

RESOLUTION 04-1

A RESOLUTION OF THE BAYVIEW WATER AND SEWER DISTRICT OF KOOTENAI AND BONNER COUNTY, IDAHO, PROVIDING FOR A CAPITALIZATION FEE FOR ADDITIONAL WATER HOOKUPS IN THE CAPE HORN AREA OF THE TOWN OF BAYVIEW, IDAHO.

Bayview Water and Sewer District
Kootenai and Bonner County, Idaho

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BAYVIEW WATER AND SEWER DISTRICT, OF KOOTENAI AND BONNER COUNTY, IDAHO, AS FOLLOWS:

WHEREAS, Bayview Water and Sewer District, of Kootenai and Bonner County, Idaho, (BWSD) is a water and sewer District operating and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho; and

WHEREAS, it is in the best interest of the BWSD to provide service to additional users in the Cape Horn Area, while taking into consideration the existing Local Improvement District (LID) #2 participants;

The BWSD does hereby establish a Cap Fee in the said area to reflect the total cost of the project. This Fee is initially set at Eight Thousand Dollars (\$8,000), with the Fee increasing in the same manner as the Bayview Sewer Cap Fee to reflect the effects of inflation.

NOW, THEREFORE, BE IT FURTHER RESOLVED, DETERMINED, AND ORDERED AS FOLLOWS:

SECTION 1:

To receive service on a lot that was consolidated prior to the LID #2, the owner must request and receive written permission from the BWSD Board of Directors, pay the Cap Fee and pay the total cost of installation of the water service including any road repair or other related costs.

SECTION 2:

Any other parcels not in the LID #2, for which water service is requested, must receive written permission from the BWSD Board of Directors and then pay the above described costs.

SECTION 3:

The Cap Fee will be disbursed as follows:

Six Thousand Dollars (\$6,000), reflecting the average LID #2 assessment, will be applied to reducing the LID #2 cost of the original participants. This will be accomplished in the following manner:

a. For those who prepaid their assessment, a credit of 1/300th of the Six Thousand Dollars (\$6,000), (\$20.00), will be refunded to the individual.

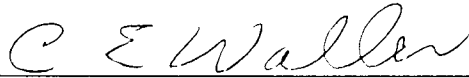
b. The balance of the Six Thousand Dollars (\$6,000) will be applied as additional payment to the overall LID #2 obligation, thereby reducing the loan amount and resulting in a reduced duration of the loan amount for those persons who have amortized their LID #2 assessment.

c. The funds received in excess of the Six Thousand Dollars (\$6,000) will be placed in the Water Reserve Fund to offset the costs of upgrading the water system.

SECTION 4:

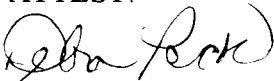
This Resolution shall take effect and be in full force from and after its passage and approval. Dated this 20th day of July, 2004.

BAYVIEW WATER AND SEWER DISTRICT
KOOTENAI AND BONNER COUNTY, IDAHO



CHAIRMAN; BOARD OF DIRECTORS

ATTEST:



DISTRICT SECRETARY

(S E A L)

I, the undersigned, Secretary of the Board of Directors of Bayview Water and Sewer District, of Kootenai and Bonner 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 District, duly and regularly held at the regular meeting place thereof on July 20, 2004, of which meeting all members of the 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, Directors: *Chuck Waller, Hobart Jenkins, Dave Wilcox, Pat Dow*

NAYS, Directors: *Ø*

ABSENT, Directors: *JAMES DUNN*

ABSTAIN, Directors: *Ø*

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 District on July 20, 2004.

Debra Perle

District Secretary

(SEAL)