

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

WATER REVENUE BONDS

RESOLUTION NO. 2009-19

A RESOLUTION of the Board of Directors of the North Kootenai Water District, of Kootenai County, Idaho, describing certain improvements to be made to the water system of the District; seeking authorization of the refunding of certain outstanding revenue bonds; ordering a special election to be held in said District for the issuance of Water Revenue Bonds in the principal amount of not to exceed \$8,000,000; setting the date, time, and place of said election; adopting a notice of election; and providing for other matters properly relating thereto.

Adopted on June 25, 2009

Prepared by:

**K & L PRESTON GATES ELLIS, LLP
Coeur d'Alene, Idaho and Spokane, Idaho**

**NORTH KOOTENAI WATER DISTRICT
RESOLUTION NO. 2009-19**

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NORTH KOOTENAI WATER DISTRICT
Kootenai County, Idaho

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

WHEREAS, North Kootenai Water District, Kootenai County, Idaho, (the "District"), is a duly existing water district organized and operating under the laws of the State of Idaho; and

WHEREAS, it is hereby determined by the Board of Directors of the District (the "Board") to be necessary and essential to the health, safety, comfort, and welfare of the inhabitants of said District to acquire, install, and construct certain improvements to its water system; and

WHEREAS, the Board has determined to finance part of the costs of the acquisition and construction of said improvements by the issuance of Water Revenue Bonds of the District, pursuant to the provisions of the Revenue Bond Act of the State of Idaho, Sections 42-4101 to 42-4115, inclusive, Idaho Code, and the Municipal Bond Law of the State of Idaho, Chapter 2 of Title 57, Idaho Code; and

WHEREAS, the North Kootenai Water District, Kootenai County, Idaho (the "District") has outstanding its Water Revenue Bonds, Series 1999, issued as of January 21, 1999, pursuant

to Resolution No. 99-3 adopted by the Board on January 14, 1999, (the "1999 Bond Resolution") which remain outstanding as follows:

<u>Maturity Dates (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2010	\$125,000	4.20%
2011	130,000	4.35
2012	135,000	4.40
2013	140,000	4.45
2014	150,000	4.50
*2018	670,000	4.70

*Term Bond

WHEREAS, after due consideration it appears to this Board that the 1999 Bonds maturing on and after August 1, 2010 (the "Refunded Bonds") may be defeased and refunded by the proceeds of the bonds authorized herein at a substantial savings to the District and its ratepayers and/or reamortization of the amounts owed on the refunding bonds will have a positive impact on maintaining level rates for the ratepayers of the District; and

WHEREAS, in order to authorize such revenue bonds, the Board has determined to call and conduct a special municipal bond election for the aforesaid purposes as required by said Revenue Bond Act;

WHEREAS, pursuant to the provisions of Idaho Code, the District has elected to have the District Secretary conduct the election.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CHAIR AND BOARD OF DIRECTORS OF THE NORTH KOOTENAI WATER DISTRICT as follows:

Section 1. ELECTION

A Special Election is hereby called to be held within North Kootenai Water District on Tuesday, August 4, 2009, for the purpose of submitting to the qualified electors of the District the question set forth in the form of ballot appearing in Section 7 hereof.

Section 2. PROJECT

(a) *Project Description.* The project consists of making various capital improvements to the water system of the District (hereinafter the "Project"), consisting generally of the acquisition, construction and installation of improvements to the water system of the District as follows:

(1) Refunding of approximately \$1,350,000 in principal amount of Water Revenue Bonds outstanding;

(2) Improvements to water storage facilities and other projects to reduce leakage and removing and replacing portions of the water distribution system of the District;

(3) The construction of new wells and the upgrading of certain existing water booster stations;

(4) The construction of new water transmission mains to convey water to water distribution and storage facilities;

(5) The acquisition, construction and installation of a new District office and maintenance facility and other betterments to the water system and facilities; and

(6) The costs of engineering, legal, and grant and project administration; and together with the purchase of sites and easements therefor and all appurtenances and machinery necessary or useful for said system (the "Project"), all pursuant to the preliminary maps, plans, and specifications therefor which are being prepared by Welch-Comer Engineers, Coeur

d'Alene, Idaho, heretofore selected by the Board for such purpose and on file in the office of the District.

(b) *Cost of Project.* The estimated cost and expense of the acquisition, installation, and construction of the Project is approximately \$8,000,000, all of which will be paid with proceeds of these bonds, if approved. The Project includes payment of all preliminary expenses incurred and incident to the Project and properly incident to the issuance of the bonds as such expenses are set forth in said Revenue Bond Act and Municipal Bond Law, and including payment of interest on such bonds or bond anticipation notes or other interim financing during the period to be covered by the acquisition and construction of the improvements as described in subparagraph (a) above, and including the funding of any Reserve Account to secure repayment of the Bonds. Any portion of the cost of the Project not paid for by the proceeds of the Bonds authorized herein will be paid by other funds of the District, including previously approved bond funds, and grant funds received from agencies of the United States or the State of Idaho, if any.

(c) *Other Improvements.* Subject to the following paragraph, the acquisition of the improvements, as described in subparagraph (a), above, are hereby ordered.

(d) *Issuance of Bonds after Approval by Voters.* Subject to the approval thereof by the qualified electors voting at the election for which provision is hereinafter made, revenue bonds of the District shall be issued pursuant to the provisions of the Water and Sewer District Revenue Bond Act, §§42-4101 through 42-4115, inclusive, Idaho Code, in the amount of not to exceed \$8,000,000 to pay part of the costs of the Project.

Section 3. CONDUCT OF ELECTION AND NOTICE TO ELECTORS

Said election shall be conducted as specified in Title 34, Chapter 14; Title 42 Chapter 41, of the Idaho Code, and in the Notice of Election attached hereto, marked Exhibit "A", and by this reference made a part hereof.

Section 4. POLLING HOURS AND PLACES

(a) *Polling Hours.* The polls of said election shall open at the hour of 8:00 A.M. on said day and shall remain open continuously on said day until the hour of 8:00 P.M., at which time said polls shall be closed.

(b) *Polling Places.* The polling places within the District for the election shall be as follows:

Locations
North Kootenai Water District Office 1841 West Hayden Ave. Hayden, ID 83835
Twin Lake Fire Station No. 4 4912 West Par 3 Golf Course Road Rathdrum, Idaho 83858

Section 5. CONDUCT OF ELECTION; OATHS

(a) The District hereby designates the District Secretary as the person to conduct the election, including the appointment of judges and clerks to serve as Board of Election.

(b) *Oath.* Each member of each Board of Election shall take an oath, which shall be administered by the District Secretary or his designee, faithfully to perform the duties of such member.

Section 6. QUALIFICATION OF ELECTORS

(a) *Qualifications.* Each person voting at such bond election shall be at the time of the election, eighteen (18) years of age or older, and a United States citizen who has resided in the State of Idaho and the District at least thirty (30) days next preceding the election.

(b) *Registration.* Registration requirements set forth in Title 34, Chapter 4, of the Idaho Code, shall be applicable to the election. Such registration laws allow for registration on the day of the election assuming that the requirements set forth in Idaho Code §34-408A are met.

(c) *Voting Process.* An elector desiring to vote in the election shall follow the procedure outlined in Idaho Code §34-1106. The elector may be required to furnish to the election official proof of residence, which proof shall be established by either an Idaho motor vehicle driver's license or any document definitely establishing the elector's residence within the District.

(d) *Absentee Voting.* Any qualified elector may vote by absentee ballot by making an application to the District Secretary, which application must be signed personally by the applicant. An application for a mail in absentee ballot shall be received by the District Secretary not later than 5:00 P.M. on the sixth day before the election. An application for in person absentee voting at the absent elector's polling place, shall be received by the District Secretary not later than 5:00 P.M. on the day before the election. The District Secretary, after receiving the application in the manner prescribed in Idaho Code §34-1002, shall deliver either personally, or by mail, an absentee ballot not more than twenty-eight (28) days prior to the election. The absentee ballot shall be returned to the District Secretary in a sealed envelope and, together with the oath of qualification, place the ballot and oath should be placed in a sealed return envelope in the manner prescribed in Idaho Code §34-1004. The absentee ballot must be received no later

Section 8. NOTICE OF SPECIAL BOND ELECTION; PUBLICATION AND POSTING

Pursuant to Idaho Code §34-1406, the Secretary of the District is hereby authorized and directed to give Notice of Special Bond Election in substantially the form attached hereto as Exhibit "A", prior to said election, by publication as follows:

(a) *Publication.* Said Notice of Special Election shall be published at least once each week for two (2) consecutive weeks prior to the day of election, as provided in Idaho Code §34-1406, with the first publication not less than 12 days prior to the election and again not less than 5 days prior to the election, in the official newspaper of the District.

(b) *Sample Ballots.* The District shall prepare a sample ballot which shall be in the same format as the official ballots to be used except the words "Sample Ballot" shall be printed thereon, and is be printed on a different color paper, and shall be available at the office of the District.

(c) *Affidavits.* Proof of publication shall be upon the affidavit of the publisher of the newspaper. Such affidavits shall be filed with the District prior to the date of the election.

Section 9. APPROVAL; ISSUANCE OF BONDS

If, at said election, a majority vote of the qualified electors of the District voting thereon vote in favor of the issuance of said bonds for the purposes set forth herein and designated on the aforesaid ballot, fully registered Water Revenue Bonds of the District shall be authorized, issued, sold, and delivered. In determining whether an elector has voted on this proposition, the District shall follow Idaho Code §34-1202A, which provides that a qualified elector is deemed to have not voted if it is impossible to determine their choice on this proposition. Said bonds will be Water Revenue Bonds of the District, and as such, the revenues of the water system will be pledged for their payment as provided by Idaho Code §42-4107. Said bonds will be payable

solely out of and derived from rates and charges for the use of and the services rendered by, and all other income, earnings and revenue of the water utility of the District, will mature annually over a period which may be less than but which will not exceed twenty (20) years from their date and will bear interest at such rate or rates as may be determined by the Board in the Resolution authorizing the issuance of such bonds.

All bonds shall be issued in the form and manner, be registered, disposed of, and redeemed, in accordance with the provisions of Idaho Code §42-4110.

Section 10. DEBT DISCLOSURE STATEMENT

Pursuant to Idaho Code §34-439, as amended, a Debt Disclosure Statement shall be prepared and verified by the District.

Section 11. ELECTION RESULTS; CANVASS

(a) *Computation of Election Results.* The election personnel at each polling place shall meet immediately following the close of the polls for the purpose of computing the results of the election pursuant to Idaho Code §34-1203, making the count in public view, and shall immediately thereafter make a return to the District Secretary, including all electors oaths, poll books, election registers and all ballots casts, under seal.

(b) *Board of Canvassers.* The District Secretary shall make a report to the Board of the results of the election. Pursuant to Idaho Code §42-3224, the Board shall meet at a regular or special meeting, within ten (10) days following the date of such election to canvass the returns and declare the results of the election. Thereupon, the results shall be entered in the minutes of the Board and declared final.

Section 12. RATIFICATION


All actions heretofore taken, not inconsistent with the provisions of this Resolution, by the Board and the officers of the District, directed toward making said acquisitions and improvements within and for the District, and the issuance of Water Revenue Bonds of the District therefor, and for the holding of a Special Bond Election, are hereby ratified, approved and confirmed.

Section 13. EFFECTIVE DATE

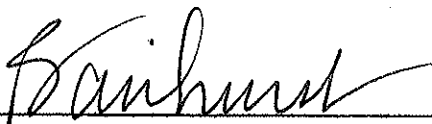
This resolution shall be effective from and after its passage.

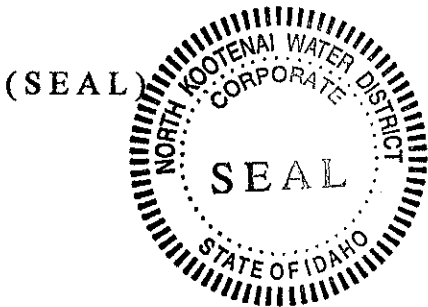
PASSED AND ADOPTED this 25th day of June, 2009.

NORTH KOOTENAI WATER DISTRICT,
Kootenai County, Idaho


Chair

ATTEST:


Secretary



CERTIFICATION

I, the undersigned, Secretary of the Board of the North Kootenai Water District, of Kootenai County, Idaho, hereby certify that the foregoing Resolution is a full, true and correct copy of a Resolution duly adopted at a special meeting of said Board duly and regularly held at the regular meeting place thereof on June 25, 2009, 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, Board Members: 5

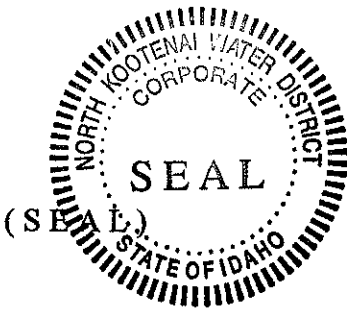
NOES, Board Members: 0

ABSENT, Board Members: 0

ABSTAIN, Board Members: 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 said District on June 25, 2009.




Secretary

NORTH KOOTENAI WATER DISTRICT
Kootenai County, Idaho

NOTICE OF SPECIAL BOND ELECTION

NOTICE IS HEREBY GIVEN that, pursuant to Resolution No. 2009-19, adopted on June 25, 2009, by the Board of Directors of the North Kootenai Water District (the "District"), of Kootenai County, Idaho, a Special Bond Election will be held in said District on

TUESDAY, AUGUST 4, 2009

Between the hours of 8:00 A.M. and 8:00 P.M., for the purpose of voting upon the question and proposition of issuing Water Revenue Bonds in the principal amount of \$8,000,000 and payable over a period of up to twenty (20) years, for the purpose of refunding the outstanding water revenue bonds of the District and making certain capital improvements to the water system of the District, consisting of the installation of improvements to and expansion of capital facilities of the District, including the water distribution system, transmission lines, wells, upgrading water booster stations, the construction of facilities and water storage, payment of engineering fees, contingencies, administrative costs, legal fees and all other costs incidental thereto, together with the acquisition of sites and easements therefor, and all appurtenances and machinery necessary or useful for said Project. The bonds will bear interest at such rate or rates as may be determined by the Board, and will be payable solely out of and derived from rates and charges for the use of and the services rendered by, and all other income, earnings and revenue of the water system of the District.

Resolution No. 2009-19, is hereby referred to for further particulars, and by reference is made part of this Notice. The total estimated cost of the Project is \$8,000,000, all of which is to be paid from the sale of the proposed bond issue.

The question to be submitted to the electors shall be by ballot reading substantially as follows:

PROPOSITION

Shall the North Kootenai Water District issue and sell its Water Revenue Bonds to pay part of the costs of the refunding of certain outstanding revenue bonds, the acquisition and construction of improvements to the District's water system in the principal amount of not to exceed \$8,000,000? Said bonds shall mature over a period of not to exceed twenty (20) years, and shall be payable solely from the revenues of the water system, all as more fully provided in Resolution No. 2009-19, adopted on June 25, 2009?

The following information is required by Idaho Code §34-440. The District currently has outstanding bonded indebtedness in the amount of \$1,350,000, which is proposed to be refunded with a portion of the proceeds of these Bonds. The interest rate anticipated on the proposed bonds is 4.84% per annum. The range of anticipated rates is from 3.00% to 5.75% per annum. The total amount to be repaid over the life of the proposed bonds, principal and interest, based on the anticipated interest rate, is estimated to be \$12,904,992.

Qualified electors shall vote at the following polling places:

Locations
North Kootenai Water District Office 1841 West Hayden Ave. Hayden, ID 83835
Twin Lake Fire Station No. 4 4912 West Par 3 Golf Course Road Rathdrum, Idaho 83858

Only qualified electors eighteen (18) years of age or older, who are United States citizens and who have resided in the State of Idaho and in the District at least thirty (30) days next preceding the election, and no others, will be permitted to vote at said special election. No


person so qualified and offering himself or herself at the polling place at which he or she is entitled to vote will be denied the privilege of voting at said special election.

All electors must register before being able to vote in the special election. The County Clerk of Kootenai County is a registrar for the special election and shall conduct voter registration pursuant to Idaho Code §34-1402. Any registered elector of the District may make written application to the District Secretary for a mail in absentee ballot on the sixth day prior to the election and an in person absentee ballot not later than 5:00 P.M. on the day before the election, Monday, August 4, 2009.

If, at said election, majority of the qualified electors voting at such election vote in favor of the issuance of the bonds proposed therein for the purposes set forth in Resolution No. 2009-19, Water Revenue Bonds of the District will be issued for said purposes. In determining whether an elector has voted on the proposition, the District shall follow Idaho Code §34-1202A, which provides that a qualified elector is deemed to have not voted if it is impossible to determine their choice on the proposition.

DATED this 25th day of June, 2009.

NORTH KOOTENAI WATER DISTRICT,
Kootenai County, Idaho


Chair

ATTEST:


Secretary

(SEAL)

