

## Exhibit "C"

### Summary of Ordinance No. 06-01

**AN ORDINANCE CREATING LOCAL IMPROVEMENT DISTRICT NO. 1 OF NORTH KOOTENAI WATER DISTRICT, OF KOOTENAI COUNTY, IDAHO; DESCRIBING AND SETTING FORTH THE BOUNDARIES OF SAID LOCAL IMPROVEMENT DISTRICT; PROVIDING FOR THE IMPROVEMENTS TO BE MADE THEREIN; AUTHORIZING THE ADVERTISING FOR BIDS FOR SAID WORK AS PROVIDED BY LAW; PROVIDING FOR THE PAYMENT OF COSTS AND EXPENSES OF SAID IMPROVEMENTS TO BE ASSESSED AGAINST THE PROPERTY WITHIN THE DISTRICT BENEFITED THEREBY AND THE METHOD OF ASSESSMENT; PROVIDING FOR THE ISSUANCE OF LOCAL IMPROVEMENT DISTRICT BONDS AND WARRANTS; PROVIDING FOR THE PUBLICATION OF A SUMMARY OF THIS ORDINANCE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

#### **NORTH KOOTENAI WATER DISTRICT Kootenai County, Idaho**

#### **LOCAL IMPROVEMENT DISTRICT NO. 1**

A summary of the principal provisions of Ordinance No. 06-01 of North Kootenai Water District, of Kootenai County, Idaho, adopted on March 30, 2006, is as follows:

**Section 1:** Finds and declares that the formation of Local Improvement District No. 1 ("LID No. 1") will be in the best interests of the property affected and the District; that there is reasonable probability that the obligations of LID No. 1 will be paid; that the value of property subject to assessment within LID No. 1 exceeds the sum of the estimated costs to be assessed against the property; and that the Board of Directors has heard, considered, and passed upon all protests (attached as Exhibit "A") which were filed in writing or heard during public testimony and has considered the same.

**Section 2:** Creates North Kootenai Water District Local Improvement District No. 1, the boundaries of which are set forth in Exhibit "B".

**Section 3:** Describes the improvements to be made within LID No. 1 as being the acquisition, construction and installation of approximately 11,500 feet of new water line and related appurtenances to serve the area identified as LID No. 1, together with necessary easements and rights-of-way.

**Section 4:** States that all of the costs of the improvements will be paid from special assessments against property located in LID No. 1 according to the benefits derived method of assessment.

**Section 5:** States that the total estimated cost of the project is approximately \$1,620,000.00, all of which shall be borne by and assessed against the properties specially benefited by such improvements. Any remaining costs of these projects will be paid with funds from North Kootenai Water District and other legally available funds.

**Section 6:** Defines the costs and expenses to be included in the price of the Project.

**Section 7:** Determines that the apportionment is equitable and is based upon the special benefits each parcel will receive from the Project.

**Section 8:** Provides for the issuance of warrants, if necessary, for the immediate payment of the Project and provides for the issuance of bonds.

**Section 9:** Incorporates all matters and things done in regard to the creation of LID No. 1 as part of Ordinance No. 06-01.

**Section 10:** States that Ordinance No. 06-01 shall take effect after its passage, approval, and publication of a summary thereof.

**Exhibit "A":** Sets forth the protests received and the disposition of such protests.


**Exhibit "B":** Provides the boundaries of LID No. 1.

**Exhibit "C":** Sets forth this Summary.

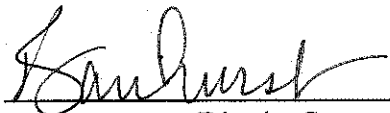
A full text of Ordinance No. 06-01 is available at the office of the District Secretary and will be provided to any citizen upon personal request during normal business hours.

DATED this 30<sup>th</sup> day of March, 2006.

NORTH KOOTENAI WATER DISTRICT,  
Kootenai County, Idaho

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
District Secretary

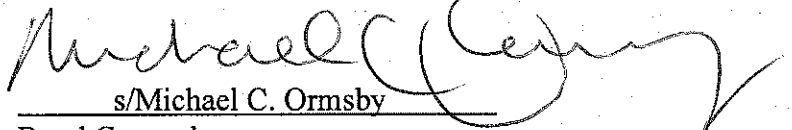


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CERTIFICATION OF BOND COUNSEL

I, the undersigned Bond Counsel for North Kootenai Water District, Kootenai County, Idaho, hereby certify that I have read the attached Summary of Ordinance No. 06-01 of said District and that the same is true and complete and provides adequate notice to the public of the contents of said Ordinance.

Dated as of this 30<sup>th</sup> day of March, 2006.

PRESTON GATES & ELLIS LLP

  
\_\_\_\_\_  
s/Michael C. Ormsby  
Bond Counsel

**ORDINANCE NO. 06-01**

**AN ORDINANCE CREATING LOCAL IMPROVEMENT DISTRICT NO. 1 OF NORTH KOOTENAI WATER DISTRICT, OF KOOTENAI COUNTY, IDAHO; DESCRIBING AND SETTING FORTH THE BOUNDARIES OF SAID LOCAL IMPROVEMENT DISTRICT; PROVIDING FOR THE IMPROVEMENTS TO BE MADE THEREIN; AUTHORIZING THE ADVERTISING FOR BIDS FOR SAID WORK AS PROVIDED BY LAW; PROVIDING FOR THE PAYMENT OF COSTS AND EXPENSES OF SAID IMPROVEMENTS TO BE ASSESSED AGAINST THE PROPERTY WITHIN THE DISTRICT BENEFITED THEREBY AND THE METHOD OF ASSESSMENT; PROVIDING FOR THE ISSUANCE OF LOCAL IMPROVEMENT DISTRICT BONDS AND WARRANTS; PROVIDING FOR THE PUBLICATION OF A SUMMARY OF THIS ORDINANCE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

**NORTH KOOTENAI WATER DISTRICT  
Kootenai County, Idaho**

**LOCAL IMPROVEMENT DISTRICT NO. 1**

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

WHEREAS, North Kootenai Water District, of Kootenai County Idaho, (the "District"), is a water district corporation operating and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho, and as such is authorized and empowered to create local improvement districts and to construct improvements pursuant to Idaho Code, Title 50, Chapter 17;

WHEREAS, the District is authorized by Idaho Code, Title 50, Chapter 17, to create local improvement districts within the District for the purpose of acquiring, constructing and installing certain improvements and appurtenances, together with engineering, legal, accounting, costs of bond issuance, and other costs incidental thereto as authorized by law (the "Project"), and to finance said improvements by the issuance and sale of local improvement district bonds or warrants, which bonds or warrants are payable solely from assessments upon the property benefited by said improvements; and

WHEREAS, the Board of Directors, by Resolution No. 2006-03, adopted on March 9, 2006, declared its intention to form a local improvement district to be designated "North Kootenai Water District Local Improvement District No. 1" ("LID No. 1"); described the boundaries of proposed LID No. 1 and the improvements to be constructed therein; set forth the total estimated cost and the method of assessment; fixed the time and date for a public hearing to create proposed LID No. 1 and determined that it is in the best interests of the residents of the District to form proposed LID No. 1 and to acquire, construct and install such improvements; and

WHEREAS, the Board of Directors, by Resolution No. 2006-02, also adopted on March 9, 2006, adopted the Resolution initiating the process of formation of LID No. 1; and

WHEREAS, after proper publication and mailing of notice to the property owners of the Board of Director's intention to create proposed LID No. 1, a public hearing was held by the Board of Directors on March 30, 2006, at which hearing the residents and owners of property within the proposed LID No. 1 had the opportunity to appear and to protest, both in writing and verbally, or support the formation of the proposed LID No. 1;

NOW, THEREFORE, BE IT FURTHER ORDAINED BY THE BOARD OF DIRECTORS OF NORTH KOOTENAI WATER DISTRICT, Kootenai County, Idaho, as follows:

**Section 1:** The Board of Directors hereby finds and declares:

A. That the formation of LID No. 1 will be in the best interests of the property affected and of the District;

B. That there is a reasonable probability that the obligations of LID No. 1 will be paid;

C. That the value of the property subject to assessment within LID No. 1 (such value being determined by the current assessed valuation of such property for ad valorem tax purposes, as shown by the records of the Assessor of Kootenai County) exceeds the sum of the estimated costs to be assessed against the property included in LID No. 1; and

D. That the Board of Directors has heard, considered, and passed upon all protests which were filed in writing in advance of the hearing, which protests are attached hereto and incorporated herein collectively as Exhibit "A". After consideration of all public testimony and comment, including written objections, if any, the Board of Directors desires to move forward with the formation of the LID.

**Section 2:** There is hereby created and established a local improvement district within North Kootenai Water District, Kootenai County, Idaho, to be designated "North Kootenai Water District Local Improvement District No. 1" ("LID No. 1"), the boundaries of which local improvement district are set forth in Exhibit "B", which is annexed hereto and by reference made a part of this Ordinance.

**Section 3:** The improvements to be made within LID No. 1 are as follows:

A. The acquisition, construction and installation of approximately 11,500 feet of new water line and related appurtenances to serve the area identified as LID No. 1; and

B. The acquisition of rights-of-way and relocation of utilities, as necessary;

together with engineering, legal, accounting, costs of bond issuance, costs of interim financing, costs of financial advice, and other costs incidental thereto. All work will be performed and all materials supplied after the advertisement for bids therefore by giving notice calling for sealed bids for the construction of work.

**Section 4:** All of the costs and expenses of the improvements shall be paid from special assessments against the lots and parcels within proposed LID No. 1 according to the benefits derived method of assessment.

**Section 5:** The total estimated cost of the proposed Project is approximately \$1,620,000, all of which shall be borne by and assessed against the properties specially benefited by such improvements. Any remaining cost of the Project will be paid from funds of the District and other legally available funds.

**Section 6:** Costs and expenses as herein provided shall include the contract price of the improvements, engineering and clerical services, advertising, costs of inspection, costs of collecting assessments, interest on any warrants issued to temporarily pay for the improvements, and for legal services for preparing the proceedings and in advising in regard thereto, and for the costs of acquiring land, if necessary.

**Section 7:** The Board of Directors hereby finds that such apportionment is equitable and is based upon the special benefits each parcel will receive from the Project.

**Section 8:** To provide for the immediate payment of the improvements herein provided for, pending the payment of the installments on special assessments hereinabove provided for, the District shall issue bonds as provided in Idaho Code §§ 50-1715, 50-1722, and 50-1724. For the purpose of making payments for said improvements as the same are installed, prior to the issuance or sale of bonds, the District may issue warrants against LID No. 1 special assessments, payable to the contractor or other persons upon the estimate of the engineer for the District, bearing interest at not in excess of allowable limitations as determined by the Board of Directors, which warrants, together with interest thereon to the date of the issuance of the bonds,

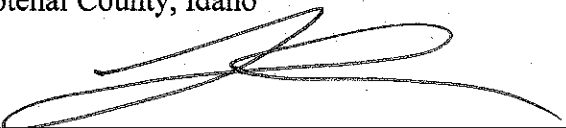
if issued, shall be redeemed and retired by the proceeds of special assessments paid in full and proceeds of the sale of said bonds.

**Section 9:** All matters and things done and performed in regard to the creation of said LID No. 1, and each and all of the provisions thereof in regard to all of said matters concerning the creation of LID No. 1 and the doing of the improvements and payment thereof, are hereby expressly incorporated as part of this Ordinance.

**Section 10:** This Ordinance shall take effect and be in full force from and after its passage, approval, and publication of a summary hereof one time in the official newspaper of the District. A summary hereof is attached hereto as Exhibit "C" and incorporated herein by this reference.


PASSED at a special meeting of the Board of Directors of North Kootenai Water District, held on the 30<sup>th</sup> day of March, 2006.

NORTH KOOTENAI WATER DISTRICT,  
Kootenai County, Idaho



\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
District Secretary

(SEAL)

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I, the undersigned, Secretary of the Board of Directors of North Kootenai Water District, of Kootenai County, Idaho hereby certify that the foregoing Ordinance is a full, true, and correct copy of an Ordinance duly adopted at a special meeting of the Board of Directors, duly and regularly held at the regular meeting place thereof on March 30, 2006, of which meeting all members of said Board of Directors had due notice and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Directors: *Davis, Moore, Berger, Fairhurst*

NAYS, Directors: *none*

ABSENT, Directors: *Crimmins*

ABSTAIN, Directors: *none*

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

I have set my hand and affixed the official seal of the District on March 30, 2006.

*Fairhurst*  
\_\_\_\_\_  
District Secretary

(SEAL)



**Exhibit "A"**

**Summary of Protests to Creation of LID No. 1**

| <b>Name and Address</b> | <b>Comment Regarding LID</b> |
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This is merely a summary of the protests and other written comments received regarding the possible formation of LID No. 1. The written comments referenced above, and any others timely received, are a part of the official record of the District regarding this project and LID.

**Exhibit "B"**

**Boundaries of LID No. 1**