

The regularly scheduled Council Meeting of February 15, 2005 was called to order at 7:00 p.m. by Mayor Darrell Kerby. Present for the meeting were Mayor Kerby, Council President Mick Mellett, Council Members Jim Burkholder, Russ Docherty, and Leslie Falcon, Deputy Clerk Tammy Stemmene, City Administrator Stephen Boorman, Police Chief Dave Kramer, Fire Chief Larry Owsley, and Attorney Tim Wilson. Also present were Dave Gray, and Elizabeth Ciepiela from the Bonners Ferry Herald.

Dave Kramer gave the Police Report. He thanked the Council for letting him go to the Police Chief's Convention in Boise. He said it was very informative. He also stated that everything was going well and that the Department is looking into awareness programs for the public.

Larry Owsley gave the Fire Report. There were two incidents since last meeting. There was a gas leak on Polk and Dakota, nothing major. And also, a smoke detector alarm on Oak and Montana. The Fire Department did not make the Grant for 2004, but will try again for the 2005 year.

Jim Burkholder moved to approve the consent agenda in its entirety. Leslie Falcon seconded the motion. Jim Burkholder suggested that on item #6 the two officers attending the North Idaho Officers Development Academy, in Coeur d'Alene, share a room. Fire Chief Larry Owsley said that they could. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of accounts payable for February 15, 2005; approval of January 18, 2005 Council Meeting Minutes; approval of February 3, 2005 Special Council Meeting Minutes; approval for two Street Department employees to attend the 2005 Ornamentals Nursery Workshop in Bonners Ferry on February 23, 2005; approval for two Fire Officers to attend the North Idaho Fire Officers Development Academy in Coeur d'Alene February 26-27, 2005.

The Mayor asked how we were coming with zoning near the hospital. Attorney Tim Wilson said that no action has taken place yet. He will distribute the paperwork in the near future.

Jim Burkholder moved that the Mayor be authorized to sign the State/Local Agreement for Riverside Street UPRR Crossing. Leslie Falcon seconded the motion and it passed - Mick Mellett "yes", Russ Docherty "yes" Leslie Falcon "yes" Jim Burkholder "yes".

Mick Mellett moved to authorize the Mayor to sign the agreement with Idaho Fencing Company to install the security fence at the Moyie Hydro. The motion passed - Mick Mellett "yes" Leslie Falcon "yes" Russ Docherty "yes" Jim Burkholder "yes".

Jim Burkholder moved for the Mayor to declare last meeting's motion and vote to be null and void and that he retain the position of Council President, as he believed a decision was derived concerning the Council President position by three of the Council Members in a private concourse prior to the February 1, 2005 meeting. City Attorney Tim Wilson requested this issue be held until executive session.

Jim Burkholder moved to have the first reading of Ordinance 488 Providing for Water System and Facility Improvements and a Water Revenue Bond. Leslie Falcon seconded the motion and it passed, all in favor. Ordinance 488 was read in its entirety by City Administrator Stephen Boorman.

Mick Mellett moved to have the second and third reading of Ordinance 488 by title only. Russell Docherty seconded the motion and it passed, all in favor. City Administrator Stephen Boorman read the second and third readings of Ordinance 488.

Jim Burkholder moved to adopt Ordinance 488 Providing for the Water System and Facility Improvements and a Water Revenue Bond. Mick Mellett seconded the motion. The motion passed - Mick Mellett "yes", Russ Docherty "yes", Jim Burkholder "yes", Leslie Falcon "yes". Ordinance 488 reads as follows:

ORDINANCE NO. 488

AN ORDINANCE OF THE CITY OF BONNERS FERRY, OF BOUNDARY COUNTY, IDAHO, PROVIDING FOR THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE WATER SYSTEM AND FACILITIES OF THE CITY AT AN ESTIMATED COST OF \$3,648,300; PROVIDING FOR THE ISSUANCE OF WATER REVENUE BONDS IN THE SUM OF NOT TO EXCEED \$3,000,000 TO PAY PART OF THE COSTS THEREOF, WHICH BONDS SHALL BE PAID ONLY OUT OF THE REVENUES AND EARNINGS OF THE WATER SYSTEM, SUBJECT, HOWEVER, TO THE APPROVAL OF THE QUALIFIED ELECTORS OF SAID CITY AT A SPECIAL ELECTION ORDERED HEREIN; DESCRIBING SAID BONDS AND THE CONDITIONS UNDER WHICH THEY WILL BE ISSUED; CALLING A SPECIAL ELECTION FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF SAID CITY THE QUESTION OF THE RATIFICATION OR REJECTION OF SAID BOND ISSUE AND OF SAID INDEBTEDNESS; PROVIDING FOR PUBLIC NOTICE OF SAID ELECTION; PROVIDING FOR THE APPOINTMENT OF THE CITY CLERK TO CONDUCT THE ELECTION; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

CITY OF BONNERS FERRY

Boundary County, Idaho

WATER REVENUE BOND ELECTION

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

WHEREAS, the City of Bonners Ferry (the "City"), is a duly existing city organized and operating under the laws of the State of Idaho; and

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

WHEREAS, the City Council has determined to finance a part of the costs of the acquisition and construction of said improvements by the issuance of water revenue bonds of the City, pursuant to and shall be issued consistent with the provisions of the Revenue Bond Act of the State of Idaho, Sections 50-1027 to 50-1042, inclusive, Idaho Code, and the Municipal Bond Law of the State of Idaho, Chapter 2 of Title 57, Idaho Code; and

WHEREAS, said revenue bonds cannot be issued without the assent of a majority of the qualified electors of the City voting in an election called for such purpose; and

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

NOW, THEREFORE, BE IT FURTHER ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BONNERS FERRY as follows:

Section 1: THE PROJECT

A. It is deemed necessary and advisable that the City acquire, install, and construct certain improvements to the City's water system and facilities. Such improvements consist of the following:

(1) The acquisition, construction and installation of a 1,000,000 gallon water storage tank with booster pumps and a pressure reducer valve;

(2) The acquisition and installation of improvements to the filtration system;

(3) The acquisition, construction and installation of water transmission and supply lines throughout the System; and

(4) The acquisition, construction and installation of necessary improvements and betterments thereto; together with the purchase of sites and easements therefor and all appurtenances and machinery necessary or useful for said system (the "Project"), all pursuant to the preliminary maps, plans, and specifications therefor which have been prepared and filed by Welch-Comer & Associates, of Coeur d'Alene, Idaho, heretofore selected by the City Council for such purpose and on file in the office of the City.

B. The estimated cost and expense of the acquisition, installation, and construction of the Project is \$3,648,300, including payment of all preliminary expenses incurred and incident to the Project and properly incident to the issuance of the bonds as such expenses are set forth in said Revenue Bond Act and Municipal Bond Law, and including payment of interest on such bonds

or bond anticipation notes or other interim financing during the period to be covered by the acquisition and construction of the improvements as described in subparagraph A above, and including the funding of any Reserve Account to secure repayment of the Bonds. Any portion of the cost of the Project not paid for by the proceeds of the Bonds authorized herein will be paid by other funds of the City and grant funds received from agencies of the United States or the State of Idaho, if any.

C. Subject to the following paragraph, the acquisition of the improvements, as described in subparagraph A, above, are hereby ordered.

D. Subject to the approval thereof by the qualified electors voting at the election for which provision is hereinafter made, revenue bonds of the City shall be issued pursuant to the provisions of the Revenue Bond Act, Sections 50-1027 to 50-1042, inclusive, Idaho Code, in the amount of not to exceed \$3,000,000 to pay part of the costs of the Project.

Section 2: SPECIAL ELECTION

A special municipal bond election is hereby called within the City to be held on Tuesday, May 24, 2005, for the purpose of enabling the qualified electors of the City to vote upon the proposition set forth herein. Said election shall be held in accordance with the laws of the State of Idaho, more particularly Titles 34 and 50.

Section 3: CONDUCT OF ELECTION AND NOTICE TO ELECTORS

Said election shall be conducted as specified in Idaho Code Title 50, Chapters 4 and 10 and in the Notice of Election attached hereto, marked Exhibit "A", and by this reference made a part hereof.

Section 4: DESIGNATION OF CITY CLERK TO CONDUCT ELECTION

Pursuant to Idaho Code Section 50-403, the City Clerk is designated as the person to conduct the election, including the appointment of judges and clerks to serve as Board of Election. Each member of each Board of Election shall take an oath, which shall be administered by the City Clerk, faithfully to perform the duties of such member.

Section 5: POLLING HOURS AND PLACES

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

B. **Polling Places.** The polling place within the City for the election shall be those designated by the City Clerk.

Section 6: BOARDS OF ELECTION: OATHS

A. **Appointment of Boards of Election.** The City Clerk is hereby authorized to appoint a Board of Election to preside over each polling place. Each Board of Election shall consist of one (1) or more Judges and a clerk, who shall be qualified electors of the City. The City Clerk is authorized to appoint, from time to time, qualified substitutes, if any, if such appointed Judges or clerks become unable to serve. The Judges and clerks shall sign appropriate oaths regarding performance of their duties as prepared by the City Clerk.

B. **Oath.** Each member of each Board of Election shall take an oath, which shall be administered by the City Clerk, faithfully to perform the duties of such member.

Section 7: QUALIFICATION OF ELECTOR'S; VOTING PROCESS

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

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

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

D. **Absentee Voting.** If a qualified elector will either be absent on the day of the election or unable to go to the polling place due to a physical disability, he/she may vote by absentee ballot. Any such elector shall make application to the City Clerk or other official charged by law with the duty of issuing official ballots for the election, for an absentee ballot. The application shall contain the name of the elector, his/her home address, city and address to which the ballot should be sent. The City Clerk, after receiving the application in the manner prescribed in Idaho Code §50-443 shall deliver either personally, or by mail, an absentee ballot. The absentee ballot shall be returned to the City Clerk in a sealed envelope in the manner prescribed in Idaho Code §50-447. The Absentee Ballot must be received by 8:00 o'clock P.M. on the day of the election to be counted. After verification of the qualification of the elector to vote in the election, the absentee ballot shall be counted.

Section 8: BALLOT PROPOSITION

The ballot title for said special election shall be in substantially the following form:

Proposition No. 1

SHALL THE CITY OF BONNERS FERRY ISSUE AND SELL ITS WATER REVENUE BONDS TO PAY PART OF THE COSTS OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE CITY'S WATER SYSTEM IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,000,000? SAID BONDS SHALL MATURE OVER A PERIOD OF NOT TO EXCEED THIRTY (30) YEARS, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES OF THE WATER SYSTEM, ALL AS MORE FULLY PROVIDED IN ORDINANCE NO. 488, ADOPTED ON FEBRUARY 15, 2005.

- IN FAVOR OF issuing Water Revenue Bonds for the purposes provided by Ordinance No. 488
- AGAINST issuing Water Revenue Bonds for the purposes provided by Ordinance No. 488

INSTRUCTIONS TO VOTERS: To vote on the foregoing proposition, make a cross (X) in the space to the right of the words "IN FAVOR OF issuing Water Revenue Bonds for the purposes provided by Ordinance No. 488" or "AGAINST issuing Water Revenue Bonds for the purposes provided by Ordinance No. 488" according to the way you desire to vote on the question. If you, by mistake or accident, mark, tear, deface, or otherwise mutilate this ballot, return it to the election Judge and obtain another ballot.

The following information is required by section 34-440, Idaho Code.

The existing indebtedness of the water system of the City is \$-0-. The range of anticipated interest rates is from 2.0% to 5.0%, with the calculations below assuming a 4.50% interest rate. The total amount to be repaid over the life of the proposed water revenue bonds, principal and interest, based on the anticipated interest rate, is estimated to be \$5,525,238.86.

Section 9: NOTICE OF SPECIAL BOND ELECTION; PUBLICATION AND POSTING

Pursuant to Chapter 14, Title 34, Idaho Code, the County Clerk or his/her designee is hereby authorized and directed to give Notice of Special Bond Election in substantially the form attached hereto as Exhibit "A", prior to said election, by publication and posting as follows:

A. Publication. Said Notice of Special Election shall be published in at least two issues of the official newspaper of the City. The first publication shall be made not less than forty-five (45) days prior to the election. The last publication shall be made not less than fifteen (15) days prior to the election. The Notice shall be in substantially the form marked Exhibit "A" attached hereto and incorporated herein by reference.

B. Posting. Said Notice of Special Bond Election shall be posted not less than thirty (30) days prior to the day of the election in at least three (3) public places in the City.

C. Affidavits. Proof of publication shall be upon the affidavit of the publisher of the newspaper, and proof of posting notice shall be upon the affidavit of the person posting the same. Such affidavits shall be filed with the City Council by those posting and publishing such Notice.

Section 10: DEBT DISCLOSURE STATEMENT

Pursuant to Idaho Code Section 34-440, as amended, a debt disclosure statement shall be submitted to the Boundary County Recorder.

Section 11: WATER REVENUE BONDS

If, at said election, a majority of the qualified electors of the City voting therein vote in favor of the issuance of said bonds for the purposes set forth herein and designated on the aforesaid ballot, fully registered water revenue bonds of the City shall be authorized, issued, sold, and delivered. Said bonds shall mature over a period of not to exceed thirty (30) years, and shall bear interest payable annually or at such lesser intervals and at such rate or rates as may be prescribed by the ordinance or resolution authorizing the issuance of such bonds.

All bonds shall be issued in the form and manner, and be registered, disposed of, and redeemed, in accordance with the provisions of the Revenue Bond Act of the State of Idaho, Sections 50-1027 to 50-1042, inclusive, Idaho Code, and the Municipal Bond Law of the State of Idaho, Chapter 2 of Title 57, Idaho Code.

The net revenues of said water system (gross revenues minus normal expenses of maintenance and operation) will be pledged for the payment of principal and interest, and redemption premiums, if any, on said water revenue bonds. Said bonds shall not be a debt of the City within the meaning of any State Constitutional provision or statutory limitation, nor a charge against the general credit or taxing powers of the City, and the City shall not be liable therefor, nor shall said bonds or the interest thereon be payable out of any funds other than the revenues of the water system specified above.

Section 12: ELECTION RESULTS; CANVASS

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

B. Board of Canvassers. Pursuant to Idaho Code, the City Council of the City shall form a Board of Canvassers for the election. Upon receipt of the vote tallies from the election personnel, the City Council shall canvass such returns at its next meeting. Thereupon, the results shall be entered in the minutes of the City Council and declared final.

Section 13: OFFICERS AUTHORIZED

The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance.

Section 14: RATIFICATION

All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council and the officers of the City directed toward construction and installation of said water system and the issuance of water revenue bonds of the City therefor, and for the holding of a special municipal bond election, is hereby ratified, approved, and confirmed.

Section 15: PUBLICATION

A summary of this Ordinance shall be published in the official newspaper of the City.

Section 16: EFFECTIVE DATE

This Ordinance shall be effective on and after its approval by the City Council and publication of the summary of this Ordinance as attached hereto as Exhibit "B" and incorporated herein by this reference.

PASSED under a suspension of the rules at a regular meeting of the City Council of the City of Bonners Ferry, held on this 15th day of February, 2005, upon which a roll call vote was duly taken and duly enacted.

CITY OF BONNERS FERRY,

Boundary County, Idaho

/s/ Darrell Kerby, Mayor

ATTEST: /s/ Kris Larson, City Clerk

Jim Burkholder moved to read Ordinance 489 Authorizing the Assumption of the Assets and Liabilities of the North Water & Sewer District Subject to Approval by the Electors of the City. Leslie Falcon seconded the motion. The motion passed, all in favor. Attorney Tim Wilson read Ordinance 489 in its entirety.

Jim Burkholder moved to have the second and third reading of Ordinance 489 by title only. Leslie falcon seconded the motion and it passed, all in favor. Attorney Tim Wilson read Ordinance 489 by title only the second and third time.

Mick Mellett moved to adopt Ordinance 489 Authorizing Assumption of the Assets and Liabilities of the North Water & Sewer District Subject to Approval by the Electors. Russ Docherty seconded the motion. The motion passed - Mick Mellett "yes", Russ Docherty "yes", Jim Burkholder "yes", Leslie Falcon "yes". Ordinance 489 reads as follows:

ORDINANCE NO. 489

AN ORDINANCE OF THE CITY OF BONNERS FERRY, BOUNDARY COUNTY, IDAHO, AUTHORIZING ASSUMPTION OF THE ASSETS AND LIABILITIES OF THE NORTH WATER AND SEWER DISTRICT SUBJECT TO APPROVAL BY THE ELECTORS OF THE CITY AT AN ELECTION TO BE CALLED AND CONDUCTED ON MAY 24, 2005; SETTING FORTH THE FORM OF THE PROPOSITION REGARDING THE ASSUMPTION OF THE DISTRICT BY THE CITY; SETTING FORTH NOTICE REQUIREMENTS FOR THE ELECTION AND OTHER MATTERS PROPERLY RELATING THERETO

CITY OF BONNERS FERRY

Boundary County, Idaho

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

WHEREAS, the City of Bonners Ferry, Boundary County, Idaho (the "City"), is a duly incorporated and existing city, organized and operating under the laws of the State of Idaho, which operates a municipal water and sewer system;

WHEREAS, the North Water and Sewer District, Boundary County, Idaho (the "District") provides water and sewer services within its boundaries, many of the recipients of which are also residents of the City;

WHEREAS, the electors of the District and of the City are virtually identical;

WHEREAS, the District currently has certain obligations outstanding for the purpose of acquiring and installing improvements to its water and sewer system;

WHEREAS, the Board of Directors of the District (the "Board") and the City Council of the City (the "Council") have determined that it is in the best interests of the ratepayers and tax payers of both the City and the District, since they are virtually the same people, to consider the merger of the District and all of its assets and liabilities, into the City;

WHEREAS, the Board and the Council desire to seek approval of the electors of the City and the District for the merger of the District into the City and the assumption by the City of all of the assets and liabilities of the District, as well as the responsibility for the operation of the sewer system of the District; and

WHEREAS, the Council desires to call and authorize the conduct of a special election on this issue on May 24, 2005 and to take the appropriate steps necessary to call said election.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

Section 1: CITY'S WILLINGNESS TO OPERATE WATER AND SEWER SYSTEM

The Council hereby consents to the operation of the water and sewer system currently owned and operated by the District, if the residents of the District and the City vote to transfer the assets, liabilities and responsibility for operation of the water and sewer systems to the City and an appropriate agreement between the City and District is completed and executed. The Council further believes that there are a number of advantages in the City's operation of the combined water and sewer systems, including:

- (1) A realization of savings for operating costs;
- (2) The opportunity to more efficiently and effectively provide all municipally related services to the residents of the City and the District who are nearly one and the same;
- (3) An opportunity to better coordinate municipal services in the Bonners Ferry community; and
- (4) A standardization of rules applicable to utility systems in Bonners Ferry and the surrounding area.

Section 2: ELECTION AUTHORIZED

The Council hereby authorizes the submission of the following proposition to the electors of the City on May 24, 2005:

Proposition No. 2

SHALL THE CITY OF BONNERS FERRY ASSUME THE ASSETS AND LIABILITIES OF THE NORTH WATER AND SEWER DISTRICT, INCLUDING ANY AND ALL OUTSTANDING INDEBTEDNESS OF THE NORTH WATER AND SEWER DISTRICT? IF APPROVED BY THE ELECTORS OF THE CITY AND DISTRICT, THE CITY SHALL BE RESPONSIBLE FOR OPERATING THE WATER AND SEWER SYSTEMS CURRENTLY OPERATED BY THE DISTRICT AND THE DISTRICT SHALL TRANSFER ITS ASSETS TO THE CITY IN ACCORDANCE WITH THE APPROPRIATE REQUIREMENTS OF THE LAWS OF THE STATE OF IDAHO AND THE AGREEMENTS OF THE PARTIES.

Assumption of North Water and Sewer District by City YES.....

Assumption of North Water and Sewer District by City NO.....

Section 3: DETERMINATION

The Council does hereby find, determine, and declare that it is important to the public interest, welfare, and convenience of the City and the inhabitants thereof to operate the water and sewer systems of the Districts and the City together.

Section 4: NOTICE OF ELECTION

The Council hereby directs that the proposition contained within Paragraph 2 herein be included on the municipal ballot to be presented to the electors on May 24, 2005. The Council further directs that notice of this proposition and its inclusion on the ballot be provided as required by Idaho election law, including all notices and sample ballots which are prepared, published and posted.

Section 5: RATIFICATION

All actions (not inconsistent with the provisions of this Ordinance) heretofore taken by the Council, and its employees, with respect to the conduct of the election and possible transfer of the system, are hereby in all respects ratified, approved, and confirmed.

Section 6: SEVERABILITY

If any one or more of the covenants or agreements provided in this 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 in this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

Section 7: REPEALER

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

Section 8: PUBLICATION

A summary of this Ordinance shall be published in the official newspaper of the City.

Section 9: EFFECTIVE DATE

This Ordinance shall be effective on and after its approval by the City Council and publication of the summary of this Ordinance as attached hereto as Exhibit "A" and incorporated herein by this reference.

PASSED under a suspension of the rules at a regular meeting of the City Council of the City of Bonners Ferry, held on this 15th day of February, 2005, upon which a roll call vote was duly taken and duly enacted.

CITY OF BONNERS FERRY,

Boundary County, Idaho

/s/ Darrell Kerby, Mayor

ATTEST: /s/ Kris Larson, City Clerk

Mick Mellett moved to read Ordinance 490 Authorizing the Assumption of the Assets and Liabilities of the South Water & Sewer District Subject to Approval by the Electors of the City. Russ Docherty seconded the motion. The motion passed, all in favor. Attorney Tim Wilson read Ordinance 490 in its entirety.

Jim Burkholder moved to have the second and third readings of Ordinance 490 by title only. Leslie falcon seconded the motion and it passed, all in favor. Ordinance 490 was read by title only for the second and third time by Attorney Tim Wilson.

Russ Docherty moved to adopt Ordinance 490 Authorizing Assumption of the Assets and Liabilities of the South Water & Sewer District Subject to Approval by the Electors. Mick Mellett seconded the motion. The motion passed- Mick Mellett "yes", Russ Docherty "yes", Jim Burkholder "yes", Leslie Falcon "yes". Ordinance 490 reads as follows:

ORDINANCE NO. 490

AN ORDINANCE OF THE CITY OF BONNERS FERRY, BOUNDARY COUNTY, IDAHO, AUTHORIZING ASSUMPTION OF THE ASSETS AND LIABILITIES OF THE SOUTH HILL WATER AND SEWER DISTRICT SUBJECT TO APPROVAL BY THE ELECTORS OF THE CITY AT AN ELECTION TO BE CALLED AND CONDUCTED ON MAY 24, 2005; SETTING FORTH THE FORM OF THE PROPOSITION REGARDING THE ASSUMPTION THE DISTRICT BY THE CITY; SETTING FORTH NOTICE REQUIREMENTS FOR THE ELECTION AND OTHER MATTERS PROPERLY RELATING THERETO

CITY OF BONNERS FERRY

Boundary County, Idaho

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

WHEREAS, the City of Bonners Ferry, Boundary County, Idaho (the "City"), is a duly incorporated and existing city, organized and operating under the laws of the State of Idaho, which operates a municipal water and sewer system;

WHEREAS, the South Hill Water and Sewer District, Boundary County, Idaho (the "District") provides water and sewer services within its boundaries, many of the recipients of which are also residents of the City;

WHEREAS, the electors of the District and of the City are virtually identical;

WHEREAS, the District currently has certain obligations outstanding for the purpose of acquiring and installing improvements to its water and sewer system;

WHEREAS, the Board of Directors of the District (the "Board") and the City Council of the City (the "Council") have determined that it is in the best interests of the ratepayers and tax payers of both the City and the District, since they are virtually the same people, to consider the merger of the District and all of its assets and liabilities, into the City;

WHEREAS, the Board and the Council desire to seek approval of the electors of the City and the District for the merger of the District into the City and the assumption by the City of all of the assets and liabilities of the District, as well as the responsibility for the operation of the sewer system of the District; and

WHEREAS, the Council desires to call and authorize the conduct of a special election on this issue on May 24, 2005 and to take the appropriate steps necessary to call said election.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

Section 1: CITY'S WILLINGNESS TO OPERATE WATER AND SEWER SYSTEM

The Council hereby consents to the operation of the water and sewer system currently owned and operated by the District, if the residents of the District and the City vote to transfer the assets, liabilities and responsibility for operation of the water and sewer systems to the City and an appropriate agreement between the City and District is completed and executed. The Council further believes that there are a number of advantages in the City's operation of the combined water and sewer systems, including:

- (1) A realization of savings for operating costs;
- (2) The opportunity to more efficiently and effectively provide all municipally related services to the residents of the City and the District who are nearly one and the same;
- (3) An opportunity to better coordinate municipal services in the Bonners Ferry community; and
- (4) A standardization of rules applicable to utility systems in Bonners Ferry and the surrounding area.

Section 2: ELECTION AUTHORIZED

The Council hereby authorizes the submission of the following proposition to the electors of the City on May 24, 2005:

Proposition No. 3

SHALL THE CITY OF BONNERS FERRY ASSUME THE ASSETS AND LIABILITIES OF THE SOUTH HILL WATER AND SEWER DISTRICT, INCLUDING ANY AND ALL OUTSTANDING INDEBTEDNESS OF THE SOUTH HILL WATER AND SEWER DISTRICT? IF APPROVED BY THE ELECTORS OF THE CITY AND DISTRICT, THE CITY SHALL BE RESPONSIBLE FOR OPERATING THE WATER AND SEWER SYSTEMS CURRENTLY OPERATED BY THE DISTRICT AND THE DISTRICT SHALL TRANSFER ITS ASSETS TO THE CITY IN ACCORDANCE WITH THE APPROPRIATE REQUIREMENTS OF THE LAWS OF THE STATE OF IDAHO AND THE AGREEMENTS OF THE PARTIES.

Assumption of South Hill Water and Sewer District by City

YES.....

Assumption of South Hill Water and Sewer District by City

NO.....

Section 3: DETERMINATION

The Council does hereby find, determine, and declare that it is important to the public interest, welfare, and convenience of the City and the inhabitants thereof to operate the water and sewer systems of the Districts and the City together.

Section 4: NOTICE OF ELECTION

The Council hereby directs that the proposition contained within Paragraph 2 herein be included on the municipal ballot to be presented to the electors on May 24, 2005. The Council further directs that notice of this proposition and its inclusion on the ballot be provided as required by Idaho election law, including all notices and sample ballots which are prepared, published and posted.

Section 5: RATIFICATION

All actions (not inconsistent with the provisions of this Ordinance) heretofore taken by the Council, and its employees, with respect to the conduct of the election and possible transfer of the system, are hereby in all respects ratified, approved, and confirmed.

Section 6: SEVERABILITY

If any one or more of the covenants or agreements provided in this 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 in this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

Section 7: REPEALER

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

Section 8: PUBLICATION

A summary of this Ordinance shall be published in the official newspaper of the City.

Section 9: EFFECTIVE DATE

This Ordinance shall be effective on and after its approval by the City Council and publication of the summary of this Ordinance as attached hereto as Exhibit "A" and incorporated herein by this reference.

PASSED under a suspension of the rules at a regular meeting of the City Council of the City of Bonners Ferry, held on this 15th day of February, 2005, upon which a roll call vote was duly taken and duly enacted.

CITY OF BONNERS FERRY,
Boundary County, Idaho

/s/ Darrell Kerby, Mayor

ATTEST: /s/ Kris Larson, City Clerk

Jim Burkholder moved to approve payment for the Visitor's Center Project. Mick Mellett seconded the motion. The motion passed- Mick Mellett "yes", Russ Docherty "yes", Jim Burkholder "yes", Leslie Falcon "yes. (Clerk's note: the payment will be made by ITD).

Jim Burkholder moved to set the Fiscal Year 2006 Budget Hearing for September 6, 2005. Russ Docherty seconded the motion. The motion passed, all in favor.

Mick Mellett moved to write a letter to the Department of Lands in support of the Katka "Two Tail Peak Project." Leslie Falcon seconded the motion. The motion passed, all in favor. The Mayor asked City Administrator Stephen Boorman to write the letter and Stephen agreed to write it.

At 7:50 p.m. Mick Mellett moved to go into executive session per Idaho Code 67-2345 to discuss personnel and legal matters. Leslie Falcon seconded the motion. The motion passed - Mick Mellett “yes”, Russ Docherty “yes”, Jim Burkholder “yes”, Leslie Falcon “yes”. At 9:20 p.m. Mick Mellett moved to go out of executive session. Leslie Falcon seconded the motion. The motion passed, all in favor. No action was taken.

The Council discussed the water issue about having meeting with other water districts to keep them informed with the details and put it to a vote. The Council was in agreement that the public should also be kept informed.

Mayor Kerby adjourned the meeting at 9:30 p.m.

Darrell Kerby, Mayor

Attest:

Tamera Stemmene, Deputy City Clerk