

Welcome to tonight's City Council meeting!

The elected officials of the City of Bonners Ferry are appreciative of an involved constituency. Testimony from the public is encouraged concerning issues when addressed under the Public Hearing portion of the agenda. Any individual who wishes may address the council on any issue, whether on the agenda or not, during the Public Comments period. Normal business will preclude public participation during the business portion of the meeting with the discretion left to the Mayor and Council.

Vision Statement

Bonners Ferry, "The Friendliest City", strives to achieve balanced growth, builds on community strengths, respects natural resources, promotes excellence in Government, and values quality of life.

AGENDA
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
January 17, 2017
7:00 p.m.

PLEDGE OF ALLEGIANCE

PUBLIC HEARING

GUESTS

Lee Harris – Snow Sculpting Event

Laura McAloon and Michael Keith – Hydroelectric Bond and Water Bond Refinancing with the Idaho Bond Bank

PUBLIC COMMENTS

Each speaker will be allowed a maximum of five minutes, unless repeat testimony is requested by the Mayor/Council

REPORTS

Police/Fire/City Administrator/Economic Development Coordinator/Urban Renewal District

CONSENT AGENDA

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Treasurer's Report
4. Approval of January 3, 2017 Council Meeting Minutes

OLD BUSINESS

NEW BUSINESS

5. City – Affirm Mayor's Recommendation to Appoint Ken Toline to City Council
6. City – Swear in Ken Toline as City Councilman
7. City – Approve Snow Sculpting Event as a City Event for January 20-21, 2017 and Approve List of Volunteers (attachment)
8. Electric – Suspend Reading the Proposed Hydroelectric Revenue Refunding Bond, Series 2017 Ordinance on Three Different Days and Read Once by Title Only (attachment)

9. Electric – Adopt Ordinance 561 Hydroelectric Revenue Refunding Bond, Series 2017
10. Electric – Authorize Mayor to Sign Loan Agreement and Paperwork Associated with the Hydroelectric Revenue Refunding Bond, Series 2017
11. Water - Suspend Reading the Proposed Water Revenue Refunding Bond, Series 2017 Ordinance on Three Different Days and Read Once by Title Only (attachment)
12. Water - Adopt Ordinance 562 Water Revenue Refunding Bond, Series 2017
13. Water – Authorize Mayor to Sign Loan Agreement and Paperwork Associated with the Water Revenue Refunding Bond, Series 2017
14. Street – Authorize Mayor to Sign Change Orders and Close Out Paperwork for the Augusta Street Project (attachment)
15. Water – Authorize Mayor to Sign Contract with a Well Driller
16. Water – Approve Automation of Backwash Procedure Project (attachment)

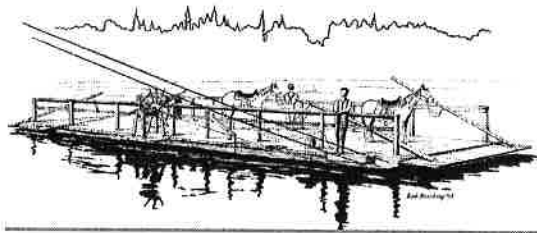
EXECUTIVE SESSION PURSUANT TO IDAHO CODE 74-206, SUBSECTION 1

- (a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated in order to fill a particular vacancy or need. This paragraph does not apply to filling a vacancy in an elective office or deliberations about staffing needs in general;
- (b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, staff member or individual agent, or public school student;
- (c) To acquire an interest in real property which is not owned by a public agency;
- (d) To consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code;
- (e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;
- (f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement;
- (g) By the commission of pardons and parole, as provided by law;
- (h) By the custody review board of the Idaho department of juvenile corrections, as provided by law;
- (i) To engage in communications with a representative of the public agency's risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed. The mere presence of a representative of the public agency's risk manager or insurance provider at an executive session does not satisfy this requirement; or
- (j) To consider labor contract matters authorized under section 67-2345A [74-206A] (1) (a) and (b), Idaho Code.

ADJOURNMENT

INFORMATION

17. Electric/Water/Sewer – Profit/Loss Reports (attachment)
18. City – Workshop on January 19, 2017 at 6:30 p.m. with Jerry Mason and Planning and Zoning (attachment)
19. Street – Communication on Dumping Snow from Idaho Department of Environmental Quality (attachment)



CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Mayor and City Council
From: Kris Larson, Clerk/Treasurer
Date: 01/13/17
Re: Snow Sculpting Event

Lee Harris has offered to build a snow sculpture in the Flag Park near the Museum next weekend. Cal Russell will put the snow in the forms for her with a front-end loader. The sculpture will be 4'x8'x8'.

Please accept the snow sculpting event as a City Event for January 20-21, 2017 and approve the list of volunteers as follows: Lee Harris, Kent Kraver, Sheila Bowen, Gracie Raynor, and Wes Raynor.

Lee plans to attend the council meeting as a guest to speak about the snow sculpting event.

Thank you,

Kris

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO

HYDROELECTRIC REVENUE REFUNDING BOND, SERIES 2017
ORDINANCE NO. 561

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Hydroelectric Revenue Refunding Bond, 2017, in the aggregate principal amount of not to exceed \$855,000, to provide the funds necessary to refund certain outstanding hydroelectric revenue bonds of the City; providing for the call and redemption of the outstanding bonds to be refunded; providing for the sale of the bonds to and approving a form of loan agreement with the Idaho Bond Bank Authority; delegating authority to the designated representative to determine the manner of sale and terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; and providing for other matters relating thereto.

PASSED AND APPROVED: January 17, 2017

Prepared by:

WITHERSPOON BRAJCICH MCPHEE, PLLC
Spokane, Washington

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO

ORDINANCE NO. 561

Table of Contents*

Section 1.	Definitions	2
Section 2.	Findings and Purposes.	8
Section 3.	Authorization and Description of Bond; Delegation of Authority.....	8
Section 4.	Payment, Registration and Transfer of Bond.....	9
Section 5.	Pledge of Revenue.....	10
Section 6.	Refunding Plan and Procedures.....	10
Section 7.	Income Fund.....	11
Section 8.	Bond Fund.....	12
Section 9.	Reserve Fund.....	13
Section 10.	Cost of Issuance Account	13
Section 11.	Rate Stabilization Account.....	13
Section 12.	Application of Bond Proceeds.....	14
Section 13.	Specific Covenants.....	14
Section 14.	Tax Covenants.....	22
Section 15.	Form of Bond	24
Section 16.	Execution of Bond.....	26
Section 17.	Prepayment and Defeasance.....	27
Section 18.	Additional Bonds.....	27
Section 19.	Lost or Destroyed Bond.....	27
Section 20.	Loan Agreement	27
Section 21.	Continuing Disclosure.....	28
Section 22.	General Authorization; Prior Acts.....	28
Section 23.	Validity of Issuance.....	29
Section 24.	Severability.....	29
Section 25.	Effective Date.....	29

* This Table of Contents and the cover page are provided for convenience of the reader only and are not a part of this Bond Ordinance.

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CITY OF BONNERS FERRY

BOUNDARY COUNTY, IDAHO

HYDROELECTRIC REVENUE REFUNDING BOND, SERIES 2017

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BONNERS FERRY, Boundary County, Idaho, as follows:

WHEREAS, the City of Bonners Ferry, Boundary County, Idaho (the "City") is a municipal corporation duly organized and operating under and pursuant to the laws of the State of Idaho; and

WHEREAS, the City owns and operates a hydroelectric generating facility and distribution system for the benefit of the residents of the City (the "Electric System"); and

WHEREAS, the City Council of the City (the "City Council") is authorized and empowered by the Constitution and laws of the State of Idaho, including Sections 50-1027 through 50-1042 Idaho Code (the "Revenue Bond Act") to issue bonds to refinance outstanding revenue obligations of the City; and

WHEREAS, the City has outstanding its Hydroelectric Revenue and Refunding Bonds, 2005, issued on March 15, 2005, pursuant to Ordinance No. 492 adopted on March 15, 2005, (the "2005 Electric Revenue Bond Ordinance") which remains outstanding in the amount of \$780,000 (the "2005 Electric Revenue Bonds"); and

WHEREAS, the 2005 Electric Revenue Bond Ordinance provides that the City may call and redeem the 2005 Electric Revenue Bonds maturing on and after September 1, 2016, in whole or in part on any date on or after September 1, 2015, at par, plus accrued interest to the date of redemption, upon notice as provided in the 2005 Electric Revenue Bond Ordinance; and

WHEREAS, the Council now deems it necessary and in the best interest of the City and the ratepayers of its Electric System to refund, prior to maturity, the 2005 Electric Revenue Bond and to issue refunding bonds for that purpose; and

WHEREAS, the Idaho Bond Bank Authority (the "Authority"), is an independent body corporate and politic created and operating pursuant to Title 67, Chapter 87, Idaho Code, as amended (the "Act"), and is authorized to issue bonds for the purpose of purchasing municipal bonds, including bonds evidencing loans undertaken by municipalities for purposes authorized by law; and

WHEREAS, Section 67-8722, Idaho Code, authorizes the sale by the City of its bonds to the Authority at private sale and further authorizes the City to enter into loan agreement with the Authority for such purposes, and the City Council has determined to issue an Electric System refunding obligation to the Authority in the form of a hydroelectric revenue refunding bond in an aggregate principal amount not to exceed \$780,000;

NOW, THEREFORE, THE MAYOR AND COUNCIL OF THE CITY OF BONNERS FERRY, BOUNDARY COUNTY, IDAHO DO ORDAIN as follows:

Section 1. Definitions. As used in this Bond Ordinance, the following definitions shall apply unless a different meaning clearly appears from the context. Capitalized terms used in this Bond Ordinance that are not specifically defined have the meanings given such terms in the Loan Agreement:

Additional Bonds means the Bond and any revenue bonds of the City issued after the date of issuance of the Bond and having a lien upon the money in the Electric System 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.

Annual Debt Service means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

Authority means the Idaho Bond Bank Authority, a public corporation and instrumentality of the State of Idaho, created pursuant to the provisions of Title 67, Chapter 87, Idaho Code, as amended.

Bond or Electric System Bond means the not to exceed \$855,000 principal amount of the City's Hydroelectric Revenue Refunding Bond, Series 2017, issued pursuant to this Bond Ordinance.

Bond Counsel means Witherspoon Brajcich McPhee PLLC, Spokane, Washington, or another attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of inters on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States.

Bond Fund means the "City of Bonners Ferry Parity Lien Hydroelectric Bond Fund" referred to in Section 8 herein.

Bond Ordinance means this Bond Ordinance authorizing the sale and issuance of the Bond in the aggregate amount of \$780,000.

Bond Register means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of the Bond.

Bond Registrar means the Treasurer of the City, appointed by the City for purposes of registering and authenticating the Bond, maintaining the Bond Register, effecting transfer of ownership of the Bond, and paying interest on and principal of the Bond.

City means the City of Bonners Ferry, Boundary County Idaho, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Idaho.

City Clerk or Clerk/Treasurer means the *de facto* or *de jure* City Clerk/Treasurer of the City, or other officer of the City who is the Treasurer of the City, the custodian of the seal of the City and of the records of the proceedings of the City, or his/her successor in function, if any.

City Council means the City Council of the City, as the same shall be duly and regularly constituted from time to time.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Cost of Issuance Account means the account created by Section 10 of this Bond Ordinance for the payment of the costs of issuance of the Bond.

Designated Representative means the Mayor, the City Clerk/Treasurer or any City employee designated by either of them.

Electric System means the City's hydroelectric generating facility and distribution system, as the same may be added to, improved and extended for as long as the Bond and any

Future Parity Bonds are outstanding. The term Electric System also shall include any other utility that may in the future be combined with the Electric System.

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

Income Fund means the “City of Bonners Ferry Revenue Fund” previously created by the City, but renamed in this Bond Ordinance as the Income Fund, and the accounts contained therein, into which all of the Revenue of the Electric System is pledged to be deposited, and as further set forth in Section 7 of this Bond Ordinance.

Interest Payment Date(s) means the payment date(s) on the Bond as set forth in the Loan Agreement.

Loan Agreement means the Loan Agreement by and between the City and the Authority, authorized to be entered into by Section 20 of this Bond Ordinance, attached hereto as Exhibit “B” and by this reference incorporated herein.

Mayor means the *de facto* or *de jure* Mayor of the City, or any presiding officer or titular head of the City or his/her successor in functions, if any.

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

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

Operation and Maintenance Expenses mean all reasonable and necessary current expenses, paid or accruing, for operating, maintaining and repairing the Electric System, including legal and overhead expenses of the City directly related, to the administration of the

Electric 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 Electric System, charges for accumulation of reserves, or payments of debt repayable from Revenue of the Electric System.

Rate Stabilization Account means a special account established by the City pursuant to Section 11 of this Bond Ordinance.

Registered Owner means the person named as the registered owner of the Bond in the Bond Register.

Refunded Bonds means the 2005 Bonds being refunded pursuant to this Bond Ordinance and the Loan Agreement.

Revenue of the Electric System means all earnings, revenue and money received by the City from or on account of the operation of the Electric System, including the income from investments of the money in the Income Fund and the Bond Fund or from any other investment thereof, except the income from investments irrevocably pledged to the payment of any other electric system revenue bonds pursuant to a plan of retirement or refunding. The words "Revenue of the Electric 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 Electric System. Revenue of the Electric System does not include proceeds of taxes levied and collected by the City.

Treasurer means the City Clerk/Treasurer, or his/her successor in functions, if any.

Trustee means Zions Bank, a division of ZB, National Association, or such other trustee designated by the Authority pursuant to the Master Trust Agreement between the Authority and

Zions Bank, as such agreement may be amended from time to time (collectively the “Trust Agreement”).

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

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Bond Ordinance, refer to this Bond Ordinance 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 Bond Ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter 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 any sections of this Bond Ordinance, 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 Bond Ordinance, 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. Findings and Purposes. The City Council hereby authorizes the issuance of the Bond, execution of the Loan Agreement and use of the proceeds of the Bond to refund the 2005 Electric Revenue Bond, upon the conditions set forth herein.

Section 3. Authorization and Description of Bond; Delegation of Authority.

(a) *Authorization and Description of the Bond.* The City shall now issue and sell to the Authority its Hydroelectric Revenue Refunding Bond, Series 2017 in the aggregate principal amount of not to exceed \$855,000 (the “Bond”) for the purpose of refunding the 2005 Electric Revenue Bonds and paying the costs of issuance of the Bond. Said Bond shall be substantially in the form set forth in Section 15 of this Bond Ordinance, shall be issued to the Authority as Registered Owner; shall be in the principal amount of not to exceed \$855,000, shall be dated as of the date of delivery, shall bear interest as set forth in the Loan Agreement, shall mature no later than September 1, 2024 and shall be subject to prepayment as set forth in the Loan Agreement. Installments of principal and interest shall be payable at such times and in such amounts as set forth in the Loan Agreement. Interest on the Bond shall be calculated based on a 360-day year of twelve 30-day months, all as approved by the Designated Representative.

(b) *Delegation of Authority.* The City has determined that it would be in the best interest of the City to delegate to the Designated Representative the authority to approve the final principal amount and price of the Bond, date of the Bond, interest rate, payment date, redemption provisions, and maturity date of the Bond, and other terms and conditions of the Bond in the manner provided herein and in the Loan Agreement, so long as:

- (1) the aggregate principal amount of the Bond does not exceed \$780,000;
- (2) the true interest cost of the Bond does not exceed 5%; and
- (3) the debt service savings to the City’s ratepayers is at least 2.5%.

In determining the final principal amount of the Bond, date of the Bond, interest rate, payment dates, redemption provisions, and maturity date of the Bond, the Designated Representative, in consultation with City staff and the City's financial advisor, shall take into account those factors that, in the Designated Representative's judgment, will result in the lowest true interest cost on the Bond to its maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bond.

The Bond is payable solely from the Bond Fund and is payable and secured as provided herein. The Bond is not a general obligation of the City.

Section 4. Payment, Registration and Transfer of Bond. The Treasurer shall act as authenticating agent, paying agent and registrar for the Bond (collectively, the "Registrar"). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check or draft of the Registrar mailed (on the date such interest is due) to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding each interest payment date. The final installment of principal of the Bond shall be payable upon presentation and surrender of the Bond to the Registrar by the Registered Owner at the office of the Registrar in Boundary County, Idaho. Notwithstanding the foregoing, if the Bond is sold to the Authority pursuant to the provisions of Section 3 of this Bond Ordinance, payments of principal of and interest on the Bond shall be made to the Authority in accordance with the Loan Agreement. The Loan Agreement requires payment from the City at least fifteen (15) days prior to the Repayment Installment Dates. Where any conflict exists between this Bond Ordinance and the Loan Agreement, the provisions of the Loan Agreement shall take precedence.

The Bond may be transferred only on the Bond Register maintained by the Registrar for that purpose upon the surrender thereof by the Registered Owner or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor.

The City may deem the person in whose name the Bond is registered to be the absolute owner thereof for the purpose of receiving payments of the principal of and interest on the Bond and for any and all other purposes whatsoever.

Section 5. Pledge of Revenue. All of the Electric System Net Revenues are pledged for the payment of the Bond.

This pledge shall constitute a lien and charge upon the Electric System Revenues, prior and superior to any other charges whatsoever, subject to the Operation and Maintenance Expenses of the Electric System, and equal to the lien and charge thereon of any Additional Bonds.

Section 6. Refunding Plan and Procedures. For the purpose of realizing a debt service savings and benefiting the Electric System ratepayers of the City, the City Council proposes to use the proceeds of the Bond as follows:

(a) *Application of Bond Proceeds.* The proceeds of the Bond will be used, together with other funds of the City, to refund the Refunded Bonds and pay costs of issuance and refunding.

(b) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the ratepayers of the City, the City Council proposes to use the proceeds of the Bond to provide for the redemption and defeasance of the 2005 Electric Revenue Bonds, which shall

be called for redemption at a price of par, plus accrued interest to the date of redemption (the “Refunding Plan”). The City hereby calls the outstanding 2005 Electric Revenue Bonds for redemption at a price of par plus accrued interest to the date of redemption, in accordance with the provisions of Section 5 of the 2005 Electric Bond Ordinance, authorizing the redemption and defeasance of the 2005 Electric Revenue Bonds prior to maturity, and in accordance with the notice requirements for redemption. Pursuant to Section 5 of the 2005 Electric Bond Ordinance and this Bond Ordinance, the Designated Representative is authorized to revoke any notice of redemption should the parameters set forth in Section 3(b) of this Bond Ordinance cannot be satisfied.

Section 7. Income Fund. The City previously created the “City of Bonners Ferry Revenue Fund,” which fund shall hereby be renamed the “Electric Income Fund” (also referred to herein and in the Loan Agreement as “Income Fund”). The City hereby obligates and binds itself to set aside and pay into the Income Fund all Electric System Revenues. The money in the Income Fund shall be used only for the following purposes and in the following order of priority:

First, to pay Operation and Maintenance Expenses of the Electric System;

Second, to make all payments required to be made to pay interest on the Bond and any Additional Bonds;

Third, to make all payments required to be made to pay the principal of the Bond and any Additional Bonds;

Fourth, to make all payments required to be made into a reserve fund for the Bond and any Additional Bonds, if any;

Fifth, to make all payments required to be made into the Rate Stabilization Fund, if any;

Sixth, to make all payments required to be made into a revenue bond fund or debt service account hereafter created to pay and secure the payment of the principal of and interest on any bonds which have a lien upon the Revenue of the Electric System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bond and any Future Parity Bonds; and

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

Section 8. Bond Fund. There has heretofore been created, by Ordinance No. 327, and continued in the office of the Treasurer pursuant to the 2005 Bond Ordinance, a fund known as the “City of Bonners Ferry Revenue Bond Fund” (the “Revenue Bond Fund”) which consisted of the following subaccounts: (1) Debt Service Account; (2) Sinking Fund Account; and (3) Reserve Account. The Debt Service Account, the Sinking Fund Account and the Reserve Account are hereby eliminated and all of the funds in the Debt Service Account and the Sinking Fund Account shall remain in the Revenue Bond Fund, which shall be maintained by the Treasurer and into which shall be deposited from the System Net Revenue, each semiannual installment of interest and each annual installment of principal payable on the Bond not less than seventeen (17) days prior to each payment date and paid from the Bond Fund to the Trustee for the Registered Owner not less than fifteen (15) days before each payment date. If for any reason the City does not have, on any payment date, System Net Revenue in the Bond Fund to make the scheduled payment from the Reserve Fund, the amount of such deficiency shall be deposited into the Bond Fund from the Reserve Fund or other legally available funds.

Funds in the Reserve Account equal to \$190,403.24, representing proceeds of the 2005 Electric Revenue Bonds, shall be applied to the Refunding Plan and any additional funds in the Reserve Account shall remain into the Revenue Bond Fund.

Section 9. Reserve Fund. The City is not required to establish a Reserve Fund unless certain contingencies in the Loan Agreement are met. If the City fails to comply with the requirements as to System rates and charges set forth in the Loan Agreement or fails to maintain System Net Revenue, plus any credit from the Rate Stabilization Account in accordance with Section 11 hereof, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the City of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the City a Reserve Fund in accordance with Section 4.4 of the Loan Agreement.

Section 10. Cost of Issuance Account. There is hereby established in the hands of the Trustee, a separate account designated as the “Cost of Issuance Account.” At the time of the delivery of the Bond the City shall deposit into the Cost of Issuance Account such amount as shall be required to pay the reasonable and necessary costs of issuance of the Bond. Any moneys remaining in the Cost of Issuance Account on the date of the full and final payment of all costs of issuance of the Bond shall be transferred to the City and deposited into the Bond Fund.

Section 11. Rate Stabilization Account. There is hereby authorized to be created in the office of the Treasurer a “Rate Stabilization Account”, which account may be drawn upon as determined from time to time by the City. The City may transfer funds into the Rate Stabilization Account from its Income Fund or any other legally available source. The City may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions:

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenue for all rate requirement purposes under Section 11 hereof.

Section 12. Application of Bond Proceeds.

(a) The accrued interest of the Bond, if any, shall be deposited in the Bond Fund and used to pay interest on the Bond.

(b) The amount necessary to redeem and defease the 2005 Electric Revenue Bonds.

(c) The amount necessary to pay the costs of issuance of the Bond shall be deposited into the Cost of Issuance Account maintained by the Trustee.

Section 13. Specific Covenants. For as long as the Bond remains outstanding, the City hereby agrees to observe the following covenants.

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

(1) Net Revenue (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year is at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the Net Revenue fails to meet this level, the City will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of Net Revenue specified in the Loan Agreement and promptly increase its rates and fees or reduce expenses to a level so that Net Revenue (exclusive of transfers from the Rate Stabilization Account) is projected to meet the required level.

(2) The City will, at all times while the Bond remains outstanding, fix, prescribe and collect rates, fees and charges and manage the operation of the Electric System for each Fiscal Year so as to yield Revenues of the System at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Expenses.
- (ii) Payment of principal of and interest on the Bond and any Additional Bonds and the payment of any subordinate obligations as they become due and payable.
- (iii) All payments required for compliance with the terms of the Loan Agreement.

(iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Net Revenue.

(3) If City shall fail to comply with the Rate Covenant and is unable to bring itself into compliance within 60 days thereafter, it shall immediately notify the Authority and the Trustee. For so long as the Bond is outstanding, the City will demonstrate its compliance with the provisions of the Rate Covenant by providing a report to the Authority and the Trustee, if any, at the time of delivery of the City's year-end audit that the City is not out of compliance with the Rate Covenant. This report will demonstrate the City's compliance with the Rate Covenant, or the methods by which the City intends to achieve compliance with the Rate Covenant.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Revenue of the Electric System from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

(b) *Punctual Payment.* The City will punctually make all payments of principal of and interest on the Bond in strict conformity with the terms hereof this Bond Ordinance and the Loan Agreement and will faithfully satisfy, observe and perform all agreement, conditions, covenants and terms of the Loan Agreement.

(c) *Legal Existence.* The City will use all means legally available to maintain its existence.

(d) *Against Encumbrances.* The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenue except as provided herein or in the

Loan Agreement, and will not issue any obligations secured by Net Revenue senior to the Bond; *provided*, that the City may at any time issue any obligations subordinate to the Bond.

(e) *Against Sale or Other Disposition of the System.* The City will not sell or otherwise dispose of the Electric System or any part thereof essential to the proper operation of the Electric System or to the maintenance of Net Revenue, for so long as the Bond is outstanding or in accordance with the Loan Agreement. The City will not enter into any lease or agreement which impairs the operation of the Electric System or any part thereof necessary to secure adequate Net Revenue for the payment of the Bond, or which would otherwise impair the rights of the owners of the Bond with respect to the Net Revenue or the operation of the Electric System.

(f) *Right of Access.* The City agrees that during the term of the Bond and the Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the Electric System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed a release of liability (which release shall not limit any of the City's obligations hereunder) and secrecy agreement if requested by the City in the form then currently used by the City and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Bond Ordinance or in any provision of the Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the City.

(g) *Notices to Trustee and Authority.* The City hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an event of default under the Loan Agreement, such notice to include a description of the nature of such event and what steps are being taken to remedy such default.

(h) *Eminent Domain Proceeds.* If all or any part of the Electric System shall be taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom shall be deposited by the City with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the City to the cost of acquiring and constructing additions, betterments, extensions or improvements to the Electric System if (A) the City first secures and files with the Trustee a certificate of the City showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Electric System then proposed to be acquired and constructed by the City from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a certificate of the City, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the City to pay principal of and interest on the Bond when due will not be substantially impaired, and such certificate of the City shall be final and conclusive, and any balance of such Net Proceeds not required by the City for such purpose shall be deposited in the Income Fund and applied as provided in the Loan Agreement, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make payments

of principal of and interest on the Bond and any Additional Bonds as they come due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Additional Bonds on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the Electric System Revenues and the security for the Bond, and a certificate of the City to such effect has been filed with the Trustee, then the City shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in the Loan Agreement.

(i) *Enforcement of and Payment Under Contracts.* The City shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the Electric System. Further, the City will comply with, keep, observe and perform all material agreement, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the Electric System, to the extent that the City is a party thereto.

(j) *Collection of Charges, Fees and Rates.* The City will have in effect at all times rules and regulations requiring each user of the Electric System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will enforce the collection procedures contained in such rules and regulations.

(k) *No Free Service.* The City will not permit any part of the Electric System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any

City, county, public agency, political subdivision, public corporation or agency or any subsidiary thereof), unless otherwise required by law or existing written agreements.

(1) *Payment of Claims.* The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Electric System or upon the Net Revenue or any part thereof, or upon any funds held by the Trustee, or which might impair the security for the Bond; *provided*, that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

(m) *Books of Record and Accounts; Financial Statements.* The City will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Electric System and the Income Fund, and upon request will provide information concerning such books of record and accounts to the Trustee. The City will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as the Bond remains outstanding, an audited financial statement of the City relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the City has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the City to late charges by the Authority. The City will furnish a copy of such audited financial statement to the

Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bond.

(n) *Payment of Taxes and Other Charges and Compliance with Governmental Regulations.* The City will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Electric System or any properties owned by the City, or upon the Net Revenue, when the same shall become due; *provided*, that nothing contained herein or in the Loan Agreement shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

The City will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the Electric System or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the City's ability to perform its obligations hereunder or in the Loan Agreement.

(o) *Maintenance of Insurance.* The City agrees to maintain fire and extended coverage insurance on the Electric System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the Electric System in accordance with applicable State laws. The City may self-insure against such risks. The City shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee.

(p) *Fees.* The City agrees to annually pay to the Authority any and all charges assessed under the terms of the Loan Agreement.

Section 14. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bond and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bond.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the date of delivery of the Bond to the Authority, would have caused the Bond to be an “arbitrage bond” within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for Bond.* The City covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bond to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than 5% of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than 5% of the principal or interest payments on the Bond in a Bond Year are (under the terms of this Bond Ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the 5% limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project relates. The City further covenants that it will comply with any limitations on the use of the Project by other than state and local

governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond.

To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City’s bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on the Bond.

Section 15. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

No. R-1

\$855,000

STATE OF IDAHO
 CITY OF BONNERS FERRY
 BOUNDARY COUNTY
 HYDROELECTRIC REVENUE REFUNDING BOND, SERIES 2017

INTEREST RATE: _____%

MATURITY DATE:

REGISTERED OWNER: Idaho Bond Bank Authority

PRINCIPAL AMOUNT: EIGHT HUNDRED AND FIFTY FIVE THOUSAND AND NO/100 DOLLARS]

Year of Principal Payment (September 15)	Principal Installment Amount	Interest Rate

The City of Bonners Ferry, Boundary County, Idaho, a municipal corporation organized and existing under and by virtue of the laws of the State of Idaho (herein called the “City”) hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2017, or the most recent date to which interest has been paid or

duly provided for, at the Interest Rate set forth above, payable to the Trustee under the terms of the Loan Agreement at least 15 days in advance of the payment date, the first payment date being September 15, 2017, and semiannually thereafter on the 15th days of each September and March until such principal sum is paid or payment has been duly provided for.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check or draft of the Treasurer of the City (the "Registrar") mailed (on the date such interest is due) to the Registered Owner at the address appearing on the records maintained by the Registrar on the 15th day of the month preceding each interest payment date. The final installment of principal and interest on this bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at the office of the Registrar. Notwithstanding the foregoing, so long as the Authority is the Registered Owner of this bond, payments of the principal of and interest on this bond shall be made to the Authority in accordance with the Loan Agreement.

This Bond is a special obligation of the City, as authorized by the voters of the City and issued pursuant to Ordinance No. 561 (the "Bond Ordinance") adopted by the Council on January 17, 2017, to refund certain outstanding hydroelectric revenue bonds of the City. Capitalized terms used in this bond that are not specifically defined have the meanings given such terms in the Bond Ordinance. Reference is made to the Bond Ordinance and the Loan Agreement and any and all modifications and amendments thereto for a description of the nature and extent of the security for this Bond, the funds or revenues pledged, and the terms and conditions upon which this Bond is issued.

This Bond is subject to prepayment as set forth in the Bond Ordinance and the Loan Agreement.

This Bond is payable solely from the special fund of the City known as the "City of Bonners Ferry Revenue Bond Fund" (the "Bond Fund") referenced in the Bond Ordinance. The City has irrevocably obligated and bound itself to pay into the Bond Fund out of Revenues of the Electric System, or from such other money as may be provided for such purpose certain amounts necessary to pay and secure the payment of the principal of and interest on this Bond.

The City has pledged to set aside from the Income Fund out of the Net Revenue and to pay into the Bond Fund the various amounts required by the Bond Ordinance to be paid into and maintained in such Fund within the times provided by the Bond Ordinance.

This Bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Idaho and duly adopted ordinances of the City. The City hereby covenants and agrees with the owner of this Bond that it will keep and perform all the covenants of this Bond and of the Bond Ordinance to be by it kept and performed, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

It is hereby certified that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed.

IN WITNESS WHEREOF, the City of Bonners Ferry, Boundary County, Idaho, has caused this bond to be signed by the manual or facsimile signature of its Mayor, countersigned by the manual or facsimile signature of the Treasurer, and attested by the manual or facsimile signature of the City Clerk, all as of _____, 2017.

CITY OF BONNERS FERRY, IDAHO

By _____ /s/ _____
Mayor

By _____ /s/ _____
Treasurer

Attest:
/s/ _____
City Clerk

(SEAL)

The Registrar's certificate of authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This is the Hydroelectric Revenue Refunding Bond, Series 2017 of the City of Bonners Ferry, Boundary County Idaho, dated _____, 2017, described in the Bond Ordinance.

City Clerk/Treasurer, City of Bonners Ferry,
as Bond Registrar

By _____ /s/ _____

Section 16. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Treasurer, and attested by the manual or facsimile signature of the City Clerk. In case any of the officers who have signed or attested the Bond cease to be such officer before the Bond has been actually issued and delivered, the Bond shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested the Bond had not ceased to be such officers, and the Bond may be signed or attested on behalf of the City by an officer who at the date of actual execution of the Bond is a proper officer, although at the nominal date of execution of the Bond such officer was not an officer of the City.

Only a Bond that bears a Certificate of Authentication in the form set forth in Section 15, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this Bond Ordinance.

Section 17. Prepayment and Defeasance. The Bond is subject to prepayment as set forth in the Loan Agreement.

Section 18. Additional Bonds. Additional Bonds or other obligations payable from Net Revenue on a parity with (but not superior to) the Bond may be issued by the City upon compliance with provisions for additional parity debt set forth in the Loan Agreement; provided, that if a debt service reserve fund is established for any Additional Bonds, such fund shall be separate from the Reserve Fund, if any, established for the Bond, and the Reserve Fund, if any, shall not be pledged for the payment of the Additional Bonds.

Section 19. Lost or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like amount, date and tenor to the owner thereof upon the owner's paying the expenses and charges of the Registrar and the City in connection therewith and upon his/her filing with the Designated Representative and the Registrar evidence satisfactory to both that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City and the Registrar with indemnity satisfactory to both.

Section 20. Loan Agreement. The Loan Agreement, substantially in the form annexed hereto as Exhibit B, is hereby approved and all provisions, covenants and terms of the Loan Agreement are adopted and incorporated herein. The Mayor or the City Clerk/Treasurer, or such

officer's designee, are each hereby authorized and directed, on behalf of the City, to execute and attest, respectively, and to deliver the Loan Agreement in substantially said form, with such changes as may be required or approved subject to review by Bond Counsel or his or her designee, such approval conclusively evidenced by the execution and delivery thereof to the Authority; provided, however, that the parameters for refunding set forth in Section 3 of the Bond Ordinance are satisfied. The sale of the Bond to the Authority in accordance with the Loan Agreement and this Bond Ordinance is hereby approved. The City shall comply with all terms and provisions of the Loan Agreement and in the event of a conflict between the terms of this Bond Ordinance and the Loan Agreement, the provisions of the Loan Agreement shall control. Capitalized terms used in this Bond Ordinance that are not specifically defined have the meanings given such terms in the Loan Agreement.

Section 21. Continuing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City may now or in the future be an "obligated person" with respect to the Authority Bonds. In accordance with the Rule and as the Authority may require, the City shall undertake to provide certain annual financial information and operating data similar to the information set forth in the Loan Agreement. The City Clerk/Treasurer is hereby designated as the responsible official for reporting and retention of records as required by the Authority.

Section 22. General Authorization; Prior Acts. The Mayor and the City Clerk/Treasurer and any other appropriate officers and agents of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreement, 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 Bond Ordinance. All acts taken pursuant to the authority of this Bond Ordinance but prior to its effective date are hereby ratified and confirmed.

Section 23. Validity of Issuance. The Bond is issued pursuant to the Act. This recital is conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 24. Severability. If any one or more of the covenants or agreements provided in this Bond Ordinance to be performed on the part of the City 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 of this Bond Ordinance and shall in no way affect the validity of the other provisions of this Bond Ordinance or of the Bond.

Section 25. Effective Date. This ordinance will become effective after its passage and publication of its summary, as required by law. A form of summary is attached as Exhibit A hereto.

PASSED by the City Council of the City of Bonners Ferry, Idaho, at a regular meeting thereof, held on January 17, 2017, and APPROVED by the Mayor.

CITY OF BONNERS FERRY, IDAHO

Mayor

ATTEST:

City Clerk/Treasurer

CERTIFICATION OF BOND COUNSEL

I, the undersigned, Bond Counsel for, and legal advisor to, the City of Bonners Ferry, Boundary County, Idaho, hereby certify that I have read the attached Summary of Ordinance No. 561 of the City 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 17th day of January, 2017.

Laura D. McAloon

EXHIBIT A

**CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO
HYDROELECTRIC REVENUE REFUNDING BOND, SERIES 2017**

Summary of Ordinance No. 561, passed on January 17, 2017

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Hydroelectric Revenue Refunding Bond, 2017, in the aggregate principal amount of not to exceed \$855,000, to provide the funds necessary to refund certain outstanding hydroelectric revenue bonds of the City; providing for the call and redemption of the outstanding bonds to be refunded; providing for the sale of the bonds to and approving a form of loan agreement with the Idaho Bond Bank Authority; delegating authority to the designated representative to determine the manner of sale and terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; and providing for other matters relating thereto.

[insert section summaries once in final form]

EXHIBIT B

FORM OF LOAN AGREEMENT

CERTIFICATE

I, the undersigned, City Clerk/Treasurer of the City of Bonners Ferry, Boundary County, Idaho (the "City"), DO HEREBY CERTIFY:

1. That the attached Ordinance No. 561 (the "Ordinance") is a true and correct copy of a ordinance of the Council as passed at a regular meeting of the Council held on January 17, 2017, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January, 2017.

City Clerk/Treasurer, City of Bonners Ferry

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO

WATER REVENUE REFUNDING BOND, SERIES 2017

ORDINANCE NO. 562

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Water Revenue and Refunding Bond, Series 2017, in the aggregate principal amount of not to exceed \$2,675,000, to provide the funds necessary to refund certain outstanding water revenue bonds of the City; providing for the prepayment of the outstanding bonds to be refunded; providing for the sale of the bonds to and approving a form of loan agreement with the Idaho Bond Bank Authority; delegating authority to the designated representative to determine the manner of sale and terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; and providing for other matters relating thereto.

PASSED AND APPROVED: January 17, 2017

Prepared by:

WITHERSPOON BRAJCICH MCPHEE, PLLC
Spokane, Washington

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO

ORDINANCE NO. 562

Table of Contents*

	Page
Section 1. Definitions	3
Section 2. Findings and Purposes	8
Section 3. Authorization and Description of Bond; Delegation of Authority	8
Section 4. Payment, Registration and Transfer of Bond.	9
Section 5. Pledge of Revenue	10
Section 6. Refunding Plan and Procedures.....	11
Section 7. Income Fund	11
Section 8. Bond Fund	12
Section 9. Reserve Fund	13
Section 10. Cost of Issuance Account	13
Section 11. Rate Stabilization Account	13
Section 12. Application of Bond Proceeds	14
Section 13. Specific Covenants	15
Section 14. Tax Covenants	22
Section 15. Form of Bond.....	24
Section 16. Execution of Bond	26
Section 17. Prepayment and Defeasance	27
Section 18. Additional Bonds	27
Section 19. Lost or Destroyed Bond.....	27
Section 20. Loan Agreement	28
Section 21. Continuing Disclosure	29
Section 22. General Authorization; Prior Acts	29
Section 23. Validity of Issuance	29
Section 24. Severability	29
Section 25. Effective Date	30

* This Table of Contents and the cover page are provided for convenience of the reader only and are not a part of this Bond Ordinance.

CITY OF BONNERS FERRY, IDAHO

ORDINANCE NO. 562

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Water Revenue and Refunding Bond, Series 2017, in the aggregate principal amount of not to exceed \$2,675,000, to provide the funds necessary to refund certain outstanding water revenue bonds of the City; providing for the prepayment of the outstanding bonds to be refunded; providing for the sale of the bonds to and approving a form of loan agreement with the Idaho Bond Bank Authority; delegating authority to the designated representative to determine the manner of sale and terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; and providing for other matters relating thereto.

CITY OF BONNERS FERRY

BOUNDARY COUNTY, IDAHO

WATER REVENUE REFUNDING BOND, SERIES 2017

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BONNERS FERRY, Boundary County, Idaho, as follows:

WHEREAS, the City of Bonners Ferry, Boundary County, Idaho (the "City") is a municipal corporation duly organized and operating under and pursuant to the laws of the State of Idaho; and

WHEREAS, the City owns and operates a waterworks utility system for the benefit of the residents of the City (the "Water System"); and

WHEREAS, the City Council of the City (the "City Council") is authorized and empowered by the Constitution and laws of the State of Idaho, including Sections 50-1027 through 50-1042 Idaho Code (the "Revenue Bond Act") to issue bonds to refinance outstanding revenue obligations of the City; and

WHEREAS, the City has outstanding its Water Revenue Bond, 2009A (the “2009A Bond”) and its Water Revenue Bond, 2009B (the “2009B Bond”), both issued on September 10, 2009, pursuant to Ordinance No. 514 adopted on September 1, 2009, (the “2009 Bond Ordinance”) which remain outstanding in the amount of \$1,725,332.51 (together, the “2009 Bonds”); and

WHEREAS, the City has outstanding its Water Revenue Bond, 2011, issued on March 18, 2011, pursuant to Ordinance No. 521 adopted on March 3, 2011, (the “2011 Bond Ordinance”) which remains outstanding in the amount of \$905,140.18 (the “2011 Bond”); and

WHEREAS, the 2009 Bond Ordinance and the 2011 Bond Ordinance each provide that the City may prepay and redeem without notice, in whole or in part, at any time prior to maturity, the 2009 Bonds and the 2011 Bond; and

WHEREAS, the Council now deems it necessary and in the best interest of the City and the ratepayers of the Water System to refund, prior to maturity, the 2009 Bonds and the 2011 Bond and to issue a refunding bond for that purpose; and

WHEREAS, the Idaho Bond Bank Authority (the “Authority”), is an independent body corporate and politic created and operating pursuant to Title 67, Chapter 87, Idaho Code, as amended (the “Act”), and is authorized to issue bonds for the purpose of purchasing municipal bonds, including bonds evidencing loans undertaken by municipalities for purposes authorized by law; and

WHEREAS, Section 67-8722, Idaho Code, authorizes the sale by the City of its bonds to the Authority at private sale and further authorizes the City to enter into loan agreements with the Authority for such purposes, and the City Council has determined to issue a Water System

refunding obligation to the Authority in the form of a water revenue refunding bond in an aggregate principal amount of not to exceed \$2,675,000;

NOW, THEREFORE, THE MAYOR AND COUNCIL OF THE CITY OF BONNERS FERRY, BOUNDARY COUNTY, IDAHO DO ORDAIN as follows:

Section 1. Definitions. As used in this Bond Ordinance, the following definitions shall apply unless a different meaning clearly appears from the context. Capitalized terms used in this Bond Ordinance that are not specifically defined have the meanings given such terms in the Loan Agreement:

Additional Bonds means the Bond and any revenue bonds of the City issued after the date of issuance of the Bond and having a lien upon the money in the Water System 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.

Authority means the Idaho Bond Bank Authority, a public corporation and instrumentality of the State of Idaho, created pursuant to the provisions of Title 67, Chapter 87, Idaho Code, as amended.

Annual Debt Service means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

Bond means the City's Water Revenue Refunding Bond, Series 2017, authorized to be issued to the Authority in the principal amount of not to exceed \$2,675,000 pursuant to this Bond Ordinance.

Bond Counsel means Witherspoon Brajcich McPhee PLLC, Spokane, Washington, or another attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interests on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States.

Bond Fund means the “City of Bonners Ferry Revenue Bond Fund” referred to in Section 8 herein.

Bond Ordinance means this Bond Ordinance authorizing the sale and issuance of the Bond in the aggregate amount of not to exceed \$2,675,000.

Bond Register means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of the Bond.

Bond Registrar means the Treasurer of the City, appointed by the City for purposes of registering and authenticating the Bond, maintaining the Bond Register, effecting transfer of ownership of the Bond, and paying interest on and principal of the Bond.

City means the City of Bonners Ferry, Boundary County, Idaho, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Idaho.

City Clerk or Clerk/Treasurer means the *de facto* or *de jure* City Clerk/Treasurer of the City, or other officer of the City who is the Treasurer of the City, the custodian of the seal of the City and of the records of the proceedings of the City, or his/her successor in function, if any.

City Council means the City Council of the City, as the same shall be duly and regularly constituted from time to time.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Cost of Issuance Account means the account created by Section 10 of this Bond Ordinance for the payment of the costs of issuance of the Bond.

Designated Representative means the Mayor, the City Clerk/Treasurer or any City employee designated by either of them.

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

Income Fund means the Water Revenue Fund previously created by the City, but renamed in this Bond Ordinance as the Income Fund, and the accounts contained therein, into which all of the Revenue of the Water System is pledged to be deposited, and as further set forth in Section 7 of this Bond Ordinance.

Interest Payment Date(s) means the payment date(s) on the Bond set forth in the Loan Agreement.

Loan Agreement means the Loan Agreement by and between the City and the Authority, authorized to be entered into by Section 20 of this Bond Ordinance, attached hereto as Exhibit “B” and by this reference incorporated herein.

Mayor means the *de facto* or *de jure* Mayor of the City, or any presiding officer or titular head of the City or his/her successor in functions, if any.

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

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

Operation and Maintenance Expenses mean all reasonable and necessary current expenses, paid or accruing, for operating, maintaining and repairing the Water System, including legal and overhead expenses of the City directly related, to the administration of the Water 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 Water System, charges for accumulation of reserves, or payments of debt repayable from Revenue of the Water System.

Rate Stabilization Account means a special account established by the City pursuant to Section 11 of this Bond Ordinance.

Registered Owner means the person in whose name a Parity Bond is registered on the Bond Register.

Refunded Bonds means the 2009 Bonds and the 2011 Bond being refunded pursuant to this Bond Ordinance and the Loan Agreement.

Reserve Fund means the fund of that name created in Section 9 of this Bond Ordinance for the purpose of securing the payment of the principal of and interest on the Bond and any Additional Bonds.

Revenue of the Water System means all earnings, revenue and money received by the City from or on account of the operation of the Water System, including the income from investments of the money in the Income Fund and the Bond Fund or from any other investment thereof, except the income from investments irrevocably pledged to the payment of any other

water revenue bonds pursuant to a plan of retirement or refunding. The words “Revenue of the Water 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 Water System. Revenue of the Water System does not include proceeds of taxes levied and collected by the City.

Treasurer means the City Clerk/Treasurer, or his/her successor in functions, if any.

Trustee means Zions Bank, a division of ZB, National Association, or such other trustee designated by the Authority pursuant to the Master Trust Agreement between the Authority and Zions Bank, as such agreement may be amended from time to time (collectively the “Trust Agreement”).

Water Revenue Fund means the previously established special fund of the City designated as the “City of Bonners Ferry Water Revenue Fund” and renamed in Section 7 of this Bond Ordinance as the “Income Fund.”

Water System means the City’s existing waterworks utility and such improvements or additions as may be made to facilities of the utility for as long as any Parity Bonds are outstanding. The “Water System” shall also include any other utility of the City, if the Council hereafter determines by ordinance to combine that utility with the Water System.

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

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Bond Ordinance, refer to this Bond Ordinance 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 Bond Ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter 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 any sections of this Bond Ordinance, 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 Bond Ordinance, 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. Findings and Purposes. The City Council hereby authorizes the issuance of the Bond, execution of the Loan Agreement and use of the proceeds of the Bond to refund the Refunded Bonds upon the conditions set forth herein.

Section 3. Authorization and Description of Bond; Delegation of Authority.

(a) *Authorization and Description of the Bond.* The City shall now issue and sell to the Authority its Water Revenue Refunding Bond, Series 2017 in the aggregate principal amount of not to exceed \$2,675,000 (the “Bond”) for the purpose of refunding the Refunded Bonds and paying the costs of issuance of the Bond. Said Bond shall be substantially in the form set forth in Section 15 of this Bond Ordinance, shall be issued to the Authority as Registered Owner; shall be in the principal amount of not to exceed \$2,675,000, shall be dated as of the date of delivery,

shall bear interest as set forth in the Loan Agreement, shall mature no later than March 18, 2041, and shall be subject to prepayment as set forth in the Loan Agreement. Installments of principal and interest shall be payable at such times and in such amounts as set forth in the Loan Agreement. Interest on the Bond shall be calculated based on a 360-day year of twelve 30-day months, all as approved by the Designated Representative.

(b) *Delegation of Authority.* The City has determined that it would be in the best interest of the City to delegate to the Designated Representative the authority to approve the final principal amount and price of the Bond, date of the Bond, interest rate, payment date, redemption provisions, and maturity date of the Bond, and other terms and conditions of the Bond in the manner provided herein and in the Loan Agreement, so long as:

- (1) the aggregate principal amount of the Bond does not exceed \$2,675,000;
- (2) the true interest cost of the Bond does not exceed 5%; and
- (3) the debt service savings to the City's ratepayers is at least 2.5%.

In determining the final principal amount of the Bond, date of the Bond, interest rate, payment dates, redemption provisions, and maturity date of the Bond, the Designated Representative, in consultation with City staff and the City's underwriter, shall take into account those factors that, in the Designated Representative's judgment, will result in the lowest true interest cost on the Bond to its maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bond.

The Bond is payable solely from the Bond Fund and is payable and secured as provided herein. The Bond is not a general obligation of the City.

Section 4. Payment, Registration and Transfer of Bond. The Treasurer shall act as authenticating agent, paying agent and registrar for the Bond (collectively, the "Registrar").

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check or draft of the Registrar mailed (on the date such interest is due) to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding each interest payment date. The final installment of principal of the Bond shall be payable upon presentation and surrender of the Bond to the Registrar by the Registered Owner at the office of the Registrar in Boundary County, Idaho. Notwithstanding the foregoing, if the Bond is sold to the Authority pursuant to the provisions of Section 3 of this Bond Ordinance, payments of principal of and interest on the Bond shall be made to the Authority in accordance with the Loan Agreement. The Loan Agreement requires payment from the City at least fifteen (15) days prior to the Repayment Installment Dates. Where any conflict exists between this Bond Ordinance and the Loan Agreement, the provisions of the Loan Agreement shall take precedence.

The Bond may be transferred only on the Bond Register maintained by the Registrar for that purpose upon the surrender thereof by the Registered Owner or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor.

The City may deem the person in whose name the Bond is registered to be the absolute owner thereof for the purpose of receiving payments of the principal of and interest on the Bond and for any and all other purposes whatsoever.

Section 5. Pledge of Revenue. All of the Water System Net Revenues are pledged for the payment of the Bond.

This pledge shall constitute a lien and charge upon the Water System Revenues prior and superior to any other charges whatsoever, subject to the Operation and Maintenance Expenses of the Water System, and equal to the lien and charge thereon of any Additional Bonds.

Section 6. Refunding Plan and Procedures.

For the purpose of realizing a debt service savings and benefiting the Water System ratepayers of the City, the City Council proposes to use the proceeds of the Bond as follows:

(a) *Application of Bond Proceeds.* The proceeds of the Bond will be used, together with other funds of the City, to refund the Refunded Bonds and pay costs of issuance and refunding.

(b) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the ratepayers of the City, the City Council proposes to use the proceeds of the Bond to provide for the prepayment and redemption of:

(i) the outstanding 2009A Bond and the outstanding 2009B Bond, which shall each be prepaid and redeemed at a price of par, plus accrued interest to the date of prepayment or redemption, in accordance with the provisions of Section 4 of the 2009 Bond Ordinance without any advance notice of prepayment or redemption required; and

(ii) the outstanding 2011 Bond, which shall each be prepaid and redeemed at a price of par, plus accrued interest to the date of prepayment or redemption, in accordance with the provisions of Section 5 of the 2011 Bond Ordinance without any advance notice of prepayment or redemption required (the "Refunding Plan").

Section 7. Income Fund. The City previously created the "City of Bonners Ferry Water Revenue Fund," which fund shall hereby be renamed the "Water Income Fund" (also referred to herein and in the Loan Agreement as the "Income Fund"). The City hereby obligates

and binds itself to set aside and pay into the Income Fund all Water System Revenues. The money in the Income Fund shall be used only for the following purposes and in the following order of priority:

First, to pay Operation and Maintenance Expenses of the Water System;

Second, to make all payments required to be made to pay interest on the Bond and any Additional Bonds;

Third, to make all payments required to be made to pay the principal of the Bond and any Additional Bonds;

Fourth, to make all payments required to be made into a reserve fund for the Bond and any Additional Bonds, if any;

Fifth, to make all payments required to be made into the Rate Stabilization Fund, if any;

Sixth, to make all payments required to be made into a revenue bond fund or debt service account hereafter created to pay and secure the payment of the principal of and interest on any bonds which have a lien upon the Revenue of the Water System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bond and any Future Parity Bonds; and

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

Section 8. Bond Fund. There has heretofore been created, by Ordinance No. 327, and continued in the office of the Treasurer, a fund known as the “City of Bonners Ferry

Revenue Bond Fund” (the “Revenue Bond Fund”) which consisted of the following subaccounts: (1) Debt Service Account; (2) Sinking Fund Account; and (3) Reserve Account. The Debt Service Account, the Sinking Fund Account and the Reserve Account are hereby eliminated and all of the funds in the Debt Service Account and the Sinking Fund Account shall remain in the Revenue Bond Fund, which shall be maintained by the Treasurer and into which shall be deposited from the Water System Net Revenue, each semiannual installment of interest and each annual installment of principal payable on the Bond not less than seventeen (17) days prior to each payment date and paid from the Bond Fund to the Trustee for the Registered Owner not less than fifteen (15) days before each payment date. If for any reason the City does not have, on any payment date, Water System Net Revenue in the Bond Fund to make the scheduled payment from the Reserve Fund, the amount of such deficiency shall be deposited into the Bond Fund from the Reserve Fund or other legally available funds.

Section 9. Reserve Fund. The City shall establish and fund a Reserve Fund as required by the Authority and as set forth in the Loan Agreement. The City may deposit into the Reserve Fund all funds in the current Reserve Account.

Section 10. Cost of Issuance Account. There is hereby established in the hands of the Trustee, a separate account designated as the “Cost of Issuance Account.” At the time of the delivery of the Bond the City shall deposit into the Cost of Issuance Account such amount as shall be required to pay the reasonable and necessary costs of issuance of the Bond. Any moneys remaining in the Cost of Issuance Account on the date of the full and final payment of all costs of issuance of the Bond shall be transferred to the City and deposited into the Bond Fund.

Section 11. Rate Stabilization Account. There is hereby authorized to be created a “Rate Stabilization Account,” which account may be drawn upon as determined from time to

time by the City. The City may transfer funds into the Rate Stabilization Account from its Income Fund or any other legally available source. The City may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions:

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which Water System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase Water System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Water System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund and shall be included in the definition of Water System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as Water System Net Revenues for all rate requirement purposes under Section 11 hereof.

Section 12. Application of Bond Proceeds.

(a) The accrued interest of the Bond, if any, shall be deposited in the Bond Fund and used to pay interest on the Bond.

(b) The amount necessary to prepay the Refunded Bonds shall be used to prepay and defease the Refunded Bonds.

(c) The amount necessary to pay the costs of issuance of the Bond shall be deposited into the Cost of Issuance Account maintained by the Trustee.

Section 13. Specific Covenants. For as long as the Bond remains outstanding, the City hereby agrees to observe the following covenants.

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

(1) Water System Revenues are adequate to generate Water System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the Water System Net Revenues fail to meet this level, the City will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of Water System Net Revenues specified in the Loan Agreement and promptly increase its rates and fees or reduce expenses to a level so that Water System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level.

(2) The City will, at all times while the Bond remains outstanding, fix, prescribe and collect rates, fees and charges and manage the operation of the Water System for each Fiscal Year so as to yield Water System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Expenses.

(ii) Payment of principal of and interest on the Bond and any Additional Bonds and the payment of any subordinate obligations as they become due and payable.

(iii) All payments required for compliance with the terms of the Loan Agreement.

(iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Net Revenue.

(3) If City shall fail to comply with the Rate Covenant and is unable to bring itself into compliance within 60 days thereafter, it shall immediately notify the Authority and the Trustee. For so long as the Bond is outstanding, the City will demonstrate its compliance with the provisions of the Rate Covenant by providing a report to the Authority and the Trustee, if any, at the time of delivery of the City's year-end audit that the City is not out of compliance with the Rate Covenant. This report will demonstrate the City's compliance with the Rate Covenant, or the methods by which the City intends to achieve compliance with the Rate Covenant.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Revenue of the Water System from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

(b) *Punctual Payment.* The City will punctually make all payments of principal of and interest on the Bond in strict conformity with the terms hereof this Bond Ordinance and the

Loan Agreement and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms of the Loan Agreement.

(c) *Legal Existence.* The City will use all means legally available to maintain its existence.

(d) *Against Encumbrances.* The City will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenue except as provided herein or in the Loan Agreement, and will not issue any obligations secured by Net Revenue senior to the Bond; *provided*, that the City may at any time issue any obligations subordinate to the Bond.

(e) *Against Sale or Other Disposition of the Water System.* The City will not sell or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of the Net Revenue, for so long as the Bond is outstanding or in accordance with the Loan Agreement. The City will not enter into any lease or agreement which impairs the operation of the Water System or any part thereof necessary to secure adequate Net Revenue for the payment of the Bond, or which would otherwise impair the rights of the owners of the Bond with respect to the Net Revenue or the operation of the Water System.

(f) *Right of Access.* The City agrees that during the term of the Bond and the Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the Water System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed a release of liability (which release shall not limit any of the City's obligations hereunder) and secrecy agreements if requested by the City in the form then currently used by

the City and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Bond Ordinance or in any provision of the Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the City.

(g) *Notices to Trustee and Authority.* The City hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an event of default under the Loan Agreement, such notice to include a description of the nature of such event and what steps are being taken to remedy such default.

(h) *Eminent Domain Proceeds.* If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds realized by the City therefrom shall be deposited by the City with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the City to the cost of acquiring and constructing additions, betterments, extensions or improvements to the Water System if (A) the City first secures and files with the Trustee a certificate of the City showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Water System then proposed to be acquired and constructed by the City from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a certificate of the City, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the City to pay principal of and interest on the Bond when due will not be substantially impaired,

and such certificate of the City shall be final and conclusive, and any balance of such Net Proceeds not required by the City for such purpose shall be deposited in the Income Fund and applied as provided in the Loan Agreement, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make payments of principal of and interest on the Bond and any Additional Bonds as they come due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Additional Bonds on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the Water System Revenues and the security for the Bond, and a certificate of the City to such effect has been filed with the Trustee, then the City shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in the Loan Agreement.

(i) *Enforcement of and Payment Under Contracts.* The City shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the Water System. Further, the City will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the Water System, to the extent that the City is a party thereto.

(j) *Collection of Charges, Fees and Rates.* The City will have in effect at all times rules and regulations requiring each user of the Water System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will enforce the collection procedures contained in such rules and regulations.

(k) *No Free Service.* The City will not permit any part of the Water System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any City, county, public agency, political subdivision, public corporation or agency or any subsidiary thereof), unless otherwise required by law or existing written agreements.

(l) *Payment of Claims.* The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Water System or upon the Net Revenue or any part thereof, or upon any funds held by the Trustee, or which might impair the security for the Bond; *provided*, that nothing herein contained shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

(m) *Books of Record and Accounts; Financial Statements.* The City will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Water System and the Income Fund, and upon request will provide information concerning such books of record and accounts to the Trustee. The City will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as the Bond remains outstanding, an audited financial statement of the City relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a

statement as to the manner and extent to which the City has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the City to late charges by the Authority. The City will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bond.

(n) *Payment of Taxes and Other Charges and Compliance with Governmental Regulations.* The City will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System or any properties owned by the City, or upon the Net Revenue, when the same shall become due; *provided*, that nothing contained herein or in the Loan Agreement shall require the City to make any such payments so long as the City in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the City's ability to perform its obligations hereunder.

The City will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the Water System or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the City's ability to perform its obligations hereunder or in the Loan Agreement.

(o) *Maintenance of Insurance.* The City agrees to maintain fire and extended coverage insurance on the Water System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the Water System in

accordance with applicable State laws. The City may self-insure against such risks. The City shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee.

(p) *Fees.* The City agrees to annually pay to the Authority any and all charges assessed under the terms of the Loan Agreement.

Section 14. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bond and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bond.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the date of delivery of the Bond to the Authority, would have caused the Bond to be an “arbitrage bond” within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for Bond.* The City covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bond to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than 5% of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than 5% of the principal or interest payments on the Bond in a Bond Year are (under the terms of this Bond Ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the 5% limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the project to

which the Private Person Use of such portion of the Project relates. The City further covenants that it will comply with any limitations on the use of the Project by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond.

To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City’s bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on the Bond.

Section 15. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

No. _____ \$2,675,000

STATE OF IDAHO
 CITY OF BONNERS FERRY
 BOUNDARY COUNTY

WATER REVENUE REFUNDING BOND, SERIES 2017

INTEREST RATE: _____%
 MATURITY DATE:
 REGISTERED OWNER: Idaho Bond Bank Authority
 PRINCIPAL AMOUNT: TWO MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

Year of Principal Payment (September 15)	Principal Installment Amount	Interest Rate

The City of Bonners Ferry, Boundary County, Idaho, a municipal corporation organized and existing under and by virtue of the laws of the State of Idaho (herein called the "City") hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2017, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above, payable to the Trustee under the terms of the Loan Agreement at least 15 days in advance of the payment date, the first payment date being September 15, 2017, and semiannually thereafter on the 15th days of each September and March until such principal sum is paid or payment has been duly provided for.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check or draft of the Treasurer of the City (the "Registrar") mailed (on the date such interest is due) to the Registered Owner at the address appearing on the records maintained by the Registrar on the 15th day of the month preceding each interest payment date. The final installment of principal and interest on this bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at the office of the Registrar. Notwithstanding the foregoing, so long as the Authority is the Registered Owner of this bond, payments of the principal of and interest on this bond shall be made to the Authority in accordance with the Loan Agreement.

This Bond is a special obligation of the City, as authorized by the voters of the City and issued pursuant to Ordinance No. 562 (the "Bond Ordinance") adopted by the Council on January 17, 2017, to refund certain outstanding water revenue bonds of the City. Capitalized terms used in this bond that are not specifically defined have the meanings given such terms in the Bond Ordinance. Reference is made to the Bond Ordinance and the Loan Agreement and any and all modifications and amendments thereto for a description of the nature and extent of the security for this Bond, the funds or revenues pledged, and the terms and conditions upon which this Bond is issued.

This Bond is subject to prepayment as set forth in the Bond Ordinance and the Loan Agreement.

This Bond is payable solely from the special fund of the City known as the "City of Bonners Ferry Revenue Bond Fund" (the "Bond Fund") referenced in the Bond Ordinance. The City has irrevocably obligated and bound itself to pay into the Bond Fund out of Revenues of the Water System or from such other money as may be provided for such purpose certain amounts necessary to pay and secure the payment of the principal of and interest on this Bond.

The City has pledged to set aside from the Income Fund out of the Net Revenue and to pay into the Bond Fund the various amounts required by the Bond Ordinance to be paid into and maintained in such Fund within the times provided by the Bond Ordinance.

This Bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Idaho and duly adopted ordinances of the City. The City hereby covenants and agrees with the owner of this Bond that it will keep and perform all the

covenants of this Bond and of the Bond Ordinance to be by it kept and performed, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

It is hereby certified that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed.

IN WITNESS WHEREOF, the City of Bonners Ferry, Boundary County, Idaho, has caused this bond to be signed by the manual or facsimile signature of its Mayor, countersigned by the manual or facsimile signature of the Treasurer, and attested by the manual or facsimile signature of the City Clerk, all as of _____, 2017.

CITY OF BONNERS FERRY, IDAHO

By _____ /s/ _____
Mayor

By _____ /s/ _____
Treasurer

Attest:

_____/s/_____
City Clerk

(SEAL)

The Registrar's certificate of authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This is the Water Revenue Refunding Bond, Series 2017 of the City of Bonners Ferry, Boundary County, Idaho, dated _____, 2017, described in the Bond Ordinance.

City Clerk/Treasurer, City of Bonners Ferry,
as Bond Registrar

By _____

Section 16. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Treasurer, and attested by the manual or facsimile signature of the City Clerk. In case any of the officers who have signed or attested the Bond cease to be such officer before the

Bond has been actually issued and delivered, the Bond shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested the Bond had not ceased to be such officers, and the Bond may be signed or attested on behalf of the City by an officer who at the date of actual execution of the Bond is a proper officer, although at the nominal date of execution of the Bond such officer was not an officer of the City.

Only a Bond that bears a Certificate of Authentication in the form set forth in Section 15, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this Bond Ordinance.

Section 17. Prepayment and Defeasance. The Bond is subject to prepayment as set forth in the Loan Agreement.

Section 18. Additional Bonds. Additional Bonds or other obligations payable from Net Revenue on a parity with (but not superior to) the Bond may be issued by the City upon compliance with provisions for additional parity debt set forth in the Loan Agreement; provided, that if a debt service reserve fund is established for any Additional Bonds, such fund shall be separate from the Reserve Fund, if any, established for the Bond, and the Reserve Fund, if any, shall not be pledged for the payment of the Additional Bonds

Section 19. Lost or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like amount, date and tenor to the owner thereof upon the owner's paying the expenses and charges of the Registrar and the City in connection therewith and upon his/her filing with the Designated Representative and the Registrar evidence satisfactory to both that such Bond was actually lost, stolen or destroyed and

of his ownership thereof, and upon furnishing the City and the Registrar with indemnity satisfactory to both.

Section 20. Loan Agreement. The Loan Agreement, substantially in the form annexed hereto as Exhibit B, is hereby approved and all provisions, covenants and terms of the Loan Agreement are adopted and incorporated herein. The Mayor or the City Clerk/Treasurer, or such officer's designee, are each hereby authorized and directed, on behalf of the City, to execute and attest, respectively, and to deliver the Loan Agreement in substantially said form, with such changes as may be required or approved subject to review by Bond Counsel or his or her designee, such approval conclusively evidenced by the execution and delivery thereof to the Authority; provided, however, that the parameters for refunding set forth in Section 3 of this Bond Ordinance are satisfied. The sale of the Bond to the Authority in accordance with the Loan Agreement and this Bond Ordinance is hereby approved. The City shall comply with all terms and provisions of the Loan Agreement and in the event of a conflict between the terms of this Bond Ordinance and the Loan Agreement, the provisions of the Loan Agreement shall control. Capitalized terms used in this Bond Ordinance that are not specifically defined have the meanings given such terms in the Loan Agreement.

Section 21. Continuing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Authority Bonds. In accordance with the Rule and as the Authority may require, the City shall undertake to provide certain annual financial information and operating data similar to the information set forth in the Loan Agreement. The City Clerk/Treasurer is hereby designated as the responsible official for reporting and retention of records as required by the Authority.

Section 22. General Authorization; Prior Acts. The Mayor and the City Clerk/Treasurer and any other appropriate officers and agents of the City 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 Bond Ordinance. All acts taken pursuant to the authority of this Bond Ordinance but prior to its effective date are hereby ratified and confirmed.

Section 23. Validity of Issuance. The Bond is issued pursuant to the Act. This recital is conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 24. Severability. If any one or more of the covenants or agreements provided in this Bond Ordinance to be performed on the part of the City 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 of this Bond Ordinance and shall in no way affect the validity of the other provisions of this Bond Ordinance or of the Bond.

Section 25. Effective Date. This ordinance will become effective after its passage and publication of its summary, as required by law. A form of summary is attached as Exhibit A hereto.

PASSED by the City Council of the City of Bonners Ferry, Idaho, at a regular meeting thereof, held on January 17, 2017, and APPROVED by the Mayor.

CITY OF BONNERS FERRY, IDAHO

Mayor

ATTEST:

City Clerk/Treasurer

CERTIFICATION OF BOND COUNSEL

I, the undersigned, Bond Counsel for, and legal advisor to, the City of Bonners Ferry, Boundary County, Idaho, hereby certify that I have read the attached Summary of Ordinance No. 562 of the City 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 17th day of January, 2017.

Laura D. McAloon

EXHIBIT A

**CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO**

WATER REVENUE REFUNDING BOND, SERIES 2017
Summary of Ordinance No. 562, passed on January 17, 2017

ORDINANCE NO. 562

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Water Revenue and Refunding Bond, Series 2017, in the aggregate principal amount of not to exceed \$2,675,000, to provide the funds necessary to refund certain outstanding water revenue bonds of the City; providing for the prepayment of the outstanding bonds to be refunded; providing for the sale of the bonds to and approving a form of loan agreement with the Idaho Bond Bank Authority; delegating authority to the designated representative to determine the manner of sale and terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; and providing for other matters relating thereto.

[insert section summaries once in final form]

EXHIBIT B
LOAN AGREEMENT

CERTIFICATE

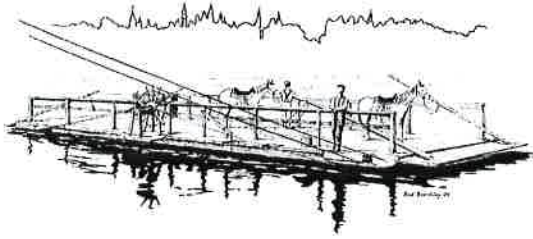
I, the undersigned, City Clerk/Treasurer of the City of Bonners Ferry, Boundary County, Idaho (the "City"), DO HEREBY CERTIFY:

1. That the attached Ordinance No. 562 (the "Ordinance") is a true and correct copy of a ordinance of the Council as passed at a regular meeting of the Council held on January 17, 2017, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of January, 2017.

City Clerk/Treasurer, City of Bonners Ferry



MEMO

CITY OF BONNERS FERRY
CITY ENGINEER/ADMIN

To: City Council
From: Mike Klaus, City Engineer/Admin
Subject: Augusta Street Change Orders and Final Payment

Attached with this memo are four separate change order requests as well as Pay Application #4 for the Augusta Street Project. With respect to the grant funding, the project is broken into two categories; participating and non-participating. The participating portion is eligible for grant funding, non-participating is not. The non-participating part of the project is the sewer main that was replaced with the overall project.

The bid for the participating part of the project was \$343,732.38. ITD allows for a 5% construction contingency, meaning that there is \$17,186 available for additional work, or change orders. The change orders for this project total \$13,434 (3.9%), and have been preliminarily accepted by Greg Brands at ITD.

Terry Johnson and I will be available at the Council Meeting for questions related to this project. I understand that you may have several questions regarding the project and project costs. One question that has been asked is how much did the City spend on additional site observation since the project went longer than anticipated. The final project completion date was October 10, 2016. Since that time, the City has spent \$3,315.00 on Jim Fritzsche's time to inspect the project.

I do recommend payment of the change orders and pay application #4 as presented. If approved, I would also ask that Council pre-approve the release of retainage (\$22,177.48) once KGT has met the requirements to close out the project.

Thank you,

Mike

Contractor's Application for Payment No. 4

Application Period: To (Owner): Project: Owner's Contract No.: ITD 18809 - Idaho Fed.Aid Project No. A018(809)	Application Date: From (Contractor): Contract: Contractor's Project No.:
City of Bonners Ferry Augusta St. Sidewalk	KG&T Septic HMH Engineering

Application For Payment Change Order Summary

Approved Change Orders	Additions	Deductions
1	\$14,871.43	-\$10,430.12
2	\$6,204.40	
3	\$2,789.00	
4		
TOTALS	\$23,864.83	-\$10,430.12
NET CHANGE BY CHANGE ORDERS	\$13,434.71	

1. ORIGINAL CONTRACT PRICE.....	\$ 430,114.96
2. Net change by Change Orders.....	\$ 13,434.71
3. Current Contract Price (Line 1 ± 2).....	\$ 443,549.67
4. TOTAL COMPLETED AND STORED TO DATE	
.....	\$ 443,549.67
5. RETAINAGE:	
a. 5% X \$443,549.67 Work Completed.....	\$ 22,177.48
b. 0% X \$0.00 Stored Material.....	\$ 0.00
c. Total Retainage (Line 5a + Line 5b).....	\$ 22,177.48
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5c).....	\$ 421,372.19
7. LESS PREVIOUS PAYMENTS.....	\$ 397,632.42
8. AMOUNT DUE THIS APPLICATION.....	\$ 23,739.77
9. BALANCE TO FINISH, PLUS RETAINAGE	
	\$ 22,177.48

Contractor's Certification The undersigned Contractor certifies that to the best of its knowledge: (1) all previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment; (2) title of all Work, materials and equipment incorporated in said Work or otherwise listed in or covered by this Application for Payment will pass to Owner at time of payment free and clear of all Liens, security interests and encumbrances (except such as are covered by a Bond acceptable to Owner indemnifying Owner against any such Liens, security interest or encumbrances); and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.	By: _____ Date: _____
---	--------------------------

Payment of:	\$ 23,739.77
	(Line 8 or other - attach explanation of the other amount)
is recommended by:	_____ (Engineer) (Date)
Payment of:	\$ 23,739.77
	(Line 8 or other - attach explanation of the other amount)
is approved by:	_____ (Owner) (Date)
Approved by:	_____ Funding Agency (if applicable) (Date)

Previous Payments

Pay App	Amount	Participating	Non-partic.
#1	\$ 121,168.51	\$ 41,702.25	\$ 79,466.26
#2	\$ 70,383.02	\$ 70,383.02	
#3	\$ 206,080.89	\$ 202,479.95	\$ 3,600.94
#4		\$ 9,508.71	\$ (1,003.74)
Total	\$ 397,632.42	\$ 324,073.93	\$ 82,063.46
			\$ 406,137.39

City of Bonners Ferry - Augusta St Sidewalk Project
 Idaho Federal Aid Project No, A018(809)

ITD Key Number: 18809 **KG&T Pay Application #4**

DIVISION 200		Total Bid		Previous Applications		This Application	
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT	QUANT	AMOUNT
201.4.1.A.1	Clearing and Grubbing	LS	1	\$ 2,326.57	\$ 2,326.57	1	\$ 2,326.57
201.4.1.C.2	Removal of Obstructions	LS	1	\$ 976.57	\$ 976.57	1	\$ 976.57
201.4.1.E.1	Removal of Storm Pipe	LF	257	\$ 4.89	\$ 1,256.73	257	\$ 1,256.73
201.4.1.F.1	Removal of Storm Catch Basin	EA	1	\$ 696.57	\$ 696.57	1	\$ 696.57
201.4.1.G.1	Removal of Storm Drain Manhole	EA	1	\$ 696.57	\$ 696.57	1	\$ 696.57
202.4.1.D.1	Excavation	LS	1	\$ 3,796.57	\$ 3,796.57	1	\$ 3,796.57

DIVISION 600 - CULVERTS		Total Bid		Previous Applications		This Application	
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	AMOUNT	QUANT	AMOUNT
601.4.1.A.5	10" Storm Drain Pipe, ASTM D3034 SDR 35 PVC	LF	142	\$ 43.65	\$ 6,198.30	142	\$ 6,198.30
601.4.1.A.17	12" Storm Drain Pipe, Type S Corrugated Polyethylene (CPP)	LF	114	\$ 58.23	\$ 6,638.22	114	\$ 6,638.22
601.4.1.A.17	18" Storm Drain Pipe, Type S Corrugated Polyethylene (CPP)	LF	327	\$ 41.91	\$ 13,704.57	327	\$ 13,704.57
601.4.1.A.17	24" Storm Drain Pipe, Type S Corrugated Polyethylene (CPP)	LF	908	\$ 47.58	\$ 43,202.64	908	\$ 43,202.64
601.4.1.A.17	36" Storm Drain Pipe, Type S Corrugated Polyethylene (CPP)	LF	20	\$ 196.27	\$ 3,925.40	20	\$ 3,925.40
602.4.1.A.1	Storm Drain Manhole - Type A	EA	8	\$ 3,627.10	\$ 29,016.80	6	\$ 21,762.60
602.4.1.A.1	Storm Drain Manhole - Type B	EA	1	\$ 5,228.09	\$ 5,228.09	1	\$ 5,228.09
602.4.1.F.1	Catch Basin, Type III	EA	8	\$ 1,059.19	\$ 8,473.52	8	\$ 8,473.52
602.4.1.G.1	Inlet - Type Inline Drain	EA	2	\$ 3,711.93	\$ 7,423.86	2	\$ 7,423.86

DIVISION 700 - CONCRETE		Total Bid	

Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Amount	QUANT	AMOUNT	QUANTITY	AMOUNT
706.4.1.A.3	6 inch Vertical Curb (No Gutter), incl. Base	LF	1634	\$ 22.37	\$ 36,552.58	1634	\$ 36,552.58	140	\$ 3,131.80
706.4.1.A.5	Standard 6 inch Vertical Curb and Gutter, incl. Base	LF	74	\$ 62.32	\$ 4,611.68	56	\$ 3,489.92		\$ -
706.4.1.B.1	Concrete Valley Gutter, incl. Base	LF	152	\$ 41.34	\$ 6,283.68	152	\$ 6,283.68		\$ -
706.4.1.E.1	Concrete Sidewalk, incl. Base	SY	1229	\$ 41.00	\$ 50,389.00	1229	\$ 50,389.00	22	\$ 902.00
706.4.1.F.1	Concrete Driveway Approaches, incl. Base	SY	102	\$ 93.00	\$ 9,486.00	102	\$ 9,486.00		\$ -
706.4.1.F.1	Concrete Driveway Approaches, With Rebar Reinforcement, incl. Base	SY	119	\$ 85.00	\$ 10,115.00	119	\$ 10,115.00		\$ -
706.4.1.H.1	Ped. Ramp w/ Detectable Warning, Type "STANDARD", incl. Base	EA	6	\$ 322.00	\$ 1,932.00	5	\$ 1,610.00	1	\$ 322.00
706.4.1.H.1	Ped. Ramp w/ Detectable Warning, Type "MID-BLOCK", incl. Base	EA	1	\$ 322.00	\$ 322.00	1	\$ 322.00	-1	\$ (322.00)
706.4.1.H.1	Ped. Ramp w/ Det. Warning, Type "RAISED CROSSWALK", incl. Base	EA	1	\$ 322.00	\$ 322.00	1	\$ 322.00		\$ -
706.4.1.I.1	Curb Drain, incl. Base	EA	19	\$ 437.68	\$ 8,315.92	19	\$ 8,315.92		\$ -

DIVISION 800 - AGGREGATES

DIVISION 800 - AGGREGATES		Total Bid	
Item #	DESCRIPTION	UNIT	Amount
802.4.1.B.1	Crushed Aggregate for Base Type I	TON	\$ 7,184.10
806.4.1.B.1	Diluted Emulsified Asphalt for Tack Coat	GAL	\$ 522.00
810.4.1.A.1	Plant Mix Pavement - 0.10' Leveling Course, incl. Base	SF	\$ 5,944.50
810.4.1.A.1	Plant Mix Pavement - 0.13' Overlay	SF	\$ 20,856.10
810.4.1.A.1	Plant Mix Pavement - 0.23' New Construction, NOT incl. Base	SF	\$ 14,580.00
		QUANTITY	AMOUNT
		231	\$ 7,184.10
		174	\$ 522.00
		7926	\$ 5,944.50
		28570	\$ 20,856.10
		12150	\$ 14,580.00
		QUANTITY	AMOUNT
		266	\$ 8,272.60
		174	\$ 522.00
		4179	\$ 3,134.25
		QUANTITY	AMOUNT
		36	\$ 1,119.60
		QUANTITY	AMOUNT
			\$ -
			\$ -
			\$ -
			\$ -

810.4.1.A.1	Plant Mix Pavement - Approach Type "B" 0.17' Residential incl. Base	SF	1626	\$ 1.45	\$ 2,357.70			883	\$ 1,280.35
810.4.1.A.1	Plant Mix Pavement - Approach Type "B" 0.23' Commercial incl. Base	SF	1980	\$ 1.75	\$ 3,465.00			1346	\$ 2,355.50

DIVISION 1000 - CONSTRUCTION										
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Total Bid		QUANT	AMOUNT	QUANTITY	AMOUNT
					Amount	Amount				
1001.4.1.A.1	Sediment Control	LS	1	\$ 2,279.94	\$ 2,279.94		1	\$ 2,279.94		\$ -
1005.4.1.B.1	Temporary Hydromulching	SY	2211	\$ 0.67	\$ 1,481.37		2211	\$ 1,481.37		\$ -
1007.4.1.A.1	Topsoiling (2" Depth)	SY	2211	\$ 0.48	\$ 1,061.28		2211	\$ 1,061.28		\$ -
1007.4.1.B.1	Seeding	SY	2211	\$ 1.58	\$ 3,493.38		2211	\$ 3,493.38		\$ -

DIVISION 1100 - TRAFFIC										
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Total Bid		QUANT	AMOUNT	QUANTITY	AMOUNT
					Amount	Amount				
1103.4.1.A.1	Construction Traffic Control	LS	1	\$ 1,306.57	\$ 1,306.57		1	\$ 1,306.57		\$ -
1104.4.1.A.1	Painted Pavement Markings	SF	190	\$ 7.55	\$ 1,434.50			\$ -	72	\$ 543.60
1104.4.1.C.1	Obliterate Existing Pavement Markings	SF	126	\$ 13.94	\$ 1,756.44		126	\$ 1,756.44		\$ -
1106.4.1.A.1	Rectangular Rapid Flashing Beacon	LS	1	\$ 1,327.07	\$ 1,327.07		1	\$ 1,327.07		\$ -

DIVISION 2000										
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Total Bid		QUANT	AMOUNT	QUANTITY	AMOUNT
					Amount	Amount				
2010.4.1.A.1	Mobilization	LS	1	\$ 2,056.57	\$ 2,056.57		2	\$ 4,113.14	-1	\$ (2,056.57)

2030.4.1.B.1	Storm Drain Structure, Adjust to Grade	EA	2	\$ 1,043.03	\$ 2,086.06				
2040.4.1.A.1	Fence, Type 4' Chain Link	LF	464	\$ 18.64	\$ 8,648.96	905.5	\$ 16,878.52	-441.5	\$ (8,229.56)

BASE BID TOTAL \$ 343,732.38

\$ 331,121.29

\$ 2,180.97

DIVISION 300 - TRENCHING									
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Amount	QUANT	AMOUNT	QUANTITY	AMOUNT
303.4.1.A.1	Exploratory Excavation	HR	8	\$ 383.22	\$ 3,065.76	8	\$ 3,065.76		

DIVISION 500 - SEWER									
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Amount	QUANT	AMOUNT	QUANTITY	AMOUNT
505.4.1.B.1	Pressure Sewer Pipe - 6-inch HDPE	LF	175	\$ 59.15	\$ 10,351.25	175	\$ 10,351.25		
505.4.1.B.1	Pressure Sewer Pipe - 6-inch D.I. (incl. bedding, and backfill)	LF	45	\$ 175.76	\$ 7,909.20	45	\$ 7,909.20		
505.4.1.C.1	Pressure Sewer Cleanout	EA	2	\$ 6,153.19	\$ 12,306.38	2	\$ 12,306.38		
505.4.1.D.1	Pressure Sewer Pipe - 6-inch HDPE	LF	910	\$ 40.06	\$ 36,454.60	910	\$ 36,454.60		
505.4.1.E.1	Dual Trench (incl. excavation, bedding, and backfill)	EA	1	\$ 2,314.29	\$ 2,314.29	1	\$ 2,314.29		
505.4.1.F.1	Tie-In to Existing Force Main	LS	1	\$ 7,855.77	\$ 7,855.77	1	\$ 7,855.77		
505.4.1.G.1	Lift Station Piping	EA	1	\$ 2,334.87	\$ 2,334.87	1	\$ 2,334.87		

DIVISION 1000 -CONSTRUCTION BMP'S									
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Amount	QUANT	AMOUNT	QUANTITY	AMOUNT
1001.4.1.A.1	Sediment Control	LS	1	\$ 1,631.07	\$ 1,631.07	1	\$ 1,631.07		

DIVISION 1100 -TRAFFIC SIGNALS AND LIGHTING									
Item #	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	Amount	QUANT	AMOUNT	QUANTITY	AMOUNT
1103.4.1.A.1	Construction Traffic Control	LS	1	\$ 1,102.82	\$ 1,102.82	1	\$ 1,102.82		

Change Orders

CO #1	Quantity Adjustments
	Contract Price \$ 430,114.96
	Additional Quantities \$ (10,430.12) constructed quantities were less than the contract quantities

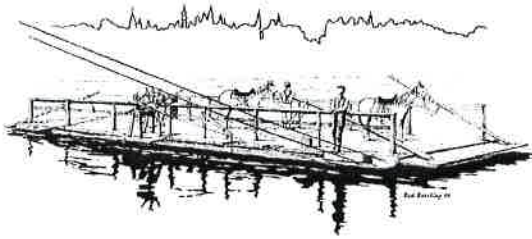
CO #2	Requested	Alt A
KGT #	Amount	Non-particip.
1	\$ 2,146.00	Spoil removal from V.V.
2	\$ 2,160.00	Bonnors Ferry Apartment Drain
3	\$ 1,922.31 \$ 1,922.31	Sewer Piping Change
4	\$ 4,540.00	Curb Drain Adjustment
5	\$ 2,182.50	Raise Sidewalk at Pape
6	\$ 423.70	Ramp Removal at V.V.
7	\$ 644.00	Extra Concrete at North Pape approach
8	\$ 592.92	Curb Patch at BF Apartments and Wilson
9	\$ 260.00	Extra Sidewalk (number is for additional machine time, 22 SY in unit quantities)
Total	\$ 14,871.43 \$ 1,922.31	

CO #3	Price for adding 2 Type 1L catch basin in place of 2 Type A manholes
	\$6,204.40

CO #4	Additional Asphalt - Overlay thickness was increased by subcontractor from 0.13' to approx. 0.25'
	\$2,789.00

Employee	Time Type	Hours	Amount	
FRITZSCHE, JAMES R. (21)	J001 - FIRE TRAINING	28.00	219.80	
	J002 - FIRE SUPPRESS	8.00	107.52	
	REG - Regular Time	110.50	3,315.00	
	Total for Employee	146.50	3,642.32	
# of Employees	1	Total	146.50	3,642.32

JIM'S ADDITIONAL
TIME ON PROJECT



MEMO

CITY OF BONNERS FERRY
CITY ENGINEER/ADMIN

To: City Council
From: Mike Klaus, City Engineer/Admin
Date : January 17, 2017
Subject: Water Department - Backwash Automation Upgrades

The water department currently performs all filter cleanings, or backwashes, manually, meaning that an operator must be present to operate valves to perform the function. Most water plant designs provide for the ability to backwash automatically, as needed, regardless of whether an operator is present or not. Our water department staff and Albert Solt, the City's programmer, have been working to put a cost together for the parts and labor necessary to complete the proposed automation upgrade.

Staff estimates that it will cost approximately \$20,000 to complete the project, however, an exact estimate was not complete at the time of this memo. By the time of the Council Meeting I will have a more accurate estimate available.

Please call with any questions about these upgrades.

Thank you,

Mike

**CITY OF BONNERS FERRY ELECTRIC FUND
MONTHLY FINANCIAL AND OPERATING REPORT**

REPORT FOR THE MONTH OF: December, 2016

	DOLLARS		KWH SOLD					# of Cust.
	This Month	Year to Date	This Month	Year to Date				
ENERGY SALES								
1 Residential & Farm	\$189,348	\$443,893	2,743,326	6,198,608	1,983			
2 Residential Seasonal								
3 Commercial - small (50 KVA or less)	\$46,690	\$124,000	692,168	1,797,226	455			
4 Commercial - large (over 50 KVA)	\$84,974	\$249,454	1,369,400	3,969,072	186			
5 Industrial	\$97,094	\$274,790	1,872,519	5,214,309	12			
6 Irrigation and/or drainage pumping	\$2,455	\$8,001	27,787	100,184	8			
7 Public Street Lighting	\$2,438	\$7,314			3			
8 Interdepartmental	\$4,453	\$13,113	61,873	184,528	27			
9 Self Consumed	\$264	\$766	3,503	10,040	3			
10								
11								
12 Total (1 thru 11)	\$427,716	\$1,121,331	6,770,576	17,473,967	2,677			
OTHER REVENUES								
13 Pole Use								
14 Connects	\$90	\$2,498		\$437,235				\$1,226,970
15 Conservation	\$9,279	\$102,063		\$250,690				\$629,769
16 Misc. Electric Revenue	\$150	\$1,078		\$40,235				\$120,705
17 Total Misc. Revenue (13 thru 15)	\$9,519	\$105,639		\$21,862				\$61,350
18 Total Operating Revenue (12 + 16)	\$437,235	\$1,226,970		\$1,302				\$3,144
OPERATING EXPENSES								
19 Generation	\$16,642	\$51,275		\$314,089				\$814,968
20 Power Purchases - BPA	\$145,395	\$311,640		\$123,146				\$412,002
21 Power Purchases - Other				\$1,333				\$3,232
22 Maintenance - General Property	\$5,601	\$11,741		\$878				\$908
23 Conservation		\$5,318		\$2,211				\$4,140
24 Customer's Svc & Record	\$4,942	\$9,416		\$125,357				\$416,142
25 Total Ops & Treatment Expense								
26 Administrative and General	\$40,090	\$144,972		\$0				
27 Transmission	\$1,641	\$5,167		\$2,603				\$7,808
28 Distribution	\$30,570	\$75,831						
29 Rolling Equipment	\$5,809	\$14,409						
30 Total Operating Expenses(19 thru 29)	\$250,690	\$629,769		\$2,603				\$7,808
INCOME STATEMENT								
			1. Total operating Revenue (line 18)				6,770,576	
			2. Operating revenue deductions:					
			3. Total operating expenses (line 30)				17,473,967	
			4. Depreciation					
			5. Amortization					
			6. Taxes (transfer to General Fund)					
			7. Tax equivalents (interest to General Fund)					
			8. Total operating revenue deductions(3 thru 7)				6,770,576	
			9. Operating Income (1 minus 8)					
			OTHER INCOME					
			10. Interest					
			11. Misc. Non-operating revenue (net)					
			13. Gross Income (9 + 12)					
			14. Interest on long term debt					
			15. Interest on investment of municipality					
			16. BPA Revenues					
			17. BPA Expenditures					
			18. Miscellaneous income deductions					
			19. Total Income deductions (14 thru 18)					
			20. Net Income (13 minus 19)					

CITY OF BONNERS FERRY WATER FUND

MONTHLY FINANCIAL AND OPERATING REPORT

REPORT FOR THE MONTH OF: *December, 2016*

	DOLLARS		Cubic Feet Sold		
	This Month	Year to Date	This Month	Year to Date	# of Cust. This Month
SALES					
1 Residential	\$50,502	\$152,622	564,772	1,837,609	1,080
2 Commercial - small	\$19,947	\$65,131	292,828	1,137,310	213
3 Commercial - large	\$11,072	\$35,935	188,639	736,718	82
4 Interdepartmental	\$335	\$1,371	3,783	42,514	6
5 Wholesale					
6 Industrial	\$341	\$1,022			2
7 Pumping & Drainage	\$76	\$229			1
8 Total (1 thru 7)	\$82,273	\$256,310	1,050,022	3,754,151	1,384
OTHER REVENUES					
9 Bulk Water Sales					
10 Coin Op Sales	\$116	\$300			
11 Misc. Water Revenue					
13 Connect Fees	\$60	\$3,259			
14 Grant Revenue					
15 Total Misc. Revenue (9 thru 14)	\$176	\$3,559		\$28,670	\$86,010
16 Total Operating Revenue (8 + 15)	\$82,449	\$259,869			
OPERATING EXPENSES					
17 Source of Supply	\$3,534	\$5,044			
18 Pumping	\$586	\$3,074		\$73,786	\$222,002
19 Treatment	\$13,877	\$42,240		\$8,663	\$37,867
20 Transmission	\$384	\$1,164		\$94	\$264
21 Distribution	\$7,298	\$22,407		\$429	\$429
22 Line Operation/Maintenance	\$2,850	\$6,189		\$523	\$693
23 Meter Maintenance/Reading	\$713	\$2,469		\$9,186	\$38,560
24 Structure Maintenance		\$445			
25 Customer Service					
26 Customer Accounting	\$1,901	\$3,620			
27 Rolling Equipment	\$1,551	\$2,774			
28 General & Administrative	\$8,300	\$33,573			
29 Conservation					
30 General Property Maintenance	\$0	\$0			
31 Total Operating Expenses (17 thru 28)	\$40,994	\$122,999			\$0
INCOME STATEMENT					
				This Month	Year to Date
1. Total operating Revenue (line 16)				\$82,449	\$259,869
2. Operating revenue deductions:					
3. Total operating expenses (line 29)				\$40,994	\$122,999
4. Depreciation				\$28,670	\$86,010
5. Amortization					
6. Taxes (General Fund Transfer)				\$4,122	\$12,993
7. Tax equivalents (Interest to General Fund)					
8. Total operating revenue deductions (3 thru 7)				\$73,786	\$222,002
9. Operating Income (1 minus 8)				\$8,663	\$37,867
OTHER INCOME					
10. Interest				\$94	\$264
11. Misc. Non-operating revenue (net)				\$429	\$429
12. Total other income (10 + 11)				\$523	\$693
13. Gross Income (9 + 12)				\$9,186	\$38,560
14. Interest on long term debt					
15. Interest on investment of municipality					
16. Miscellaneous income deductions					
17. Total Income deductions (14 thru 16)				\$0	\$0
18. Net Income (13 minus 17)				\$9,186	\$38,560

CITY OF BONNERS FERRY SEWER FUND

MONTHLY FINANCIAL AND OPERATING REPORT

REPORT FOR THE MONTH OF: December, 2016

	DOLLARS		Cubic Feet Sold		Year to Date	# of Cust. This Month
	This Month	Year to Date				
SALES						
1 Residential	\$27,937	\$83,481				1,000
2 Commercial - small	\$16,531	\$49,591				202
3 Commercial - large	\$10,152	\$30,461				69
4 Interdepartmental	\$26	\$77				1
5 Wholesale						
6 Industrial	\$51	\$154				2
7 Pumping & Drainage						
8						
9 Total (1 thru 7)	\$54,697	\$163,764	0		0	1,274
OTHER REVENUES						
10 Junk or Salvage Sold						
11 Flusher Truck Rental		\$279				
12 Misc. Sewer Revenue						
13 Connect Fees		\$894				
14 Grant Revenue						
15 Total Misc. Revenue (10 thru 14)	\$0	\$1,173				\$17,100
16 Total Operating Revenue (9 + 15)	\$54,697	\$164,937				\$8,247
OPERATING EXPENSES						
17 Pumping & Lift	\$3,226	\$8,931				\$106,879
18 Treatment	\$11,688	\$37,954				\$58,058
19 Dredging	\$77	\$2,346				\$234
20 Transmission	\$117	\$4,282				\$143
21 Distribution	\$3,636	\$7,800				\$377
22 Collection						
23 Operation Lines	\$223	\$944				\$58,435
24 Maintenance of Lines						
25 Structure Maintenance		\$59				
26 Customer Service						
27 Customer Accounting	\$309	\$472				
28 Rolling Equipment	\$883	\$3,398				
29 General & Administrative	\$3,344	\$15,346				
30 General Property Maintenance						\$0
31 Total Operating Expenses(17 thru 30)	\$23,503	\$81,532				\$58,435
INCOME STATEMENT						
					This Month	Year to Date
			1. Total operating Revenue (line 15)		\$54,697	\$164,937
			2. Operating revenue deductions:			
			3. Total operating expenses (line 28)		\$23,503	\$81,532
			4. Depreciation			
			5. Amortization			
			6. Taxes (General Fund Transfer)			
			7. Tax equivalents (Interest to General Fund)			
			8. Total operating revenue deductions(3 thru 7)		\$23,503	\$81,532
			9. Operating Income (1 minus 8)		\$31,194	\$83,405
			OTHER INCOME			
			10. Interest		\$102	\$234
			11. Misc. Non-operating revenue (net)		\$143	\$143
			12. Total other income (10 + 11)		\$245	\$377
			13. Gross Income (9 + 12)		\$23,004	\$58,435
			14. Interest on long term debt			
			15. Interest on investment of municipality			
			16. Miscellaneous income deductions			
			17. Total Income deductions (14 thru 16)		\$0	\$0
			18. Net Income (13 minus 17)		\$23,004	\$58,435

**AGENDA
COMBINED CITY COUNCIL AND
PLANNING AND ZONING COMMISSION WORKSHOP
Bonners Ferry City Council Chambers
7232 Main St.
267-3105
January 19, 2017
6:30 p.m.**

NEW BUSINESS

1. TRAINING WORKSHOP: The purpose of the workshop is to receive training from Jerry Mason, AIC Legal Council and Attorney at Law with Mason & Stricklin and Elaine Clegg of the Idaho Smart Growth and City of Boise Councilwoman. Training will be centered around land use and land use decisions, include but not limited to: quasi-judicial proceedings, legislative proceedings, negotiating area of city impact agreements, exparte contact, providing services outside city limits, annexations proceedings, roles and responsibilities of decision makers and development agreements.

Mike Klaus

From: June.Bergquist@deq.idaho.gov
Sent: Friday, January 13, 2017 9:02 AM
To: Mike Klaus
Cc: June.Bergquist@deq.idaho.gov; Thomas.Herron@deq.idaho.gov
Subject: Snow Disposal Bonners Ferry
Attachments: Bonners Ferry snow.pdf; Snow on dike.JPG

Hi Mike,

As DEQ understands the City of Bonners Ferry's local storage areas for snow are full. The City is requesting to dispose of clean snow from City owned paved roads into the Kootenai River. The issue of snow disposal was discussed with your predecessor Steve Boorman as a result of several complaints in 2008. At that time Mr. Boorman was going to find additional storage areas so snow disposal in the river would be rarely required. Disposal of snow from roadways is often contaminated with pollutants from cars (even if no salt or traction sand has been utilized) and is the least suitable snow to be disposed of in a waterbody. Attached is a photo of snow dumped on the riverbank in Bonners Ferry, we want to avoid this type of dumping for the reasons discussed in the attached letter (I couldn't quickly find the signed copy of this letter). Typically we only authorize clean roof snow or clean newly fallen snow from parking lots prior to car use for river disposal. In reviewing past complaints of Bonners Ferry dumping dirty snow, a suggestion was made to utilize public parks and athletic fields for additional snow storage. If the snow is clean it should not pose a problem for maintenance of these areas. We urge you to find alternative sites such as this.

We are aware of another pineapple express weather system heading our way predicted to arrive Tuesday January 17. If you have exhausted your search for local storage sites disposal of clean newly fallen snow is acceptable into the Kootenai River for this storm event. It is preferable to find a location where dumping doesn't impact the riverbank, such as off a bridge or boat launch. When you have more time we can discuss your long term plans for snow management. Bonners Ferry is surrounded by agricultural fields, many are closer to town than the river so we suggest those areas be investigated as part of your snow management plan. Also the Boundary County Fairgrounds and the old mill site have open space that may be suitable for snow disposal and they are located very close to downtown.

Thank you for your inquiry, let's talk once you get past this next storm event.

June

June Bergquist
Regional Water Quality Compliance Officer
Idaho Department of Environmental Quality
Coeur d'Alene Regional Office
2110 Ironwood Parkway
Coeur d'Alene ID 83814
Phone: (208)666-4605

March 7, 2008

Stephen Boorman
City Administrator
City of Bonners Ferry
P.O. Box 149
Bonners Ferry, ID 83805

RE: Snow Disposal Areas

Dear Mr. Boorman,

In response to two complaints received by DEQ in December, 2007, we contacted you to discuss the city's current practice of disposing snow in and on the banks of Kootenai River. I agreed to send you a letter describing DEQ's concerns and characteristics to look for when selecting a good disposal site.

DEQ administers the Idaho Water Quality Standards which do not allow deleterious, hazardous and toxic materials in waters of the state in sufficient concentrations that impair a beneficial use or found to be significant to public health. Additionally, floating, suspended or submerged matter shall not cause nuisance or objectionable conditions or sediment in quantities that exceed numeric criteria.

As we discussed, the practice of snow disposal in the river does not singly create a river-wide impairment of a beneficial use. Wide spread impairment of a river materializes over a long period of time, most often due to small actions by many people, and cumulatively, result in watershed wide damage. This damage or impairment is a difficult, expensive task to repair and takes a very long time to correct. This is why we emphasize to first avoid unnecessary discharges and for unavoidable discharges, minimize pollutants through the use of best management practices.

As a result of your snow disposal, there may be localized impairments, such as reduced or absent macro-invertebrate life (aquatic bugs), fish avoidance, the accumulation of petroleum products in bottom and bank sediments or an oily sheen that is transported downstream during melt. Bank vegetation, important in erosion prevention, could also be damaged or absent due to pollutants commonly found on roads and parking lots.

Mr. Stephen Boorman
March 7, 2008
Page 2

A good snow disposal site should have the ability to trap sediment and debris and distribute melt water over a grassy area before it infiltrates into the ground. We would advise to not pile snow around trees or vegetated buffer zones (such as next to the river) since contaminated sediments and salts can damage vegetation. It is a nice feature if the sediment trap can be cleaned periodically. Wetlands should not be utilized as disposal sites.

There are many different constructed best management practices for the treatment of storm water runoff but from our conversation I understood you were not considering constructing any special system for snow disposal and treatment. I have attached some information you might find interesting and also will send you an electronic copy of a publication regarding storm water management for cold climates which contains technical information about snow melt. If you have any further questions please give me a call. Thank you for your cooperation in this matter.

Sincerely,

June Bergquist
Regional Water Quality Compliance Officer

attachments