

Mayor Darrell Kerby called the regularly scheduled council meeting of January 3, 2006 to order at 7:00 p.m. Present for the meeting were Mayor Kerby, Council Members Russ Docherty and Dave Gray, Clerk Kris Larson, City Administrator Stephen Boorman, Police Chief Dave Kramer, Fire Chief Larry Owsley, and Street Department Supervisor John Youngwirth. Also present were Dottie Gray, Becky Langs, and Olivia Langs. Council President Mick Mellett and Councilwoman Leslie Falcon were gone on personal business. They were contacted by phone and took part in the meeting by speakerphone.

Dave Kramer gave the Police Report. Tony Jeppesen is attending the reserve academy in Coeur d'Alene. Two DUI's took place over the weekend and there were three warrant arrests. Dave said it was a good new year.

Larry Owsley said there were seven incidents since the last meeting, mostly odor calls. Ray Holmes is back on the fire department. The FEMA people are still in the Katrina impact area.

Leslie Falcon moved to approve the consent agenda. Russ Docherty seconded the motion. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of January 3, 2006 accounts payable; approval of the Treasurer's Report; approval of December 20, 2005 regular council meeting minutes; approval of December 21, 2005 special council meeting minutes; approval for Doug Ladely to attend Wastewater I & II Treatment Certification Review Classes in Coeur d'Alene on January 25-26, 2006.

Russ Docherty moved to have the second reading of Ordinance 496 by title only. Dave Gray seconded the motion. The motion passed – Mick Mellett “yes”, Leslie Falcon “yes”, Russ Docherty “yes”, Dave Gray “yes”. Clerk Kris Larson read the title of Ordinance 496 Limits on the Sale of Methamphetamine Precursor Drugs.

The old business portion of the meeting concluded. Mick Mellett wished the group well and left the conference call.

Dave Gray and John Langs were sworn into office as City Councilmen.

John Langs moved to elect Russ Docherty as Council President. Dave Gray seconded the motion. The motion passed – John Langs “yes”, Dave Gray “yes”, Leslie Falcon “yes”. Mayor Kerby congratulated Russ on being Council President and explained the duties of Council President.

Leslie Falcon left the conference call.

The change order for the District 1 Waterline project was discussed. It was for changing the pipe type and deeper trenching for construction through Duarte. Dave Gray moved to approve the change order. Russ Docherty seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”.

Russ Docherty moved to approve the second pay request for the District 1 Waterline project for S&L Underground in the amount of \$118,454.24. Dave Gray seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”.

Resolutions prepared by Attorney Mike Ormsby for borrowing funding to complete the District 1 Waterline project were discussed. The water fund will borrow funds up to \$250,000 from the electric department and will repay it with interest. Russ Docherty moved to adopt Resolution 2006-04 Authorizing an Interfund Loan for the Purpose of Funding Certain Improvements as Ordered in Ordinance 488 and Approved by the Voters of the City. John Langs seconded the motion and the motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”. Resolution 2006-04 reads as follows:

RESOLUTION NO. 2006-04
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BONNERS FERRY, BOUNDARY COUNTY, IDAHO CREATING CERTAIN FUNDS AND ACCOUNTS, AUTHORIZING AN INTERFUND LOAN FOR THE PURPOSE OF FINANCING CERTAIN IMPROVEMENTS AS ORDERED IN ORDINANCE NO. 488 AND APPROVED BY THE VOTERS OF THE CITY; PROVIDING FOR THE REPAYMENT OF SAID LOAN; FIXING THE RATE OF INTEREST AND THE MANNER OF REPAYMENT OF SAID LOAN; PROVIDING FOR THE EFFECTIVE DATE HEREOF AND PROVIDING FOR OTHERS MATTERS PROPERLY RELATING THERETO

CITY OF BONNERS FERRY

Boundary County, Idaho

WATER REVENUE BOND, 2006

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY, of Boundary County, Idaho, as follows:

WHEREAS, the City of Bonners Ferry, of Boundary County, Idaho, (the "City"), is a municipal corporation operating and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho, and as such is authorized and empowered to issue revenue bonds for water system improvements, if approved by the qualified electors of the City; and

WHEREAS, the City Council by Ordinance No. 488, adopted on February 15, 2005, ordered a special election to be held within the boundaries of the City on May 24, 2005, at which election the voters approved the issuance and sale of water revenue bonds in an amount not to exceed \$3,000,000; and

WHEREAS, design work has commenced on these improvements and it is expected that construction will commence in the Spring of 2006, with construction to be completed within eighteen (18) months; and

WHEREAS, the City is in need of interim financing to pay for the cost of design and construction of the improvements until such time as the project is completed and water revenue bonds are issued for the full payment of all of the costs and expenses associated with the water improvements; and

WHEREAS, the Electric Fund of the City has available funds which can be loaned to the City for the purpose of financing on an interim basis the cost of design and construction of the project;

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS COUNTY, BOUNDARY COUNTY, IDAHO as follows:

Section 1: AUTHORIZATION OF INTERFUND LOAN.

The City of Bonners Ferry Electric Fund (“Electric Fund”) of the City has sufficient funds to provide, on an interim basis, a loan of funds to the City of Bonners Ferry Water Revenue Construction Fund (the “Construction Fund”) to pay for the costs of the project. The City Council finds, after a review of the probable demands on the Construction Fund over the next thirty (30) days, that monies in an amount up to \$250,000 would be available through an interfund loan to the Construction Fund from the Electric Fund. Furthermore, the Council finds that if the Electric Fund is able to receive interest on the unpaid balance in an amount equal to the interest rate that would otherwise be received on investments of the City, that providing these funds on an interim basis in the Construction Fund to pay costs of the project is in the best interests of the City.

Section 2: CONSTRUCTION FUND.

There is hereby created by the City, to be kept separate and apart from all other funds of the City, a fund known as the City of Bonners Ferry Water Revenue Construction Fund (the “Construction Fund”). All funds received through an Interfund loan from the Electric Fund of the City to pay for design and construction costs of the project are to be deposited into the Construction Fund prior to their application to the project. The City Treasurer is directed to keep records relative to the receipt and expenditure of funds out of the Construction Fund. Any funds remaining in the Construction Fund at the completion of the project are to be used to repay the Interfund loan or may be transferred into the Bond Fund for Water Revenue Bonds to be created hereafter.

Section 3: TERMS OF INTERFUND LOAN.

The City Council hereby authorizes an Interfund loan between the Electric Fund of the City and the Construction Fund. Transfers may be made from the Electric Fund to the Construction Fund on an as needed basis, up to the maximum amount of \$250,000. Interest on the funds loaned from the Electric Fund to the Construction Fund will be assessed interest at the rate described in Section 2 hereof on the unpaid balance, which is in excess of the maximum amount of interest received by the City on its other investments made out of the Electric Fund. Interest may be accrued and paid upon maturity or final repayment of this Interfund loan. The Interfund loan shall be repaid with the proceeds of the issuance of Water Revenue Bonds, other interim financing or other legally available funds. In no event, shall the Interfund loan extend beyond eighteen (18) months from the date of the transfer without additional action by the City Council.

Section 4: CONFORMANCE WITH STATE LAWS

All actions and proceedings necessary for the issuance, sale and payment of the Loan, including the interest thereon, shall in all particulars be had in accordance and in conformity with the provisions of the Idaho Code.

Section 5: SEVERABILITY

If one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then said provision shall be null and void, and shall be deemed separable from the remaining provisions of this resolution, and shall in no way affect the validity of the other provisions of this Resolution.

Section 6: RATIFICATION

All actions heretofore taken by the Board, its officers and employees, with respect to the authorization of the City's Water Revenue Bonds and the design of and financing for water improvements, are hereby ratified and approved.

Section 7: REPEALER

All resolutions or parts thereof in conflict herewith, to the extent of such conflict, are hereby repealed.

Section 8: EFFECTIVE DATE

This Resolution shall be in full force and effect immediately upon adoption.

ADOPTED by the Mayor and City Council of the City of Bonners Ferry, Boundary County, Idaho, on January 3, 2006.

CITY OF BONNERS FERRY,

Boundary County, Idaho

/s/ Darrell Kerby, Mayor

ATTEST: /s/ Kris Larson, City Clerk

Dave Gray moved to adopt Resolution 2006-05 Setting Forth Official Intention to Make Certain Improvements and Betterments to the City's Water System and Facilities and the Issuance of Water Revenue Bonds to Pay Part of the Cost and Authorizing the Designation of a City Official to Determine Expenditures to be Reimbursed with Project Financing. John Langs seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”. Resolution 2006-05 reads as follows:

RESOLUTION NO. 2006-05

A RESOLUTION OF THE CITY OF BONNERS FERRY, OF BOUNDARY COUNTY, IDAHO, SETTING FORTH ITS OFFICIAL INTENTION TO MAKE CERTAIN IMPROVEMENTS AND BETTERMENTS TO THE CITY'S WATER SYSTEM AND FACILITIES AND THE ISSUANCE OF WATER REVENUE BONDS TO PAY PART OF THE COST OF SUCH IMPROVEMENTS; AUTHORIZING THE DESIGNATION OF A CITY OFFICIAL TO DETERMINE EXPENDITURES TO BE REIMBURSED WITH PROJECT FINANCING; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

CITY OF BONNERS FERRY

Boundary County, Idaho

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY, of Boundary County, Idaho, as follows:

WHEREAS, the City of Bonners Ferry, of Boundary County, Idaho, (hereinafter the "City"), is a duly organized and existing city operating under and by virtue of the Constitution and laws of the State of Idaho;

WHEREAS, the City, within the last sixty days, has incurred expenses in the development of plans and specifications and the construction of improvements and betterments to its water system and facilities (the "Project");

WHEREAS, the City Council of the City, (the "Council"), has determined it is in the best interests of the City to pay preliminary and initial acquisition and engineering costs now and repay these costs with the proceeds of Bonds ("Bond Proceeds") when available; and

WHEREAS, the City desires to declare its official intent to acquire, construct and install the Project, if approved and if funds are available.

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY, of Boundary County, Idaho, as follows:

Section 1: The City reasonably expects to reimburse the expenditures described herein with the proceeds of the debt to be incurred by the City (the "Reimbursement Bonds").

Section 2: The expenditures for engineering and construction, for which the City reasonably expects to be reimbursed from the proceeds of the Reimbursement Bonds, if issued, are for the Project.

Section 3: The maximum principal amount of debt obligations expected to be reimbursed for engineering and other expenses for the Project referenced in Section 2 is \$250,000. It is also expected that the City may undertake additional planning activities and/or incur other expenses associated with the Project, in anticipation of the issuance of Bonds, which expenditures will be reimbursed from the proceeds of the Reimbursement Bonds.

Section 4: The Council hereby designates the City Engineer as the appropriate official of the City ("Official"), to determine which expenses may be reimbursed from the proceeds of the Reimbursement Bonds. All of these expenses are or will be associated with the Project.

Section 5: If an interfund loan or other source of City funds is arranged to pay for a portion of the costs of the Project, the Council hereby authorizes repayment of any interfund loan with proceeds of the Reimbursement Bonds. The City will comply with the requirements of the Internal Revenue Code in the timing of the issuance of any Reimbursement Bonds.

Section 6: The Council hereby ratifies all acts previously taken by officials of the City that are not inconsistent with this Resolution.

Section 7: This Resolution shall become effective immediately upon its passage.

DATED this 3rd day of January, 2006.

Providing contracted services for a certified operator for North Water and Sewer District was discussed. Separate certifications are needed for treatment and collection according to Stephen and North Water does not want to spend the resources to get a person certified so they have requested to contract with the City. Russ Docherty moved to enter into a contract with North Water and Sewer District for sewer maintenance. Dave Gray seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”.

Change order #2 for the power plant project was discussed. E.L. Automation was the vendor chosen to build the control panels. This change order will modify the contract to clarify the control logic and control construction (relay-based versus PLC-based) to be employed to insure reliable shut down of the turbine generator units. Russ Docherty moved to approve change order #2 for the power plant project. John Langs seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”.

The pay request to Welch Comer for the visitor’s center was discussed. Russ Docherty moved to authorize the State to pay the Welch Comer pay request for the visitor’s center. John Langs seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”.

The first responder’s policy for the fire department was discussed. Larry Owsley said this policy sets out procedures to follow for the different departments responding to a fire. Russ Docherty moved to table until the next meeting the first responder’s procedures for departments responding to fires.

Mayor Kerby directed staff to have an ordinance prepared to require a contractor’s license number to be submitted on building permit applications, as the new law requires.

At 7:45 p.m. Russ Docherty moved to go into executive session per Idaho Code 67-2345 to discuss personnel issues. John Langs seconded the motion. The motion passed – John Langs “yes”, Russ Docherty “yes”, Dave Gray “yes”. At 8:27 p.m. Russ Docherty moved to go out of executive session. Dave Gray seconded the motion. The motion passed, all in favor. No action was taken.

Russ Docherty moved to advertise for hire of a temporary full time engineer. John Langs seconded the motion. The motion passed, all in favor.

Mayor Kerby stated that when the wiring of the underpass tunnel was done that some of the geotech netting was cut. The City will be repairing this.

There being no further business, the meeting adjourned at 8:44 p.m.

Darrell Kerby, Mayor

Attest:

Kris Larson, City Clerk