHEAD WATER DISTRICT, a court ordered, adjudged and decreed entity, acting by and through the undersigned, constituting all of the members of the Administrative Control Board of Idaho Arrowhead Water District (hereinafter "The District"), SMEDLEY DEVELOPMENT COMPANY, of 747 East Hiway 193, Layton, Utah 84041 (hereinafter "Smedley").

Recitals:

1. Idaho Arrowhead Water District is a court ordered, adjudged and decreed entity organized in Salmon, Idaho. The Administrative Control Board of the District consist of James Jones, Talona Jones , Van Woodward, Margareta Woodward, and Beverly Jones as Secretary/Treasurer. The Administrative Control Board is the body authorized to contract on behalf of the District. Storage capacity in the form of reservoirs have been created, three (3) wells have been drilled on a lot 300 x 300 which the District owns, a pipeline distribution system has been partially installed to serve development phases and parcels of Smedley property, and there will be available to the District by reason of this agreement, other sources of water beyond wells, to-wit: 100 inches of Jesse Creek decreed water, 15 inches of purchased Jesse Creek Buck Reddington water, five inches of other decreed (Pollard) Jesse Creek water, which said water will become the property of the District by deed or contract with Smedley.

2. The District may be petitioned to provide water to others in addition to Smedley Sub-Division phases. These petitions for water will be reviewed and approved by the District on an individual basis when water and delivery systems are available and in place to provide necessary hook-ups.

3. The Water district will charge a hook-up fee for homes served with said fee to be utilized to pay for labor and material for hook-up including excavation, installation and water meter costs. Hook-up fees will also provide a cash reserve for emergencies, and use as required in administration of district responsibilities. Smedley

will be given first option to perform water hook-ups required by the District. In the event that he is unable to accomplish this work, the District will arrange to have the work done by other contractors in the Salmon area. A portion of the hook-up fee, over and above cost of labor and materials, may be given to Smedley as agreed by the District Board of Directors to help off-set initial capitol improvement costs for installation of overall water system.

4. Smedley will provide a source of water and a distribution system for delivery of water to each lot and parcel of property to be served by the water district.

5. Primary (culinary) and secondary (outside irrigation) water systems will be provided by Smedley to each sub-division lot or parcel of land to be served. This includes pumps as well as necessary piping and delivery systems. It will then be the Water District's responsibility to provide necessary hook-ups and maintain the system on an ongoing basis.

NOW THEREFORE, for ten dollars (\$10.00) and other good and valuable consideration, it is hereby agreed between the parties as follows:

1. Smedley will transfer or deed as appropriate to the district the following:

- a. 100 inches of decreed Jesse Creek water
- b. 15 inches of decreed Jesse Creek water
purchased from Buck Reddington
- c. 5 inches of (Pollard) Jesse Creek decreed water
- d. Four (4) 100,000 gallon cement reservoirs
- e. One (1) open reservoir at the head of Phase II Smedley
Estates Sub-Division

2. In return for the above, and in accordance with the by-laws of the Idaho Arrowhead Water District, the district agrees to furnish water to approved sub-division phases and other parcels sold by Smedley within the available water, reservoir, distribution system and pumping capability of overall system.

3. The District agrees to maintain reservoirs, pumps and pipeline distribution system installed by Smedley. In order to provide funds for maintenance and up-keep, the District will levy monthly or annual assessments for use of the water within the District.

4. Notwithstanding the foregoing provisions of this agreement, it is agreed that no new source of water will be added to the existing water facilities of the Idaho Arrowhead Water District until that source has been proven by the Idaho State Engineer's Office to be sufficient quantity and quality to be allowed into a community distribution system. If following hook-up, the water source developed by Smedley drops below state requirements, Smedley will be responsible to effect a discontinuance of that source, and to provide additional water capacity to maintain the level of service which at that time would be required.

5. Smedley agrees to warrant and guarantee any well, pump, pipeline and reservoir installation thereof, for a period of one (1) year from date of completion of installation of such facilities or the date on which they are placed in use as part of the District's water system.

6. If either party defaults in any of the covenants or agreements herein contained, the defaulting party shall pay all costs and expenses including a reasonable attorney's fee incurred by the other party in enforcing its rights arising under this agreement, whether such enforcement is a means in a court of law or otherwise.

7. This Agreement constitutes the entire agreement between the parties, and all prior agreements, negotiations, oral understandings and other undertakings between parties with respect to the subject matter of this Agreement are expressly incorporated herein. This Agreement shall be construed under the laws of the State of Idaho and shall be binding upon heirs, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

STATE OF IDAHO)
COUNTY OF LEMHI)

SS NO 177228

This instrument was filed for record at the request of
Eugene Jones

9:26 A M. Sept. 16 19 85

and duly filed and indexed in the

AGREEMENTS Records of Lemhi County,
Idaho.

Alberta Wiederrick

Ex-Officio Recorder

By E. L. H. H. H. Deputy

\$6.00 pd.

Eugene Jones;
180 E., 2230 N., apt. 4
Provo, Ut. 84604

IDAHO ARROWHEAD WATER DISTRICT

Administrative Control Board

[Signature]
[Signature]
Margaret J. Woodward
Van A. Woodward
Beverly K. Jones

SMEDLEY DEVELOPMENT COMPANY

By Dale T. Smedley
Dale T. Smedley, General Partner