

RESOLUTION NO. 2012-05

A Resolution of North Kootenai Water District, Kootenai County, Idaho, authorizing the execution of a letter of commitment for a line of credit for the District; authorizing the Chair and Vice Chair of the Board of Directors of the District as authorized signatories to execute any documentation related to such line of credit; and providing for other matters properly relating thereto.

NORTH KOOTENAI WATER DISTRICT
Kootenai County, Idaho

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH KOOTENAI WATER DISTRICT, Kootenai County, Idaho, as follows:

WHEREAS, North Kootenai Water District (the "District") is a water district under and by virtue of the constitution and laws of the state of Idaho and is governed by an elected Board of Directors ("Board"); and

WHEREAS, pursuant to Idaho Code §42-3212(e), the Board is vested with authority to borrow money and incur indebtedness in accordance with applicable law; and

WHEREAS, the Board hereby authorizes the execution of a letter of commitment for a line of credit with Mountain West Bank, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference, to aid in the District's purchase and/or development of real property; and

WHEREAS, the Board hereby authorizes either the Chair of the Board or the Vice Chair of the Board of the District to sign any documentation necessary to consummate the transaction contemplated by Exhibit "A"; and

NOW, THEREFORE, IT IS HEREBY FURTHER RESOLVED as follows:

Section 1: INCORPORATION OF RECITALS

The Board hereby incorporates the recitals set forth herein as a part of this resolution.

Section 2: AUTHORIZATION OF LETTER OF CREDIT

The Board hereby authorizes the execution of a letter of commitment as set forth in Exhibit "A" to borrow money and incur indebtedness in accordance with applicable state and federal law, including but not limited to Title 42, Chapter 32 of the Idaho Code, to aid in the District's purchase of real property; and

Section 3: AUTHORIZED SIGNATORIES

The Board hereby approves Tom Crimmins, Chair of the Board of the District and/or Shirley Stoller, Vice Chair of the Board of the District, to serve as the authorized signatories of the District authorized to sign any documentation necessary to consummate the transaction contemplated by Exhibit "A."

Section 4: RATIFICATION

The Board hereby ratifies all acts taken by members of the Board and/or agents on behalf of the Board or District relative to borrowing money for the purchase and/or development of real property for a new District office.

Section 5: SEVERABILITY

If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of each section, paragraph, clause, or provision shall in no manner affect any remaining provision of this Resolution.

Section 6: EFFECTIVE DATE OF RESOLUTION

This Resolution shall take effect and be in force and effect from and after its passage and approval.

PASSED at a regular meeting of the Board of Directors of the North Kootenai Water District, held on the 5th day of April, 2012, upon which a roll call vote was duly taken and duly enacted.

NORTH KOOTENAI WATER DISTRICT

Tom Crimmins

Chairman, Tom Crimmins

ATTEST:

Alanna Brooks

Secretary, Alanna Brooks



I, the undersigned, Secretary of the North Kootenai Water District, Kootenai County, Idaho hereby certify that the foregoing Resolution is a full, true, and correct copy of a Resolution duly adopted at a regular meeting of the Board of Directors, duly and regularly held at a regular meeting place thereof on April 5, 2012, of which meeting all members of said Board had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

AYES, and in favor thereof, Boardmembers: 5

NAYS, Boardmembers: 0

ABSENT, Boardmembers: 0

ABSTAIN, Boardmembers: 0

I further certify that I have carefully compared the same with the original Resolution on file and of record in my office; that said Resolution is a full, true, and correct copy of the original Resolution adopted at said meeting; and that said Resolution has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

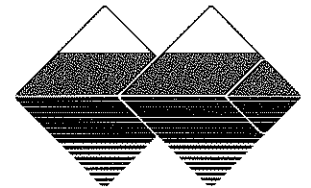
IN WITNESS WHEREOF, I have set my hand and affixed the official seal of the Board on April 5, 2012.



NORTH KOOTENAI WATER DISTRICT

Manna Brooks
Secretary

EXHIBIT "A"



**Mountain
West Bank**

101 Ironwood Dr., Ste. 148
Coeur d'Alene, ID 83814

April 2, 2012

North Kootenai Water District
Mike Galante
1841 W. Hayden Avenue
Hayden, Idaho 83835

Re: Straight Line of Credit Letter of Commitment

Dear Mr. Galante:

We are pleased to advise you that Mountain West Bank ("Bank") hereby commits to making a straight line of credit (SLOC) with funds dedicated to the improvement and customization of the new headquarter facility located at 13649 N. Meyer Road, Rathdrum, Idaho. The Bank's decision to make this commitment is based on representations and information supplied by you.

The loan will be made in reliance of statements and representations contained in the Borrower's application and in financial statements and other documentation submitted to the Bank by the Borrower. Borrower represents and warrants to Bank that all such statements and representations are true in all material aspects. At the closing of the loan, the credit of the Borrower and all other aspects of the transaction shall be represented to the Bank without material adverse change from the time of the application of the Loan. The Bank shall have the right to terminate this commitment before loan settlement if Bank believes in good faith that a material adverse change has occurred in the condition of the borrower or property.

Project Description

Build out and customization of a new headquarters facility located on 3.56 acres at N. Meyer Road south of the town of Rathdrum, Idaho.

Borrower

North Kootenai Water District

STRAIGHT LINE OF CREDIT PARAMETERS

Straight Line of Credit (SLOC) Amount
\$200,000

SLOC Interest Rate

The line of credit will bear interest from the earlier of (i) the Closing Date, or (ii) from the date of first disbursement of Loan proceeds, until the Loan is paid in full, the Loan shall bear interest of 2.96% fixed for the term of the loan.

SLOC Term:

The line of credit will mature in six months; (6) months after date of origination not to exceed a maturity date of September 30, 2012.

SLOC Fees:

- Fee will be 0.625% (\$1,250) of the total SLOC Commitment; 100% payable at closing of the SLOC.
- Documentation Preparation Fee: \$250; 100% payable at closing of the SLOC.

Love Where You Bank.

EXHIBIT A

Guaranty

N/A

Fees and Expenses

Borrower will pay all reasonable costs incurred by the Bank in connection with the loan including, but not limited to, legal, and upfront costs.

Specific Conditions of Approval

All of the following must be acceptable to the Bank: documentation and submissions which include, but not limited to legal documentation, cost and document reviews, condition of markets/submarkets, financial review of Borrower, and any other terms and conditions as may be required. Specific conditions of approval follow:

- 1) Close on sale of existing building prior to funding requested obligation.
- 2) Bank to receive evidence of IRS Form 8038-G being timely filed by District.
- 3) Receipt of executed Board of Directors resolution accepting terms.
- 4) Receipt of invoice/draw request package as submitted to NKWD Board of Directors by District Manager.
- 5) Receipt of Board of Directors authorization to pay draw as presented (receipt may be in the form of meeting minutes when published).

Expiration

This commitment will expire April 15, 2012 unless executed and returned to us prior to that time.

This commitment does not set forth all of the terms, conditions, or documents that shall be required by Bank in connection with the Loan. The Loan Documents shall include customary provisions and documents for a transaction of this type. The form and substance of all documents to be delivered to or approved by bank (including the Loan documents and any other documents required by Bank) in all respects shall be satisfactory to Bank in its sole and absolute discretion. Borrower shall promptly deliver to Bank any further documentation that may be required by Bank.

Please review the above terms and conditions and feel free to call with any questions or comments. If the above terms and conditions are acceptable, please signing below and returning a copy to my attention by April 15, 2012.

Sincerely,



Alison Gonsalves
Vice President &
CDA Commercial Lending Center Manager
Mountain West Bank
101 Ironwood Drive, Ste 210
Coeur d' Alene, ID 83814

Accepted: Tom Crum

Dated: 4-5-2012