

WATER SUPPLY BANK LEASE CONTRACT

RECEIVED

APR 10 2015

DEPARTMENT OF
WATER RESOURCES

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

Lessor: SOUTHFIELD PROPERTIES LLC
3308 S 1600 E
WENDELL ID 83355
(208) 536-5414

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.
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

<u>Water Right</u>	<u>Lease Rate</u>	<u>Lease Volume</u>	<u>Acre Limit</u>	<u>Total Leased Acres</u>
36-2297	1.82 CFS	364.0 AF	91 AC	141.0 AC
Combined Lease Totals:	1.82 CFS	364.0 AF	91 AC	141.0 AC

The water rights described herein shall be available for rental from the Bank as follows:
Authorized Period of Use under Lease: 03/15 to 11/15

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:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2019.
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. **DUPLICATE ORIGINAL:** This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

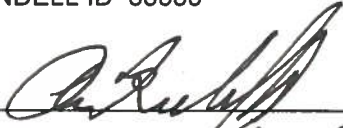
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APR 15 2015

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

SOUTHFIELD PROPERTIES LLC

3308 S 1600 E
WENDELL ID 83355

By 

Printed Name Aric Raeloffs

Date 8-7-15

Title Partner Southfield Dairy

IDAHO WATER RESOURCE BOARD

322 East Front Street
P.O. Box 83720
Boise, ID 83720-9098

By 

Brian Patton, Acting Administrator
Idaho Water Resource Board

Date April 10, 2015

Lease approved by IDWR 

Date 4/10/2015

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APR 15 2015

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.
 - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
 - c. New lessor(s) of record will receive payment after the following rental season.
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. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.0 afa per acre at the field headgate for irrigation of the lands above.
13. Right 36-2297 is limited to the irrigation of 91.0 acres within the place of use described above in a single irrigation season.
14. The right holder shall use the full allotment of appurtenant shares of surface water provided by the North Side Canal Co. Ltd. in conjunction with groundwater diverted under Right 36-02297 and shall only divert groundwater under 36-02297 when water from the appurtenant surface water rights cannot be delivered to the right holder.

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APR 15 2015

STATE OF IDAHO
WATER RESOURCE BOARDWATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLISTRECEIVED
NOV 05 2014
DEPT OF WATER RESOURCES
SOUTHERN REGION

An application to lease or sell a water right into the Water Supply Bank must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. 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. **Incomplete applications will be returned to applicants for completion.**

Designated Applicant Southfield Properties, LLCWater Right No. 36-2297

One water right per application

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

YES

- ☒ Completed *Water Supply Bank Lease or Sale Application Checklist* (this form).
- ☒ Completed *Application to Sell or Lease a Water Right to the Water Supply Bank* (pages 2-3).
- ☒ Application filing fee of \$250.00. If you are submitting more than one lease application and the water rights have a common place of use, or common diversion rate, or common diversion volume, the combined maximum fee is \$500.00.

Attachment N/A YES

- 1A ☐ ☒ Contact information for *all owners* of the water right that is being 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 ☒ ☐ Written consent from irrigation district or water delivery company.
- 1E ☒ ☐ 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.
- 3D ☒ ☐ Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
- 4 ☐ ☒ 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. If you don't already have a detailed map, you can create one using IDWR's online General Mapping Tool (<http://maps.idwr.idaho.gov/mapall/>) to locate a water right place of use or point of diversion.

Department Use Only

Fee Amount \$ <u>500 -</u>	Received By: <u>DM</u>	Date Received: <u>11-5-2014</u>	Receipt # <u>S034384</u>
W-9 received? Yes ☐ No ☒	(Route W-9 to Fiscal)	Name on W-9:	

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STATE OF IDAHO
WATER RESOURCE BOARD

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

RECEIVED
NOV 05 2014
DEPT OF WATER RESOURCES
SOUTHERN REGION

1. CONTACT INFORMATION

- A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, 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 Southfield Properties, LLC Email Address _____
Mailing Address 3308 S., 1600 E. Wendell, ID 83355 Phone Number (208) 536-5414

☒ 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 completed an IRS Form W-9 (Attachment 1B)? Yes ☒ No ☐

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 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 1D).

E. 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 1E).

Name of Representative _____ Organization _____

Professional Title _____ Email Address _____

Mailing Address _____ Phone Number _____

☐ 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

Water Right Number 36-2297 ☐ 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 a water right is being offered, complete Attachment 2)

3. GENERAL INFORMATION

A. Please provide a description of the current water diversion system.
Existing well, mainline and center pivot system

B. 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.
See also 36-7377F and 36-7547F which are also offered to the water supply bank except for those portions
pending transfer to other water uses.

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C. Will the present place of use continue to receive water from any other source?

Yes ☐ No ☒

If yes, describe. _____

D. Has any portion of this water right undergone a period of five or more consecutive years of non-use?

Yes ☐ No ☒

If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code. _____

E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes ☒ No ☐

If yes, describe. Two transfers moving portions of 36-7377F and 36-7547F is pending. _____

4. 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, for a period from 1/1/2015 to 1/1/2020 (maximum lease period 5 years).
(Month / Day / Year) (Month / Day / Year)

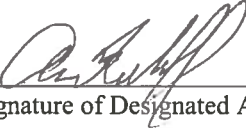
B. Show the minimum payment acceptable to the seller/lessor. The minimum payment may be shown as the "current rental rate" as established by the IWRB. Include the method of determining the minimum payment if other than the current rental rate.

Current 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 provisions are stayed.
5. Acceptance of a water right into the bank does not, in itself, confirm the validity of the water right or any elements of the water right.


Signature of Designated Applicant

Ana Rockliff Parker Southwell
Printed Name

10-2-14
Date

Signature of Authorized Representative

Printed Name

Date

Mail to:

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

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APR 15 2015

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DEPT OF WATER RESOURCES
SOUTHERN REGION
BANK



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

April 10, 2015

SOUTHFIELD PROPERTIES LLC
3308 S1600 E
WENDELL ID 83355

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 36-7377F, 36-7547F & 36-2297

Dear Lessor:

Water Rights **36-7377F, 36-7547F & 36-2297** were leased into the Water Supply Bank on January 1, 2015 in accordance with the executed original Lease Contracts enclosed. **Your water rights as described on the Lease Contracts are considered leased into the Bank and should remain unused until they are formally released from the Bank.**

The rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are released earlier by the Board, or upon your request. **Please note your rights may not be available for immediate release if they have been rented.** 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. This form is available from our public website at www.idwr.idaho.gov.

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 me at 287-4910.

Sincerely,

Sara Healey

for Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: Gary Funderburg – TSK Enterprises LLC
Allen Merritt Southern IDWR Regional Manager
Cindy Yenter – WaterMaster District 130

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State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

April 2, 2015

SOUTHFIELD PROPERTIES LLC
3308 S 1600 E
WENDELL ID 83355

RE: APPLICATION(S) TO LEASE WATER RIGHT'S 36-02297, 36-07547F & 36-07377F 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(s) to the Water Supply Bank. **I have enclosed four 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.

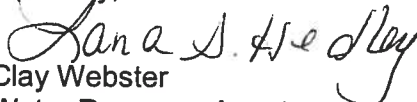
The rights will automatically be released from the Bank on **December 31, 2019**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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 rights may not be available for immediate release if they have 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 me at 287-4910.

Sincerely,

for 
Clay Webster
Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts
Receipt # S034384

c.Gary Funderburg – TSK Enterprises LLC

CANNED
APR 15 2015

Webster, Clay

From: Merritt, Allen
Sent: Monday, March 23, 2015 9:43 AM
To: Webster, Clay
Subject: RE: Regional and Watermaster Comments on Lease applications for Southfield Properties 36-2297, 36-7377F and 36-7547F

I do not have an issue but Cindy should comment.

From: Webster, Clay
Sent: Wednesday, March 18, 2015 2:00 PM
To: Merritt, Allen; Yenter, Cindy
Subject: Regional and Watermaster Comments on Lease applications for Southfield Properties 36-2297, 36-7377F and 36-7547F

Allen and Cindy,

We are processing a lease for the remaining portions of these rights after the approval of Transfers 79679 and 79680. Do you have any concerns? Thanks.

Sincerely,

Clay Webster

Water Resource Agent
clay.webster@idwr.idaho.gov
208-287-4910
Idaho Department of Water Resources (IDWR)
322 E. Front Street
P.O. Box 83720
Boise, ID 83720-0098
208-287-4800
www.idwr.idaho.gov

MEMORANDUM

To: Water Right No(s). 36-2297, 36-7377F and 36-7547F

From: Clay Webster

Date: 3/3/2015

Re: Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: These applications were received by the department from TSK Enterprises LLC for Southfield Properties, LLC on November 5, 2015. These applications are for the entire water rights as they will be upon completion of transfers 79679 and 79680. I have been coordinating with the Southern Region Office to make sure that these leases are not processed in front of these transfers. (This will avoid disproportionate amounts being leased). The following is an excerpt from a spread sheet provided from the Southern Regional office about what will be left on the water rights upon completion of these transfers.

Remaining Water Rights							
WR#	Priority	Div. [cfs]	Div. Limit [cfs]	Volume [afa]	Volume Limit [afa]	POU [ac]	POU Limit [ac]
36-2297	3/23/1956	1.82		364.0		91.0	91.0
36-7377F	9/7/1973	0.03	0.06	7.2	12.0	1.8	3.0
36-7547F	5/13/1975	0.04		12.0		3.0	
COMBINED:		1.88		376.0		94.0	

I received amendments to the lease applications for 36-7377F and 36-7547F to correct the amounts offered to the bank from Cindy Yenter on 3/3/2015.

AUTHORITY TO FILE: The applications were signed by Arie Roeloffs, Member of Southfield Properties LLC (the current owner of these water rights) according to the Idaho SOS web site.

WATER RIGHT VALIDITY: 36-2297 was partially decreed in December 1997 by the SRBA. These rights were leased, in their entirety into the bank from 2009 to 2014. They just completed going through two Transfers 79679 and 79680. Forfeiture issues were addressed during the transfer. (6 acres were forfeited from right # 36-7547F) Forfeiture is not an issue at this time.

INJURY TO OTHER WATER RIGHTS: No injury is apparent.

ENLARGEMENT OF USE: No enlargement is evident through the lease alone. Proper rental review should protect against enlargement.

LOCAL PUBLIC INTEREST: Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease appears consistent with the conservation of water resources in Idaho.

NNED
APR 15 2015

DEPARTMENT STAFF OR WATERMASTER COMMENTS: The leased right(s) are subject to Water District # 130.

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No. W 70060	Due no later than Jan 31, 2015 Annual Report Form		2. Registered Agent and Address (NO PO BOX)			
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FILING FEE IF RECEIVED BY DUE DATE	1. Mailing Address: Correct in this box if needed. SOUTHFIELD PROPERTIES, LLC EDWIN SOUTHFIELD 3308 S 1600 E WENDELL ID 83355		EDWIN SOUTHFIELD 3308 S 1600 E WENDELL 83355			
			3. <u>New</u> Registered Agent Signature:*			
4. Limited Liability Companies: Enter Names and Addresses of at least one Member or Manager.						
Office Held	Name	Street or PO Address	City	State	Country	Postal Code
MANAGER	EDWIN SOUTHFIELD	3310 S 1600 E	WENDELL	ID		83355
MEMBER	ARIE ROELOFFS	3308 SOUTH 1600 EAST	WENDELL	ID	USA	83355-3227
5. Organized Under the Laws of: ID W 70060		6. Annual Report must be signed.* Signature: Edwin Southfield Name (type or print): Edwin Southfield Date: 11/19/2014 Title: Owner/Partner				
Processed 11/19/2014		* Electronically provided signatures are accepted as original signatures.				

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APR 15 2015

**T
S ENTERPRISES LLC**

K 255 Blue Lakes Blvd Nth, PMB 617
Twin Falls, Idaho 83301
Cell 208 320-0897

Nov. 4, 2014

Idaho Dept. of Water Res.
650 Addison Ave West.
Suite 500
Twin Falls, Idaho 83301

Att: Allen Merritt

Re: Southfield Properties LLC
Enclosed: (2)Transfer) (3)Water Bank Applications w/ Fees.

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SOUTHERN REGION

Please find enclose a (2) transfers and (3) Applications for Southfield Properties.

The 1st transfer is to move groundwater over to a parcel of ground that is to be irrigated from water that has been in the water bank. The 2nd Transfer is to move water for stockwater purposes. The (3) water bank applications are to be submitted back to the water bank.

✓ Sent to S.O. 11-5-2014

If you have any further question in this matter, please fill free to contact me at the above address or Jasson Helms at Phone # 208-308-2109.

Thank You
Gary L. Funderburg

SCANNED
APR 15 2015



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

August 13, 2014

SOUTHFIELD PROPERTIES
3308 S 1600 E
WENDELL ID 83355

RE: LEASED WATER RIGHT NO(S). 36-2297, 36-7377F, 36-7547F WILL BE RELEASED FROM THE WATER SUPPLY BANK

Dear Lessor:

On August 8, 2014, the Department of Water Resources (Department) received your request to cancel the existing Water Supply Bank (Bank) Lease Contract executed on December 23, 2009 and release water right(s) 36-2297, 36-7377F and 36-7547F from the Bank. **At this time the Department acknowledges that the Bank Lease Contract for 141 acres of water right(s) 36-2297, 36-7377F and 36-7547F will be canceled on December 31, 2014 releasing the right(s) from the Bank.**

The five (5) year period of nonuse related to forfeiture of a water right shall begin to accrue upon release of the right from the bank or shall continue to accrue if a period of nonuse occurred prior to the lease date of the right to the bank.

You can reapply to lease the water right(s) in the future by submitting new application form(s) from the Department's website at www.idwr.idaho.gov along with applicable fees.

If you have any questions regarding this matter, please contact me at (208) 287-4944.

Sincerely,

for Cherie Palmer
Water Rights Supervisor
WSB Process Point of Contact

c: Gary Funderburg – TSK Enterprises LLC

SCANNED

AUG 12 2014