

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 947

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

LESSOR: LAKESIDE INDUSTRIES INC
PO BOX 479
BELLEVUE, ID 83313-0479

RECEIVED

MAR 05 2019

**DEPARTMENT OF
WATER RESOURCES**

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 January 31, 2019.
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)
37-7002	8/8/1967	GROUND WATER	1.24	217.0	62.0
Lease Totals			1.24	217.0	62.0

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, 2019 to December 31, 2020. 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.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 947

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

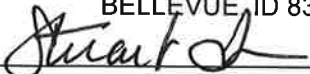
WATER SUPPLY BANK LEASE CONTRACT No. 947

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

LESSOR: LAKESIDE INDUSTRIES INC

PO BOX 479

BELLEVUE, ID 83313-0479

By 

Title RANCH MANAGER

Date 3/4/2019

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 3/15/2019

Lease approved by IDWR 

Date 3-15-2019

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 947

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): 37-7002

GROUND WATER	NENESW	Sec. 2	Twp 01S	Rge 18E	BLAINE County
GROUND WATER	SWSWSW	Sec. 35	Twp 01N	Rge 18E	BLAINE County
GROUND WATER	SWSWSW	Sec. 35	Twp 01N	Rge 18E	BLAINE County
GROUND WATER	SWSWSW	Sec. 35	Twp 01N	Rge 18E	BLAINE County

Water Right	Beneficial Use	Season of Use			Diversion Rate (CFS)	Volume (AF)
		From		To		
37-7002	IRRIGATION	04/01	to	10/31	1.24 cfs	217.0 AF
Totals:					1.24 cfs	217.0 AF

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	
01N	18E	34									0.3							5.9	6.2
01N	18E	35											1.3						1.3
01S	18E	2			2.2 L2				0.2 L4	20.6 L3	21.3	10.2							54.5

Total Acres: 62.0

ADDITIONAL CONDITIONS OF ACCEPTANCE

- The water rights referenced above will be rented from the bank at the current rental rate.
- 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.
- 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.
- 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.
- While a water right is in the bank, forfeiture provisions are stayed pursuant to Idaho Code § 42-223(5).

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY BANK LEASE CONTRACT No. 947

6. Rental of water under this right is subject to the limitations and conditions of approval of the water right.
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 right holder shall use the full allotment of appurtenant surface water rights in conjunction with groundwater diverted for irrigation purposes under this right and shall only divert groundwater under this right for irrigation purposes when water from the appurtenant surface water rights cannot be delivered to the right holder.
13. While water right No. 37-7002 is leased to the Bank, water rights 37-7309, 37-11824, 37-11825, 37-11826, 37-11827, and 37-12089 are limited to the irrigation of a combined total of 930.6 acres in a single irrigation season.
14. Prior to diversion of water under this approval, the right holder shall provide a means of measurement acceptable to the Department from all authorized points of diversion which will allow determination of the total rate of diversion.
15. 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 lands below.
16. While water right 37-7002 is leased to the Bank, water rights 37-7309, and 37-12089 when combined shall not exceed a total diversion rate of 3.93 cfs, a total annual maximum diversion volume of 1465.2 af, and the irrigation of 445.6 acres.
17. If the surface water right(s) appurtenant to the place of use is sold, transferred, leased or used on any other place of use, this right to divert groundwater shall not be used for irrigation purposes without an approved transfer pursuant to Section 42-222, Idaho Code, or approval of the Department if a transfer is not required.
18. Water right 37-7002 is limited to the irrigation of 62.0 acres within the place of use described above in a single irrigation season.

Effective until December 31, 2020

01N18E34SWSE

01N18E34SESE

01N18E35SWSW

01S18E2SWNW 4

01S18E2SENW 3

01S18E2SWNE 2

01S18E2NWSW

01S18E2NESW

01S18E2NWSE

01S18E2SWSW

01S18E2SESW

USDA FSA FSU GIS TRC

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



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

JAN 31 2019

DEPARTMENT OF
WATER RESOURCES

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

Designated Applicant LAKESIDE INDUSTRIES

(Select one owner – see item 1A on the application)

Water Right No. 37-7002

(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.

MINIMUM REQUIREMENT CHECKLIST

All items must be checked as either *Attached (Yes)* or *Not Applicable (N/A)*

Yes

- ☒ Completed *Application to Sell or Lease a Water Right to the Water Supply Bank*.
- ☒ 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.
- ☒ Confirmation this form has been printed **single sided**, per requirement of the Water Supply Bank.

Attachment N/A Yes

- 1A ☐ ☒ Signatures and contact information for *all owners* of the water right to be leased or sold on this application.
- 1B ☐ ☒ An Internal Revenue Service (IRS) Form W-9 for the Designated Applicant.
- 1C ☒ ☐ *Notice of Change in Water Right Ownership* form (accessible from www.idwr.idaho.gov).
- 1D ☐ ☒ 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 ☐ ☒ Description of a water right portion offered to the Water Supply Bank.
- 3 ☐ ☒ 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 ☒ ☐ Written consent from irrigation district or water delivery company.
- 4G ☐ ☒ Evidence demonstrating the water right has not been forfeited pursuant to Section 42-222(2), Idaho Code.

Department Use Only

Fee Amount \$

250

Received By:

[Signature]

Date Received:

1/31/19

Receipt #

C06207

W-9 received?

Yes ☐ No ☒

(Route W-9 to Fiscal)

Name on W-9:

1336

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 LAKESIDE INDUSTRIES

Mailing Address P.O. BOX 479 , BELLEVUE, IDAHO 83313

Street

City

State

Zip Code

Email Address wrranch@svskylan.net

Phone Number 208-788-2753

☒ 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 Albert P. Barker Organization Barker Rosholt & Simpson LLP

Professional Title Attorney at Law Email Address apb@idahowaters.com

Mailing Address P.O. Box 2139, Boise, ID 83702-2139 Phone Number 208-336-0700

☐ 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.

Well, pump, pipeline and measuring device are in place

- 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. N/A

- 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. 1.24 cfs, 217 afy

- 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: 2019 to 2020 (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.

Current retail rate of \$20.00 per acre or \$4,340

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.

Michael J. Lee
LAKESIDE INDUSTRIES

Signature of Designated Applicant

Michael J. Lee, President
Printed Name

1/18/19
Date

Signature of Authorized Representative

Printed Name

Date

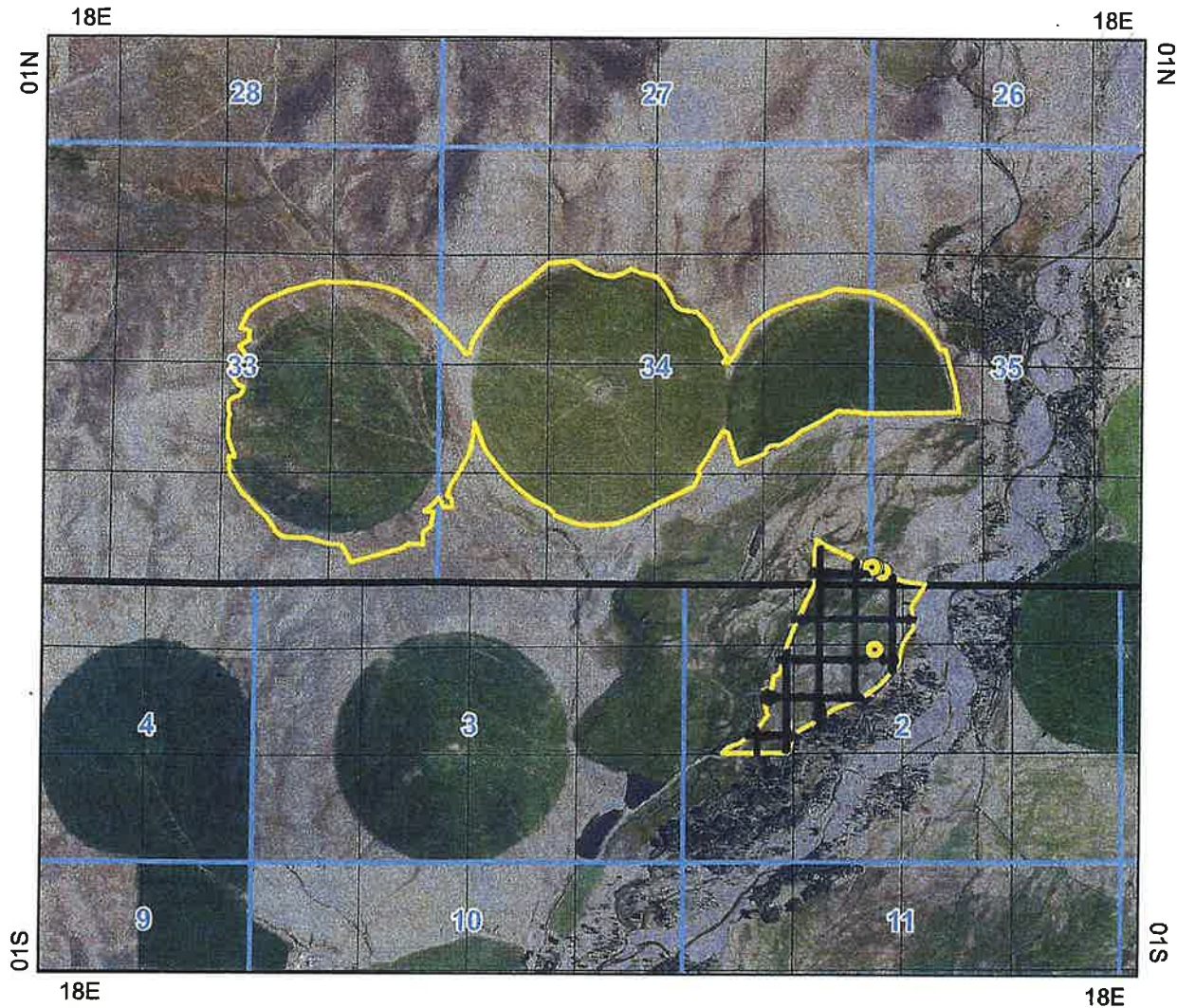
Mail to:
Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

State of Idaho
Department of Water Resources

Water Right
37-7002

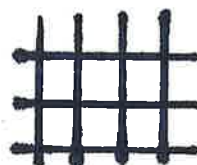
IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.



-  Point of Diversion
-  Place Of Use Boundary
-  Townships
-  PLS Sections
-  Quarter Quarters

0 0.25 0.5 1 Miles



AREA (62 ACRES)
NOT BEING IRRIGATED





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

March 15, 2019

LAKESIDE INDUSTRIES INC
PO BOX 479
BELLEVUE ID 83313-0479

RE: **WATER SUPPLY BANK LEASE CONTRACT 947 FOR WATER RIGHT 37-7002**

Dear Lessor:

Water right **37-7002** was leased into the Water Supply Bank (Bank) as of January 31, 2019, in accordance with the enclosed executed lease contract. **Your water right, as described on the lease contract, is considered leased into the Bank and should remain unused until it is formally released from the Bank.** More information and further restrictions placed on your water right while leased can be found in conditions of acceptance of the lease contract. Read the conditions of acceptance carefully.

The right will automatically be released from the Bank on **December 31, 2020**, unless the right is 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 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. This form is available on our public website at www.idwr.idaho.gov. **Please note your water right may not be available for immediate release if it has been rented or is 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 287-4800.

Sincerely,

Water Supply Bank

Enclosure: Executed Lease Contract

c: Corey Skinner - IDWR Southern Region
Kevin Lakey – Water District 37
Albert Barker – Barker Rosholt Simpson

Hersley, Jean

From: Wood River Ranch <wrranch@svskylan.net>
Sent: Monday, March 11, 2019 11:52 AM
To: 'Sharon Strickland'; Barker, Albert (IWRB Member)
Cc: Hersley, Jean; 'Sharon Lee'
Subject: Water Bank Contracts

Sharon and Al,

I spoke with Jean Hersley at IDWR this morning and we are going to place the two rights in the bank until December 31, 2020. Thanks.

Stuart Taylor

Wood River Ranch

PO Box 479

Bellevue, Idaho 83313

wrranch@svskylan.net

(208) 788 – 2753 office

(208) 450 – 9484 mobile



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

March 4, 2019

LAKESIDE INDUSTRIES
PO BOX 479
BELLEVUE ID 83313-0479

**RE: APPLICATION TO LEASE WATER RIGHT 37-7002 & 37-8559 TO THE WATER
SUPPLY BANK CONTRACT 947 & 948**

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

Dear Applicant,

The Department of Water Resources (Department) mailed **two original Water Supply Bank Lease Contracts for your review and signature** on February 28, 2019. It was brought to the Departments attention the lease end date was incorrect. Enclosed are two amended contracts with the end date of December 31, 2019.

Please sign both original Lease Contracts and return them to the Department within fourteen (14) days of this letter to complete processing. The Lease Contract is not considered final until both you and the Department have signed.

Please note the forfeiture period is not tolled unless a right is accepted into the Bank, or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. If forfeiture is a concern, you may consider filing an Application for Extension of Time to Avoid Forfeiture of a Water Right form. This and other water right forms are available from the Department's web site at www.idwr.idaho.gov.

If you have questions regarding this matter, please contact this office at 287-4800.

Sincerely,

A handwritten signature in cursive script that reads "Jan Hershey".

for Water Supply Bank

c: Barker Rosholt & Simpson LLP

Hersley, Jean

From: Skinner, Corey
Sent: Thursday, February 28, 2019 9:25 AM
To: Hersley, Jean
Subject: RE: WSB Lease Applications for Lakeside Industries

No concerns from me.

From: Hersley, Jean
Sent: Thursday, February 28, 2019 8:13 AM
To: Kevin Lakey <watermanager@cableone.net>; Skinner, Corey <Corey.Skinner@idwr.idaho.gov>
Subject: WSB Lease Applications for Lakeside Industries

Please let me know within 7 days if you have any comments or concerns with the attached leases. Thank you.

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



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

February 28, 2019

LAKESIDE INDUSTRIES
PO BOX 479
BELLEVUE ID 83313-0479

**RE: APPLICATION TO LEASE WATER RIGHT 37-7002 CONTRACT 947 &
WATER RIGHT 37-8559 CONTRACT 948 TO THE WATER SUPPLY BANK**

******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, 2020**, 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 287-4800.

Sincerely,

Jan Hersley
for Water Supply Bank

Enclosures: Proposed Lease Contracts
Receipt # C106207 & C106208

c: Barker Rosholt & Simpson LLP

Hersley, Jean

From: Hersley, Jean
Sent: Thursday, February 28, 2019 8:11 AM
To: Albert P Barker (apb@idahowaters.com)
Subject: Lakeside Industries Lease Contracts
Attachments: 20190228080225.pdf

These contracts will go out in today's mail. Please let me know if you have any questions. Thank you.

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

Hersley, Jean

From: Hersley, Jean
Sent: Thursday, February 28, 2019 8:13 AM
To: 'Kevin Lakey'; Skinner, Corey
Subject: WSB Lease Applications for Lakeside Industries
Attachments: Idled Acres 37-7002.mxd; Lease Application Review Checklist July 2017.xls; Idled Acres 37-8559.pdf; Review Memo.xls

Please let me know within 7 days if you have any comments or concerns with the attached leases. Thank you.

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

WATER SUPPLY BANK

Lease Review Checklist

Applicant(s) Name: Lakeside Industries

Memo Date: February 27, 2019

Water Right Number(s): 37-7002

Reviewers Name: Jean

Quick Tools

Decreed Year	No Forfeiture Concerns Thru:
2011	2017
2012	2018
2013	2019
2014	2020
2015	2021

		Check box		COMMENTS/CONCERNS:
1	Fill out WSB Data Entry Checklist for Leases (Front of File)	x		
2	Reason for lease of water rights (Brief description of lease proposal in narrative)			
	Portion of right			
	All of right	x		
3	Check GWMA/CGWA/ADC and basin 63 areas of concern (note area in comments)			
		Yes	No	
4	Rentable? (If no explain in comments or narrative)	x		
5	Authority to file			
	Current owner or designated applicant	x		
	SOS Web site checked for business entity	x		Michael J Lee, President
	Other (explain in comments)			
6	Water Right validity			
	Decreed/Licensed/Statutory claim date (write in comments section)			2010
	Past irrigation to ensure forfeiture is not an issue if decreed or licensed over 7 years ago (consider transfers that changed the POU, rentals to the POU etc.)			
	Has this right previously been leased to the bank or in CREP?		x	
7	Injury to other water rights			
	If the POD is through a delivery entity, was consent provided?		na	
	If the POD is through a delivery entity, was holdback required? (percentage in comments)			%
	Any other concerns		x	
8	Enlargement concerns	Check box		
	Complete a POU comparison overlap analysis	x		
	Complete a combined limits review	x		
	Complete POD overlap analysis (if there is an overlap add condition to lease)	x		
		Yes	No	
	Are there overlapping rights that need to be placed in the bank also?		x	
	Will the place of use continue to receive water? (if yes explain in comments)		x	
9	Local Public Interest			
	Does the processor know of any problems this action will cause for the local public?		x	
10	Have you contacted regional office and watermaster for comment/concerns?	x		
	Send the watermaster comment request form or e-mail request	x		
11	Area Headgate requirement (write in Comments)			3.5
12	Is water right involved in any other department action? Pull file and check database () Ownership Change () Transfer () Mitigation () Other - Explain in comments		x	

Narrative: The Department received this application on Jan. 31, 2019 for the 2019-2020 seasons. Michael J Lee, president, signed the application. This right was decreed in 2010. Aerial photography suggests irrigation took place in 2017 & 2018. Forfeiture is not an issue. This right, 37-7002, is limited to the irrigation of 62.0 acres. It overlaps with 37-7309 (limited to 253 acres) & 37-12089 (limited to 192.6 acres), however, the 62 acres proposed to the Bank can be separated out. These three rights are limited to the irrigation of 507.6 acres. Water rights 37-7309 & 37-12089 will be limited to the irrigation of 445.6 acres and a diversion rate of 3.93 cfs and diversion volume of 1465.2 af. The portion offered to the Bank are the acres in Section 2, which total 61.7 acres. I took 0.3 acres fro the SESW in Section 34 to equal the 62 acres offered to the Bank. The irrigable acres is 40 in that QQ but the right is authorized to irrigate 40.3 acres. This right is currently within WD 37.



0003379885

**STATE OF IDAHO***Office of the secretary of state, Lawrence Denney***ANNUAL REPORT**

Idaho Secretary of State

PO Box 83720

Boise, ID 83720-0080

(208) 334-2301

Filing Fee: \$0.00

For Office Use Only

-FILED-

File #: 0003379885

Date Filed: 12/20/2018 4:19:26 PM

Entity Name and Mailing Address:

LAKESIDE INDUSTRIES, INC.

The file number of this entity on the records of the Idaho Secretary of State is: 0000319900

Address

DAX WOOLSTON
PO BOX 7016
ISSAQUAH, WA 98027-7016

Entity Details:

Entity Status

Active-Good Standing

This entity is organized under the laws of:

WASHINGTON

If applicable, the old file number of this entity on the records of the Idaho Secretary of State was: C103567

The registered agent on record is:

Registered Agent

ROBERT CUNNINGHAM
Registered Agent

Physical Address

85 WALKER DR
BELLEVUE, ID 83313

Mailing Address

The name and street address of the new registered agent and office in Idaho is:

Registered Agent

Registered Agent

Stuart Taylor

Physical Address:

STUART TAYLOR
10524 HWY 75
BELLEVUE, ID 83313

Mailing Address:

Stuart Taylor
PO BOX 479
BELLEVUE, ID 83313-0479

Signature of newly appointed agent:

Stuart Taylor

Sign Here

12/20/2018

Date

B0125-7638 12/20/2018 4:19 PM Received by ID Secretary of State Lawrence Denney



Corporate Officers and Directors:

Names of officers and directors	Title	Address
MARY PAT OSTERHAUS	Director	6505 226TH PL SE SUITE # 200 ISSAQUAH, WA 98027
RHOADY R LEE III	Director	6505 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
MAUREEN T LEE	Director	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
SHARON M LEE	Director	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
MICHAEL J LEE	President	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
JEANNE MARIE LEE	Director	6505 - 226TH PL S.E. SUITE #200 ISSAQUAH, WA 98027
RHOADY LEE, JR	Director	6505 - 226TH PL S.E. SUITE #200 ISSAQUAH, WA 98027
TIMOTHY G LEE	Director	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
DAX WOOLSTON	Secretary	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
TIMOTHY G LEE	President	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
MICHAEL J LEE	Director	6505 - 226TH PL SE SUITE #200 ISSAQUAH, WA 98027
DAX WOOLSTON	Treasurer	P.O. BOX 7016 ISSAQUAH, WA 98027

The annual report must be signed by an authorized signer of the entity.

Jean Guthrie

Sign Here

Signer's Capacity: Executive Assistant

12/20/2018

Date



**Barker Rosholt
& Simpson LLP**

Albert P. Barker

EMAIL: apb@idahowaters.com

PHONE: 208.336.0700

WEB: idahowaters.com

Boise

1010 W. Jefferson St. Suite 102

Boise, Idaho 83702

p. 208.336.0700

f. 208.344.6034

Attorneys

John A. Rosholt

Albert P. Barker

John K. Simpson

Travis L. Thompson

Scott A. Magnuson

Jonas A. Reagan

Nicole L. Swafford

January 29, 2019

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

RECEIVED

JAN 31 2019

**DEPARTMENT OF
WATER RESOURCES**

Re: APPLICATIONS TO LEASE WATER RIGHTS TO THE WATER SUPPLY BANK
Water Rights 37-8559 and 37-7002

To Whom It May Concern:

Enclosed are two Applications to Lease Water Rights to the Water Supply Bank, one for water right 37-8559 and one for water right 37-7002. Also enclosed are two separate checks for the filing fee of \$250 each.

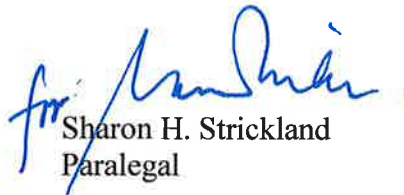
IDWR has a completed form W-9 on file for Lakeside Industries.

Please let me know if there are any questions or concerns with these applications.

Thank you for your assistance.

Very truly yours,

BARKER ROSHOLT & SIMPSON LLP


Sharon H. Strickland
Paralegal

SHS/aje
Encl. a/s