



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region • 7600 N MINERAL DR STE 100 • COEUR D ALENE, ID 83815-7763
Phone: (208)762-2800 • Fax: (208)769-2819 • Website: www.idwr.idaho.gov

Brad Little
Governor

Gary Spackman
Director

January 08, 2021

LEE FAMILY RANCH LLC
225 LEE RD
OLDTOWN ID 83822-8500

RE: Water Right Change in Ownership No(s): 97-4233,

Dear Interested Parties:

The Idaho Department of Water Resources (Department) received a Notice of Change in Water Right Ownership (Notice) from you on December 7, 2020 for the above referenced water rights. The Notice could not be processed because it was supplied with an Operator's Agreement instead of a warranty deed.

On December 9, 2020, the Department requested a notarized warranty deed or quitclaim deed from you. As of the date of this letter, the Department has not received a deed for the property.

The Department is returning your Notice of Change in Water Right Ownership and the attachments. A refund of \$25 has been requested and will be mailed to you under separate cover from the Idaho State Controller's Office. You may re-submit your request with the appropriate documents and fees.

If you have any questions regarding this matter, please contact me at (208) 762-2813.

Sincerely,

Natalie Steading
Tech Records Specialist 1

Enclosure(s)



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region • 7600 N MINERAL DR STE 100 • COEUR D ALENE, ID 83815-7763
Phone: (208)762-2800 • Fax: (208)769-2819 • Website: www.idwr.idaho.gov

Brad Little
Governor

Gary Spackman
Director

December 09, 2020

LEE FAMILY RANCH LLC
225 LEE RD
OLDTOWN ID 83822-8500

RE: Water Right Change in Ownership No(s): 97-4233

Dear Interested Parties:

The Department of Water Resources (Department) acknowledges receipt of your Notice of Change in Water Right Ownership (Notice).

Our review of your Notice indicates that additional information is required before the Department can process the change. The information required is indicated below:

- *Evidence of Water Right Ownership:* Because Operating Agreements do not convey property, the Department is unable to use the agreement as proof of ownership. Please submit a notarized warranty or a notarized quitclaim deed.

Because the Department cannot process the Notice without proper documentation, we will hold any action on your notice pending receipt of the necessary information. If we do not receive the necessary information within 30 days we will return your notice and all attachments and your notice will not be processed.

Also, please note that permit holders are required to report any change of ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Forms to assign ownership or update your address are available from any office of the Department or on the Department's website.

If you have any questions regarding this matter, please contact me at (208) 762-2813.

Sincerely,

Natalie Steading
Tech Records Specialist 1

Enclosure(s)

RECEIVED

DEC 07 2020

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

IDWR / NORTH Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, [see #6](#) of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
97-4233	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: Richard or Irene Lee
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): Lee Family Ranch, LLC
New owner(s) as listed on the conveyance document
- 225 Lee Road Oldtown Name connector Idaho ☐ and ☐ or ☐ and/or 83322
Mailing address City State ZIP
208-597-0016 123russelllee@gmail.com
Telephone Email

4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: 1968
6. If the water right is leased to the Water Supply Bank changing ownership of a water right will reassign to the new owner any Water Supply Bank leases associated with the water right. Payment of revenue generated from any rental of a leased water right requires a completed [IRS Form W-9](#) for payment to be issued to an owner. A new owner for a water right under lease shall supply a W-9. Water rights with multiple owners must specify a designated lessor, using a completed [Lessor Designation](#) form. Beginning in the calendar year following an acknowledged change in water right ownership, compensation for any rental will go to the new owner(s).

7. This form must be signed and submitted with the following **REQUIRED** items.
- ☒ A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
 - ☒ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
 - ☒ Filing fee (see instructions for further explanation):
 - ☒ \$25 per *undivided* water right
 - ☐ \$100 per *split* water right.
 - ☐ No fee is required for pending adjudication claims.
 - ☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
 - ☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.

8. Signature: Russell Lee Cos-owner 12/3/2020
Signature of new owner/claimant Title, if applicable Date
- Signature: _____
Signature of new owner/claimant Title, if applicable Date

For IDWR Office Use Only:

Received by JA Date 12-7-2020 Receipt No. N036590 Receipt Amt. 25.00
 Active in the Water Supply Bank? Yes ☐ No ☐ If yes, forward to the State Office for processing W-9 received? Yes ☐ No ☐
 Name on W-9 _____ Approved by _____ Processed by _____ Date _____

OPERATING AGREEMENT LEE FAMILY RANCH, L.L.C.

The undersigned execute this operating agreement, effective as of August 30, 2017, as the members of the Lee Family Ranch, L.L.C., an Idaho limited liability company (hereinafter the "LLC").

SECTION 1: INITIAL MEMBERS

The names and addresses of the members of the LLC are:

Irene H. Lee ("Irene")
225 Lee Road, Oldtown ID 83822

Susan Ann Nagel ("Susie")
225 Lee Road, Oldtown, ID 83822

Russell A. Lee ("Russ")
223 Lee Road, Oldtown ID 83822

Susan Beth Usher-Lee ("Sue")
223 Lee Road, Oldtown ID 83822

SECTION 2: PURPOSE

- (a) The purpose for which the LLC has been formed is to acquire and operate the 382-acre cattle ranch which has been owned and operated by Richard and Irene Lee since 1960. This property lies within Sections 7 and 18, Township 56 North, Range 5 West of the Boise Meridian in Bonner County, Idaho, and shall be referred to as the Lee Ranch.
- (b) The members hereby confirm their commitment to stewardship of the Lee Ranch consistent with the philosophy developed and maintained by Richard and Irene Lee, that is, the conduct of ranching, logging and other activities on the land that are sustainable, continuously over time, in keeping with best management and forestry practices and the historic high regard with which the Lees have held the land.
- (c) Informed by the purpose set forth above, the LLC may engage in any lawful business permitted by the Act or the laws of any jurisdiction in which the LLC may do business. The LLC shall have the authority to do all things necessary or convenient to accomplish its purpose and operate its business as described in this Section.

SECTION 3: REGISTERED AGENT

The registered agent for the service of process and the registered office shall be that person and location reflected in the Articles as filed in the office of the Secretary of State. The members, may, from time to time, change the registered agent or office through appropriate filings with the Secretary of State. If the members shall fail to designate a replacement registered agent or change of address of the registered office, any member may designate a replacement registered agent or file a notice of change of address through appropriate filings with the Secretary of State.

SECTION 4: DURATION OF THE LLC

The term of the LLC shall be perpetual, until the LLC is dissolved in accordance with either the provisions of this Operating Agreement or the Act.

SECTION 5: MEMBERS' ACCOUNTS

- (a) There shall be one class of interest in the LLC. Equal voting rights are granted to Irene, Russ, Sue and Susie without regard to the interests of the members resulting from their respective initial contributions set forth in Section 6(c).
- (b) Capital accounts shall be maintained, without interest, in accordance with the requirements of Subchapter K of the Internal Revenue Code of 1986, as amended, and the related Treasury Regulations. Under those rules, an individual capital account shall be maintained for each member, to which shall be added the money and net fair market value of contributions to the LLC by that member and that member's allocations of income and gain, and from which shall be subtracted allocations of expenditure, loss and deduction and the amount of money and the net fair market value of property distributed to the member by the LLC.
- (c) The net profits and losses from ranching and other activities shall be allocated to and among the members according to their capital accounts, provided that, to the extent required by IRC Section 704(c), income from logging operations shall be allocated to the members as capital gains.
- (d) No member shall be liable for obligations of the LLC, except to the extent of his or her capital account. Members shall not be required to make additional contributions to capital; instead, if capital is needed, logging or other cash operations shall be more aggressively pursued, provided that logging that is not sustainable continuously over time must be approved in advance.

SECTION 6: CAPITAL CONTRIBUTIONS

- (a) Irene owned the following portions of the Lee Ranch: in Section 7, the Northeast Quarter thereof and an undivided $\frac{3}{4}$ interest in the Southeast Quarter (except a portion

of the SW/SE lying west of the road), and, in Section 18, 74.9 acres of the North Half of the Northeast Quarter.

- (b) Together, Susie, Russ and Sue owned the remaining $\frac{1}{4}$ interest in the said portion of the Southeast Quarter of Section 7.
- (c) The parties have granted and contributed their entire interest of the Lee Ranch, after which and based on the parties' valuation of the respective parts of the Lee Ranch, the members own LLC voting capital as follows:

Irene	97 percent
Russ	1 percent
Sue	1 percent
Susie	1 percent
Total	100 percent

SECTION 7: FEDERAL INCOME TAX CLASSIFICATION

The undersigned have determined that it is in each of their best interests, and hereby declare their intent, that the LLC be treated for federal income tax purposes as a partnership, as provided and defined in U.S. Treasury Regulations, 301.7701-3(a) and they have directed counsel to the LLC to apply for a federal employer identification number on that basis. The LLC has been assigned EIN 82-0498626 by the IRS.

SECTION 8: DISTRIBUTION OF PROFITS

Although the LLC will conduct traditional ranching and other activities, the members may not necessarily receive regular cash distributions on account of their ownership of voting capital. Regularity of distributions to the members may be impacted by matters such as market conditions and cash needs of the LLC. The LLC currently pays all expenses of ownership and use of the two residences, as reasonable and necessary business expenses, and may make guaranteed payments to members as the members may determine, which shall be deducted along with all other normal charges in arriving at net income or loss. The LLC shall make a commercially reasonable effort to timely distribute to each member enough cash to offset the state and federal income tax generated by inclusion of his or her share of LLC net income each year.

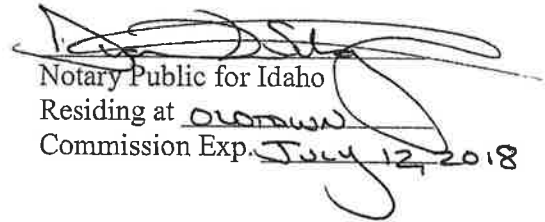
SECTION 9: RIGHTS AND DUTIES OF THE MEMBERS

- (a) The affairs of the LLC are vested in the members. The members agree to conduct business for the LLC according to policies and plans determined and agreed to by the members, at regular meetings.

STATE OF IDAHO)
) ss.
County of Bonner)

On August 30th, 2017, before me, the undersigned Notary Public for Idaho, personally appeared Irene H. Lee, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.

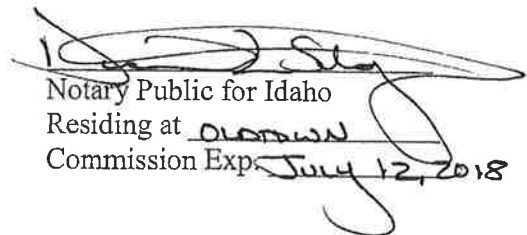



Notary Public for Idaho
Residing at OLDMAN
Commission Exp. July 12, 2018

STATE OF IDAHO)
) ss.
County of Bonner)

On August 30th, 2017, before me, the undersigned Notary Public for Idaho, personally appeared Russell A. Lee and Susan Beth Usher-Lee, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

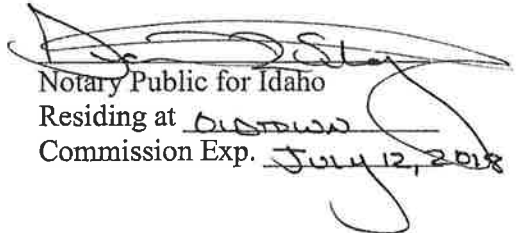



Notary Public for Idaho
Residing at OLDMAN
Commission Exp. July 12, 2018

STATE OF IDAHO)
) ss.
County of Bonner)

On August 30th, 2017, before me, the undersigned Notary Public for Idaho, personally appeared Susan Ann Nagel, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.




Notary Public for Idaho
Residing at Dubuque
Commission Exp. July 12, 2018

TWP 56N, Rge 5W
Banner Co, ID.

NW¹/₄ NE¹/₄
Sec. 18



NE¹/₄ NE¹/₄
Sec. 18



Steading, Natalie

From: Steading, Natalie
Sent: Friday, January 8, 2021 4:35 PM
To: IdwrPayable
Subject: Request for Refund

TO: IDWR Payable
FROM: Natalie Steading
DATE: January 8, 2021
RE: Refund for 97-4233

Please refund \$25. The applicant has not supplied the required conveyance documents requested

NAME: Lee Family Ranch

ADDRESS: 225 Lee Rd
Oldtown ID 83822-8500

RECEIPT#: N036590

Natalie Steading

Idaho Dept. of Water Resources, Northern
7600 N Mineral Drive, Ste 100
Coeur d'Alene ID 83815
Ph: (208) 762-2800
Fax: (208) 762-2819