

RESOLUTION 2001-05

NORTH KOOTENAI WATER DISTRICT
KOOTENAI COUNTY, IDAHO

The Board of Directors of the North Kootenai Water District, "NKWD", during the course of its regular monthly meeting on August 9, 2001, considered the Capitalization Fee adopted by NKWD pursuant to its Ordinance 99-4, adopted May 13, 1999. The Capitalization Fee established thereunder provides for an "equitable buy-in" to the water system of NKWD.

The manager of the NKWD water facilities advised the meeting that due to recently adopted changes by the Idaho Division of Environmental Quality in the requirements for administration and financing of new public drinking water systems under its jurisdiction, NKWD could expect to receive applications from residential subdivision developers requesting that NKWD become the owner and operator of newly constructed public drinking water systems serving new residential subdivisions. The manager further advised the meeting that Waterford Estates, LLC and the Ramsey Estate Homeowners Association have proposed to transfer recently constructed public drinking water systems to NKWD in exchange for NKWD's commitment to own and operate the systems as a part of its water facilities. The board discussed and considered various issues associated with the proposals of Waterford Estates and Ramsey Estates, including the application of Ordinance 99-4 establishing and providing for the collection of capitalization fees for new users connecting to the water system of NKWD. In all previous instances, new users subject to the capitalization fee were in subdivisions connecting to previously existing portions of the NKWD water system. In contrast, the applications of Waterford Estates and Ramsey Estates involve prospective new users in complete new water systems that are not designed to connect to existing facilities of NKWD or within its existing service areas or boundaries. For purposes of this resolution, such systems are referred to as "new stand-alone" water systems.

The Board of Directors recognized that the constituents within the boundaries of NKWD formed the water district principally to provide water service for themselves and that no new service areas should be brought into the system except on terms that are fair and equitable to the existing constituents of NKWD, improve the capacity of NKWD to serve its constituents and do not impair or diminish the service NKWD provides to its current customers.

On motion duly made, seconded and unanimously carried, it was resolved that NKWD shall undertake ownership and operation of new stand-alone water systems only where the transferor has demonstrated to NKWD that its system has been designed and constructed in conformity with all applicable laws and regulations to the satisfaction of NKWD in a manner providing water service meeting the standards established in the Idaho Rules for Public Drinking Water Systems for systems constructed after 1985.

On motion duly made, seconded and unanimously carried, it was further resolved that new users of the water facilities of NKWD within the meaning of Ordinance 99-4 in new stand-alone water systems of which NKWD takes ownership subsequent to the date of this resolution, which are not dependent upon connection to pre-transfer facilities of NKWD to satisfy all laws and regulations applicable to public drinking water systems and which are transferred to NKWD sooner than five years after completion of all necessary components of such system, may pay the then current capitalization fee for each water service connection on a partially deferred installment basis as follows:

1) Due upon connection to water system

$$\frac{\text{(Capitalization Fee)}}{240} \times \text{months since NKWD acquired system}$$

2) Monthly installment payments commencing 30 days after the connection is established, each equal to:

$$\frac{\text{(Capitalization Fee)} - \text{(amount paid upon connection)}}{240 - \text{(months since NKWD acquired system)}}$$

3) Monthly installments as calculated in 2) above shall be paid for the number of months specified in the

denominator in 2) above or until the capitalization fee has been paid in full.

PASSED AND APPROVED this 1st day of August,
2001.

NORTH KOOTENAI WATER DISTRICT

B. Sanderson
CHAIRMAN OF THE BOARD OF DIRECTORS

J. Alan Kasten
Director

Jack Berger
Director

Maimie L. Moore
Director

ATTEST:

Maimie L. Moore
Secretary/Director