

WATER SUPPLY BANK LEASE CONTRACT No. 1205

This Lease Contract ("Lease") is between the Idaho Water Resource Board ("Board"), and

LESSOR: SOUTH COVE VENTURES LLC
C/O GREGORY VIK
PO BOX 1607
BELLEVUE, WA 98009

SUPPORT DATA
IN FILE # 37-591B

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 and received by the Department on May 08, 2020.
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

Water Right No.	Priority Date	Source	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (AC)
37-591B	7/15/1887	CAMAS CREEK, tributary to BIG WOOD RIVER	0.67	Not Stated	44.0
37-592B	6/1/1899	CAMAS CREEK, tributary to BIG WOOD RIVER	0.50	Not Stated	44.0
37-593B	6/1/1897	SPRING CREEK, tributary to CAMAS CREEK	0.50	Not Stated	80.0
37-594B	6/1/1898	CAMAS CREEK, tributary to BIG WOOD RIVER	1.30	Not Stated	124.0
37-595B	7/20/1901	CAMAS CREEK, tributary to BIG WOOD RIVER	1.11	Not Stated	124.0
Combined Lease Totals			4.08	Not Stated	124.0

Summary of Water Rights Elements Rentable From the Bank

Water Right	Diversion Rate (CFS)	Diversion Volume (AF)	Acres (Limited) (AC)	Rate Per Acre (CFS/AC)	Volume Per Acre (AF/AC)
37-591B	0.67	154.0	44.0	0.02	3.5
37-592B	1.11	434.0	124.0	0.01	3.5
37-593B	0.50	280.0	80.0	0.006	3.5
37-594B	1.30	434.0	124.0	0.01	3.5
37-595B	0.50	154.0	44.0	0.01	3.5
Combined Limit Totals	4.08	434.0	124.0	0.033	3.5

* The water right elements rentable have been reduced from the water right elements leased to account for a field headgate standard of 3.5 and a combined acre limit of 124.0 acres

WATER SUPPLY BANK LEASE CONTRACT No. 1205

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:** The term of this lease shall be January 1, 2020 to December 31, 2024. This Lease shall bind the parties and take effect when both parties have signed it.
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. **CHANGE OF WATER RIGHT:** This lease specifies water right elements including but not limited to: diversion rates; diversion volumes; number of acres authorized to be irrigated; places of use; points of diversion; beneficial uses; and seasons of use. During the term of this lease, if a water right is administratively changed due to a water right split and renumbering, this lease may be reduced by an equal amount to reflect the water right elements as legally defined under the water right. If a lease contract cannot be reduced sufficient to reflect the legal definition of a water right as amended through a water right split and/or water right transfer, the Board may release the water right from the Water Supply Bank.
6. **ASSIGNMENT OF CONTRACT:** This lease is between the Board and the Lessor, who is the recognized owner or designated representative of the recognized owners of water rights described herein. Should ownership of any part of a water right herein described change during the term of this lease, either through a water right split, a water right transfer, sale of property to which the water right is appurtenant, or through any other recognized water right reassignment, the lease benefits and obligations to the conditions of acceptance for any such water rights will be assigned to the new owners.
7. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 1205

IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

LESSOR: SOUTH COVE VENTURES LLC
C/O GREGORY VIK
PO BOX 1607
BELLEVUE, WA 98009

By 
Title PRESIDENT
Date 6-24-20

IDAHO WATER RESOURCE BOARD
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

By 
Brian Patton, Acting Administrator
Idaho Water Resource Board

Date 07/31/20

Lease approved by IDWR 

Date 07/31/20

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 1205

ATTACHMENT A WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water rights or portions thereof leased to the bank are described as follows:

Source and Location of Point(s) of Diversion for Water Right No(s): 37-591B, 37-594B, 37-595B, 37-592B

CAMAS CREEK SENWNE Sec. 31 Twp 01S Rge 15E CAMAS County

Source and Location of Point(s) of Diversion for Water Right No(s): 37-593B, 37-594B, 37-595B

SPRING CREEK NWSENE Sec. 32 Twp 01S Rge 15E CAMAS County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
37-591B	IRRIGATION	04/15	to	10/31	0.67 cfs	Not Stated
37-592B	IRRIGATION	04/15	to	10/31	0.50 cfs	Not Stated
37-593B	IRRIGATION	04/15	to	10/31	0.50 cfs	Not Stated
37-594B	IRRIGATION	04/15	to	10/31	1.30 cfs	Not Stated
37-595B	IRRIGATION	04/15	to	10/31	1.11 cfs	Not Stated
Totals:					4.08 cfs	Not Stated

PLACES 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	
01S	15E	32					31	13											44
01S	15E	33					21	15	25	19									80

Total Acres: 124

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, or the lease term expires. A right may be released from the bank upon request, 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 pursuant to Idaho Code § 42-223(5).
6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

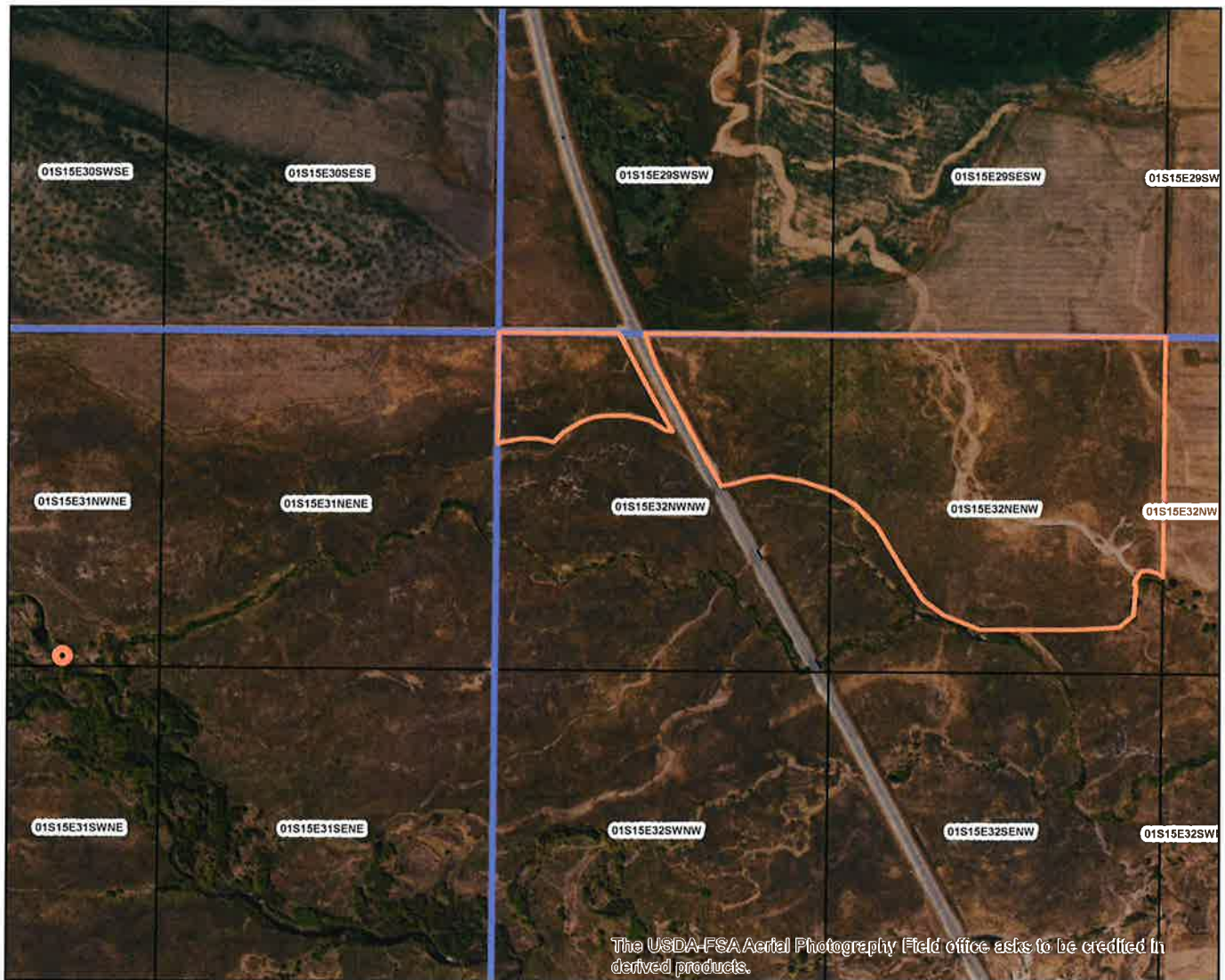
WATER SUPPLY BANK LEASE CONTRACT No. 1205

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, even if the Department processes a Notice of Change in Water Right Ownership during the rental season.
 - b. New lessor(s) of record will receive payment for any subsequent rental seasons.
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 124 acres in a single irrigation season. Combined Right Nos.: 37-591B, 37-592B, 37-593B, 37-594B & 37-595B.
13. Pursuant to Section 42-1412(6), Idaho Code, this water right is subject to such general provisions necessary for the definition of the rights or for the efficient administration of water rights as determined by the Snake River Basin Adjudication court in the final unified decree entered 08/26/2014.
14. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 3.5 afa per acre at the field headgate for irrigation of the place of use.
15. 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. 37B.

Idaho Water Resource Board Water Supply Bank Lease Contract No. 1205

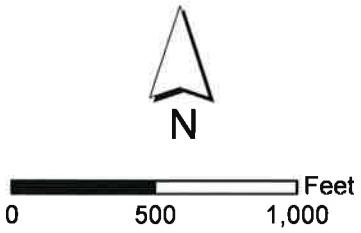
37-591B & 37-592B
Effective until December 31, 2024

This map depicts the **place of use to be idled** pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



The USDA-FSA Aerial Photography Field office asks to be credited in derived products.

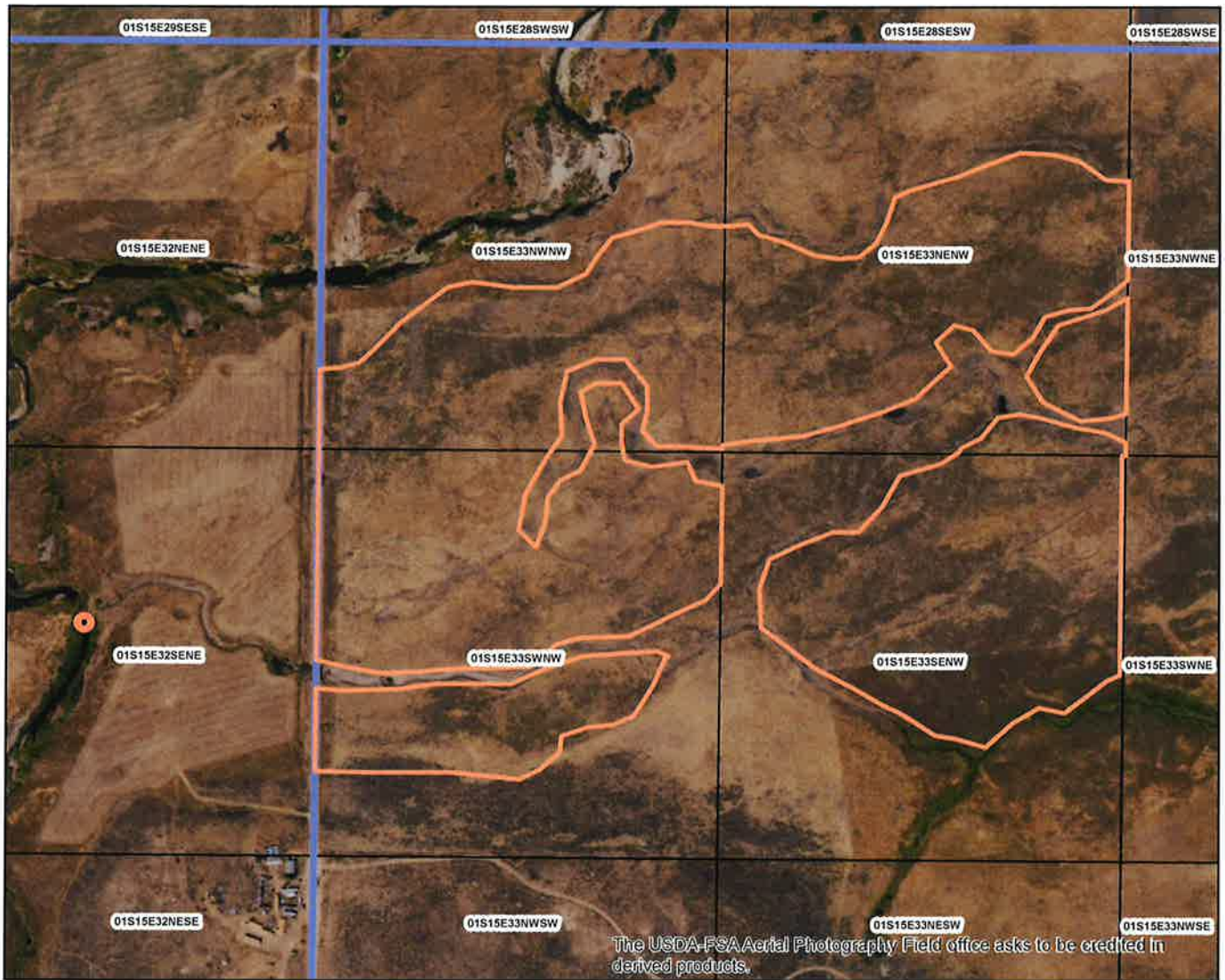
- Approved Lease Point of Diversion
- Approved Lease Place of Use
- Township/Range
- Sections
- QQ








Idaho Water Resource Board
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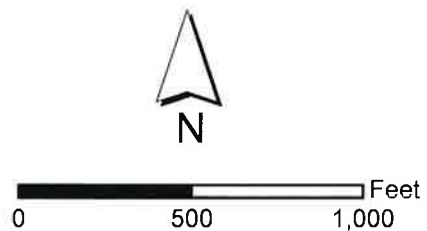
37-593B
Effective until December 31, 2024

This map depicts the **place of use to be idled** pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



The USDA-FSA Aerial Photography Field office asks to be credited in derived products.

-  Approved Lease Point of Diversion
-  Approved Lease Place of Use
-  Township/Range
-  Sections
-  QQ

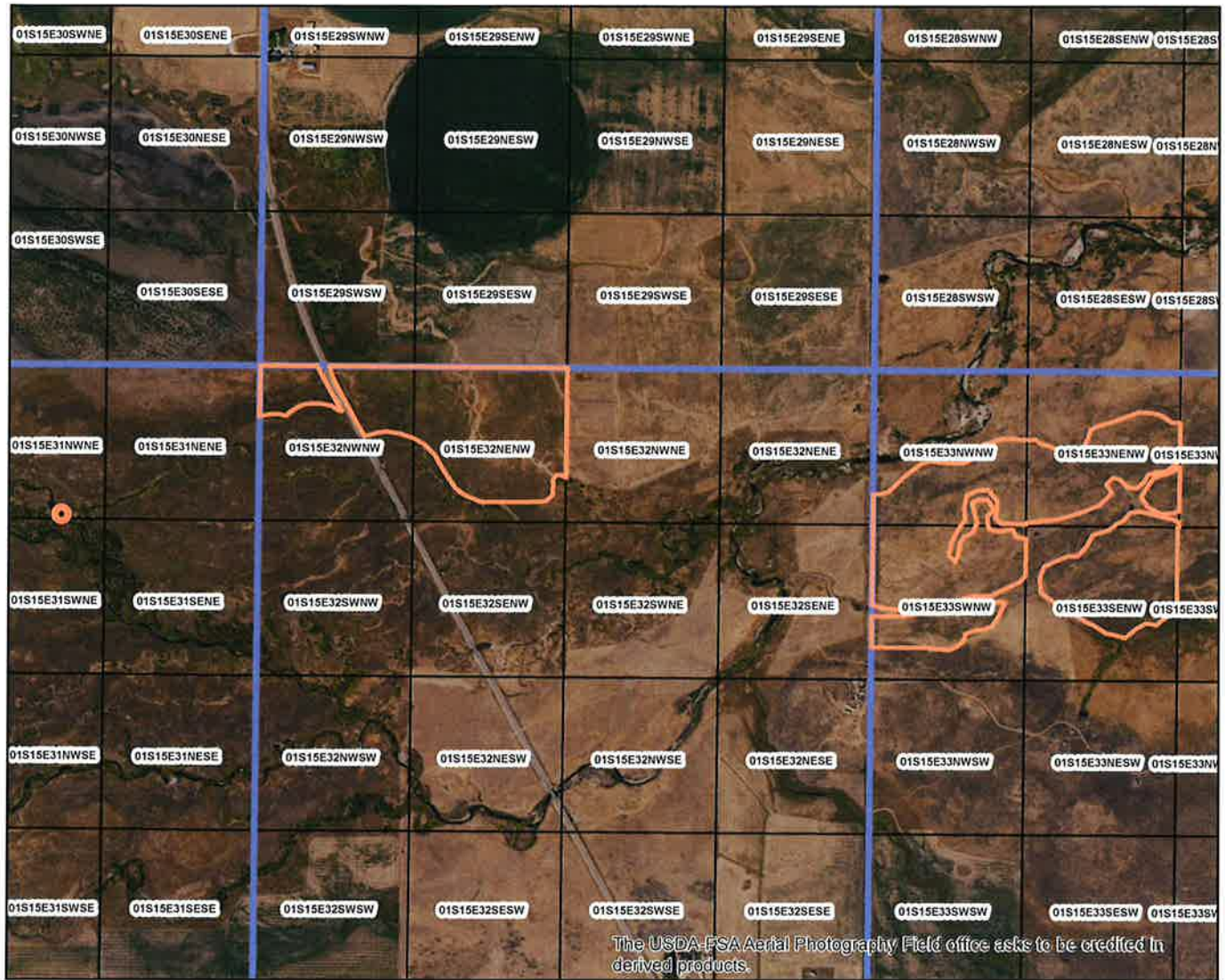


Idaho Water Resource Board

Water Supply Bank Lease Contract No. 1205

37-594B & 37-595B
Effective until December 31, 2024

This map depicts the **place of use to be idled** pursuant to the lease contract and is attached to the contract solely for illustrative purposes.



The USDA-FSA Aerial Photography Field office asks to be credited in derived products.

- Approved Lease Point of Diversion
- Approved Lease Place of Use
- Township/Range
- Sections
- QQ



RECEIVED

MAY 08 2020

DEPARTMENT OF WATER RESOURCES

STATE OF IDAHO
WATER RESOURCE BOARD

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

Designated Applicant SOUTH COVE VENTURES LLC Water Right No. 37-591B
(Select one owner – see item 1A on the application) (One water right per application)

Is this application being submitted with a rental application as a lease/rental package? Yes No

This application must be prepared in accordance with the minimum requirement checklist below. Use this checklist to ensure all necessary documentation has been provided. This checklist is part of the lease application and must be included with the lease application. **Applications that do not meet the minimum requirements will not be processed and may be returned or denied.**

MIMUMUM REQUIREMENT CHECKLIST		
All items must be checked as either <i>Attached (Yes)</i> or <i>Not Applicable (N/A)</i>		
Yes		
	<input checked="" type="checkbox"/>	Completed <i>Application to Sell or Lease a Water Right to the Water Supply Bank</i> .
	<input type="checkbox"/>	Application filing fee of \$250.00 per water right. If you are submitting more than one lease application and the water rights have an overlapping, common place of use, or a common diversion rate or volume, the total fee for all water rights is \$500.00. For places of use, multiple water rights must be used to irrigate the same lands in order to qualify for the joint filing fee. Individual filing fees are required for water rights that share a common permissible place of use but which cover separate acres within the permissible place of use.
	<input checked="" type="checkbox"/>	Confirmation this form has been printed single sided , per requirement of the Water Supply Bank.
Attachment	N/A	Yes
1A	<input type="checkbox"/>	<input checked="" type="checkbox"/> Signatures and contact information for all owners of the water right to be leased or sold on this application.
1B	<input type="checkbox"/>	<input checked="" type="checkbox"/> An <u>Internal Revenue Service (IRS) Form W-9</u> for the Designated Applicant.
1C	<input checked="" type="checkbox"/>	<input type="checkbox"/> <i>Notice of Change in Water Right Ownership</i> form (accessible from www.idwr.idaho.gov).
1D	<input type="checkbox"/>	<input checked="" type="checkbox"/> Contact information for an authorized representative and documentary proof they are authorized to represent the Designated Applicant on this application. If the Designated Applicant is a business, partnership, municipality, organization or association, include documents identifying officers authorized to sign or act on behalf of the entity.
2	<input type="checkbox"/>	<input checked="" type="checkbox"/> Description of a water right portion offered to the Water Supply Bank.
3	<input type="checkbox"/>	<input checked="" type="checkbox"/> A map that clearly outlines the specific location where irrigated acres will be dried up, or where a beneficial use of water will be suspended. You have the option of printing a map using the map tool on IDWR's website at: www.idwr.idaho.gov .
4A	<input checked="" type="checkbox"/>	<input type="checkbox"/> Written consent from irrigation district or water delivery company.
4G	<input type="checkbox"/>	<input checked="" type="checkbox"/> Evidence demonstrating the water right has not been forfeited pursuant to Section 42-222(2), Idaho Code .

Department Use Only			
Fee Amount \$	<u>1250.00</u>	Received By:	<u>km</u>
W-9 received?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Date Received:	<u>5-8-2020</u>
	(Route W-9 to Fiscal)	Receipt #	<u>C108720</u>
		Name on W-9:	<u>South Cove Ventures LLC</u>

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STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

1. CONTACT INFORMATION

- A. This application must be completed by a Designated Applicant who is a current owner of the water right being sold or leased to the Water Supply Bank. If there are additional current owners, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment 1A of this application package.

Designated Applicant SOUTH COVE VENTURES LLC

Mailing Address PO Box 1607 Bellevue, WA 98009

Street

City

State

Zip Code

Email Address _____

Phone Number _____

The Designated Applicant is the sole owner of the water right being sold or leased to the Water Supply Bank.

OR

The Designated Applicant is representing additional water right holders who have completed Attachment 1A.

- B. Has the Designated Applicant submitted an IRS Form W-9 to this Department within the last 2 years? Yes No
If no, complete the form and attach to this application (Attachment 1B).

- C. Are all applicants on this form listed in IDWR's records as the current owners of the water right? Yes No
If no, attach a *Notice of Change in Water Right Ownership* form along with the required documentation and fee (Attachment 1C).

- D. Is this application being completed by an authorized representative of the Designated Applicant? Yes No
If yes, representatives (includes employees of Designated Applicant companies) must complete this section and submit documentary proof of their authority to represent the Designated Applicant (Attachment 1D).

Name of Representative Greg Sullivan

Organization Brockway Engineering

Professional Title Engineer

Email Address greg.sullivan@brockwayeng.com

Mailing Address 2016 North Washington St Ste 4 Twin Falls, ID 83301

Phone Number 208-736-8543

Send all correspondence for this application to the representative and not to the Designated Applicant.

OR

Send original correspondence to the Designated Applicant and copies to the representative.

2. DESCRIPTION OF WATER RIGHT OFFERED TO THE BANK

The full water right is being offered to the Bank.

OR

A part of the water right is being offered to the Bank.

If a portion of the water right is being offered, complete Attachment 2.

3. MAP

Attach a map of the point(s) of diversion and place(s) of use proposed to be idled by this lease application. Make sure the idled place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to idle. If the water right proposed for lease is located within a permissible place of use (PPU) and portions of the PPU will continue to receive water from non-leased water rights, clearly outline on a map the acres within the PPU that will continue to be irrigated, as well as acres that will be idled during the lease term. Label the map **Attachment 3**.

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

4. GENERAL INFORMATION

- A. 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 authorizing the proposed sale or lease (Attachment 4A).

If your water right is delivered through a canal, lateral or ditch operated by a canal company, irrigation district, or similar delivery entity, your lease request must include written consent from the company, district, or similar entity for your removal of water from its system pursuant to Section 42-108, Idaho Code and IDAPA WSB Rule 37.02.03.25.02e.

- B. Please provide a description of the current water diversion and delivery system.
Existing diversion system and delivery system.

- C. Describe any other water rights used for the same purpose at the same place of use as the water right being offered to the Bank. 37-591B, 37-592B, 37-593B, 37-594B and 37-595B

- D. Are any of the water rights identified in Section 4C stacked with the water right proposed for lease? Yes No

Stacked water rights are used together to achieve a common beneficial use, such as irrigation of the same lands. Stacked water rights cannot be separated and must be jointly leased to the Water Supply Bank. Stacked water rights qualify for the multiple fee payment of \$500.

- E. Will the present place of use continue to receive water from any other source? Yes No

If yes, explain the relationship between the different water sources and how enlargement of the authorized use will not occur if this water right is leased. _____

- F. Identify annual volumes and/or rates of water diverted in the last 5 years to accomplish the beneficial use authorized by this water right. This water right has been leased into the Idaho Water Supply Bank since 2015.

- G. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes No

If yes, describe the circumstances and attach evidence to demonstrate how the water right has not been lost through forfeiture (Attachment 4G). See Section 42-223, Idaho Code for exceptions to forfeiture. Your application may be denied if forfeiture concerns are not addressed. _____

- H. Is this water right involved in any other IDWR process, such as an application for transfer or a mitigation plan?

If yes, describe. Yes No

STATE OF IDAHO
WATER RESOURCE BOARD

APPLICATION TO SELL OR LEASE A WATER RIGHT
(Continued)

5. SALE/LEASE AGREEMENT

A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale or lease ?

If lease, specify the years when the use of water will be suspended: 2020 to 2024 (maximum lease period 5 calendar years).
(Year) (Year)

B. 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.

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

The Designated Applicant acknowledges the following:

1. Payment to the Designated Applicant is contingent upon the sale or rental of the water right from the Bank.
2. While a water right is in the Bank, the seller/lessor of the water right may not use the water right, even if the water right is not rented from the Bank.
3. A water right accepted into the Bank stays in the Bank until the Designated Applicant receives written confirmation from the Board or Water Supply Bank that the water right has been released from the Bank.
4. While a water right is in the Bank, forfeiture is stayed.
5. Acceptance of a water right into the Bank does not, in itself, confirm the validity of the water right or any element of the water right.

Signature of Designated Applicant

Printed Name

Date



CHRIS POLLAK

2/22/20

Signature of Authorized Representative

Printed Name

Date

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

SOUTH COVE VENTURES L.L.C.

Manager Delegation of Authority

Effective September 23, 2016

South Cove Ventures L.L.C. (the "Company") is managed by a Manager as provided in the Company's Limited Liability Company Agreement (the "Agreement"). For efficient administration of the Company's affairs, however, the Manager is executing this document to appoint certain officers to assist in the administration of the Company's affairs. The Manager retains the right to manage the affairs of the Company as provided in the Company's Agreement. The Manager shall have the right to revoke this Delegation of Authority at any time, or to overrule any decision of any officer.

1. Officers.

1.473 Number, Election and Term. Officers of the Company shall be a President, a Vice President, a Secretary and a Treasurer, and may include such other officers as the Company may designate from time to time. Officers shall be appointed by the Manager from time to time. Each officer shall hold office until removed as provided below. Any one person may hold more than one office if it is deemed advisable by the manager.

1.474 Appointment of Officers. The Manager appoints the following persons to the offices designated below:

<u>Name</u>	<u>Office</u>
Greg Vik	President
Chris J. Pollak	Vice President
Jeff Anderson	Secretary and Treasurer

1.475 Resignation or Removal: Any officer or agent of the Company may resign from such position by delivering written notice of the resignation to the Company, but such resignation shall be without prejudice to the contract rights, if any, of the Company. Any officer or agent of the Company may be removed by the Manager, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Vacancies in any office caused by any reason may be filled by the manager by selecting a suitable and qualified person to act during the unexpired term.

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1.476 Salaries. The compensation of all the officers, agents and other employees of this Company shall be fixed by the Manager and may be changed from time to time by the Manager.

1.477 President. The President shall have general charge and control of the day to day affairs of the Company subject to the ultimate control of the Manager of the Company, shall perform all duties as may be delegated from time to time by the Manager of the Company and shall make such reports to the Manager and the Members of the Company as may be required. The President shall be authorized to execute all documents on behalf of the Company.

1.478 Vice Presidents. The Vice President shall perform such duties as shall be assigned by the president or Manager of the Company. In the case of absence, disability or death of the President, the Vice Presidents shall perform and be vested with all the duties and powers of the President, until the President shall have resumed such duties or the President's successor is elected. In the event there is more than one Vice President, the Manager of the Company may designate one of the Vice Presidents as a Senior Vice President, who, in event of the absence, disability or death of the President shall perform such duties as shall be delegated by the Manager of the Company. Each Vice President shall also have authority to execute documents on behalf of the Company and bind the Company.

1.479 Secretary. The Secretary shall keep a record of the proceedings at the meetings of the Members of the Company, shall have custody of all the books, records and papers of the Company, except such as shall be in charge of the Treasurer or some other person authorized to have custody or possession thereof, shall from time to time make such reports to the Manager, the officers and the Members of the Company as may be required, and shall perform such other duties as the Manager of the Company may from time to time delegate. In addition, if no Treasurer is elected, the Secretary shall perform all the duties required of the Office of Treasurer.

1.480 Treasurer. The Treasurer shall keep accounts of all monies of the Company received or disbursed, shall from time to time make such reports to the Manager, the officers and the Members of the Company as may be required, and shall perform such other duties as the Managers of the Company may from time to time delegate. The Treasurer shall have authority to execute banking documents required for the operation of the business of the Company.

2. Liability; Indemnification. None of the Company's officers or agents shall be liable to the Company, the Manager or the Members for any act or omission based upon errors of judgment, negligence, or other fault in connection with the business or affairs of the Company so long as the person against whom the liability is asserted acted in good faith on behalf of the Company and in a manner reasonably believed by such person to be within the scope of his or her authority under this Agreement and in the best interests of the Company, but only if such action or failure to act does not constitute gross negligence or willful misconduct. The Company agrees to indemnify the Company's officers and agents to the fullest extent permitted by law and to save and hold them harmless from and in respect of all (a) fees, costs, and expenses incurred in connection with or resulting from any claim, action, or demand against the company or any of its agents that arise out of or in any way relate to the Company, its properties, business, or affairs and (b) such claims actions and demands and any losses or damages resulting from such claims, actions and demands, including amounts paid in settlement or compromise (if recommended by attorneys for the Company) of any such claim, action or demand; provided, however, that this indemnification shall apply only so long as the person against whom a claim, action or demand is asserted has acted in good faith on behalf of the Company and in a manner reasonably believed by such person to be within the scope of its authority and in the best interests of the Company, but only if such action or failure to act does not constitute gross negligence or willful misconduct. The termination of any action, suit, or proceeding by judgment, order, settlement, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that any person acted with gross negligence or willful misconduct. The rights of any officer or agent under this paragraph are in addition to any rights such person may have under any other agreement with the Company or any affiliate of the Company.

The Manager of the Company hereby approves this Manager Delegation of Authority.

MANAGER:

PISTOL CREEK COMPANY

By:  _____
Greg Vik, President



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 E Front Street, Suite 648 • PO Box 83720 • Boise ID 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700

Website: idwr.idaho.gov • Email: idwrinfo@idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

August 4, 2020

SOUTH COVE VENTURES LLC
C/O GREG VIK
PO BOX 1607
BELLEVUE WA 98009-1607

**RE: WATER SUPPLY BANK LEASE CONTRACT 1205
FOR WATER RIGHTS 37-591B, 37-592B, 37-593B, 37-594B & 37-595B**


Dear Lessor:

Water rights **37-591B, 37-592B, 37-593B, 37-594B & 37-595B** was leased into the Water Supply Bank (Bank) as of January 1, 2020, in accordance with the enclosed executed lease contract. **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.** More information and further restrictions placed on your water rights while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The rights will automatically be released from the Bank on **December 31, 2024**, unless the rights are released earlier by the Water Resource Board (Board). On behalf of the Board, the Department of Water Resources (Department) can evaluate an early release of the lease contract upon your request. To release the water rights 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 on our public website at www.idwr.idaho.gov. **Please note your water rights may not be available for immediate release if they have been rented or are being considered for a future rental. Furthermore, it is at the discretion of the Department whether or not a water right can be released early from a lease contract.**

If you have questions regarding this matter, please contact this office at bank@idwr.idaho.gov or 208-287-4800.

Sincerely,



Amanda Schuss-Vickel
Water Supply Bank

Enclosure: Executed Lease Contract

c: IDWR- Southern Region
Water District No. 37B
Brockway Engineering PLLC

Hersley, Jean

From: Hersley, Jean
Sent: Wednesday, June 3, 2020 3:22 PM
To: IdwrPayable
Subject: Refund
Attachments: Brockway for South Cove Ventures and Black Butte Hills.doc

Please process the attached refunds. Thank you.

Jean

MEMORANDUM

TO: Sascha Marston
FROM: Jean Hersley
DATE: June 3, 2020
RE: **Refund: overpayment for WSB Lease Applications**

Please refund \$750.00

NAME: BROCKWAY ENGINEERING PLLC
2016 N WASHINGTON ST STE 4
TWIN FALLS ID 83301

RECEIPT #: C108720

And refund \$500.00 to Brockway for

RECEIPT #: C108722

Thank you.

Jean

Idaho Department of Water Resources Receipt
Receipt ID: C108720

Payment Amount	\$1,250.00	Date Received	5/8/2020	Region	STATE
Payment Type	Check	Check Number	15879		
Payer	BROCKWAY ENGINEERING, PLLC				
Comments	WATER SUPPLY BANK LEASE APPLICATION FEE FOR WR# 37-595B; 37-594B; 37-593B; 37-592B; 37-591B FOR SOUTH COVE VENTURES LLC FOR 2020-2024 SEASONS				

Fee Details

Amount	Description	PCA	Fund	Fund Detail	Subsidiary	Object
\$1,250.00	WATER BANK LEASE APPLICATIONS	55111	0229	21		1205

KU

Signature Line (Department Representative)

*Should \$500.⁰⁰
Refund \$750. *gr* 0.3.2020*



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 E Front Street, Suite 648 • PO Box 83720 • Boise ID 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700

Website: idwr.idaho.gov • Email: idwrinfo@idwr.idaho.gov

BRAD LITTLE
Governor

GARY SPACKMAN
Director

June 3, 2020

SOUTH COVE VENTURES LLC
C/O GREG VIK
PO BOX 1607
BELLEVUE WA 98009-1607

RE: APPLICATION TO LEASE WATER RIGHT 37-591B, 37-592B, 37-593B, 37-594B & 37-595B TO
THE WATER SUPPLY BANK CONTRACT 1205

****TIME SENSITIVE RESPONSE REQUIRED****

Dear Applicant:

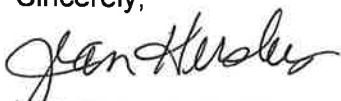
The Department of Water Resources has completed its review of your application to lease the above-mentioned water right to the Water Supply Bank. **I have enclosed two original Water Supply Bank Lease Contracts for your review and signature. Please sign and return ALL Lease Contracts within 14 days.** 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 right will automatically be released from the Bank on **December 31, 2024**, unless the right is 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 right may not be available for immediate release if it has 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 this office at bank@idwr.idaho.gov or 208-287-4800.

Sincerely,


for Water Supply Bank

Enclosures: Proposed Lease Contracts

Hersley, Jean

From: Skinner, Corey
Sent: Wednesday, June 3, 2020 8:04 AM
To: Hersley, Jean
Subject: RE: WSB Lease Contracts for South Cove Ventures and SV Ranch

No concerns from me on any of these.

From: Hersley, Jean
Sent: Tuesday, June 02, 2020 3:57 PM
To: Rusty Kramer <waterdistrict37b@outlook.com>; Skinner, Corey <Corey.Skinner@idwr.idaho.gov>
Subject: WSB Lease Contracts for South Cove Ventures and SV Ranch

Please let me know if you have any comments of concerns within 14 days. Thank you.

*Jean Hersley
Technical Records Specialist II
Idaho Dept Water Resources
(208) 287-4942*

Hersley, Jean

From: Hersley, Jean
Sent: Tuesday, June 2, 2020 3:57 PM
To: Rusty Kramer; Skinner, Corey
Subject: WSB Lease Contracts for South Cove Ventures and SV Ranch
Attachments: Draft lease contract - South Cove Ventures LLC.docx; Lease Map 591B 592B_.pdf; Lease Map 593B_.pdf; Lease Map 594B 595B_.pdf; Lease Review Memo.docx; Draft lease contract - SV Ranch.docx; Lease Map - SV Ranch.pdf; Lease Review Memo.docx

Please let me know if you have any comments of concerns within 14 days. Thank you.

*Jean Hersley
Technical Records Specialist II
Idaho Dept Water Resources
(208) 287-4942*

Memorandum

To: Water Rights 37-591B, 37-592B, 37-593B, 37-594B, & 37-595B
From: Justin Ferguson
Date: May 20, 2020
Re: Water Supply Bank Lease Application 1720

Purpose/Narrative: Five applications were received from Mr. Chris Pollack on behalf of South Cove ventures LLC on May 8, 2020 offering the entire portion of the water rights for lease to the Bank through the end of 2024. The applications are, in effect, a continuation of their prior contracts from 2015 continuing their tenure in the Bank and making the available for rent.

Authority to File: The applications were prepared and submitted by Brockway engineering on behalf of South Cove Ventures. The applications were signed by Mr. Pollack as an agent for South Cove Ventures, no concerns at this time.

Water Right Validity/Forfeiture Evaluation: Prior to the initial lease, the water rights had been decreed in 2009 and not placed into the Bank until 2015. While a six year period had elapsed, the applicant had taken an action to protect the water rights in that sixth year. This means that, without further review of the historic irrigation practices, the water rights can be protected.

Injury Evaluation: No injury is evident through the lease as the water rights will continue to be idled during the contract duration.

Enlargement of Use: No enlargement is evident as the entirety of the water rights are being offered to the Bank. Proper rental review should protect against enlargement.

Local Public Interest: Staff are unaware of any local public interests that are averse to the lease.

Beneficial Use/Conservation of Water Resources: The lease appears consistent with the conservation of water resources in Idaho.

Department/Watermaster Comments: Watermaster and IDWR Southern Region comments were requested on June 2, 2020. No concerns were received.

Water Supply Bank Evaluation: Based on the information presented by the applicant, staff recommend the application be approved for South Cove Ventures LLC through 2024.



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

RECEIVED
MAY 08 2020
DEPARTMENT OF
WATER RESOURCES

May 6, 2020

Remington Buyer
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

Re: South Cove Ventures LLC

Dear Mr. Buyer:

Lease application for water rights 37-595B, 37-594B, 37-593B, 37-592B and 37-591B are attached to this letter. These water rights are owned by South Cove Ventures LLC. The lease period for these water rights will be for the 2020, 2021, 2022, 2023 and 2024 irrigation seasons.

Sincerely,

Greg Sullivan, M.S., Engineer

Cc: Greg Vik, Rod Gonsales

Enc: Lease Applications, Aerial Maps, W-9 Form, Manager Delegation of Authority,
Brockway Engineering Check # 15879 for \$1,250.00

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
BROCKWAY,
PH.D., P.E.

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506

1720