

BAYVIEW WATER AND SEWER DISTRICT
Kootenai and Bonner Counties, Idaho

WATER REVENUE BOND, 2026 (TAXABLE)

\$3,400,000

RESOLUTION NO. 2026-02

A Resolution of the Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, authorizing the issuance of a water revenue bond of the District in the aggregate principal amount of not to exceed \$3,400,000 to provide permanent financing for the construction of certain improvements to the District's water system; fixing the form, terms, and covenants of such bond; reserving the right to issue future revenue bonds on a parity with said bond upon compliance with certain conditions; and authorizing the sale of the bond to the State of Idaho Department of Environmental Quality.

Approved on May 21, 2026

Prepared by:

MCALOON LAW
Chelan, Washington

BAYVIEW WATER AND SEWER DISTRICT
Kootenai and Bonner Counties, Idaho

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WHEREAS, the Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho (the "District"), now owns and operates a water system (the "System"); and

WHEREAS, at an election duly held on May 19, 2020, the District's voters approved and authorized the Board of Directors of the District to undertake certain extensions, additions and betterments to the System (the "Project"); and

WHEREAS, construction of the Project is complete and the District now deems it to be in the best interest of the District to issue a Water Revenue bond in the principal amount of not to exceed \$3,400,000 (the "Bond") for the purpose of providing permanent financing for the Project; and

WHEREAS, the State of Idaho Department of Environmental Quality (the "Government") has agreed to purchase the Bond under the terms and conditions set forth in this resolution and in the Government's Loan Offer dated June 25, 2020 and as finally amended on November 29, 2024;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BAYVIEW WATER AND SEWER DISTRICT, KOOTENAI AND BONNER COUNTIES, IDAHO, as follows:

Section 1. Definitions. As used in this resolution the following terms shall have the following meanings:

Board of Directors means the District's Board of Directors as the general legislative authority of the District as the same shall be duly and regularly constituted from time to time.

Bond means the Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, Water Revenue Bond, 2026 (Taxable), authorized to be issued pursuant to and for the purposes provided in this resolution.

Bond Fund means the “Bayview Water and Sewer District Water Revenue Bond Redemption Fund” authorized to be created by Section 6 of this resolution to pay and secure the payment of all Parity Bonds.

Bond Registrar means the Treasurer of the District or the successor to such office.

Bond Year means each one-year period that ends on the date selected by the District. The first and last Bond Years may be short periods. If no day is selected by the District before the earlier of the final maturity date of the Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

Costs of Maintenance and Operation means all reasonable expenses incurred by the District in causing the System to be operated and maintained in good repair, working order and condition, but shall not include any payments for debt service or into any reserve accounts for bonds, depreciation or taxes levied or imposed by the District or payments to the District in lieu of taxes, or capital additions or capital replacements to the System.

District means the Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Idaho.

Election Resolution means Resolution No. 2020-001 of the District, adopted on March 13, 2020.

Fiscal Year means the year commencing October 1 and ending the following September 30.

Future Parity Bonds means any revenue bonds of the District issued after the date of the issuance of the Bond and having a lien upon the money in the Revenue Fund for the payment of the principal thereof and interest thereon equal to the lien upon the money in such fund for the payment of the principal of and interest on the Bond.

Government means the State of Idaho Department of Environmental Quality.

Net Proceeds, when used with reference to the Bond, means the face amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds deposited into the Reserve Account, if any.

Net Revenue means the Revenue of the System less the Operation and Maintenance Expenses thereof.

Operation and Maintenance Expenses means all reasonable and necessary current expenses, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the District directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries, administrative expenses, labor and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payments of debt repayable from System Revenues.

Parity Bonds mean the Bond and any Future Parity Bonds.

Principal and Interest Account means the special account of that name authorized by Section 6 hereof to be created in the Bond Fund for the purpose of paying the principal of and interest on all Parity Bonds.

Project means the acquisition, construction and installation of additions and betterments to the System approved by the qualified electors of the District at an election held May 19, 2020, and described in Resolution No. 2020-001 of the District, adopted by the Board of Directors on March 13, 2020, including the acquisition, installation and construction of certain improvements, additions and betterments to its water system.

Reserve Account means the account of that name authorized to be created within the Bond Fund pursuant to Section 7 hereof for the purpose of securing the payment of all Parity Bonds.

Revenue Fund means the Bayview Water and Sewer District Water Revenue Fund authorized to be created pursuant to Section 5 of this resolution.

Revenue of the System or ***System Revenue*** or ***Revenue*** means all earnings, revenue and money received by the District from or on account of the operation of the System, including the income from investments of the money in the Revenue Fund and the Bond Fund or from any other investment thereof, except the income from investments irrevocably pledged to the payment of any other sewer revenue bonds pursuant to a plan of retirement or refunding and except assessments and installments thereof and interest and any penalties thereon levied or collected in any local improvement district hereafter created and established to finance any improvements to the System. The words ***Revenue of the System*** also shall include any federal or state reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the System. ***Revenue of the System*** does not include proceeds of taxes levied and collected by the District.

Secretary means the District Secretary, or other officer of the District who is the custodian of the seal of the District and of the records of the proceedings of the District, or his/her successor in function, if any.

System means the existing water system and facilities of the District, as it now exists and as it may later be added to, extended and improved, for as long as any Parity Bonds remain outstanding.

Term Bond means any Parity Bond maturing in a Term Bond Maturity Year.

Term Bond Maturity Year means any year in which (1) the principal amount of any Parity Bonds maturing exceeds an amount equal to 1.25 times the average amount of Parity Bonds maturing in each of the other years in which Parity Bonds shall have been scheduled to mature and (2) the principal and interest payments required to be made on Parity Bonds exceed an amount equal to 1.25 times the average amount of principal and interest payments required to be made in each of the other years in which such payments are required to be made.

Treasurer means the District's Secretary/Treasurer or his/her successor in functions, if any.

Rules of Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neutral genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of

reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Words importing the singular number include the plural number and vice versa.

Section 2. Authorization of the Bond. For the purpose of providing permanent financing for the costs of the Project and paying costs of issuance for the bond, the District shall now issue and sell its water revenue bond in the principal amount of \$3,400,000.

Section 3. Description of the Bond. The Bond shall be designated the “Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, Water Revenue Bond, 2026 (Taxable),” shall be dated the date of delivery thereof to the Government as the initial purchaser, shall be numbered R-1, and shall be fully registered. The Bond shall bear interest from its dated date at the rate of 1.75% per annum (computed on the basis of a 365-day year for actual number of days elapsed); shall be amortized over a thirty (30) year period; shall be repaid in semi-annual installments of principal and interest in the amount of \$73,094.18, payable beginning six (6) months from the date of issuance of the Bond and semi-annually thereafter until paid in full; and shall mature thirty (30) years from its date of issuance and delivery. If any installment of principal and interest is not paid when due, the District shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Payments shall be applied first to interest and then to principal.

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America to the owner or owners thereof at the address appearing on the registration books of the District maintained by the Secretary. The Secretary/Treasurer is hereby authorized to establish a Preauthorized Debit Payment process whereby the Bond Registrar authorizes funds to be withdrawn electronically from the District's bank account on the exact day that the payment is

due. The Bond shall be payable solely from Revenue of the System and shall not be a general obligation of the District.

The Bond shall be registered as to both principal and interest as long as any of the installments of the Bond remain unpaid, and the District shall maintain in the office of the Treasurer books for the registration and transfer of the Bond. No transfer of the Bond so registered shall be valid unless made on said books upon the written request of the registered owner or the owner's duly authorized agent.

Section 4. Prepayment and Defeasance. The District hereby reserves the right to prepay principal installments remaining unpaid at the price of par plus accrued interest, in whole, or in part, at any time. Notice of any optional prepayment shall be given at least thirty (30) days prior to the prepayment date by mailing to the registered owner of the Bond a notice fixing such prepayment date and the amount of principal to be prepaid. Partial prepayments of principal shall be applied to the final unpaid principal installment.

Section 5. Revenue Fund and Priority of Payments. There is hereby authorized to be established in the office of the Treasurer a special fund of the District designated as the "Bayview Water and Sewer District Water Revenue Fund" (the "Revenue Fund"). All of the Revenue of the System shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the District, and the Revenue of the System deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation of the System;

Second, to pay the interest on any Parity Bonds;

Third, to pay the principal of any Parity Bonds;

Fourth, to make all payments required to be made into the Reserve Account for the payment of Parity Bonds;

Fifth, to make all payments required to be made into any sinking fund or bond retirement account heretofore or hereafter created for the payment of the principal of Parity Bonds;

Sixth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the District having a lien upon the Revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the District, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, or for any other lawful District purposes.

Section 6. Bond Fund.

(a) *Bond Fund.* A special fund of the District designated as the “Bayview Water and Sewer District Water Revenue Bond Redemption Fund” (the “Bond Fund”) is hereby authorized to be created in the office of the Treasurer, which Bond Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bond and all other Parity Bonds. The Bond Fund shall consist of the following accounts: (1) the Principal and Interest Account and (2) the Reserve Account.

(b) *Principal and Interest Account.* A Principal and Interest Account is hereby authorized to be created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on all Parity Bonds. As long as the Bond remains outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the

Principal and Interest Account, in addition to amounts required to be paid therein on account of any other issue of Parity Bonds, those amounts necessary, after taking into consideration such other funds as are on hand in the Principal and Interest Account and available for the payment of principal and interest on the Bond, to pay the interest or principal and interest next coming due on the Bond. Such payments from the Revenue Fund shall be made on or before the day on which the regular payments of principal of and interest on the Bond are due and payable in an amount equal to such regular payment.

The District covenants and agrees that in the event it issues any Future Parity Bonds that are Term Bonds, it will provide in each resolution authorizing the issuance of such bonds for annual payments to be made from the Revenue Fund into the Principal and Interest Account sufficient together with Revenue of the System collected and deposited and such other money as is on hand and available therefor in such account to amortize the principal of Future Parity Bonds that are Term Bonds on or before the maturity date thereof.

Section 7. Reserve Account. A Reserve Account is hereby authorized to be created in the Bond Fund for the purpose of securing the payment of the principal of and interest on Parity Bonds. The District covenants and agrees that it will pay into the Reserve Account out of the Revenue of the System (or, at the option of the District, out of any other funds on hand legally available for such purposes) not less than approximately equal annual payments sufficient with other money in the Reserve Account to have on deposit by ten (10) years from the date of delivery of the Bond, a total amount allocable to the Bonds that will be equal to the Average Annual Debt Service on the Bond.

The District hereby further covenants and agrees that in the event it issues any Future Parity Bonds, it will provide in the resolution authorizing the issuance of such bonds that it will pay into the Reserve Account out of the Revenue of the System (or, at the option of the District, out of any other funds on hand legally available for such purpose) not less than approximately

equal additional annual payments so that by ten (10) years from the date of such Future Parity Bonds there will have been paid into the Reserve Account an amount which, with the money already on deposit therein, will be equal to the Average Annual Debt Service on all Parity Bonds then outstanding.

The District further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Average Annual Debt Service on all outstanding Parity Bonds. Whenever there is a sufficient amount in the Principal and Interest Account and the Reserve Account, to pay the principal of, premium if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on any outstanding Parity Bonds, as long as the money left remaining on deposit in the Reserve Account are equal to the average annual debt service on the remaining outstanding Parity Bonds.

In the event there shall be a deficiency in the Principal and Interest Account to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made-up out of Revenue of the System after making necessary provision for the payments required to be made prior thereto by Section 6 of this resolution.

All money in the Reserve Account may be kept in cash or deposited in institutions permitted by law in an amount in each institution not greater than the amount insured by any department or agency of the United States Government, or may be invested in United States obligations having a guaranteed market and maturing or having a guaranteed redemption price,

not later than the last maturity of Parity Bonds. Interest earned on or any profits made from the sale of any such investments shall be deposited in and become a part of the Principal and Interest Account.

Section 8. Sufficiency of Revenue and Pledge of Revenues. The Net Revenues of the System are hereby pledged for the payment of the Bond and shall be used and applied in the order of priority provided in Section 5(b) of this resolution. The Board hereby finds that in fixing the amounts to be paid into the Bond Fund and the Reserve Account out of the Revenue of the System, it has exercised due regard for the Costs of Maintenance and Operation and has not obligated the District to set aside and pay into the Bond Fund and the Reserve Account a greater amount of such Revenue of the System than in its judgment will be available over and above the Costs of Maintenance and Operation and the amounts necessary to pay the principal and interest on the outstanding Parity Bonds.

Section 9. Specific Covenants. For as long as the Bond remains outstanding, the District hereby agrees to observe the following covenants.

(a) *Rate Covenant.* The District shall fix, maintain and collect rates and charges for the use of the services and facilities of the System and all commodities sold, furnished or supplied by the System, which shall be fair and nondiscriminatory and shall adjust such rates and charges from time to time so that:

(1) the Revenue of the System derived therefrom will at all times be sufficient to pay the Costs of Maintenance and Operation, make any payments required to be made on account of the Parity Bonds as and when the same shall become due and payable, make when due all payments which the District is obligated to make into the Reserve Account and all other payments which the District is obligated to make pursuant to this resolution, and pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue

therefore or payments in lieu thereof and any and all other amounts which the District may now or hereafter become obligated to pay from the Revenue of the System by law or contract; and

(2) to maintain the Rate Covenant; and

(3) to provide sufficient revenue for the replacement and repair of short-lived assets, defined as those assets estimated to need repair or replacement within five (5), ten (10) or fifteen (15) years after the initial date of installation or having been placed in service.

(b) *Easements.* The District will acquire all necessary property, easements and rights-of-way for the System.

(c) *Maintenance and Operations.* The District will at all times keep and maintain the System in good repair, working order and conditions and will at all times operate the System and the business in connection therewith in an efficient manner and at a reasonable cost, and will comply with all applicable state laws.

(d) *Books and Records.* The District will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the System, and it will furnish the Government, at its written request, complete operating and income statements of the System in reasonable detail covering any Fiscal Year, showing the financial condition of the System and compliance with the terms and conditions of this resolution.

(e) *Audit.* If the District expends in any Fiscal Year \$500,000 or more in federal financial assistance, the District shall submit an audit performed in accordance with the requirements of the Single Audit Act of 1984, as amended. If the District expends in any Fiscal Year less than \$500,000 in federal financial assistance, but has debt owing to the Government, including the Bond, the District shall submit an audit to the Government within nine (9) months after the end of each Fiscal Year performed in accordance with generally accepted government auditing standards.

(f) *Property Insurance.* The District will at all times carry fire and extended coverage and such other forms of insurance on the System against such risks, in such amounts, and with such deductibles as the Board shall deem necessary in an amount at least equal to the depreciated replacement value of the System, including equipment and machinery. A copy of such policy will be provided to the area office of the Government then serving the District.

(g) *Liability Insurance.* The District will at all times keep and arrange to keep in full force and effect policies of public liability and property damage insurance which will protect the District against anyone claiming damages of any kind or nature arising out of the operation of the System in such amounts and with such deductibles as the Board shall deem necessary for the protection of the District and the Government.

(h) *Workers' Compensation.* The District shall provide and maintain all required worker's compensation insurance for its employees.

Section 10. Issuance of Future Parity Bonds

Future Parity Bonds may be issued for any legal purpose, upon the following terms and conditions:

(a) *Limitations Upon Issuance of Future Parity Bonds.* Nothing contained in this resolution shall be construed in such a manner as to prevent the issuance of Future Parity Bonds by the District or other additional obligations payable from the pledged revenues on a parity with, but not prior nor superior to, the lien of the Bond herein authorized; provided, however, that before any such Future Parity Bonds or other additional parity obligations are authorized or actually issued:

(1) Any consent required by the Government in its Government's Loan Offer dated June 25, 2020, including any amendments thereto, shall have been obtained.

(2) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Principal and Interest Account or the Reserve Account.

(3) That at the time of the issuance of such Future Parity Bonds the District shall have on file a statement or report from the Treasurer or from an independent accountant showing that the Net Revenue of the System for the Fiscal Year preceding the year in which such Future Parity Bonds are to be issued was equal to at least 1.25 times the Average Annual Debt Service for all Parity Bonds then outstanding, plus Future Parity Bonds to be issued.

It is hereby provided, however, that the limitation or condition contained in subparagraph 3 of this section may be waived or modified by the written consent of the holders of 75% of all of the Parity Bonds then outstanding.

(b) *Future Parity Bonds to Complete Project.* In the event grant funds and the proceeds of the Bond are insufficient to complete the Project, then Future Parity Bonds may be issued to complete the Project and the restrictions set forth in this section shall not apply.

(c) *Subordinate Lien Bonds.* No provision of this resolution or of any instrument appertaining thereto shall be deemed to limit or restrict the power of the District to issue bonds or warrants, or to make pledges of the revenues which shall be subordinate as to the lien of the Bond and which shall provide for compliance with the current provisions hereof prior to the application of any funds to said subordinate purpose.

(d) *Refunding.* The restrictions set forth above with respect to the issuance of Future Parity Bonds shall not apply if such additional bonds are issued for the sole purpose of refunding all outstanding Parity Bonds.

Section 11. Transfer. The Bond may be transferred by the registered owner thereof, provided that such transfer relates to the entire unpaid principal amount of the Bond, and any such transfer shall be noted on the bond registration books of the District. Any transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to transfer the Bond during the fifteen (15) days preceding any principal and interest payment date or prepayment date.

Section 12. Lost or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the District may execute and deliver a new bond of like date, number and tenor to the registered owner thereof in the manner provided by law and upon the owner's paying the expenses and charges of the District in connection therewith.

Section 13. Form of Bond. The Bond shall be in substantially the following form:

NO. R-1	UNITED STATES OF AMERICA	\$3,400,000
	STATE OF IDAHO	
	KOOTENAI AND BONNER COUNTIES	
	BAYVIEW WATER AND SEWER DISTRICT	
	WATER REVENUE BOND, 2026 (TAXABLE)	
PRINCIPAL AMOUNT:	THREE MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS	
INTEREST RATE:	1.75%	
MATURITY DATE:	May 21, 2056	

The BAYVIEW WATER AND SEWER DISTRICT, KOOTENAI AND BONNER COUNTIES, IDAHO (the "District"), a municipal corporation duly organized and existing under the laws of the State of Idaho, promises to pay to the STATE OF IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (the "Registered Owner") but solely from the Bond Fund of the District, established by Resolution No. 2026-02 of the District (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution.

This bond shall bear interest at the rate set forth above (computed on the basis of a 365-day year for actual number of days elapsed) and interest shall accrue from the date of issuance of this bond. Principal of and interest on this bond shall be payable in semi-annual installments of principal and interest in the amount of \$73,094.18, payable beginning November 21, 2026 and semi-annually thereafter on the 21st day of each May and November, with final payment of principal and interest nevertheless due on the Maturity Date.

This bond, designated as the "Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, Water Revenue Bond, 2026 (Taxable)," is issued by the District in fully registered form to provide funds to permanent financing for the cost of acquiring, constructing and installing certain additions and betterments to the System, and to pay the costs of issuance of this bond, all as set forth in the Bond Resolution.

Installments of principal of and interest on this bond are payable in lawful money of the United States of America and shall be paid by the District Treasurer (the "Bond Registrar") on the payment date to the registered owner at its address appearing on the books or records maintained by the Bond Registrar. The last installment of principal and interest shall be payable upon

presentation and surrender of this bond by the registered owner at the principal office of the Bond Registrar.

For as long as this bond is outstanding, the District irrevocably pledges the Revenue of the System of the District for the payments required to be made into the Bond Fund for this bond and any Future Parity Bonds. The pledge shall constitute a lien and charge upon that revenue prior and superior to any other lien and charge whatsoever, subject only to operation and maintenance expenses of the water system of the District. This bond is not a general obligation of the District and the District's full faith, credit and resources are not pledged for the principal of and interest on this bond.

This bond may be prepaid prior to maturity as provided in the Bond Resolution.

Reference is made to the Bond Resolution for other covenants and declarations of the District and other terms and conditions upon which this bond has been issued, which terms and conditions are made a part hereof by this reference. The District irrevocably and unconditionally covenants that it will keep and perform all the covenants of this bond and of the Bond Resolution.

This bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon has been signed by the Bond Registrar.

This bond may be transferred by the Registered Owner on surrender of this bond to the Bond Registrar, but only if that transfer relates to the entire unpaid principal amount of this bond and only if endorsed in the manner provided hereon and surrendered to the Bond Registrar. Any transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to transfer this bond during the 15 days preceding any principal and interest payment date or prepayment date.

The installments of interest or principal and interest on this bond shall be paid only to the Registered Owner as described herein and to no other person or entity, and this bond may not be assigned except on the Bond Register.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Idaho and resolutions of the District, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, has caused this bond to be signed on behalf of the District with the manual or facsimile signatures of its Chairman of the Board of Directors of the District, to be attested by the manual or facsimile signature of its Secretary and the seal of the District affixed hereon, as of this ___ day of _____, 2026.

BAYVIEW WATER AND SEWER DISTRICT,
Kootenai and Bonner Counties, Idaho

ATTEST:

Chair, Board of Directors

Administrative Treasurer

REGISTRATION CERTIFICATE

This bond is registered in the name of the owner on the books of the District in the office of the District Treasurer as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the Registered Owner or his/her duly authorized agent in writing, and similarly noted hereon and on the bond registration books of the District. All payments of principal of and interest on this bond shall be made by the District with full acquittance by District Treasurer's check, or by warrant of the District drawn on the Treasurer, made payable to the last registered holder shown hereon and delivered to such owner or mailed to him/her at his/her address noted hereon.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Registrar</u>
_____, 2026	State of Idaho Department of Environmental Quality 1410 North Hilton Boise, ID 83706	_____

Section 14. Execution of the Bond. The Bond shall be signed on behalf of the District with the manual or facsimile signature of the Chairman of the Board of Directors of the District, attested by the manual or facsimile signature of its Secretary/Treasurer, with the seal of the District affixed thereto.

Section 15. Sale of Bond; Authorization to Officials and Agents. The Bond shall be sold to the Government at a price of par on the terms and conditions set forth herein and in the Government's Loan Offer dated June 25, 2020 and as finally amended November 29, 2024. The proper officials of the District are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Government and for the proper application and use of the proceeds of sale thereof.

Section 16. Application of Bond Proceeds. The proceeds of the Bond will be used on or within 30 days of the closing and delivery of the Bond to provide permanent financing for the Project and to pay costs of issuing the Bond. Any additional proceeds not required for the foregoing shall be transferred to the Bond Fund for the uses and purposes herein provided.

Section 17. Validity of Issue. The Bond is issued pursuant to the Revenue Bond Act, Idaho Code §§42-4101 - 42-4115, inclusive. This recital is conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 18. Resolution is a Contract. The provisions of this resolution shall constitute a contract between the District and the registered owner of the Bond, so long as the Bond hereby authorized remains outstanding.

Section 19. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 20. General Authorization; Ratification of Prior Acts. The Chairman of the Board of Directors of the District, and the Secretary/Treasurer and all other appropriate officers of the District are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.

Section 21. Effective Date. This resolution shall be effective from and upon its passage.

PASSED AND ADOPTED this 21st day of May, 2026.

BAYVIEW WATER AND SEWER
DISTRICT
Kootenai and Bonner Counties, Idaho

Chair of the Board of Directors

Vice-chair of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

Member of the Board of Directors

ATTEST:

Administrative Treasurer

(S E A L)

I, the undersigned, the Administrative Treasurer of Bayview Water and Sewer District, Kootenai and Bonner Counties, Idaho, hereby certify that the foregoing Resolution is a full, true, and correct copy of a Resolution duly adopted at a special meeting of the Board of Directors, held at the regular meeting place thereof on May 21, 2026, of which meeting all members of the Board had due notice and at which a majority thereof was present; and that at the meeting the Resolution was adopted by the following vote:

AYES, and in favor thereof, Board members:

NOES, Board members:

ABSENT, Board members:

ABSTAIN, Board members:

I further certify that I have carefully compared the same with the original Resolution on file and of record in my office; that the Resolution is a full, true, and correct copy of the original Resolution adopted at the meeting; and that the 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 this 21st day of May, 2026.

Administrative Treasurer

(S E A L)