

MAY 12 2014

WATER SUPPLY BANK LEASE CONTRACTWATER RESOURCES
WESTERN REGION

This Lease Contract ("**Lease**") is effective March 25, 2014, between the Idaho Water Resource Board ("**Board**"), and

Lessor: JULIE M SCHELHORN
TIMOTHY J SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686
208-466-4044
juliemschelhorn@msn.com

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>
63-32256	0.48 CFS	152.0 AF	NA	38.0 AC
Combined Lease Totals:	0.48 CFS	152.0 AF	NA	38.0 AC

The water rights described herein shall be available for rental from the Bank as follows:

Authorized Period of Use under Lease: March 15 to November 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.

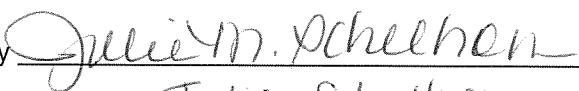
Minimum Payment Acceptable: Current Rental Rate

3. **TERM OF LEASE:** This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2018.
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.

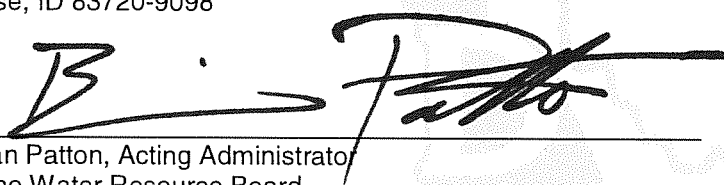
IN WITNESS WHEREOF, the parties have executed this Contract on the date following their respective signatures.

JULIE M SCHELHORN
TIMOTHY J SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686

By 
Printed Name Julie Schelhorn

Date 5-13-14
Title owner

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 05-14-2014

Lease approved by IDWR 

Date 05-14-2014

ATTACHMENT A
WATER RIGHT NO. 63-32256
WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

RECEIVED
MAY 12 2014

WATER RESOURCES
WESTERN REGION

The water right or portion thereof leased to the bank is described as follows:

Lessor: JULIE M SCHELHORN
TIMOTHY J SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686
208-466-4044

Priority Date: 04/19/1973

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
IRRIGATION	03/15	to 11/15	0.48 CFS	152.0 AF
	Total:		0.48 CFS	152.0 AF

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER SW¼SE¼ Sec. 14 Twp 02N Rge 03W CANYON County

PLACE OF USE TO BE IDLED UNDER THIS LEASE: IRRIGATION

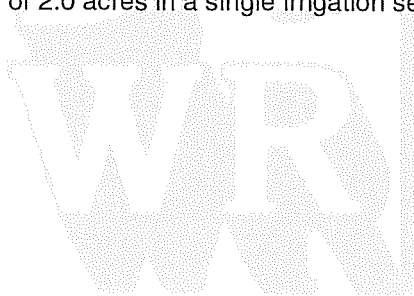
Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
02N	03W	14															20.0	18.0	38.0

Total Acres: 38.0

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, the lease term expires, or upon request from the lessor to change the term of the lease, 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.
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.
 - 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. The period of use for the irrigation described in this approval may be extended to a beginning date of March 1 provided that beneficial use of the water can be shown and other elements of the right are not exceeded. The use of water before March 15 is subordinate to all water rights having no subordinated early or late irrigation use and a priority date earlier than April 29, 2009.
13. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 4.5 afa per acre at the field headgate for irrigation of the lands above.
14. The unleased portion of this right is limited to an annual diversion rate of 0.03 cfs, a annual diversion volume of 8.0 af and the irrigation of 2.0 acres in a single irrigation season.



STATE OF IDAHO
WATER RESOURCE BOARDWATER SUPPLY BANK LEASE OR SALE
APPLICATION CHECKLIST

RECEIVED

MAR 25 2014

WATER RESOURCES
WESTERN 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 Julie M. or Timothy J. SchelhornWater Right No. 63-32256All 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>250</u>	Received By: <u>RS</u>	Date Received: <u>3/25/14</u>	Receipt # <u>W041939</u>
W-9 received? Yes ☒ No ☐ (Route W-9 to Fiscal)		Name on W-9: <u>JULIE M. SCHELHORN</u>	

STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

MAR 25 2014

APPLICATION TO SELL OR LEASE A WATER RIGHT
TO THE WATER SUPPLY BANKWATER RESOURCES
WESTERN 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 Julie M. or Timothy J. Schelhorn Email Address juliemschelhorn@msn.com
Mailing Address 9135 Sky Ranch Rd., Nampa, ID 83686 Phone Number (208) 466-4044

☒ 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 Roxanne Brown Organization SPF Water Engineering, LLC
Professional Title Sr. Water Rights Specialist Email Address rbrown@spfwater.com
Mailing Address 300 E. Mallard Dr., Suite 350, Boise, ID 83706 Phone Number (208) 383-4140

☐ 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 63-32256 ☐ 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.

Water right 63-32256 is the subject of Transfer No. 75058, which was approved July 17, 2009. A request for an extension of time to complete the transfer was approved in 2010 and the date was extended to July 17, 2014. A new diversion works has not been constructed at this time. Current irrigation from domestic well.

- 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.
Irrigation use pursuant to a domestic water right (up to 1/2-acre of irrigation from domestic well).

C. Will the present place of use continue to receive water from any other source? Yes ☒ No ☐

If yes, describe. Irrigation will continue of the area around the home.

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. _____

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 3/1/2014 to 3/1/2019 (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 ank does not, in itself, confirm the validity of the water right or any elements of the water right.

Julie M. Schelhorn
Signature of Designated Applicant

Julie M. Schelhorn
Printed Name

3-18-14
Date

Timothy J. Schelhorn
Signature of Authorized Representative

Timothy J. Schelhorn
Printed Name

3-18-14
Date

Mail to:

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

**STATE OF IDAHO
WATER RESOURCE BOARD**

RECEIVED

MAY 08 2014

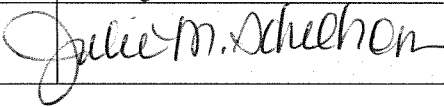
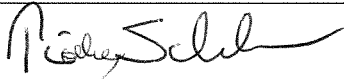
**DEPARTMENT OF
WATER RESOURCES**

ATTACHMENT 1A

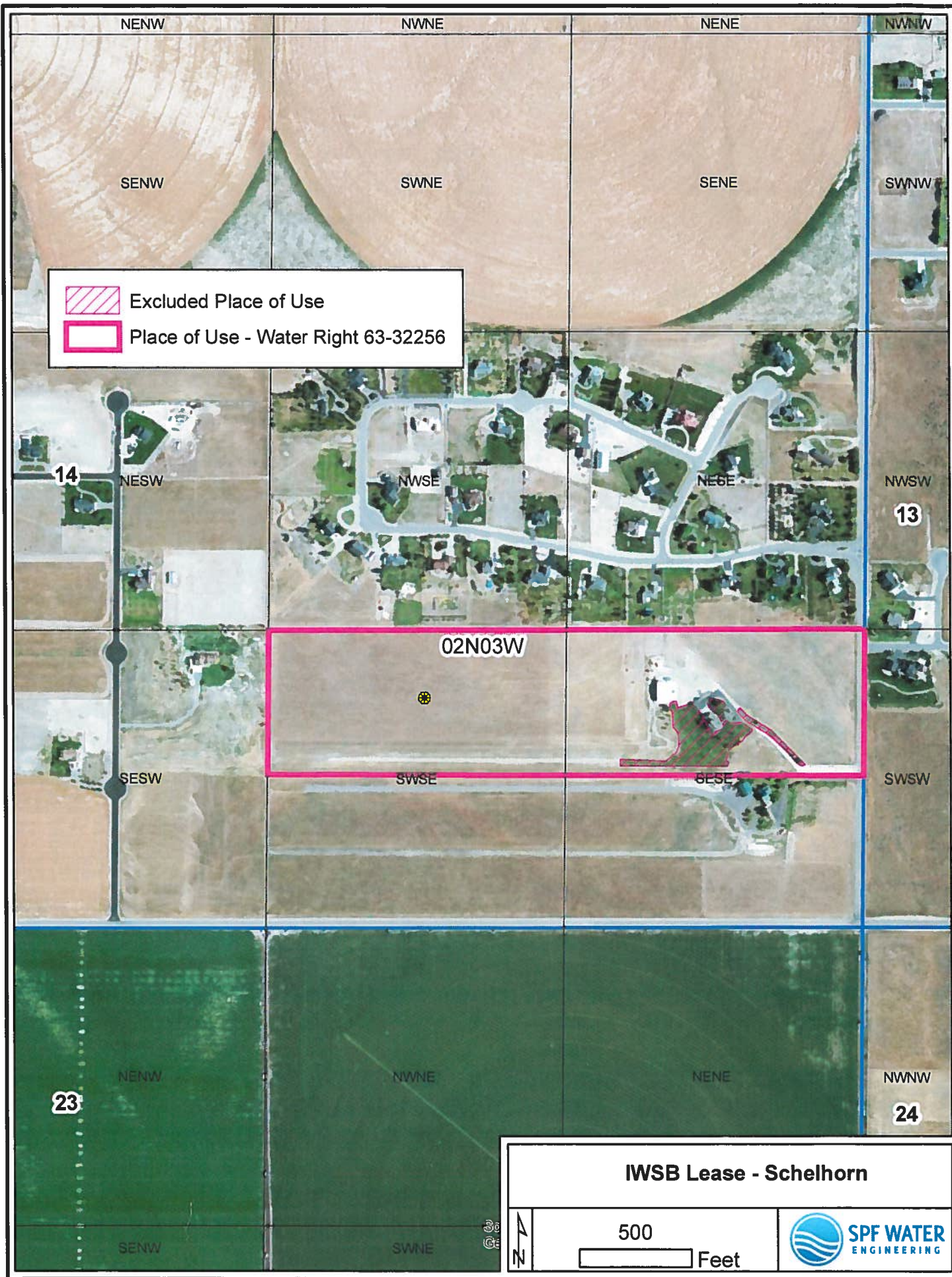
Additional Water Right Holders Party to the Lease Application

List all individuals or business entities that are owners of the property to which the water right on this application is appurtenant. All water right holders must be signatories to a Water Supply Bank Lease Application however only the Designated Applicant needs to provide a completed IRS Form W-9 (Attachment 1B). **All correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Applicant.** If additional space is needed to list any other water right holders, attach a second copy of Attachment 1A.

Water Right No. 63-32256

	Designated Applicant	Applicant #2	Applicant #3
Name	JULIE M SCHELHORN	TIMOTHY SCHELHORN	
Mailing Address	9135 SKY RANCH RD NAMPA ID 83686	9135 SKY RANCH RD NAMPA ID 83686	
Phone Number	208-466-4044	208-466-4044	
Email Address	juliemschelhorn@msn.com	juliemschelhorn@msn.com	
Applicant Declaration	As Designated Applicant, I submit this lease application on behalf of all other water right holders.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			

	Applicant #4	Applicant #5	Applicant #6
Name			
Mailing Address			
Phone Number			
Email Address			
Applicant Declaration	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.	I authorize the Designated Applicant to submit this application on my behalf.
Signature			





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

May 15, 2014

JULIE M SCHELHORN
TIMOTHY J SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686

RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHTS 63-32256

Dear Lessor:

Water Rights 63-32256 were leased into the Water Supply Bank on March 25, 2014, in accordance with the executed original Lease Contract enclosed. **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.**

The rights will automatically be released from the Bank on **December 31, 2018**, 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 287-4944.

Sincerely,


for Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: SPF Water Engineering LLC
John Westra- IDWR Western Regional Manager



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

May 9, 2014

JULIE M SCHELHORN
TIMOTHY J SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686

RE: APPLICATION(S) TO LEASE WATER RIGHT(S) 63-32256 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 BOTH 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.

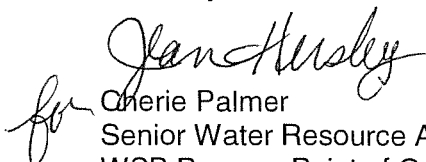
The rights will automatically be released from the Bank on **December 31, 2018**, unless the rights are released earlier by the Board, or upon your request. To release the right from the Bank prior to the release date, submit a written request on the Request to Release a Water Right from the Bank form. 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 287-4944.

Sincerely,


Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Proposed Lease Contracts



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

May 5, 2014

JULIE M SCHELHORN
TIMOTHY SCHELHORN
9135 SKY RANCH RD
NAMPA ID 83686

**RE: ADDITIONAL INFORMATION REQUEST FOR PROCESSING APPLICATION(S) TO
LEASE WATER RIGHT NO(S). 63-32256 TO THE WATER SUPPLY BANK**

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

Dear Applicant:

The Idaho Department of Water Resources (Department) acknowledges receipt of the application(s) to lease the above referenced water right(s) to the Idaho Water Resource Board's Water Supply Bank (Bank). The Department will review your application as resources allow.

If the right(s) is determined to be eligible for acceptance into the Bank, the right will be entered as of the date of receipt of the application. The acceptance date may be adjusted when additional information is required. A preliminary review of your application(s) has been completed and it has been determined that additional information is required to continue processing.

Please provide the following information within 14 days of the date of this letter or the application will be returned:

- Signature on Attachment 1A- Designated Applicant and Applicant #2

All water right holders must be signatories to a Water Supply Bank Lease Application, however, the Designated Applicant needs to provide a completed IRS Form W-9, which we received from Julie M Schelhorn. All Correspondence and any financial payment associated with the rental of this water right will be directed to the Designated Applicant.

The department will continue processing your application(s) once you have submitted the requested information. Water right forms are available from the Department's web site at www.idwr.idaho.gov. If you have any questions, please contact me at (208) 287-4944.

Sincerely,

for Cherie Palmer
Senior Water Resource Agent
WSB Process Point of Contact

Enclosure: Receipt #W041939 and Attachment 1A

c: SPF Water Engineering LLC

Hersley, Jean

From: Lester, Steve
Sent: Friday, May 02, 2014 4:21 PM
To: Hersley, Jean
Subject: RE: WSB Lease of 63-32256

Jean:

Looks good for lease.

For file if rental appls: This right is within South Canyon County ground water concern area. Not a formal admin area but a local hot spot, ground water declines, protests, lots of new water right appls etc. Caution about renting for use within same concern area if near active protests. Regional office comments will help in that regard. Rental outside of concern area alleviates potential problems in that regard.

Steve

From: Hersley, Jean
Sent: Thursday, May 01, 2014 3:36 PM
To: Lester, Steve
Subject: WSB Lease of 63-32256

This is located in T02N, R03W Section 14. The applicant wishes to lease 38 of 40 acres to the Bank.

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



SPF WATER
ENGINEERING

RECEIVED

MAR 25 2014

WATER RESOURCES
WESTERN REGION

March 25, 2014

Steve Lester
Water Rights Supervisor
Western Region Office
Idaho Dept. of Water Resources
2735 Airport Way
Boise, ID 83705

Subject: Application for Idaho Water Supply Bank - Water Right No. 63-32256

Dear Steve,

On behalf of Tim and Julie Schelhorn, I am pleased to submit the enclosed water supply bank lease application for Water Right No. 63-32256. The application proposes to place the right in the bank for a period of five years.

We understand that the filing fee for this Application is \$250.00. You will find a check for that amount enclosed.

Please contact me with any questions.

Sincerely,

Roxanne Brown

Cc: Tim and Julie Schelhorn

Enclosures

Check for \$250.00

Application for Lease w/map

SPF Job No.: 564.0020