

## MEMORANDUM

TO: Water Right Permit File 97-7342, 97-7343, and 97-7397

FROM: Daniel A. Nelson

DATE: January 9, 2017

SUBJECT: Field Examination Required

Field exams were performed on the above water rights in 2001. The field exams do not provide adequate information to license these water rights. The following are some of the issues that prevent us from licensing these water rights:

97-7342 and 97-7397:

- 1.) Water right 97-7142 overlaps these water rights, and it is impossible to tell from the field examination the number of wells, what size pumps are in which wells, and the overall diversion rate. There could be up to 3 wells on the system with pumps varying from 5 Hp, 10 Hp, and 30 Hp.
- 2.) With the variance of wells, the measurements and total amount of diversion rate is also suspect. Therefore, we need to determine the diversion rate of water available.
- 3.) The plat map supplied by the field examiner doesn't match the existing lots. The field examiner also didn't provide the number of lots that were stubbed into the system at the time. We would also need to look at the total number of homes currently on the system, since it doesn't appear as though all of the lots have a home on them. Licensing Administrative Memorandum #2 might have a bearing on the amount of water we can license for these domestic permits. There are no volume calculations for either of these water rights. Both of these rights should need a volume limitation on them, since this area is not within the borders of a municipality.

97-7342:

- 1.) Water right 97-2052 directly overlaps this water right. The diversion rate measured on this system is suspect. The earlier water right finds a higher diversion rate using a 5 Hp pumping directly into sprinkler lines, while this field exam finds a lower diversion rate using a 7.5 Hp pump that open discharges into a pond. Something doesn't seem correct in either the earlier measurement or the measurement described in this field exam report.
- 2.) The field exam report doesn't have a map or anything that describes how many acres were irrigated or where they were located. All that is in the field report is the place of use table, and there is nothing that allows us to verify if those acres are correct. They could be irrigating land that we cannot see from aerial photos, so it wouldn't be fair to the permit holder to license this permit without a through field examination.

None of these files have a narrative that tells what is happening and how the system works. Without a through description of the systems and they work, we can't in any good conscience license these water rights. I have asked our Northern Region staff to go back out and re-visit these systems. In the licensing review, we did receive contact from Craig Hill, the contact on the Proof of Beneficial Use forms. Mr. Hill's telephone number was still (208) 443-2551, and his email address is [CraigHill@Hillsresort.com](mailto:CraigHill@Hillsresort.com). There address is 4777 West Lakeshore Road, Priest Lake, ID 93856. Hill's Resort is registered with the Secretary of State's webpage.

The water system appears to be currently operated by Golf Club Estates Water Association (GCEWA). GCEWA is also registered with the Secretary of State's webpage. They are also listed on the Department of Environmental Quality's webpage as the water system operator.

I have attached all of the review documents to this memo. Hopefully, we will be able to license these water rights correctly in the near future, and have the water user file any additional permits that may be necessary.

|                                                                                                                                                        |                                                                                                                                        |                                                                                                               |             |       |         |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------|-------|---------|-------------|
| No. <b>C 65789</b>                                                                                                                                     | <b>Due no later than Jan 31, 2017</b><br><b>Annual Report Form</b>                                                                     | 2. Registered Agent and Address<br><b>(NO PO BOX)</b>                                                         |             |       |         |             |
| Return to:<br>SECRETARY OF STATE<br>700 WEST JEFFERSON<br>PO BOX 83720<br>BOISE, ID 83720-0080<br><br><b>NO FILING FEE IF<br/>RECEIVED BY DUE DATE</b> |                                                                                                                                        | CRAIG W HILL<br>4777 W LAKESHORE RD<br>PRIEST LAKE ID 83856<br><br>3. <u>New</u> Registered Agent Signature:* |             |       |         |             |
| 4. Corporations: Enter Names and Business Addresses of President, Secretary, and Directors. Treasurer (optional).                                      |                                                                                                                                        |                                                                                                               |             |       |         |             |
| Office Held                                                                                                                                            | Name                                                                                                                                   | Street or PO Address                                                                                          | City        | State | Country | Postal Code |
| PRESIDENT                                                                                                                                              | CRAIG W HILL                                                                                                                           | 4777 W LAKESHORE ROAD                                                                                         | PRIEST LAKE | ID    | USA     | 83856       |
| SECRETARY                                                                                                                                              | THERESA L HILL                                                                                                                         | 4777 W LAKESHORE ROAD                                                                                         | PRIEST LAKE | ID    | USA     | 83856       |
| VICE PRESIDENT                                                                                                                                         | SCOTT L HILL                                                                                                                           | 4777 W LAKESHORE ROAD                                                                                         | PRIEST LAKE | ID    | USA     | 83856       |
| 5. Organized Under the Laws of:<br><br><b>ID</b><br><b>C 65789</b>                                                                                     | 6. Annual Report must be signed.*<br>Signature: Craig Hill<br>Name (type or print): Craig Hill<br>Date: 12/31/2016<br>Title: President |                                                                                                               |             |       |         |             |
| Processed 12/31/2016 * Electronically provided signatures are accepted as original signatures.                                                         |                                                                                                                                        |                                                                                                               |             |       |         |             |

ARTICLES OF INCORPORATION  
OF  
GOLF CLUB ESTATES WATER ASSOCIATION, INC.

**FILED EFFECTIVE**

2016 OCT -6 AM 9:07  
SECRETARY OF STATE  
STATE OF IDAHO

The undersigned, acting as the incorporator of a nonprofit corporation, under the provisions of Title 30, Chapters 21 and 30 of the Idaho Code, adopts the following Articles of Incorporation for such corporation:

**ARTICLE 1**

**NAME**

The name of the corporation is: GOLF CLUB ESTATES WATER ASSOCIATION, INC.

**ARTICLE 2**

**PURPOSE**

The corporation is organized exclusively to promote social welfare in accordance with Section 501(c)(4) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Code. Consistent with and subject to its qualification under Section 501(c)(4) of the Internal Revenue Code, the purposes for which the corporation is formed are as follows:

a. The corporation is organized exclusively to promote social welfare within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Code; and

b. To provide water to its Members; Priest Lake Golf Club Estates, Priest Lake Golf Club Estates First Addition, Priest Lake Golf Club Estates Second Addition, and any subsequent addition to Priest Lake Golf Club Estates by maintaining, repairing, improving, expanding, and preserving the existing water system located at Priest Lake, Bonner County Idaho.

**ARTICLE 3**

**SECTION 501(c)(4) RESTRICTION**

The corporation shall have all the powers granted by law necessary and proper to carry out its above-stated purposes. However, the powers of the corporation shall be limited to those permitted to an organization which is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Law. The net earnings of the Corporation and devoted exclusively to the tax exempt purposes of the corporation. No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to, its members, directors, trustees, officers, or other private persons, except that the

corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purposes. The corporation shall not participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office to an extent that would disqualify it from tax exemption under section 501(c)(4) of the Internal Revenue Code. The corporation shall never be operated for the primary purpose of carrying on a trade or business for profit. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code of 1986, or the corresponding provision of any future United States Internal Revenue Law, carry on any activities which would remove the said tax benefits.

**ARTICLE 4**  
**REGISTERED AGENT AND OFFICE**

4.1 Name. The name of the registered agent is:

Craig W. Hill

4.2 Address. The registered office address, which is also the address of the registered agent, is:

4777 W. Lakeshore Rd  
Priest Lake, ID 83856

4.3 Consent to Appointment as Registered Agent. I, Craig Hill, hereby consent to serve as registered agent in the state of Idaho for the above-named corporation. I understand that as agent for the corporation, it will be my responsibility to accept service of process on behalf of the corporation; to forward license renewals and other mail to the corporation; and to immediately notify the office of the secretary of state in the event of my resignation or of any changes in the registered office address.

Dated: September 29<sup>TH</sup>, 2016.

\_\_\_\_\_  
Craig W. Hill

**ARTICLE 5**  
**DIRECTORS**

5.1 Name and Number. The number of directors constituting the initial Board of Directors of the corporation is three (3) and the names and addresses of these persons who are to serve as initial directors are:

Craig W. Hill  
PO Box 506  
Nordman, ID 83848

Clifford R. Myers  
PO Box 506  
Nordman, ID 83848

Michael R. Craigen  
PO Box 506  
Nordman, ID 83848

5.2 Management. The affairs of the corporation shall be managed by the directors who need not be residents of Idaho nor members of this corporation.

5.3 Term. The term of the initial directors shall be until the first annual meeting of the shareholders or until their successors are elected and qualified, unless removed in accordance with the provisions of the Bylaws.

5.4 Director Liability. A director shall have no liability to the corporation for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or a knowing violation of law by the director, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Idaho Nonprofit Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Idaho Nonprofit Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

#### **Article 6** **INCORPORATOR**

The names and addresses of the incorporators are as follows:

Craig W. Hill  
PO Box 506  
Nordman, ID 83848

Clifford R. Myers  
PO Box 506  
Nordman, ID 83848

Michael R. Craigen  
PO Box 506  
Nordman, ID 83848

**ARTICLE 7**  
**Members**

The Members of the corporation are Priest Lake Golf Club, Inc., its successors and/or assigns, and the lot owners of Priest Lake Golf Club Estates, Priest Lake Golf Club Estates First Addition, Priest Lake Golf Club Estates Second Addition, and any subsequent addition to Priest Lake Golf Club Estates.

**Article 8**  
**BYLAWS**

8.1 Bylaws. Provisions for the regulation of the internal affairs of the corporation shall be set forth in the Bylaws, subject to the provisions of these Articles.

8.2 Amendment. The authority to make Bylaws for the corporation is hereby vested in the Board of Directors and they may change and amend such Bylaws so long as they do not conflict with the provisions of these Articles or with the regulatory agreement.

**ARTICLE 9**  
**INDEMNIFICATION**

9.1 Right to Indemnification. The corporation shall indemnify any person who is or was a director or officer of the corporation made a party to a proceeding, and may, at the discretion of the Board of Directors, obligate itself to advance or reimburse expenses incurred in a proceeding, to the fullest extent permitted by law and without regard to the limitations set forth in Idaho Code 30-30-626, provided that no director or officer shall be indemnified from or on account of:

a. Acts or omissions of the director or officer finally adjudged to be intentional misconduct or a knowing violation of law;

b. Conduct of the director or officer finally adjudged to be in violation of unlawful distribution; or

c. Any transaction with respect to which it was finally adjudged that such director or officer personally received a benefit in money, property or services to which the director or officer was not legally entitled.

9.2 Indemnification of Employees and Agents of the Corporation. The corporation may, by action of its board of directors from time to

time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the corporation with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of this corporation or pursuant to rights granted pursuant to, or provided by, Title 30, Chapters 21 and 30 of the Idaho Code as applied to nonprofit corporations, or otherwise.

9.3 Implementation. The Board of Directors may take such action as is necessary to carry out these indemnification and expense advancement provisions. It is expressly empowered to adopt, approve and amend from time to time such bylaws, resolutions, contracts, or further indemnification and expense advancement arrangements as may be permitted by law, implementing these provisions.

9.4 Survival of Indemnification Rights. No amendment or repeal of this Article shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

#### **ARTICLE 10** **ASSESSMENTS**

10.5 Assessments. The corporation may make assessments to be paid by the Members from time to time. The Board of Directors shall fix the amount, method, and time of collection of assessments.

10.6 Enforceability. Assessments may be enforceable by civil action upon notice given in writing twenty (20) days before commencement of such action.

10.7 Liens. Assessments may be secured by lien upon real property to which Membership rights are appurtenant, which lien may be foreclosed in the same manner as a mortgage.

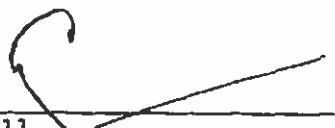
#### **ARTICLE 11** **DISSOLUTION**

This corporation is not organized for profit, and its assets and monies shall not be used for the private profit of any individual. Upon liquidation or dissolution of the corporation, its property and assets will be distributed to another social welfare organization exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code of 1986, (or the corresponding provision of any future U.S. Internal Revenue Code) and/or to any government entity or instrumentality as determined by the Board of Directors.

**ARTICLE 12**  
**AMENDMENTS**

The corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute.

Dated this 29<sup>TH</sup> day of September, 2016.

  
\_\_\_\_\_  
Craig W. Hill

  
\_\_\_\_\_  
Clifford R. Myers

  
\_\_\_\_\_  
Michael R. Craigen

IDAHO SECRETARY OF STATE  
10/06/2016 05:00  
CK:8690 CT:127966 BH:1549701  
1@ 30.00 = 30.00 INC NONP #2

**ATTORNEYS**

DARWIN D. GREWE \*  
ddgrewe@goregrewe.com

JEANNE J. DAWES  
jldawes@goregrewe.com

BRUCE W. GORE (Retired)

\* Also admitted in Idaho

***GORE & GREWE, P.S.***

ATTORNEYS AT LAW  
103 E. INDIANA AVENUE, SUITE A  
SPOKANE, WASHINGTON 89207-2317

Telephone: (509) 326-7500

Facsimile: (509) 326-7503

**LEGAL ASSISTANTS**

KIMBERLY R. BUSH  
kim@goregrewe.com

JOSHUA P. GREWE  
jpgrewe@goregrewe.com

**ROCKFORD OFFICE**

5 W. Emma Street  
Rockford, WA 99030

2016 OCT -6 AM 9:07

SECRETARY OF STATE  
STATE OF IDAHO

October 3, 2016

Office of the Secretary of State  
450 N. 4<sup>th</sup> St.  
PO Box 83720  
Boise, ID 83720

RE: Formation of Golf Club Estates Water Association, Inc.

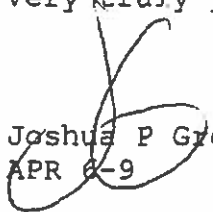
Dear Secretary of State:

I have enclosed the following for Golf Club Estates Water Association, Inc.:

1. Original Articles of Incorporation Nonprofit
2. Check in the amount of \$30.00 to form a nonprofit water association pursuant to I.C. 30-804.
3. Copy for the Articles of Incorporation and return envelope.

Please file the Articles of Incorporation and return a conformed copy to me. Please contact me if you have any questions regarding this nonprofit water association at jpgrewe@goregrewe.com or by phone at 509-326-7500.

Very truly yours,

  
Joshua P Grewe  
APR 8-9

Enclosures

jpg\n\gcwa\Filing Letter

Don. period  
March 20 - March 2001

## SOURCE WATER ASSESSMENT FOR GOLF CLUB ESTATES

Under the Federal Safe Drinking Water Act Amendments of 1996, all states are required by the U.S. Environmental Protection Agency (EPA) to assess every source of public drinking water for its relative sensitivity to contaminants regulated by the Act. The Department of Environmental Quality is completing the assessments for all Idaho public drinking water systems. The assessment for your drinking water source is based on well construction characteristics; site specific sensitivity factors associated with the aquifer the water is drawn from; a land use inventory inside the well recharge zone; and water quality history. For non-community transient water systems like Golf Club Estates, recharge zones were generally delineated as a 1000-foot fixed radius around the wells.

This report, *Source Water Assessment for Golf Club Estates* describes factors used to assess susceptibility to contamination. The analysis relies on information from the well log; an inventory of land use inside the delineation boundaries, well site characteristics, potential contaminant sites identified through a Geographic Information System database search; and information from the public water system file. The ground water susceptibility analysis worksheet for Golf Club Estates is attached.

Taken into account with local knowledge and concerns, this assessment should be used as a planning tool to develop and implement appropriate protection measures for this system. **The results should not be used as an absolute measure of risk and are not intended to undermine the confidence in your water system.**

**Well Construction.** The Golf Club Estates water system serves the Priest Lake Golf Course, a restaurant, and 11 seasonal homes near Highway 57 at Priest Lake, Idaho. Well #1 is 70 feet deep and was drilled in 1979. It has an 8-inch steel casing that extends from 24 inches above ground to 53 feet below with a puddling clay surface seal that is 20 feet deep. Both the casing and surface seal terminate in sand. The well is screened between 53 and 63 feet. Static water level in the well is 14 feet below the surface. With the pump set at 20 feet, the well produced 60 gallons per minute when tested at the time of drilling. Except for a minor variation in the well casing thickness the well meets current Idaho Department of Water Resources construction standards.

Plans for the installation of a second well and 14,000 feet of mains to provide water for a 75-unit housing development were approved in February 2000. The well was drilled in April 2000. The well log reports that the well is cased with 12-inch diameter casing from 2 feet above ground to 70 feet. It does not specify the gauge or material used for the casing. Details are also lacking about the perforations/ screens installed 80 to 15 feet below the surface. The bentonite surface seal is 19 feet deep. Both the casing and surface seal terminate in sand. Static water level in Well #2 is 10 feet below ground.

When it was inspected in June 1999 conduit for submersible wires entering Well #1 casing was broken below the well cap and the well needed to be properly vented. The reservoir needed to be cleaned and repaired. Repairs needed to bring the well into compliance with the *Idaho Rules for Public Drinking Water Systems* were completed in conjunction with drilling the new well.

# Drinking Water Branch

## Site Visits

### Return Links

[Water System  
Detail](#)

[Water Systems](#)

[Water System  
Search](#)

[County Map](#)

[Glossary](#)

|                                  |                                |                         |            |
|----------------------------------|--------------------------------|-------------------------|------------|
| <b>Water System No. :</b>        | ID1090103                      | <b>Federal Type :</b>   | NC         |
| <b>Water System Name :</b>       | GOLF CLUB ESTATES<br>WATER INC | <b>State Type :</b>     | NC         |
| <b>Principal County Served :</b> | BONNER                         | <b>Primary Source :</b> | GW         |
| <b>Status :</b>                  | A                              | <b>Activity Date :</b>  | 06-15-1985 |

This list displays Site Visits for the last 2 years by default. If you need to search for a specific date range, use the following date fields (you can also pick a date from the pop-up calendar next to the field) and click on Search.

Date of Visit From   To  



| Primary Reason | Date of Visit | Highest Deficiency Severity | Number of Deficiencies Found | Number of Deficiencies Resolved |
|----------------|---------------|-----------------------------|------------------------------|---------------------------------|
| SNSV           | 08-12-2011    | SIG                         | 2                            | 2                               |
| SNSV           | 07-21-2006    | NON                         | 0                            | 0                               |
| SNSV           | 06-18-1999    | NON                         | 0                            | 0                               |

**Total Number of Records Fetched = 3**

## Drinking Water Branch

### Links

[Water System Facilities](#)
[Sample Schedules](#)
[Coliform/Microbial  
Sample Results](#)
[Coliform Sample  
Summary Results](#)
[Lead And Copper  
Sample Summary  
Results](#)
[Chem/Rad  
Samples/Results](#)
[Chem/Rad  
Samples/Results by  
Analyte](#)
[Violations/Enforcement  
Actions](#)
[Site Visits](#)
[Milestones](#)

### Return Links

[Water Systems](#)
[Water System Search](#)
[County Map](#)

### Glossary

### Water System Details

|                                  |                             |                         |            |
|----------------------------------|-----------------------------|-------------------------|------------|
| <b>Water System No. :</b>        | ID1090103                   | <b>Federal Type :</b>   | NC         |
| <b>Water System Name :</b>       | GOLF CLUB ESTATES WATER INC | <b>State Type :</b>     | NC         |
| <b>Principal County Served :</b> | BONNER                      | <b>Primary Source :</b> | GW         |
| <b>Status :</b>                  | A                           | <b>Activity Date :</b>  | 06-15-1985 |

### Points of Contact

| Name             | Job Title | Type | Phone | Address | Email |
|------------------|-----------|------|-------|---------|-------|
| HILL, CRAIG      |           | EC   |       |         |       |
| HILL, CRAIG      |           | DO   |       |         |       |
| HILL, CRAIG      |           | SA   |       |         |       |
| STUTZ, BOB       | PRESIDENT | AC   |       |         |       |
| STUTZ, BOB       | PRESIDENT | SA   |       |         |       |
| MCDIRMIID, CHRIS |           | FC   |       |         |       |

### Annual Operating Periods & Population Served

### Service Connections

| Start Month | Start Day | End Month | End Day | Population Type | Population Served | Type | Count | Meter Type | Meter Size Measure |
|-------------|-----------|-----------|---------|-----------------|-------------------|------|-------|------------|--------------------|
| 5           | 15        | 9         | 30      | T               | 25                | CB   | 17    | UM         | 0                  |

### Sources of Water

### Service Areas

| Name             | Type Code | Status |
|------------------|-----------|--------|
| WELL #1          | WL        | A      |
| WELL #1 INACTIVE | WL        | I      |

| Code | Name             |
|------|------------------|
| T    | RECREATION AREA  |
| R    | RESIDENTIAL AREA |
| T    | RESTAURANT       |

### Water Purchases

| Seller Water System No. | Water System Name | Seller Facility Type | Seller State Asgn ID No. | Buyer Facility Type | Buyer State Asgn ID No. |
|-------------------------|-------------------|----------------------|--------------------------|---------------------|-------------------------|
|-------------------------|-------------------|----------------------|--------------------------|---------------------|-------------------------|