

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. Special accommodations to see, hear, or participate in the public meeting should be made at City Hall within two days of the public meeting.

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. We are an inclusive city that welcomes all people, regardless of race, religion, color, national origin, sex, age, disability, sexual orientation, or gender identity and encourages their participation in city government and city programs.

AGENDA
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
September 15, 2020
6:00 pm

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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

REPORTS

Police/Fire/City Administrator/City Engineer/Economic Development Coordinator/Urban Renewal District/SPOT/Golf

CONSENT AGENDA – {action item}

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Approval of the September 1, 2020 Council meeting minutes
4. Treasurer's Report

OLD BUSINESS

NEW BUSINESS

5. **City** – Consider a letter of support for the Forest Legacy Proposal for 2020 {action item}
6. **Electric** – Have the first reading of the Moyie Hydro Bond Parameters Ordinance #596 (attachment) {action item}
7. **Electric** – Suspend the reading rules and adopt the Moyie Hydro Bond Parameters Ordinance #596 {action item}
8. **Electric** – Consider authorizing the Mayor to sign the contract with Avista for a three-year internet pilot program (attachment) {action item}
9. **City** – Consider authorizing the Mayor to sign a contract with Vigilante Studios to create a brand for the City (attachment) {action item}
10. **City** – Consider authorizing staff to prepare and advertise a Request For Proposals to purchase Enterprise Resource Planning software (attachment) {action item}
11. **City** – Consider authorizing the Mayor to sign the contract with Second Chance Animal Adoption for fiscal year 2021 (attachment) {action item}
12. **City** – Consider approval of the revised billing policy (attachment) {action item}
13. **Water** – Consider awarding the bid for the Dakota Street Water Main Project (attachment) {action item}
14. **Street** – Consider authorizing the advertisement for a Street department employee {action item}
15. **City** – Consider the creation of a volunteer manual {action item}
16. Executive Session pursuant to Idaho Code 74-206, Subsection 1 (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

ADJOURNMENT

**MINUTES
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
September 1, 2020
6:00 pm**

Mayor Dick Staples called the Council meeting of September 1, 2020 to order at 6:00 pm. Present for the meeting were: Council President Rick Alonzo, Council Members Adam Arthur, Valerie Thompson and Ron Smith. Also present were: City Clerk/Treasurer Christine McNair, City Administrator Lisa Ailport, City Engineer Mike Klaus, City Fire Chief Dave Winey, City Police Chief Brian Zimmerman and City Attorney Andrakay Pluid. Members of the public present were: Jerry Higgs, Marciavee Cossette, Steve Nelson, Denise Crichton, Morgan Draxlir, Len Pine, Carolyn Testa, Steve Tanner, Brian Woomert, Fred Zobel and Tara Zobel.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Steve Nelson Friends of Mirror Lake golf tournament will be September 11, 2020 and September 12, 2020. Cart paths can be completed when stumps have been removed. Volunteers will remove birch trees on #3 and dig burn pit this year after the season is over. Next year landscaping will be done and trees will be replanted. Steve said Idaho Forest Group is going to donate mulch and Steve needs to know the requirements for having the mulch delivered.

Morgan Draxlir, Steve Tanner, Brian Woomert, Fred Zobel spoke in opposition to the vision statement.

Mayor Staples said comments that are emailed to the City will not be read. If people want to make a comment, they can attend the meeting in person or by Zoom.

REPORTS

City Administrator Lisa Ailport said the internal advertisement was sent out last Thursday for the Street Superintendent position. Lisa is working on an interview panel. The City did receive a contract with Avista regarding the proposal and are working on the details regarding that contract.

City Engineer Mike Klaus said the only active project is the well house. Rick asked when the well house will be complete. Mike said the well house should be completed within six weeks, dependent upon the agreement with Burlington Northern.

Economic Development Coordinator Dennis Weed said the State is releasing the final contracts for broadband. There are 12 new contracts in this county to increase upload & download speed to be completed by December 15, 2020. EL will install fiber to Moyie. Innovia gave \$3,200 locally and hoping for match from the chamber to help small businesses.

SPOT Ron Smith said rides are slowly picking up.

CONSENT AGENDA – {action item}

1. Call to Order/Roll Call
 2. Approval of Bills and Payroll
 3. Approval of the August 18, 2020 Council meeting minutes, the August 25, 2020 Special Council meeting minutes
- Adam Arthur moved to approve the consent agenda. Valerie Thompson seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

OLD BUSINESS

4. City – Consider CARES Act Funds Relating to Public Safety Officers (attachment) {action item}
- Lisa gave a presentation on Governor Little's program to use property taxes to pay public safety officers. Several counties and cities filed a lawsuit regarding this. Opting out Burley, Victor, Lewiston, Hayden. Opting in Sandpoint, Rathdrum, McCall, Jerome. Ron asked what the affect will be to the citizens of Bonners Ferry. Valerie said it can place the property owners in financial peril next year. Adam is concerned with having to pay it back. Andrakay said the US Treasury will not provide a letter regarding this. Valerie Thompson moved to opt out of the CARES Act Funds for public safety payroll expense and take the three percent property tax increase. Adam Arthur seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

5. Golf – Consider Approval of the Friends of Mirror Lake Volunteers (attachment) {action item}

Rick Alonzo moved to approve the Friends of Mirror Lake volunteers as submitted by Ralph. Ron Smith seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

NEW BUSINESS

6. Electric – Consider Authorizing the Mayor to Sign the Utility Agreement with the Federal Highway Administration to Move the Power Infrastructure on Riverside Street (attachment) {action item}

Mike said this has to do with the County's project and we will be reimbursed for some of the City's costs. The City did not receive the contract yet. Mayor Staples tabled this item until the contract is received.

7. Electric – Consider Authorizing the Mayor to Sign the Contract with Asplundh for Tree Trimming for Fiscal Year 2021 (attachment) {action item}

Andrakay said Kevin Cossairt asked her to prepare this contract for the power line tree trimming. Adam Arthur moved to authorize the Mayor to sign the contract with Asplundh for tree trimming for fiscal year 2021. Valerie Thompson seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

8. Electric – Consider Authorizing the Mayor to Sign the Contract with HDR for Additional Services Related to the Latest Part 12 Inspection (attachment) {action item}

Mike said he thought this was covered under another contract. Valerie Thompson moved to authorize the Mayor to sign the contract with HDR for additional services related to the latest Part 12 inspection. Rick Alonzo seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

9. Water/Sewer – Consider Authorizing the Mayor to Sign Resolution #2020-09-01 for an Interfund Loan from the Sewer Fund to the Water Fund (attachment) {action item}

Mike said the Cassia tank was built with a loan from Electric department to the Water department. This transfer will help the Electric fund and the Sewer fund has enough money at this time. Mike said the Sewer fund could be a little tight next year if all the capital projects are completed, but he still recommends the transfer. Adam Arthur moved to authorize the Mayor to sign Resolution #2020-09-01 for an interfund loan from the Sewer fund to the Water Fund. Valerie Thompson seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

10. City – Consider Authorizing the Mayor to Sign the Contract with Bear Auto for Mechanical Work (attachment) {action item}

Andrakay said Jimmy will be out of commission for a while and Keith has agreed to fill in on a as needed basis. Rick Alonzo moved to authorize the Mayor to sign the contract with Bear Auto for mechanical work. Ron Smith seconded the motion. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

11. Street – Consider Approval of the Job Description for the Street and Park Superintendent (attachment) {action item}

Lisa said the previous job description was written in 2011, she felt the description needed some adjustment to encompass all of the duties that this position actually does. Adam asked if the current superintendent had any input in this job description. Lisa said he was. Ron Smith moved to approve the job description for the Street and Park Superintendent. Rick Alonzo seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

12. City – Consider the Request from Len Pine to Sponsor 9/11 Memorial as a City Event (attachment) {action item}

Len wants to use the City parking lot to accommodate all the people. Len said has requested the Idaho Transportation Department block off the South bond turn lane so fire apparatus and police vehicles can park in that lane. Len is requesting this should be a City sponsored event since it is a civic event. Mayor Staples asked about the previous liability concerns with gatherings and COVID. Andrakay said the Governor signed into law legislation limiting liability for cities, counties and school districts regarding Coronavirus transmission as long as it wasn't willful or negligent. Valerie said the City has a policy that does not allow for fees to be waived. Rick Alonzo moved to have the 9/11 Memorial as a City event and encourage social distancing and other precautions. Adam Arthur seconded the motion. The motion passed. Adam Arthur – yes, Valerie Thompson – yes, Rick Alonzo – yes, Ron Smith – yes

ADJOURNMENT

The meeting adjourned at 7:16 pm.

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

**HYDROELECTRIC REVENUE BOND, SERIES 2020
ORDINANCE NO. 596**

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Hydroelectric Revenue Bond, 2020, in the aggregate principal amount of not to exceed \$4,145,000, to provide the funds necessary to finance certain capital improvements to the City's electric system; delegating authority to the designated representative to determine the terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and providing for other matters relating thereto.

PASSED AND APPROVED: September 15, 2020

Prepared by:

MCALOON LAW, PLLC
Spokane, Washington

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO

ORDINANCE NO. 596

Table of Contents*

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

* 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.

ORDINANCE NO. 596

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Hydroelectric Revenue Bond, 2020, in the aggregate principal amount of not to exceed \$4,145,000, to provide the funds necessary to finance certain capital improvements to the City's electric system; delegating authority to the designated representative to determine the terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and providing for other matters relating thereto.

**CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO
HYDROELECTRIC REVENUE BOND, SERIES 2020**

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 conduct elections and issue revenue bonds to refinance certain improvements; and

WHEREAS, the City has outstanding its Hydroelectric Revenue Refunding Bond, Series 2017, issued on March 15, 2017, pursuant to Ordinance No. 561 adopted on January 17, 2017, (the "2017 Bond Ordinance") which remains outstanding in the amount of \$320,000 (the "2017 Bond"); and

WHEREAS, the 2017 Bond was sold to the Idaho Bond Bank Authority (the “Authority”) pursuant to a Loan Agreement between the City and the Authority dated as of March 1, 2017 (the “2017 Loan Agreement”); and

WHEREAS, Section 4.3 of the 2017 Loan Agreement sets forth certain conditions that must be met in order for the City to issue debt on a parity with the 2017 Bond and the City Council intends to satisfy all such conditions; and

WHEREAS, by Ordinance No. 590, adopted on March 3, 2020 (the “Election Ordinance”), the City Council authorized certain improvements to the Electric System (defined as the “Project” and described more fully in Section 1 of the Election Ordinance) and authorized the issuance of hydroelectric revenue bonds in the amount of not to exceed \$4,145,000 (the “Bond”) for the purpose of paying the costs of the Project subject to approval of a majority of the electors voting in an election, and at an election held on May 19, 2020, the qualified electors within the City by favorable vote approved the issuance of the Bond; and

WHEREAS, Section 67-8722, Idaho Code, authorizes the sale by the City of the voter-approved Bond at a private sale, and the Council now desires to approve the issuance of the Bond as herein provided;

WHEREAS, the Council wishes to delegate authority to the Designated Representative (as hereinafter defined) to approve the final principal amount of the Bond, the date of the Bond, and the interest rate, tax status, payment dates, redemption provisions, and maturity date of the Bond under such terms and conditions as are approved by this ordinance; and

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:

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 Bond 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 Bonds during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Bonds are retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Bonds in such Fiscal Year.

Bond or Electric System Bond means the not to exceed \$4,145,000 principal amount of the City's Hydroelectric Revenue Bond, Series 2020, issued pursuant to this Bond Ordinance.

Bond Counsel means McAloon Law 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 7 herein.

Bond Ordinance means this Bond Ordinance authorizing the sale and issuance of the Bond in the aggregate amount of \$4,145,000.

Bond Purchase Contract means the purchase contract relating to the Bond between the City and the purchaser of the Bond providing for the purchase of the Bond and setting forth certain terms approved by the Designated Representative as provided in Section 3 of this ordinance.

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.

Consultant means at any time an independent consultant recognized in hydroelectric power matters or an engineer or engineering firm or other expert appointed by the City to perform the duties of the Consultant as required by this Bond Ordinance. For the purposes of delivering any certificate required by Section 16 hereof and making the calculation required by Section 16 hereof, the term Consultant shall also include any independent public accounting firm appointed by the City to make such calculation or to provide such certificate or a financial advisor appointed by the City to make such calculation or to provide such certificate.

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

Future Parity Bonds means those revenue bonds or revenue warrants which will be issued by the City in the future as Parity Bonds.

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 6 of this Bond Ordinance.

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

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of Parity Bonds.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Maximum Annual Debt Service means, with respect to any Outstanding series of Parity Bonds, the highest remaining Annual Debt Service for such series of Parity Bonds.

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.

Net Revenue as Adjusted means Net Revenue, determined as a result of adjustments to either Revenue of the Electric System and Operation and Maintenance Expenses, regardless of the then-applicable generally accepted accounting principles, to remove non-cash revenues or expenses in order to more fairly reflect the actual revenues for debt service.

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.

Outstanding, when used as of a particular time with reference to Parity Bonds, means all Parity Bonds except those identified as no longer “Outstanding” under the terms established in the respective ordinance authorizing their issuance.

Parity Bonds means any revenue bonds or revenue warrants issued by the City which have a lien upon Net Revenue for the payment of the principal thereof and interest thereon equal to the lien created upon Net Revenue for the payment of the principal of and interest on the Bond. The term **Parity Bonds** shall mean and include the Bond, the 2017 Bond and any Future Parity Bonds.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project Fund means the “2020 Project Fund” as described in Section 10 of this Bond Ordinance.

Rate Covenant has the meaning given such term in Section 1 of this Bond Ordinance.

Rate Stabilization Account means a special account established by the City pursuant to Section 9 of this Bond Ordinance.

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

Reserve Fund means, if required by the Bond Purchase Contract, the fund established pursuant to Section 8 of this Bond Ordinance.

Reserve Fund Requirement means, if required by the Bond Purchase Contract, an amount equal to the lesser of (a) the Maximum Annual Debt service or (b) 125% of average Annual Debt Service on the Parity Bonds, but in no case greater than 10% of the face amounts of the Parity Bonds.

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.

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 Bond Purchase Contract and use of the proceeds of the Bond to finance the Project, 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 its Hydroelectric Revenue Bond, Series 2020 in the principal amount of not to exceed \$4,145,000 (the “Bond”) for the purpose of financing the Project and paying the costs of issuance of the

Bond. Said Bond shall be substantially in the form set forth in Section 13 of this Bond Ordinance, shall be issued as set forth in the Bond Purchase Contract, shall mature no later than twenty (20) years from the date of issuance and shall be subject to prepayment as set forth in the Bond Purchase Contract. Installments of principal and interest shall be payable at such times and in such amounts as set forth in the Bond Purchase Contract. 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 Bond Purchase Contract, so long as:

- (1) the aggregate principal amount of the Bond does not exceed \$4,145,000;
- (2) the Bond does not have a maturity longer than 20 years from its date of issuance; and
- (3) the true interest cost of the Bond does not exceed 3.75%.

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 placement agent, 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.

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 Net Revenue is pledged for the payment of the Bond.

This pledge shall constitute a lien and charge upon the Revenue of the Electric System, 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. 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 as “Income Fund”). The City hereby obligates and binds itself to set aside and pay into the Income Fund all Revenue of the Electric System. 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 7. 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 Parity Lien Hydroelectric Bond Fund” (the “Bond Fund”) solely for the purpose of paying the principal of, premium, if any, and interest on Parity Bonds. The Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of Parity Bonds. The Bond Fund may be maintained as a single account or multiple accounts at the option of the City and may be re-designated in accordance with the accounting procedures then followed by the City.

The City hereby irrevocably obligates and binds itself for as long as any Parity Bonds remain outstanding to set aside and pay from the Revenue Fund into the Bond Fund amounts sufficient to pay the principal of and interest on the Bond on the respective dates on which such principal or interest becomes due. Any moneys from any other fund or account of the District may be credited against the requirements of this Section 7.

The amounts so pledged to be paid into the Bond Fund from Net Revenue are hereby pledged and declared to be a prior lien and charge thereon superior to all other charges of any kind or nature whatsoever except that the amounts so pledged are of equal lien to the charges upon such Net Revenue for the payment of the principal of and interest on any Future Parity Bonds.

Money in the Bond Fund may be invested in permitted investments as permitted by law.

Section 8. Reserve Fund. If required by the Bond Purchase Contract, the Treasurer is hereby authorized and directed to establish a Reserve Fund for the purpose of securing the payment of the principal of, premium, if any, and interest on the Bond. .

Section 9. Rate Stabilization Account. There has previously been created in the office of the Treasurer a “Rate Stabilization Account,” which account may continue to 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 Revenue of the Electric System may be used. Amounts withdrawn from the Rate Stabilization Account shall increase Revenue of the Electric System for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Revenues of the Electric System 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 Revenue of the Electric System for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as Net Revenue for all rate requirement purposes under Section 9 hereof.

Section 10. Application of Bond Proceeds.

Upon the date of issuance of the Bond, proceeds of the Bond shall be applied to pay or reimburse any costs of the Project, and to pay costs of issuing the Bond.

(a) *Reserve Fund.* A portion of the Bond designated by the Designated Representative may be deposited into the Reserve Fund, if required by the Bond Purchase Contract, which amount shall be, together with the balance therein, sufficient to meet the Reserve Fund Requirement, if any.

(b) *Project Fund.* The Designated Representative is hereby requested to establish a fund to be designated as the “2020 Project Fund” (the “Project Fund”), into which the balance of the net proceeds of the Bonds shall be deposited. Money on hand in the Project Fund shall be used to pay the costs of or reimbursement for the costs of the Project and costs of issuance of the Bond. The Designated Representative shall invest money in the Project Fund in such obligations as may now or hereafter be permitted to the City by law and which will mature prior to the date on which such money shall be needed. Any part of the proceeds of the Bond remaining in the Project Fund after all costs of the Project have been paid (including costs of issuance, if any) shall be transferred to the Bond Fund for the uses and purposes therein provided.

Section 11. 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 Consultant to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of Net Revenue specified in the Bond Purchase Contract 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 Revenue of the Electric 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 Bond Purchase Contract.
- (iv) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Net Revenue.

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 of this Bond Ordinance and the Bond Purchase Contract and will faithfully satisfy, observe and perform all agreement, conditions, covenants and terms of the Bond Purchase Contract.

(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 Bond Purchase Contract, 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 Bond Purchase Contract. 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) *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.

(g) *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.

(h) *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.

(i) *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.

(j) *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

(k) *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 Bond Purchase Contract 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 Bond Purchase Contract.

(l) *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.

(m) *Maintenance of Projects.* The City will at all times keep and maintain the Electric System in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(n) *Sale of Certain Projects.* In the event that the Electric System or part thereof which contributes in some measure to the Revenue of the Electric System is sold by the City or is condemned pursuant to the power of eminent domain, the City will apply the net proceeds of such sale or condemnation to capital expenditures upon or for Projects which will contribute in some measure to the Revenue of the Electric System or to the retirement of the Bond.

Section 12. 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, 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 13. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

No. R-1 \$[4,145,000]

STATE OF IDAHO
 CITY OF BONNERS FERRY
 BOUNDARY COUNTY
 HYDROELECTRIC REVENUE BOND, SERIES 2020

INTEREST RATE: _____ %
 MATURITY DATE:
 REGISTERED OWNER:
 PRINCIPAL AMOUNT: _____ 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 _____, 2020, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above, as all further set forth in the Bond Ordinance and the Bond Purchase Contract.

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.

This Bond is a special obligation of the City, as authorized by the voters of the City and issued pursuant to Ordinance No. 597 (the "Bond Ordinance") adopted by the Council on [September 15], 2020, to finance certain capital improvements to the Electric System and to pay costs of issuance of this bond. 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 Bond Purchase Contract 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 Bond Purchase Contract.

This Bond is payable solely from the special fund of the City known as the "City of Bonners Ferry Parity Lien Hydroelectric 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 Revenue 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, and attested by the manual or facsimile signature of the City Clerk and the corporate seal of the City to be affixed thereon, all as of _____, 2020.

CITY OF BONNERS FERRY, IDAHO

By _____ /s/ _____
Mayor

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 Bond, Series 2020 of the City of Bonners Ferry, Boundary County Idaho, dated _____, 2020, described in the Bond Ordinance.

City Treasurer, as Bond Registrar

By _____ /s/ _____

Section 14. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, and attested by the manual or facsimile signature of the City Clerk with the corporate seal of the City to be affixed thereon. 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 13, 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 15. Prepayment. The Bond is subject to prepayment as set forth in the Bond Purchase Contract.

Section 16. Conditions of Issuance of Future Parity Bonds.

The City may issue Parity Bonds at any time; *provided:*

(a) The City shall be in compliance with all agreements, conditions, covenants and terms contained in the 2017 Loan Agreement, and a certificate to that effect shall have been filed with the Trustee (as such term is defined in the 2017 Loan Agreement);

(b) The Parity Bond shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the City shows that Net Revenue for the Fiscal Year immediately preceding the date of the ordinance authorizing the Parity Bond shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in subsection (c), the City may utilize a report of the Consultant that shows that the Net Revenue for the remainder of the projected life of the Parity Bond will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Bonds may be issued, the Consultant shall consider any probable increase (but not decrease) in Operation and Maintenance Expenses, and there may be added to such Net Revenue an allowance for net revenues from any improvements to the Electric System to be made with the proceeds of such Parity Bond and also for net revenues from any

improvements to the Electric System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36-month period in which each such improvement is in operation.

Nothing contained in this section shall limit the issuance of any additional obligations of the City payable from Net Revenue and secured by a lien and charge on the Net Revenue if, after the issuance and delivery of such additional obligations, none of the Repayment Installments for the 2017 Bond shall be unpaid. Furthermore, nothing contained in this section shall limit the issuance of any Parity Bonds for the purpose of refunding Outstanding Parity Bonds or for any subordinate obligations.

Section 17. 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 18. General Authorization; Prior Acts. The Mayor, the City Clerk/Treasurer, the City Administrator 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 19. 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 20. 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 21. 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 September 15, 2020, and APPROVED by the Mayor.

CITY OF BONNERS FERRY, IDAHO

Mayor

ATTEST:

City Clerk/Treasurer

(S E A L)

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. 597 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 1st day of September, 2020.

Laura D. McAloon

EXHIBIT A

CITY OF BONNERS FERRY
BOUNDARY COUNTY, IDAHO
HYDROELECTRIC REVENUE BOND, SERIES 2020

Summary of Ordinance No. 596, passed on September 15, 2020

AN ORDINANCE of the City of Bonners Ferry, Boundary County, Idaho, authorizing the issuance of the City's Hydroelectric Revenue Bond, 2020, in the aggregate principal amount of not to exceed \$4,145,000, to provide the funds necessary to finance certain capital improvements to the City's electric system; delegating authority to the designated representative to determine the terms of the bond under the conditions set forth herein; fixing the form, covenants and term of the bond to be issued; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and providing for other matters relating thereto.

- Section 1. Definitions. Defines certain capitalized terms used in the Ordinance.
- Section 2. Findings and Purposes. Authorizes the issuance of the Bond, execution of the Bond Purchase Contract and the use of Bond proceeds to finance the Project and pay costs of issuance.
- Section 3. Authorization and Description of Bond; Delegation of Authority. Authorizes the sale of the City's Hydroelectric Revenue Bond, Series 2020 (the "Bond"), in an amount of not to exceed \$4,145,000 to provide funds to finance the Project and pay costs of issuance. Describes the Bond and its terms of repayment and provides details regarding payments. Delegates authority to the Designated Representative 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.
- Section 4. Payment, Registration and Transfer of Bond. Sets forth the method of payment and registration of the Bond by the Registrar and the method of transfer of the Bond.
- Section 5. Pledge of Revenue. Pledges Net Revenue for the payment of the Bond.
- Section 6. Income Fund. Renames the City's current Revenue Fund as the "Income Fund" and sets forth the priority of payments from the Income Fund.
- Section 7. Bond Fund. Describes the Bond Fund and provides for deposits to and payments from the Bond Fund for repayment of the Bond and the Reserve Fund.
- Section 8. Reserve Fund. Establishes a Reserve Fund and authorizes transfer of funds from the Bond Fund to the Reserve Fund.

- Section 9. Rate Stabilization Account. Creates a Rate Stabilization Account and sets forth its purpose, funding and use.
- Section 10. Application of Bond Proceeds. Provides that the Bond proceeds will be used to finance the Project and pay costs of issuance of the Bond.
- Section 11. Specific Covenants. Provides for certain financial and operating covenants of the City in the operation of the Electric System.
- Section 12. Tax Covenants. Includes covenants to comply with federal tax requirements and contains special designations under the Internal Revenue Code.
- Section 13. Form of Bond. Describes the form of the Bond.
- Section 14. Execution of Bond. Authorizes procedures for execution and authentication of the Bond by the appropriate officials of the City.
- Section 15. Prepayment. Provides that the Bond is subject to prepayment as set forth in the Bond Purchas Contract.
- Section 16. Conditions of Issuance of Future Parity Bonds. Sets forth the terms and conditions regarding the issuance of Future Parity Bonds.
- Section 17. Lost or Destroyed Bond. Makes provision in case the Bond is lost, stolen or destroyed.
- Section 18. General Authorization; Prior Acts. Authorizes the Mayor, Clerk/Treasurer and City Administrator to take appropriate steps to carry out the terms and provisions of, and complete the transactions contemplated by the Ordinance. Provides that all acts taken pursuant to the authority of the Ordinance but prior to its effective date are ratified and confirmed.
- Section 19. Validity of Issuance. Provides that the Bond is issued and is valid pursuant to Idaho Code.
- Section 20. Severability. Provides that other covenants and agreements in the Ordinance are not affected if one is made invalid.
- Section 21. Effective Date. Provides that the Ordinance shall take effect from and after its passage and publication of the summary thereof as required by law.

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. 596 (the "Ordinance") is a true and correct copy of an ordinance of the Council as passed at a regular meeting of the Council held on September 15, 2020, 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 and affixed the corporate seal of the City this 15th day of September, 2020.

(S E A L)

City Clerk/Treasurer, City of Bonners Ferry



CITY OF BONNERS FERRY

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

TO: Mayor and City Council
FROM: Lisa Ailport, City Administrator *LMA*
DATE: September 10, 2020
RE: **Avista Edge Contract**

The attached contract with Avista Edge summarizes the legal terms in which the City will engage with Avista edge to offer internet service to our residential and commercial electric customers within or near city limits. Council approved the term sheet back in late July and the attached contract is a result of that term sheet being developed.

A high level summary of the proposal has been prepared by myself and Dennis Weed. Mark Gustafson will be present at the meeting to answer any questions.

Summary of the proposal:

Master Service and Rental Agreement with Avista

- 3 year agreement with right to renegotiate new agreement in last 12 months of existing agreement terms.
- Quarterly Reviews to review economic terms of the agreement; city has a right to recoup actual cost and a reserve cost up to 100% of replacement and the city's percentage of rent.
 - For example if a unit costs \$1,000.00 to replace the city can reserve the \$1,000.00 replacement cost plus the % of rent we keep.
- Commencing/starting on July 1, 2021 and running three years, unless terminated earlier by mutual agreement (10 day notice to terminate) for the following reasons
 - If Avista determines that the business is not feasible;
 - By either party in conjunction with failure to negotiate to new 3 year term;
 - If the city finds that after 12 months that gross revenues retained by the city are less than the city's costs of providing the service or Avista determines that despite adjustments made to costs sharing that the business is not feasible

- Avista will true up the City's costs on a quarterly basis. True up costs is defined as ensuring the city has no outlay over their revenue.
- City will set rates for internet services based on an agreed/established rates set forth by both parties; City will receive funds and make payment to Avista by the 15th of each month. Payment is made by Ach/electronic transfer.
- City keeps 12 collars in their inventory without paying for them. Once most of the customers are hooked up, inventory will be reduced to 6 units.

What will need to be done if contract is approved?

City staff will work with Avista Edge to develop procedures and implementation plan for deploying the internet service. We will work on a marketing plan to gain interest from city residences on the program/plan and how to sign up. This includes developing marketing material that we will send in mailers, place on our Facebook page and website.

Look to deploy first customers in July of 2021!

Please let me know if you have any questions.

MASTER EQUIPMENT LEASE AND SERVICES AGREEMENT

This MASTER EQUIPMENT LEASE AND SERVICES AGREEMENT (this “*Agreement*”), dated as of September ____, 2020, is entered into between AVISTA EDGE, INC., a Washington corporation (“*Edge*”), and THE CITY OF BONNERS FERRY, IDAHO (the “*City*”), jointly referred to as the “*Parties*”.

RECITALS

WHEREAS, Edge has developed technology to facilitate the delivery of high speed fixed wireless internet service to electric utility customers through proprietary equipment installed on electrical distribution equipment located at retail customer sites (the “*Edge Technology*”);

WHEREAS, the City is in the business of delivering electricity to residential single phase properties (single family, duplex, tri-plex and four-plex) and all single phase commercial properties (four meters or less) within the incorporated city limits of Bonners Ferry, Idaho, as well as electric customers located outside of the city limits (“*Electric Customers*”);

WHEREAS, the City desires to sell high speed fixed wireless internet services to its Electric Customers utilizing electric meter collars and antennas leased from Edge implementing the Edge Technology, and related services provided by Edge (the “*Business*”) and, in furtherance of the foregoing, (x) the City desires to rent from Edge, and Edge desires to rent to the City, the equipment described in this Agreement and (y) the City desires to acquire from Edge, and Edge desires to deliver to the City, the services described in this Agreement; and

WHEREAS, Edge and the City intend for the leasing transactions under this Agreement to constitute a true lease under the UCC.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows:

ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement have the meanings set forth in this Article I.

“*Action*” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, civil, criminal, administrative, regulatory, or otherwise, whether at law or in equity.

“*Affiliate*” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person.

The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“**Agreement**” means the Master Agreement, each Supplement, and all other agreements, documents, certificates, authorizations, and instruments executed in connection with the Master Agreement and Supplements.

“**Article 2A**” means Article 2A of the UCC.

“**Business**” has the meaning set forth in the recitals.

“**Business Day**” means any day except Saturday, Sunday, or any other day on which commercial banks located in Spokane, Washington are authorized or required by Law to be closed for business.

“**City**” has the meaning set forth in the preamble.

“**City Affiliate**” means an Affiliate of the City.

“**City’s Knowledge**” means the actual or constructive knowledge of [_____],¹ after due inquiry.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Commencement Date**” has the meaning set forth in Section 6.01.

“**Contractual Obligation**” as to any Person, means any provision of any security issued by such Person or of any agreement, instrument, or other undertaking to which such Person is a party or by which it or any of its property is bound other than the obligations under this Agreement.

“**Customer**” has the meaning set forth in Section 2.03.

“**Customer Deposit**” means the cash deposit collectible from any Customer by the City at or prior to the commencement of the delivery of internet service in connection with the Business in an amount that is approved by Edge in advance, which amount shall initially be \$0.00.

¹ Note to Draft – To include City personnel principally responsible for the performance of this Agreement.

“Damages” mean losses, injury, death, damages, liabilities, claims, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys’ fees, and the cost of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers.

“Default” means any of the events specified in **Section 17.01**, which constitutes an Event of Default or which, on the giving of notice, the lapse of time, or both pursuant to **Section 17.01** would, unless cured or waived, become an Event of Default.

“Disguised Security Interest” means a sale of the equipment subject to a security interest under Article 9 of the UCC to secure the purchase price of the equipment.

“Edge” has the meaning set forth in the preamble.

“Equipment” means:

- (a) the equipment more fully described in one or more Supplements executed by Edge and the City;
- (b) Parts or components thereof;
- (c) ancillary equipment or devices furnished under this Agreement;
- (d) all manuals and records (other than Rent records) with respect to such Equipment;
- (e) all alterations, additions, and attachments thereof; and
- (f) all Upgrades.

Except as otherwise set forth herein, at such time as replacement equipment shall be so substituted and leased under this Agreement, such replaced item of Equipment shall cease to be Equipment under this Agreement.

“Event of Default” has the meaning set forth in **Section 17.01**.

“Fair Market Value” of any Item of Equipment means the US Dollar purchase price of such Item of Equipment in an arm’s-length transaction between an informed and willing buyer and an informed and willing seller in a free market, determined by an independent appraiser selected by Edge, and assuming that such Item of Equipment is unencumbered by any lease and is in the condition required under Article XIII.

“Force Majeure Event” has the meaning set forth in Section 21.17.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time.

“Governmental Authority” means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of Law), or any arbitrator, court, or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, award, or determination entered by or with any Governmental Authority.

“Gross Revenue” means the full retail price (not including any discounts or refunds not approved in advance in writing by Edge) of all internet service and related services sold, charged, derived, originated, made, placed, ordered, and/or filled using or relating to the Equipment, net of any local, state, or federal taxes or any regulatory or franchise fees on retail internet service. Gross Revenue shall include, without limitation, goods and/or services sold, leased, licensed, ordered, placed, filled, or otherwise transferred in respect of the Equipment by the City, whether for cash or on credit, whether made pursuant to mail, telephone, catalogue, facsimile, internet, electronic, computer, or any other method of placing orders, whether now existing or hereafter developed. All sales and/or revenue originated by or in respect of the Equipment shall be considered Gross Revenue at the time it is invoiced.

“Holdover Rent” has the meaning set forth in Section 20.05.

“Indemnities” has the meaning set forth in 0.

“Item of Equipment” means an individual item of Equipment.

“Law” means any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, Governmental Order, other requirement, or rule of law of any Governmental Authority.

“Lien” means any mortgage, pledge, hypothecation, assignment (as security), deposit arrangement, encumbrance, lien (statutory or other), charge, or other security interest, or any preference, priority, or other security agreement or preferential arrangement of any kind or nature whatsoever having substantially the same economic effect as any of the foregoing (including, without limitation, any conditional sale or other title retention agreement and any capital lease).

“**Location**” for each Item of Equipment, means the site of each Item of Equipment specified in the corresponding Supplement.

“**Loss**” has the meaning set forth in Section 14.01.

“**Loss Payment**” has the meaning set forth in Section 14.02.

“**Manufacturer**” means the manufacturer of each Item of Equipment.

“**Master Agreement**” has the meaning set forth in the preamble.

“**Material Adverse Effect**” means a material adverse effect on:

(a) the business, assets, properties, liabilities (actual or contingent), operations, or condition (financial or otherwise) or prospects of the City;

(b) the validity or enforceability of this Agreement;

(c) the rights or remedies of Edge under this Agreement;

(d) the ability of the City to perform any of its material, including payment, obligations under this Agreement; or

(e) the value, remaining useful life, or utility of any Item of Equipment leased under this Agreement.

“**Mediation**” has the meaning set forth in Section 21.15.

“**Notice**” has the meaning set forth in Section 21.02.

“**Overdue Rate**” has the meaning set forth in Section 7.03.

“**Parts**” means all components, parts, Replacement Parts, instruments, appurtenances, accessories, furnishings, and other equipment of whatever nature which may now or from time to time be incorporated or installed in or attached to, or were provided by the manufacturer with, any Item of Equipment, including after temporary removal from such Item of Equipment.

“**Percentage Rent Rate**” shall mean ninety percent (90%).

“Permits” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances, and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Person” means any individual, partnership, corporation, trust, limited liability entity, unincorporated organization, Governmental Authority, or any other entity.

“Prime Rate” means the rate of interest per annum published from time to time by the Wall Street Journal as its prime rate.

“Related Customer Agreements” has the meaning set forth in Section 2.03.

“Rent” means rent and any late payments owed under Section 7.03.

“Report” has the meaning set forth in Section 12.06.

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants, and other agents of such Person.

“Required Upgrade” mean any Upgrade made under Section 13.03.

“Stipulated Loss Value” for any Item of Equipment means the amount set forth in corresponding Supplement as of the date of determination.

“Stock” means the voting stock, membership interests, or similar equity interests of any Person.

“Subsidiary” means, with respect to any Person, a corporation, limited liability entity, partnership, or other entity of which such Person and/or its other subsidiaries own, directly or indirectly, more than fifty percent (50%) of the Stock.

“Supplement” means a Supplement entered into under ARTICLE II between Edge and the City to evidence the lease of an Item of Equipment.

“Tax Benefits” has the meaning set forth in Section 4.01.

“Tax Benefit Reimbursement Amount” means the amount, as determined by Edge, of Edge’s net after-tax rate of return on such Item of Equipment that would have been in effect on such date, had Edge been entitled to use all of the Tax Benefits for such Item of Equipment, minus Edge’s actual net after-tax rate of return with respect to such Item of Equipment. It is calculated on the date a Tax Owner Loss Event has occurred for any Item of Equipment.

“**Taxes**” mean any and all present or future income, stamp, or other taxes, levies, imposts, duties, deductions, charges, fees, or withholdings imposed, levied, withheld, or assessed by any Governmental Authority, together with any interest, additions to tax, or penalties imposed thereon and with respect thereto.

“**Tax Owner Loss Event**” means any of the following with respect to any Item of Equipment:

- (a) Edge determines that it is not entitled to claim on its Federal income tax return all or any portion of the Tax Benefits;
- (b) any Tax Benefit claimed on Edge’s Federal income tax return is disallowed or adjusted by the Internal Revenue Service; or
- (c) any Tax Benefit is recomputed or recaptured.

“**Term**” has the meaning set forth in Section 6.02.

“**Territory**” means the city limits of the City of Bonners Ferry, Idaho.

“**UCC**” means the Uniform Commercial Code as in effect in the state of Washington or the state of Idaho, as applicable, from time to time.

“**Upgrades**” means a Required Upgrade or an Optional Upgrade.

“**Usage Data**” has the meaning set forth in Section 7.01(a).

ARTICLE II LEASE OF EQUIPMENT; SERVICES

Section 2.01 Lease. Subject to the terms and conditions of this Agreement, Edge agrees to lease to the City, and the City agrees to lease from Edge, the Equipment described more fully in one or more Supplements in the form attached as Exhibit A-1 executed by Edge and the City that incorporate(s) this Agreement by reference. The lease of any Item of Equipment (the “**Lease**”) is governed by the terms and conditions of this Agreement, as well as by the terms and conditions set forth in the applicable Supplement. If there is a conflict or inconsistency between the provisions of this Agreement and a Supplement, the provisions of the Supplement govern.

Section 2.02 Services by Edge. Subject to the terms and conditions of this Agreement, Edge shall provide to the City the services (the “**Services**”) set out in one or more statements of work to be issued by Customer and accepted by Service Provider (each, a “**Statement of Work**”).

The initial accepted Statement of Work is attached hereto as **Exhibit A-2**. Additional Statements of Work shall be deemed issued and accepted only if signed by an Edge Authorized Person and a City Authorized Person.

Section 2.03 Services by City. During the Term, the City shall market internet service to its Electric Customers in a manner intended to maximize the Gross Revenue recognized pursuant to this Agreement. A residential, commercial or government Electric Customer that purchases internet service from the City, which is delivered utilizing the Edge Technology, the Equipment and the Services, shall be referred to as a “*Customer*”.

Section 2.04 Customer Agreements. The Parties anticipate that the City will enter into or cause Customers to be bound by one or more agreements in connection with the delivery of internet services by the City to such Customers, including without limitation subscriber agreements, terms and conditions and service level agreements (the “*Related Customer Agreements*”). From and after the date of this Agreement, the City and Edge will exercise commercially reasonable efforts to agree to forms of the Related Customer Agreements. After the forms of the Related Customer Agreements have been finally determined, the City shall not amend or modify in any material respect any Related Customer Agreements, or enter into any other agreement with Customers other than the Related Customer Agreements, except to the extent mutually agreed by the Parties.

Section 2.05 Annual Review. Commencing October 1, 2021 and on each anniversary thereof during the Term, representatives of each Party shall meet and confer at a mutually agreeable time and place to review the economic terms of this Agreement and the transactions contemplated hereby. The purpose of such meetings shall be for the Parties to mutually reasonably determine that the transactions contemplated by this Agreement are and continue to be feasible (i.e., not resulting in a net loss to either Party) in light of the Percentage Rent (defined below), reimbursement of costs and expenses, risk of loss and indemnification hereof. Unless otherwise agreed by the Parties, any changes to the Percentage Rent, reimbursement of costs and expenses, risk of loss or indemnification shall be (a) effected pursuant to an amendment to this Agreement signed by both Parties and (b) become effective as of January 1 of the following calendar year. If either Party refuses in writing to meet and confer as required by this **Section 2.05** following the other Party’s written request therefore, then the other Party may terminate this Agreement in accordance with **Section 6.03**.

Section 2.06 Quarterly Review. On a quarterly basis during the Term after the Commencement Date, representatives of each Party shall meet and confer at a mutually agreeable time and place to review the economic terms of this Agreement and the transactions contemplated hereby. The Parties intend that (a) Edge shall be paid up to the Percentage Rent, as determined and trued up on a quarterly basis (consistent with the example described below) and (b) the City will be paid, an annual basis, no more than necessary to recoup its actual, documented direct costs in connection with the Business and establish a reasonable reserve for such future costs (which amount shall not exceed the difference of 100% and the Percentage Rent) and no less than necessary to prevent the City from suffering a loss arising from its actual, documented direct costs incurred in connection with the Business, in each case subject to

applicable law. The Percentage Rent or the payment schedule for the Percentage Rent shall be adjusted, if necessary, to give effect to the foregoing on a quarterly basis pursuant to a written amendment to this Agreement signed by both Parties. For the avoidance of doubt, a “**true up**” under clause (a) would occur, if in the fourth quarter of 2021, the Percentage Rent is required by be adjusted downward (with the result that the City keeps more Gross Revenue) to cover additional unanticipated costs incurred by the City, and, after those costs are covered, the amount of the Percentage Rent is then increased (or Gross Revenue in excess of the City’s costs is paid to Edge), provided that the City does not again return to a net loss position as a result of such adjustments.

ARTICLE III UCC TRUE LEASE

Section 3.01 UCC True Lease. The parties intend that the Lease under this Agreement constitutes a true lease under the UCC and not a Disguised Security Interest. Edge has title to the Equipment at all times. The City acquires no ownership, title, property, right, equity or interest in the Equipment other than its leasehold interest solely as the City subject to all the terms and conditions of this Agreement.

Section 3.02 Precautionary UCC-1 Financing Statement. The City authorizes Edge to file precautionary UCC financing statements and other similar filings and recordings with respect thereto. The City agrees not to file any corrective or termination statements or partial releases (“**City Filing**”) with respect to any UCCs or other similar filings or recordings filed by Edge in connection with any Item of Equipment except if Edge fails to file a corrective or termination statement or release within thirty (30) days following a request from the City after the expiration or earlier termination of, or release from, any Schedule of such Item or Items of Equipment pursuant to any applicable provision of the Agreement then the City may make a City Filing.

ARTICLE IV TAX LEASE

Section 4.01 Edge is Tax Owner. Edge is entitled to all deductions, credits, and other tax benefits that are provided in the Code to an owner of property (“**Tax Benefits**”).

Section 4.02 City Covenant to Maintain Tax Lease Status. The City shall not take or omit to take any action that results in the disqualification of the Equipment for, or recapture of, all or any portion of the Tax Benefits or otherwise results in any Tax Owner Loss Event.

ARTICLE V NET LEASE

Section 5.01 Non-cancelable Net Lease. This is a non-cancelable net lease.

Section 5.02 Hell or High Water Obligation. The City's obligation to pay all Rent and other amounts under this Agreement is absolute and unconditional and is not subject to any abatement, counterclaim, defense, deferment, interruption, recoupment, reduction, or setoff for any reason whatsoever.

ARTICLE VI TERM OF AGREEMENT

Section 6.01 Conditions Precedent; Performance of Services; Commencement Date.

(a) **Generally.** Subject to the conditions set forth in clause (b), from and after the date of this Agreement, Edge and the City will exercise commercially reasonable best efforts to perform the covenants, terms and conditions of this Agreement that by their nature are required to prepare for the delivery of internet service by the City to Customers no later than the Commencement Date (defined below). The "**Commencement Date**" shall mean the date on which the City commences the delivery of internet service to Customers. The Commencement Date shall be July 1, 2021, and may be extended by the mutual agreement of Edge and the City.

(b) **Condition to Obligations of Edge.** Edge's obligations to perform its obligations under this Agreement shall be conditioned on Edge determining, to its satisfaction in its sole and absolute discretion, that it is feasible for Edge to perform its obligations under this Agreement based on Edge's experience facilitating the delivery of internet service utilizing the Edge Technology and any other due diligence investigation Edge deems appropriate. If Edge determines in its sole and absolute discretion that the Business is not feasible on or prior to the Commencement Date, then Edge shall have the right to terminate this Agreement on or prior to the Commencement Date without penalty or premium.

Section 6.02 Term. The Term of this Agreement commences on the Commencement Date and ends on the date three (3) years after the Commencement Date, unless earlier terminated pursuant to the provisions hereof. For the avoidance of doubt, the term of the Lease for an individual Item of Equipment may be terminated earlier than the expiration of the Term as provided herein and shall otherwise be subject to the terms of any applicable Supplement. Neither the City nor Edge shall have the right to renew this Agreement and any Lease or Services provided after the Term shall be provided pursuant to a new agreement between Edge and the City. Notwithstanding the foregoing, the Parties shall meet, confer and negotiate in good faith during the final twelve (12) months of the Term regarding the terms of the renewal or extension of this Agreement.

Section 6.03 Termination. Without limiting the other remedies available to either Party under this Agreement, this Agreement may be terminated upon ten (10) days' written notice by the applicable Party for any of the following conditions:

(a) By Edge, if Edge determines in its sole and absolute discretion that the Business is not feasible as provided in Section 6.01(b); provided, however, that this right shall be exercised, if at all, on or prior to the Commencement Date;

(b) By either Party if the other Party refuses to meet and confer in connection with Section 6.02; or

(c) By either Party if, twelve (12) months after the Commencement Date, (i) Gross Revenue retained by the City is less than the City's cost of providing the services herein based upon generally acceptable accounting practices utilized by the City consistent with past practice; or (ii) Edge determines that the Business is not feasible despite any adjustments made pursuant to Section 2.06, and, in each case, the City and Edge have not reached a resolution of such issues after following the procedures for informal dispute resolution and Mediation set forth in Section 21.15.

ARTICLE VII RENT

Section 7.01 Billing; Pricing; Rent for Equipment.

(a) **Usage Data; Billing.** Edge will grant the City near real time access to network/data usage information related to internet service provided utilizing the Equipment, which shall include reasonably detailed and current information regarding network/data service provided to Customers (the "*Usage Data*"). The City shall monitor the Usage Data on a regular basis and as necessary to permit the City to bill Customers for such internet service monthly in arrears at the prices set forth in the Pricing Schedule (defined below) in accordance with the City's regular billing cycles for electric service on the same bill. The City shall exercise best efforts to collect amounts invoiced to Customers to the same extent as the City pursues (or would customarily pursue) collection of amounts invoiced to customers for the City's electric utility service.

(b) **Pricing.** The City shall charge Customers the prices for the internet service provided using the Equipment, including related installation and disconnect fees, according to the pricing schedule set forth on Schedule I (the "*Pricing Schedule*"). The Pricing Schedule may be updated from time to time by mutual agreement of the parties. The City shall not charge Customers prices for internet service other than the prices set forth in the Pricing Schedule without the prior written approval of Edge, which Edge may grant or withhold in its reasonable discretion.

(c) **Payment of Percentage Rent.** The City shall pay to Edge, without setoff, deduction, prior notice, or demand, an amount, if any, equal to the Percentage Rent Rate of the Gross Revenue for each month during the Term (hereinafter referred to as "**Percentage Rent**"). Percentage Rent shall be paid monthly on all invoiced Gross Revenue on the fifteenth (15th) day of the month immediately following the month during which such internet services was delivered.

Section 7.02 Payment Mechanics.

(a) The City shall pay all amounts due under this Agreement on the applicable due date in US dollars by ACH/electronic transfer or wire transfer of immediately available funds prior to 5:00 p.m. local time in Spokane, Washington, to an account designated in writing by Edge to the City no later than two (2) Business Days prior to the applicable due date.

(b) Notwithstanding the provisions of **Section 7.02(a)**, if any date on which a payment under this Agreement becomes due and payable is not a Business Day, then the City shall make such payment on the next succeeding Business Day. Provided the City makes such payment on such next succeeding Business Day, no interest accrues on the amount of such payment from and after such scheduled date.

Section 7.03 Late Payments. If the City does not pay any amount payable to Edge under this Agreement within ten (10) Business Days after the due date, except (x) solely due to the occurrence and continuation of a Force Majeure Event affecting the City or (y) to the extent the City is performing its obligations under **Section 7.01(a)** but has not been able to collect amounts invoiced to Customers, the City shall pay to Edge a late charge equal to the lower of (a) the maximum amount allowed by law or (b) the Prime Rate of the late payment amount. Payment of any late charge does not excuse the City of any default under this Agreement. For the avoidance of doubt, the occurrence of a Force Majeure Event shall not relieve the City of its obligation to pay any amounts payable to Edge under this Agreement.

Section 7.04 Payments in Respect of Grants. The Parties acknowledge and agree that one or more broadband grants may be applied for in connection with the operation of the Business or the relationship or enterprise contemplated by this Agreement. To the extent such proceeds are received by the City, the City shall promptly pay such proceeds to Edge to the extent of Edge's unrecovered capital costs, and the remainder of the proceeds of such grants may be retained by the City. For the avoidance of doubt, payments under this Section 7.04 shall be in addition to, and shall not limit or be counted as a credit or prepayment of the payment of Percentage Rent hereunder.

**ARTICLE VIII
EXCLUSION OF WARRANTIES**

EDGE MAKES NO WARRANTY WHATSOEVER (INCLUDING WITHOUT LIMITATION IN RESPECT OF THE EQUIPMENT OR THE SERVICES), INCLUDING ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c) WARRANTY AGAINST INTERFERENCE; OR (d) WARRANTY AGAINST INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE.

ARTICLE IX EDGE'S COVENANTS

Section 9.01 Quiet Enjoyment. PROVIDED THE CITY IS NOT IN DEFAULT, EDGE SHALL NOT INTERFERE WITH THE CITY'S QUIET ENJOYMENT OF THE EQUIPMENT DURING THE TERM.

ARTICLE X CITY'S REPRESENTATIONS

The City represents to Edge that the statements contained in this Article X are true and correct as of the date hereof.

Section 10.01 Organization and Qualification of the City. The City is a duly incorporated city of the State of Idaho and has full power and authority to own, operate, or lease the properties and assets now owned, operated, or leased by it and to carry on its business as currently conducted. The City is duly licensed or qualified to do business in each jurisdiction in which the lease of each Item of Equipment under this Agreement makes such licensing or qualification necessary.

Section 10.02 Authority of the City. The City has full power and authority to enter into this Agreement (including each Supplement), to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. The execution and delivery by the City of this Agreement, the performance by the City of its obligations hereunder and thereunder and the consummation by the City of the transactions contemplated hereby have been duly authorized by all requisite action on the part of the City. This Agreement has been duly executed and delivered by the City, and this Agreement constitutes a legal, valid, and binding obligation of the City enforceable against the City in accordance with its terms. When each other Supplement or Schedule to which the City is or will be a Party has been duly executed and delivered by the City (assuming due authorization, execution, and delivery by each other Party thereto), such Supplement or Schedule will constitute a legal and binding obligation of the City enforceable against it in accordance with its terms.

Section 10.03 No Conflicts. The execution, delivery, and performance by the City of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the charter, statutes, or other governing documents or instruments of the City; (b) conflict with or result in a violation or breach of any provision of any Law; (c) require the consent of, notice to, or other action by any Person that has not been duly and validly obtained or, conflict with, result in a violation or breach of, or constitute a Default or an Event of Default; or (d) result in the creation or imposition of any Lien on any Item of Equipment.

Section 10.04 Consents. No consent, approval, permit, order, declaration, or filing with, or notice to, any Governmental Authority is required by or with respect to the City in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

Section 10.05 Legal Proceedings. There are no Actions pending or, to the City's Knowledge, threatened against or by the City: (a) relating to or affecting the Business; or (b) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

ARTICLE XI CITY'S COVENANTS

The City agrees that until all amounts payable under this Agreement (including any Supplement) have been paid in full and all other obligations hereunder and thereunder have been performed in full, the City shall comply with the following covenants.

Section 11.01 Compliance With Laws. The City shall comply with all Contractual Obligations and applicable Laws.

Section 11.02 Taxes. The City shall pay, and indemnify and hold Edge harmless from, all assessments, license fees, and sales, use, property, excise, and other taxes and charges (other than federal income taxes imposed on or measured by net income (however denominated)) imposed on or with respect to (a) the Equipment or any part thereof arising out of or in connection with the shipment, possession, ownership, use, or operation of any Item of Equipment, or (b) this Agreement or the consummation of the transactions contemplated herein.

Section 11.03 Liens. The City shall keep the Equipment free and clear of all Liens.

ARTICLE XII USE OF EQUIPMENT; INTELLECTUAL PROPERTY

Section 12.01 Preparation of Location; Installation. On or prior to the delivery date for each Item of Equipment, the City shall, at its expense, prepare a suitable site at the Location specified in the applicable Supplement for the installation of such Equipment if such Location is City-owned property (i.e., an electric meter) and shall install such Items of Equipment. Edge shall provide support in connection with the installation of all Items of Equipment, as set forth in the applicable Scopes of Work and Supplements. The City shall bear all installation charges, including third-party installation charges, except as otherwise set forth in an applicable Scope of Work or Supplement which may include passing such charges through to Customers with the approval of Edge. For the avoidance of doubt, Customers shall install any Items of Equipment located within their homes, and the City and Edge shall provide support for such installations.

Section 12.02 Packaging and Branding. The City shall not apply any labels, packaging or branding to any item of Equipment without Edge's advanced written consent, not to be unreasonably withheld. The Parties anticipate that packaging of certain items of Equipment delivered to Customers will include City-related branding.

Section 12.03 Possession. Except as otherwise permitted by this Agreement, the City may not move any Item of Equipment from its Location without Edge's prior written consent.

Section 12.04 Personal Property. The City shall not affix or attach any Item of Equipment to real property or any improvements. The parties intend that each Item of Equipment remains at all times personal property and not a fixture under applicable Law, even if the Item of Equipment, or any part thereof, may be or becomes affixed or attached to real property or any improvements. The City shall not store, use or transport the Equipment in a manner that could give any landlord, mortgagee or lienholder an interest in the Equipment arising from its interest in real property.

Section 12.05 Operation; Inventory.

(a) The City shall operate each Item of Equipment exclusively in connection with the Business and shall ensure that each Item of Equipment is deployed in connection with the Business in order to maximize the Gross Revenue recognized from such Items of Equipment. If any Item of Equipment fails to produce Gross Revenue in any month, the City shall either (a) promptly return such Items of Equipment to Edge according to the requirements set forth in **Article XXI**; (b) remove and reinstall such Items of Equipment for another Customer; or (c) inventory such Item of Equipment as permitted in **Section 12.05(b)**. For the avoidance of doubt, except as otherwise provided in this Agreement, the City shall not inventory Items of Equipment and shall promptly return any Items of Equipment not in use in connection with the Business to Edge.

(b) Notwithstanding the other provisions of this Agreement, the City shall be authorized to maintain an inventory of (1) up to twelve (12) Items of Equipment, during the first twelve (12) months of the Term; and (2) up to six (6) Items of Equipment, during the remainder of the Term (collectively, "**Inventory**"). The City shall keep and maintain

all Inventory at a facility owned and controlled by the City for the purpose of facilitating rapid installation of Items of Equipment for Customers. The City shall take commercially reasonable security precautions at the facility where the Inventory is stored, which shall be no less than the security precautions that the City takes with respect to facilities where the City stores City-owned personal property of a similar type and value to the Inventory. The City shall return any unused Inventory in accordance with the provisions of this Agreement at the expiration of the first twelve (12) months of the Term, the expiration of the Term, or the termination of this Agreement, as applicable.

Section 12.06 Records. The City, at its own expense, shall:

(a) maintain all Equipment-related records, logs, and other materials (“**Records**”) in a manner no less comprehensive or accurate than the City’s normal customary practices with respect to the City’s similar equipment and as required by Law; and

(b) promptly furnish to Edge such Records as may be required to enable Edge to file any ownership or other reports required to be filed by Edge with any Governmental Authority.

Section 12.07 Inspection. The City shall permit Edge (through any of its officers, employees, or agents) on reasonable notice to inspect the Equipment and its Records (including any Inventory) during regular business hours, and in compliance with the City’s reasonable security procedures.

Section 12.08 Intellectual Property. All intellectual property rights, including copyrights, patents, patent applications, patent disclosures and inventions (whether patentable or not), trademarks, service marks, trade secrets, know-how and other confidential information, trade dress, trade names, logos, corporate names and domain names, together with all of the goodwill associated therewith, derivative works and all other rights (collectively, “**Intellectual Property Rights**”) in and to the Edge Technology, the Usage Data, the Equipment, all documents, work product and other materials that are delivered to the City under this Agreement or prepared by or on behalf of Edge in the course of performing the Services or the Lease shall be owned by Edge. Edge hereby grants the City a license to use all Intellectual Property Rights in connection with the performance of the terms of this Agreement free of additional charge and on a non-exclusive, non-transferable, non-sublicensable, fully paid-up, royalty-free and perpetual basis throughout the Territory and in any service area for the City’s electric service to the extent necessary to enable the City to make reasonable use of the Lease and the Services.

ARTICLE XIII MAINTENANCE, REPAIR, REPLACEMENT AND UPGRADES

Section 13.01 Maintenance in General. Edge, at its own expense, shall maintain, repair, service, and keep each Item of Equipment: (a) in compliance with the Manufacturer's maintenance requirements; and (b) in compliance with Law. Edge will pay the shipping costs associated with the return of each Item of Equipment in connection with any such required maintenance or repairs and the handling costs shall be paid consistent with Section 13.02(a) (from Customer Deposits, insurance proceeds paid in respect of such Item of Equipment, and the remainder, if any, reimbursed by Edge) associated with the return of each Item of Equipment in connection with any such required maintenance or repairs.

Section 13.02 Replacement of Parts and Items of Equipment.

(a) **Loss, Theft, or Damage.** Except for defective parts or items of equipment described in Section 13.02(b), if any Part comprising any Item of Equipment (or any Item of Equipment) becomes lost, stolen, damaged beyond repair, or otherwise permanently rendered unfit for use, the City shall promptly replace or cause to be replaced the Part or Item of Equipment with one or more replacement Parts or Items of Equipment, as applicable, that are free of all Liens. To the extent such work is performed by the City, the City shall cause, after the replacement, the related Item of Equipment to be in as good an operating condition as, and have a value, remaining useful life and utility at least equal to the value, remaining useful life and utility of the Item of Equipment before the replacement (assuming such Item of Equipment was, at the time of the replacement, in the condition required by the terms of this Agreement). Upon request by the City, provided no Event of Default has occurred and is continuing and other than with respect to Inventory and losses the risk of which is allocated to the City under Section 14.01, Edge shall supply the City with such replacement Parts or Items of Equipment at Edge's cost and expense; provided, that Edge may charge the City a reasonable restocking or administrative fee as determined by Edge from time to time. To the extent there are Customer Deposits or insurance proceeds received by or available to the City in respect of such Part or Item of Equipment, such Customer Deposits and insurance proceeds shall be paid to and applied in the following order and priority (i) first, to the City to offset the City's actual, documented out of pocket costs related to such Part or Item of Equipment; (ii) second, to Edge in the amount of the cost and expense of the replacement Part or Item of Equipment; and (iii) third, to Edge to reimburse Edge for its actual, documented out of pockets costs and expenses related to such Part or Item of Equipment. Except with respect to Inventory and losses the risk of which is allocated to the City under Section 14.01, Edge shall reimburse the City for the City's costs incurred in connection with making any replacements in amounts approved by Edge in advance and to the extent not paid pursuant to the preceding sentence.

(b) **Defective Parts or Items of Equipment.** If any Part comprising any Item of Equipment (or any Item of Equipment) is defective, Edge, at its own expense, shall promptly repair or replace or cause to be repaired or replaced the Part with one or more replacement Parts or Items of Equipment, as applicable, that are free of all Liens. Edge shall cause after the repair or replacement, the related Item of Equipment to be in as good an operating condition as, and have a value, remaining useful life and utility at least equal

to the value, remaining useful life and utility of the Item of Equipment before the replacement (assuming such Item of Equipment was, at the time of the repair or replacement, in the condition required by the terms of this Agreement). Edge shall reimburse the City for the City's costs incurred in connection with making any repairs or replacements in amounts approved by Edge in advance.

Section 13.03 Required Upgrades. The City shall install alterations, modifications, additions, and upgrades to any Item of Equipment that is required or supplied by Edge or necessary to comply with Law (collectively, "*Required Upgrades*"). Edge shall reimburse the City for the City's costs incurred in connection with making any Required Upgrades in amounts agreed by the Parties.

Section 13.04 Title to Parts and Upgrades.

(a) If the City incorporates or installs any Parts or Upgrades, then immediately on any Part or Upgrade becoming incorporated or installed in or attached to the Item of Equipment, without further act:

(i) such Part or Upgrade is deemed part of the Item of Equipment to the same extent as though originally incorporated or installed in or attached to the Item of Equipment;

(ii) title to such Part or Upgrade vests in Edge;

(iii) such Part or Upgrade becomes subject to this Agreement; and

(iv) title to any replaced Part shall thereupon vest in the City free and clear of all rights of Edge, and shall no longer be deemed a Part under this Agreement.

(b) the City shall cause all Parts or Upgrades to be:

(i) free and clear of all Liens;

(ii) in as good operating condition as, and have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition required to be maintained by the terms hereof.

**ARTICLE XIV
LOSS**

Section 14.01 Risk of Loss. While an Item of Equipment is leased under a Supplement (including any Inventory), the City shall bear the risk of loss, damage, destruction, theft, and condemnation to or of such Item of Equipment, except for defects in Items of Equipment (“*Loss*”). The City shall notify Edge in writing within 10 days of any such Loss that is, or with the passing of time could constitute, a total Loss of any Item of Equipment. In the event of such Loss, the City shall pay to Edge (a) the Customer Deposit in respect of such Item of Equipment and (b) any insurance proceeds received by the City arising from or relating to such Loss, in each case not to exceed the Stipulated Loss Value of the Item of Equipment. For the avoidance of doubt, the City’s total liability to Edge under this **Section 14.01** shall not exceed the sum of the Customer Deposit in respect of any Item of Equipment and the total insurance proceeds received by the City arising from or relating to such Loss, except to the extent any Loss arises from or relates to the negligence or intentional misconduct of the City or with respect to any Inventory.

Section 14.02 Material Impairment. If Edge reasonably determines that the Loss has materially impaired the Equipment, the City shall pay, on Edge’s demand, the amount of the Customer Deposit in respect of the Item of Equipment, plus any insurance proceeds received by the City in respect of the Item of Equipment, to Edge (“*Loss Payment*”). This Agreement terminates with respect to any materially impaired Item of Equipment on receipt by Edge of the corresponding Loss Payment. Upon such termination, the City shall dispose of or return such Item of Equipment according to Edge’s instructions. The City is subrogated to all claims of Edge, if any, against third parties, for damage to or loss of such Item of Equipment to the extent of the Loss Payment for such Item of Equipment.

Section 14.03 Non-material Impairment. If Edge determines that the Loss has *not* materially impaired the Equipment: (a) this Agreement continues with respect to such Item of Equipment as though no Loss had occurred; and (b) the Parties shall determine whether such Item of Equipment shall be repaired to a condition acceptable to Edge, the costs of which shall be paid from any available Customer Deposits or insurance proceeds.

ARTICLE XV INSURANCE

Section 15.01 Property Insurance. The City, at its own expense, shall provide and maintain for each Item of Equipment insurance against loss, theft, and damage (“*Property Insurance*”) in an insured amount the greater of the Stipulated Loss Value or full replacement value of such Item of Equipment. The City shall name Edge (or shall cause Edge to be named) as loss payee on the Property Insurance.

Section 15.02 Liability Insurance. The City, at its own expense, shall provide and maintain comprehensive general liability insurance (“*Liability Insurance*”):

- (a) in an amount no less than, on an occurrence basis, with a minimum single limit of \$2,000,000 per claim, and including the following coverages: (i) Bodily Injury

and Property Damage Liability, (ii) Contractual Liability specifically related to the indemnity provisions of this Agreement, and (iii) Products and Completed Operations Liability; and

(b) on a form, and with companies reasonably satisfactory to Edge, including without limitation, the insurer's agreement to give Edge 30 days' prior written notice before cancellation or material change thereof.

Section 15.03 General Requirements for Insurance Policies.

(a) The insurance policies required by this Article XV must include (i) provisions or endorsements naming Edge, including its directors, officers, and employees, as additional insureds (but without imposing on Edge any liability to pay the premiums for such insurance) and (ii) a provision that states that such insurance is primary insurance with respect to Edge's interests and that any other insurance maintained by Edge is excess and not contributory with the required insurance

(b) Any policy of insurance that the City carries as insurance against property damage or against liability for property damage or bodily injury (including death) shall include a provision providing a waiver of the insurer's right to subrogation against Edge as the additional insured. To the extent permitted by the policies of insurance, the City hereby waives all rights of subrogation against Edge as the additional insured.

(c) On or before the Commencement Date, and at such other times as Edge may request, the City shall provide Edge with a certificate of insurance evidencing the maintenance of the Property Insurance and Liability Insurance.

ARTICLE XVI

APPLICATION OF INSURANCE PROCEEDS AND CONDEMNATION PAYMENTS

Section 16.01 Amounts Received by Edge. If Edge receives any proceeds as loss payee of the Property Insurance, or under any condemnation proceeding related to the Equipment, it shall:

(a) if received pursuant to a Loss that has materially impaired an Item of Equipment under Section 14.02, credit such proceeds against the City's obligations to make Loss Payments to Edge under Section 14.02 or if no such amounts are then due and outstanding, remit such proceeds to the City; or

(b) if received pursuant to a Loss that has not materially impaired the Equipment under Section 14.03, remit the proceeds to the City.

If the City is in Default, Edge may hold any such proceeds as security for the obligations of the City under this Agreement and apply such amounts in its discretion against the City's obligations under this Agreement.

Section 16.02 Amounts Received By the City.

(a) If the City receives any proceeds under the Property Insurance, unless received with respect to a Loss that has not materially impaired the Equipment as set forth in Section 16.01(b), or under any condemnation proceeding related to the Equipment, it shall promptly forward such amounts to Edge to be applied by Edge under Section 16.01.

(b) If the City is in Default, and it receives any proceeds under the Liability Insurance, it shall forward such amounts to Edge as security for the obligations of the City under this Agreement to be applied by Edge in its discretion against the City's obligations under this Agreement.

**ARTICLE XVII
DEFAULT**

Section 17.01 Events of Default. Each of the following events is an "*Event of Default*" under this Agreement, including all Supplements:

(a) if the City or Edge fails to pay when due any installment of Rent or any other amount under this Agreement;

(b) if the City or Edge defaults in the observance or performance of any other term, covenant, or condition of this Agreement, including any Supplement, required to be observed or performed and the party fails to remedy such default within 5 days after notice by the non-defaulting party of such default, or if such default is of such a nature that it cannot with due diligence be completely remedied within said period of 5 days, and the party does not commence within said period of 5 days, or does not thereafter diligently prosecute to completion, all steps reasonably necessary to remedy such default.

(c) if the City or Edge fails to observe or perform any term, covenant, or condition of the type described in Section 17.01(a) to be observed or performed under any agreement with Edge, other than this Agreement, and such default continues beyond any grace period set forth in such other agreement for the remedying of such default;

(d) if the City's or Edge's interest or any portion thereof in this Agreement devolves on or passes to any person, whether by operation of law or otherwise;

(e) if the City or Edge:

(i) does not, or is unable to, or admits in writing its inability to, pay its debts as they become due;

(ii) commences or institutes any case, proceeding, or other action seeking relief on its behalf as debtor, or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors;

(iii) commences or institutes any case, proceeding, or other action seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property; or

(iv) makes a general assignment for the benefit of creditors;

(f) if a receiver, trustee, custodian, or other similar official is appointed for any substantial part of the assets of a Party which appointment is not vacated or stayed within sixty (60) days;

(g) if any case, proceeding, or other action is commenced or instituted against a Party (A) seeking to have an order for relief entered against it as debtor or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property, which in either of such cases (1) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment, or the issuance or entry of any other order having a similar effect or (2) remains undismissed for a period of sixty (60) days;

(h) if any case, proceeding, or other action is commenced or instituted against a Party seeking issuance of a warrant of attachment, execution, distraint, or similar process against it or all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof;

(i) if the City or Edge takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in **Sections 17.01(e)** through **(h)** above;

(j) if the City or Edge sells, transfers, or disposes of all or substantially all of its assets or property of the Business, or merges or consolidates with any other entity;

(k) if any representation contained in ARTICLE X is untrue as and when made; or

(l) the City or Edge fails to commence the delivery of internet service to Customers on the Commencement Date, as applicable.

Section 17.02 Remedies. If an Event of Default occurs, the non-defaulting Party may, in its sole discretion, exercise one or more of the following remedies:

(a) declare this Agreement (including all, and not less than all, Supplements) in default;

(b) terminate in whole or in part this Agreement, including all Supplements;

(c) take possession of, or render unusable, any Item of Equipment wherever it may be located, without demand or notice, without any court order or other process of law, and without liability to the City for any damages occasioned by such action, and no such action shall by itself constitute a termination of this Agreement or any Supplement;

(d) require the City to deliver any Item of Equipment at a location designated by Edge; for each day that the City fails to return any Item, Edge may demand an amount equal to the Rent, prorated on the basis of a thirty-day month, in effect immediately prior to such Default;

(e) proceed by court action to enforce performance by the defaulting Party to this Agreement or any or all Supplements and/or to recover all damages and expenses incurred by the non-defaulting Party by reason of any Event of Default; or

(f) terminate any other agreement that Edge may have with the City (which, for the avoidance of doubt, shall not include any agreements that the City may have with Edge Corporation);

(g) sell any or all of the Equipment at public or private sale, with or without notice to the City or advertisement, or otherwise dispose of, hold, use, operate, lease to others, or keep idle such Equipment, and without any duty to account to the City for such action or inaction or for any proceeds with respect thereto, and apply the net proceeds thereof (after deducting all expenses (including legal fees and costs) incurred in connection therewith) to the amounts owed to Edge under this Agreement; provided, however, that the City shall remain liable to Edge for any deficiency that remains after any sale or lease of such Equipment; or

- (h) exercise any other right or remedy available to Edge at law or in equity.

ARTICLE XVIII INDEMNITY

The City shall defend, indemnify, and hold harmless Edge, its Affiliates, officers, officials, employees and volunteers (and those of its Affiliates) from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of the City's use of the Equipment, or from the conduct of the Business, or from any activity, work or thing done, permitted, or suffered by the City with respect to the Equipment or the Business, except only such injury or damage as shall have been occasioned by the gross negligence or willful misconduct of Edge. The provisions of this Section shall survive the expiration or termination of this Agreement.

ARTICLE XIX EDGE'S PERFORMANCE OF CITY'S OBLIGATIONS

If an Event of Default has occurred and is continuing, Edge may, in its sole discretion, make any payment or perform any obligation on behalf of the City or take any action that Edge deems reasonably necessary to maintain and preserve any or all Items of Equipment and Edge's interests therein. The City shall not deem Edge's payment or action to be Edge's waiver of any Default or Event of Default or release of the City. The City shall pay, on demand, all sums so paid by Edge, together with expenses (including legal fees and costs) incurred by Edge in connection therewith.

ARTICLE XX RETURN OF EQUIPMENT

Section 20.01 Obligation to Return Equipment. Unless otherwise agreed by Edge, the City shall, no later thirty (30) days after the expiration of the Term:

- (a) deinstall, inspect, and properly pack each Item of Equipment; and
- (b) return each Item of Equipment to a location designated in writing by Edge by delivering the Equipment on board such common carrier as Edge may specify.

Edge will pay the shipping costs associated with the return of each Item of Equipment and the City will pay the handling costs associated with the return of each Item of Equipment.

Section 20.02 Condition of Equipment Upon Return. The City shall cause any Item of Equipment returned under this Agreement to:

- (a) be free and clear of all Liens and rights of third parties;
- (b) be in the same condition as when delivered to the City, ordinary wear and tear excepted;
- (c) have all the City's insignia or markings removed or painted over and the areas where such markings were removed or painted over refurbished as necessary to blend with adjacent areas; and
- (d) be in compliance with Law.

Section 20.03 Return of Records. Upon the return of the Equipment under this Agreement, the City shall deliver or cause to be delivered to Edge copies of requested records relating to the operation and maintenance of the Equipment, including all maintenance records, logs, or data in the City's possession or required to be maintained by Law.

Section 20.04 Storage Upon Return. The City shall, at Edge's expense, on Edge's prior written request, store any Item of Equipment returned under this Article for a reasonable period not to exceed 90 days, either:

- (a) at the Location for such Item of Equipment;
- (b) subject to the prior written approval of Edge, at such other facility selected by the City located in a location designated by the City and reasonably acceptable to Edge used as a location for the storage of similar equipment.

During the storage period, the City shall comply with all of the terms and conditions hereof, except for the obligation to make payments of Rent.

Section 20.05 Holdover. If by the expiration of the Term and following written notice from Edge, the City does not return any Item of Equipment to Edge in the condition and on the terms and conditions of this Article, the City shall continue to comply with all the terms and conditions of this Agreement and the applicable Supplement with respect to such Item of Equipment, including the obligation to pay 110% of the prorated daily Rent (calculated based on the last month for which Rent in respect of such Item of Equipment was paid) for each day from the expiration of the Term until the date on which the City returns such Item of Equipment to Edge in the manner required under this Article ("**Holdover Rent**"). For the avoidance of doubt, Holdover Rent shall be due and payable notwithstanding that the applicable Equipment is not generating Gross Revenue, except to the extent the City has commenced and is diligently pursuing the return of the Items of Equipment in a commercially reasonable manner required to

be returned under this Agreement upon the expiration of the Term. The City shall not construe anything contained in this Section, including the City's payment of Holdover Rent, as Edge's waiver of the City's failure to perform any obligation under this Agreement.

**ARTICLE XXI
MISCELLANEOUS**

Section 21.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations of the City contained in ARTICLE X survive indefinitely. All covenants and agreements of the City contained herein survive after the Closing Date indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claim by Edge asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice prior to the expiration date of the applicable survival period (if any) is not thereafter barred by the expiration of the relevant representation and such claims survive until finally resolved.

Section 21.02 Notices. Each Party shall deliver all notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "*Notice*") in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this section). Each Party shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile or email of a PDF document (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Section.

Notice to Edge:

AVISTA EDGE, INC.
874 West First Avenue, Suite 121
Spokane, Washington 99201-3904
Facsimile: None.

Email: Mark.Gustafson@avistacorp.com

Attention: Mark Gustafson, Chief Executive Officer

Notice to the City:

CITY OF BONNERS FERRY, IDAHO

[_____]

[_____]

[_____]

Facsimile: None.

Email: [_____]

Attention: [_____]

Section 21.03 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes,” and “including” are deemed to be followed by the words “without limitation;” (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references in this Agreement: (x) to sections, schedules, and exhibits mean the sections of, and schedules and exhibits attached to, this Agreement; (y) to an agreement, instrument, or other document mean such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute mean such statute as amended from time to time and include any successor legislation thereto and any regulations promulgated thereunder. The parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The schedules and exhibits referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

Section 21.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 21.05 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability does not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 21.06 Entire Agreement. This Agreement, including and together with the Supplements and all related exhibits and schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

Section 21.07 Amendment and Modification. No amendment to or rescission, termination, or discharge of this Agreement is effective unless it is in writing, identified as an amendment to or rescission, termination, or discharge of this Agreement and signed by an authorized representative of each Party to this Agreement.

Section 21.08 Waiver.

(a) No waiver under this Agreement is effective unless it is in writing, identified as a waiver to this Agreement and signed by an authorized representative of the Party waiving its right.

(b) Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated and does not operate as a waiver on any future occasion.

(c) None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege, or condition arising from this Agreement:

(i) any failure or delay in exercising any right, remedy, power, or privilege or in enforcing any condition under this Agreement; or

(ii) any act, omission, or course of dealing between the parties.

Section 21.09 Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the parties, or otherwise.

Section 21.10 Equitable Remedies. Each Party to this Agreement acknowledges that a breach or threatened breach by such Party of any of its obligations under this Agreement would give rise to irreparable harm to the other Party for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such Party of any such obligations, the other Party to this Agreement will, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 21.11 Assignment. The City may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Edge. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the assigning or delegating Party of any of its obligations under this Agreement. For the avoidance of doubt, (a) Edge shall be entitled to assign its rights and delegate its obligations under this Agreement to an Affiliate of Edge, without the written consent of the City and (b) no equity sale, merger, change of control or sale of all or substantially all of the assets of or by Edge shall be deemed to be an "assignment".

Section 21.12 Successors and Assigns. This Agreement is binding on and inures to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

Section 21.13 No Third-Party Beneficiaries. This Agreement benefits solely the parties to this Agreement and their respective successors and assigns and nothing in this Agreement, express or implied, confers on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 21.14 Choice of Law. This Agreement, including all Supplements and exhibits attached hereto and thereto, and all matters arising out of or relating to this Agreement, are governed by, and construed in accordance with, the laws of the State of Washington, without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Washington.

Section 21.15 Dispute Resolution/Escalation.

(a) If any dispute arises between the Parties regarding: (i) issues of interpretation of the Agreement, (ii) claim for payments due, (iii) the performance of other provisions of this Agreement or (iv) other matters in this Agreement that are expressly made subject to the dispute resolution provisions of this Section, the Parties shall first negotiate informally, in good faith, to resolve such dispute or claim. Such informal negotiations will be conducted between representatives of each Party ("**Representatives**") and their respective contracting officials.

(b) If the Representatives are unable to resolve the dispute after five (5) Business Days of negotiations then, upon the written request of either Party, each of the Parties shall designate an officer: (i) to meet at a mutually convenient time and place to evaluate the position or contention of each Party, and (ii) endeavor to negotiate a resolution of the dispute. If the dispute is not resolved in the meeting between the Parties' officers, either Party may request non-binding mediation ("**Mediation**") by written notice to the other Party. Within seven (7) calendar days after a request for Mediation from either Party, the Parties will select a mutually acceptable mediator and commence non-binding Mediation. Each Party will bear its own cost of Mediation and one-half of the cost of the mediator. The venue of Mediation proceedings will be in Spokane, Washington. If the Parties are unable to resolve the dispute after conclusion of Mediation, then all unresolved disputes may be resolved in a court of competent jurisdiction.

(c) Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all Supplements, schedules and exhibits attached hereto and thereto, and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims, in any forum other than the U.S. District Court for the Eastern District of Washington or, if such court does not have subject matter jurisdiction, the courts of the State of Washington sitting in Spokane, Washington, and any appellate court from any thereof. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation, or proceeding only in the U.S. District Court for the Eastern District of Washington or, if such court does not have subject matter jurisdiction, the courts of the State of Washington sitting in Spokane, Washington. Each Party agrees that a final judgment in any such action, litigation, or proceeding is

conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(d) **Each Party acknowledges and agrees that any controversy that may arise under this Agreement, including any Supplements, schedules or exhibits attached to this Agreement, is likely to involve complicated and difficult issues and, therefore, each such Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement, including any Supplements, schedules or exhibits attached to this Agreement, or the transactions contemplated hereby. Each Party certifies and acknowledges that (i) no Representative of the other Party has represented, expressly or otherwise, that such other Party would not seek to enforce the foregoing waiver in the event of a legal action, (ii) such Party has considered the implications of this waiver, (iii) such Party makes this waiver voluntarily, and (iv) such Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section.**

Section 21.16 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together is deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 21.17 Force Majeure. No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from acts beyond the affected Party's reasonable control, including, without limitation: (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest; (d) government order or law; (e) actions, embargoes, or blockades in effect on or after the date of this Agreement; (f) action by any Governmental Authority; or (g) national or regional emergency (each a "*Force Majeure Event*"). The Party suffering a Force Majeure Event shall give Notice within ten (10) days of the Force Majeure Event to the other Party, stating the period of time the occurrence is expected to continue and shall use diligent efforts to mitigate the impact of such Force Majeure Event on its performance of this Agreement.

Section 21.18 Relationship of Parties. Nothing herein creates a joint venture or partnership between the parties to this Agreement or an employee/employer relationship. Neither Party to this Agreement has any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other party to any contract, agreement, or undertaking with any third party.

Section 21.19 Attorneys' Fees. If any action is brought by either Party against the other Party for the enforcement of this Agreement, the prevailing party shall be entitled to recover

from the other party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action or any appeal thereof as determined by a court with jurisdiction. For purposes of this Agreement, the term "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the Parties hereto, which may include expert witness fees, printing, duplicating and other expenses, delivery charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed as of the date first written above by their duly authorized respective officers.

AVISTA EDGE, INC.

By _____
Name: Mark Gustafson
Title: Chief Executive Officer

CITY OF BONNERS FERRY, IDAHO

By _____
Name: _____
Title: _____

SCHEDULE I

Pricing Schedule

<i>Service Tier</i>	<i>Pricing</i>
25/5 Residential	\$65/month
100/10 Residential	\$75/month
100/10 Business Class	\$95/month
City-Owned Property	To be determined.

Other Fees and Charges

<i>Fee or Charge</i>	<i>Price</i>
Installation Fee per Customer, charged once at the time of installation of the Equipment	To be determined.
Disconnect Fees, charged once at the time of termination of internet service and removal of the Equipment	To be determined.

EXHIBIT A-1

Supplement

This Supplement (this "**Supplement**"), dated as of [____], 2020, is entered into between AVISTA EDGE, INC., a Washington corporation ("**Edge**"), and THE CITY OF BONNERS FERRY, IDAHO (the "**City**"). This Supplement is a "Supplement" as defined in that certain Master Lease and Services Agreement, dated as of [____], 2020, between Edge and the City (the "**Master Agreement**"). The terms and conditions of the Master Agreement are hereby incorporated into this Supplement by reference. Capitalized terms used but not defined in this Supplement shall have the meaning given such terms in the Master Agreement.

Edge hereby agrees to lease to the City the following Equipment on the terms and conditions set forth below and in the Master Agreement:

<i>Equipment</i>	<i>Quantity</i>	<i>Location</i>	<i>Stipulated Loss Value</i>
Avista Edge Internet Service Meter Collar (AE-1000)		Each Customer's point of electric service	
Avista Edge Internet Service Meter Collar (AE-1000) - Inventory	12 during the first twelve (12) months of the Term; six (6) during the remainder of the Term	City-owned facility	
Avista Edge Antenna (AE-1500)		Each Customer's point of electric service	
Avista Edge Antenna (AE-1500) - Inventory	12 during the first twelve (12) months of the Term; six (6) during the remainder of the Term	City-owned facility	

Avista Edge Directional Antenna (AE-2000)			
Avista Edge In-home Router (Eero)			
Avista Edge In-home Beacon (Eero Beacon)			
Avista Edge Broadband Over Powerline (BPL) Gateway (AE-BPL100)	(1) per Customer		
Avista Edge in home routing and wireless mesh devices	(2) per Customer		

SCHEDULE I

EXHIBIT A-2

Statement of Work

This Statement of Work (this “*Statement of Work*”), dated as of [_____], 2020, is entered into between AVISTA EDGE, INC., a Washington corporation (“*Edge*”), and THE CITY OF BONNERS FERRY, IDAHO (the “*City*”). The terms and conditions of the Master Lease and Services Agreement, dated as of [_____], 2020, between Edge and the City (the “*Master Agreement*”) are hereby incorporated into this Statement of Work by reference. Capitalized terms used but not defined in this Statement of Work shall have the meaning given such terms in the Master Agreement.

<i>Service</i>	<i>Responsible Avista Edge Personnel</i>	<i>Charges</i>
Develop Related Customer Agreements	Vice President of Human Resources/Legal	No additional charge.
Edge shall manage the integration of the Equipment with the City’s billing system to allow for the City to charge its electric customers for the internet service to be provided pursuant to this Agreement, as well as the “stop / start” service process for setting up Customers and disconnecting Customers who have discontinued service.	CPE Engineer	No additional charge. Edge shall pay the costs of its own personnel and third party fees incurred in connection with the integration, except that the City shall not charge Edge for its labor in connection with the integration.
Edge shall provide Edge’s supplied internet backhaul (Avista Edge Internet Backhaul (AE-B100)), wired and fixed wireless (Avista Edge Fixed Wireless Network (AE-W100)) network infrastructure.	Senior Network Engineer, Delivery Manager, Senior RF Planner	No additional charge.
Edge shall provide the following levels of professional support to the City: Avista Edge Level 1 Customer Service (AE-CS100), Avista Edge Level 2 City Back	Customer Service Manager	No additional charge.

<p>Office Service (AE-CS200).</p> <p>Edge's obligation to provide such professional support services shall be subject to Edge's Service Level Agreements, which are incorporated herein by reference.</p>		
<p>Avista Edge Level 3 Network Tech Support (AE-CS300)</p> <p>Edge's obligation to provide such professional support services shall be subject to Edge's Service Level Agreements, which are incorporated herein by reference.</p>	<p>Senior Network Engineer, Delivery Manager, CPE Engineer, CPE Manufacturer, Senior RF Planner, R&D, Customer Service Manager</p>	