

RECEIVED

MAR 10 2006

DEPARTMENT OF
WATER RESOURCES

LAW OFFICES

601 W. Bannock Street
PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
FACSIMILE: 208 388-1300
WEBSITE: www.givenspursley.com

Gary G. Allen
Kristen A. Atwood
Kelly T. Barbour
Christopher J. Beeson
William C. Cole
Michael C. Creamer
Thomas E. Dvorak
Roy Lewis Eiguren
Timothy P. Fearnside
Jeffrey C. Fereday
Melissa A. Finocchio*
Steven J. Hippler
Kari T. Klein
Debora K. Kristensen
Anne C. Kunkel

Jeremy G. Ladle
Franklin G. Lee
David R. Lombardi
John M. Marshall
Kenneth R. McClure
Kelly Greene McConnell
Cynthia A. Melillo
Christopher H. Meyer
L. Edward Miller
Patrick J. Miller
Judson B. Montgomery
Angela K. Nelson
Deborah E. Nelson
W. Hugh O'Riordan, LL.M.
Bradley V. Sneed

H. Barton Thomas, LL.M.
J. Will Varin
Conley E. Ward
Robert B. White

Raymond D. Givens
RETIRED

James A. McClure
RETIRED

Kenneth L. Pursley
RETIRED
**Licensed in California*

March 9, 2006

Jeff Peppersack
Manager
Water Rights Permits Section
Water Allocation Bureau
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Idaho Shakespeare Festival

Dear Jeff:

I am writing on behalf of the Idaho Shakespeare Festival ("ISF") concerning a condition of approval contained in two water right transfers (67101 and 71032) previously approved by the Department. These transfers authorized a change in point of diversion and place of use of irrigation water rights held in the name of Boise Valley Irrigation Ditch Company ("BVIDC") that are represented by 15.5 shares of BVIDC stock issued to ISF. The intent of these transfers was to provide irrigation water for the ISF venue and within a permissible place of use that includes property owned by the Idaho Foundation for Parks and Lands, Inc. ("Foundation") and the Idaho Department of Parks and Recreation ("IDPR").

It has come to ISF's attention that the two transfers contained a condition that they be "completed within one year." However, to date, the transferred water has not yet been fully applied to irrigation, although ISF has been diligent in its efforts to do so. In an effort to complete this process in a way that optimizes the water's use within the permissible place of use consistent with ISF's, the Foundation's and IDPR's policies and funds, these three entities have proposed that IDPR will prepare an irrigation development plan for their consideration for implementation. The attached letter agreement describes their intent in this regard.

In light of the foregoing, ISF is requesting that the Department waive the above-referenced condition requiring the transfers to be completed within one year. If ultimately there is more water authorized for irrigation by the transfers than ISF, the Foundation and IDPR conclude is necessary, ISF will notify the Department and will take necessary steps in cooperation with BVIDC to place any water that might be considered surplus in the water bank until an appropriate disposition can be made of the water.

Jeff Peppersack
March 9, 2006
Page 2

I will look forward to hearing from you concerning this request.

Sincerely,



Michael C. Creamer

Enclosure

cc: Mark Hofflund
Charles McDevitt
Michael Orr

MCC:kdt S:\CLIENTS\8000\23\MCC Transmittal Letter to IDWR re Transfer Extension.DOC

January 19, 2006

Letter Agreement

This Letter Agreement is entered into effective December 1, 2005 by the Idaho Foundation for Parks and Lands, Inc., an Idaho non-profit corporation ("Foundation"), the Idaho Department of Parks and Recreation, a department of the sovereign State of Idaho ("Department") and the Idaho Shakespeare Festival, an Idaho non-profit corporation ("Festival"). The Foundation, the Department and the Festival may be referred to herein as the "parties."

Background

The Foundation, the Department and the Festival each are parties to a Memorandum of Understanding together with an Addendum to Memorandum of Understanding dated September 10, 1996 (the "MOU"), and they are parties to a Restated Operating Agreement dated October 2, 2003 ("Operating Agreement"). In addition, the Department and the Festival are parties to a Use Permit dated May 7, 1996 ("Use Permit").

The Foundation, the Department and the Festival have understood that the Festival would seek to obtain irrigation water for the Festival property, and if possible, additional water that could be beneficially used on the Department property and/or the Foundation property. Through three private donations, the Festival acquired irrigation water rights (the "Water Rights") represented by fifteen and one half shares of stock of the Boise Valley Irrigation Ditch Company ("BVIDC"). With the approval of BVIDC, and pursuant to two water right transfers Nos. 67107 and 71032 (the "Transfers") issued by the Idaho Department of Water Resources, the Festival has changed the point of diversion and place of use of the Water Rights. The Transfers authorize diverting the Water Rights from the Boise River to irrigate up to fifteen and one half acres within a thirty-five and one half acre permissible place of use that encompasses the Department's, the Foundation's and the Festival's respective adjacent properties together with a 0.61 acre strip of land adjacent to the Foundation property belonging to David and Ann Triplett. A condition of the Transfers is that they be completed within one year of the approval dates.

The Foundation, the Department and the Festival have diligently pursued completion of the Transfers. At its sole cost, the Festival has obtained approval of the Transfers, ensured that all BVIDC assessments on the Water Right shares are paid current, and installed a point of diversion from the Boise River with an associated

pumping and distribution system to apply a portion of the Water Rights to landscaped areas within the Festival's property.

The Foundation, the Department and the Festival also have met to develop a plan for using the balance of the Water Rights within the permissible place of use. Impediments to completing this irrigation development plan include changes in key Department personnel, and the Department's, the Festival's and the Foundation's currently limited budgets. On November 16, 2005 representatives of the Foundation, the Department and the Festival met to discuss completion at the earliest possible time of an irrigation development plan that:

1. optimizes the use of the Water Rights within the permissible place of use;
2. incorporates methods to conserve water used for landscape irrigation;
3. accounts for anticipated budget constraints on development expenditures and subsequent annual operation and maintenance costs for the diversion and distribution system;
4. is consistent with the terms and intent of the MOU, the Operating Agreement and the Use Permit;
5. analyzes the efficacy of one or more alternate points of diversion for diverting and distributing water for use on the Department's or Foundation's property;
6. identifies the total number and the location of all irrigated acres upon completion of Water Rights development, and quantifies the portion of the Water Rights, if any, that might be deemed "surplus" to the needs of the Department, the Foundation and the Festival;
7. establishes a reasonable timeframe to complete the diversion of the Water Rights to beneficial use.

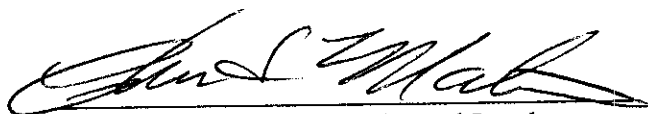
Agreement

By this Letter Agreement, the Foundation, the Department and the Festival agree that the Department is the appropriate party to prepare the draft irrigation development plan to be evaluated by all the parties that takes into account, among other things, the above criteria. The Foundation and the Festival agree to provide the Department with information it may reasonably request to assist it in preparing the draft irrigation development plan. The Department will present a draft plan to the Foundation and the Festival no later than April 1, 2006.

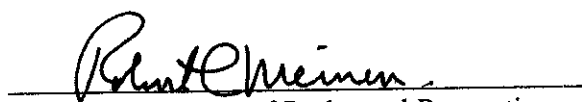
The parties do not intend this Letter Agreement to imply that all, or a specific portion of, the Water Rights must be, or will be, developed under a proposed development plan, it being understood that such quantity will be in large part dictated by the above criteria and must be mutually agreed to by the parties. Similarly, this Letter Agreement does not address the disposition of the shares representing the portion of the Water Rights, if any, that ultimately may be developed within the permissible place of use and/or the portion of the Water Rights, if any, that ultimately may be deemed "surplus." The parties do understand that the Festival is the record owner of the BVIDC shares representing the Water Rights.

This letter agreement does not in any way amend any terms of the MOU, the Operating Agreement or the Use Permit.

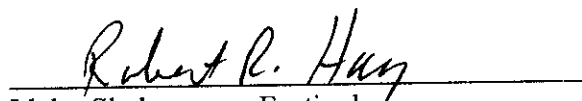
The parties agree that a copy of this Letter Agreement may be provided to the Idaho Department of Water Resources in support of a request by the Festival that it be granted additional time to complete the Transfers.



Idaho Foundation for Parks and Lands



Idaho Department of Parks and Recreation



Idaho Shakespeare Festival